

October 9, 2015

VIA HAND DELIVERY

Mr. Alva Lambert
Executive Director
State Health Planning and Development Agency
100 North Union Street
RSA Union Building, Suite 870
Montgomery, Alabama 36130-3025

RECEIVED

OCT 09 2015

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

**Re: *Change of Ownership: Walker Baptist Medical Center Outpatient Surgery Center
Facility ID Number 127-U6401***

Dear Mr. Lambert:

We respectfully submit to the State Health Planning and Development Agency ("SHPDA") this letter as an attachment to the Notice of Change of Ownership forms that we are filing pursuant to Chapter 410-1-7-.04 of the Rules and Regulations of the Alabama Certificate of Need Program (the "Rules"). This proposed change of ownership is a continuation of the changes of ownership approved earlier by your agency, and designated as CO2015-038 and CO2015-039, and relate to ownership of Walker Baptist Medical Center Outpatient Surgery Center, and are a part of the recent joint venture transaction between Baptist Health System, Inc. ("Baptist") and certain affiliates of Tenet Healthcare Corporation ("Tenet"). As a result of that transaction, which closed on October 2, 2015, Baptist and Tenet together own three joint venture entities – Brookwood Baptist Health 1, LLC ("BBH 1"), Brookwood Baptist Health 2, LLC ("BBH2"), and Brookwood Baptist Health 3, LLC ("BBH3"), and each joint venture entity is the sole member of certain limited liability companies that are the legal entities for the operations of the health care providers encompassed in the transaction. Tenet owns 60% of the equity and Baptist owns 40% of the equity; each has equal representation on the each of the three boards.

I. Facts

Walker Baptist Medical Center Outpatient Surgery Center provides outpatient hospital services as an ambulatory surgery center, and is located at 1323 Summit Drive, Jasper, AL 35501. As originally contemplated and filed with SHPDA on August 26, 2015, ownership of Walker Baptist Medical Center Outpatient Surgery Center would have passed from Baptist Health System, Inc., d/b/a Walker Baptist Medical Center to The Medical Clinic Board of the City of Jasper (the "Medical Clinic Board"), which would have immediately leased the hospital to BBH WBMC, LLC; the sole owner and member of BBH WBMC, LLC, as noted above, is BBH2.

After the initial filings with SHPDA, it became apparent that arrangements could not be made in sufficient time to accomplish the two-step transaction described above prior to the scheduled closing on October 2. As a result, on September 22, 2015, we notified your agency that the business operation model of the transaction would be changed to allow the transaction to

proceed directly from Baptist to BBH WBMC, LLC, omitting at that time the intervening transfer to the Medical Clinic Board and the contemporaneous lease to BBH WBMC, LLC.

Subsequent to the closing, the necessary arrangements regarding the Medical Clinic Board are now able to proceed. Pursuant to a deed and bill of sale, transfer of the hospital will be made to the Medical Clinic Board, and subsequently leased back to the operating entity, BBH WBMC, LLC. This is anticipated to occur shortly after receiving approval from your agency.

II. SHPDA Requirements for Change of Ownership

With regard to the questions posed in the Change of Ownership Applications, please note the following:

1. The Financial Scope of the Project. The transaction between Tenet and Baptist has been completed. This contemplated transaction will include fair market consideration in the form of payments to the governmental entity in lieu of certain taxes.
2. Services to be Offered. The contemplated transaction will not result in the offering of any new or additional services to those already being provided.
3. Addition of Any New Beds. The contemplated transaction will not result in the addition of any new beds.
4. Conversion of Any Beds. The contemplated transaction will not result in the conversion of any beds.
5. Whether the Assets and Stock (if any) will be Acquired. As described above, assets relating to the facility will be acquired by the Medical Clinic Board and leased back to the operating LLC.

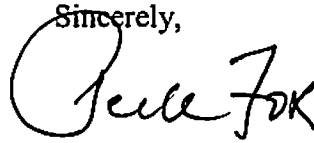
III. Requested Action

Based upon the above description of the proposed transaction and a showing that there will be no change in health services, conversion of beds, or increase or decrease in bed capacity, we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a Certificate of Need is not required for the consummation of this proposed transaction. In accordance with the Rules, I am enclosing with this request payment for this application in the amount of \$2,500.00 made payable to the State Health Planning and Development Agency.

As before, although agreements have been reached regarding the subject transactions, given the public entity nature of the Medical Clinic Board, we will not be able to provide the requested signatures until closer to the actual transaction. It is our commitment to your agency that appropriate signatures will be provided as soon as possible, and we would respectfully request that your agency find these transactions to be compliant, conditioned upon the provision of these signatures.

Should you have any questions or need further information, please feel free to contact me at the number shown above. Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Peck Fox". The signature is written in a cursive style with a large initial "P" and "F".

Peck Fox

Enclosure

CHANGE OF OWNERSHIP

Part I: Purchasing Organization Information

Name of Organization: **The Medical Clinic Board of the City of Jasper**
Facility Name:
(ADPH Licensure name) **Walker Baptist Medical Center Outpatient Surgery Center**
SHPDA ID Number: **127-U6401**
Address (PO Box #): **1323 Summit Drive**
City, State, Zip, County: **Jasper, Alabama 35501**
Number/Type Licensed Beds: **N/A**
Owner(s): **N/A**
Operator(s): **BBH WBMC, LLC**

Part II: Selling Organization Information

Name of Organization: **BBH WBMC, LLC**
Address (PO Box #): **1323 Summit Drive**
City, State, Zip, County: **Jasper, Alabama 35501**
Number/Type Licensed Beds: **N/A**
Owner(s): **Brookwood Baptist Health 2, LLC**
Operator(s): **BBH WBMC, LLC**

Part III: Value of Consideration

Monetary Value of Purchase: **Available Upon Request** No./Type Beds: **N/A**
Terms of Purchase: **See Attached Cover Letter**

Part IV: List of Certificate of Need Authority

Number of Beds: **N/A**
Types of Institutional Health Services: **Outpatient Hospital Services as ASC**
List Service Area by County for Home Health Agencies: **N/A**

On an Attached Sheet Please Address the Following:

- *1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.
- *2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).
- *3.) Whether the proposal will include the addition of any new beds.
- *4.) Whether the proposal will involve the conversion of beds.
- *5.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The purchaser has agreed to these terms,

Seller(s) Signature(s):

Owner(s):

Operator(s):

Title/Date:

[Signature]
[Signature]
COO 10.6.15

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500 made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of ownership.

X YES ☐ NO

The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature:

Title/Date:

CHANGE OF OWNERSHIP

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(ADPH Licensure name) **Walker Baptist Medical Center Outpatient Surgery Center**

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X YES ☐ NO

The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature: _____

Title/Date: _____

[Signature]
Ceo
10-6-15