

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.**Facility/Project Identification**

Facility Name: Monroe County Surgical Center			
Street Address: 501 Hamacher St.			
City and Zip Code: Waterloo 62298			
County: Monroe	Health Service Area: 011	Health Planning Area: 133	

Legislators

State Senator Name: Sen. Patrick Schimpf
State Representative Name: Rep. Nathan D. Reitz

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Monroe County Surgical Center, LLC
Street Address: 1573 Mallory Lane
City and Zip Code: Brentwood, TN 37027
Name of Registered Agent: CT Corporation System
Registered Agent Street Address: 208 S. LaSalle St., Ste 814
Registered Agent City and Zip Code: Chicago, IL 60604
Name of Chief Executive Officer: Larry Parsley, Administrator
CEO Street Address: 501 Hamacher St
CEO City and Zip Code: Waterloo, Illinois 62298
CEO Telephone Number: (618) 939-1001

Type of Ownership of Applicants

☐ Non-profit Corporation	☐ Partnership	
☐ For-profit Corporation	☐ Governmental	
☒ Limited Liability Company	☐ Sole Proprietorship	☐ Other
- Corporations and limited liability companies must provide an Illinois certificate of good standing. - Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.		
APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Larry Parsley
Title: Administrator
Company Name: Monroe County Surgical Center
Address: 501 Hamacher St, Waterloo, Illinois 62298
Telephone Number: (618) 939-1001
E-mail Address: larry_parsley@quorumhealth.com
Fax Number: N/A

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Legislators

State Senator Name: Sen. Patrick Schimpf
State Representative Name: Rep. Nathan D. Reitz

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Quorum Health Corporation
Street Address: Address: 1573 Mallory Lane, Suite 100
City and Zip Code: Brentwood, TN 37027
Name of Registered Agent: The Corporation Trust Company
Registered Agent Street Address: 1209 Orange Street
Registered Agent City and Zip Code: Wilmington, DE 19801
Name of Chief Executive Officer: Robert Fish
CEO Street Address : 1573 Mallory Lane, Suite 100
CEO City and Zip Code: Brentwood, TN 37027
CEO Telephone Number: (615) 221-1400

Type of Ownership of Applicants

☐ Non-profit Corporation	☐ Partnership	
☒ For-profit Corporation	☐ Governmental	
☐ Limited Liability Company	☐ Sole Proprietorship	☐ Other
- Corporations and limited liability companies must provide an Illinois certificate of good standing. - Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.		
APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: R. Harold ("Hal") McCard
Title: Senior Vice President, General Counsel, and Secretary
Company Name: Quorum Health Corporation
Address: 1573 Mallory Lane, Brentwood, TN 37027
Telephone Number: (615) 221-3507
E-mail Address: hal_mccard@quorumhealth.com
Fax Number: (615) 221-1484

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

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Street Address: 501 Hamacher St.			
City and Zip Code: Waterloo 62298			
County: Monroe	Health Service Area: 011	Health Planning Area: 133	

Legislators

State Senator Name: Sen. Patrick Schimpf
State Representative Name: Rep. Nathan D. Reitz

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Quincy Health, LLC	
Street Address: Address:	c/o Davidson Kempner Capital Management LP 520 Madison Ave, 30th FL
City and Zip Code:	NY, NY 10022 Attn: Travis Troyer
Name of Registered Agent: The Corporation Trust Company	
Registered Agent Street Address: 1209 Orange Street	
Registered Agent City and Zip Code: Wilmington, DE 19801	
Name of Chief Executive Officer: Peter Alderman, Director, Quincy Health, LLC*	
CEO Street Address :	GoldenTree Asset Management 300 Park Avenue, 21st Floor
CEO City and Zip Code:	New York, NY 10022
CEO Telephone Number: (212) 446-4000	
* Quincy Health LLC has two directors and no officers. The directors have signing authority on behalf of the entity.	

Type of Ownership of Applicants

☐ Non-profit Corporation	☐ Partnership
☐ For-profit Corporation	☐ Governmental
☒ Limited Liability Company	☐ Sole Proprietorship ☐ Other
- Corporations and limited liability companies must provide an Illinois certificate of good standing. - Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.	
APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Peter Alderman
Title: Director
Company Name: Quincy Health, LLC
Address: GoldenTree Asset Management

300 Park Avenue, 21st Floor New York, NY 10022
Telephone Number: (212) 446-4000
E-mail Address: palderman@goldentree.com
Fax Number: N/A

Additional Contact [Person who is also authorized to discuss the Application]

Name: Daniel J. Lawler
Title: Partner
Company Name: Barnes & Thornburg LLP
Address: One North Wacker Drive, Suite 4400, Chicago IL 60606-2833
Telephone Number: (312) 214-4861
E-mail Address: Daniel.Lawler@btlaw.com
Fax Number: (312) 759-5646

Post Exemption Contact

[Person to receive all correspondence subsequent to exemption issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**]

Name: Larry Parsley
Title: Administrator
Company Name: Monroe County Surgical Center
Address: 501 Hamacher St, Waterloo, Illinois 62298
Telephone Number: (618) 939-1001
E-mail Address: larry_parsley@quorumhealth.com
Fax Number: N/A

Site Ownership after the Project is Complete

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: GAHC3 Waterloo IL Surgery Center, LLC
Address of Site Owner: 18191 Von Karman Ave, Irvine, CA 92612
Street Address or Legal Description of the Site: 501 Hamacher St, Waterloo, Illinois 62298
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Current Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Monroe County Surgical Center, LLC	
Address: 501 Hamacher St, Waterloo, Illinois 62298	
☐ Non-profit Corporation ☐ For-profit Corporation ☒ Limited Liability Company ☐ Other	☐ Partnership ☐ Governmental ☐ Sole Proprietorship

Operating Identity/Licensee after the Project is Complete

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Monroe County Surgical Center, LLC	
Address: 501 Hamacher St, Waterloo, Illinois 62298	
☐ Non-profit Corporation ☐ For-profit Corporation ☒ Limited Liability Company ☐ Other	☐ Partnership ☐ Governmental ☐ Sole Proprietorship ☐
○ Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. ○ Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. ○ Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
APPEND DOCUMENTATION AS <u>ATTACHMENT 3</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.
APPEND DOCUMENTATION AS <u>ATTACHMENT 4</u>, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Narrative Description

In the space below, provide a brief narrative description of the change of ownership. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site.

The applicant health care facility is Monroe County Surgical Center located at 501 Hamacher Street, Waterloo, Illinois.

The applicant facility is indirectly owned by Quorum Health Corporation (“Quorum”), a publicly-traded company. On April 7, 2020, Quorum and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring (the “Restructuring”). Once the Restructuring is approved by the bankruptcy court, Quorum will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum’s ownership will change and Quincy Health, LLC will become the new owner of Quorum. Quincy Health, LLC is a newly formed entity that, at emergence, will be funded and owned by certain parties who held unsecured claims in Quorum prior to the Restructuring and by certain equity commitment parties as part of the Restructuring in accordance with the Plan of Reorganization, Restructuring Support Agreement and Equity Commitment Agreement, which is further described in the attached 8-K, and thus is executing this application and making the certifications herein applicable to it presuming the completion of the Restructuring.

The applicant facility will continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The Restructuring is expected to bring greater financial stability to a distressed community hospital enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The applicant facility will continue to conduct business at the same location, under the same legal entity, federal tax identification number, and operating license. The Restructuring is not expected to change or alter any of the policies or procedures, personnel, or operations of the facility.

Unlike a merger and acquisition transaction where the seller and buyer determine the timing of closing, the approval of the Restructuring plan is subject to the approval and discretion of the court handling the bankruptcy petition. In this matter, the court is expected to confirm the plan of reorganization within approximately 45 days after the bankruptcy filing, and Quorum and its subsidiaries, and the applicant facility, are expected to emerge from bankruptcy within approximately 60 days from the date of the bankruptcy filing (*i.e.*, likely on or before June 8, 2020).

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	☐ Yes	☒ No	NOT APPLICABLE (no land acquisition)
Purchase Price:	\$ _____		
Fair Market Value:	\$ _____		

Project Status and Completion Schedules

Outstanding Permits: Does the facility have any projects for which the State Board issued a permit that is not complete? Yes No **X**. If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

Anticipated exemption completion date (refer to Part 1130.570): June 8, 2020

State Agency Submittals

Are the following submittals up to date as applicable:

- ☒ Cancer Registry
- ☒ APORS
- ☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
- ☒ All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the Application being deemed incomplete.

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2019 Edition

CERTIFICATION

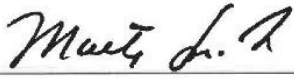
The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Monroe County Surgical Center, LLC

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

 4/8/2020
SIGNATURE

Martin D. Smith
PRINTED NAME

Director, Executive Vice President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

 4/8/2020
SIGNATURE

R. Harold McCard
PRINTED NAME

Senior Vice President & Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2019 Edition

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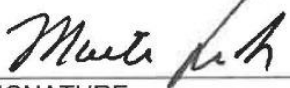
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- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Quorum Health Corporation

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

 4/8/2020
SIGNATURE

Martin D. Smith
PRINTED NAME
Executive Vice President & Chief
Operating Officer
PRINTED TITLE

 4/8/2020
SIGNATURE

R. Harold McCard
PRINTED NAME
Senior Vice President, General Counsel
& Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

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CHANGE OF OWNERSHIP APPLICATION FOR EXEMPTION- 09/2019 Edition

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- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Quincy Health, LLC

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

 4/11/2020

SIGNATURE

Avram Z. Friedman

PRINTED NAME

Director

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

SIGNATURE

Peter Alderman

PRINTED NAME

Director

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
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- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of*:

Quincy Health, LLC

in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

Avram Z. Friedman

PRINTED NAME

Director

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

 4/11/2020

SIGNATURE

Peter Alderman

PRINTED NAME

Director

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this ____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

SECTION II. BACKGROUND.**BACKGROUND OF APPLICANT**

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.
3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.
4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
5. If, during a given calendar year, an applicant submits more than one Application, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.

SECTION III. CHANGE OF OWNERSHIP (CHOW)**Transaction Type. Check the Following that Applies to the Transaction:**

- ☐ Purchase resulting in the issuance of a license to an entity different from current licensee.
- ☐ Lease resulting in the issuance of a license to an entity different from current licensee.
- ☐ Stock transfer resulting in the issuance of a license to a different entity from current licensee.
- ☒ Stock transfer resulting in no change from current licensee.
- ☐ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity.
- ☐ Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets.
- ☐ Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility.
- ☐ Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee.
- ☐ Change of ownership among related persons resulting in a license being issued to an entity different from the current licensee
- ☐ Change of ownership among related persons that does not result in a license being issued to an entity different from the current licensee.
- ☐ Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets and explain in "Narrative Description."

1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.
2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.
3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

APPLICABLE REVIEW CRITERIA	CHOW
1130.520(b)(1)(A) - Names of the parties	X
1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.	X
1130.520(b)(1)(C) - Structure of the transaction	X
1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction	
1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.	X
1130.520(b)(1)(F) - Fair market value of assets to be transferred.	X
1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]	X
1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section	X
1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction	X

1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community	X
1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership;	X
1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control;	X
1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body;	X
1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.	X

APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV.CHARITY CARE INFORMATION

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 7.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS			
ATTACHMENT NO.			PAGES
1	Applicant Identification including Certificate of Good Standing		18-21
2	Site Ownership		22-47
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.		48-49
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.		50-52
5	Background of the Applicant		53-54
6	Change of Ownership		55-71
7	Charity Care Information		72-75

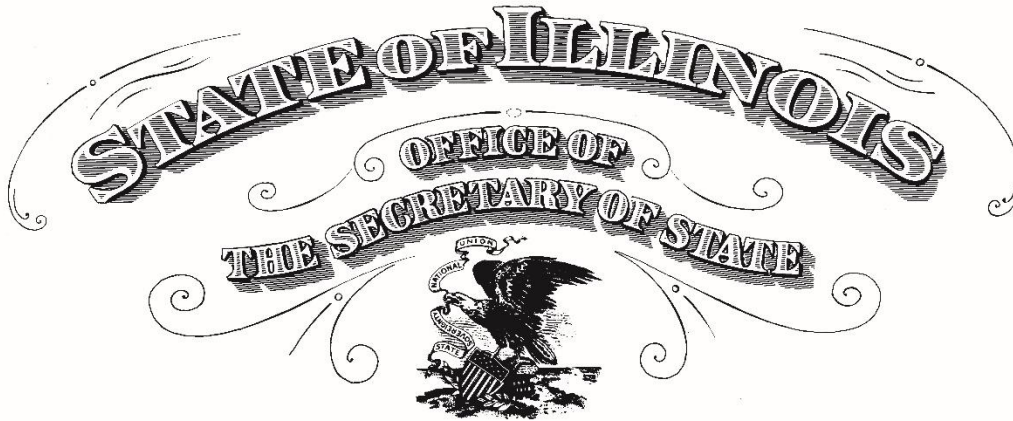
ATTACHMENT 1
TYPE OF OWNERSHIP OF APPLICANTS

Included with this attachment are:

1. The Certificate of Good Standing for the applicant facility.
2. The Certificate of Good Standing for Quorum Health Corporation.
3. The Certificate of Good Standing for Quincy Health, LLC.

File Number

0205853-7



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MONROE COUNTY SURGICAL CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JANUARY 09, 2007, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 2009405278 verifiable until 04/03/2021
 Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set
 my hand and cause to be affixed the Great Seal of
 the State of Illinois, this 3RD
 day of APRIL A.D. 2020 .***

Jesse White

SECRETARY OF STATE

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "QUORUM HEALTH CORPORATION" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIRST DAY OF FEBRUARY, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.



5792308 8300

SR# 20181195758

You may verify this certificate online at corp.delaware.gov/authver.shtmlA handwritten signature of Jeffrey W. Bullock in black ink, written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 202188010

Date: 02-21-18

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY "QUINCY HEALTH, LLC" IS DULY FORMED
UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND
HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS
OF THE SIXTH DAY OF APRIL, A.D. 2020.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN
ASSESSED TO DATE.



7926082 8300

SR# 20202621674

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 202721600

Date: 04-06-20

ATTACHMENT 1

ATTACHMENT 2
SITE OWNERSHIP

The site ownership will remain the same following the transaction. The applicant Monroe County Surgical Center, LLC leases the premises from GAHC3 Waterloo IL Surgery Center, LLC pursuant to an assignment of an underlying lease between Monroe County Surgical Center, LLC and Medical Development Company of America, LLC. Copies of the assignment and underlying lease are included with this Attachment.

ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS
(Surgery Center)

DATE: July 1, 2015

ASSIGNOR: MEDICAL DEVELOPMENT COMPANY OF AMERICA, LLC, an Illinois limited liability company

ASSIGNEE: GAHC3 WATERLOO IL SURGERY CENTER, LLC, a Delaware limited liability company

RECITALS:

WHEREAS, Assignor, Assignee, and Southern Illinois Medical Development Corporation have entered into that certain Purchase and Sale Agreement dated as of April 13, 2015, as amended (collectively, the “*Purchase Agreement*”), wherein Assignor agreed to sell and Assignee agreed to buy certain real property described in Exhibit A attached hereto and the improvements located thereon (the “*Property*”); and

WHEREAS, Assignee desires to assume and Assignor desires to assign to Assignee all of Assignor’s interest as landlord, under the leases (the “*Leases*”) described in Exhibit B attached hereto and incorporated herein pertaining to the Property, including any security deposits, letters of credit, advance rentals, or like payments held by Assignor in connection with the Leases.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment. Assignor conveys and assigns to Assignee all of Assignor’s right, title and interest in and to the Leases, together with the right to receive any and all sums and proceeds arising out of said Leases, from and after the date of conveyance of the Property by Assignor to Assignee (the “*Conveyance Date*”), but reserving unto Assignor all uncollected rent attributable to the period prior to the Conveyance Date pursuant to the provisions of Section 10.1 of the Purchase Agreement.
2. Assumption. Assignee assumes and agrees to be bound by all of Assignor’s liabilities and obligations pursuant to the Leases, if any, and agrees to perform and observe all of the covenants and conditions contained in the Leases, from and after the Conveyance Date.
3. Indemnification. Assignee covenants and agrees to indemnify and hold harmless Assignor for, from and against any actions, suits, proceedings or claims, and all costs and expenses, including, without limitation, reasonable attorneys’ fees, incurred in connection therewith, arising out of any breach of any of the Leases by Assignee to the extent occurring from and after the Conveyance Date. Assignor covenants and agrees to indemnify and hold harmless Assignee for, from and against any actions, suits, proceedings or claims, and all costs and expenses, including, without limitation, reasonable attorneys’ fees, incurred in connection therewith, arising out of any breach of any of the Leases by Assignor to the extent occurring prior to the Conveyance Date.
4. Binding Effect. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

5. Construction; Definitions. This Assignment shall be construed according to Illinois law. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement.

6. Counterparts. This Assignment may be executed in counterparts, which taken together shall constitute one original instrument.

7. Non-Recourse. Assignee agrees that the liability of Assignor under this Assignment, the Purchase Agreement, and any other agreement, document, certificate or instrument delivered by Assignor and Assignee, or under any law applicable to the Property or this transaction, shall be limited as provided in Section 12.2 of the Purchase Agreement.

DATED as of the day and year first above written.

[Signatures Appear on Following Page]

SIGNATURE PAGE TO
ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS
(Surgery Center)

ASSIGNOR:

**MEDICAL DEVELOPMENT COMPANY OF AMERICA,
LLC**, an Illinois limited liability company

By: WRB
Name: William J. Rebholz
Title: Managing Member

ASSIGNEE:

GAHC3 WATERLOO IL SURGERY CENTER, LLC, a
Delaware limited liability company

By: GAHC3 Southern Illinois MOB Portfolio, LLC,
a Delaware limited liability company, its Sole Member

By: Griffin-American Healthcare REIT III Holdings, LP,
a Delaware limited partnership, its Sole Member

By: Griffin-American Healthcare REIT III, Inc.,
a Maryland corporation, its General Partner

By: _____
Name: _____
Title: _____

SIGNATURE PAGE TO
ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS
(Surgery Center)

ASSIGNOR:

**MEDICAL DEVELOPMENT COMPANY OF AMERICA,
LLC**, an Illinois limited liability company

By: _____
Name: William J. Rebholz
Title: Managing Member

ASSIGNEE:

GAHC3 WATERLOO IL SURGERY CENTER, LLC, a
Delaware limited liability company

By: GAHC3 Southern Illinois MOB Portfolio, LLC,
a Delaware limited liability company, its Sole Member

By: Griffin-American Healthcare REIT III Holdings, LP,
a Delaware limited partnership, its Sole Member

By: Griffin-American Healthcare REIT III, Inc.,
a Maryland corporation, its General Partner

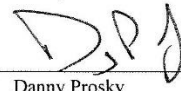
By: 
Name: Danny Prosky
Title: President and Chief Operating Officer

EXHIBIT A TO
ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS
(Surgery Center)

PROPERTY

Lot Number Two (2) of "Final Plat for Southern Illinois Center for Health, Phase 1"; a subdivision of Part of U.S. Survey 720, Claim 516, Township 2 South, Range 9 West, of the Third Principal Meridian, City of Waterloo, Monroe County, Illinois; reference being had to the plat thereof recorded March 25, 2015, as Document No. 376157 in Plat Envelope 2-325B in the Recorder's Office of Monroe County, Illinois.

EXHIBIT B TO
ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS
(Surgery Center)

LEASES

1. Lease with Monroe County Surgical Center, LLC, dated July 1, 2015.

NOTE: No hand written or interlineated changes to this Lease will override the printed text of this Lease.

This lease document is not effective or binding unless approved by the parties listed below.

MEDICAL OFFICE SPACE LEASE

Date of this Lease: July 1, 2015 Name and Address of the Building: 501 Hamacher Street Waterloo, Illinois 62298	Landlord: Medical Development Company of America, LLC, an Illinois limited liability company Address: 509 Hamacher Street, Suite 202 Waterloo, Illinois 62298
Tenant: Monroe County Surgical Center, LLC Leased Premises: space in the Building as identified herein and more particularly described on <u>Exhibit B</u> attached hereto.	Number of Usable Square Feet: 6,891 Tenant's Proportionate Share of the Usable Square Footage of the Building: See <u>Exhibit C</u>
Initial Lease Term: Seven (7) years Commencement Date of Initial Lease Term (and of the obligations hereunder): July 1, 2015 Expiration Date of Initial Lease Term: June 30, 2022	Annual Rent: Initial Annual Rent is equal to \$210,864.60 (based on \$30.60/u.s.f./year). Security Deposit: \$0.00

Monthly Rental Installments Table			
Lease Year(s)	Annual Rate per u.s.f.	Monthly Rental Installments	Additional Rent
1	\$ 30.60	\$ 17,572.05	This Lease is intended to be a triple net lease. Accordingly, Tenant shall pay Tenant's Proportionate Share of Operating Expenses in accordance with Exhibit C.
2	\$ 31.21	\$ 17,923.49	
3	\$ 31.84	\$ 18,281.96	
4	\$ 32.47	\$ 18,647.60	
5	\$ 33.12	\$ 19,020.55	
6	\$ 33.78	\$ 19,400.96	
7	\$ 34.46	\$ 19,788.98	

Utilities:

☐ Utilities are included in the Monthly Rental Installments.

☐ The following utilities are not included in the Monthly Rental Installments: _____

☒ Janitorial services are not included in the Monthly Rental Installments.

☒ Tenant is solely responsible for payment of the following separately metered utilities: ☒ electric ☒ gas ☒ water/sewer

☐ Tenant shall pay a pro-rata share of the following utilities: ☐ electric ☐ gas ☐ water/sewer based on Tenant's Proportionate Share of the Usable Square Footage of the Building.

Improvements (check any that apply): Leasehold Improvement Allowance: \$0.00 per Useable Square Foot

☐ A. First time Standard Build Out ☐ B. Existing Space (New Tenant or Renewal)

☐ C. Landlord to build out space pursuant to Exhibit ____

☐ This Medical Office Space Lease is a sublease pursuant to that certain ____ dated effective ____ by and between ____, as landlord, and Landlord, as tenant. If not checked, this paragraph is not applicable.

Attached hereto and incorporated herein for all purposes are the following additional exhibits:
 Exhibit A – Medical Office Space Lease Standard Terms and Conditions; Exhibit B – Leased Premises;
 Exhibit C – Additional Rent; Exhibit D – Determination of Market Rate Rental; Exhibit E – Corporate Guaranty of Lease

LANDLORD: Medical Development Company of America, LLC By: <u>William S. Reinholz</u> Name: <u>William S. Reinholz</u> Title: <u>Managing Member</u>	TENANT: Monroe County Surgical Center, LLC By: _____ Name: _____ Title: _____
---	---

NOTE: No hand written or interlineated changes to this Lease will override the printed text of this Lease.

This lease document is not effective or binding unless approved by the parties listed below.

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☒ Tenant is solely responsible for payment of the following separately metered utilities: ☒ electric ☒ gas ☒ water/sewer

☐ Tenant shall pay a pro-rata share of the following utilities: ☐ electric ☐ gas ☐ water/sewer based on Tenant's Proportionate Share of the Usable Square Footage of the Building.

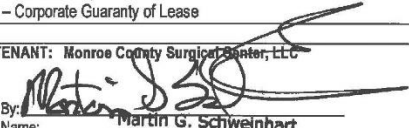
Improvements (check any that apply): Leasehold Improvement Allowance: \$0.00 per Useable Square Foot

☐ A. First time Standard Build Out ☐ B. Existing Space (New Tenant or Renewal)

☐ C. Landlord to build out space pursuant to Exhibit _____

☐ This Medical Office Space Lease is a sublease pursuant to that certain _____ dated effective _____ by and between _____, as landlord, and Landlord, as tenant. If not checked, this paragraph is not applicable.

Attached hereto and incorporated herein for all purposes are the following additional exhibits:
 Exhibit A – Medical Office Space Lease Standard Terms and Conditions; Exhibit B – Leased Premises;
 Exhibit C – Additional Rent; Exhibit D – Determination of Market Rate Rental; Exhibit E – Corporate Guaranty of Lease

LANDLORD: Medical Development Company of America, LLC By: _____ Name: _____ Title: _____	TENANT: Monroe County Surgical Center, LLC  By: _____ Name: Martin G. Schweinhart Title: Executive Vice President
--	--

NOTE: No hand written or interlineated changes to this Lease will override the printed text of this lease.

**EXHIBIT A
MEDICAL OFFICE LEASE STANDARD TERMS AND CONDITIONS**

In consideration of the mutual covenants and representations set forth in the Medical Office Space Lease (the "Lease") and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties do hereby agree as follows. The capitalized terms used in this Exhibit A shall have the meaning assigned to such terms in the Lease, unless another meaning is assigned to such terms in this Exhibit A.

1. **DEMISE.** Upon the terms and conditions hereinafter set forth and as set forth in the Lease, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Leased Premises for the Term (as defined herein) of the Lease. The Leased Premises, together with the Building and the land on which the Building sits is herein referred to as the "Property". Landlord represents and warrants to Tenant that Landlord is the fee simple owner of the Property and has the right to lease the Leased Premises to Tenant pursuant to the terms of the Lease. Landlord further represents and warrants to Tenant that there are no easements, covenants, restrictions or other agreements or instruments encumbering the Property that (a) are not of record, (b) contain any pre-approval rights relating to this Lease (including any lender approval rights) which have not been secured by Landlord, and (c) would interfere with or restrict Tenant's ability to use the Leased Premises for the Permitted Uses (as defined herein). Landlord further represents and warrants to Tenant that (a) the use of the Leased Premises for the various purposes for which it is presently being used is permitted under all applicable zoning legal requirements, (b) all utilities necessary for the use of the Leased Premises for the various purposes for which it is presently being used are being supplied to the Building via publicly dedicated utility easement areas, (c) all easements necessary to provide Tenant, its employees, agents, patients and invitees dedicated access to Hamacker Street are validly existing agreements and enforceable by their terms, and (d) all prior leases for the Leased Premises are and have been terminated and are of no further force or effect.

2. **RENT.** Throughout the Term, Tenant shall pay to Landlord Annual Rent (as defined herein) in Monthly Rental Installments in the amounts set forth on the Monthly Rental Installments Table. The Monthly Rental Installments for the Lease of the Leased Premises shall be payable in advance, without offset or deduction, on the first day of each and every month during the term hereof to Landlord at Landlord's address as set forth on the Lease. Each twelve (12) month period commencing on the Commencement Date or any anniversary thereof is referred to herein as a "Lease Year"; provided, however, that if the Commencement Date is any day other than the first day of a month, then the Lease Years shall each be a twelve (12) month period commencing on the first day of the following month and each anniversary thereof, and the first Lease Year shall include the remainder of the month in which the Commencement Date occurs. If the Term of this Lease does not begin on the first day of a month or end on the last day of the month, the Monthly Rental Installment for such partial month shall be prorated by multiplying the Monthly Rental Installment by a fraction, the numerator of which is the number of days in the partial month included in the Term of this Lease and the denominator of which is the total number of days in the full calendar month. If the Commencement Date occurs on a day other than the first day of the month, Tenant shall pay to Landlord on the Commencement Date, the prorated Monthly Rental Installment for such partial month along with the Monthly Rental Installment for the first full calendar month of the Term of this Lease. In addition to the Monthly Rental Installments, Tenant shall pay Landlord "Additional Rent" as set forth in Exhibit C of the Lease.

Any installment of Monthly Rental Installments, or any Additional Rent, which is not received by Landlord within five (5) days after the same becomes due and payable, and receipt of ten (10) days written notice from Landlord of such nonpayment, shall obligate Tenant to pay, as Additional Rent, a late fee equal to the amount owed with an interest cost of the lesser of (i) the prime rate of interest reported in the Money Rates column or any successor column of The Wall Street Journal from time to time, currently defined as being the base rate in effect for corporate loans posted by at least 75% of the 30 largest banks in the United States, plus four percent (4%) or (ii) the maximum amount permitted by law for each and every month or part thereof that such Monthly Rental Installment or Additional Rent remains unpaid. All payments will be applied to the oldest balance first and then to any other outstanding balance. Tenant shall also reimburse Landlord for all reasonable costs and expenses incurred by Landlord in collecting past-due Rent, which shall be considered Additional Rent hereunder.

3. **LANDLORD'S OBLIGATIONS.**

A. Utilities:

Tenant agrees to establish utilities in its own name, separate from the Landlord. Tenant shall pay promptly when due the charges for all utility services rendered or furnished to the Leased Premises, including, without limitation, water, gas, electricity, telephone and sewer service charges as well as all start up, tap in, origination of service fees and such similar costs and charges. If Tenant defaults in the

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payment of any such charges, Landlord may, at its option, pay such charges on behalf of Tenant, in which event Tenant shall promptly reimburse Landlord therefor and all such sums shall be deemed Additional Rent hereunder. All applications and connections for necessary utility services on the Leased Premises shall be made by Tenant, in the name of Tenant only and at Tenant's sole cost and expense. Landlord shall under no circumstances be liable to Tenant in damages or otherwise for failure or interruption in service of electricity, water, gas, heat, telecommunication services, including telephone, sewer service or air-conditioning, caused by any reason whatsoever, including the making of any repairs or improvements to the Leased Premises, unless such failure results in Tenant being unable to conduct its business in the Leased Premises and such failure is caused by (x) the gross negligence or willful misconduct of Landlord or (y) Landlord's failure to perform its maintenance obligations as provided in subsection B herein, in which case as to either of (x) or (y) immediately preceeding, all monthly installments of Rent and Additional Rent payable by Tenant under this Lease shall be proportionately abated for the number of days which Tenant is unable to conduct its business in the Leased Premises measured from the date of such failure until such time as the failure or interruption is cured.

B. Maintenance:

Landlord shall, at Landlord's expense subject to the terms of Exhibit C attached hereto, and as required to keep the Building and the Leased Premises in a good, attractive and safe condition, maintain and repair, in a good and workmanlike manner, (i) the Building and, except for that maintenance which is the responsibility of Tenant pursuant to Section 4.B, below, the Leased Premises, including, but not limited to, the repair, maintenance and replacement of the roof, foundation and exterior and load-bearing walls, (ii) the mechanical, plumbing and electrical systems of the Building and the Leased Premises, including, but not limited to, air conditioning, heating, plumbing, wiring and piping, and (iii) the exterior of the Building and the land upon which the Building is located, including, but not limited to, any landscaped areas, parking areas and driveways. Landlord shall not be called upon to make any other improvements or repairs of any kind upon the Leased Premises and appurtenances. Any of the foregoing repairs required to be made by reason of the acts or negligence of Tenant, its agents, employees, invitees, licensees, or contractors shall be the responsibility of Tenant notwithstanding the provisions above contained in this paragraph.

C. Taxes:

Subject to the terms of Exhibit C attached hereto, Landlord shall be responsible for payment of all real estate taxes assessed against the Property, as well as all applicable local, state and federal income taxes which are or may be payable by Landlord.

4. TENANT'S OBLIGATIONS.

A. Taxes.

Tenant shall be responsible for all non-real estate ad valorem or other personal property taxes, personal and intangible taxes payable in connection with the use, occupancy or conduct of business on any part of the Leased Premises by Tenant, including, but not limited to, personal property, business, privilege, license, excise, sales, use and occupation taxes (but excluding local, state and federal income taxes payable by Landlord). Tenant shall be responsible for all taxes which are assessed against its stock and inventory, tangible personal property or its business and/or business operations.

B. Maintenance.

- 1) Tenant shall, at Tenant's expense, keep the interior of the Leased Premises clean, maintaining suitable receptacles for trash and refuse, and removing from the interior of the Leased Premises all accumulations of trash and refuse.
- 2) Tenant shall, at Tenant's expense, service, keep and maintain the interior of the Leased Premises and all leasehold improvements, including fixtures, doors, interior walls and appurtenances, in good condition, repair and working order and will suffer no waste or injury thereto, excepting reasonable wear and tear and casualty. All repairs and replacements shall be of first class quality (provided, however, such obligation shall be limited to the repair and replacement of items that were originally installed within the Premises as first class quality materials) and sufficient for the proper maintenance and operation of the Leased Premises.
- 3) Reserved.

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4) Reserved.

5) If Tenant shall fail to make any repairs or to perform any maintenance which it is obligated to make or perform under this Lease within ten (10) days after written notice from Landlord to do so, or in the event of any emergency, Landlord may make or perform the same for the account of Tenant, without liability to Tenant for any loss or damage that may accrue to Tenant's fixtures or other property or to Tenant's business by reason thereof, so long as said damage or loss is not due to Landlord's negligence and Tenant shall pay, as Additional Rent, within thirty (30) days after Landlord shall have billed Tenant therefore, Landlord's reasonable and actual out-of-pocket cost for making such repairs and/or performing such maintenance (such cost may include a reasonable amount for Landlord's overhead not to exceed five percent (5%) of such total out-of-pocket costs). Nothing herein contained shall imply any duty on the part of Landlord to do any such work which under any provision of this Lease which Tenant may be required to do, nor shall it constitute a waiver of Tenant's default in failing to do the same.

5. IMPROVEMENTS. Tenant shall be entitled to make alterations or improvements to the Leased Premises without the prior consent of Landlord so long as such alterations or improvements do not (i) affect the structural, mechanical or electrical components of the Building or the Leased Premises, or (ii) exceed Twenty Five Thousand Dollars (\$25,000.00) in any twelve (12) month period. Except for the foregoing, Tenant shall not make any other alterations or improvements to the Leased Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld. As a condition precedent to such written consent of Landlord, Tenant agrees to obtain and deliver to Landlord upon completion, written, unconditional waivers of mechanics' and material men's liens against the Building and the land upon which it is situated from all proposed contractors, sub-contractors, laborers and material suppliers for all work, labor and services that were performed and materials furnished in connection with Tenant's alterations or improvements. All alterations and improvements made by Tenant shall be performed in a good and workmanlike manner, and in compliance with all applicable laws and other governmental rules and regulations and with all necessary permits. Tenant may, without Landlord's consent, install temporary partitions, shelves, bins, equipment, trade fixtures and other personal property in the Leased Premises. These items shall remain Tenant's property and shall be removed by Tenant prior to the expiration or earlier termination of this Lease pursuant to the terms of Section 13, hereof. In the event that any lien, encumbrance or charge upon the Leased Premises arises out of the use or occupancy of the Leased Premises by Tenant, or by reason of any labor or materials furnished or claimed to have been furnished to Tenant, or by reason of any construction, addition, alteration or repair of any part of the Leased Premises performed by Tenant or its contractors, Tenant shall, within fifteen (15) days after written notice of the filing thereof, cause such lien to be released or discharged with respect to the Leased Premises by payment or bonding. If Tenant shall fail to discharge any such mechanic's lien, Landlord may, at its option, discharge the same and treat the cost thereof as Additional Rent hereunder, payable with the Monthly Rental Installment next becoming due; and such discharge by Landlord shall not be deemed to waive the default of Tenant in not discharging the same. Tenant will indemnify, defend and hold Landlord harmless from and against any and all expenses, including reasonable attorneys' fees, liens, claims or damages to any person or property which are caused by Tenant in making any alterations or improvements.

6. USE OF LEASED PREMISES. Tenant shall have the right to use the Leased Premises (the "Permitted Use") for and as a surgical center and uses incident thereto. Tenant shall not create a nuisance or use the Leased Premises for any immoral or illegal purposes. Tenant further agrees that Tenant shall not use the Leased Premises for any use which will violate any restrictions or protective covenants affecting the Property or prevent the procurement, invalidate, or increase the rate of fire or other insurance on the Building, or on the property kept therein, or conflict with the fire laws or regulations, or with any statutes, rules or regulations enacted or established by any applicable governmental entity. EXCEPT AS SPECIFICALLY PROVIDED IN THIS LEASE, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT TENANT IS LEASING THE LEASED PREMISES "AS IS", WHERE IS, AND WITH ALL FAULTS AND DEFECTS, LATENT OR OTHERWISE, AND THAT LANDLORD IS MAKING NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, WITH RESPECT TO THE LEASED PREMISES OR ANY PART THEREOF (INCLUDING, WITHOUT LIMITATION, THE SOIL, WATER, GEOLOGY OR ENVIRONMENTAL CONDITION OF THE LEASED PREMISES).

7. ASSIGNMENT; SUBLETTING. Tenant shall not, without the prior consent of Landlord, in Landlord's sole discretion, sublease, license or assign its interest under the Lease, by operation of law or otherwise, to any other person or entity. Notwithstanding the foregoing, and provided that Tenant is not currently in default under the Lease, Tenant shall have the right to assign or sublet its interest under the Lease to any affiliate of Tenant which is controlled by, controls, or is under common control with, Tenant, or if the assignment is in connection with a corporate transaction involving the sale of all or substantially all of the assets and properties of Tenant or the parent entity of Tenant. No assignment or sublease (whether permitted without, or requiring, Landlord's consent) shall release or

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discharge, in whole or in part, Tenant's liability for the full performance of the agreements, terms, covenants and conditions contained in this Lease.

In the event of the transfer and assignment by Landlord of its interest in this Lease and the Leased Premises, Landlord shall thereby be released from any obligations accruing hereunder as of and after the date of such transfer provided the transferee or assignee assumes such obligations in writing.

8. INSURANCE.

- A. Tenant shall keep and maintain at all times during the Term of the Lease the following insurance coverage: (i) property insurance covering all of Tenant's trade fixtures, equipment and personal property in the Leased Premises in an amount equal to one hundred percent (100%) of the replacement cost thereof, written on a Causes of Loss – "Special Form" basis or its equivalent, and (ii) commercial general liability insurance or its equivalent, written on an occurrence basis, with a combined single limit for personal injury, death and property damage of not less than Three Million and No/100 Dollars (\$3,000,000.00) per occurrence. The policies described in this Section 8.A(ii) shall name Landlord as an additional insured. Annually, Tenant shall furnish Landlord with a certificate of such coverage which shall provide, to the extent each applicable insurer will make such an indication, that the insurer shall endeavor to provide thirty (30) days' prior written notice to Landlord prior to amending, canceling or terminating such policies.
- B. Tenant shall keep and maintain workers' compensation and employer's liability insurance in such amounts and with such limits as is required by the laws of the state where the Leased Premises are located or other applicable governmental authority.
- C. Prior to commencing any maintenance or alterations, Tenant shall take out and maintain (or cause the contractor under its construction contract(s) to take out and maintain) public liability insurance in a minimum amount of Two Million and 00/100 Dollars (\$2,000,000.00) per occurrence, and a minimum of Five Million and 00/100 Dollars (\$5,000,000.00) in the aggregate, and all builder's risk insurance to the full insurable value of such maintenance or alterations. Said insurance shall name Landlord and Landlord's designees as additional insured and shall be non-cancelable except upon thirty (30) days' notice to Landlord. Certificates evidencing such coverage shall be delivered by Tenant to Landlord five (5) days prior to Tenant or Tenant's general contractor commencing construction of such maintenance or alterations.
- D. All insurance required to be carried by Tenant hereunder shall: (i) specifically cover the liability assumed by Tenant under this Lease; (ii) be issued by an insurance company reasonably acceptable to Landlord and Landlord's lenders who have a lien upon the Leased Premises and which is qualified to do business in the state where the Leased Premises are located; and (iii) be in form and content reasonably acceptable to Landlord. Certificates of insurance and copies of all policies evidencing the existence and amounts of such insurance shall be delivered to Landlord by Tenant prior to Tenant's occupancy of the Leased Premises. Tenant shall furnish Landlord with copies of renewal certificates of any such policy at least five (5) days prior to the expiration thereof. Tenant shall have the right to provide such insurance coverage pursuant to a "blanket policy" or policies obtained by Tenant, provided such blanket policies expressly afford coverage as required by this Lease. Tenant shall not stock, use or sell or permit or suffer to be stocked, used or sold, any article or do anything in or about the Leased Premises which may be prohibited by or violate any of Landlord's insurance policies or the rules and regulations of the fire insurance rating organization having jurisdiction or any similar body, or which will increase any insurance rates and premiums on the Leased Premises or the Building. Notwithstanding the foregoing, in the event of increases in the insurance rates for fire insurance or other insurance carried by Landlord due to Tenant's activity or property in or about the Leased Premises or the Building, or for improvements to the Leased Premises for which Tenant is responsible, Tenant shall be liable for such increases and shall reimburse Landlord immediately upon demand therefor. Statements by an insurance company or by the applicable insurance rating bureau that such increases are due to such activity, property or improvements shall be conclusive evidence for determining the liability of Tenant hereunder.
- E. Landlord shall keep and maintain at all times during the Term of the Lease the following insurance coverage: (i) property insurance covering the Building (including, but not limited to, all alterations, additions and improvements to the Leased Premises) and the Common Areas in an amount equal to one hundred (100%) percent of the replacement cost thereof, written on a Causes of Loss – "Special Form" basis or its equivalent, and (ii) commercial general liability insurance or its equivalent, written on

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an occurrence basis, with a combined single limit for personal injury, death and property damage of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence. Annually, Landlord shall furnish Tenant with a certificate of such coverage which shall provide, to the extent each applicable insurer will make such an indication, that the insurer shall endeavor to provide thirty (30) days' prior written notice to Tenant prior to amending, canceling or terminating such policies.

- F. Notwithstanding anything to the contrary contained herein, Landlord and Tenant each hereby releases the other and waives all claims that it may have against the other party (and such other party's owners, directors, officers, employees, agents, contractors and representatives) for damages that are actually covered by its insurance or that would have been covered had it maintained the insurance required under the Lease; provided, however, the foregoing waiver shall not apply if it would have the effect of invalidating, but only to the extent of such effect, any insurance coverage of Landlord or Tenant. If possible on commercially reasonable terms, Landlord and Tenant shall cause the insurers issuing their insurance to waive all of their subrogation rights against the other party (and such other party's owners, directors, officers, employees, agents, contractors and representatives), and each party shall supply the other with appropriate evidence confirming that such waiver is in effect. For the purposes of this subsection, each party shall be deemed to be insured against losses and damages that are within the deductible of any of its insurance policies. The provisions of this section shall apply to claims regardless of their cause or origin, including, without limitation, claims arising due to negligence.

9. **DAMAGE TO PROPERTY/INJURY TO PERSON.** Except to the extent that Landlord has released Tenant as provided in Section 8F hereof, Tenant shall indemnify, defend and hold Landlord harmless from and against any claims to the extent they arise from (i) Tenant's use of the Leased Premises or the conduct of its business, (ii) any activity, work or thing done, permitted or suffered by the Tenant in or about the Leased Premises, (iii) any damage to persons or property resulting from the willful or negligent acts or omissions of Tenant or its employees or agents, or (iv) any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of the Lease. Except to the extent that Tenant has released Landlord as provided in Section 8F hereof, Landlord shall indemnify, defend and hold Tenant harmless from and against any claims to the extent they arise from (a) any damage to persons or property resulting from the willful or negligent acts or omissions of Landlord or its employees or agents, or (b) any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of the Lease. Any property brought onto or kept on the Leased Premises by Tenant shall be at the sole risk of Tenant.

10. **ENVIRONMENTAL PROVISIONS.** Landlord shall indemnify, hold harmless and defend Tenant from all claims, costs, and liabilities, including without limitation, reasonable attorneys fees and costs actually incurred as a result of a release or threatened release of Hazardous Materials caused by the acts or omissions of Landlord. Tenant shall not, without the prior written consent of Landlord, cause or permit, knowingly or unknowingly, any "Hazardous Material" (hereinafter defined) to be brought or remain upon, kept, used, discharged, leaked, or emitted in or about, or treated at the Leased Premises except in the ordinary course of Tenant's business and then only in compliance with applicable legal requirements. As used in this Lease, "Hazardous Materials" shall mean any hazardous, toxic or radioactive substance, material, matter or waste which is or becomes regulated by any federal, state or local law, ordinance, order, rule, regulation, code or any other governmental restriction or requirement. In all events, Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all claims, costs and liabilities, including without limitation reasonable attorneys' fees and costs actually incurred as a result of a release or threatened release of Hazardous Materials or substances on the Leased Premises or Building occurring while Tenant is in possession, or if caused by Tenant or persons acting under Tenant. The within covenants shall survive the expiration or earlier termination of the Term.

11. **DEFAULT.** Tenant shall be in default of the terms of the Lease if Tenant shall fail to make a payment of any rent, and such rent is not paid within ten (10) days of written notice by Landlord to Tenant of the nonpayment of the same, or in the event that Tenant shall otherwise commit an act of default under the terms hereof, and shall not cure such default within thirty (30) days of written notice by Landlord to Tenant of such default, or, if it is not possible to complete the cure by such time, Tenant has not commenced the cure within such 30-day period and does not thereafter diligently pursue the same to completion within a reasonable time thereafter. In the event of default by Tenant hereunder:

- A. Landlord may continue the Lease in full force and effect and shall have the right to collect rent when due. During the time that Tenant is in default, Landlord may re-enter the Leased Premises with legal process and relet the same, or any part thereof, to third parties for Tenant's account. Tenant shall be liable for all reasonable costs Landlord incurred for reletting the Leased Premises, including, without limitation, broker's commissions and expenses associated with repairing and/or remodeling the Leased Premises in order to return the Leased Premises to the same condition as when received by Tenant.

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from Landlord. Reletting can be done for a period shorter or longer than the remaining Term of the Lease. Tenant shall pay to Landlord the rent due under the Lease on the date such rent is due, less the rent Landlord receives from any reletting. Landlord shall make its best efforts to relet the Leased Premises at a reasonable price.

- B. Landlord may terminate the Lease pursuant to the terms of this Section 11. Upon termination, Landlord shall have the right to collect from Tenant (i) all expenses, if any, including reasonable attorneys' fees, incurred by Landlord in recovering possession of the Leased Premises, (ii) all reasonable costs and charges for the care of the Leased Premises while vacated by Tenant, and (iii) an amount equal to the present value (calculated by discounting the amount to the present at the rate of six percent (6%)) of the difference between the Monthly Rental Installments that Tenant would have been required to pay hereunder during the remainder of the Term (calculated without taking into account any renewal period that has not commenced) and the fair rental value of the Leased Premises during said period (after taking into account the amount of time reasonably necessary to relet the Leased Premises and the reasonable costs of reletting the Leased Premises, i.e. reasonable brokerage commissions, advertising costs and other similar expenses).
- C. If (i) Tenant defaults beyond applicable notice and cure periods in the making of any payment or in the doing of any act herein required to be made or done by Tenant; or (ii) Tenant defaults in the making of payment to any third party, or doing any act required to be made or done by Tenant for or on behalf of said third party relating to the Leased Premises, after ten (10) days written notice from Landlord, then Landlord may, but shall not be required to, make such payment or do such act, and charge the amount of the expense thereof, if made or done by Landlord, with interest thereon at the rate provided in Section 2, from the date paid by Landlord to the date of payment thereof by Tenant. Such payment and interest shall constitute Additional Rent hereunder due and payable with the next monthly installment of Base Rent.
- D. Landlord may pursue such other remedies as are available at law or in equity.
- E. Should any of these remedies or any portion thereof not be permitted by the laws of the State where the Building is located, then such remedy or portion thereof shall be considered deleted and unenforceable, and the remaining remedies or portions thereof shall be and remain in full force and effect, and Landlord may avail itself of these as well as any other remedies or damages allowed by law.

Landlord shall be in default of the terms of the Lease if Landlord shall commit an act of default under the terms hereof, and shall not cure such default within thirty (30) days of written notice by Tenant to Landlord of such default, or, if it is not possible to complete the cure by such time, Landlord has not commenced the cure within such 30-day period and does not thereafter diligently pursue the same to completion within a reasonable time thereafter. In the event of a default by Landlord hereunder, Tenant may, in addition to all rights and remedies available at law or in equity, (i) cure such default and deduct any reasonable and necessary amounts incurred by Tenant in connection therewith from the rent next due by Tenant hereunder with the presentment of receipts for such reasonable and necessary amounts, or (ii) terminate the Lease.

12. **RIGHT OF ACCESS.** Landlord and its agents shall have reasonable access to the Leased Premises during all reasonable business hours for the purpose of examining same to ascertain if they are in good repair and to make reasonable repairs which Landlord may be required to make hereunder; provided, however, Landlord shall not materially interfere with the use and enjoyment of the Leased Premises. Except in cases of emergency, Landlord shall give Tenant at least forty-eight (48) hours advanced notice before entering upon the Leased Premises and Landlord shall use reasonable efforts to schedule such entry at a time that is reasonably acceptable to Tenant. In the event that Landlord or its agents or subcontractors shall incidentally access any patient information or other information which they know or should know is confidential or proprietary to Tenant, Landlord shall, and shall cause its agents and subcontractors, to return such information to Tenant and to hold any such information in complete confidence.

13. **END OF TERM.** At the expiration or earlier termination of the Lease, Tenant shall surrender its interest in the Leased Premises to Landlord in as good condition and repair as on the Commencement Date, ordinary wear and tear excepted, and will leave the Leased Premises broom clean. Tenant shall, prior to said termination, remove any equipment, furniture, trade fixtures or other personal property in the Leased Premises owned by Tenant, and Tenant shall repair any damage to the Leased Premises caused by such removal, including the patching of holes. By signing this Lease, Tenant agrees that upon surrender or abandonment of the Leased Premises, Landlord shall not be liable or responsible for the storage or disposition of Tenant's personal property. In the event of holding over by Tenant after the expiration or termination of the Term of the Lease, Tenant shall pay rent at the then-current rate for Monthly

Rental Installments as set forth in the Lease, together with Additional Rent, on a monthly basis and the Term of the Lease shall be automatically extended for successive periods of one (1) year each; provided that during any automatically extended period following the expiration of the Term of the Lease, Landlord and Tenant shall each have the right to terminate this Lease by delivering written notice to the other at least sixty (60) days prior to the desired expiration date. If (i) either party terminates the Lease pursuant to the preceding sentence during any automatically extended period, and (ii) Tenant continues to remain in possession of the Leased Premises beyond such thirty (30) day period, then Tenant shall thereafter pay rent at 150% of the then-current rate for Monthly Rental Installments as set forth in the Lease, together with Additional Rent, on a monthly basis.

14. **ATTORNEYS' FEES.** In the event that suit is brought by either party against the other for breach or default under the terms of the Lease, the prevailing party shall be entitled to reasonable attorneys' fees, expenses (including expert witness fees) and court costs equal to the sum established by the court.

15. **HEADINGS.** The article captions contained in the Lease are for the convenience of the parties only and shall not be considered in the construction or interpretation of any provision hereof.

16. **ENTIRE AGREEMENT; EXHIBITS.** The Lease contains the entire agreement between the parties and supersedes any and all other prior oral and written agreements between the parties regarding the subject matter contained herein and may not be changed or terminated orally but only by agreement in writing and signed by all parties. Landlord and Tenant acknowledge and agree that (i) all exhibits referenced in the Lease (or in any of its exhibits) are incorporated into the Lease by reference, and (ii) any reference to "the Lease," "this Lease," "hereunder," "herein" or words of like import shall mean and be a reference to the Lease including such exhibits.

17. **DAMAGE OR DESTRUCTION.** If the Leased Premises are damaged by fire or other casualty, the damage shall be repaired by and at the expense of Landlord (excluding any equipment which is owned by Tenant), provided that such repairs can, in Landlord's opinion, be made within sixty (60) days after the occurrence of such damage. Landlord shall notify Tenant within fifteen (15) days of the event of casualty of its determination. Until such repairs are completed, the rent shall be abated in proportion to the part of the Leased Premises rendered unusable, but there shall be no abatement of rent for a period equal to one (1) day or less. If such repairs cannot, in Landlord's opinion, be made within sixty (60) days and Landlord nonetheless chooses to repair, then Tenant may, at its option, continue as Tenant under the Lease until such repairs are completed, during which time all rent shall abate, or Tenant may terminate the Lease. A total destruction of the building in which the Leased Premises are located shall automatically terminate the Lease. Total destruction of the building shall be defined as damage greater than fifty percent (50%) of the then replacement value thereof. Notwithstanding the foregoing, if the Leased Premises or any portion of the Building or Property shall be damaged by fire or other casualty due to the act or omission of Tenant, or any of its employees, agents, licensees, invitees, assignees, subtenants, customers, clients, or guests, then Tenant shall have no right to terminate this Lease, and no rent shall be abated.

18. **EMINENT DOMAIN.** If the whole of the Leased Premises or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain, the Lease shall automatically terminate as of the effective date of the taking. In the event of a partial taking which does not result in a termination of the Lease, the rent reserved hereunder shall remain unaffected. Landlord shall have no duty to repair or restore any leasehold improvement. Landlord may, without any obligation or liability to Tenant, stipulate with any condemning authority for a judgment of condemnation without the necessity of a formal suit or judgment of condemnation, and the date of taking under this clause shall then be deemed the date agreed to under the terms of said agreement for stipulation and the Lease shall terminate as of the stipulated date. All income, rent, awards or interest derived from any condemnation proceeding (individually or collectively, an "Award") shall belong to and be the property of Landlord without any participation by Tenant. Notwithstanding the foregoing, Tenant shall not be precluded from prosecuting any claim directly against the condemning authority in such condemnation proceeding for moving expenses; provided, however, that no such claim shall diminish or otherwise adversely affect Landlord's Award.

19. **WAIVER.** No waiver by either party shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved.

20. **NOTICES.** Any notice required or permitted to be given hereunder may be given by mail and shall be sufficiently given if personally served or sent by registered or certified mail or by reputable overnight courier, addressed to the relevant party at the addresses specified in the Lease. For any notice given to Tenant or Guarantor, a copy shall be provided to the Tenant's counsel as follows: to General Counsel, Legal Department, 4000 Meridian

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Blvd., Franklin, TN 37067, and to Granite City Illinois Hospital Company, LLC, 509 Hamacher Street, Waterloo, Illinois.

21. **BINDING EFFECT.** The Lease shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators. Nothing in this article shall be deemed to amend the provisions herein concerning assignment and subletting.

22. **APPLICABLE LAW.** The laws of the state where the Building is located shall be employed in and govern the interpretation of all of the covenants, terms and conditions of the Lease.

23. **NO PARTNERSHIP RELATIONSHIP.** Notwithstanding any agreement herein contained, Landlord shall not be construed or held to be a partner or associate of Tenant in the conduct of its business, it being expressly understood and agreed that the relationship between the parties is and at all times shall remain that of Landlord and Tenant.

24. **NO REQUIREMENT TO REFER.** The parties expressly agree that nothing contained in the Lease shall require Tenant or any physician or other referral source to refer or admit any patients to, or order any goods or services from Landlord or any affiliate. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct itself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 USC Section 1320a-7b). Both parties represent to the other that the rent provided for in the Lease are at fair market value rates and do not take into account the value or volume of any referrals or other business generated between the parties. If Landlord is a medical provider, both as a material condition to this Lease and as a continuing representation and warranty for the duration of the Lease, Landlord represents and warrants that neither it nor any of its owners, officers, directors, employees, agents, subcontractors etc have been suspended, excluded, or debarred from any government payor program.

25. **QUIET ENJOYMENT.** Landlord warrants and shall defend Tenant in the quiet enjoyment and possession of the Leased Premises during the Term of the Lease.

26. **OPTION TO RENEW.** Provided that Tenant is not then in default hereunder beyond any applicable notice and cure periods, upon the expiration of the Term of the Lease, Tenant shall have four (4) options to renew the Lease for a term of two (2) years each (each, a "Renewal Term"), by providing written notice of exercise to Landlord not less than six (6) months and no more than twelve (12) months prior to the expiration of the then current term. In each Renewal Term, all of the terms and provisions of this Lease shall be in full force and effect, except that the Annual Rent shall be the Market Rate Rental as determined in accordance with the procedures set forth in Exhibit D. Any references in the Lease to the "Term" or the "Term of the Lease" shall refer to the Initial Lease Term as extended pursuant to this Section 26, unless expressly stated otherwise.

27. **SUBORDINATION, ATTORNMEN AND NON-DISTURBANCE.**

- A. Tenant agrees that the Lease and all rights of Tenant hereunder are and shall be subject and subordinate to any mortgage now or hereafter encumbering the Leased Premises or the Building or any component thereof, to all advances made or hereafter to be made upon the security of such mortgage, to all amendments, modifications, renewals, consolidations, extensions and restatements of such mortgage, and to any replacements and substitutions for such mortgage (collectively, "Mortgages"); provided as a condition precedent to such subordination of any future Mortgage, any holder of such future Mortgage must enter into a Subordination, Non-Disturbance and Attornment Agreement with Tenant on such mortgagee's standard form, reasonably acceptable to Tenant.
- B. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, or in the event of a deed in lieu of foreclosure with respect to any Mortgage covering the Leased Premises or the Building, or in the event of termination of any Lease under which Landlord may hold title, Tenant shall, at the option of transferee, attorn to such transferee and shall recognize and be bound and obligated hereunder to such person as the Landlord under the Lease, unless the Lease is terminated. Tenant agrees to execute any attornment agreement not in conflict with this provision.
- C. Notwithstanding anything contained herein to the contrary, so long as Tenant is not in default in the payment of rent, or in the performance of any of the other terms, covenants or conditions of the Lease beyond any applicable cure periods, no mortgagee or similar person shall disturb Tenant in its occupancy of the Leased Premises during the Term of the Lease notwithstanding any event or proceedings described in this section.

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28. **APPROVALS.** No amendment or modification hereto shall be effective or legally binding upon Tenant, or any officer, director, employee or agent thereof, unless and until it has been reviewed and approved electronically (or in writing) by a Division President and the Real Estate Department of Community Health Systems Professional Services Corporation, Tenant's Management Company.

29. **COMPLIANCE WITH LAWS.** Except as otherwise provided in this Lease, Landlord shall, at Landlord's expense, be responsible for all life safety, fire prevention, building code and ADA compliance as it pertains to the Building and the Leased Premises. For purposes hereof, "ADA" shall mean collectively, the "Americans with Disabilities Act of 1990" (as amended from time to time) and any and all rules and regulations promulgated thereunder. In the event that for any reason Tenant is unable to occupy or operate its business in the Leased Premises as a result of any determination by the applicable governmental agency that (x) the Building or the Leased Premises are not in compliance with any life safety, fire prevention, building code or ADA, (y) such non-compliance first arises from and after the date of this Lease, and (z) such compliance is not otherwise the responsibility of Tenant hereunder, then either (i) Landlord shall, at its sole cost and expense remedy the non-compliance issue to bring the Building and the Leased Premises within life safety, fire prevention, building code or ADA compliance in as reasonably prompt fashion so as to not interfere with Tenant's business operations, or (ii) if Landlord has not indicated in writing to Tenant that it will do so within fifteen (15) days of its receipt of written notice of the non-compliance issue, then Tenant shall have the right to terminate the Lease by providing not less than thirty (30) days written notice to Landlord. In such event, this Lease shall terminate and neither party shall have any further obligation to the other except for any obligation which expressly survives any termination or expiration of the Lease. Notwithstanding the foregoing, Tenant shall, at Tenant's expense, be responsible for all life safety, fire prevention, building code and ADA compliance as it pertains to any leasehold improvements to the Leased Premises or other improvements to the Property required, made or caused to be made by Tenant or required by law or ordinance or any other regulation of any public authority because of any use made of the Leased Premises by Tenant. Tenant shall procure, prior to opening for business, all licenses and permits required by Tenant to conduct its business at the Leased Premises, including any applicable certificate of occupancy, and shall at all times conduct its activity related to the Leased Premises in compliance with all applicable federal, state or local laws, rules or regulations, as well as any reasonable rules and regulations promulgated by Landlord from time to time of which Landlord provides written notice to Tenant. In the event that any such rules or regulations conflict with the express terms of this Lease, the express terms of this Lease shall control. Landlord, at no expense to Landlord, shall cooperate with Tenant in order for Tenant to obtain any such licenses or permits.

30. **FORCE MAJEURE.** With the exception of the obligation of Tenant to pay rent and all other amounts that may be due from time to time under this Lease, if either party shall be delayed or hindered in or prevented from doing or performing any act or thing required hereunder by reason of any matters beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act or thing shall be extended for a period equivalent to the period of such delay. In such event, this Lease and the obligations of both parties to perform and comply with all of the other terms and provisions of this Lease shall in no way be affected, impaired, or excused.

31. **WAIVER OF JURY TRIAL.** LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION, ACTION, PROCEEDING OR COUNTERCLAIM BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR THE OBLIGATIONS EVIDENCED HEREBY, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OF OR OCCUPANCY OF THE LEASED PREMISES, ANY CLAIM OF INJURY OR DAMAGE, OR ANY EMERGENCY OR OTHER STATUTORY REMEDY OR ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF LANDLORD AND TENANT IN ENTERING INTO THIS LEASE

32. **Reserved.**

33. **COMMON AREAS.** During the Term of the Lease, Landlord agrees that Tenant and its employees, agents, invitees and visitors shall have the non-exclusive right to use the Common Areas (as hereinafter defined) for their intended purpose. Except for repairs, maintenance and replacements required under this Lease, Landlord shall not materially alter (or permit the material alteration of) any Common Areas providing access to or otherwise benefitting the Leased Premises. Landlord represents and warrants to Tenant that the Common Areas include all areas which are necessary for the use of the Leased Premises for its current use. As used herein, "Common Areas" means all portions of the Property that are intended for the general use or benefit of tenants or owners of the Property, and their

employees, agents, contractors, patients and visitors, including, without limitation, all parking areas, driveways, loading and unloading areas, trash areas, entrances, exits, corridors, hallways or sidewalks.

34. **SIGNAGE.** During the Term of the Lease, Tenant shall have the right to keep and maintain any and all signage relating to the business being operated in the Leased Premises and existing on or about the Property as of the Commencement Date in its then current location. Tenant shall also have the right, at its sole cost and expense, and without having to obtain Landlord's approval, to (i) replace or alter any such existing signage, and (ii) place or install on the Leased Premises any new signage relating to the business being operated in the Leased Premises, in both cases, at any time during the Term of the Lease, provided such signage (as replaced or altered) utilizes Tenant's standard logos, trademarks, trade names and trade dress (as the same are modified from time to time) and is in conformity with all applicable laws, regulations and ordinances. Tenant shall be permitted, at its sole cost and expense, to place on or about the Property any other signage as Landlord shall approve in writing prior to installation, such approval not to be unreasonably withheld.

35. **ESTOPPEL CERTIFICATES.** Tenant shall from time to time at reasonable intervals, within ten (10) business days after written request by Landlord, execute, acknowledge and deliver to the Landlord, a writing ratifying this Lease and certifying, among other things: (i) the accuracy of the Lease; (ii) the Commencement Date and Expiration Date; (iii) that the Lease is unmodified and in full effect or in full effect as modified, stating the date and nature of the modification; (iv) whether, to the Tenant's knowledge, the Landlord is in default or whether the Tenant has any claims or demands against the Landlord and, if so, specifying the default, claim or demand; and (v) to correct other reasonably ascertainable facts that are covered in the Lease terms.

36. **RESERVED.**

37. **RESERVED.**

38. **COUNTERPARTS.** This Lease may be executed in counterparts, each of which constitutes an original and all of which taken together shall constitute one agreement.

38. **EASEMENTS, AGREEMENTS OR ENCUMBRANCES.** The parties shall be bound by all existing easements, agreements, and encumbrances of record relating to the Leased Premises and Landlord shall not be liable to Tenant for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.

39. **TIME OF THE ESSENCE.** Time is of the essence and in all provisions hereto.

40. **NO RECORDING.** Neither this Lease, nor any memorandum thereof, shall be recorded without the prior consent of Landlord.

41. **SEVERABILITY.** If any term or provision of this Lease shall to any extent be held to be invalid or unenforceable under the applicable law, the remaining provisions of this Lease shall not be affected thereby but shall remain in full force and effect.

42. **GUARANTY.** Landlord's performance and obligations under this lease are conditioned upon the delivery to Landlord, on or before the date of this Lease, of a guaranty from GRANITE CITY ILLINOIS HOSPITAL COMPANY, LLC, in the form of the guaranty set forth on Exhibit E, attached hereto and made a part hereof.

[END OF EXHIBIT A]

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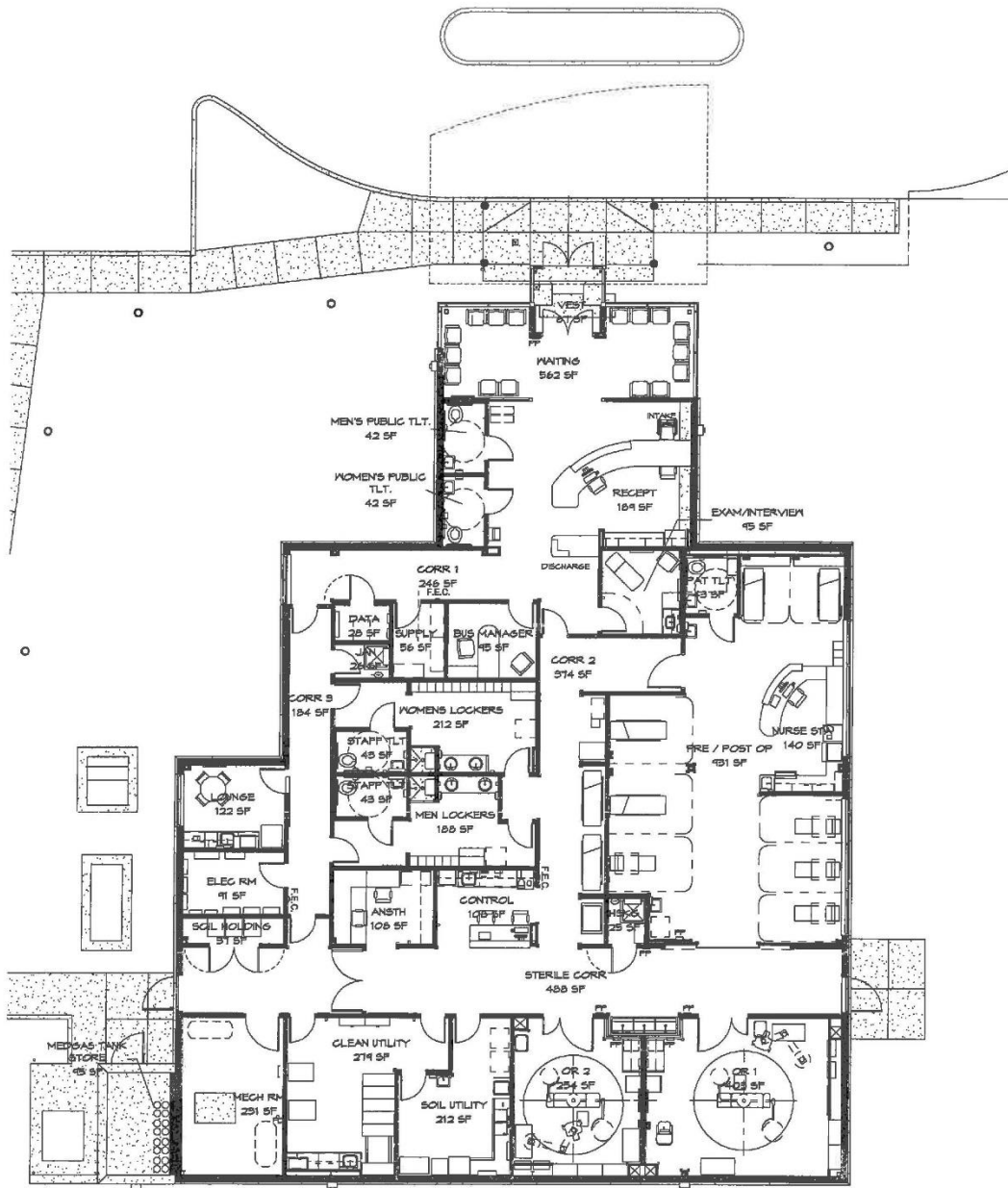
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**EXHIBIT B
LEASED PREMISES**

See attached.

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FLOOR PLAN



Monroe County Surgical Center
Waterloo, Illinois



R. G. RICH CONSTRUCTION COMPANY, INC.

OWH

Ottolino Winters Huebner
Planning Architecture Interior Architecture
0950000 6-28-10

EXHIBIT C
ADDITIONAL RENT (TENANT'S PROPORTIONATE SHARE OF OPERATING COSTS)

In addition to the Monthly Rental Installments, Tenant shall pay Landlord "Additional Rent", which term shall mean Tenant's Proportionate Share (as defined herein) of Operating Costs (as defined herein) and all other payments due to Landlord or payable by Tenant under this Lease. For purposes of the Lease, the Monthly Rental Installments and Additional Rent shall be collectively referred to as "rent".

1. Proportionate Share. For purposes of the Lease, "Tenant's Proportionate Share" shall be 100%.

2. Operating Costs Defined. For purposes of the Lease, "Operating Costs" shall include, without limitation, (i) all real estate taxes and assessments with respect to the Property; (ii) premiums for all insurance maintained by Landlord pursuant to Section 8.B of Exhibit A; (iii) the monthly charges for utilities provided to the Building; (iv) the cost of routine maintenance, repair and replacement as expected in the ordinary course of the HVAC, mechanical, electrical and plumbing systems forming a part of the Building, including, without limitation, cost of routine inspections and servicing; (v) pest control costs; (vi) the cost of alarm services, fire monitoring services and other security services provided to the Building; (vii) the cost of maintaining the landscaping at the Property and removing snow and ice from the sidewalks, parking areas, entrances, exits and patient drop-off/pick-up areas forming a part of the Common Areas; (viii) the cost of periodically cleaning the exterior windows of the Building; (ix) the cost of maintaining the signs forming a part of the Building (excluding any signs identifying a particular tenant of the Building); (x) management fees and personnel costs of the Building, including, but not limited to, salaries, wages, fringe benefits and other direct and indirect costs of engineers, superintendents, watchmen, porters and any other Building personnel; (xi) auditing and accounting fees including accounting fees incurred in connection with the preparation and certification of any and all statements required under this Lease; (xii) all miscellaneous taxes (including, without limitation, all sales and excise taxes on the expenditures enumerated in this Section) applicable to the Building and any taxes imposed on personal property in the Building owned by Landlord; (xiii) the cost of licenses, permits and similar fees and charges; and any other costs and expenses, including reasonable attorneys' fees, incurred by Landlord in maintaining or operating the Building; (xiv) any business, professional and occupational license tax payable by Landlord with respect to the Building; (xv) costs of service and maintenance contracts, including, but not limited to, chillers, boilers, controls, elevators, mail room, windows, security services, and management fees; (xvi) all costs, charges, and expenses, incurred by Landlord in connection with any change of any company providing electricity service, including, without limitation, maintenance, repair, installation, and service costs associated herewith; and (xvii) the cost of any capital improvement, equipment, or device installed or paid for by Landlord with all such capital expenses being amortized in a straight line over the sum of the Initial Term and all Renewal Terms.

Notwithstanding the foregoing, Operating Costs shall not include (A) the cost of alterations to space in the Building used by or leased or to be leased to others; (B) depreciation, interest and principal payments of mortgages and other debt costs, if any; (C) federal, state and city income, excess profit, gift, estate, succession, inheritance, franchise and transfer taxes, and any other taxes relating to the operation of Landlord's business; (D) expenses for capital improvements to the Building except as specifically included in Operating Costs, above; (E) those expenses incurred in leasing space in the Building, including, but not limited to, leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with leasing, renovating or improving space in the Building (other than those expenses for which Tenant is liable under this Lease); (F) any cost or expenditure or any portion thereof for which Landlord has been reimbursed, whether by Insurance proceeds or otherwise, except reimbursements or other payments from other tenants of the Building in respect to costs and expenses which are Operating Costs; (G) costs incurred due to violation by Landlord of any of the terms and conditions of this Lease or any other lease relating to the Building; (H) repairs resulting from any defect in the design or construction of the Building; (I) rental concessions granted to Tenant or any other tenant of the Building; (J) overhead and profit increment paid to subsidiaries or other affiliates of Landlord for services to the extent that such costs of such services exceed the comparative costs for such services rendered by persons or entities of similar skill, confidence and experience; (K) advertising and promotional expenditures; (L) costs incurred in connection with the sale, financing, refinancing, mortgaging or sale of all or any portion of the Building, including brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges; (M) costs, fines, interests, penalties, legal fees or costs of litigation incurred due to the late payment of taxes, utility bills and other costs incurred by Landlord's failure to make such payments when due; (N) costs incurred by Landlord for trustee fees, organizational expenses and accounting fees to the extent relating to Landlord's general corporate overhead and general administrative expenses; (O) any penalties or liquidated damages that Landlord pays to Tenant under this Lease or to any other tenant under their respective leases; (P) costs associated with correcting any violation of law, or making renovations or alterations to the Building required in order to cause the Building to be in compliance with any applicable laws, unless such corrections, renovations or alterations are due to Tenant's use of the Leased Premises or any improvements made or caused to be made by Tenant, as such laws are interpreted to apply to the Building by the responsible public officials prior to the Commencement Date; (Q) costs arising out of the negligence

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or misconduct of Landlord, or its agents, or of any tenant, vendor, contractor, or providers of material or services selected, hired or engaged by Landlord, or its agents; (R) reserves of any kind, including, without limitation, replacement reserves and reserves for bad debts or lost rent or any similar charge not involving the payment of money to third parties; or (S) janitorial cleaning and trash removal services (including the removal of medical waste) for the Leased Premises, which janitorial and trash removal services shall be separately paid for by Tenant.

3. Payment of Operating Costs. For each calendar year or part thereof during the Term of the Lease, Tenant shall pay to Landlord, as Additional Rent, Tenant's Proportionate Share of Operating Costs for such calendar year. Landlord's estimate of Tenant's annual liability for Tenant's Proportionate Share of Operating Costs, together with reasonable supporting documentation, shall be prepared and delivered to Tenant prior to the Commencement Date and at the beginning of each calendar year and shall be based upon the amounts reasonably budgeted by Landlord based on the previous year's expenses and any changes to such expenses reasonably anticipated and otherwise permitted under the terms of this Lease for the upcoming calendar year. Tenant's Proportionate Share of Operating Costs shall be paid in monthly installments on the first day of each month. Within ninety (90) days after the end of each calendar year during the Term of the Lease, Landlord shall furnish Tenant with a statement (the "Annual Statement") which shall show (i) the Operating Costs incurred during the preceding calendar year, (ii) Tenant's Proportionate Share thereof, (iii) the total estimated payments made by Tenant during such calendar year, and (iv) the balance due from Tenant or to be credited to Tenant, as applicable. If the actual amount of Tenant's Proportionate Share of Operating Costs as shown on Landlord's Annual Statement (i) exceeds the amount previously paid by Tenant for such calendar year, Tenant shall pay Landlord the amount shown as due thereon, which payment shall be due within thirty (30) days of Tenant's receipt of the Annual Statement, or (ii) is less than the amount previously paid by Tenant, such excess shall be refunded to Tenant within thirty (30) days following Tenant's receipt of the Annual Statement. Landlord shall keep and make available to Tenant for a period of three (3) years after its Annual Statement is rendered as provided above, records and reasonable details of the matters included in the Annual Statement for the period covered by such statement and shall permit Tenant's accountants to examine and audit such of its records as may be reasonably required to verify such statements, at Landlord's principal office during reasonable times during business hours and on a date mutually acceptable to both parties. The cost of such audit shall be paid by Tenant unless, in the event that Tenant performs or causes to be performed an audit of Landlord's records as provided herein, and such audit reveals that Tenant's Proportionate Share of Operating Costs paid by Tenant during the period covered by such Annual Statement exceeds Tenant's Proportionate Share of the actual Operating Costs verified by such audit by more than three percent (3%), Landlord shall reimburse Tenant for the reasonable costs of such audit within thirty (30) days following written request therefor. An appropriate proration of Tenant's Proportionate Share of Operating Costs shall be made with respect to any partial year during which this Lease commences or expires. Tenant's obligations hereunder shall survive the expiration or earlier termination of this Lease.

[END OF EXHIBIT C]

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EXHIBIT D
DETERMINATION OF MARKET RATE RENTAL

(a) For the purposes of this Lease, the "Market Rate Rental" shall mean the annual fixed rent that a willing tenant would pay and a willing landlord would accept in an arm's length lease of the Leased Premises for the Renewal Term, determined as of the date which is ninety (90) days prior to the date the Term is then set to expire (the "Exercise Date"). Promptly after the Exercise Date, Landlord and Tenant shall endeavor to agree on the Market Rate Rental. If Landlord and Tenant shall fail to agree upon the Market Rate Rental within twenty (20) days after the Exercise Date, then the fair market value will be determined by appraisers as set forth herein.

(b) If Landlord and Tenant cannot agree upon a common appraiser to determine the Market Rate Rental, then each party shall retain its own appraiser and notify the other thereof, in writing. Should either Landlord or Tenant fail to appoint such an appraiser by a date which is forty (40) days after the Exercise Date, the single appraiser retained will be the sole appraiser and shall determine the Market Rate Rental. If both parties retain their own appraiser, then the two (2) appraisers shall meet promptly and attempt to agree upon the Market Rate Rental and each shall provide their appraisal by a date which is sixty five (65) days after the Exercise Date. In the event the two (2) appraisers agree on the Market Rate Rental, their determination of the Market Rate Rental shall be binding upon Landlord and Tenant. In the event that the determination of the Market Rate Rental set forth in the two appraiser's determinations differ by less than ten percent (10%), then the Market Rate Rental shall be set by taking the average of the two determinations.

(c) In the event that the two appraisers' respective determinations differ by greater than 10%, then the two (2) appraisers shall (i) each submit a written report to Landlord and Tenant setting forth their conclusion, and (ii) designate a third appraiser. If a third appraiser is so designated, Landlord and Tenant shall promptly retain such third appraiser and furnish such third (3rd) appraiser with the determinations of Market Rate Rental prepared by the other two appraisers. The third appraiser shall evaluate the determinations of Market Rate Rental furnished to it by Landlord and Tenant and shall determine the Market Rate Rental within twenty (20) days after his or her appointment, which selection shall be no lower or higher than the other two determinations and shall be binding upon Landlord and Tenant.

(d) Landlord and Tenant shall each pay the fee of the appraiser it retains, with the fees of the third appraiser (if any) being borne equally by Landlord and Tenant. All appraisers engaged pursuant to this subsection shall (i) be M.A.I. certified appraisers with at least six (6) years full time commercial appraisal experience, or a commercial leasing agent with at least six (6) years continuous full-time commercial leasing experience in the County and/or State in which the Building is located, and (ii) adhere to the parameters set forth in paragraph (b) above. Once the Market Rate Rental is determined, (i) the Monthly Rental Installment shall be calculated for the entire Renewal Term based thereon, and (ii) the parties shall execute an amendment to the Lease specifying the Monthly Rental Installment amount.

(e) Notwithstanding anything to the contrary set forth herein, if Tenant, in its sole and absolute discretion, determines that the Market Rate Rental for the Renewal Term exceeds the cost Tenant is willing to pay as rent during the Renewal Term, then Tenant shall have the option to cancel its exercise of its right to renew this Lease by sending written notice of such cancellation to Landlord within ten (10) days after receipt of the determination of the Market Rate Rental for the Renewal Term.

(f) If for any reason the Market Rate Rental shall not have been determined prior to the commencement of the Renewal Term, then, until the Market Rate Rental and, accordingly, the Monthly Rental Installment, shall not have been finally determined, the Monthly Rental Installments shall remain the same as payable during the immediately preceding year of the Term. Upon final determination of the Market Rate Rental, an appropriate adjustment to the Monthly Rental Installments shall be made reflecting such final determination, and Landlord or Tenant, as the case may be, shall promptly refund or pay to the other any overpayment of deficiency, as the case may be, in the payment of Monthly Rental Installments from the commencement of the Renewal Term to the date of such final determination.

[END OF EXHIBIT D]

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**EXHIBIT E
CORPORATE GUARANTY OF LEASE**

THIS CORPORATE GUARANTY OF LEASE ("Guaranty"), dated this 1st day of July, 2015, by RED BUD ILLINOIS HOSPITAL COMPANY, LLC, an Illinois limited liability company ("Guarantor") having an address of Red Bud Illinois Hospital Company, LLC, 325 Spring Street, Red Bud, Illinois 62278, and with a copy to: Attn: General Counsel, 4000 Meridian Boulevard, Franklin, Tennessee 37067, is given to MEDICAL DEVELOPMENT COMPANY OF AMERICA, LLC, an Illinois limited liability company ("Landlord") having an address of 509 Hamacher Street, Suite 202, Waterloo, Illinois 62298;

RECITALS:

WHEREAS, simultaneously with the delivery of this Guaranty, Landlord is entering into that certain Medical Office Space Lease ("Lease") with Monroe County Surgical Center, LLC ("Tenant"), for certain premises located at 501 Hamacher Street, Waterloo, Illinois 62298, which premises are more particularly described in said Lease; and

WHEREAS, Landlord is unwilling to enter into said Lease unless Guarantor executes and delivers to Landlord this Guaranty; and

WHEREAS, Guarantor has examined said Lease, and fully understands all of Tenant's obligations set forth therein;

NOW THEREFORE, in order to induce Landlord to enter into said Lease and, further, in consideration of One Dollar (\$1.00) and other valuable consideration paid by Landlord to Guarantor, receipt of which is hereby acknowledged, Guarantor hereby covenants, guarantees and agrees as follows:

AGREEMENT:

1. Guarantor hereby irrevocably and unconditionally guarantees to Landlord the performance of all of Tenant's obligations under said Lease, and to timely perform and observe all of the terms, covenants, conditions and agreements to be performed and observed by Tenant, throughout the term of said Lease, and during any extensions or renewals thereto (unless Tenant is released from liability under the Lease pursuant to a written agreement in connection with any extension or renewal thereof).

2. In the event Tenant should become in default in the payment of any rent or other charges due Landlord under said Lease, Guarantor shall immediately pay to Landlord, upon demand, all such rental or other charges due Landlord, together with all actual damages, costs and/or expenses (including reasonable attorneys' fees) incurred by Landlord as a result of Tenant's default. In the event Tenant should breach any covenant, condition or term of said Lease, or fail to perform any obligation required to be performed by Tenant thereunder which is not legitimately and actively being disputed, Guarantor shall immediately take all actions, necessary or appropriate, to fulfill such obligation and, in the event Guarantor fails to timely take such actions and, for whatever reason, Landlord performs such actions, Guarantor shall immediately pay to Landlord, upon demand, all actual costs and/or expenses (including reasonable attorneys' fees) incurred by Landlord in the performance of such actions.

3. The obligations of Guarantor hereunder shall be of a continuing nature such that, in the event the Lease term is extended, or in the event any of the terms of said Lease are modified or amended, the obligations and liabilities of Guarantor shall not be affected or diminished (unless Tenant is released from liability under the Lease pursuant to a written agreement in connection with any extension or modification); and Guarantor hereby waives any notice of any such extensions of the Lease term, or any modifications or amendments to said Lease. Notwithstanding the aforesaid, at Landlord's request, Guarantor shall from time to time execute and deliver to Landlord such further assurances as Landlord deems desirable, in Landlord's reasonable judgment, to confirm Guarantor's continuing obligation and liability under said Lease.

4. The obligations and liabilities of Guarantor, and the rights of Landlord, under this Guaranty shall not in any manner be dependent upon, or be subject to, the exercise by Landlord of any rights which Landlord may have against or with respect to Tenant, to the extent that Landlord need not exhaust its remedies against Tenant or resort to any security held by Tenant before proceeding against Guarantor under this Guaranty; and no action by Landlord to enforce any of the terms of said Lease or to collect any sums due Landlord from Tenant shall constitute an election of remedies by Landlord or result in a diminution or restriction of Landlord's rights under this Guaranty.

5. Except as indicated within the Lease Notice provisions, Guarantor hereby waives all right to any notice of default or non-performance by Tenant under said Lease. All notices which are required to be sent between the parties shall be delivered by United States registered or certified mail, or by reputable overnight courier, postage prepaid, addressed to the parties at their respective addresses set forth above. Such notice shall also be sufficiently given if personally served. Either party may designate a different address by giving notice to the other party of same at the address set forth above. Notices shall be deemed received on the date indicated on the return receipt. If any such notices are refused, or if the party to whom any such notice is sent has relocated without leaving a forwarding

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address, then the notice shall be deemed received on the date the notice-receipt is returned stating that the same was refused or is undeliverable at such address.

6. Landlord's waiver of the performance of any obligation of Tenant under said Lease, or the giving by Landlord of any extension of time for the performance of any of the obligations of Tenant, or any other forbearance on the part of Landlord, or any failure by Landlord to enforce any of its rights under said Lease, shall in no way release Guarantor from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Tenant is so released, terminated, affected or diminished; and all notices to Guarantor of any such modification, waiver, extension, forbearance or failure by Landlord under the terms of said Lease are hereby waived by Guarantor.

7. Guarantor agrees that, in the event Tenant shall become insolvent or shall be adjudicated bankrupt, or in the event Tenant shall file a petition for reorganization or similar relief under any present or future provision of the Federal Bankruptcy Act, or if such a petition filed by any creditors of Tenant shall be approved by a court, or if Tenant shall seek a judicial re-adjustment of the rights of its creditors under any present or future Federal or State law, or if a receiver of all or part of Tenant's property and assets is appointed by a State or Federal court, and in any such proceeding said Lease shall be terminated or rejected or the obligations of the Tenant thereunder shall be abated, reduced, or modified (unless due to the actions or defaults of Landlord), Guarantor shall immediately pay to Landlord, or Landlord's successors or assigns, an amount equal to all Base Rent and Additional Rent due Landlord under said Lease which was accrued through the date of such termination, rejection or modification, together with interest thereon at 10% per annum from the date such payments were first due under said Lease (but excluding any interest already compounded up to the date of such termination). In addition thereto, Guarantor agrees to pay to Landlord, each month, at the time, place and in the manner set forth in said Lease, an amount equal to the difference between the monthly obligations of Tenant under said Lease and the actual monthly amount of rent and other charges, if any, received by Landlord during and for such month, whether as a result of any reorganization or Tenant or the rejection of said Lease and the reletting of the Premises by Landlord. Guarantor's obligation to make payment in accordance with the terms of this Guaranty shall not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Tenant or its estate in bankruptcy resulting from the operation of any present or future provision of the Federal Bankruptcy.

8. Guarantor shall not be subrogated to any of the rights of Landlord under said Lease, or in or to the premises demised thereby, or to any other rights of Landlord by reason of any of the provisions of this Guaranty, or by reason of the performance by Guarantor of any of its obligations hereunder; and Guarantor shall look solely to Tenant for any recoupment of any losses or damages suffered by Guarantor as a result of Landlord enforcing this Guaranty.

9. Intentionally deleted.

10. This Guaranty shall extend to and be binding upon the parties' respective successors and assigns.

11. Except to the extent specifically defined herein, all capitalized terms set forth in this Guaranty shall have the same meaning as defined in said Lease.

GUARANTOR:

RED BUD ILLINOIS HOSPITAL COMPANY, LLC, an Illinois limited liability company

By: 
Name: Martin G. Schweinhart
Title: Executive Vice President

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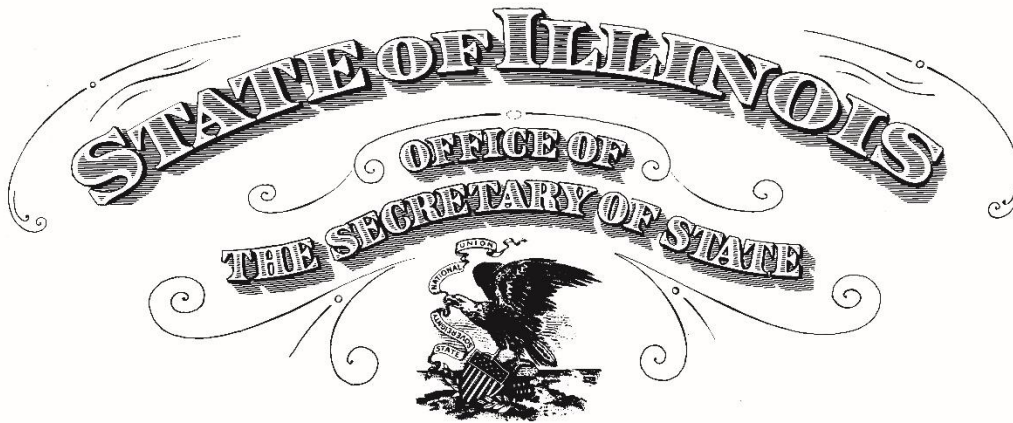
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ATTACHMENT 3
OPERATING ENTITY/LICENSEE

The licensee of the applicant facility will remain the same after the transaction. Included with this Attachment is the licensee's Certificate of Good Standing. All direct owners of a 5% or more interest in the applicant facility are identified in the organizational chart included with Attachment 4.

File Number

0205853-7



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MONROE COUNTY SURGICAL CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JANUARY 09, 2007, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 2009405278 verifiable until 04/03/2021
 Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set
 my hand and cause to be affixed the Great Seal of
 the State of Illinois, this 3RD
 day of APRIL A.D. 2020 .***

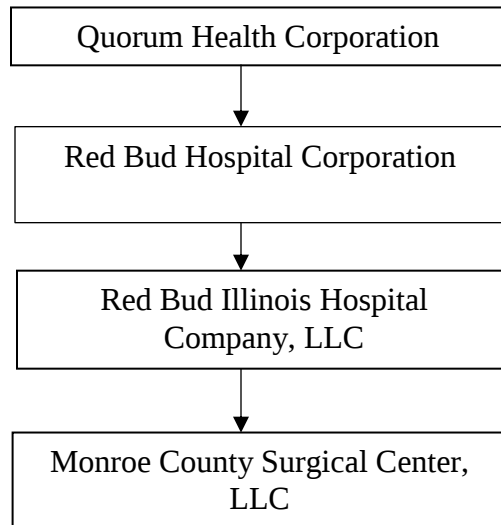
Jesse White

SECRETARY OF STATE

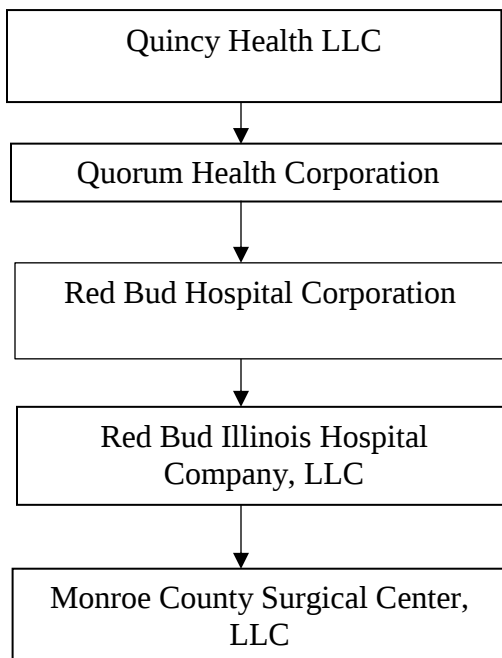
ATTACHMENT 4
ORGANIZATIONAL RELATIONSHIPS

The applicant facility is indirectly owned by the applicant Quorum Health Corporation. As a result of the proposed restructuring Quorum Health Corporation will be wholly owned by Quincy Health, LLC, as further described in Section 2 (Narrative Description). Current and proposed organizational charts are included with this Attachment. All direct owners of a 5% or more interest in the applicant facility are identified in the organizational charts.

Pre-Transaction Organizational Chart



Post-Transaction Organizational Chart



ATTACHMENT 5
BACKGROUND OF THE APPLICANTS

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

Quorum Hospital Corporation's affiliated Illinois health care facilities are:

A. Hospitals

Crossroads Community Hospital
 8 Doctors Park Rd
 Mount Vernon, Illinois
 General Hospital License #0003947

Galesburg Cottage Hospital
 695 N Kellogg St
 Galesburg, Illinois
 General Hospital License #0005330

Gateway Regional Medical Center
 2100 Madison Ave, Granite City, Illinois
 General Hospital License #0005223

Heartland Regional Medical Center
 3333 W DeYoung St
 Marion, Illinois
 General Hospital License #0005298

Red Bud Regional Hospital
 325 Spring Street
 Red Bud, Illinois
 Critical Access Hospital License #0005199

Union County Hospital
 517 North Main Street
 Anna, Illinois
 Critical Access Hospital License #0005421

Vista Medical Center East
 1324 N Sheridan Rd
 Waukegan, Illinois
 General Hospital License #0005397

B. Ambulatory Surgical Treatment Centers

Edwardsville Ambulatory Surgery Center
 12 Ginger Creek Parkway
 Glen Carbon, Illinois
 ASTC License #7002504

Lindenhurst Surgery Center
 1050 Red Oak Lane
 Lindenhurst, Illinois
 ASTC License #7003168

Monroe County Surgical Center
 501 Hamacher St
 Waterloo, Illinois
 ASTC License #7003194

C. Freestanding Emergency Centers

Lindenhurst Freestanding Emergency Center
 1050 Red Oak Lane
 Lindenhurst, Illinois
 Freestanding Emergency Center License #22004

- 2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.**

Other than the facilities listed in paragraph 1 above, no health care facilities are currently owned or operated in Illinois by any of the applicants identified in the organizational charts included in Attachment 4 and their respective corporate officers or directors.

- 3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.**

Included with Attachment 6 is the applicants' certification of no adverse action during the three years prior to the filing of the application.

- 4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.**

Included with Attachment 6 is the applicants' authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted.

- 5. If, during a given calendar year, an applicant submits more than one Application, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion.**

The applicants are not relying on information submitted in prior applications.

ATTACHMENT 6
CHANGE OF OWNERSHIP

1. Section 1130.520(b)(1)(A) - Names of the parties

- a. Monroe County Surgical Center, LLC
- b. Quorum Health Corporation
- c. Quincy Health LLC

2. Section 1130.520(b)(1)(B) - Background of the parties

The applicants' certification of no adverse action within three years preceding the filing of the application is included with this Attachment. In addition, each of the applicants, by their signatures to the Certification pages of this application, attest that they are fit, willing, able, and have the qualifications, background, and character to adequately provide a proper standard of health service for the community.

3. Section 1130.520(b)(1)(C) - Structure of the transaction

The applicant facility is indirectly owned by Quorum Health Corporation ("Quorum"), a publicly-traded company. On April 7, 2020, Quorum and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring (the "Restructuring"). Once the Restructuring is approved by the bankruptcy court, Quorum will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum's ownership will change and Quincy Health, LLC will become the new owner of Quorum Health.

The applicant facility will continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The Restructuring is expected to bring greater financial stability to a distressed community hospital enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The applicant facility will continue to conduct business at the same location, under the same legal entity, federal tax identification number, and operating license. The Restructuring is not expected to change or alter any of the policies or procedures, personnel, or operations of the facility.

Unlike a merger and acquisition transaction where the seller and buyer determine the timing of closing, the approval of the Restructuring plan is subject to the approval and discretion of the court handling the bankruptcy petition. In this matter, the court is expected to confirm the plan of reorganization within approximately 45 days after the bankruptcy filing, and Quorum and its subsidiaries, and the applicant facility, are expected to emerge from bankruptcy within approximately 60 days from the date of the bankruptcy filing (*i.e.*, likely on or before June 8, 2020).

A copy of the press release issued by Quorum and a copy of Quorum's Form 8-K filed with the United States Securities and Exchange Commission in connection with this transaction are included with this attachment.

4. Section 1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction

There will be no change in the licensed entity as a consequence of the proposed transaction. The licensee will remain Monroe County Surgical Center, LLC.

5. Section 1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.

Organizational charts showing the current interest structure of the applicant facility and the post-change ownership interest are included with Attachment 4.

6. Section 1130.520(b)(1)(F) - Fair market value of assets to be transferred.

Due to the nature of the restructuring transaction, no specific consideration is designated as being for or attributable to the facilities for which certificate of exemption applications are being submitted. In FY 2019, Quorum Health Corporation generated net revenue of approximately \$460,190,064 from the eleven Illinois health care facilities listed in Attachment 5. The net revenue of the applicant facility for FY 2019 is as follows:

Monroe County Surgical Center: \$34,886

7. Section 1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets.

See paragraph 6 above.

8. Section 1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section

In accordance with 77 Ill. Admin. Code 1130.520, the applicants, by their signatures to the Certification pages of this application, affirm that any projects for which permits have been issued by the Review Board have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Admin. Code 1130.520.

9. Section 1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction

The applicants, by their signatures to the Certification pages of this application, attest that the compliant charity care policy for any hospital applicant will remain in effect for a two-year period following the transaction.

10. Section 1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community

The proposed restructuring is expected to bring greater financial stability to a distressed community health care facility enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The restructuring will allow the applicant facility to continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The applicant facility will continue to conduct business at the same location, under the same legal entity and federal tax identification number. The restructuring is not expected to change or alter any of the applicants' policies or procedures, equipment, personnel, or operations.

11. Section 1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership

Quorum believes the restructuring will significantly reduce its debt and annual interest expense and better position the company, its affiliated hospitals, and its hospital management and consulting company, for future growth. The restructuring will also build on the significant progress Quorum has made to strengthen its operations.

In connection with the restructuring and the Chapter 11 filing, Quorum has received a commitment for debtor-in-possession financing consisting of \$100 million, from certain of its existing noteholders. Upon Court approval, the new financing and cash generated from the company's ongoing operations will be used to support the business during the court-supervised process. Quorum has also received a \$200 million equity commitment from certain noteholders that will be funded upon completion of the case and used to pay various costs and reduce debt.

12. Section 1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control

The applicant facility's quality improvement program mechanism will not change as a result of the proposed transaction.

13. Section 1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body

The selection process of the applicant facility's governing body will not change as a result of the proposed transaction. Quincy Health LLC will not be involved in the day-to-day operations of the applicant facility.

14. Section 1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.

The applicants are not anticipating changes to the scope of services or levels of care currently provided at the facility to occur within 24-months related to the proposed transaction. The impact of the Coronavirus pandemic is causing changes in the scope of services at health care facilities throughout Illinois and the country, and the applicants cannot predict what specific impact the pandemic may have on services at the applicants' facilities.

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Avery:

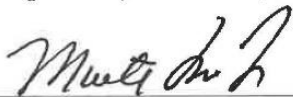
On behalf of the applicant facility and Quorum Health Corporation ("Quorum"), I hereby certify that no adverse action has been taken against the applicant facility or any other Illinois facility owned, operated and/or controlled by Quorum during the three years prior to the filing of this application for change of ownership.

The applicants affirm that all Quorum owned Illinois health care facilities are identified in this application and that no other health care facilities are currently owned or operated in Illinois by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the applicant facility.

The applicants hereby permit the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health ("IDPH") to have access to any documents necessary to verify the information submitted in the application for change of ownership of the facility including, but not limited to: (i) official records of IDPH or other State of Illinois agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

The applicants further attest that the hospital facilities will not adopt a more restrictive charity care policy that was in effect one year prior to the transaction.

Respectfully submitted,



Martin Smith
Executive Vice President & Chief Operating Officer
Quorum Health Corporation

4/8/2020

Dated

ATTACHMENT 6

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Quorum Health Corporation Reaches Agreement with Majority of Lenders and Noteholders on Prepackaged Recapitalization Plan

Company Hospital Facilities Are Unaffected, Open and Continue to Provide Patient Care

Financial Recapitalization Plan will Significantly Reduce Size and Cost of Debt to Better Position Quorum and its Hospitals for Long-term Growth

BRENTWOOD, Tenn.--(BUSINESS WIRE)--Apr. 7, 2020-- Quorum Health Corporation (NYSE: QHC) (the "Company") today announced that it has entered into a Restructuring Support Agreement (the "RSA") with a majority of its term loan lenders and noteholders on a "pre-packaged" plan to recapitalize the business and significantly reduce the size and cost of the Company's debt. Under the terms of this pre-packaged plan, Quorum Health will reduce its debt by approximately \$500 million.

To implement the plan, Quorum Health filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the "Court").

The operations of Quorum Health and its hospitals are unaffected and all facilities are open and available to provide patient care. The Company's subsidiary, Quorum Health Resources, is also continuing to provide the same high quality services to its hospital, health system and healthcare provider clients. Quorum Health-affiliated hospitals are focused on ensuring employees, physicians and providers can continue to provide quality care to the patients and communities they serve. The intent of the plan is to ensure that patients and families experience the same care that exists today. Employees will be paid their wages and benefits in the ordinary course for the work they perform. In addition, the parties to the RSA have agreed and have requested Court authority to pay suppliers in full for goods and services provided before and after filing.

"We believe the financial restructuring plan announced today will strengthen our business and enable our community hospitals to continue the important work they are doing in addressing the COVID-19 crisis, as well as serve their patients and communities," said Bob Fish, Quorum Health Corporation President and Chief Executive Officer.

"Quorum Health has been transparent about the need to restructure our debt over the past year. We believe the RSA will significantly reduce our debt and annual interest expense and better position our company, our affiliated hospitals, and our hospital management and consulting company, for future growth. The RSA will also build on the significant progress we have made to strengthen our operations. We are grateful for the support of our financial stakeholders, which we believe represents a statement of confidence in our business and enables us to move through this process on an expedited basis," Fish continued.

In connection with the RSA and the expected Chapter 11 filing, Quorum Health has received a commitment for debtor-in-possession ("DIP") financing consisting of \$100 million, from certain of its existing noteholders. Upon Court approval, the new financing and cash generated from the Company's ongoing operations will be used to support the business during the court-supervised process. The Company has also received a \$200 million equity commitment from certain noteholders that will be funded upon completion of the case and used to pay various costs and reduce debt.

<https://quorumhealthcorporation.gcs-web.com/news-releases/news-release-details/quorum-h...> 4/7/2020

Quorum Health Corporation Reaches Agreement with Majority of Lenders and Noteholde... Page 2 of 3

Additional information can be accessed by visiting Quorum Health's website at [QuorumForward.com](https://www.QuorumForward.com) or calling Quorum Health's Restructuring Hotline, toll-free in the U.S. at (866) 977-0859, or (503) 597-7702 for calls originating outside of the U.S. Court filings and other documents related to the court-supervised proceedings are available at a website administered by the Company's claims agent, Epiq Corporate Restructuring, LLC, at <https://dm.epiq11.com/Quorum>.

McDermott Will & Emery LLP and Wachtell, Lipton, Rosen & Katz are serving as the Company's legal counsel, MTS Health Partners, L.P. is serving as its financial advisor and Alvarez & Marsal North America, LLC. is serving as restructuring advisor.

About Quorum Health Corporation

Quorum Health Corporation is an operator of general acute care hospitals and outpatient services in the United States. Through its subsidiaries, the Company owns, leases or operates a diversified portfolio of 23 affiliated hospitals in rural and mid-sized markets located across 13 states with an aggregate of 1,950 licensed beds. The Company also operates Quorum Health Resources, LLC, a leading hospital management advisory and consulting services business. More information about Quorum Health Corporation can be found at www.quorumhealth.com.

Forward-Looking Statements

This release contains forward-looking statements that address activities, events or developments that the Company expects, believes, targets or anticipates will or may occur in the future are forward-looking statements. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and other factors, which could include the following: risks and uncertainties relating to the Chapter 11 Cases, including but not limited to, the Company's ability to obtain Court approval with respect to motions in the Chapter 11 Cases; the effects of the Chapter 11 Cases on the Company and on the interests of various constituents; the length of time the Company will operate under the Chapter 11 Cases; the potential adverse effects of the Chapter 11 Cases on the Company's liquidity or results of operations and increased legal and other professional costs necessary to execute the Company's financial restructuring; the conditions to which the Company's debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company's control; the Company's trading price and the volatility of the Company's common stock and the effects of the Chapter 11 Cases on the Company's continued listing on the New York Stock Exchange; and the effects and the length of the 2019 novel coronavirus (COVID-19) pandemic as well as other risk factors set forth in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company therefore cautions readers against relying on these forward-looking statements. All forward-looking statements attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and, except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

The terms "QHC," "Quorum Health," "the Company," "we," "us" or "our" refer to Quorum Health Corporation or one or more of its subsidiaries or affiliates as applicable.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20200407005274/en/): <https://www.businesswire.com/news/home/20200407005274/en/>

Michael Freitag or Nick Lamplough,
Joele Frank, Wilkinson Brimmer Katcher

<https://quorumhealthcorporation.gcs-web.com/news-releases/news-release-details/quorum-h...> 4/7/2020

Quorum Health Corporation Reaches Agreement with Majority of Lenders and Noteholde... Page 3 of 3

quorumhealthmedia@joelefrank.com
(212) 355-4449

Source: Quorum Health Corporation

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Form 8-K

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): April 6, 2020

QUORUM HEALTH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-37550
(Commission
file number)

47-4725208
(IRS Employer
Identification No.)

1573 Mallory Lane
Brentwood, Tennessee 37027
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (615) 221-1400

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	QHC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

<https://www.sec.gov/Archives/edgar/data/1650445/000119312520100034/d913653d8k.htm> 4/7/2020

Item 1.01 Entry into a Material Definitive Agreement

The information regarding the Restructuring Support Agreement (as defined below) and the Equity Commitment Agreement (as defined below) set forth in Item 1.03 of this Current Report on Form 8-K is incorporated into this Item 1.01 by reference.

Item 1.03 Bankruptcy or Receivership.

On April 7, 2020, Quorum Health Corporation ("QHC") and certain of its direct and indirect subsidiaries (collectively, the "Company") filed voluntary petitions (the "Chapter 11 Cases") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") with the Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") in order to implement the financial restructuring of the Company (the "Restructuring"). The Company has requested that the Bankruptcy Court administer the Chapter 11 Cases jointly under the caption *In re Quorum Health Corporation, et al.*

The Company filed motions with the Bankruptcy Court seeking authorization to continue to operate its businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. To ensure its ability to continue operating in the ordinary course of business, the Company also has filed with the Bankruptcy Court a variety of motions seeking "first day" relief motions, including authority to pay employee wages and benefits and certain vendors and suppliers in the ordinary course of business. The Plan (as defined below) and the "first day" relief anticipate that vendors and other unsecured creditors who continue to work with the Company on existing terms will be paid in full and in the ordinary course of business. The Company expects that the Bankruptcy Court will grant its motions for "first day" relief, and all existing patient, physician, and supplier contracts are expected to remain in place and be serviced in the ordinary course during the pendency of the Chapter 11 Cases.

Restructuring Support Agreement

In contemplation of its potential bankruptcy filing and proposed restructuring and recapitalization under Chapter 11 of the Bankruptcy Code, on April 6, 2020, the Company entered into a Restructuring Support Agreement (the "RSA") with (i) lenders who (a) constitute more than a majority in number of the lenders of the outstanding term loans (the "Term Loans") and the outstanding revolving loans (the "Revolving Loans"), together with the Term Loans, the "First Lien Loans") under that certain credit agreement (the "Senior Secured Credit Agreement"), dated as of April 29, 2016, by and among QHC, as borrower, each of the guarantors named therein, the lenders from time to time party thereto and Credit Suisse AG, as administrative agent for the lenders under the Senior Secured Credit Agreement (the "First Lien Agent"), and (b) hold at least two-thirds of the aggregate outstanding principal amount of the First Lien Loans (the "Consenting First Lien Lenders"), and (ii) holders who (x) constitute a majority in number of the holders of \$400,000,000 aggregate outstanding principal amount of 11.625% Senior Notes due 2023 issued by QHC (the "Senior Notes") and (y) hold at least two-thirds of the aggregate outstanding principal amount of the Senior Notes (the "Consenting Noteholders"), and collectively with the Consenting First Lien Lenders, the "Consenting Stakeholders"). As set forth in the RSA, the Company and the Consenting Stakeholders have agreed to the principal terms of a restructuring of the Company.

The RSA sets forth the terms under which the Company and the Consenting Stakeholders agreed to implement the financial restructuring of the Company (the "Restructuring") through the Plan, a copy of which is attached as Exhibit A to the RSA. Although the Company intends to pursue the Restructuring in accordance with the terms set forth in the RSA, there can be no assurance that the Company will be successful in completing the Restructuring in the Chapter 11 Cases, whether on the same or different terms than those provided in the RSA and the Plan.

Existing Senior Secured Debt

Under the RSA, the Plan provides for a comprehensive deleveraging of the Company's balance sheet. Specifically, the Plan contemplates that the Company will emerge from the Chapter 11 Cases with a leaner capital structure comprised of (a) a senior secured asset-based revolving credit facility, and (b) a senior secured term loan facility in an aggregate principal amount of \$738.3 million *minus* an aggregate paydown amount of at least \$50 million but no more than \$100 million (the "Exit Facility"), as determined by the holders of at least 50% of the aggregate commitment amounts of all commitment parties party to the Equity Commitment Agreement (the "Required Equity Commitment Parties"). Each lender party to that certain ABL Credit Agreement (the "ABL Credit Agreement"), dated April 29, 2016, among the Company, the lenders party thereto and UBS AG, Stamford Branch, as administrative agent and collateral agent, as amended, which provides for the Company's senior secured asset based revolving credit facility (the "ABL Facility"), will receive indefeasible payment in full in cash of its allowed claims under the ABL Facility. Further, each lender of the outstanding Revolving Loans will receive its pro rata share of: (i) cash in the amount of (A) the aggregate principal amount of the Revolving Loans, multiplied by (B) a ratio equal

to (X) the cash paid to holders of claims arising under the outstanding Term Loans divided by (Y) the aggregate principal amount of the Term Loans; and (ii) the Exit Facility. Each lender of the Term Loans will receive its pro rata share of: (i) \$50 million to \$100 million in cash proceeds, as determined by the Required Equity Commitment Parties pursuant to and in accordance with the Equity Commitment Agreement; and (ii) the Exit Facility.

Existing Senior Notes

Pursuant to the Plan, the claims of the Senior Notes will be discharged, terminated and released in exchange for 100% of the new common stock of the reorganized QHC (the "Reorganized QHC"), subject to dilution for certain issuances of new common stock, and beneficial interests in the QHC Litigation Trust (as defined below). The Plan requires the Company to establish a litigation trust (the "QHC Litigation Trust") for the benefit of the holders of claims under the Senior Notes. The Company will contribute to the QHC Litigation Trust certain specified causes of action, existing at law or in equity, that the Company has or acquires after the petition date. The QHC Litigation Trust will be governed by the terms of a QHC Litigation Trust Agreement, which the Company and the trustee for the QHC Litigation Trust will enter into by the effective date of the Plan.

General Unsecured Claims

The terms of the restructuring contemplate that the Company will pay all of the holders of general unsecured claims against the Company in the ordinary course.

Existing Common Stock, Restricted Stock, and Restricted Stock Units

All outstanding shares of common stock, shares of restricted stock (whether vested or unvested), and restricted stock units (whether vested or unvested) of QHC will be cancelled pursuant to the Plan. Therefore, if the Plan is confirmed by the Bankruptcy Court, the holders of such equity interests will not receive any recovery.

Management Incentive Plan

The Plan contemplates that the Reorganized QHC will adopt a management incentive plan (the "MIP") on or after the effective date of the Plan. Under the MIP, shares of new common stock (or other equity securities) will be reserved for grant to management, key employees, and directors of Reorganized QHC. The governing body of the Reorganized QHC will determine the terms and conditions of the MIP.

Material Covenants

The RSA imposes covenants on all of the parties thereto, which include, without limitation, the obligation of each party to use commercially reasonable efforts and to work in good faith to, as soon as reasonably practicable, consummate, the Restructuring, negotiate and complete definitive restructuring documents, obtain entry of an order confirming the Plan, and not take any action that is inconsistent with, or intended to frustrate, the timely approval of the Plan. Furthermore, the Consenting Stakeholders covenant to vote in favor of the Plan and not, directly or indirectly, object to, delay, impede or take any other action designed to interfere with the acceptance, implementation, confirmation, or consummation of the Plan, such as supporting or submitting or soliciting approval of a competing plan of reorganization. The RSA requires the Company to pay the documented fees and expenses of the legal and financial advisors of the Consenting Stakeholders, subject to the approval of the Bankruptcy Court. Moreover, in the RSA, the Company covenants to operate its business in the ordinary course in a manner consistent with past practice in all material respects and notify the Consenting Stakeholders of any breach of the RSA within three business days of obtaining actual knowledge thereof.

Milestones

The RSA requires the Company to meet certain milestones, unless extended or waived in writing by the Company, on the one hand, and at least 50.01% of the Consenting First Lien Lenders and at least 50.01% of the Consenting Noteholders, on the other hand. The Consenting Stakeholders are permitted to terminate the RSA and revoke their support of the Plan in the event the Company fails to achieve one of the milestones. The milestones include, among others: (i) no later than April 6, 2020, the Company must commence the solicitation of votes for the acceptance or rejection of the Plan (the "Solicitation"); (ii) no later than April 7, 2020, the Company must commence the Chapter 11 Cases; (iii) on the date the Company files the bankruptcy petitions with the Bankruptcy Court, the Company also must file with the Bankruptcy Court (a) the Plan; (b) the Disclosure Statement (as defined below); and (c) a motion to obtain postpetition "debtor-in-possession" financing; and (iv) the Plan must be effective no later than seventy-five calendar days after the petition date, *provided* that if any required regulatory approval has not been obtained prior to the 75th calendar date, the effective date milestone will automatically be extended to ninety-five calendar days after the petition date.

Termination Events

The RSA also contains certain termination provisions. The Consenting Noteholders who collectively hold at least 50.01% of the aggregate outstanding principal amount of the Senior Notes (the "Required Consenting Noteholders") or the Consenting First Lien Lenders who collectively hold at least 50.01% of the First Lien Loans (the "Required Consenting First Lien Lenders") have the right to terminate the RSA in the following circumstances:

- any debtor in the Chapter 11 Cases files a plan of reorganization other than the Plan without the prior written consent of the Required Consenting Noteholders and the Required Consenting First Lien Lenders;
- with respect to the Required Consenting Noteholders only, the Company amends or modifies, or seeks the Bankruptcy Court's approval of a material amendment or modification to, the definitive restructuring documents;
- the Bankruptcy Court grants relief that is inconsistent in any material respect with any definitive restructuring document in a manner that adversely impacts the treatment of the Consenting Noteholders claims;
- a breach by any debtor in the Chapter 11 Cases of its obligations under the RSA and such breach is not cured within five business days after giving notice to the respective counsels of the Consenting Noteholders and the Consenting First Lien Lenders;
- with respect to the Required Consenting Noteholders only, a breach by one or more of the Consenting First Lien Lenders of its obligations under the RSA such that the non-breaching Consenting First Lien Lenders no longer meet the thresholds required for the RSA to be effective;
- with respect to the Required Consenting First Lien Lenders only, a breach by one or more of the Consenting Noteholders of its obligations under the RSA such that the non-breaching Consenting Noteholders no longer meet the thresholds required for the RSA to be effective;
- with respect to the Required Consenting First Lien Lenders only, the parties to the Equity Commitment Agreement fail to fully execute the Equity Commitment Agreement;
- with respect to the Required Consenting First Lien Lenders only, the parties to the Equity Commitment Agreement do not commit to invest at least \$200 million of new money;
- with respect to the Required Consenting First Lien Lenders only, the Plan provides for payment of less than \$50 million in respect of the claims arising under the Term Loan Facility and the Revolving Credit Facility;
- the Equity Commitment Agreement is validly terminated;
- the DIP Facility (as defined below) is terminated and remains terminated for five business days;
- with respect to the Consenting First Lien Lenders only, the DIP Lenders (as defined below) fail to fully execute a debtor-in-possession credit agreement in a manner consistent in all material respects with the terms set forth in the DIP Term Sheet (as defined below);
- a trustee, receiver or examiner is appointed in one or more of the Chapter 11 cases, the filing by any debtor of a motion seeking to dismiss the Chapter 11 Cases or convert any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code;
- the Bankruptcy Court enters an order in the Chapter 11 Cases terminating the Company's exclusive right to file a plan or plans of reorganization;
- any debtor in the Chapter 11 Cases challenges the principal amount, priority or validity of the claims arising under the Senior Notes, the Term Loan Facility or the Revolving Credit Facility;
- any Debtor sells, or files any motion or application seeking authority to sell, a material portion of the Company's assets as a whole, without the prior written consent of the Required Consenting Noteholders and the Required Consenting First Lien Lenders;
- with respect to the Required Consenting First Lien Lenders only, the Company grants a lien on the collateral securing the Term Loan Facility or Revolving Credit Facility that is senior to the valid and perfected liens of the lenders thereunder, except (i) in the case of adequate protection to the extent required by the orders approving the DIP Facility, (ii) any "carve outs" approved by the Bankruptcy Court with respect to the DIP Facility, and (iii) to the extent the Company is already permitted to grant such a lien under the terms of the Senior Secured Credit Agreement;

- with respect to the Required Consenting First Lien Lenders only, the Consenting Senior Lenders do not receive payment on April 30, 2020 of all accrued but unpaid interest (at the non-default rate) as of such date;
- with respect to the Required Consenting Noteholders only, the Company fails to pay the documented fees and expenses of the legal and financial advisors of the Consenting Noteholders;
- with respect to the Required Consenting Noteholders only, the Required Consenting First Lien Lenders rightfully terminate the RSA or there occurs any uncured event of default under the indenture governing the Senior Notes prior to the petition date in the Chapter 11 Cases;
- with respect to the Required Consenting First Lien Lenders only, the Required Consenting Noteholders rightfully terminate the RSA; or
- the Company files a motion or pleading with the Bankruptcy Court seeking authority to terminate the RSA or provides notice to counsel to the Consenting Stakeholders of its intent to enter into or otherwise publicly announce its entry into or intent to pursue an alternative transaction.

Additionally, the Company has the right to terminate the RSA if the following events occur: (i) the board of directors of the Company determines, in good faith after consulting with counsel, that the restructuring contemplated by the Plan would breach the board's fiduciary obligations; (ii) breach by one or more of the Consenting Noteholders of its obligations under the RSA such that the non-breaching Consenting Noteholders no longer meet the thresholds required for the RSA to be effective and such breach is not cured within ten days after written notice is provided to the Company; (iii) breach by one or more of the Consenting First Lien Lenders of its obligations under the RSA such that the non-breaching Consenting First Lien Lenders no longer meet the thresholds required for the RSA to be effective and such breach is not cured within ten days after written notice is provided to the Company; (iv) the Equity Commitment Agreement has been validly terminated by a party thereto other than the Company; or (v) the (x) Consenting Noteholders no longer collectively constitute more than 50% in number of the holders of the Senior Notes or no longer hold at least two-thirds of the aggregate outstanding principal amount of the Senior Notes or (y) Consenting First Lien Lenders no longer collectively constitute more than 50% in number of the lenders under the Term Loan Facility and Revolving Credit Facility or no longer hold at least two-thirds of the aggregate outstanding principal amount of the First Lien Loans.

Debtor-in-Possession Financing

In connection with the Chapter 11 Cases, certain Consenting Stakeholders or their affiliates (the "DIP Lenders") have agreed to provide debtor-in-possession financing to QHC on the terms set forth in the term sheet (the "DIP Term Sheet") attached as Exhibit C to the RSA. The DIP Term Sheet contemplates that the DIP Lenders will make available to QHC loans in the aggregate principal amount of up to \$100 million (the "DIP Facility"). The closing and initial funding of the DIP Facility will occur after the Bankruptcy Court enters an interim order approving debtor-in-possession financing. QHC will only be permitted to draw a maximum principal amount of \$30 million under the DIP Facility until the Bankruptcy Court enters a final order approving the debtor-in-possession financing. After the Bankruptcy Court enters the final order approving the debtor-in-possession financing, QHC may draw the remaining portion of the loan commitments not available or drawn in connection with the interim order.

On April 7, 2020, the Company filed motions seeking the entry of interim and final orders approving the DIP Facility on terms and conditions set forth in the DIP Term Sheet. The Company must obtain the Bankruptcy Court's approval of the interim order no later than three business days after the petition date and the final order no later than thirty-five calendar days after the petition date. The DIP Facility, if approved by the Bankruptcy Court as proposed, will contain the following terms:

- GLAS USA, LLC will serve as the administrative agent for the DIP Facility, and GLAS Americas, LLC will act as a collateral agent for the DIP Facility.
- The Company anticipates using the cash from the DIP Facility to fund its operating expenses, certain professional fees, and bankruptcy-related costs and expenses (including restructuring fees and adequate protection payments) during the Chapter 11 Cases. However, the Company may only use the cash borrowed under the DIP Facility in accordance with the budget approved by the DIP Lenders.
- The current guarantors of the Term Loan Facility and Revolving Credit Facility will guarantee the obligations of QHC under the DIP Facility.

- Subject to a specified carve-out amount for certain administrative, legal, and court fees payable in connection with the Chapter 11 Cases, the claims arising under the DIP Facility will (i) be entitled to joint and several superpriority claim status in the Chapter 11 Cases, and (ii) be secured by a perfected first priority lien on (x) the amounts deposited in a segregated deposit account for advances under the DIP Facility and (y) avoidance actions and the proceeds thereof. The claims arising under the DIP Facility also will be secured by a perfected junior lien on all of the assets encumbered by the Term Loan Facility and Revolving Credit Facility.
- The loans advanced under the DIP Facility will bear interest at a rate per annum equal to the adjusted LIBO rate used for the Term Loan Facility and Revolving Credit Facility, plus 10.00%. Upon the occurrence of an event of default, the DIP Lenders are permitted to charge a default rate of interest equal to 2.00% above the rate otherwise applicable to the loans outstanding under the DIP Facility. Interest is due monthly, in arrears, on the first day of each month, upon any prepayment, and at the final maturity date.
- The DIP Facility will be subject to certain affirmative and negative covenants, including, among other covenants customary in debtor-in-possession financings, reporting by the Company in the form of a budget, together with a reasonably detailed written explanation of all material variances from the budget.
- The DIP Facility will contain certain events of default customary in debtor-in-possession financings, including, without limit, the conversion of the Chapter 11 Cases to a Chapter 7 case or the appointment of a trustee, examiner or receiver in the Chapter 11 Cases.
- The DIP Facility will mature upon the earlier to occur of (i) six months from the closing date of the DIP Facility, (ii) the acceleration of the loans and commitments outstanding under the DIP Facility, and (iii) the effective date of the Plan.
- On the maturity date of the DIP Facility, if the Plan has been confirmed by the Bankruptcy Court, all amounts outstanding under the DIP Facility will convert into shares of new common stock of the Reorganized QHC. However, if the Plan has not been confirmed as of the maturity date of the DIP Facility, then QHC must pay all of the outstanding amounts under the DIP Facility in cash, unless the maturity date is extended by the DIP Lenders.

The foregoing summary of the RSA, the Plan, and the DIP Facility and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the RSA and the exhibits and schedules annexed thereto, copies of which are filed as Exhibit 10.1 to this Current Report on Form 8-K and are incorporated by reference into this Item 1.03.

Pursuant to the RSA, the Company commenced the Solicitation on April 6, 2020. In connection with the commencement of the Solicitation, copies of the Plan and the related disclosure statement (the "Disclosure Statement") were distributed to certain institutional investor and lender creditors of the Company entitled to vote on the Plan.

Equity Commitment Agreement

Certain Consenting Noteholders (the "Equity Commitment Parties") have agreed to commit no less than \$200 million (which amount may be increased to \$250 million under certain circumstances) (the "Equity Commitment Aggregate Amount") in new funds to purchase shares of new common stock of the Reorganized QHC at a purchase price per share equal to \$7.50 (the "New Common Equity Raise"), pursuant to the terms of and subject to the conditions of an Equity Commitment Agreement with the Company (the "Equity Commitment Agreement"). Additionally, the Reorganized QHC will issue to the Equity Commitment Parties shares of new common stock in an amount equal to 7.5% of the Equity Commitment Aggregate Amount, issued at an equity commitment premium price per share equal to \$10.00 (the "Equity Commitment Premium"). The Equity Commitment Premium is payable to the Equity Commitment Parties in cash under certain circumstances. The Company will use the proceeds from the New Common Equity Raise to fund distributions under the Plan, including, without limit, the proposed payoff of the Company's senior secured debt.

The New Common Equity Raise will be conducted in accordance with Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). This Current Report on Form 8-K does not constitute an offering of the shares of new common stock summarized above, nor the solicitation of bids or purchases for these shares of new common stock.

QHC makes customary representations and warranties in the Equity Commitment Agreement, including, but not limited to, representations and warranties related to the Company's good standing and valid existence, the Company's power and authority to enter into the Equity Commitment Agreement and perform its obligations thereunder, the absence of material litigation against the Company, certain intellectual property of the Company, certain tax matters, and the validity of the new common stock to be issued by the Company thereunder.

Moreover, the closing of the New Common Equity Raise is subject to the satisfaction of certain conditions precedent, including, among others, the RSA has not been terminated, the Plan is confirmed and declared effective by the Bankruptcy Court, all other government approvals (including anti-trust approval, if applicable) have been obtained by the Company, the Company reimburses the Equity Commitment Parties for their documented fees and expenses incurred in connection with the New Common Equity Raise, and no event has occurred that has or would reasonably be expected to have a material adverse effect on the Company.

The foregoing summary of the Equity Commitment Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the Equity Commitment Agreement, a copy of which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated by reference into this Item 1.03.

In connection with the Chapter 11 Cases, McDermott Will & Emery LLP is serving as legal counsel to the Company, Alvarez & Marsal North America LLC is serving as the Company's restructuring advisor and MTS Health Partners, L.P. is serving as financial advisor. Kirkland & Ellis LLP is serving as legal counsel to the Consenting Noteholders and Jefferies LLC is serving as financial advisor. Milbank LLP is serving as legal counsel to the Consenting First Lien Lenders and Houlihan Lokey is serving as financial advisor.

The agreements and transactions summarized in Item 1.03 of this Current Report on Form 8-K are subject to approval by the Bankruptcy Court, which has not been obtained at this time. These summaries, therefore, may not reflect the definitive versions of these agreements and transactions and are qualified in their entirety by reference to the definitive agreements and transactions, as approved by the Bankruptcy Court.

Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement

The filing of the Chapter 11 Cases described above in Item 1.03 constitutes an event of default under the following debt instruments of the Company (the "Debt Instruments"):

- the Senior Secured Credit Agreement;
- the ABL Credit Agreement; and
- the Indenture, dated as of April 22, 2016, by and between the Company and Wilmington Savings Fund Society, FSB, as successor trustee to Regions Bank, which governs the terms of the Senior Notes, as amended by that certain Supplemental Indenture, dated April 29, 2016, that certain Supplemental Indenture, dated December 28, 2016, and that certain Third Supplemental Indenture, dated February 6, 2020.

The Debt Instruments provide that, as a result of the Chapter 11 Cases, the principal and interest due thereunder shall be immediately due and payable without notice from the lenders thereunder. Any efforts to enforce such payment obligations under the Debt Instruments are automatically stayed as a result of the Chapter 11 Cases, and the lenders' rights to enforce the Debt Instruments are subject to the applicable provisions of the Bankruptcy Code.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Effective April 6, 2020, the Board appointed Paul Rundell, a Managing Director at Alvarez & Marsal, LLC ("A&M"), as Chief Restructuring Officer of the Company.

Paul Rundell, age 44, is a Managing Director at A&M and has been with the firm since 2007. Mr. Rundell brings over 20 years of experience specializing in the healthcare industry and is a Managing Director in A&M's restructuring practice. Prior to joining A&M, Mr. Rundell worked with several restructuring and interim management firms where he assisted clients with revenues ranging from \$50 million to more than \$15 billion. Mr. Rundell has worked with numerous healthcare clients throughout the country. Mr. Rundell served as Interim Chief Executive Officer of 21st Century Oncology Holdings, Inc. from February 2017 through February 2018. He is a Certified Insolvency and Restructuring Advisor (CIRA), a Certified Turnaround Professional (CTP), and a member of the Turnaround Management Association (TMA) and the Association of Insolvency and Restructuring Advisors (AIRA). Mr. Rundell holds a Bachelor's Degree and a Master's Degree in business administration from the University of Illinois.

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With respect to the disclosure required by Item 401(d) of Regulation S-K, there are no family relationships between Mr. Rundell and any director or executive officer of the Company. With respect to Item 404(a) of Regulation S-K, there are no relationships or related transactions between Mr. Rundell and the Company that would be required to be reported.

Item 7.01 Regulation FD Disclosure

The Company cautions that trading in the Company's securities during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. Trading prices for the Company's securities may bear little or no relationship to the actual recovery, if any, by the holders of the Company's securities in the Chapter 11 Cases. The Company expects that its equity holders could experience a significant or complete loss on their investment, depending on the outcome of the Chapter 11 Cases.

Press Release

On April 7, 2020, the Company issued a press release announcing the RSA and the DIP Facility as well as its decision to file the Chapter 11 Cases. A copy of this press release is attached as Exhibit 99.1 and is incorporated herein by reference.

Additional information about the Chapter 11 Cases is available at <https://www.QuorumForward.com>. For copies of motions and orders filed with the Bankruptcy Court and other documents related to the court supervised process, please visit <https://dm.epiq11.com/Quorum>.

Disclosure Statement

As described above, the Disclosure Statement was distributed to certain creditors of the Company on April 6, 2020. A copy of the Disclosure Statement is being furnished as Exhibit 99.2 and is incorporated into this Item 7.01 by reference. This Current Report on Form 8-K is not a solicitation of votes to accept or reject the Plan or an offer to sell securities of the Company. Any solicitation of votes or offer to sell or solicitation of an offer to buy any securities of the Company will be made only pursuant to and in accordance with the Disclosure Statement.

Cleansing Material

Beginning in May 2019, the Company commenced discussions with certain of the Consenting Stakeholders regarding the possibility of a potential financing, recapitalization, material sale of assets or equity of one of the Company's subsidiaries, or alternative transactions for the Company.

The Company entered into confidentiality agreements (collectively, the "NDAs") with certain of the Consenting Stakeholders. Pursuant to the NDAs, the Company agreed to publicly disclose certain information, including material non-public information disclosed to the Consenting Stakeholders (the "Cleansing Material") upon the occurrence of certain events set forth in the NDAs. A copy of the Cleansing Material, including the Company's financial results for the fourth quarter of 2019, the Company's financial results for the months of January and February 2020, the 2020 risk adjusted budget of the Company, and discussion materials related to the impact of the 2019 novel coronavirus pandemic on the Company's financial condition and results of operations, along with accompanying supplemental materials, is attached hereto as Exhibit 99.3 and is incorporated into this Item 7.01 by reference.

The descriptions in this Form 8-K of the Cleansing Material do not purport to be complete and are qualified in their entirety by reference to the complete presentation of the Cleansing Material attached as Exhibit 99.3 hereto.

The information set forth in Item 7.01 of this Form 8-K is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in Item 7.01 of this Form 8-K shall not be incorporated by reference into any filing under the Securities Act or the Exchange Act, regardless of any incorporation by reference language in any such filing.

<https://www.sec.gov/Archives/edgar/data/1650445/000119312520100034/d913653d8k.htm> 4/7/2020

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included in this filing that address activities, events or developments that the Company expects, believes, targets or anticipates will or may occur in the future are forward-looking statements. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and other factors, which could include the following: risks and uncertainties relating to the Chapter 11 Cases, including but not limited to, the Company's ability to obtain Bankruptcy Court approval with respect to motions in the Chapter 11 Cases; the effects of the Chapter 11 Cases on the Company and on the interests of various constituents; the length of time the Company will operate under the Chapter 11 Cases; the potential adverse effects of the Chapter 11 Cases on the Company's liquidity or results of operations and increased legal and other professional costs necessary to execute the Company's financial restructuring; the conditions to which the Company's debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company's control; the Company's trading price and the volatility of the Company's common stock and the effects of the Chapter 11 Cases on the Company's continued listing on the New York Stock Exchange; and the effects and the length of the 2019 novel coronavirus (COVID-19) pandemic as well as other risk factors set forth in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (including any amendments to those reports) filed with the Securities and Exchange Commission. The Company therefore cautions readers against relying on these forward-looking statements. All forward-looking statements attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and, except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

No.	Description
10.1	<u>Restructuring Support Agreement, dated April 6 2020, by and among the Company and certain of its creditors party thereto</u>
10.2	<u>Equity Commitment Agreement, dated April 6 2020, by and among the Company and certain of the holders of its unsecured senior notes</u>
99.1	<u>Press Release</u>
99.2	<u>Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan of Reorganization dated April 6 2020</u>
99.3	<u>Ceansing Material</u>

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

QUORUM HEALTH CORPORATION
(registrant)

By: /s/ Alfred Lumsdaine

Alfred Lumsdaine
Executive Vice President
and Chief Financial Officer
(principal financial officer)

Date: April 7, 2020

<https://www.sec.gov/Archives/edgar/data/1650445/000119312520100034/d913653d8k.htm> 4/7/2020

ATTACHMENT 7

CHARITY CARE INFORMATION

The amount of charity care for the last three years provided by each of Quorum Health Corporation's affiliated Illinois hospitals and ambulatory surgical treatment centers are included in the tables below.

CROSSROADS COMMUNITY HOSPITAL, Mt. Vernon			
	2016	2017	2018
Net Patient Revenue (\$)	43,087,842	42,975,140	47,837,708
Amount of Charity Care (charges)	1.2% of net patient revenue	0.5% of net patient revenue	0.2% of net patient revenue
Cost of Charity Care (\$)	536,244	204,594	92,907

GALESBURG COTTAGE HOSPITAL, Galesburg			
	2016	2017	2018
Net Patient Revenue (\$)	64,576,277	63,910,368	58,072,814
Amount of Charity Care (charges)	0.5% of net patient revenue	0.1% of net patient revenue	0.1% of net patient revenue
Cost of Charity Care (\$)	309,753	38,924	32,584

GATEWAY REGIONAL MEDICAL CENTER, Granite City			
	2016	2017	2018
Net Patient Revenue (\$)	124,186,704	131,930,854	119,853,104
Amount of Charity Care (charges)	0.6% of net patient revenue	0.2% of net patient revenue	0.6% of net patient revenue
Cost of Charity Care (\$)	743,461	318,364	662,943

HEARTLAND REGIONAL MEDICAL CENTER, Marion			
	2016	2017	2018
Net Patient Revenue (\$)	106,229,851	107,493,477	122,956,140
Amount of Charity Care (charges)	1.2% of net patient revenue	1.1% of net patient revenue	1.1% of net patient revenue
Cost of Charity Care (\$)	1,307,347	1,223,011	72,702

RED BUD REGIONAL HOSPITAL, Red Bud			
	2016	2017	2018
Net Patient Revenue (\$)	23,915,249	25,232,661	28,080,998
Amount of Charity Care (charges)	0.9% of net patient revenue	0.3% of net patient revenue	0.3% of net patient revenue
Cost of Charity Care (\$)	208,815	80,088	90,677

UNION COUNTY HOSPITAL, Anna			
	2016	2017	2018
Net Patient Revenue (\$)	25,484,168	24,855,974	23,749,436
Amount of Charity Care (charges)	0.6% of net patient revenue	0.3% of net patient revenue	0.3% of net patient revenue
Cost of Charity Care (\$)	140,648	77,416	65,422

VISTA MEDICAL CENTER, Waukegan			
	2016	2017	2018
Net Patient Revenue (\$)	177,771,693	171,104,147	189,423,688
Amount of Charity Care (charges)	0.6% of net patient revenue	0.5% of net patient revenue	0.3% of net patient revenue
Cost of Charity Care (\$)	988,548	886,957	550,384

LINDENHURST SURGERY CENTER, Lindenhurst			
	2016	2017	2018
Net Patient Revenue (\$)	6,647,037	5,705,523	3,655,308
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care (\$)	0	0	0

EDWARDSVILLE AMBULATORY SURGERY CENTER, Glen Carbon			
	2016	2017	2018
Net Patient Revenue (\$)	2,077,101	9,449,802	9,375,547
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care (\$)	0	0	0

MONROE COUNTY SURGICAL CENTER, Waterloo			
	2016	2017	2018
Net Patient Revenue (\$)	838,982	1,259,556	1,227,717
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care (\$)	0	0	0

The above charity care information is from the 2016, 2017 and 2018 Hospital Profiles and ASTC Profiles for each facility. The individual hospital charity care is not separately audited. Quorum Health Corporation's Form 10-K filed with the U.S. Securities and Exchange Commission for the year ended December 31, 2018 contains the following statement on charity care:

Charity Care

In the ordinary course of business, the Company provides services to patients who are financially unable to pay for hospital care. The related charges for those patients who are financially unable to pay that otherwise do not qualify for reimbursement from a governmental program are classified as charity care. The Company determines amounts that qualify for charity care primarily based on the patient's household income relative to the poverty level guidelines established by the federal government. The Company's policy is to not pursue collections for such amounts; therefore, the related charges are recorded in operating revenues at the standard billing rates and fully offset in contractual allowances. The Company's gross amounts of charity care revenues were \$33.0 million, \$34.0 million and \$34.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The Company estimates the cost of providing charity care services utilizing a ratio of cost to gross charges and applying this ratio to the gross charges associated with providing care to charity patients for the period. The estimated costs of providing charity care services was \$5.5 million, \$5.6 million and \$5.7 million for the years ended December 31, 2018, 2017 and 2016, respectively. To the extent the Company receives reimbursement from any of the various governmental assistance programs to subsidize its care of indigent patients, the Company excludes the charges for such patients from the cost of care provided under its charity care program.

Quorum Health Corporation Revenue by Payor Source

The following table provides a summary of Quorum Health Corporation's net operating revenues for the years ended December 31, 2018, 2017 and 2016, by payor source (dollars in thousands):

	Year Ended December 31,					
	2018		2017		2016	
	\$ Amount	% of Total	\$ Amount	% of Total	\$ Amount	% of Total
Medicare	\$ 532,097	28.3%	\$ 613,846	29.6%	\$ 629,303	29.4%
Medicaid	352,111	18.7%	417,656	20.2%	430,609	20.1%
Managed care and commercial plans	754,572	40.2%	788,943	38.1%	813,565	38.0%
Self-pay and self-pay after insurance	157,435	8.4%	154,402	7.4%	159,914	7.6%
Non-patient	82,374	4.4%	97,323	4.7%	105,076	4.9%
Total net operating revenues	\$1,878,589	100.0%	\$2,072,170	100.0%	\$2,138,467	100.0%

Source: Quorum Health Corporation, Form 10-K filing with U.S. Securities and Exchange Commission for Fiscal Year ended December 31, 2018.