

LIFEPOINT HEALTH®

February 15, 2019

The Honorable Dana Nessel
Attorney General of Michigan
525 W. Ottawa Street, 7th Floor
Lansing, Michigan 48909

RECEIVED

Department of Attorney General
Corporate Oversight Division
Charitable Trust Section - Time Sensitive
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48909

FEB 19 2019

Dept. of Attorney General
Estates Section

Dear Madam Attorney General:

Pursuant to the Monitoring, Compliance and Enforcement Agreement (the "MCE Agreement") by and among the Michigan Department of Attorney General, Portage Health, Inc. and Copper County Apothecaries, Inc., LifePoint Holdings 2, LLC ("LifePoint"), Portage Holding Company, LLC, and Stout Risius Ross, Inc. ("Monitor"), please find enclosed a Certificate of Compliance, satisfying the requirement for an Annual Report (as defined in the MCE Agreement) for the period between January 1, 2018 and December 31, 2018.

Concurrent with the submission of the enclosed Certificate of Compliance, pursuant the MCE Agreement, LifePoint is submitting the Required Documents (as defined in the MCE Agreement) to Monitor.

Please feel free to contact me if you have any questions.

Sincerely,



330 Seven Springs Way, Brentwood, Tennessee 37027

Phone 615.920.7000

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PORTAGE HOLDING COMPANY, LLC

CERTIFICATE OF COMPLIANCE

Pursuant to that certain Monitoring, Compliance and Enforcement Agreement (the "MCE Agreement") by and among the Michigan Department of Attorney General, Portage Health, Inc. ("Portage Health") and Copper County Apothecaries, Inc. ("Copper" and, together with Portage Health, "Portage"), LifePoint Holdings 2, LLC ("LifePoint"), Portage Holding Company, LLC ("Joint Venture"), and Stout Risius Ross, Inc. ("Monitor"), I, Randy Neiswonger, do hereby certify that I am the duly elected, qualified and acting officer of Joint Venture, and further certify that during the period between January 1, 2018 and December 31, 2018:

- 1. Indigent Care.** Pursuant to Section 9.9 of the Contribution Agreement, LifePoint and Joint Venture have caused the Hospital to maintain and adhere to Portage's policies for the treatment of indigent patients, subject to any changes necessary to comply with applicable Legal Requirements (as defined in the Contribution Agreement) including as such Legal Requirements have been modified by healthcare reform provisions.
- 2. Capital Commitment.** Pursuant to Section 9.10 of the Contribution Agreement, Joint Venture has expended \$6,919,822 during Fiscal 2018 and \$44,609,288 since December 2013 in capital expenditures as part of its Capital Commitment Amount (as defined in the Contribution Agreement) in accordance with the Capital Plan (as defined in the Contribution Agreement). For clarification purposes, pursuant to Section 9.10 of the Contribution Agreement and Section 3(I) of the MCE Agreement, Joint Venture's compliance with the Capital Commitment Amount does not require that the capital commitment be fulfilled on a pro-rated basis each year.


Please be advised that we revised our capital spend for December 2013 through Calendar Year 2017 to include expenditures for physician recruitment and retention. See Exhibit A under the "Physician Recruitment and Retention" column for those amount added by year, the "Capital" column remained unchanged from our previously reported numbers.
- 3. Continuation of Services.** Pursuant to Section 9.12 of the Contribution Agreement, Joint Venture continued to provide the healthcare services and programs set forth on Schedule 9.12 to the Contribution Agreement.
- 4. Restriction on Sale of the Hospital.** Buyer has complied with its obligations pursuant to Section 9.16 of the Contribution Agreement.
- 5. Amendment to the Contribution Agreement.** The Contribution Agreement, including the AG Enforceable Provisions, has not been amended in any material manner.
- 6. Required Documents.** Pursuant to Section 3(A)(ii) of the MCE Agreement, Joint Venture has submitted the Required Documents to Monitor.

Capitalized terms used herein but not otherwise defined have the same meanings ascribed to such terms in the MCE Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of February 15, 2019.

PORTAGE HOLDING COMPANY, LLC

By: 
Name: Randy Naswanger
Title: CEO

**Exhibit A
UP Health System - Portage
Capital Expenditures**

	Capital	Physician Recruitment and Retention	Total Capital Commitment	Running Total
Capital Commitment				\$ 60,000,000
December 2013 and 2014	\$ 3,199,260	\$ 2,594,328	\$ 5,793,588	\$ (54,206,412)
Calendar Year 2015	\$ 3,092,016	\$ 5,222,247	\$ 8,314,263	\$ (45,892,149)
Calendar Year 2016	\$ 6,124,763	\$ 7,104,577	\$ 13,229,340	\$ (32,662,809)
Calendar Year 2017	\$ 4,063,640	\$ 6,288,636	\$ 10,352,276	\$ (22,310,534)
Calendar Year 2018	\$ 1,372,479	\$ 5,547,343	\$ 6,919,822	\$ (15,390,712)
Calendar Year 2019	\$ -	\$ -	\$ -	
Calendar Year 2020	\$ -	\$ -	\$ -	
Calendar Year 2021	\$ -	\$ -	\$ -	
Calendar Year 2022	\$ -	\$ -	\$ -	
Jan-November 2023	\$ -	\$ -	\$ -	
Total Capital Expenditures @ 12/31/18	\$ 17,852,158	\$ 26,757,130	\$ 44,609,288	
Capital Expenditure Commitment Remaining @ 12/31/18				\$ 15,390,712