

## DUE DILIGENCE DOCUMENT REQUEST

### *MATERIALS TO BE PROVIDED BY CATHOLIC MEDICAL CENTER TO DARTMOUTH-HITCHCOCK HEALTH*

This checklist has been prepared for use in the due diligence investigation to be conducted by Dartmouth-Hitchcock Health and its representatives (“D-HH”), in connection with the proposed combination with Catholic Medical Center (“CMC”). To the extent available, the items specified below should be produced by CMC and by all of its subsidiaries and, unless otherwise indicated, copies of the requested material should be provided to D-HH. (For purposes of the preceding sentence, “subsidiaries” means all organizations owned by CMC, in whole or in part, directly or indirectly, whether by stock ownership, membership or otherwise. D-HH legal counsel is amenable to an on-site review of those documents which CMC does not wish to post electronically due to their size, confidentiality, etc.

D-HH will be issuing a separate due diligence request of affiliates of CMC, and it reserves the right to request additional information or documents from CMC prior to completing its due diligence for the proposed combination.

#### **A. Corporate Organization and Governance**

- A-1. Articles and Bylaws. Current Articles of Agreement (or Incorporation) or legislative charter and Bylaws and any amendments proposed or otherwise under consideration.
- A-2. Organizational and Management Charts. Any organizational charts showing the organizational and management structure of CMC and its relationship to all of its subsidiaries and affiliates.
- A-3. Minutes and Resolutions. Minutes and resolutions of all member/shareholder and all director/trustee meetings and all affiliate leadership meetings for the past two years (including meetings of Executive, Finance and Audit Committees).
- A-4. Officers/Members/Directors. A list of all trustees, directors, officers, members and shareholders, as applicable, and their occupations and/or qualifications.
- A-5. Joint Ventures/Partnerships/Equity Interests
  - a. A list, description and copies of all joint venture, partnership, limited liability company operating, joint operating and similar agreements between CMC entities and any non-CMC entity and all organizational documentation related thereto, including, but not limited to:
    - (1) a list and description of all non-affiliated entities in which an equity interest is held; (2) copies of any ACO, PHO, or similar organizational documents; and (3) copies of any shared services arrangements.
  - b. A description of, or copy of relevant documents, regarding any joint operating agreements between CMC and its subsidiaries.

- A-6. Conflict of Interest Policies and Disclosures. Copies of all conflicts of interest policies adopted pursuant to applicable state or federal tax law, or otherwise; and copies of any disclosure form completed and filed annually or otherwise by trustees, directors or officers pursuant thereto. Description of the process for review of the disclosure forms and evaluation of potential conflicts of interest reported on such forms. Copy of any information or materials that may indicate a potential conflict of interest of any officer or board member of CMC and its subsidiaries with respect to this proposed combination.
- A-7. Pecuniary Benefit Transaction Filings. Copies of any and all annual or other disclosure forms filed under any applicable pecuniary benefit transaction statute for the last three (3) years.
- A-8. Consents. A list of any parties whose consent to (or notification of) the proposed transaction between D-HH and CMC will or may be required and copies of all relevant documents evidencing the same.
- A-9. Relationships with Non-Affiliated Hospitals. Description or copies of any memorandum of understanding or similar agreements between CMC, and/or its subsidiaries, with any non-affiliated healthcare organizations relative to collaboration on clinical services planning, financial resources, etc. (exclusive of documents described in A-5(a) above).

## **B. Regulatory Matters**

- B-1. Operating Permits. A list and copies of all material federal, state, local and other governmental or quasi-governmental agencies' operating permits, licenses and approvals, including, but not limited to, registered trade names, hospital, laboratory, clinic, nursing facility and other licenses and certificates of occupancy, including material related to any suspended or revoked governmental or quasi-governmental agency permits, licenses and approvals as well as evidence of timely application for renewal if permit/license has expired.
- B-2. Accreditation. (a) A copy of the most recent survey and report (including correspondence) by Joint Commission and any other accreditation organization; and (b) Copies of any deficiency reports and plans of correction received from or issued to Joint Commission and any other accreditation organization within the last three years.
- B-3. Regulatory Compliance. Copies of reports, notices and correspondence received from or issued by any governmental regulatory or licensing agency regarding unresolved regulatory non-compliance with any material rule, regulation or requirement (including deficiency reports and plans of correction), and debarment from federal reimbursement programs, and any pending or ongoing investigations and/or governmental proceedings. Copies of any reports, notices and correspondence sent to any government regulatory or licensing agency regarding any self-disclosure of any potential regulatory non-compliance matter.

- B-4. Certificates of Need. Copies of Certificates of Need (or similar legal requirement) (CoN) granted within the two years prior to the expiration of the CoN law, including CoN-related conditions or restrictions and compliance status.
- B-5. Corporate Compliance
  - a. Copies of the Compliance Plan and any related policies and training materials.
  - b. A brief description how compliance is handled for CMC subsidiaries.
  - c. A summary of the number and type of compliance related issues arising during the past two years and how the issues were handled along with any corrective action.
- B-6. Charitable Trust Compliance/Community Benefits Plan. (a) Copies of any registration and annual reporting to a state agency regulating charitable trusts; and (b) any and all community benefits plan(s), related community needs assessments and documentation, including correspondence related thereto, filed in the past two years.
- B-7. Hill Burton Obligations. List any existing Hill-Burton obligations or other similar obligations relating to any ongoing obligation to provide certain services.
- B-8. Antitrust Filings. Copies of any Hart-Scott-Rodino filings or any filings with the New Hampshire Attorney General within the past five (5) years, and related approvals and conditions.

### **C. Tax and Finance Matters**

- C-1. IRS Determination Letters and Rulings and Tax Returns and Compliance with Internal Revenue Code (IRC) Section 501(r)
  - a. Copies of all IRS tax-exempt determination letters.
  - b. Copies of Forms 990 and/or other federal, state and local tax returns including those pertaining to unrelated business income (i.e. IRS Form 990Ts) filed for the last three (3) fiscal years and Forms PC for CMC and any partnerships and joint ventures. Copies of IRS ruling requests made and rulings received in last three years.
  - c. Copies of written financial assistance policy to comply with IRC Section 501(r).
  - d. Copies of the debt collection policy and a description of the manner in which the hospital assures that it makes reasonable efforts to determine whether an individual is eligible for assistance under the hospital's financial assistance policy before engaging in extraordinary collection actions against patients.
  - e. Copies of emergency medical care policies to comply with IRC Section 501(r).

- C-2. Audited Annual Financial Statements. Copies of audited annual combined financial statements of GraniteOne Health with associated or independent auditors' reports and management letters of recommendation, lawyers' letters, side letters from auditors and responses thereto, including discussion of disclosed and undisclosed material liabilities for the last three (3) fiscal years, together with any correspondence responsive thereto.
- C-3. Interim Financial Statements. Most recent interim combined financial statements and all quarterly combined financial statements for CMC and subsidiaries for the last year, including statistical comparisons, corresponding financial summaries and/or analyses prepared by management.
- C-4. Reserves. A list of all reserves shown on the CMC balance sheets for each of the last 5 years, identifying the amount of the reserves, the purpose for the reserves (including those pertaining to MET/DSH liabilities), any assumptions or bases upon which the reserves have been established, and the source of funding those reserves.
- C-5. Operating Budgets.
  - a. Operating budgets for the current fiscal year.
  - b. Combined/combining operating budget summary for CMC and all subsidiaries.
  - c. Board presentation materials related to above.
- C-6. Capital Budgets.
  - a. Capital budgets for the current fiscal year.
  - b. Listing of total capital budget amounts for smaller organizations.
  - c. Board presentation materials related to above.
- C-7. Indebtedness Agreements. A list, description and copies of all documents and agreements evidencing indebtedness incurred pursuant to bond issues, commercial loans or otherwise, including, bonds, trust indentures, debentures, letters of credit, loan and credit agreements, promissory notes, and operating leases, and all security agreements and mortgages, and guarantees delivered in connection therewith.
- C-8. IRS Audits. Copies of all correspondence, findings and reports regarding any IRS audit, Attorney General audit or state revenue agency audit conducted during the last three years.
- C-9. Official Statements, Etc. Copy of most recent official statement, offering memorandum, prospectus, or similar disclosure documents utilized in connection with tax-exempt bond financings or other debt issuances.
- C-10. Compliance with Debt Covenants. A description of the effects of the proposed affiliation, if any, on debt covenants or tests (including covenants relating to permitted reorganizations, permitted indebtedness, additional indebtedness and debt service coverage); and description of consent that may be necessary from banks, trustees, authorities, bondholders, bond insurers, liquidity facility providers or others.

- C-11. Financing Plans. Plans for new short and long-term financing and refinancing of existing debt.
- C-12. Investments. Copy of significant investment policies, including investment policies for board designated, donor restricted and pension funds (if any). Copies of current investment allocations and statement of investments for significant investment funds.
- C-13. Donor-Restricted Funds and Endowment Funds. A list of donor-restricted funds, including the nature of the restriction, the original principal amount, current fair market value and any related spending policies, and a listing of non-donor restricted endowment funds with current fair market value and any related spending policies.
- C-14. General Finance Matters. Documentation regarding the following:
- a. Access to independent auditor workpapers for most recent financial audit. Additional financial due diligence materials may be requested by DHH's independent financial consultant.
  - b. Reports, studies and projections prepared by CMC management regarding the business, financial condition or operation of CMC and its subsidiaries, including any budgets, business plans and capital spending plans.
  - c. Reports and studies prepared by outside consultants on the financial condition or operations of CMC and its subsidiaries, including credit reports by banks or other services as well as copies of all ratings and related correspondence from nationally recognized rating agencies which have examined the credit of the organization.
  - d. Description of restatements, asset write-downs, severance and other charges exceeding \$100,000.
  - e. Description of all guarantees, commitments, indemnification agreements and other agreements to which CMC and its subsidiaries are a party and copies of all such documents relating to such arrangements.

#### **D. Payor Matters**

- D-1. Payor/Service Mix. A list of service mix (inpatient, outpatient, etc.) and payor mix (by revenue and payor category) for the last three years.
- D-2. Agreements. A list, summary of the status of, and copies of all current contracts/participation agreements with Medicare, Medicaid, Blue Cross, and any other third party payor, HMO, PPO, or self-insured employer for the current year, including any contracts involving medical staff or PHOs. Price or other sensitive information contained in agreements with managed care or other third party payor plans, which are subject to non-disclosure provisions, may be redacted.
- D-3. Medicare Cost Reports. Medicare cost reports for the last three years, including a summary of assumptions and reserves established for each open/unaudited cost report year.

- D-4. Audit Adjustments. Copies of documentation and correspondence concerning any Medicaid and Medicare audit adjustments during the last three years.
- D-5. Reimbursement Appeals. Copies of documentation and correspondence concerning any pending appeals of reimbursement determinations issued during the last three years including status of pending rate of reimbursement appeals and/or exception or adjustment requests and amounts in controversy.
- D-6. Intermediary Exit Conference. Intermediary exit conference summaries and reports from most recent audit.
- D-7. Utilization Data. Summary of utilization data by department over the last three years, with explanations for any changes greater than 15%.
- D-8. Liabilities. Analysis of third party liabilities and reserves for third party payors (including government payors) by year, and any other material threatened liability.
- D-9. Special Reimbursement. Evidence of any special reimbursement designation (e.g., PPS exempt units, DSH, etc.).

#### **E. Planning Data**

- E-1. Service Area. A description, map (or relevant documentation) of service areas.
- E-2. Strategic Plans. Copies of all current strategic plans including long and short term capital expenditure objectives, service initiatives, financings, and refinancing.

#### **F. Contracts**

- F-1. Management/Consulting Agreements. A list, description and copies of all management, consulting or operating agreements, including without limitation contracts where the organization is managed by an outside entity, or where the organization manages another entity.
- F-2. Exclusive Contracts. A list, description and copies of all exclusive contracts with physicians, suppliers, managed care plans, etc.
- F-3. Independent Provider Agreements. (a) A list and description of all employment or other agreements with licensed providers, including the name of the provider, the date of the agreement, a description of the services obtained, a description of the financial obligations, a description of billing arrangements, description of nature and amount of compensation provided to providers (including without limitation salary, incentive payments, all benefits, tail insurance purchase agreements, etc.) and a statement of the status of any such financial obligation. (b) Copies of any such agreements including documentation related thereto (i.e., correspondence, letters of intent, security agreements, promissory notes, etc.).
- F-4. Other Provider Contracts. A list, description and copies of all other agreements with other licensed providers of health care services, including but not limited to those for the purchase or sale of goods, services, stock or other assets (including real estate).

- F-5. Significant Contracts. A list, description and copies of any contract or other arrangement imposing a significant (i.e. in excess of \$100,000) or unusual commitment outside of the ordinary course of business.
- F-6. Non-Compete Agreements. Copies of secrecy, confidentiality or non-compete agreements.
- F-7. Group Purchasing Agreements. Copies of significant group or joint purchasing agreements, including the basis for all discounts, and any covenants or exclusivity provisions.
- F-8. Government Contracts and Subcontracts. All agreements and correspondence related to contracts and/or subcontracts with federal or state governmental entities.

### **G. Insurance**

- G-1. Policies. (a) A list and description of all insurance policies, policy amounts and schedule of premiums including schedules showing summary of coverages, deductibles and policy limits; (b) Copies of all policies, including certificates of insurance; (c) Each insurance company's most recent claims report or "claims log" with loss reserves established for each claim for the past five (5) years related to professional liability, anti-trust, directors and officers, employment practices liability and federal or state billing related investigations; and (d) A list of any insurance contracts and/or policies which were canceled during the last five (5) years.
- G-2. Self-Insurance. Any self-insurance documents and actuaries' reports thereon (including related financial statements).

### **H. Physical Plant and Real Assets**

- H-1. Facilities List. List of all owned real property, identified by location and deed references or legal descriptions, and names of all mortgagees.
- H-2. Property Leases. A list and copies of all real property leases and sub-leases for real property leased by CMCHS or its affiliates identifying landlord (and specifically noting any landlord who is a physician or family member of a physician), location, rent (and any other amounts paid), term, renewal, extension, purchase rights, and principal use.
- H-3. Capital and Equipment Leases. A list and copies of all capital leases, other major equipment leases, real estate leases, installment purchases, purchase options (as grantor or grantee), and long-term and/or material contracts of any kind.
- H-4. Real Estate Tax Exemption Matters. Copies of correspondence with municipal officials regarding exemption from local real estate taxes and any other documentation related thereto, including without limitation any payments in lieu of taxes (PILOT) agreements.
- H-5. Safety. Description of facility safety program, including monitoring and reporting procedures.
- H-6. Real Property Matters. Documentation regarding the following:

- a. Maintenance and update plans and schedules, and construction contracts for proposed or ongoing construction.
- b. List of fixed assets and equipment, including ownership status.
- c. Copy of any UCC, State and Federal Tax Lien and Bankruptcy Search completed within the last 12 months.
- d. Existing zoning opinions pertaining to the CMC and its subsidiaries' property.
- e. Copies of all variances, special permits, other similar approvals and decisions.
- f. Historic district approvals or determinations, if any.
- g. Environmental permits (federal, state and local), including stormwater permits, wastewater permits, storage tank licenses/registrations, air emission approvals, registrations, and permits, nuclear regulatory commission permits, etc.
- h. Right to Know Law (Form R) and Toxic Use Reduction Act (Form S) filings.
- i. Notices of release of hazardous materials or oils, list of transformers containing PCBs and locations where asbestos insulation is present, and all PCB inspection reports and asbestos surveys.
- j. Copies of any environmental site assessments, surveys or questionnaires relating to CMC completed internally or by third parties and including documentation and correspondence related thereto.
- k. Title matters, including source deed(s), most recent title insurance policy or title abstract with copies of all encumbrances, and most recent boundary and as-built surveys (if any).

#### **I. Medical Staff**

- I-1. Bylaws, Regulations, Policies. Copies of medical staff bylaws (including any amendments proposed or otherwise under consideration), rules and regulations and any medical staff policies.
- I-2. Minutes. Medical staff minutes for last two years, including minutes for all medical staff committees.
- I-3. Grievances. Description of the nature and disposition of all administrative proceedings involving the refusal, suspension or termination of medical staff privileges within the last three years including, but not limited to, a list of all pending disciplinary actions involving members of the professional staff and all actions completed within the past 18 months.
- I-4. Site Location of CMC Physicians. A list of all locations outside Manchester, NH, at which CMC physicians practice, and a description of whether the off-site practice is full-time, part-time or on an occasional basis. A list of specialties involved and description of medical staff affiliations and whether clinical privileges at hospitals other than CMC are "active", "consulting", etc.

## **J. Personnel**

J-1. Benefit Plans. Provide a description of all employee benefit plans, including both pension and welfare plans, including, but not limited to:

- a. qualified pension plans, including defined benefit and defined contribution plans;
- b. 403(b) plans;
- c. bonus plans;
- d. non-qualified deferred-compensation plans;
- e. non-qualified retirement plans; and
- f. welfare benefit plans.

For each identified plan, please provide copies of the following:

- (i) IRS favorable determination letters for all pension plans;
- (ii) Plan documents and amendments (including summary plan descriptions and summary of material modifications since SPD publication) and any adoption agreements;
- (iii) Description of method of funding and estimated minimum funding requirements for upcoming 3-5 years;
- (iv) Any trust documents, any group annuity contracts, summary plan descriptions, Form 5500 filings including schedules for last two years;
- (v) Copies of audited financial statements for each such plan for the last three years;
- (vi) Actuarial valuation report for cash funding purposes for the 2016 and 2017 plan years;
- (vii) Accounting valuation report for disclosure as of 9/30/18;
- (viii) Sample participant communications and benefit election kit for a retiring participant;
- (ix) Confirmation that no IRS or Dept of Labor audit has occurred for the past 2 years; and
- (x) Copies of any Voluntary Correction Program (VCP) filings sent to the IRS in the past 2 years.

J-2. Collective Bargaining Agreements. Copies of all collective bargaining or other labor agreements, including any side letters or written or unwritten understandings regarding the same.

J-3. Investigations and Grievances. Documentation regarding the following:

- a. Affirmative action plans, policies and investigations and complaints.
- b. Description of grievance procedures.
- c. Identification of all pending employee grievances and grievance procedures concluded within the last 12 months, indicating the nature of the grievance and either the status of pending grievances or the resolution of those concluded.

- J-4. Employment Regulatory Issues. All correspondence with and reports to federal and state agencies and other regulatory authorities relating to any employee dispute or complaint for the last three (3) years, including but not limited to OSHA, the State Department of Labor, the State Commission for Human Rights, and the Equal Employment Opportunity Commission.
- J-5. Key Executive Employment Contracts. (a) Copies of any agreements, including unwritten commitments or understandings or transactions not otherwise applicable to employees, with officers, directors or senior personnel relating to their employment or services including perquisites, compensation, insurance, incentives, indemnification, loans or guarantees, severance (including those triggered by a change of control or other affiliation), or other special or targeted benefits; and (b) A description of the Compensation Committee or other established methodology, if any, for determining level of executive compensation and a copy of any policy regarding executive compensation.
- J-6. Handbooks. Copies of all employee handbooks and/or other written policies/policy statements, regarding the rights, privileges and obligations of employees.
- J-7. Personnel Contracts and Other Arrangements. Copies of the following information: (a) a summary of any recent disputes with employees; (b) severance agreements in excess of \$100,000; and (c) loans and guaranties to or from directors, officers or employees or any related party.
- J-8. Incentive Programs. List of incentive programs and pay-out criteria (including service awards).
- J-9. Employee Background Checks. Description of CMC's process for conducting background checks on all prospective employees or contractors involved with patient care or with access to patients or patients' property.

#### **K. Material Litigation**

- K-1. Audit Responses. Copies of audit letter responses from law firms for the last three years.
- K-2. Threatened or Pending Litigation and Administrative Proceedings. A list and description of all material (in excess of \$50,000) litigation, arbitration, administrative proceedings or governmental investigations, claims or inquiries, pending or threatened, including but not limited to, the Internal Revenue Service, the U.S. Department of Health Office of the Inspector General, Medicaid Fraud Control Unit, the Environmental Protection Agency, the Equal Employment Opportunity Commission, the Occupational Health and Safety Administration, state agencies with similar jurisdiction to each of the foregoing, insurance carriers (reports regarding pending litigation and incident reports) and private parties. For each such claim provide the name of the claimant, the nature of the claim, the status of the proceedings, copies of all pleadings, files, opinions of counsel, correspondence and analysis of material litigation status, consent decrees, injunctions and other documents relating to any pending litigation and a description of insurance coverage or reserves set aside for each such action and an estimate of potential exposure.

- K-3. Settlements or Judgments. A list and description of judgments against, or settlements or releases entered into, during the last two years including copies of all settlement documents entered into during the last three years or which are currently in effect as well as copies of any decrees, orders or judgments of courts or governmental agencies issued during the last three years involving CMC and/or its subsidiaries.

#### **L. Data Privacy and Security**

- L-1. Privacy Policies and Procedures. Copies of all Privacy policies and procedures with respect to data held by each entity.
- L-2. Security Policies and Procedures. Copies of all Security policies and procedures for data held by each entity.
- L-3. Business Continuity Planning. Description of CMC's business continuity plan, including a description of any testing in connection therewith.
- L-4. Physical Security. Brief description and diagram of network infrastructure, and copies of documented physical security guidelines to ensure security of any buildings, data centers, computer rooms, critical computer infrastructure, etc.
- L-5. Potential Data or Security Breaches. Descriptions of all known event(s) which could give rise to a claim as a result of a privacy or information security incident or data breach.
- L-6. Actual Data or Security Breaches. Summary of all privacy, information security or data breaches for the last three years, including what actions were taken (including reporting) as a result of those breaches.
- L-7. Retention and Destruction of Records. Copies of all data/information governance policies/guidelines and standards, including information governance categories, retention and destruction policies for each category.
- L-8. Data Risk Assessment. Summaries of data risk assessment and risk management programs, including copies of any reports issued in connection with such programs for the last two years. Copies of the latest security risk analysis in compliance with HIPAA Security requirements.

#### **M. Other Documents or Information**

- M-1. Intellectual Property. (a) Copies of all material third party software licenses and description of program to ensure compliance with licensing requirements; and (b) list of any trade marks, patents or other intellectual property registered by CMC or its subsidiaries, together with copies of such registration.
- M-2. Patient Satisfaction. Copy of any patient satisfaction survey results or other similar information for the past five years.
- M-3. Other Information. Any other documents or information not requested above and which are significant to the business or condition, financial or otherwise of the entity making these disclosures.

## DUE DILIGENCE DOCUMENT REQUEST

### ***MATERIALS TO BE PROVIDED BY HUGGINS HOSPITAL AND MONADNOCK COMMUNITY HOSPITAL TO DARTMOUTH-HITCHCOCK HEALTH***

This checklist has been prepared for use in the due diligence investigation to be conducted by Dartmouth-Hitchcock Health and its representatives (“D-HH”), in connection with the proposed combination with Huggins Hospital (“HH”) and Monadnock Community Hospital (“MCH”). To the extent available, the items specified below should be produced by both HH and MCH and by all of its subsidiaries and, unless otherwise indicated, copies of the requested material should be provided to D-HH. (For purposes of the preceding sentence, “subsidiaries” means all organizations owned by HH or MCH, respectively, in whole or in part, directly or indirectly, whether by stock ownership, membership or otherwise.) D-HH legal counsel is amenable to an on-site review of those documents which HH or MCH does not wish to post electronically due to their size, confidentiality, etc.

D-HH reserves the right to request additional information or documents from HH and/or MCH prior to completing its due diligence for the proposed combination.

#### **A. Corporate Organization and Governance**

- A-1. Articles and Bylaws. Current Articles of Agreement (or Constitution) or legislative charter and Bylaws and any amendments proposed or otherwise under consideration.
- A-2. Organizational and Management Charts. Any organizational charts showing the organizational and management structure of each of HH and MCH and its relationship to all of its subsidiaries and affiliates.
- A-3. Minutes and Resolutions. Minutes and resolutions of all member/shareholder and all director/trustee meetings and all affiliate leadership meetings for the past two (2) years (including meetings of Executive, Finance and Audit Committees).
- A-4. Officers/Members/Directors. A list of all current trustees, directors, officers, members and shareholders, as applicable, and their occupations and/or qualifications.
- A-5. Joint Ventures/Partnerships/Equity Interests

A list, description and copies of all joint venture, partnership, limited liability company operating, joint operating and similar agreements between HH or MCH entities and any non-HH or MCH entity and all organizational documentation related thereto, including, but not limited to: (1) a list and description of all non-affiliated entities in which an equity interest is held; (2) copies of any ACO, PHO, or similar organizational documents; and (3) copies of any shared services arrangements. ***[Do Not Include GraniteOne Health Affiliation Agreement]***
- A-6. Consents. A list of any parties whose consent to (or notification of) the proposed transaction between D-HH and CMC will or may be required and copies of all relevant documents evidencing the same.

- A-7. Relationships with Non-Affiliated Hospitals. Description or copies of any memorandum of understanding or similar agreements between HH and/or MCH, and/or its subsidiaries, with any non-affiliated healthcare organizations relative to collaboration on clinical services planning, financial resources, etc. (exclusive of documents described in A-5(a) above).

## **B. Regulatory Matters**

- B-1. Licenses. A list and copies of all material federal, state, local and other governmental or quasi-governmental agencies' licenses and certifications, including, but not limited to, hospital, laboratory, clinic, nursing or assisted living facility and other licenses, including material related to any suspended or revoked licenses and certifications as well as evidence of timely application for renewal if license/certification has expired.
- B-2. Accreditation. (a) A copy of the most recent survey and report (including correspondence) by Joint Commission and any other accreditation organization; and (b) Copies of any deficiency reports and plans of correction received from or issued to Joint Commission and any other accreditation organization within the last three (3) years.
- B-3. Regulatory Compliance. Copies of reports, notices and correspondence received from or issued by any governmental regulatory or licensing agency regarding unresolved regulatory non-compliance with any material rule, regulation or requirement (including deficiency reports and plans of correction), and debarment from federal reimbursement programs, and any pending or ongoing investigations and/or governmental proceedings. Copies of any reports, notices and correspondence sent to any government regulatory or licensing agency regarding any self-disclosure of any potential regulatory non-compliance matter within the last three (3) years.
- B-4. Corporate Compliance
- a. Copies of the Compliance Plan and any related policies and training materials.
  - b. A summary of the number and type of compliance related issues arising during the past two (2) years and how the issues were handled along with any corrective action.
- B-5. Charitable Trust Compliance/Community Benefits Plan. (a) Copies of any registration and annual reporting to a state agency regulating charitable trusts; and (b) any and all community benefits plan(s), related community needs assessments and documentation, including correspondence related thereto, filed in the past two (2) years.

## **C. Tax and Finance Matters**

- C-1. IRS Determination Letters and Rulings and Tax Returns and Compliance with Internal Revenue Code (IRC) Section 501(r).
- a. Copies of all IRS tax-exempt determination letters.

- b. Copies of Forms 990 and/or other federal, state and local tax returns including those pertaining to unrelated business income (i.e. IRS Form 990Ts)) filed for the last three (3) fiscal years. Copies of IRS ruling requests made and rulings received in last three (3) years.
  - c. Copies of written financial assistance policy to comply with IRC Section 501(r).
  - d. Copies of the debt collection policy and a description of the manner in which the hospital assures that it makes reasonable efforts to determine whether an individual is eligible for assistance under the hospital's financial assistance policy before engaging in extraordinary collection actions against patients.
  - e. Copies of emergency medical care policies to comply with IRC Section 501(r).
- C-2. Audited Annual Financial Statements. Copies of audited annual financial statements with associated or independent auditors' reports and management letters of recommendation, lawyers' letters, side letters from auditors and responses thereto, including discussion of disclosed and undisclosed material liabilities for the last three (3) fiscal years, together with any correspondence responsive thereto.
- C-3. Interim Financial Statements. Most recent interim financial statements and all quarterly financial statements for the last year, including statistical comparisons, corresponding financial summaries and/or analyses prepared by management.
- C-4. Reserves. A list of all reserves shown on the HH and MCH balance sheets for each of the last 5 years, identifying the amount of the reserves, the purpose for the reserves (including those pertaining to MET/DSH liabilities), any assumptions or bases upon which the reserves have been established, and the source of funding those reserves.
- C-5. Operating Budgets.
- a. Operating budgets for the current fiscal year.
  - b. Board presentation materials related to above.
- C-6. Capital Budgets.
- a. Capital budgets for the current fiscal year.
  - b. Board presentation materials related to above.
- C-7. Indebtedness Agreements. A list, description and copies of all documents and agreements evidencing indebtedness incurred pursuant to bond issues, commercial loans or otherwise, including, bonds, trust indentures, debentures, letters of credit, loan and credit agreements, promissory notes, and operating leases, and all security agreements and mortgages, and guarantees delivered in connection therewith.
- C-8. IRS Audits. Copies of all correspondence, findings and reports regarding any IRS audit, Attorney General audit or state revenue agency audit conducted during the last three years.

- C-9. Official Statements, Etc. Copy of most recent official statement, offering memorandum, prospectus, or similar disclosure documents utilized in connection with tax-exempt bond financings or other debt issuances (public or private)3.
- C-10. Compliance with Debt Covenants. A description of the effects of the proposed affiliation, if any, on debt covenants or tests (including covenants relating to permitted reorganizations, permitted indebtedness, additional indebtedness and debt service coverage); and description of consent that may be necessary from banks, trustees, authorities, bondholders, bond insurers, liquidity facility providers or others.
- C-11. Financing Plans. Plans for new short and long-term financing and refinancing of existing debt.
- C-12. Investments. Copy of significant investment policies, including investment policies for board designated, donor restricted and pension funds (if any). Copies of current investment allocations and statement of investments for significant investment funds.
- C-13. Donor-Restricted Funds and Endowment Funds. A list of donor-restricted funds, including the nature of the restriction, the original principal amount, current fair market value and any related spending policies, and a listing of non-donor restricted endowment funds with current fair market value and any related spending policies.
- C-14. General Finance Matters. Documentation regarding the following:
- a. Access to independent auditor workpapers for most recent financial audit. Additional financial due diligence materials may be requested by D-HH's independent financial consultant.
  - b. Reports, studies and projections prepared by management regarding the business, financial condition or operation of HH and MCH and their respective subsidiaries, including any budgets, business plans and capital spending plans.
  - c. Reports and studies prepared by outside consultants within the last three (3) on the financial condition or operations of HH and MCH, including credit reports by banks or other services as well as copies of all ratings and related correspondence from nationally recognized rating agencies which have examined the credit of the organization.
  - d. Description of restatements, asset write-downs, severance and other charges exceeding \$100,000.
  - e. Description of all guarantees, commitments, indemnification agreements and other agreements to which each of HH and MCH is a party and copies of all such documents relating to such arrangements.

#### **D. Payor Matters**

- D-1. Payor/Service Mix. A list of service mix (inpatient, outpatient, etc.) and payor mix (by revenue and payor category) for the last three (3) years.

- D-2. Agreements. A list, summary of the status of, and copies of all current contracts/participation agreements with Medicare, Medicaid, Blue Cross, and any other third party payor, HMO, PPO, or self-insured employer for the current year, including any contracts involving medical staff or PHOs. Price or other sensitive information contained in agreements with managed care or other third party payor plans, which are subject to non-disclosure provisions, may be redacted.
- D-3. Medicare Cost Reports. Medicare cost reports for the last three years, including a summary of assumptions and reserves established for each open/unaudited cost report year.
- D-4. Audit Adjustments. Copies of documentation and correspondence concerning any Medicaid and Medicare audit adjustments during the last three (3) years.
- D-5. Reimbursement Appeals. Copies of documentation and correspondence concerning any pending appeals of reimbursement determinations issued during the last three years including status of pending rate of reimbursement appeals and/or exception or adjustment requests and amounts in controversy.
- D-6. Intermediary Exit Conference. Intermediary exit conference summaries and reports from most recent audit.
- D-7. Utilization Data. Summary of utilization data by department over the last three (3) years, with explanations for any changes greater than 15%.
- D-8. Liabilities. Analysis of third party liabilities and reserves for third party payors (including government payors) by year, and any other material threatened liability.
- D-9. Special Reimbursement. Evidence of any special reimbursement designation (e.g., PPS exempt units, DSH, etc.).

#### **E. Planning Data**

- E-1. Service Area. A description, map (or relevant documentation) of service areas.
- E-2. Strategic Plans. Copies of all current strategic plans including long and short term capital expenditure objectives, service initiatives, financings, and refinancing.

#### **F. Contracts**

- F-1. Management/Consulting Agreements. A list, description and copies of all management, consulting or operating agreements, including without limitation contracts where the organization is managed by an outside entity, or where the organization manages another entity.
- F-2. Exclusive Contracts. A list, description and copies of all exclusive contracts with physicians, suppliers, managed care plans, etc.

- F-3. Independent Provider Agreements. (a) A list and description of all employment or other agreements with licensed providers, including the name of the provider, the date of the agreement, a description of the services obtained, a description of the financial obligations, a description of billing arrangements, description of nature and amount of compensation provided to providers (including without limitation salary, incentive payments, all benefits, tail insurance purchase agreements, etc.) and a statement of the status of any such financial obligation. (b) Copies of any such agreements including documentation related thereto (i.e., correspondence, letters of intent, security agreements, promissory notes, etc.).
- F-4. Other Provider Contracts. A list, description and copies of all other agreements with other licensed providers of health care services, including but not limited to those for the purchase or sale of goods, services, stock or other assets (including real estate).
- F-5. Significant Contracts. A list, description and copies of any contract or other arrangement imposing a significant (i.e. in excess of \$100,000) or unusual commitment outside of the ordinary course of business.
- F-6. Non-Compete Agreements. Copies of secrecy, confidentiality or non-compete agreements.

#### **G. Insurance**

- G-1. Policies. (a) A list and description of all insurance policies, policy amounts and schedule of premiums including schedules showing summary of coverages, deductibles and policy limits; (b) Copies of all policies, including certificates of insurance; (c) Each insurance company's most recent claims report or "claims log" with loss reserves established for each claim for the past five (5) years related to professional liability, anti-trust, directors and officers, employment practices liability and federal or state billing related investigations; and (d) A list of any insurance contracts and/or policies which were canceled during the last five (5) years.
- G-2. Self-Insurance. Any self-insurance documents and actuaries' reports thereon (including related financial statements).

#### **H. Physical Plant and Real Assets**

- H-1. Facilities List. List of all owned real property, identified by location and deed references or legal descriptions, and names of all mortgagees.
- H-2. Property Leases. A list and copies of all real property leases and sub-leases for real property leased by HH and/or MCH identifying landlord (and specifically noting any landlord who is a physician or family member of a physician), location, rent (and any other amounts paid), term, renewal, extension, purchase rights, and principal use.
- H-3. Capital and Equipment Leases. A list and copies of all capital leases, other major equipment leases, real estate leases, installment purchases, purchase options (as grantor or grantee), and long-term and/or material contracts of any kind.

- H-4. Real Estate Tax Exemption Matters. Copies of correspondence with municipal officials regarding exemption from local real estate taxes and any other documentation related thereto, including without limitation any payments in lieu of taxes (PILOT) agreements.
- H-5. Safety. Description of facility safety program, including monitoring and reporting procedures.

**I. Medical Staff**

- I-1. Bylaws, Regulations, Policies. Copies of medical staff bylaws (including any amendments proposed or otherwise under consideration), rules and regulations and any medical staff policies.
- I-2. Minutes. Medical staff minutes for last two (2) years, including minutes for all medical staff committees.
- I-3. Grievances. Description of the nature and disposition of all administrative proceedings involving the refusal, suspension or termination of medical staff privileges within the last three years including, but not limited to, a list of all pending disciplinary actions involving members of the professional staff and all actions completed within the past 18 months.
- I-4. Site Location of HH and MCH Physicians. A list of all locations outside Wolfeboro, NH, and Peterborough, NH, respectively at which HH and MCH physicians practice, and a description of whether the off-site practice is full-time, part-time or on an occasional basis. A list of specialties involved and description of medical staff affiliations and whether clinical privileges at hospitals other than HH or MCH are “active”, “consulting”, etc.

**J. Personnel**

- J-1. Benefit Plans. Provide a description of all employee benefit plans, including both pension and welfare plans, including, but not limited to:
  - a. qualified pension plans, including defined benefit and defined contribution plans;
  - b. 403(b) plans;
  - c. bonus plans;
  - d. non-qualified deferred-compensation plans;
  - e. non-qualified retirement plans; and
  - f. welfare benefit plans.

For each identified plan, please provide copies of the following:

- (i) IRS favorable determination letters for all pension plans;
- (ii) Plan documents and amendments (including summary plan descriptions and summary of material modifications since SPD publication) and any adoption agreements;
- (iii) Description of method of funding and estimated minimum funding requirements for upcoming 3-5 years;
- (iv) Any trust documents, any group annuity contracts, summary plan descriptions, Form 5500 filings including schedules for last two years;
- (v) Copies of audited financial statements for each such plan for the last three years;
- (vi) Actuarial valuation report for cash funding purposes for the 2016 and 2017 plan years;
- (vii) Accounting valuation report for disclosure as of 9/30/18;
- (viii) Sample participant communications and benefit election kit for a retiring participant;
- (ix) Confirmation that no IRS or Dept of Labor audit has occurred for the past 2 years;
- (x) Copies of any Voluntary Correction Program (VCP) filings sent to the IRS in the past 2 years;
- (xi) Most recent master trust statement (including allocations by plan);
- (xii) Information regarding any recent annuity buy-outs, buy-ins, or lump sum offers including amount and headcount settled;
- (xiii) Final accounting valuation report including disbursement information;
- (xiv) IRS determination letter upon termination (clarifying that these are included in original request for all tax determination letters)
- (xv) PBGC Form 500, 501 and Schedule MP;
- (xvi) If under audit, PBGC letter regarding closure or current status
- (xvii) Most recent nondiscrimination testing results including coverage, benefit amounts, ACP tests for each plan; and
- (xviii) Any documentation that describes “controlled group” status under IRC Sections 414(b) and 414(c) or “affiliated service group” status under IRC Section 414(m).

J-2. Collective Bargaining Agreements. Copies of all collective bargaining or other labor agreements, including any side letters or written or unwritten understandings regarding the same.

J-3. Investigations and Grievances. Documentation regarding the following:

- a. Affirmative action plans, policies and investigations and complaints.
- b. Description of grievance procedures.
- c. Identification of all pending employee grievances and grievance procedures concluded within the last 12 months, indicating the nature of the grievance and either the status of pending grievances or the resolution of those concluded.

- J-4. Employment Regulatory Issues. All correspondence with and reports to federal and state agencies and other regulatory authorities relating to any employee dispute or complaint for the last three (3) years, including but not limited to OSHA, the State Department of Labor, the State Commission for Human Rights, and the Equal Employment Opportunity Commission.
- J-5. Key Executive Employment Contracts. (a) Copies of any agreements, including unwritten commitments or understandings or transactions not otherwise applicable to employees, with officers, directors or senior personnel relating to their employment or services including perquisites, compensation, insurance, incentives, indemnification, loans or guarantees, severance (including those triggered by a change of control or other affiliation), or other special or targeted benefits; and (b) A description of the Compensation Committee or other established methodology, if any, for determining level of executive compensation and a copy of any policy regarding executive compensation.
- J-6. Handbooks. Copies of all employee handbooks and/or other written policies/policy statements, regarding the rights, privileges and obligations of employees.
- J-7. Personnel Contracts and Other Arrangements. Copies of the following information: (a) a summary of any recent disputes with employees; (b) severance agreements in excess of \$100,000; and (c) loans and guaranties to or from directors, officers or employees or any related party.
- J-8. Incentive Programs. List of incentive programs and pay-out criteria (including service awards).
- J-9. Employee Background Checks. Description of each of HH's and MCH's process for conducting background checks on all prospective employees or contractors involved with patient care or with access to patients or patients' property.

#### **K. Material Litigation**

- K-1. Audit Responses. Copies of audit letter responses from law firms for the last two (2) years.
- K-2. Threatened or Pending Litigation and Administrative Proceedings. A list and description of all material (in excess of \$50,000) litigation, arbitration, administrative proceedings or governmental investigations, claims or inquiries, pending or threatened, including but not limited to, the Internal Revenue Service, the U.S. Department of Health Office of the Inspector General, Medicaid Fraud Control Unit, the Environmental Protection Agency, the Equal Employment Opportunity Commission, the Occupational Health and Safety Administration, state agencies with similar jurisdiction to each of the foregoing, insurance carriers (reports regarding pending litigation and incident reports) and private parties. For each such claim provide the name of the claimant, the nature of the claim, the status of the proceedings, copies of all pleadings, files, opinions of counsel, correspondence and analysis of material litigation status, consent decrees, injunctions and other documents relating to any pending litigation and a description of insurance coverage or reserves set aside for each such action and an estimate of potential exposure.

- K-3. Settlements or Judgments. A list and description of judgments against, or settlements or releases entered into, during the last two (2) years including copies of all settlement documents entered into during the last two (2) years or which are currently in effect as well as copies of any decrees, orders or judgments of courts or governmental agencies issued during the last three years involving CMC and/or its subsidiaries.

**L. Data Privacy and Security**

- L-1. Privacy Policies and Procedures. Copies of all Privacy policies and procedures with respect to data held by each entity.
- L-2. Security Policies and Procedures. Copies of all Security policies and procedures for data held by each entity.
- L-3. Business Continuity Planning. Description of each of HH's and MCH's business continuity plan, including a description of any testing in connection therewith.
- L-4. Potential Data or Security Breaches. Descriptions of all known event(s) which could give rise to a claim as a result of a privacy or information security incident or data breach.
- L-5. Actual Data or Security Breaches. Summary of all privacy, information security or data breaches for the last three years, including what actions were taken (including reporting) as a result of those breaches.
- L-6. Retention and Destruction of Records. Copies of all data/information governance policies/guidelines and standards, including information governance categories, retention and destruction policies for each category.
- L-7. Data Risk Assessment. Summaries of data risk assessment and risk management programs, including copies of any reports issued in connection with such programs for the last two years. Copies of the latest security risk analysis in compliance with HIPAA Security requirements.

**M. Other Documents or Information**

- M-1. Patient Satisfaction. Copy of any patient satisfaction survey results or other similar information for the past five (5) years.
- M-2. Other Information. Any other documents or information not requested above and which are significant to the business or condition, financial or otherwise of the entity making these disclosures.