

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY

MINUTES OF THE APRIL 9, 2015 MEETING

(Open Session)

Attendees:

Attending Authority Board Members: Ralph Rosenberg; Dr. Charles Lingle; John Hayes; Lamar Reese; Fred Ghiglieri; Dr. Michael N. Laslie; Ferrell Moultrie; Dr. Edward Vance; and Joel Callins. Authority Legal Counsel: James E. Reynolds, Jr. Also present on behalf of Phoebe Putney Memorial Hospital, Inc. were: Joel Wernick; Kerry Loudermilk; Thomas Chambless; Joe Austin; Jeff Flowers; Tom Sullivan; Dr. Stephen Kitchen; and for Albany Area Primary Health Care: Tary Brown, and others. Recorder, Mary Barfield.

Absent Authority Members: None

Open Meeting and Establish a Quorum:

Chairman Rosenberg called the meeting to order at 7:30 A.M. in the Willson Board Room of Phoebe's Main Campus. Chairman Rosenberg thanked all the Members for their attendance and participation and he observed that a quorum was clearly present with every Authority Member being in attendance.

Approval of the Agenda:

The proposed Agenda had been previously provided to the Authority Members and a motion to adopt the proposed Agenda for the meeting was made by Lamar Reese and seconded by Dr. Lingle, which motion was approved by all Authority Members. A copy of the Agenda as adopted is attached.

Approval of Minutes:

The proposed minutes of the open session of the January 22, 2015 meeting of the Authority had likewise been provided to Members prior to this meeting and the same were considered for approval. Dr. Lingle made a motion and Dr. Laslie seconded the motion to approve the Minutes as previously provided. The motion passed unanimously by vote of all Members in attendance.

Financial Reports for the Authority:

Kerry Loudermilk, CFO of Phoebe Putney Memorial Hospital, Inc., presented unaudited Interim Financial Reports for the Authority as of February 28, 2015. A copy of the Authority's Interim Financial Statements and information as presented by Mr. Loudermilk is attached. After discussions and questions, Mr. Ghiglieri made a motion, seconded by Mr. Reese, to approve the Authority Interim Financial Report as presented.

CEO Report:

Mr. Wernick had no comments or the like to present to the Authority at this time, but reserved his comments for the closed session portion of the meeting due to the confidential nature of the same.

Closing of the Meeting:

A motion was made by Dr. Laslie and seconded by Dr. Lingle to close the meeting for purposes of: (i) engaging in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategy that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities, (iii) to discuss confidential matters or information pertaining to peer review or provided by a review organization as defined in O.C.G.A §31-7-131, and (iv) to discuss possible purchase, sale or lease of real property.

Mr. Rosenberg polled each individual Authority Member present with respect to his vote on the motion and each of the Members shown below voted to close the meeting, with no Member opposing:

Ralph Rosenberg	Yes
Dr. Charles Lingle	Yes
Fred Ghiglieri	Yes
Ferrell Moultrie	Yes
Lamar Reese	Yes
John Hayes	Yes
Dr. Michael Laslie	Yes
Joel Callins	Yes
Dr. Edward Vance	Yes

The motion having passed, the meeting closed.

Open Session Reconvened:

Following unanimous vote of all Members in attendance at the conclusion of the closed session, the meeting reopened at approximately 10:15 A.M., with John Hayes and Dr. Edward Vance having left the meeting during the closed session.

Authorization of Consent to Sublease Agreement:

A copy of a proposed Sublease Agreement (copy attached with minutes) was presented to the Hospital Authority pertaining to the property owned by it, located at 2100 Palmyra Road (the "Property"), formerly and originally an orthopedic surgeons' office, which facility is presently leased to Phoebe Putney Memorial Hospital, Inc. ("PPMH") as a part of the master lease. Under the proposed Sublease, the Property would be subleased by PPMH to Albany Area Primary Health Care ("AAPHC"). Jeff Flowers, Senior Vice President of Operations with Phoebe Putney Memorial Hospital, gave a presentation regarding the proposed purpose/use of the Property and the expected community benefits, as well as how the proposed use beneficially fits with PPMH's likely use of the North Campus. Mr. Wernick confirmed AAPHC's long history in providing quality healthcare for our community, including especially providing care for those patients not able to fully pay for the same. Jay Reynolds indicated that a sublease of the Property by PPMH would not normally require Authority consent under the Authority's Lease with PPMH, however, in this instance, AAPHC, as sublessee, intends to apply for a \$900,000 Federal grant in order to convert and equip the building for its use as a women's health center (having outgrown its current location) and the terms of such grant require the landlord (in this case, the Authority) to consent to the granting of a "Federal Interest". A Federal Interest which is essentially a limited lien amortized over the life of the improvements made with the grant monies. Approval of the proposed Sublease Agreement would allow Albany Area Primary Health Care to move forward with its grant application. Authority Member Joel Callins abstained from voting, participation and discussions on these issues because his wife, Dr. Keisha Callins, is a physician employed by AAPHC at the Mirian Worthy Women's Healthcare Center. Additionally, it is noted that Dr. Edward Vance, himself an employee of AAPHC, did not participate in discussions or voting with respect to the Sublease Agreement. Upon motion by Fred Ghiglieri, seconded by Dr. Michael Laslie, all Authority Members, other than John Hayes, Joel Callins and Dr. Vance, voted to authorize the Authority's Chairman, Mr. Rosenberg, to execute the Authority's consent to the Sublease, including the granting of the Federal Interest. In approving the consent to the Sublease, the Authority's findings included that the Sublease would further the mission of the Authority by assuring the community better and more abundant low cost and high quality prenatal care and women's healthcare for a large segment of our community, that AAPHC had a very positive and proven track record in the community, so that it was likely to continue and expand its quality care at the proposed location and that the Authority would retain sufficient control of the Property through its master lease of the Property with PPMH.

Additional Business:

In closing, Mr. Rosenberg summed up his feelings regarding the long and bitter battle with the Federal Trade Commission through to its conclusion, and reflected on the words of Gerald Ford when he took the presidential oath of office in 1974, following the resignation of President Richard Nixon, stating: "My fellow Americans, our long national nightmare is over." Mr. Rosenberg stated: "I feel the same way about the battle with the FTC."

Adjournment:

The meeting was adjourned at 10:20 A.M.


Mary Barfield
Mary Barfield, Recorder

AGENDA

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

(OPEN SESSION)
Meeting of April 9, 2015
(Willson Board Room)

- | | | |
|-------|---|--|
| I. | Open meeting and establish quorum | Ralph Rosenberg |
| II. | Consider Approval of Agenda | Ralph Rosenberg |
| III. | Consideration of Open Session Minutes of January 22, 2015 meeting (draft previously provided to Members) | Ralph Rosenberg |
| IV. | Interim Financial Reports for the Authority and for Phoebe Putney Memorial Hospital, Inc. | Kerry Loudermilk |
| V. | Phoebe Putney Memorial Hospital, Inc. CEO and Operational Reports | Joel Wernick/Joe Austin |
| VI. | Consideration of vote to close meeting for purposes of:
(i) engaging in privileged consultation with legal counsel;
(ii) to discuss potentially valuable commercial plans, proposals or strategy that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities, (iii) to discuss confidential matters or information pertaining to peer review or provided by a review organization as defined in O.C.G.A §31-7-131, and (iv) to discuss possible purchase, sale or lease of real property | Chairman |
| VII. | Consideration of Consent to Sublease Agreement by Phoebe Putney Memorial Hospital, Inc. to Albany Area Primary Health Care, Inc. | Jeff Flowers,
AAPHC/Jay
Reynolds |
| VIII. | Additional Business, if any | Chairman |
| IX. | Adjournment | Chairman |

FINANCIAL HIGHLIGHTS
HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GA
FISCAL YEAR ENDING JULY 31, 2015

Operating Summary	February 28, 2015 Year-to-Date
Revenues	Actual
Net Operating Revenue	\$58,331
Expenses	\$58,331 451,846
Operating Income (Loss)	<u>(\$393,515)</u>
Operating Income (Loss)	(\$393,515)
Non-Operating Income	350,000
Investment Income	0
Interest Expense	0
Net Investment Income (Loss)	0
Net Income	<u><u>(\$43,515)</u></u>

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS
2/28/2015

	<u>Unaudited</u> <u>February 28, 2015</u>	<u>Audited</u> <u>FY 2014</u>	<u>Audited</u> <u>FY 2013</u>
OPERATING REVENUE:			
Net patient service revenue (net of provision for bad debt)			
Other revenue			
Long Term Lease Revenue	58,331	100,000	100,000
Total Operating Revenue	58,331	100,000	100,000
OPERATING EXPENSES:			
Salaries and Wages			
Employee health and welfare			
Medical supplies and other			
Professional services	451,846	329,859	2,237,199
Purchased services	-	-	2,545
Depreciation and amortization			
Total Operating Expenses	451,846	329,859	2,239,744
Operating Loss	(393,515)	(229,859)	(2,139,744)
NONOPERATING INCOME (EXPENSES):			
Contributions from Phoebe Putney Memorial Hospital, Inc.	350,000	350,090	1,693,400
Lease Revenue	-	-	
Gain in Long Term Lease	-	-	2,910,545
Interest Expense	-	-	-
Total Nonoperating Income	350,000	350,090	4,603,945
EXCESS OF REVENUE OVER EXPENSE	(43,515)	120,231	2,464,201

**NATURAL CLASS EXPENSES
HOSPITAL AUTHORITY
PERIOD ENDING 1/31/2015**

<u>OPERATING REVENUE</u>	<u>ACTUAL 01/31/15</u>	<u>YTD ACTUAL 01/31/15</u>
TOTAL I/P REVENUE	0	0
TOTAL O/P REVENUE	<u>0</u>	0
 TOTAL GROSS REVENUE	 \$0	 \$0
<u>DEDUCTIONS FROM REVENUE</u>		
Contractual Adjustments:		
Medicare	\$0	0
Medicaid	0	0
Other Deductions	<u>0</u>	0
Total Contractual Adjustments	\$0	\$0
Charity and Uncollectible:		
Indigent Care and Charity	\$0	\$0
County Purch of Services	0	\$0
Uncollectible Accounts	0	\$0
Other	<u>0</u>	\$0
Total Charity and Uncollectible	\$0	\$0
TOTAL DEDUCTIONS FROM REVENUE	\$0	\$0
 NET OPERATING REVENUE	 \$0	 \$0
Other Operating Revenue	<u>8,333</u>	<u>58,331</u>
 INCOME FROM OPERATIONS	 \$8,333	 \$58,331
OPERATING EXPENSES		
SALARIES	\$0	
PROF FEES	0	
LEGAL FEES	24,993	451,846
SUPPLIES		
REPAIRS & MAINTENANCE		
CONTRACT SERVICES	0	0
CONSULTING SERVICES	0	0
LEASED EQUIPMENT		
UTILITIES		
OTHER EXPENSE	0	0
DEPRECIATION		
INSURANCE		
EMPLOYEE BENEFITS		
 TOTAL OPERATING EXPENSE	 \$24,993	 \$451,846
 OPERATING INCOME (LOSS)	 (\$16,660)	 \$ (393,515)
NONOPERATING INCOME	0	350,000
INVESTMENT INCOME AT MARKET		
INTEREST EXPENSE		
NET INVESTMENT INCOME (LOSS)	<u>0</u>	<u>0</u>
 EXCESS OF REVENUES OVER EXPENSES	 (\$16,660)	 \$ (43,515)

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
BALANCE SHEET
2/28/2015

	Unaudited	Audited	Audited
	February 28, 2015	FY 2014	FY 2013
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 77,109	\$ 193,001	\$ 213,343
Assets limited as to use - current	-	-	-
Patient accounts receivable, net of allowance for doubtful accounts	-	-	-
Supplies, at lower of cost (first in, first out) or market	-	-	-
Other current assets	-	150,000	500,000
Total current assets	77,109	343,001	713,343
Property and Equipment, net	-	-	-
Other Assets:			
Goodwill	-	-	-
Total other assets	-	-	-
Total Assets	\$ 77,109	\$ 343,001	\$ 713,343

LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	-	264,047	754,620
Accrued expenses	-	-	-
Estimated third-party payor settlements	-	-	-
Deferred revenue	41,669	-	-
Short-term obligations	-	-	-
Total current liabilities	41,669	264,047	754,620
Total liabilities	41,669	264,047	754,620
Net assets:			
Unrestricted	35,440	78,954	(41,277)
Total net assets	35,440	78,954	(41,277)
Total liabilities and net assets	\$ 77,109	\$ 343,001	\$ 713,343

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
STATEMENTS OF CASH FLOWS
2/28/2015

	<u>Unaudited</u> <u>February 28, 2015</u>	<u>Audited</u> <u>FY 2014</u>	<u>Audited</u> <u>FY 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Funds paid to Georgia Department of Community Health:			
Indigent Care Trust Fund	\$ (1,730,630)	\$ (3,567,004)	\$ (3,676,472)
Upper payment limit	-	(778,802)	(1,502,937)
Funds received from Georgia Department of Community Health:			
Indigent Care Trust Fund	5,234,816	10,469,631	10,152,546
Upper payment limit	-	2,278,942	4,390,135
Lease Revenue	100,000	100,000	0
Contribution from Phoebe Putney Memorial Hospital, Inc.			-
Transfer of funds received from Georgia Department of Community Health to Phoebe Putney	(3,504,186)	(8,402,767)	(9,363,272)
Cash Received from patients and payors			
Cash payments to employees			363,321
Payments from Phoebe North			(1,656,551)
Funds paid for operating expenses	(715,893)	(820,432)	-
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Net cash provided by operating activities	(615,893)	(720,432)	(1,293,230)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from short term obligations			
Noncapital contributions - Lease transfer to PPMH			(17,316,845)
Interest paid in short term obligations			
Purchase of capital assets			
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Net cash provided by capital and related financing activities			(17,316,845)
 CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of Palmyra Park Hospital, LLC			
			<hr/>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from Phoebe Putney Memorial Hospital, Inc.	2,398,655	4,345,806	5,179,409
Noncapital contributions from Phoebe Putney Memorial Hospital	-	700,090	1,175,000
Transfers to HCA for ICTF reimbursement	(168,025)		
Transfers to Phoebe North Campus			
Transfers to Phoebe Putney Memorial Hospital, Inc.	(1,730,630)	(4,345,806)	(5,179,409)
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Net cash used by noncapital financing activities	500,000	700,090	1,175,000
Net increase (decrease) in cash	(115,892)	(20,342)	(17,435,075)
Cash, beginning of year	193,001	213,343	17,648,418
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Cash, end of year	\$ 77,109	\$ 193,001	\$ 213,343
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Reconciliation of excess revenues (expenses) to net cash flows provided by operating activities:			
Excess revenues (expenses)	\$ (393,515)	\$ (229,858)	\$ (2,139,744)
Adjustments to reconcile excess revenues (expenses) to net cash flows provided by operating activities:			
Depreciation and amortization			
Funds paid to Georgia Department of Community Health			
Noncapital contributions from Phoebe Putney Memorial Hospital			
Funds transferred to PPMH from Georgia Dept of Community Health			
Change in:			
Supplies			
Other Supplies			
Accounts payable	(264,047)	(490,574)	946,514
Amounts due to third parties	-	-	-
Deferred revenue	41,669	-	(100,000)
Accrued Expenses			-
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Net cash provided by operating activities	\$ (615,893)	\$ (720,432)	\$ (1,293,230)

STATE OF GEORGIA

COUNTY OF DOUGHERTY:

DONATION AND SPACE LEASE AGREEMENT

THIS DONATION AND SPACE SUBLEASE AGREEMENT (this "Agreement") is made and entered into this <DAY> day of <MONTH>, 2015 (the "Effective Date"), by and between PHOEBE PUTNEY MEMORIAL HOSPITAL, INC., a Georgia non-profit corporation ("DONOR" or "PPMH"), and ALBANY AREA PRIMARY HEALTH, INC. ("DONEE"), and consented to by the Hospital Authority of Albany-Dougherty County, Georgia ("LESSOR"). Donor and Donee may be referred to herein individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, DONEE is a Federally Qualified Health Center under section 1905(l)(2)(B)(i) or 1905(l)(2)(B)(ii) of the Social Security Act;

WHEREAS, pursuant to 42 U.S.C. § 1320a-7b(b)(3)(I) (the "Exception") and 42 C.F.R. § 1001.952(w) (the "Safe Harbor") certain transfers to a Federally Qualified Health Center of goods, items, services, donations, and loans, including the donation of space, are protected from Anti-Kickback Statute requirements;

WHEREAS, DONOR wishes to further DONEE's patient care mission by donating office or clinic space at a rental rate that is lower than fair market rental value in compliance with the requirements of the Exception and the Safe Harbor;

WHEREAS, LESSOR is in agreement such donation will further its statutory purpose to provide for healthcare for the citizens of Dougherty County and is further in accord with the purpose for which the office/clinic space was leased to DONOR;

WHEREAS, DONEE wishes to accept such donation from DONOR in accordance with, and subject to, the terms and conditions contained in this Agreement, the Exception and the Safe Harbor; and

WHEREAS, the Parties intend for, and in good faith believe that, the donation of space under this Agreement satisfies the requirements of the Exception and the Safe Harbor.

NOW, THEREFORE, in consideration of the promises set forth below, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound hereby agree as follows:

1. **Premises.** Donor hereby leases to Donee and Donee hereby accepts such lease of the office space located at 2100 Palmyra Road, Albany, Dougherty County, Georgia, consisting of 11,230 square feet (the "Premises"), pursuant to the terms and conditions of this Agreement.
2. **Effect of Agreement.** This Agreement hereby terminates and supersedes all previous agreements, oral or otherwise, between DONOR and DONEE related to the Premises.
3. **Term; Renewal Option.**
 - 3.1 **Initial Term.** The initial term of this Agreement shall be for a period of thirty (30) years commencing on <MONTH>, <Day>, 2015 (the "Commencement Date") and terminating on <MONTH>, <Day>, 2045.

- 3.2 **Holding-Over.** If DONEE remains in possession of the Premises after expiration of the term, this Agreement will renew for an unlimited number of consecutive one (1)-year terms until terminated as provided in Section 3.3 or elsewhere in this Agreement.
- 3.3 **Termination.** Without limiting the termination rights provided elsewhere in this Agreement, the Parties acknowledge that this Agreement will terminate upon the earlier of (a) DONOR's prior written notice of termination to DONEE, during any renewal term following the initial term, providing an effective date of termination at least ninety (90) calendar days after the date of such notice; or (b) DONEE no longer receives or is no longer eligible to receive funding directly or indirectly under Section 330 of the Public Health Service Act.
4. **Donation; Rent.** In accordance with the requirements of the Safe Harbor, DONOR hereby donates to DONEE use of the Premises free of rent. As of the Effective Date, the fair market value of the use of the Premises is \$14.60 per square foot ("FMV Rent"). No rent shall be charged. The amount of DONOR's donation for each month shall be equal to the FMV Rent as updated from time to time. As of the Effective Date, fair market value of the Donation is \$14.60 per square foot.
5. **DONOR's Representations and Warranties.** In accordance with the requirements of the Safe Harbor, DONOR hereby represents to DONEE as of the Effective Date and warrants to DONEE for the term of this Agreement that:
- 5.1 The Donation is medical or clinical in nature or relates directly to services provided by DONEE as part of the scope of DONEE's grant under section 330 of the Public Health Service Act.
- 5.2 The Donation is not conditioned upon the volume or value of federal health care program patients referred to, or other business generated for, the DONOR, the DONEE or any of their affiliates.
- 5.3 DONOR does not require DONEE (or its affiliated physicians or other health care professionals) to refer patients to DONOR, its affiliates or any other individual or entity.
- 5.4 DONEE (or its affiliated health care professionals) is free to refer patients to any provider, supplier or practitioner -- whether affiliated with DONOR or not -- consistent with the best clinical interests of DONEE's patients.
6. **DONEE's Representations and Warranties.** In accordance with the requirements of the Safe Harbor, DONEE hereby represents to DONOR as of the Effective Date and warrants to DONOR for the term of this Agreement that:
- 6.1 DONEE reasonably expects the Donation to contribute meaningfully to DONEE's ability to maintain or increase the availability, or enhance the quality, of services provided to a medically underserved population served by DONEE.
- 6.2 DONEE has documented the basis for its reasonable expectation, as set forth at Section 6.1 above, prior to entering this Agreement.
- 6.3 DONEE shall make documentation of the basis for its reasonable expectation, as set forth at Section 6.1 above, available to the Secretary of the U.S. Department of Health and Human Services (the "Secretary") upon request.

- 6.4 DONEE is a direct or indirect recipient of funding under Section 330 of the Public Health Service Act and is, and shall continue to be throughout the term of this Agreement, qualified for such funding.
- 6.5 DONEE shall use the donated lease space to further its mission of care in serving the medically underserved population served by DONEE.
- 6.6 DONEE shall compensate any of its physician employees and/or contractors in a manner that (a) is consistent with fair market value and (b) does not vary with or take into account the volume or value of any patient referrals to, or other business generated for, DONOR or any of DONOR's affiliates.
7. **DONEE's Duty to Re-evaluate.** In accordance with the requirements of the Safe Harbor, DONEE shall, at reasonable intervals, but at least annually, re-evaluate the Donation to ensure that the Donation is expected to continue to satisfy the standard set forth in Subsection 6.1. DONEE shall make documentation of the re-evaluation available to the Secretary upon request.
8. **DONEE's Ability to Enter into Other Agreements.** In accordance with the requirements of the Safe Harbor, nothing in this Agreement shall restrict DONEE's ability to enter into agreements with other donors, or providers, suppliers and practitioners regardless of whether they make donations to DONEE.
9. **DONEE's Duty to Notify or Disclose.** In accordance with the requirements of the Safe Harbor, DONEE shall provide effective written notification to patients of their freedom to choose any willing provider, supplier or practitioner. In addition, DONEE shall disclose the existence and nature of this Agreement to any patient who inquires. DONEE shall provide such notification or disclosure in a timely fashion and in a manner reasonably calculated to be effective and understood by the patient so as to protect and enhance patient freedom of choice.
10. **DONEE Alterations.** DONEE shall not during the term of this Agreement make any renovations, alterations, or additions to the structure of the Premises ("DONEE Alterations") without DONOR's prior written consent. Unless otherwise agreed in writing, DONEE shall bear the cost of all approved DONEE Alterations. DONOR's approval of proposed DONEE Alterations will not be unreasonably withheld. In particular, DONOR and LESSOR are aware that modifications to the clinical space will be made in order to make the space previously used as an orthopedic clinic suitable for use as a clinic for the practice of obstetrics and gynecology. All contractors and subcontractors used by DONEE for all DONEE Alterations shall be subject to the prior written approval of DONOR, which approval shall not be unreasonably withheld. DONEE shall not permit any mechanics', materialmens' or other liens to stand against the Premises for any labor or material furnished DONEE in connection with alterations, improvements, repairs or work of any character performed at or upon the Premises by or at the direction of DONEE, except that, DONOR and LESSOR acknowledge funding for the renovations planned will be provided in whole or part through a federal grant and that the federal government will thereby acquire an interest in the property in accordance with the Notice of Federal Interest attached hereto and by this reference made a part hereof. Such Notice will be filed of record by DONEE. DONEE shall also keep the Premises clean and neat in appearance.
11. **Maintenance and Repairs; Improvements.** DONEE, at its own expense, shall keep and maintain the Premises and the fixtures therein in good, clean and sanitary order and condition, reasonable wear and tear excepted. DONEE shall perform all maintenance and repairs, including all repairs to the Premises which are made necessary by the negligence of DONEE or DONEE's agents, employees, or invitees. All such repairs shall be at least equal in quality to the original work.
12. **Surrender of Premises.** Upon the expiration or earlier termination of this Agreement, DONEE shall surrender the Premises in the same condition as received, ordinary wear and tear excepted.

Any improvements made by DONEE shall become a part of the Premises and, upon expiration or termination of this Agreement, shall be surrendered to the DONOR, its successors or assignees. Prior to such expiration or termination, DONEE shall remove or cause to be removed at DONEE's expense from the Premises all of DONEE's equipment, furnishings, and other personal property. DONEE shall repair prior to such expiration or termination, at DONEE's sole cost and expense, any damage to the Premises caused by or in connection with the removal of any personal property, business or trade fixtures, machinery, equipment, furniture, or moveable partitions.

13. **Signs.** In order to comply with the signage requirements which shall apply to all tenants, DONEE shall place no signs upon the walls or roof of the Premises, except with the written consent of DONOR, which consent shall not be unreasonably withheld. DONEE may install a sign advertising DONEE's business on the grounds surrounding the Premises, provided that DONEE shall in connection therewith comply with all governmental ordinances and regulations.
14. **Utilities and Other Services.** DONEE shall pay or cause to be paid all charges for water and sewer, electricity and janitorial service used, rendered or supplied to the Premises for the entire building and grounds.
15. **Destruction of Premises.** If the Premises are totally destroyed (or so substantially damaged as to be untenable) by storm, fire, earthquake, or other casualty, this Agreement shall terminate as of the date of such destruction or damage, and rental shall be accounted for as between DONOR and DONEE as of that date. Should the Premises be rendered partially untenable by storm, fire, earthquake, or other casualty, but not to such an extent as to cause DONEE to discontinue doing business therein, then and in that event DONEE shall have the option to continue in possession and to repair the premises at its cost or to declare this Agreement terminated in such an instance as of the date of such damage or destruction.
16. **Use of Premises.**
 - 16.1 **No Nuisance, Disturbance, Waste.** DONEE shall not:
 - (a) Create, cause, maintain, permit or suffer any nuisance in, on or about the Premises or permit the Premises to be used for any improper, immoral, unlawful or objectionable purpose or for any purpose which violates the terms of any recorded instrument affecting the Premises;
 - (b) Do, permit or suffer to be done anything in, on or about the Premises which unreasonably disturbs the occupants of neighboring property or tends to injure the reputation of DONOR;
 - (c) Commit or permit waste upon the Premises; or
 - (d) Deface or damage the Premises in any manner or overload the floors of the Premises.
 - 16.2 **No Hazardous Substance.** DONEE agrees not to knowingly use or keep any substance or material in or about the Premises which may impair the insurance on the Premises or increase the hazard of the insurance risk, or which is offensive or annoying to other tenants.
17. **No Patient Referrals.** DONOR and DONEE agree that the benefits to each of them hereunder do not require, are not in exchange for, in whole or in any part, and are not in any way contingent upon the admission, referral, or any other arrangement for the provision of any health care item or

service offered by DONOR, DONEE or any of their affiliates. DONOR AND DONEE expressly certify that the Donation made hereunder is not made in return for, or to otherwise induce any person to (a) refer an individual to anyone for the furnishing or arranging for the furnishing of items or services for which payment may be made in whole or in part under any federal health care program; or (b) purchase, lease, order, or arrange for or recommend purchasing, leasing, or ordering any good, facility, service or item for which payment may be made in whole or in part under any federal health care program.

18. **Referrals Not Required.** Neither this Agreement nor anything contained in this Agreement requires either Party to refer or admit any patients to, or purchase, order or lease any items or services from, one another. In performing their respective duties and obligations under this Agreement, the Parties intend to comply with all applicable laws or regulations, including, but not limited to the federal health care program anti-kickback statute, 42 U.S.C. § 1320a-7b(b).
19. **Representations and Warranties.** Each Party hereby represents to the other as of the Effective Date and each Party hereby warrants to the other for the term of this Agreement that it: (i) is not excluded, debarred, or otherwise ineligible to participate in Federal health care programs as defined in 42 U.S.C. §1320a-7b(f) (the "Federal health care programs"); (ii) is not convicted of a criminal offense related to the provision of health care items or services and has not been excluded, debarred or otherwise declared ineligible to participate in the Federal health care programs; and, (iii) is not under investigation or otherwise aware of any circumstances that may result in it being excluded from participation in the Federal health care programs. These shall be ongoing representations and warranties during the term of this Agreement. Each Party shall immediately notify the other of any change in the status of the representations and warranties set forth herein. Any breach of these representations or warranties shall give the other Party the right to terminate this Agreement immediately for cause.
20. **Indemnification and Insurance.** DONEE shall indemnify DONOR and hold DONOR harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, bodily injury and/or damage to property of others arising from or out of any occurrence in, upon, or at the Premises or the occupancy or use by DONEE of the Premises or any part thereof, or occasioned wholly or in part by any act or omission of DONEE, its agents, contractors, employees, visitors, or licensees. DONEE shall procure and maintain in force, at its own cost and expense, during the term of this Agreement, general liability insurance in the amount of not less than one million dollars (\$1,000,000.00) per occurrence and three million dollars (\$3,000,000.00) annual aggregate for personal and bodily injury or death and not less than one million dollars (\$1,000,000.00) per occurrence and three million dollars (\$3,000,000.00) annual aggregate for damage to property, which injury or damage arises out of the use or occupancy of the Premises by DONEE.
21. **Compliance with Law.** DONOR and DONEE will comply with all applicable laws, ordinances, judgments, injunctions, resolutions, rules, regulations, permits, licenses, administrative orders, and other requirements of any federal, state, or local governments; provided that if compliance with any such law, rules and/or regulations requires testing, monitoring, or such actions, these actions, and any expenses incurred in connection therewith, shall be the responsibility of DONEE.
22. **Termination or Modification in the Event of Government Action.** In the event of any Government Action (as defined below), the Parties shall, within ten (10) business days after one Party gives written notification of such Government Action to the other Party, meet and confer and negotiate in good faith to attempt to amend this Agreement in order to comply with the Government Action. If the Parties, after good faith negotiations that shall not exceed thirty (30) calendar days, are unable to mutually agree upon the amendments necessary to comply with the Government Action, or, alternatively, if any Party determines in good faith that compliance with the Government Action is impossible or infeasible, such Party may terminate this Agreement effective ten (10) business days after a written notice of termination is given to the other Party. For the purposes of this Section, "Government Action" shall mean any applicable legislation,

statute, law, regulation, rule, standard or procedure passed, adopted or implemented by a federal, state or local government or accreditation organization, or any decision, finding, interpretation or action by any governmental or accrediting body, court or other third party which, in the opinion of counsel to any Party, as a result or consequence, in whole or in part, of the arrangement between the Parties set forth in this Agreement, if or when implemented, could reasonably be expected to result in or present a material risk of any one or more of the following: (a) revocation or threat of revocation of the status of any license, certification or accreditation granted to DONOR or DONEE; (b) revocation or threat of revocation of the federal, state or local tax-exempt status of DONOR or DONEE, or their respective tax exempt financial obligations; (c) prohibit or restrict the ability of DONOR or DONEE to issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations; (d) violation of or threat of prosecution under 42 U.S.C. § 1320a-7b(b) (the "Anti-Kickback Statute"), 42 U.S.C. § 1395nn (the "Stark Law") or any comparable state law governing kickbacks, bribes, rebates or patient referrals if DONEE referred patients to DONOR; (e) violation by any Party of, or threat of prosecution of any party under, any law, regulation, rule or procedure applicable to such Party; (f) prohibit DONOR or DONEE from submitting claims or materially reducing the reimbursement received by DONOR or DONEE for services provided to patients referred by DONEE; (g) subject DONOR or DONEE, or any of their respective officers, directors, employees or agents, to civil action or criminal prosecution by any governmental authority or other person or entity or the imposition of any sanction (including any excise tax penalty under Internal Revenue Code § 4958), on the basis of their approval of or participation in this Agreement or performing their respective obligations under this Agreement.

23. **Condemnation.** If, at any time before or after the Effective Date, the whole of the Premises, or such portion thereof as will make the Premises unusable for the purposes herein leased, is condemned or its use is otherwise changed by any legally constituted authority for any public use or purpose, then this Agreement shall cease from the date when possession thereof is taken by public authority, and rental shall be accounted for as between DONOR and DONEE as of said date. DONEE shall not claim any compensation from Donor in the event of such condemnation, but may seek compensation that may be awarded to DONEE in its own right.
24. **Events of Default.** The occurrence of any of the events, acts, or circumstances described in this Section shall be and constitute an event of default ("Event of Default") by DONEE under this Agreement as follows:
- 24.1 Failure of DONEE to use the Premises in a manner that is consistent with the terms and conditions of the grant funding DONEE receives under section 330 of the Public Health Service Act;
 - 24.2 Failure of DONEE to receive or qualify to receive grant funding under section 330 of the Public Health Service Act;
 - 24.3 Failure by DONEE to pay in full any amount due under this Agreement when due and the continuance of such failure for twenty (20) days;
 - 24.4 Failure by DONEE to comply with any of the terms, covenants, agreements or conditions contained in this Agreement (other than the payment of rent as covered in Subsection 22.1 above), and the continuance of such failure for thirty (30) days after DONOR has given DONEE notice of such failure, or the failure of DONEE to pay DONOR, within thirty (30) days of notice, any tax, penalty, or interest paid by DONOR for which DONEE is responsible;
 - 24.5 If DONEE applies for or consents to in writing or acquiesces to the appointment of a receiver, trustee or liquidator of DONEE or of all or substantially all of the assets of DONEE; files a voluntary petition in bankruptcy, insolvency reorganization, readjustment of debt, dissolution or liquidation under any law or statute of the federal government or any State government or any subdivision of either now or hereafter in effect (collectively,

an "insolvency statute") or admits in writing its inability to pay its debts as they come due; makes a general assignment for the benefit of creditors; files a petition or any answer seeking reorganization or arrangement with creditors; or to take advantage of any insolvency statute or law; or files an answer admitting the material allegations of a petition filed against DONEE in any bankruptcy, reorganization or insolvency proceeding under any insolvency statute; or any order, judgment or decree is entered by any court of power jurisdiction on the application of a creditor adjudicating DONEE bankrupt, a debtor in bankruptcy or insolvent or approving a petition seeking a reorganization of DONEE or the appointment of a receiver, trustee or liquidator of DONEE, and such order, judgment or decree is not stayed, vacated or set aside within thirty (30) days;

24.6 If DONEE vacates, abandons or surrenders the Premises. Closing for a holiday is not considered vacating, abandoning or surrendering of the Premises.

25. **Remedies Upon Default.** Upon and after any Event of Default, DONOR may, in lieu of or in addition to any other remedies it may have under law, take any one or more of the remedial steps described in this Section:

25.1 DONOR may, as DONEE's agent, without terminating this Agreement, at DONOR's option, enter upon, take possession of and rent the Premises at the best price obtainable by reasonable effort, without advertisement and by private negotiation and for any term DONOR deems proper. DONEE shall be liable to DONOR for the deficiency, if any, between DONEE's rent hereunder and the price obtained by DONOR on reletting.

25.2 DONOR may terminate the term of this Agreement, exclude DONEE from possession of the Premises, remove all persons and effects therefrom and hold DONEE liable for damages. Upon any such termination, DONEE shall be liable for damages, but no further rights, obligations or duties shall continue to exist between the Parties by virtue of this Agreement.

25.3 DONOR may take any and all actions at law or in equity to collect the rent due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of DONEE under this Agreement and, in connection with either, to recover any or all damages to DONOR for DONEE's violation or breach of this Agreement.

26. **Notices.** Any notice or other communication provided for or required by this Agreement shall be in writing, and shall be deemed to have been given when delivered by hand or when deposited in the United States Mail, certified or registered, return receipt requested, postage prepaid, properly addressed to the party to whom such notice or other communication is intended to be given at the address indicated below, or, if such Party has subsequently furnished another address in writing to the other, at such new address:

DONOR's address: Phoebe Putney Memorial Hospital, Inc.
P.O. Box 1828
Albany, Georgia 31702
ATTN: Roxanne Paul

With copy to: Thomas S. Chambless
Sr. Vice President and General Counsel
P.O. Box 3770
Albany, Georgia 31706-3770

With copy to:

Perry and Walters, LLP
P.O. Box 71209
Albany, Georgia 31708-1209

DONEE's address

Albany Area Primary Health Care, Inc.
204 N. Westover Blvd.
Albany, Georgia 31707-2983
ATTN: Tary Brown

27. **Quiet Enjoyment.** DONOR warrants that it is the owner of the Premises, and so long as DONEE pays the Monthly Rent as herein provided and otherwise performs all of the covenants and conditions to be performed by DONEE, DONEE shall have peaceful and quiet enjoyment of the Premises for the term of this Agreement.
28. **Right of Access.** DONOR retains the right to enter the Premises at any reasonable time by any of its employees, its authorized agent or employees of its agent, or servicemen or repairmen for the purpose of inspection or performing required maintenance or repairs, and for the purpose of showing the property to prospective lessees within ninety (90) days of the expiration of the term of this Agreement or to prospective purchasers.
29. **Assignment or Sublease.** Without the prior written consent of DONOR, DONEE shall not, either voluntarily or by operation of law, assign this Agreement or any interest herein, or sublease all or any part of the Premises. Consent to any assignment or sublease shall not destroy this provision and all later assignments or subleases shall be made likewise only upon the prior written consent of DONOR. Any attempted assignment or subletting in violation of this Section shall, at the option of DONOR, be void and, at the further option of DONOR, shall terminate the Agreement. DONOR shall not unreasonably withhold its consent from a request by DONEE to assign this Agreement.
30. **Successors.** The covenants and agreements contained in this Agreement shall apply to, inure for the benefit of and be binding upon the parties hereto and upon their respective successors in interest.
31. **No Waiver.** No failure of either party to exercise any power given to it hereunder, or to insist upon strict compliance by the other party with its obligations hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of a party's right to demand exact compliance with the terms hereof.
32. **Entire Agreement.** This Agreement constitutes the entire understanding between the parties hereto. No changes, amendments, representations or agreements will be effective unless they are in writing and signed by authorized representatives of both parties.
33. **Governing Law.** This Agreement shall be governed by and construed pursuant to the laws of the State of Georgia.
34. **Counterparts.** This Agreement may be executed in multiple counterparts, and each counterpart shall be deemed an original and together shall constitute one agreement.

IN WITNESS WHEREOF, the authorized representatives of each Party have caused the execution of this Agreement as of the Effective Date.

[signatures following page]

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.
("DONOR")

(SEAL)

By: _____
Title: _____

ATTEST: _____

ALBANY AREA PRIMARY HEALTH CARE, INC.
("DONEE")

(SEAL)

By: _____
Title: _____

ATTEST: _____

CONSENTED TO BY:

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY
COUNTY, GEORGIA
("LESSOR")

By: _____
Title: _____

83721486V

NOTICE OF FEDERAL INTEREST

On _____, 2015, the _____ awarded Grant No. _____ to Albany Area Primary Healthcare. The grant provides Federal funds for renovation of a medical office building so as to be suitable as a clinic for the practice of obstetrics and gynecology, which medical office building is located on the property described below in Dougherty County, State of Georgia.:

Property (2100 Palmyra Road; Tax Parcel 0000N/00016/001):

All that tract or parcel of land lying and being in Land Lot 367 in the First Land District, City of Albany, Dougherty County, Georgia, and being all of Lot 1A of Recombination Plat of all of Lots 1, 2, 3, 4, 5 and 6 of the Addition to Palmyra Acres according to a map or plat of said recombination as same is recorded in Plat Cabinet 1D, Slide 27-D, in the office of the Clerk of Superior Court of Dougherty County, Georgia.

This is a portion of the property described in warranty deed from Charles C. Lamb, et al, to HCA Realty, Inc., recorded June 1, 1992, in Deed Book 1203, Page 204, Dougherty County land records.

The Notice of Award for this grant includes conditions on use of the aforementioned property and provides for a continuing Federal interest in the property. Specifically, the property may not be (1) used for any purpose inconsistent with the statute and any program regulations governing the award under which the property was acquired; (2) mortgaged or otherwise used as collateral without the written permission of the Associate Administrator, Office of Federal Assistance Management (OFAM), Health Resources and Services Administration (HRSA), or designee; or (3) sold or transferred to another party without the written permission of Associate Administrator, Office of Federal Assistance Management (OFAM), Health Resources and Services Administration (HRSA), or designee. These conditions are in accordance with the statutory provisions set forth in _____, Title 45 CFR part 74 or 92 (as appropriate), the HHS Grants Policy Statement, and other terms and conditions of award.

These grant conditions and requirements cannot be nullified or voided through a transfer of ownership. Therefore, advance notice of any proposed change in usage or ownership must be provided to the Associate Administrator, Office of Federal Assistance Management (OFAM), Health Resources and Services Administration (HRSA), or designee.

Signature: _____

Typed Name: _____

Title: _____

Date: _____

STATE OF GEORGIA
COUNTY OF DOUGHERTY

AFFIDAVIT RELATIVE TO CLOSED MEETING

Personally appeared before the undersigned, RALPH S. ROSENBERG, who having been duly sworn, deposes and states as follows:


1. I am over the age of 18 years, I am suffering under no disabilities and I am competent to testify to the matters contained herein.
2. I am the Chairperson of the Board of the Hospital Authority of Albany-Dougherty County, Georgia (the "Authority").
3. On the 9th day of April, 2015, at a meeting of the Authority Board, a motion was duly approved in a roll call vote for the Authority Board to go into closed session for the purposes of: (i) engaging in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategy that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities; (iii) to discuss confidential matters or information pertaining to peer review or provided by a review organization as defined in O.C.G.A §31-7-131; and (iv) to discuss the possible sale, purchase or lease of real property.
4. To the best of my knowledge and belief, the business conducted during the closed portion of the meeting was devoted solely to the above matters for which the meeting was closed.

This the 9th day of April, 2015.



Chairperson

Sworn to and subscribed before me this
9th day of April, 2015.



NOTARY PUBLIC (SEAL)
Dougherty County, Georgia
My Commission Expires: _____

