

Bill Schuette

Attorney General



Report on the Proposed Sale of St. Joseph Mercy Port Huron to Prime

August 26, 2015

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



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ATTORNEY GENERAL

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I have reviewed the proposed sale of St. Joseph Mercy Port Huron from Trinity Health-Michigan to Prime Healthcare Services – Port Huron, LLC, which is a subsidiary of Prime Healthcare Services, Inc. I approve the sale.

The Attorney General has a unique responsibility over charitable assets. Recognizing this, the parties conditioned the sale on my approval. As in past hospital transactions, I convened an internal review team to consider the reasons for the sale and its fairness, and to ensure the protection of charitable assets and interests. We examined documents and interviewed relevant persons. We accepted comments or concerns from the public and from government officials. I also required Prime to fund a valuation expert to work at my direction. I directed the expert to review the adequacy of the consideration, the fairness of the bidding process, and the fairness of any residual charitable proceeds.

My review is now complete. Trinity Health-Michigan's board of directors had sound reasons both for the sale and for choosing Prime, and they obtained fair value for the hospital's assets. Trinity Health-Michigan has been exploring a transaction for St. Joseph Mercy Port Huron for nearly 20 years. In recent years, economic distress, declining population, local competition, and changes from federal health care reform have increased the challenges and kept Trinity looking for a buyer.

The sale to Prime allows the hospital to continue operations, pay off its debts, protect the jobs of hospital employees, and obtain the necessary capital to improve its facilities and adapt to the changing healthcare landscape. Trinity Health-Michigan's Board of Directors has also obtained Prime's promise to keep the hospital open for the next five years, continue charity care—which includes continuing operational and financial support for the indigent care clinic known as the People's Clinic—and dedicate \$20 million in capital commitments.

To ensure that Prime adheres to its post-closing promises, I am requiring an independent firm—chosen by me—to monitor these promises for the next five years.

The attached report more fully explains the review process and my reasons for approving the sale.

A handwritten signature in black ink that reads "Bill Schuette".

Bill Schuette
Attorney General

I. Introduction

Under Michigan law, the Attorney General represents the public in protecting charitable interests, which include the state's charitable, nonprofit hospitals. On November 19, 2014, Prime Healthcare Services agreed with Trinity Health-Michigan to purchase its hospital known as St. Joseph Mercy Port Huron. Recognizing the Attorney General's authority in this area, the parties requested the Attorney General's review and approval before closing.¹ This report discusses the general terms of the sale and the review process; and it explains the findings that support the Attorney General's approval.

A. Transaction Overview

The terms of the sale are detailed in the Asset Purchase Agreement (APA).²

Significant terms include:

1. In exchange for substantially all hospital assets, Prime will pay \$17.5 million *plus* Net Working Capital (approximately \$1 million) *plus* Accounts Receivable (approximately \$7.4 million) and will assume liabilities of roughly \$700k, for a total consideration of \$26.7 million;³ [APA § 2.6(a) as amended by § 7 of the 2nd Amendment to the APA]

¹ For the Attorney General's authority over charitable assets and interests, see Appendix A; see also APA, §§ 6.3, 7.1, 8.4, and 9.6, available at www.mi.gov/stjosephmercy.

² The Attorney General has posted the Asset Purchase Agreement (including the 1st, 2nd, and 3rd Amendments to the APA) and other important documents at www.mi.gov/stjosephmercy.

³ See Exhibit 3, Plante Moran Report, p. 6. All exhibits are available at www.mi.gov/stjosephmercy. Trinity Health-Michigan will use the \$25.9 million in cash proceeds for St. Joseph Mercy Port Huron's debt of \$30.3 million, unfunded pension liability of \$7.3 million, and transaction costs of \$1.8 million. See Exhibit 3, p. 7.

2. Prime will spend \$20 million in capital improvements over three years; [APA § 12.3]
3. Prime will offer employment to current employees;⁴ [APA § 12.1]
4. Prime will maintain an advisory board for the operation of the hospital, comprised of physicians, community members, and hospital executives; and the Prime Foundation will maintain a local advisory board;⁵ [APA § 12.11]
5. Prime will maintain the hospital as an acute care hospital with an open and accessible emergency department for at least five years; [APA § 12.12]
6. Prime will adopt a charity care policy that is no less favorable than the hospital's current policy; [APA § 12.15]
7. Prime will annually contribute \$150,000 to the People's Clinic for Better Health plus any additional amount necessary consistent with the People's Clinic's historical operations;⁶ [APA § 12.15]
8. For five years following closing, Prime will not sell the hospital to a third-party.⁷ [APA § 12.17]

B. Review Process

Following the signing of the purchase agreement in November 2014, the Attorney General assembled a team to review the proposed sale.⁸ The Attorney

⁴ See §§ 18 and 19 of 1st Amendment to APA, amending APA § 12.1.

⁵ See § 20 of 1st Amendment to APA, amending § 12.11.

⁶ See § 21 of 1st Amendment to APA, amending APA § 12.15.

⁷ See § 22 of 1st Amendment to APA, adding § 12.17.

⁸ The Attorney General's team included Chief Deputy Attorney General Carol Isaacs, Corporate Oversight Division Chief Joseph Potchen, Charitable Trust Attorney William R. Bloomfield, and Charitable Trust Auditor Joe Kylman.

General also required the buyer to pay for a valuation expert to work at the Attorney General's exclusive direction. The Attorney General chose Plante Moran to value the hospital's assets, to examine the sale process, and to consider the fairness of the consideration.⁹

The Attorney General's team focused on the due diligence of Trinity Health-Michigan and its St. Joseph Mercy Health System, whose regional board was delegated the responsibility for the transaction. More specifically, the review team considered these questions:

1. Why is St. Joseph Mercy Port Huron being sold?
2. How did Trinity Health-Michigan search for a buyer?
3. Was the process fair?
4. Did Trinity Health-Michigan obtain fair market value for its charitable assets?
5. Will the hospital continue charitable care and core services?
6. What does the public think of the sale?
7. Will the sale generate proceeds to a local charitable foundation?
8. How will the Post-Closing Covenants be monitored?

Section II., immediately below, answers these questions.

⁹ The Attorney General requested bids from multiple valuation experts and ultimately chose Plante Moran—a respected accounting and valuation firm based in Metro Detroit. To view the expert contract, see www.mi.gov/stjosephmercy. For Plante Moran's valuation report and fairness opinion, see Exhibits 3 and 4.

II. Findings

A. Why is St. Joseph Mercy Port Huron being sold?

1. *History and background*

St. Joseph Mercy Port Huron was founded in 1954 by the Religious Sisters of Mercy, a Catholic religious order of sisters from Alma, Michigan. For years, the hospitals run by the Sisters of Mercy were part of Mercy's own health system; this system eventually merged with other Catholic health systems into what is today Trinity Health, one of the two largest Catholic health systems in the country.

In Michigan, Trinity Health operates through its subsidiary Trinity Health-Michigan, which includes two regional health systems: Mercy Health in west Michigan, and St. Joseph Mercy Health System in southeast Michigan. St. Joseph Mercy Port Huron is part of the St. Joseph Mercy Health System, which covers six counties in southeastern Michigan and extends from Howell and Chelsea on the west side of Detroit to Port Huron on the east.

St. Joseph Mercy Port Huron currently has 164 licensed beds, 119 of which are operational. Its main competitor is Port Huron Hospital, located two miles to the north; in 2014, Port Huron Hospital merged with McLaren Health System and is now known as McLaren Port Huron. Another competitor is St. John River District Hospital, located 13 miles south; it is part of Ascension Health's St. John

Providence Health System. As of 2014, McLaren Port Huron held a 39% market share; St. John's River District, 6%; and St. Joseph Mercy Port Huron, 13%.¹⁰

2. Reasons for sale

Trinity Health-Michigan has informed the Attorney General that it has been considering a possible sale of its Port Huron hospital for nearly twenty years.¹¹ St. Joseph Mercy Port Huron is a geographic outlier for the St. Joseph Mercy Health System, and even more so since Trinity sold its interest in St. Joseph Mercy Macomb to Henry Ford Health System in 2007. In recent years, economic distress, declining population, local competition, and changes from federal health care reform have further increased the challenges and kept Trinity looking for a buyer. So when Trinity learned that Prime might be interested in acquiring St. Joseph Mercy Port Huron, Trinity was open to negotiating a sale.

B. How did Trinity Health-Michigan search for a buyer?

Following its April 2014 portfolio review of its hospitals, Trinity Health-Michigan considered all of its options for St. Joseph Mercy Port Huron, including sale, merger, repurposing of facility, and limiting service lines. Against this backdrop, and having already failed in several previous attempts to sell the hospital, Trinity and Prime contacted one another and began discussing a possible sale. (At this time, Prime was already in the process of acquiring its first Michigan

¹⁰ See Transaction Narrative, pp. 6-7. Available at www.mi.gov/stjosephmercy.

¹¹ See Transaction Narrative, pp. 6-7.

hospital, Garden City Hospital—a transaction which was completed in July 2014.) Due diligence followed, and Trinity soon viewed a sale to Prime as in the best interests of their health system and the patients, employees, and communities served by St. Joseph Mercy Port Huron.¹²

C. Was the process fair?

In past transactions reviewed by the Attorney General, sellers have typically engaged in a competitive bidding process in search of an appropriate buyer. In the present transaction, Trinity Health-Michigan did not engage in such a process. Instead, Trinity had long been interested in selling St. Joseph Mercy Port Huron, it found an interested buyer in Prime, and it succeeded in negotiating terms that it deemed were acceptable.

Although there was no competitive bidding process, the Attorney General has reviewed the particular circumstances of this transaction and concludes that the sale process was fair. Trinity Health and its Michigan subsidiary Trinity Health-Michigan are large and sophisticated health systems; accordingly, they negotiated the present transaction with significant bargaining power. And considering that Trinity Health-Michigan had contemplated various affiliation and sale opportunities over the years and had been unable to achieve a transaction, it was not unreasonable for Trinity Health-Michigan—once it learned that Prime was interested—to negotiate a transaction directly with Prime.

¹² See Transaction Narrative, p. 9.

To test the fairness of Trinity-Health Michigan’s process, the Attorney General:

- interviewed hospital and health system board members and executives;¹³
- requested and examined documents;¹⁴ and
- hired valuation expert Plante Moran—funded by the buyer and *not* the taxpayer—to review the process and evaluate the consideration received.

The Attorney General’s review confirms that the process was fair.

D. Did Trinity-Health Michigan obtain fair market value for its charitable assets?

The Attorney General retained valuation expert Plante Moran to verify that Trinity Health-Michigan received fair consideration for its charitable assets. Based on Plante Moran’s report and the Department’s consultation with Plante Moran, the Attorney General concludes that Trinity Health-Michigan received fair consideration.¹⁵

Plante Moran used three conventional valuation methods to value St. Joseph Mercy Port Huron: (1) capitalized cash flow, (2) comparable public companies, and (3) comparable transactions. The capitalized cash flow method revealed a range of fair market value between \$365,000 and \$1,644,000; the comparable public companies method produced a range between \$13.6 million and \$17 million; and the

¹³ For a list of those interviewed, see Appendix B.

¹⁴ For a list of documents reviewed, see Appendix C.

¹⁵ Plante Moran’s fairness opinion report and letter are available as Exhibits 3 and 4 at www.mi.gov/stjosephmercy.

comparable transaction method a range between \$10.3 million and \$13.6 million.¹⁶ Because Prime's consideration of \$26.7 million exceeded all of these ranges, Plante Moran concluded that the consideration to be received was fair, i.e., not less than the fair market value of the assets being sold.

E. Will the hospital continue charitable care and core services?

Yes. The purchase agreement requires Prime to maintain the hospital's charitable care policy and to maintain the hospital as an acute care hospital with an open and accessible emergency department for at least five years following closing.¹⁷ These are important services to the public.

F. What does the public think of the sale?

The Attorney General hosted a public forum on April 16, 2015 in Port Huron to allow the public to comment on the sale.¹⁸ Approximately 150 persons attended and forty-one commented. Comments were overwhelmingly positive; none opposed the sale; some expressed cautious support for the sale; and one commenter—a representative of health insurer Priority Health—expressed concern regarding the sale's impact on commercial insurance contracts.

Several commenters expressed gratitude for St. Joseph Mercy's Catholic identity and their hope that those values would be allowed to continue under the

¹⁶ See Exhibit 3, Valuation Report, p. 10.

¹⁷ See APA §§ 12.12 and 12.15, available at www.mi.gov/stjosephmercy.

¹⁸ For a full transcript of the public forum, see www.mi.gov/stjosephmercy.

new owner. Several other commenters expressed their interest in preserving the People's Clinic for Better Health (an indigent care clinic) and the need to preserve the local hospital Foundation's assets for the intended purposes of their donors; several of these commenters also expressed their support of the transaction based on their understanding that the Prime Foundation intends to continue financial and operational support for the People's Clinic—support previously provided by Trinity Health-Michigan; a representative of the Community Foundation of St. Clair County expressed the Community Foundation's cautious support of the transaction—provided that existing hospital foundation assets are preserved, that Prime supports the People's Clinic, and that local governance of the hospital foundation is maintained.

The Attorney General recognizes the importance of the People's Clinic to the people of Port Huron and of St. Clair County, and also of the importance of the existing local hospital foundation. To ensure that these community resources are preserved, the Attorney General has closely reviewed Prime's covenants regarding these matters and is requiring a Monitoring Agreement and Protection of Charitable Assets Agreement to ensure that these covenants are met. For further discussion, see Sections G. and H., below.

The Attorney General’s review team also accepted public comment by mail or email and received six comments by the April 30, 2015 cutoff date.¹⁹ The review team appreciates all comments and considered them in the course of its review.

G. Will the sale generate proceeds to a local charitable foundation?

Because the \$39.4 million in liabilities associated with St. Joseph Mercy Port Huron exceed the \$25.9 million in cash proceeds, there will be no net proceeds resulting from this sale.²⁰ The Attorney General’s valuation expert Plante Moran reviewed these figures and concluded that the consideration received by Trinity was fair and that, consequently, the result of no proceeds to a local charitable foundation was also fair.²¹ The Attorney General agrees with this conclusion.

Under the terms of the sale, Prime has agreed to continue operating and supporting the People’s Clinic, including financial support of at least \$150,000 per year;²² and the Prime Foundation—a 501(c)(3) charitable nonprofit corporation—will receive the existing \$900,000 in assets of the local hospital foundation, many

¹⁹ Two of the comments were regarding the status of the Catholic Chapel under the new owner, Prime. Trinity’s response is available at www.mi.gov/stjosephmercy under the bullet “Trinity Response regarding Catholic Chapel.”

²⁰ See Exhibit 3, Plante Moran Report, pp. 6-7.

²¹ See Exhibit 3, Plante Moran Report, p. 28.

²² APA § 12.15, as amended by 1st Amendment to APA, § 21. Prime’s promise of \$150,000 in annual support to the People’s Clinic is meant to replace the support previously provided by Trinity: in Fiscal Year 2013, Trinity contributed \$125k; in Fiscal Year 2014, Trinity contributed \$146k.

funds of which exist to support the People’s Clinic.²³ Because nearly all of these funds are restricted to particular uses specified by their donors, the Prime Foundation is bound to adhere to these restrictions. Additionally, the Attorney General has required the Prime Foundation to agree to a Protection of Charitable Assets Agreement.²⁴ Under the Agreement, the Prime Foundation will create a separate Port Huron division with a local board, which will be responsible for governing the existing foundation assets and for operating the People’s Clinic. The Agreement also requires the Prime Foundation to adhere to donor restrictions and to cooperate with donors and the Attorney General to modify any restrictions that can no longer be achieved.

H. How will the post-closing covenants be monitored?

In past hospital transactions, the Attorney General has required monitoring and enforcement of the buyer’s post-closing covenants. The same is true here. As detailed in the Monitoring, Compliance, and Enforcement Agreement,²⁵ the Attorney General is requiring Prime to report annually to the Attorney General regarding the status of its post-closing covenants. Moreover, the Monitoring Agreement requires Prime to fund an independent monitor—chosen by the Attorney General—to review Prime’s report and verify its compliance with its post-closing covenants. The Monitoring Agreement also includes several mechanisms to

²³ See Exhibit 2, Protection of Charitable Assets Agreement, Schedule 1.

²⁴ See Exhibit 2, Protection of Charitable Assets Agreement.

²⁵ See Exhibit 1, Monitoring Agreement.

encourage Prime's compliance and to fund an enforcement action by the Attorney General if necessary. This monitoring will continue for five years.

III. Conclusion

The Attorney General and his expert, Plante Moran, have thoroughly reviewed the proposed sale of St. Joseph Mercy Port Huron from Trinity Health-Michigan to Prime. Trinity is receiving fair market value in exchange for the hospital. The sale provides several benefits to the local community: it allows the hospital to remain open, thereby preserving local medical care and employment for current hospital employees; it provides the hospital with \$20 million in needed capital improvements; and it allows for the continued operation of the indigent care clinic known as the People's Clinic, which Prime has agreed to fund. An independent monitor selected by the Attorney General will monitor Prime's covenants for the next five years. Because the sale properly protects the public interest, the Attorney General consents to the proposed sale.

IV. Appendix

A. The Attorney General's Authority

B. Individuals Interviewed

C. Documents Reviewed

Appendix A

The Attorney General's Authority

Supervision of Trustees for Charitable Purposes Act

The Supervision of Trustees for Charitable Purposes Act¹ empowers the Attorney General to protect charitable interests on behalf of the public.

Charitable Gifts Act

The Charitable Gifts Act² authorizes the Attorney General to enforce charitable trusts on behalf of the public and all indefinite and uncertain beneficiaries of charitable gifts. Also, the law liberally protects the intentions of charitable donors.

Revised Judicature Act

The Revised Judicature Act gives the circuit court power over corporate fiduciaries, including the power to remove corporate fiduciaries for abuses of trust.³ The Attorney General may prosecute actions on behalf of the people.

Nonprofit Corporations Act

The Nonprofit Corporations Act allows the Attorney General to seek dissolution of a nonprofit organization that willfully exceeds its authority or otherwise acts fraudulently or unlawfully.⁴ The law also prevents charitable assets from being used for noncharitable purposes.⁵

Dissolution of Charitable Purpose Corporations Act

The Dissolution Act requires charitable purpose corporations to notify the Attorney General before merging, converting, or dissolving.⁶

Common Law

The common law also recognizes the Attorney General's authority to protect charitable assets.⁷ This authority is liberally construed.⁸ The Attorney General's authority under common law also is derived from the *parens patriae* doctrine.⁹

¹ MCL 14.251 *et seq.*

² MCL 554.351 *et seq.*

³ MCL 600.3605.

⁴ MCL 450.2821.

⁵ MCL 450.2301.

⁶ MCL 450.251 *et seq.*

⁷ See *e.g.*, Restatement of Trusts (Third), § 94.

⁸ *Michigan State Chiropractic Ass'n v Kelley*, 79 Mich App 789, 791 (1977) (citations omitted); see also *Attorney General v Michigan Public Service Commission*, 243 Mich App 487, 497 (2000), and *State of Mich ex rel Kelley v C.R. Equipment Sales, Inc*, 898 F Supp 509 (WD Mich, 1995); *Humphrey v Kleinhardt*, 157 FRD 404 (WD Mich, 1994).

⁹ *Kelley v Carr*, 442 F Supp 346, 356 (WD Mich, 1977), *aff'd in part, rev'd in part*, 691 F2d 800 (CA 6, 1980).

Appendix B

Individuals Interviewed

Rebekah Smith	President and CEO, St. Joseph Mercy Port Huron
Christopher Fulks	CFO, St. Joseph Mercy Port Huron
Kanu Dalal, MD	Physician, St. Joseph Mercy Port Huron
John Jarad, MD	Physician, St. Joseph Mercy Port Huron
David Kraus, DO	Physician, St. Joseph Mercy Port Huron
Garry Faja	Former Regional President and CEO, St. Joseph Mercy Health System; ex-officio member of the SJMHS Regional Board
Jeffery Smith	SJMHS Regional Board Member, Chair of SJMPH Board of Trustees
Jim Woods	SJMHS Regional Board Chair
Michael Glenn	SJMPH Board of Trustees Vice-Chair
Charles Kelly	Representing Community Foundation of St. Clair County
Doug Touma	Board Member, Community Foundation of St. Clair County
Dr. Edmond Fitzgerald	Physician, People's Clinic
Timothy M. Ward	President and CEO, Eastern Michigan Bank, past chair of local hospital board
Mike Cansfield	Vice-Chair, Community Foundation of St. Clair County
Randy Maiers	President and CEO, Community Foundation of St. Clair County, board member
Jason Hinz	Mergers and Acquisitions, Trinity Health-Michigan

Appendix C

Documents Reviewed

Transaction Documents

Asset Purchase Agreement by and between Trinity Health – Michigan and Prime Healthcare Services – Port Huron, LLC, November 19, 2014
First Amended Purchase Agreement, effective July 28, 2015
Second Amended Purchase Agreement, effective July 28, 2015
Third Amended Purchase Agreement, effective August 20, 2015

St. Joseph Mercy Port Huron - Structure, History, and Policies

Bylaws of Trinity Health – Michigan, a Michigan Nonprofit Corporation
Unincorporated Hospital or Health System Bylaws, St. Joseph Mercy Port Huron, Port Huron, MI – Bylaws Amended May 11, 2010
St. Joseph Mercy Port Huron Governance Chart
St. Joseph Mercy Port Huron Organization Chart
Trinity Health – Michigan, Pre- and Post-Closing Organization Chart
Catholic Health East / Trinity Health; Board, Senior Executives and Interested Persons, Conflict of Interest Policy, Effective October 1, 2014
St. Joseph Mercy Port Huron, Human Resource Manual, Conflict of Interest Policy

St. Joseph Mercy Port Huron – Sale Process

Transaction Narrative submitted by Saint Joseph Mercy Health System, Trinity Health – Michigan and Trinity Health Corporation, March 13, 2015
St. Joseph Mercy Port Huron, Board of Trustees Minutes, January – November, 2014
St. Joseph Mercy Port Huron, Board Finance Committee, Minutes, February – October, 2014
St. Joseph Mercy Port Huron, Medical Staff Executive Committee, Minutes, January – December, 2014

St. Joseph Mercy Port Huron, Strategic Planning Committee, Minutes, April – October, 2014
St. Joseph Mercy Port Huron, Board Medical Staff Committee, Minutes, September – November, 2014
CHE Trinity Health, Executive and Governance Committee, Minutes, November 6, 2014
CHE Trinity Health, Mission, Ministry and Advocacy Committee, Minutes, September – November, 2014
Saint Joseph Mercy Health System, Regional Board, Minutes, November 18, 2014
Recommendation for CHE Trinity Health, Executive and Governance Committee, November 6, 2014
Materials for St. Joseph Mercy Board Executive and Governance Committee, November 11, 2014
Timeline of St. Joseph Mercy – Port Huron Hospital Discussions
Citi / Not-for-Profit Health Care Investment Banking - Executive Briefing Materials, St. Joseph Mercy Port Huron Valuation, CHE Trinity Health, April 17, 2014
Citigroup Global Markets Inc. / Not-for-Profit Health Care Investment Banking – Executive Briefing Materials, St. Joseph Mercy Port Huron Valuation, March 4, 2015

St. Joseph Mercy Port Huron – Financial Information

Trinity Health, Consolidated Financial Statements for the Years Ended June 30, 2009 through June 30, 2014.
St. Joseph Mercy Port Huron, Balance Sheets and Income Statements for fiscal years ended June 30, 2011 through June 30, 2014
St. Joseph Mercy Port Huron, financial projections for fiscal years June 30, 2015 through June 30, 2018
St. Joseph Mercy Port Huron, Financial Report of Philanthropic Funds, November, 2014

St. Joseph Mercy Port Huron, List of Restricted Funds, 2014
Port Huron, Sale Proceeds Use, As of February 16, 2015
Port Huron, Accounts Receivable as of December 31, 2014
Port Huron, Depreciation Schedules as of December 31, 2014
Port Huron, Average Age of Plant
Trinity Health –Debt Amortization Schedule

Other Documents

Plante & Moran, Fairness Opinion and Valuation Report, dated July 28, 2015, regarding Prime Healthcare Services, Inc.’s Acquisition of Certain Assets of St. Joseph Mercy Port Huron
Plante & Moran, Fairness Opinion Letter, dated July 28, 2015
2014 Conflicts of Interest Survey, Board Members, St. Joseph Mercy Port Huron
2014 Conflicts of Interest Survey, Board Members, St. Joseph Mercy Health System Regional Board
Prime Healthcare Services, Inc. and Subsidiaries, Report of Independent Auditors and Consolidated Financial Statements, December 31, 2013 and 2012
Standard and Poor’s Ratings Services, Ratings Direct – Research Update: Prime Healthcare Services Inc. Assigned ‘B’ Corporate Credit Rating, Positive Outlook; Term Loan Rated ‘B’ (Recovery: 4)

V. Exhibits

1. Monitoring, Compliance, and Enforcement Agreement
2. Protection of Charitable Assets Agreement
3. Plante Moran Valuation Report
4. Plante Moran Fairness Opinion Letter

Exhibits are posted at www.mi.gov/stjosephmercy.