

# LIFEPOINT HEALTH

February 14, 2018

**RECEIVED**

Attorney General  
525 W. Ottawa Street, 7<sup>th</sup> Floor  
Lansing, Michigan 48909

FEB 15 2018

**Dept. of Attorney General  
Estates Section**

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

Dear Mr. 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, 2017 and December 31, 2017.

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,



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350 Seven Springs Way, Brentwood, Tennessee 37027  
Phone 615.930.7000

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Dept. of Attorney General  
Estates Section

## 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, Roy Vinson, 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, 2017 and December 31, 2017:

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 \$4,063,640 during Fiscal 2017 and \$16,479,679 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 note, that LifePoint and Portage Health Foundation ("PHF") are engaged in discussions to address the remaining capital commitment to ensure monies spent address the needs of the community, but are not invested unnecessarily to meet a contractual deadline that can easily be amended if all parties agree.

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.

Please be advised that on April 1, 2017 the asset of UP Health System Home Care and Hospice Portage were contributed to a joint venture (the "HHA/Hospice JV") between LHCG Partner, LLC (which is an affiliate of LHC Group, Inc. with expertise in the provision of home health and hospice services) and Home Health Partner, LLC (which is an affiliate of Joint Venture). Joint Venture will continue to provide home health and hospice services to the community through the HHA/Hospice JV.

4. **Restriction on Sale of the Hospital.** Pursuant to Section 9.16 of the Contribution Agreement, LifePoint Health f/k/a LifePoint Hospitals continued to own, directly or indirectly, LifePoint and the Hospital, and LifePoint has not transferred, directly or indirectly, its equity interest in Joint Venture to a third party.

Please be advised that during October 2017, PHF gave notice to exercise the put option of Portage Health pursuant to the Put Agreement dated November 30, 2013 between LifePoint and Portage Health. Subsequent to the notice, PHF requested a financial audit of Joint Venture. The

“put” process has been suspended pending the results of a financial audit of the Joint Venture, but is expected to resume in late summer 2018.

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 2/14/18  
2018.

PORTAGE HOLDING COMPANY, LLC

By: Roy C. Vinson  
Name: ROY C. VINSON  
Title: INTERIM CEO

**Exhibit A**  
**UP Health System - Portage**  
**Capital Expenditures**  
**Dec 2013-Dec 2017**

		<u>Running Total</u>
Capital Commitment		<b>\$60,000,000.00</b>
<b>December 2013 and Calendar Year 2014</b>		
Routine Capital	\$1,390,225.31	
IT&S, CAMS & FAC capital	<u>\$1,809,035.00</u>	
<b>Dec 2013 and 2014 Capital Expenditures</b>	<b>\$3,199,260.31</b>	<b>\$56,800,739.69</b>
<b>Calendar Year 2015</b>		
Routine Capital	\$771,059.00	
IT&S, CAMS & FAC capital	<u>\$2,320,957.00</u>	
<b>2014 Capital Expenditures</b>	<b>\$3,092,016.00</b>	<b>\$53,708,723.69</b>
<b>Calendar Year 2016</b>		
Routine Capital	\$612,010.00	
IT&S, CAMS & FAC capital	<u>\$5,512,753.00</u>	
<b>2016 Capital Expenditures</b>	<b>\$6,124,763.00</b>	<b>\$47,583,960.69</b>
<b>Calendar Year 2017</b>		
Routine Capital	\$1,232,491.00	
IT&S, CAMS & FAC capital	<u>\$2,831,149.00</u>	
<b>2017 Capital Expenditures</b>	<b>\$4,063,640.00</b>	<b>\$43,520,320.69</b>
<b>Calendar Year 2018</b>		
Routine Capital		
IT&S, CAMS & FAC capital		
<b>2018 Capital Expenditures</b>	<b>\$0.00</b>	<b>\$43,520,320.69</b>
<b>Calendar Year 2019</b>		
Routine Capital		
IT&S, CAMS & FAC capital		
<b>2019 Capital Expenditures</b>	<b>\$0.00</b>	<b>\$43,520,320.69</b>
<b>Calendar Year 2020</b>		
Routine Capital		
IT&S, CAMS & FAC capital		
<b>2020 Capital Expenditures</b>	<b>\$0.00</b>	<b>\$43,520,320.69</b>
<b>Calendar Year 2021</b>		
Routine Capital		
IT&S, CAMS & FAC capital		
<b>2021 Capital Expenditures</b>	<b>\$0.00</b>	<b>\$43,520,320.69</b>
<b>Calendar Year 2022</b>		
Routine Capital		
IT&S, CAMS & FAC capital		
<b>2022 Capital Expenditures</b>	<b>\$0.00</b>	<b>\$43,520,320.69</b>
<b>Jan-November 2023</b>		
Routine Capital		
IT&S, CAMS & FAC capital		
<b>2023 Capital Expenditures</b>	<b>\$0.00</b>	<b>\$43,520,320.69</b>
<b>Total Capital Expenditures @ 12/31/17</b>	<b>\$16,479,679.31</b>	
<b>Capital Expenditure Commitment Remaining @ 12/31/17</b>		<b>\$43,520,320.69</b>