

August 26, 2015

RECEIVED

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STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

VIA HAND DELIVERY

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

***Re: Change of Ownership—Joint Venture between Baptist Health System, Inc. and certain affiliates of Tenet Healthcare Corporation
Walker Baptist Medical Center (change of ownership 2)***

Dear Mr. Lambert:

We respectfully submit to the State Health Planning and Development Agency (“SHPDA”) this letter as an attachment to each of the Notice of Change of Ownership forms that we are filing pursuant to Chapter 410-1-7-.04, Rules and Regulations of the Alabama Certificate of Need Program (the “Rules”). The proposed changes of ownership are the result of the agreed upon joint venture transaction between Baptist Health System, Inc. (“Baptist”) and certain affiliates of Tenet Healthcare Corporation (“Tenet”).¹ In the joint venture, Tenet and Baptist will together own three joint venture entities Brookwood Baptist Health 1, LLC (“BBH 1”), Brookwood Baptist Health 2, LLC (“BBH2”) and Brookwood Baptist Health 3, LLC (“BBH3”)², and each joint venture entity will, as described in more detail below (and as illustrated on the attached diagram), be the sole member of certain limited liability companies that will be the legal entities responsible for the operations of the providers for which these applications have been submitted. For each joint venture entity, Tenet will own 60% of the equity and Baptist will own 40% of the equity; Tenet and Baptist will have equal representation on each of the three boards.

1. Facts

As a result of the transaction, which is set to close on or about October 2, 2015:

BBH1 will be the sole owner and member of BBH BMC, LLC, which will own and operate the hospital, Brookwood Medical Center. There will also be a management agreement between BBH1 and Brookwood Center Development Corporation (“BCDC”) whereby BCDC will provide management services to the hospital; however, BBH1 will retain control over the governance of the hospital.

BBH2 will be the sole owner and member of a number of subsidiaries that will own (except as noted below)³ and operate the following⁴:

¹ The three Tenet affiliates in the joint venture are Brookwood Health Services, Inc. (for BBH1), Brookwood Ancillary Holdings, Inc. (for BBH2), and National Surgery Center Holdings, Inc. (for BBH3).

² The entity for which BBH3 will hold a percent ownership interest will not undergo a change of ownership. The certificate of need holder will remain the same. Therefore, we are not submitting any information related to BBH3.

³ With regard to the four hospitals operated by BBH2, as well as Walker Baptist Outpatient Surgery Center, each will be part of a two-step transaction involving the transfer of the hospital to a Medical Clinic Board by contribution and unit purchase agreements. The respective Medical Clinic Board will immediately lease the hospital to the subsidiary noted above through a capital lease. If the lease is terminated for any reason, the hospital will be transferred to the subsidiary/lessee.

- BBH CBMC, LLC will own and operate the home health provider, Baptist Citizens Home Health Care
- BBH CBMC will own and operate the hospice provider, Citizens Baptist Hospice
- BBH CBMC, LLC will lease/own and operate the hospital, Citizens Baptist Medical Center
- BBH PBMC, LLC will lease/own and operate the hospital, Princeton Baptist Medical Center
- BBH SBMC, LLC will lease/own and operate the hospital, Shelby Baptist Medical Center
- BBH WBMC, LLC will lease/own and operate the hospital (and ambulatory surgical center), Walker Baptist Medical Center

2. SHPDA Requirements for Change of Ownership

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

1. The Financial Scope of the Project. The transaction will encompass a fair market value exchange of consideration between Tenet and Baptist.
2. Services to be Offered. The contemplated transaction will not result in any new or additional services to those already being provided by Tenet and Baptist.
3. Whether the Proposal will Include the Addition of Any New Beds. The contemplated transaction will not result in the addition of new beds.
4. Whether the Proposal will Involve the Conversion of Beds. The contemplated transaction will not result in the conversion of beds.
5. Whether the Assets and Stock (if any) will be Acquired. As described above, the exchange of consideration between Tenet and Baptist will result in the joint ownership and operation of certain named provider assets.

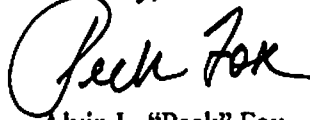
3. Requested Action

Based upon the above description of the proposed transaction and a showing that there will be no change in health services, conversion of beds, or increase or decrease in bed capacity, we respectfully request that you exercise your authority under Chapter 410-1-7-.04(2) of the Rules and determine that a Certificate of Need is not required for the consummation of this proposed transaction. In accordance with the Rules, I am enclosing with this request a check for each application in the amount of \$2,500 (for a total of \$XXXX) made payable to the Alabama State Health Planning and Development Agency.

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

⁴ BBH2 will also hold ownership interests in several other entities that are either not undergoing a change of ownership or are not subject to certificate of need review.

Sincerely,

A handwritten signature in black ink that reads "Peck Fox". The signature is written in a cursive style with a large, looping initial "P".

Alvin L. "Peck" Fox

Enclosures

CHANGE OF OWNERSHIP

Part I: Purchasing Organization Information

Name of Organization: **BBH WBMC, LLC**

Facility Name:
(ADPH Licensure name) **Walker Baptist Medical Center (Current Licensed Entity)**

SHPDA ID Number: **127-0530031**

Address (PO Box #): **3400 Highway 78 East**

City, State, Zip, County: **Jasper, Alabama 35502**

Number/Type Licensed Beds: **N/A**

Owner(s): **Brookwood Baptist Health 2, LLC**

Operator(s): **BBH WBMC, LLC**

Part II: Selling Organization Information

Name of Organization: **The Medical Clinic Board of the City of Jasper - General**

Address (PO Box #): **3400 Highway 78 East**

City, State, Zip, County: **Jasper, Alabama 35502**

Number/Type Licensed Beds: **267**

Owner(s): **N/A**

Operator(s): **BBH WBMC, LLC**

Part III: Value of Consideration

Monetary Value of Purchase: **Available Upon Request** No./Type Beds: **267**
Terms of Purchase: **See Attached Cover Letter**

Part IV: List of Certificate of Need Authority

Number of Beds: **267**

Types of Institutional Health Services: **Hospital**

List Service Area by County for Home Health Agencies: **N/A**

On an Attached Sheet Please Address the Following:

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

Part V: Certification of Information

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

Seller(s) Signature(s):

Owner(s): _____

Operator(s): _____

Title/Date: _____

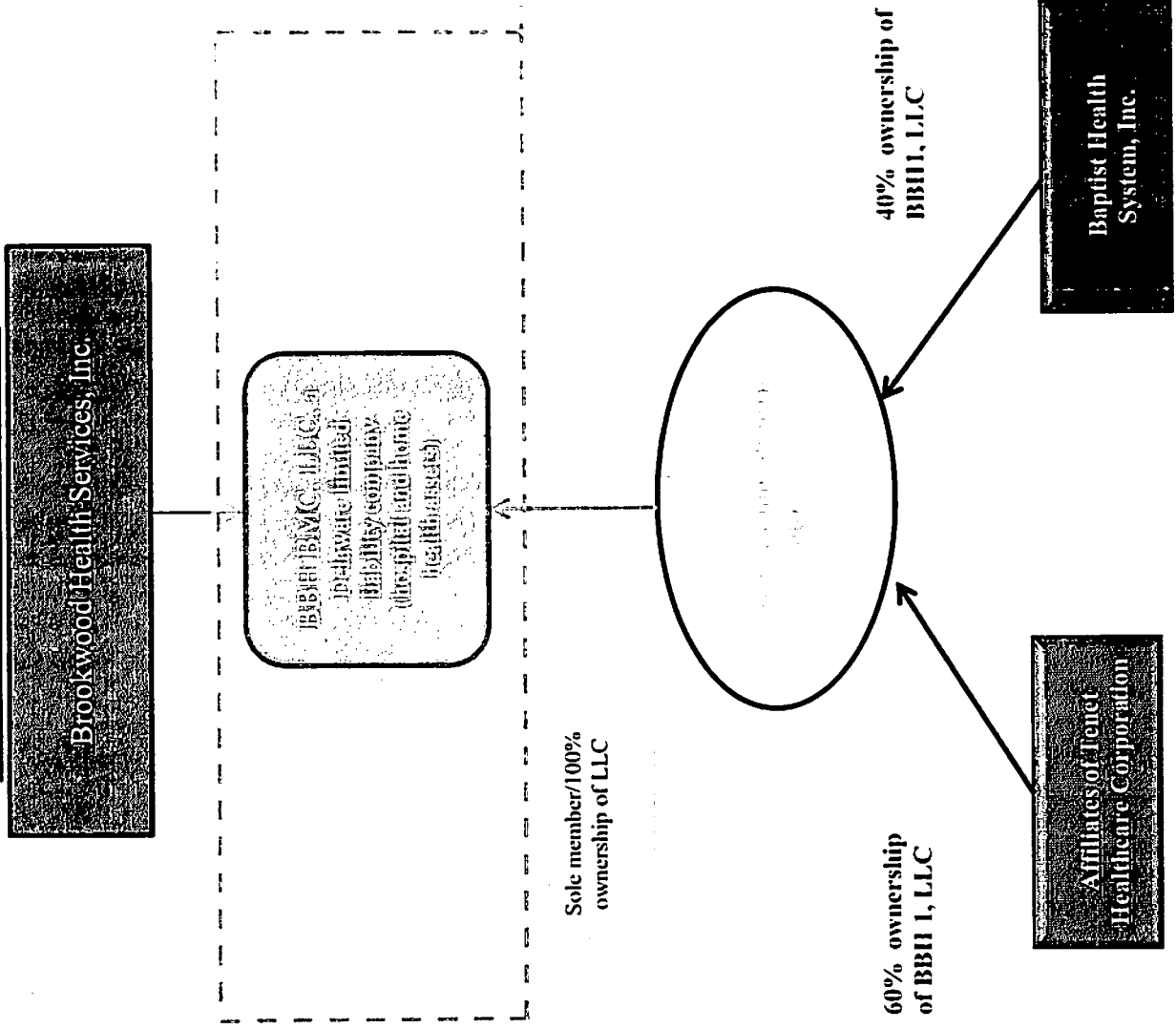
I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500 made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change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

YES NO The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature: Gregory D. Johnston

Title/Date: COO, 8/20/2015

**TENET BAPTIST JV1
OVERVIEW FOR STATE HEALTH PLANNING & DEVELOPMENT AGENCY**



**TENET BAPTIST JV2
OVERVIEW FOR STATE HEALTH PLANNING & DEVELOPMENT AGENCY**

