

EXHIBIT II-A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW HAMPSHIRE**

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| In re: | : | Chapter 11 |
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| LRGHEALTHCARE, | : | Case No. 20-10892 |
| | : | |
| Debtor.¹ | : | |
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| -----X | X | |

**DECLARATION OF KEVIN W. DONOVAN
IN SUPPORT OF FIRST-DAY MOTIONS**

I, Kevin W. Donovan, declare, pursuant to section 1746 of title 28 of the United States Code, that:

PERSONAL BACKGROUND

1. I am the President and CEO of LRGHealthcare (“LRGHealthcare” or the “Debtor”) as of October 19, 2020. In that capacity, I have become familiar with the Debtor’s day-to-day operations, businesses, and financial affairs.

2. As President and Chief Executive Officer, I am responsible for all aspects of the Debtor’s business, including, strategic planning, operational matters, personnel, financial management, internal controls, donor relations, and risk management.

3. Prior to joining LRGHealthcare, I was the President and Chief Executive Officer of Mt. Ascutney Hospital and Health Center in Windsor, VT for six years and held numerous other positions including serving as a Senior Vice President at the Elliot Health System in Manchester, NH, a Director at Dartmouth-Hitchcock Medical Center in Lebanon, NH, and a hospital and physician practice leader in various organizations in Massachusetts. I am currently

¹ The last four digits of the Debtor’s federal taxpayer identification number are 2150. The address of the Debtor’s headquarters is 80 Highland Street, Laconia, NH 03246.

enrolled in the Dartmouth College Master of Health Care Delivery Science program and hold a Master of Health Services Administration degree from the George Washington University and a Bachelor of Science degree in Information Studies from Syracuse University. I am a Fellow of the American College of Healthcare Executives, past President for the Northern New England Association of Healthcare Executives (NNEAHE), a member of the American Hospital Association (AHA) Regional Policy Board, and the Secretary/Treasurer for the New Hampshire Hospital Association Board of Directors.

4. I submit this declaration in support of the Debtor's petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and the motions and applications related thereto (the "First Day Motions"). I believe that the relief sought in the First Day Motions is necessary to enable the Debtor to operate in chapter 11 with minimum disruption to its operations and minimum loss of value, while allowing the Debtor to best serve its patient constituents, its estate and its creditors' interests.

5. Except at otherwise indicated, all the facts set forth in this Declaration are based upon my personal knowledge, upon information supplied to me by other members of the Debtor's management or professionals, upon information learned from my review of the relevant documents, or opinion based upon my experience and knowledge of the Debtor's operations and financial condition and my experience in the healthcare industry generally. If called as a witness, I could and would testify to the facts set forth in this Declaration. Unless otherwise indicated all financial information contained herein is on a consolidated and unaudited basis.

I.

BACKGROUND

FOUNDATION OF LRGHEALTHCARE

6. LRGHealthcare is a not-for-profit healthcare charitable trust operating Lakes Region General Hospital (“LRGH”), Franklin Regional Hospital (“FRH”), and numerous other affiliated medical practices and service programs. LRGH is a community based acute care facility with a licensed bed capacity of 137 beds, and FRH is a 25-bed critical access hospital with an additional 10-bed inpatient psychiatric unit. In 2002, Lakes Region Hospital Association and Franklin Regional Hospital Association merged, with the merged entity renamed LRGHealthcare.

7. The Lakes Region communities served by LRGHealthcare include Laconia, Gilford, Alton, Ashland, Barnstead, Belmont, Center Harbor, Gilmanton, Meredith, Moultonborough, New Hampton and Sandwich. In the Three Rivers Region, LRGHealthcare serves the communities of Franklin, Tilton, Northfield, Sanbornton, Alexandria, Andover, Bristol, Bridgewater, Boscawen, Danbury, Hebron, Hill and Salisbury.

8. LRGHealthcare offers a wide range of medical, surgical, specialty, diagnostic, and therapeutic services, wellness education, support groups, and other community outreach services. Emergency Services are available twenty-four hours a day at FRH and LRGH, and the emergency department is staffed with specially trained physicians, nurses and allied staff, supported by various diagnostics. LRGHealthcare is also equipped to provide ground and air transfer to tertiary care facilities.

9. LRGHealthcare employs approximately 1,401 full and part-time employees. In 2019, LRGHealthcare serviced approximately 3,917 inpatient admissions, 33,803 emergency

room visits, and approximately 260,000 outpatient visits. The organization has up to 172 licensed beds and the capability to serve patients with various physical and mental health issues. In 2019, LRGHealthcare had net patient revenues of almost \$206 million and an operating loss of approximately \$20 million.

THE DEBTOR'S BUSINESS

10. From primary care and surgical services to oncology care, LRGHealthcare provides the latest healing techniques and technology delivered by very caring and compassionate staff.

A. EMERGENCY SERVICES

11. Both emergency departments of FRH and LRGH ensure that patients' emergent needs will be met with professional and compassionate care. Both departments are home to specially trained physicians, nurses, and staff who make emergency medicine their priority. With state of the art diagnostic equipment, twenty-four hour, fully-equipped facilities, and transfer capability of patients via ground or air to tertiary care facilities if needed, the departments are ready for all emergent needs.

12. FRH provides emergency services to the "Three Rivers Regions," which includes Franklin, Tilton, Northfield, Sanbornton, Alexandria, Andover, Bristol, Bridgewater, Boscawen, Danbury, Hebron, Hill and Salisbury.

13. LRGH provides emergency services to the "Lakes Region," which includes Laconia, Gilford, Alton, Ashland, Barnstead, Belmont, Center Harbor, Gilmanton, Meredith, Moultonborough, New Hampton and Sandwich.

14. All patients presenting to an emergency department are assessed and triaged by a registered nurse ("RN") and seen by an Emergency Medicine provider. Patient care is provided

using an interdisciplinary team in collaboration with Emergency Medical Services, emergency department staff, other departments within the hospital, and private physicians. Emergency nurses maintain certifications in Basic Life Support (“BLS”), Advanced Cardiac Life Support (“ACLS”), Trauma Nursing (“TNCC”), and Pediatric Advanced Life Support (“PALS”). Each of the emergency departments and trauma centers have individual patient rooms with isolation/negative pressure rooms and trauma bays. A comprehensive renovation of the emergency room at LRGH was undertaken in 2018 and 2019, at a total cost of approximately \$7 Million, providing a state of the art, best practice facility, fully funded by private donations.

B. CRITICAL CARE

15. Patients who need continuous monitoring and observation are admitted to the Intensive Care Unit (“ICU”) at LRGH, or will be transported to another available ICU. The ICU at LRGH is a 20 bed unit, with beds reserved for inpatient dialysis, surgical recovery and other critical care patients.

16. At FRH critically ill or injured patients are cared for by LRGHealthcare’s emergency care team until they are stable enough to be transferred to an available ICU.

C. MENTAL HEALTH SERVICES

17. FRH also has a Designated Receiving Facility (“DRF”), a twenty-four-hour inpatient mental health unit. Admissions come from emergency departments all over the state of New Hampshire. Patients may be admitted for a voluntary or involuntary examination if there is reason to believe that he/she is mentally ill, they are a serious danger to his/her self or others, or they are likely to suffer from neglect or harm if the current behavior continues. LRGH offers twenty-four hour emergency psychiatric care through a round-the-clock call system with Lakes Region Mental Health Center providers.

18. The LRGHealthcare Recovery Clinic (the “Recovery Clinic”) provides substance use disorder services at both FRH and LRGH. The Recovery Clinic works in concert with the “Doorway” at LRGH, which is one of the nine “Doorways” in the State of New Hampshire. The Doorway program is one that is changing how New Hampshire helps people with an opioid use disorder (“OUD”) or other substance use disorders (“SUD”). The Doorways provide single points of entry for people seeking help for substance use, whether they need treatment, support, or resources for prevention and awareness. The regional Doorways ensure that help is always less than an hour away. New Hampshire’s Doorway program receives funding from the U.S. Substance Abuse and Mental Health Administration - State Opioid Response (“SOR”) grant. This federal support is enabling New Hampshire to expand medication-assisted treatment (“MAT”), peer recovery services, access to recovery housing, evidence-based prevention programs, workforce opportunities and training and education.

D. MEDICAL/SURGICAL UNITS

19. FRH contains two distinct nursing units: the DRF and 2 South. 2 South can accommodate up to twenty-five medical inpatients. On any given day, there are approximately sixteen patients receiving coordinated, compassionate, individualized care at 2 South. These patients fit into a general medical or skilled nursing level of care. All services are provided in a customer friendly atmosphere which provides both patients and families the support they need. The unit functions on a twenty-four hour per day basis.

20. LRGH contains six distinct nursing units: the ICU, East 1, North 2, North 4, South 3, and Senior Psychiatric Services (“SPS”).

21. East 1 is a twenty bed unit with private rooms and a centralized nursing station. The major focus of this unit is providing quality comprehensive care to acutely ill patients with surgical and medical problems.

22. North 2 is a fourteen bed unit with private rooms and a centralized nursing station. The major focus of this unit is providing quality comprehensive care to acutely ill patients with medical problems.

23. North 4 is a fifteen bed unit with private rooms and a centralized nursing station. The major focus of this unit is providing quality comprehensive care to acutely ill patients with medical and surgical problems.

24. South 3 is a ten bed unit with private rooms and a centralized nursing station. The major focus of this unit is providing quality comprehensive care to acutely ill patients with orthopedic problems.

25. SPS is an eight bed unit with private rooms and a centralized nursing station. The major focus of this unit is providing quality comprehensive care to geriatric psychiatry patients with various diagnoses including Alzheimer's and dementia.

D. CANCER CENTER AND ONCOLOGY PROGRAM

26. The Anderson Ganong Cancer Center ("AGCC") located in Laconia, NH provides exceptional care with a personal touch; a place to call home that's close to home; and a family of compassionate, dedicated individuals who are passionate about caring for and supporting patients during a challenging time of life.

27. LRGHealthcare offers, among other things, services from top oncologists from New Hampshire Oncology-Hematology, PA, chemotherapy, blood-related disorder treatments, medical imaging, surgical services, an on-site pharmacist, and wound care.

E. OUTPATIENT CLINICS AND PROVIDER PRACTICES

28. LRGHealthcare offers a number of outpatient clinics and provider practice sites to the communities served. The practice sites in multiple communities offer primary care, women's health, pediatrics, medical specialty, surgical specialty, orthopedics, sleep medicine and other outpatient services. LRGHealthcare is the primary provider of health services such as these in the local community, which otherwise would not have such access within a 45 minute drive.

F. QUALITY

29. LRGHealthcare's dedication to excellence has resulted in recognition as an ISO 9001 Quality Management System Certified organization. This certification reflects LRGHealthcare's long-term commitment to quality, safety, and patient satisfaction. This achievement was no small feat as the journey to ISO 9001 Certification began in 2015 and culminated in 2018. With this certification, LRGH and FRH are part of an elite group of hospitals nationwide that have achieved ISO 9001 status. The certification is valid for three years and is provided by DNV GL – Business Assurance, part of the DNV GL Group, a world-leading certification body known for its safety and efficiency standards. To achieve certification, in addition to accreditation, an organization must develop a series of systematic, standardized processes which are constantly reviewed and revised to assure a high level of quality and safety.

G. CORPORATE STRUCTURE

30. The chart outlining the Debtor's various affiliates and its ownership interests in such affiliates is attached hereto as **Exhibit A** and generally depicts the Debtor's corporate structure.

II.

THE DEBTOR'S CAPITAL STRUCTURE

A. 2009 BOND TRANSACTION FHA INSURED MORTGAGE REVENUE BONDS

31. On December 9, 2009, LRGHealthcare refinanced its then outstanding Series 2006 Bonds in the amount of \$37,110,000 and its then outstanding Series 2008 Bonds in the amount of \$34,405,000, and borrowed additional amounts for capital projects, through the issuance of \$143,520,000 in fixed rate Federal Housing and Urban Development Insured Mortgage Revenue Bonds with an average rate of 5.52%. The Series 2009 Bonds were issued pursuant to the New Hampshire Health and Education Facilities Authority Act, Chapter 195-D of the New Hampshire Revised Statutes Annotated, as amended (the "Act"), and the Bond Resolution of the New Hampshire Health and Education Facilities Authority (the "Authority") and a Bond Trust Indenture, dated October 1, 2009, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Bond Trustee"). The proceeds of the Series 2009 Bonds were loaned by the Authority to LRGHealthcare pursuant to a Loan Agreement, dated as of October 1, 2009, by and between the Authority and LRGHealthcare. The obligations of LRGHealthcare were evidence by a Mortgage Note, dated as of December 9, 2009 (the "Mortgage Note") from LRGHealthcare to the Bond Trustee. The Department of Housing and Urban Development ("HUD"), acting by and through the Federal Housing Commissioner ("FHA"), insured the advancement of funds pursuant to Section 242 of Title II of the National Housing Act, as amended. As part of this transaction LRGHealthcare entered into a FHA Regulatory Agreement with the Bond Trustee and certain other documents delivered to FHA and the Bond Trustee, as beneficiary (the "Regulatory Agreement"). Additionally, as part of this transaction LRGHealthcare entered into a Security Agreement with the Bond Trustee and HUD

dated as of December 9, 2009 (the “Security Agreement”) granting a security interest in all assets but excepting and excluding therefrom all current or future (collectively the “Excluded Assets”):

- a. donations specifically restricted by donors, (but only so long as they remain restricted by the donors);
- b. various pieces of leased or financed equipment;
- c. any equipment to be acquired by LRGHealthcare subject to purchase money security interests; and
- d. certain excluded real property (identified herein as the Unencumbered Additional Real Property).

32. The proceeds of the Mortgage Note were used to refinance the prior mortgage debt and to fund approximately \$51 million of new capital improvements to LRG and FRH. In 2012, following completion of construction of LRGHealthcare’s new improvements and the completion of HUD’s cost certification, the final closing of the Mortgage Loan occurred. At that time a Second Allonge to the Mortgage Note was entered primarily to reflect the reduced amount of the Mortgage Loan to reflect payments made prior to that date, and, then, a Third Allonge to the Mortgage Note was entered to correct arithmetical errors in the Second Allonge.

33. In September 2015, in order to reduce the interest rate on the Mortgage Note and to reduce the monthly amortization payments, LRGHealthcare agreed to a defeasance of the Series 2009 Bonds through the refinancing of the Mortgage Note. The defeasance of the Series 2009 Bonds was initiated at this time by the deposit of sufficient funds to provide for payment in full of the Series 2009 Bonds in 2019 (the first date such bonds could be voluntarily repaid) into a refunding escrow deposit account established pursuant to that certain Refunding Escrow Deposit Agreement dated as of September 30, 2015 by and between the Authority, the Bond Trustee and LRGHealthcare (the “Refunding Escrow Deposit Agreement”). Pursuant to the

Refunding Escrow Deposit Agreement, \$159,275,353.04 was deposited into the refunding escrow deposit account, comprised of (i) funds in the amount of \$17,189,515.69 previously held by the Bond Trustee under the Bond Indenture, and (ii) funds in the amount of \$142,085,837.35, comprised of \$125,871,960.19 in proceeds from the Pre-Petition Lender, \$629,359.80 in proceeds from a good faith deposit by LRGHealthcare to the Pre-Petition Lender, plus \$15,584,517.36 in proceeds from LRGHealthcare. As part of this transaction, the Mortgage Note and the Security Agreements were assigned to the Pre-Petition Lender. The purpose of this transaction was to reduce the then-existing debt service payments. The proceeds of the Pre-Petition Lender's loan were deposited into an escrow account established by the Refunding Escrow Deposit Agreement and used to service the existing Series 2009 Bond obligations and to redeem the Series 2009 Bonds in October of 2019.

B. CONDO MORTGAGE

31. On or about February 21, 2019, LRGHealthcare purchased a certain condo unit from a physicians' practice for \$475,000.77 according to a long-standing legal agreement which set the purchase price. LRGHealthcare paid \$238,000.77 to the seller at closing and provided a note to OB-GYN Realty Company, LLC which is secured by the condo unit that matures on February 21, 2021. The current balance of the mortgage is approximately \$51,500.00. The condo is currently used to support some of the Debtors' back office functions and does not generate any revenue.

C. PURCHASE MONEY SECURITY INTERESTS

32. Several of the Debtor's vendors may assert various liens on certain of the Debtor's assets and inventory. The Debtor estimates that these vendors may assert secured claims of approximately \$1.5 million in the aggregate.

D. STATE OF NEW HAMPSHIRE LOAN

33. On or about March 13, 2020, Governor Christopher T. Sununu declared a State of Emergency as a result of the COVID-19 pandemic. Pursuant to Section 18 of the emergency declaration, the Governor issued Emergency Order #9 on March 19, 2020, creating the COVID-19 Emergency Healthcare Relief Fund (the “Relief Fund”) and authorizing the New Hampshire Department of Health and Human Services (the “NHDHHS”) to develop application and evaluation criteria and to distribute relief from the Relief Fund.

34. LRGHealthcare applied for relief from the Relief Fund which was approved by the DHHS. As a result, on or about April 8, 2020, LRGHealthcare and NHDHHS entered into that certain Loan Agreement and Note (the “Relief Loan”) in the principal amount of \$5,250,000.00. The Relief Loan matures 180 days after the expiration of the State of Emergency and is unsecured. At the NHDHHS’s discretion, and with the approval of the Governor, the Relief Loan may be converted to a grant and forgiven, contingent upon (a) the use of the Relief Loan for the purposes set forth in LRGHealthcare’s application, (b) verification of the need for a grant, (c) ineligibility of LRGHealthcare to borrow or otherwise receive funds from other public sources and (d) continued financial hardship.

E. CARES ACT FUNDING

35. On or about March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. Among other things the CARES act provided more than \$100 billion for hospitals and healthcare providers and \$27 billion in funds for vaccines, therapeutics, and personal protective equipment (the “CARES Relief Fund”). These funds were administered by the U.S. Department of Health & Human Services (“USDHHS”). Funds received from the CARES Relief Fund were earmarked to only be used to prevent, prepare

for, and respond to COVID-19, and shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to COVID-19. In the months of April and May 2020, LRGHealthcare received multiple payments totaling approximately \$15 million from the CARES Relief Fund. Although such funds are technically a grant, the USDHHS reserves the right to assert claims for such amounts in the event a borrower fails to properly validate the use of the funds in accordance with the CARES Act.

III.

EVENTS LEADING TO THE CHAPTER 11 CASE

a. Legislative, Regulatory and Contractual Matters Affecting Revenue

36. LRGHealthcare has experienced a tumultuous five to ten years, all beginning with decisions by prior management to make significant investments in inpatient services and facilities at a time when patient demographics and medical trends indicated more reliance on outpatient services and decreased hospital use. Soon thereafter, LRGHealthcare found itself caught in a downward spiral of increasing costs, decreasing reimbursement, shrinking service lines and volume “leakage” to other communities. A primary driver of cost growth was the implementation of a massively expensive electronic medical record which ultimately consumed approximately nine percent of total organizational revenue annually (two to three times the industry average).

37. With increasing stress on finances and direction from and consent of its lender (KeyBank) and mortgage note insurer (HUD), LRGHealthcare undertook a series of turnaround efforts to decrease costs. Prism Healthcare Partners, Kaufman Hall and Quorum Health Resources, all large, nationally recognized health care consulting firms, were engaged to cut costs and improve the bottom-line, all of which resulted in reductions in the scope of services

and level of care available at LRGHealthcare. Costs were greatly decreased, full-time-equivalent (FTE) employees were cut dramatically, benefits were reduced, contracts severed and physician and provider groups negatively impacted. Despite cutting 21% of its workforce since 2016 and closing multiple service lines (obstetrics at LRGH, surgical services at FRH, vascular surgery and others), the organization found, as many healthcare organizations do, the extensive cost cuts did not result in profitability or sustainability.

38. Ultimately, LRGHealthcare's Board of Trustees and Leadership sought a partner to bring stability to the organization, grow service lines to assist with revenue growth, and further decrease overhead costs. In June 2018, LRGHealthcare engaged Kaufman Hall to provide advisory services and lead an exhaustive sales process. LRGHealthcare's board of trustees determined the interests of LRGHealthcare and fulfillment of its community- and patient-focused mission would be best realized through integration into a larger health system in order to ensure both operational and financial sustainability in the near- and long-term. To accomplish this directive, the board established an Affiliation Subcommittee to direct the strategic partnership solicitation process.

39. These efforts led LRGHealthcare to reach out to 43 potential partners and which resulted in five non-binding indications of interest in 2018. Due diligence led one partner to rescind its offer in October 2018 and a second withdrew from the process shortly thereafter. A third informed LRGHealthcare it was no longer interested in March 2019. After due diligence, the most viable initial offer was significantly reduced and was reliant on Debtor's lenders agreeing to accept below par payments on the outstanding mortgage and other liabilities. Unfortunately, the Debtor's lenders rejected the concept of a below-par offer when approached. The 10-month strategic partnership solicitation process, in which a comprehensive list of

potentially buyers was exhausted, ultimately concluded without an interested bidder, leaving the Debtor in a financially and operationally unsustainable position.

40. Despite those obstacles, the Debtor continued to seek a potential partner after that process. Eventually, Debtor entered into a proposed purchase agreement with Concord Hospital to purchase substantially all of the Debtor's assets.

41. The majority of bidders approached cited LRGHealthcare's large debt-load as the rate-limiting issue when it came time to place a bid or move forward in the process. Despite those obstacles and after further marketing and solicitation efforts, LRGHealthcare eventually entered into a proposed purchase agreement with Concord Hospital to purchase substantially all of the Debtor's assets.

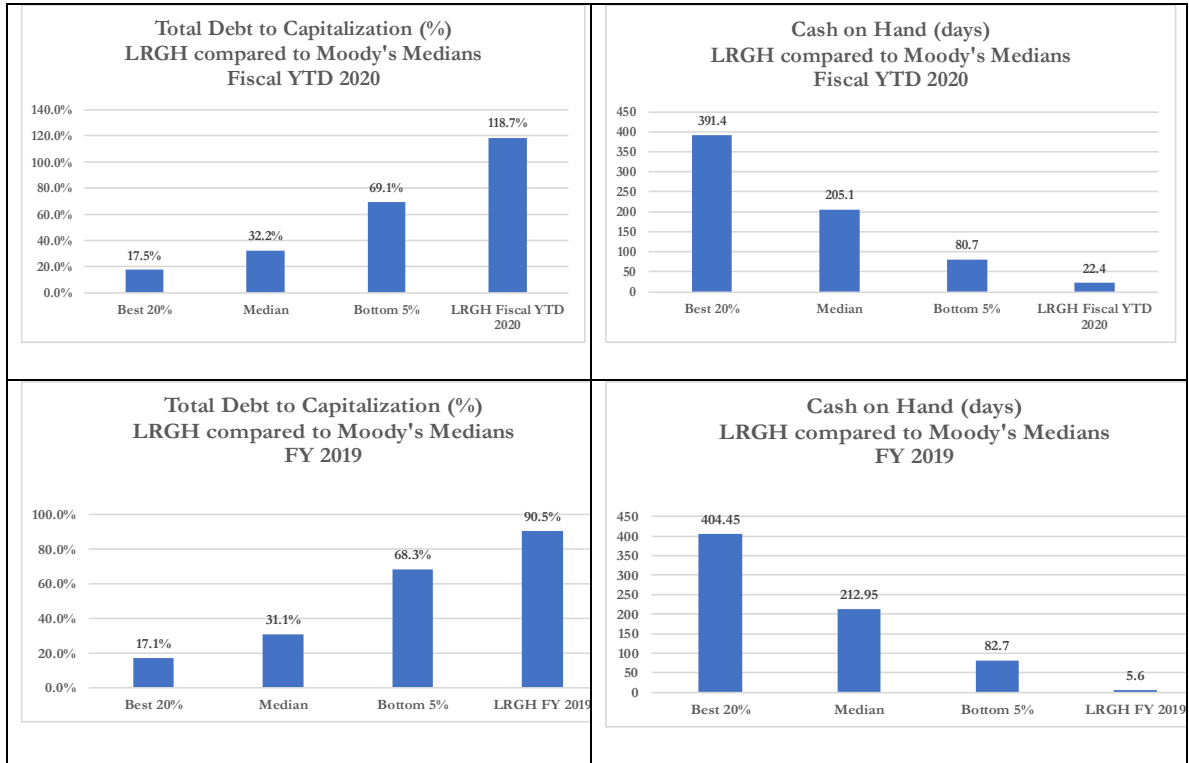
42. Due to the COVID-19 pandemic, however, LRGHealthcare was forced to cease all elective, non-emergent work, decreasing organizational revenues within a matter of weeks by 60% or more. With less than three days' cash on hand when the pandemic hit, LRGHealthcare had to identify and receive financial support within weeks or close its doors permanently.

43. To address the situation, salaries of the leadership team were reduced by 20% for a period of time and the leadership team was reduced from seven members to six members, representing a further reduction from the initial ten-member leadership team at the time that LRGHealthcare engaged its current CEO.

44. With the aid received from the Relief Fund and CARES Relief Fund and with a massive furlough and closure of programs and services on April 10, 2020, LRGHealthcare managed to keep the doors open. Without further relief, closure was otherwise imminent. Today, the Debtor is still operating at approximately 80 percent of pre-pandemic revenue,

forcing management to keep certain services closed and approximately 38 percent of the pre-pandemic workforce on furlough or reduced workhours.

45. The Debtor’s dire financial situation becomes particularly obvious when comparing many of the Debtor’s baseline financial statistics against the Moody’s Medians in several important categories:



These factors posed significant financial constraints on the Debtor’s ability to continue to operate without a cash infusion or finding a partner to take-over the venture.

V.

FACTS RELEVANT TO FIRST DAY PLEADINGS²

46. Together with the filing of this chapter 11 case, the Debtor filed certain First Day Pleadings, which request various types of relief. Generally, the First Day Pleadings have been

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the applicable First Day Pleading.

designed to meet the Debtor's goals of: (a) continuing its operations as a debtor in possession with as little disruption and loss of productivity as possible; (b) maintaining the confidence and support of the greater community, its patients, employees, vendors, suppliers, and service providers during the Debtor's reorganization process; and (c) establishing procedures for the smooth and efficient administration of this Bankruptcy Case.

47. I have reviewed each of the First Day Pleadings filed contemporaneously herewith (including the exhibits thereto and supporting memoranda) and, to the best of my knowledge, information and belief, the facts recited therein are true and correct and are hereby incorporated by reference. It is my belief that the relief sought in each of the First Day Pleadings is essential to the Debtor's ability to achieve a successful reorganization.

b. Case Management Motions

Debtor's Motion Pursuant to Bankruptcy Rule 1007(c) for an Extension of Time to File Schedules and Statements of Financial Affairs

48. The Debtor and its advisors are working diligently to prepare the required Schedules and Statements to accurately reflect the Debtor's financial circumstances as of the Petition Date. A significant amount of information must be accumulated, reviewed and analyzed to properly prepare the Schedules and Statements. While the Debtor has started to assemble the necessary data, it may not be able to complete this undertaking by the current November 2, 2020 deadline. The Debtor estimates that an extension of the Initial Deadline for an additional 14 days, through and including November 16, 2020 should provide sufficient time to assemble and verify information and prepare the Schedules and Statements. Accordingly, the Debtor respectfully requests an extension of the deadline to file the Schedules to the date that is 28 days after the Petition Date.

Debtor's Motion for Order (I) Authorizing Certain Procedures to Maintain the Confidentiality of Patient Information as Required by Privacy Rules, and (II) Approving the Form and Manner of the Notice of Commencement (the "Privacy Motion")

49. Pursuant to the Privacy Motion, the Debtor seeks entry of an order (i) authorizing certain procedures to maintain the confidentiality of patient information as required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and M.G.L. ch. 111, § 70; and (ii) approving the form and manner of notice of the commencement of this chapter 11 case and of the meeting of creditors to be held pursuant to section 341 of the Bankruptcy Code (the "Commencement Notice").

50. I understand that certain current and past patients of the Debtor may assert claims against the Debtor, and, under the Bankruptcy Code and the Bankruptcy Rules, the Debtor must list information about these patients, including their names and addresses, in the creditor matrix and in the Schedules and Statements. Listing any patient's name or address in the Debtor's matrices, the Schedules and Statements, or any notice or certificate of service, however, may violate the HIPAA Privacy Rule, unless an exception permitting such distribution is satisfied.

51. As such, the Debtor request that the Court establish the procedures set forth in the Privacy Motion to balance the need to protect patient health information with the need to disclose information regarding this case to the public: I believe the approval of those procedures are integral to ensuring compliance with HIPAA Privacy Rules and applicable state law.

52. Accordingly, I believe the relief requested in the Privacy Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest in this case.

Debtor's Application for Order Appointing Epiq Corporate Restructuring, LLC as Claims, Noticing, Solicitation and Administrative Agent (the "Claims Agent Retention Application")

53. Pursuant to the Claims Agent Retention Application, the Debtor requests entry of an order appointing Epiq as the Claims and Administrative Agent to, among other things, (a) serve as the noticing agent to mail notices to the estate's creditors, equity security holders, and other parties in interest, (b) provide computerized claims, objection, and solicitation and balloting-related services, and (c) assist the Debtor in claim and ballot processing and other administrative services with respect to this chapter 11 case, pursuant to the terms of the Engagement Agreement, dated June 2, 2020 (the "Engagement Agreement"), between the Debtor and Epiq.

54. I understand that Epiq is a data processing firm with extensive experience in noticing, claims processing, balloting and other administrative tasks in chapter 11 cases. Given the need for the services described above and Epiq's expertise in providing such services, I believe that retaining Epiq will expedite service of notices, streamline the claims administration and balloting processes, reduce the administrative costs associated with such tasks, and permit the Debtor, its management and professionals to focus on patient care and reorganization efforts.

c. Motions Related to the Debtor's Continued Operations

Debtor's Motion for Interim and Final Orders Authorizing (A) Continued Use of the Debtor's Cash Management System and Procedures; (B) Maintenance and Continued Use of Existing Bank Accounts; (C) Waiver of Certain Operating Guidelines Relating to Bank Accounts; and (D) Interim Waiver of the Requirements of Section 345(b) of the Bankruptcy Code (the "Cash Management Motion")

55. Pursuant to the Cash Management Motion, the Debtor seeks entry of interim and final orders authorizing (a) the Debtor to continue using its existing cash management system; (b) banks and financial institutions to honor and process checks and transfers; and (c) the Debtor to use its existing bank accounts and existing business forms.

56. In the ordinary course of business, the Debtor maintains an integrated cash management system that provides well-established mechanisms for the collection, concentration, and disbursement of funds used in its operations (the “Cash Management System”). The Cash Management System, composed of seven (7) bank accounts (the “Bank Accounts”) maintained at two (2) financial institutions (“Banks”), is similar to those commonly employed by enterprises comparable to the Debtor in economic scope and geographic reach.

57. Indeed, the Debtor, like other similarly sized enterprises, uses such a system because of the numerous benefits provided, including the ability to (a) quickly create status reports on the location and amount of funds, thereby allowing management to track and control corporate funds, (b) ensure cash availability, and (c) reduce administrative expenses by facilitating the movement of funds. These controls are particularly important because prior to the COVID-19 global pandemic, approximately \$20 million flowed through the integrated Cash Management System on a monthly basis to service the Debtor’s business. Currently approximately \$12 to \$13 million flows through the Cash Management System on a monthly basis, however, the Debtor hopes these levels will rise to pre-pandemic levels shortly.

58. I believe that the continuation of the Cash Management System, including with regard to the continued maintenance and use of the current Bank Accounts, payment of Bank fees, and maintenance of existing Business Forms, is vital to the Debtor’s ability to operate effectively in this chapter 11 case. Accordingly, I believe the relief requested in the Cash Management Motion is in the best interests of the Debtor’s estate, its creditors, and all other parties in interest in this case.

Debtor's Motion for Interim and Final Orders: (I) Authorizing, But Not Requiring, Debtor to (A) Pay Prepetition Wages, Salaries and Other Compensation, and (B) Maintain Benefits Programs; and (II) Authorizing and Directing Banks to Honor All Related Checks and Electronic Payment Requests (the "Wages and Benefits Motion")

59. Pursuant to the Wage and Benefit Motion, the Debtor seeks entry of interim and final orders (i) authorizing, but not requiring, the Debtor to pay, in its sole discretion, certain obligations incurred prepetition, including (a) employee wages, salary and related obligations, (b) reimbursable business expenses, (c) employee medical expenses, (d) certain administrative plan payments, and (e) other prepetition employee-related obligations (collectively, the "Employee Obligations"); (ii) authorizing, but not requiring, the Debtor to maintain and continue to honor its employee-related practices, programs and policies as are set forth in further detail below (collectively, the "Employee Benefit Programs"); and (iii) authorizing and directing the Debtor's banks to receive, process, honor and pay all checks presented for payment or electronic payment requests from the Debtor's accounts, and granting authority to the Debtor to reissue any dishonored checks, relating to the Employee Obligations.

60. As of the Petition Date, the Debtor employs a total of approximately 1,401 employees. Of those employees 950 are full-time employees, 411 are part time, and 40 are 1099 contracted employees that are employed on a full or part-time basis (who are paid on an hourly or salary basis).

61. The Debtor's employees are among its most valuable assets and are absolutely vital to the Debtor. I believe it is imperative that employee morale be maintained and that the Debtor have the authority to ensure that the Debtor's employees do not unduly suffer as a consequence of the commencement of this chapter 11 case. Indeed, in the absence of granting the relief requested in the Wage and Benefit Motion, I believe the employees will suffer undue economic hardship and, in many instances, serious financial difficulties, as the amounts in

question are needed to enable certain of the employees to meet their own personal financial obligations.

62. Without the relief in the Wage and Benefit Motion, I believe the stability of the Debtor will be irreparably undermined by the distinct possibility that otherwise loyal employees will seek other employment alternatives. In addition, it would be inequitable to require the Debtor's employees to bear personally the cost of any Business Expense Obligation they incurred prepetition, for the benefit of the Debtor, with the understanding that they would be reimbursed.

63. Accordingly, I believe the relief requested in the Wage and Benefit Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest in this case.

Debtor's Emergency Ex Parte Motion for Interim and Final Authority To Use Cash Collateral ("Cash Collateral Motion")

64. Attached to the Cash Collateral Motion is a budget (the "Budget") prepared in conjunction with Debtor's management and its advisors.

65. The names and addresses of all persons holding or claiming to hold a security interest in cash collateral of the Debtor as such term is defined in Section 363 of the Bankruptcy Code and their attorneys (to the extent known) are attached to the Cash Collateral Motion as an exhibit.

66. The Debtor has had substantial contact with counsel for Key Bank and HUD prior to the filing of this Chapter 11 case and while negotiations are continuing, the Debtor anticipates they will consent to use of cash collateral on an interim basis.

67. The Office of the United States Trustee has not yet appointed an Official committee of Unsecured Creditors. A copy of the Cash Collateral Motion has been sent on this date to each of the Debtor's thirty (30) largest creditors.

68. The use of cash collateral for the purposes shown in the Budget is necessary for the continuation of the Debtor's business. Without cash with which to pay payroll and essential goods and services, the Debtor likely would be required to terminate its operations and lay off employees. Without these critical supplies and services the Debtor would not be able to maintain a safe and beneficial living situation for its residents. Allowing the Debtor to continue to operate in the ordinary course until the Closing Date is best for the residents and will preserve the value of the estate for the benefit of creditors.

69. The Debtor believes that the following circumstances justify approval of the Motion on an interim basis pursuant to Local Rule of Bankruptcy Procedure 4001-2:

- The Debtor has an ongoing business that requires a certain cash flow to purchase services and supplies necessary to continue operations.
- The Debtor's employees are important to the continued operation of the business and deserve to be paid.

Debtor's Motion Pursuant to Bankruptcy Code Sections 105(A) and 366 (A) and Bankruptcy Rules 6003 and 6004 for Entry of Interim and Final Orders (I) Approving Debtor's Proposed Adequate Assurance of Payment to Utility Companies, and (II) Prohibiting Utility Companies from Altering, Refusing or Discontinuing Service (the "Utilities Motion")

70. Pursuant to the Utilities Motion, the Debtor seeks entry of interim and final orders (a) approving the Debtor's proposed adequate assurance of payment for postpetition Utility Services; and (b) prohibiting the Utility Companies from altering, refusing or discontinuing service to, or discriminating against, the Debtor because of the commencement of this chapter 11 case or any debt that is owed by the Debtor for Utility Services rendered prior to the Petition Date.

71. I believe that without the relief requested in the Utilities Motion, the Debtor could be forced to address numerous requests for onerous concessions by Utility Companies in an unorganized manner at a critical period in the Debtor's reorganization efforts, and when those efforts could be more productively focused on patient care. I further believe that the failure to grant the relief requested could result in the interruption of Utilities Services. Uninterrupted Utility Services are essential to the Debtor's ongoing business operations and any disruption, even for a brief period, would severely affect customer goodwill and employee relations.

72. Accordingly, to ensure that the Utility Services continue uninterrupted during this chapter 11 case, I believe the relief requested in the Utilities Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest in this case.

Debtor's Motion for Entry of Interim and Final Order Pursuant to Bankruptcy Code Sections 363(b), 503(b), 105(a), Bankruptcy Rules 6003 and 6004 (I) Authorizing Debtor to (A) Continue Workers' Compensation Program and Liability, Product, Property and Other Insurance Programs and (B) Pay All Obligations in Respect Thereof, and (II) Authorizing and Directing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations (the "Insurance Motion")

73. Pursuant to the Insurance Motion, the Debtor seeks entry of an order authorizing the Debtor (i) continue, in its sole discretion, its workers' compensation program (the "Workers Compensation Program") and its insurance policies and programs (collectively, the "Insurance Programs") that were in effect on or prior to the Petition Date; (ii) pay, in its sole discretion, all undisputed prepetition obligations for the Insurance Programs, including premiums, retrospective adjustments, administrative and broker's fees, deductibles, and other fees and costs related thereto (collectively, the "Insurance Obligations").

74. The continuation of the Debtor's Insurance Programs on an uninterrupted basis is integral to the functioning of the Debtor's business. If any of the Insurance Programs are permitted to lapse, the Debtor could face significant liability for personal or property damage,

which, in turn, could harm all parties in interest. The Debtor could also be forced to obtain replacement insurance coverage on an emergency basis and at significant cost, or one or more of the insurance carriers could decline to renew its insurance policies or refuse to enter into new insurance agreements with the Debtor in the future. Accordingly, the Debtor must make all payments with respect to the Insurance Programs, including, without limitation, any and all Insurance Obligations.

75. Moreover, failure by the Debtor to pay the premiums and deductibles associated with the Debtor's Workers Compensation Program would jeopardize coverage and expose the Debtor to substantial liability in fines by various state workers' compensation boards.

76. Accordingly, I believe the relief requested in the Insurance Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest in this case.

Debtor's Motion for Entry of Interim and Final Orders Authorizing the Debtor to Pay Taxes and Fees (the "Tax Motion")

77. Pursuant to the Tax Motion, the Debtor seeks entry of interim and final orders authorizing, but not directing, the payment of Taxes and Fees in the ordinary course of business, without regard to whether such obligations accrued or arose before or after the Petition Date.

78. In the ordinary course of business, the Debtor: (a) incurs and/or collect taxes, including a bed tax, sales tax, use tax, personal property tax, and real estate tax in the operation of its business (collectively, the "Taxes"); (b) incurs regulatory, permit, inspection, and other similar fees and assessments (collectively, the "Fees") in connection with obtaining licenses and permits necessary to operate its business; and (c) remits such Taxes and Fees to various taxing, licensing, and other governmental authorities (collectively, the "Authorities").

79. Many of the Taxes and Fees collected prepetition are not property of the Debtor's estate but, rather, are held in trust for the Authorities. The Debtor also seeks to pay certain Taxes

and Fees to, among other things, forestall Authorities from taking actions that may interfere with the Debtor's administration of its chapter 11 case. Such interference could include asserting liens on the Debtor's property or assessing penalties or significant interest on past-due taxes. In addition, I understand that non-payment of the Taxes and Fees may give rise to priority claims pursuant to section 507(a)(8) of the Bankruptcy Code.

80. Accordingly, I believe that the relief requested in the Taxes and Fees Motion is in the best interests of the Debtor's estate, its creditors and all other parties in interest, and will enable the Debtor to continue to operate its business.

Debtor's Motion Pursuant to Sections 105(A), 362, 363(B), 503(B)(1), 1107(A), and 1108 of the Bankruptcy Code, for Entry of Order (A) Authorizing Debtor to Continue (I) Patient Programs and Practices and (II) Certain Prepetition Credit Card Obligations in the Ordinary Course of Business and (B) Authorizing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations (the "Patient Programs Motion")

81. Pursuant to the Patient Programs Motion, the Debtor seeks entry of an order authorizing (a) the Debtor (i) to maintain and administer certain patient programs and policies (the "Patient Programs") and to honor prepetition refund obligations related thereto in the ordinary course of business and in a manner consistent with past practice and (ii) to honor its obligations under the Credit Card Agreement and pay the Credit Card Obligations, including any Credit Card Fees (all as defined therein) and (b) Banks to honor and process prepetition checks and transfers in respect of the Patient Programs.

82. Prior to the commencement of this chapter 11 case, in the ordinary course of business and as is customary in the hospital industry, the Debtor required deposits from patients when scheduled certain medical treatments. To the extent such treatments are canceled (either by the Debtor or the patient) the Debtor would refund such deposit to the patient.

83. The Patient Programs are integral to ensure the smooth functioning of the Debtor's business. The Debtor believes that it must promptly assure patients of its continued ability to satisfy prepetition and postpetition refunds under the Patient Programs to maintain its valuable patient base, and myriad other important benefits derived therefrom, following the commencement of this chapter 11 case. Any inability of the Debtor to promptly honor these obligations would be disastrous to the survival of the Debtor as a going concern because of the resulting destruction of goodwill and loss of patient patronage.

84. Accordingly, I believe the relief requested in the Patient Programs Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest in this case.

Debtor's Motion for Order, Pursuant to Section 333(a) of the Bankruptcy Code and Bankruptcy Rule 2007.2, Determining that Appointment of a Patient Care Ombudsman is Not Required in this Case (the "Patient Ombudsman Motion")

85. Pursuant to the Patient Ombudsman Motion, the Debtor seeks entry of an order determining that appointment of a patient care ombudsman for the Debtor is not required at this time. It is my understanding that the Bankruptcy Code provides that the appointment of a patient care ombudsman is within the Court's discretion. In light of the Debtor's extensive internal quality management procedures as well as oversight from numerous government agencies and professional associations, I believe the appointment of such an ombudsman would duplicate the Debtor's existing patient care quality management procedures at substantial cost and without increasing the quality of care for its patients. Moreover, any input by an ombudsman probably would be rendered moot before it could have any meaningful impact because the Debtor is likely to sell substantially all of its assets to a third party, resulting, *inter alia*, in the integration of operations. Accordingly, I believe the relief requested in the Patient Ombudsman Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest in this case.

Debtor's Motion for Order (A) Approving Procedures for Selling Substantially All Property of the Debtor's Estate Free and Clear of All Interests, (II) Approving Procedures for Assuming and Assigning Certain Executory Contracts and Unexpired Leases, (III) Authorizing the Debtor to Enter into the Stalking Horse APA, (IV) Authorizing the Payment of the Stalking Horse Payment as Administrative Expenses, and (V) Granting Related Relief; and (B)(I) Approving the Sale of Certain Property of the Debtor's Estate Free and Clear of All Interests, (II) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Granting Related Relief (the "Sale Motion")

86. Pursuant to the Sale Motion, the Debtor requests relief in two steps. First, the Debtor requests entry of an order (the "Sale-Procedures Order"): (A) approving procedures (the "Bidding Procedures"), for, *inter alia*, (i) submitting bids for any or all of the Acquired Assets as defined in the Sale Motion and (ii) conducting an auction (the "Auction") with respect to the Acquired Assets in the event the Debtor receives at least one additional bid; (B) approving the Stalking Horse Protections; (C) scheduling an Auction; (D) scheduling a hearing (the "Sale Hearing") to consider approval of the sale of the Acquired Assets with respect to any bid(s) accepted by the Debtor; (E) approving the Cure Procedures for the assumption and assignment of certain executory contracts and unexpired leases (the "Contracts") of the Debtor to any purchaser(s) of the Acquired Assets, and to resolve any objections thereto; and (F) approving (i) the form of notice of the Auction and Sale (the "Sale Notice") and (ii) the form of notice to parties holding Contracts that may be assumed and assigned in connection with the sale of the Assets.

87. Second, the Debtor requests entry of an order, pursuant to sections 105, 363, and 365 of the Bankruptcy Code (the "Sale Order"), approving the sale of the Acquired Assets to the purchaser, free and clear of all liens, claims, encumbrances, and liabilities, except as provided in the applicable asset purchase agreement, and authorizing the Debtor to consummate the Sale (as defined below) and all documents, agreements, and contracts executed in conjunction therewith.

88. As set forth above, the Debtor has been suffering financial distress for some time prior to the filing of this case. As a result, the Debtor and its investment banker engaged in extensive marketing efforts seeking potential purchasers for the Debtor's assets. As a result of these efforts, LRGHealthcare identified Concord as a potential purchaser for substantially all of the Debtor's assets. Ultimately, as a result of arms'-length negotiations, LRGHealthcare agreed to seek bankruptcy court approval of the Stalking Horse Agreement (the "Stalking Horse Agreement") for the sale of substantially all of the Debtor's assets pursuant to which Concord, as more specifically set out in the Stalking Horse Agreement, has offered \$30,000,000, amongst other consideration, in exchange for the Acquired Assets. The Stalking Horse Bid provides for the continued employment of the Debtor's employees and ensures for the continued care for the patients in the areas that the Debtor now serves.

89. While the Stalking Horse Agreement provides a "floor" for the potential sale, the Debtor seeks the approval of auction procedures in order to seek higher and better offers for the Acquired Assets and is hopeful for a robust auction process. Additionally, in the last two months prior the Petition Date, LRGHealthcare has explored with KeyBank the possibility that interested bidders may be permitted to assume the secured debt owed by LRGHealthcare to KeyBank, instead of making a cash purchase price payment. The Debtor expects KeyBank will provide more detail about the terms of such an assumption and anticipates it will agree to share those terms with all prospective bidders who have executed an appropriate NDA.

90. The Debtor believes that the closure and liquidation of the hospital would be detrimental to the Debtor's estate, creditors and indeed all the communities that the hospital serves.

91. Through the Debtor's financial and operational analysis, along with the consultation and advice from the Debtor's restructuring professionals, the Debtor has determined that the development of a stand-alone reorganization plan is not feasible.

92. Through the Debtor's financial and operational analyses, along with consultation and advice received from the Debtor's restructuring professionals, the Debtor has determined that acceptance of the Stalking Horse bid is in the best interest of the Debtor's estate.

93. Through the Debtor's financial and operational analyses, along with consultation and advice received from the Debtor's restructuring professionals, the Debtor has determined that the relatively short pre-petition auction timeline is warranted due to the deleterious effect of time on the creditors' recovery.

94. Accordingly, the Debtor seeks approval of an expedited sale process. Despite LRGHealthcare's receipt of non-recurring COVID-19 provider relief funds, implementation of pre-petition work-force related cost-containment efforts and other cash conservation actions, LRGHealthcare's operations do not generate adequate cash flows to fund its operations and it continues to experience declining liquidity levels over the long term. The duration and full negative impact of the pandemic upon the hospital / provider industry, including LRGHealthcare, remains speculative at this juncture and is not entirely quantifiable. However, any resurgence would likely add more financial distress. There is no expectation or guaranty that LRGHealthcare will receive any additional federal or state provider relief funds to subsidize the additional costs and business interruption that could come from a pandemic resurgence. It is unknown if any supplemental relief funds received by the Debtor would be sufficient to cover even its incremental COVID-19 losses.

95. Furthermore, the Debtor historically incurs its lowest volumes and poorest financial performance during the months of January and February. The addition of non-ordinary restructuring costs in order to facilitate a bankruptcy sale process will accelerate and only increase cash losses and shorten the Debtor's liquidity runway in advance of these depressed financial months. As proposed, the Stalking Horse Agreement requires the entry of the Bid Procedures Order within ten business days of the Petition Date (i.e. November 2, 2020) and the Sale Order on or before January 31, 2021. As time is of the essence in order to preserve the assets of the Debtor's estate, the Debtor believes that completion of the proposed bidding and sale process before the end of the calendar year is in the best interests of all constituencies and allows LRGHealthcare to affiliate with a partner in order to continue to fulfill its primary mission of providing outstanding high quality comprehensive health services to the community.

96. In light of the results of the pre-petition marketing activities of management and the Debtor's investment banker, the Debtor has judged the Stalking Horse Bid to be clearly preferable to closure and liquidation, which would result absent a sale to the Stalking Horse or a similar alternative transaction. The Stalking Horse would not have entered into the Agreement (i) if the transfer of the Acquired Assets were not free and clear of all liens, claims, encumbrances, and other interests of any kind or nature whatsoever, including, without limitation, rights or claims based on any taxes or successor or transferee liability, and all liens, claims, encumbrances, setoff rights or other interests of or asserted by any Agency or Agencies, or (ii) if the Stalking Horse would, or in the future could, be liable for any such liens, claims, encumbrances, and other interests, including, without limitation, rights or claims based on any taxes or successor or transferee liability. The Stalking Horse will not consummate the transactions contemplated by the Agreement, including, without limitation, the Sale and the

assumption and assignment of the Assigned Contracts, unless this Court expressly orders that the Stalking Horse, their affiliates, their present or contemplated members or shareholders, or the Acquired Assets will not have any liability whatsoever with respect to, or be required to satisfy in any manner, whether at law or equity, or by payment, setoff, or otherwise, directly or indirectly, any liens, claims, encumbrances, and other interests, including, without limitation, rights or claims based on any taxes, successor or transferee liability, and all liens, claims, encumbrances, setoff rights or other interests of or asserted by any Agency or Agencies. Not transferring the Acquired Assets free and clear of all liens, claims, encumbrances, and other interests of any kind or nature whatsoever including, without limitation, rights or claims based on any taxes, successor or transferee liability, and all liens, claims, encumbrances, setoff rights or other interests of or asserted by any Agency or Agencies, would adversely impact the Debtor's efforts to maximize the value of its estate, and the transfer of the Acquired Assets other than pursuant to a transfer that is free and clear of all liens, claims, encumbrances, and other interests of any kind or nature whatsoever would be of substantially less benefit to the Debtor's estate.

CONCLUSION

97. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

98. Accordingly, I respectfully request that the Court grant all relief requested in the First Day Pleadings and such other and further relief as may be just.

Dated: October 19, 2020

On behalf of LRGHealthcare as a debtor and
debtor-in-possession

By: /s/ Kevin W. Donovan
Kevin W. Donovan

EXHIBIT A
NON-DEBTOR AFFILIATES

| Name | Entity Purpose | Entity Type | Ownership Interest | Entity Members | Status |
|--|--|---|--------------------|---|----------|
| Asquam Community Health Collaborative, LLC 47-4366563 | Joint purchasing management and use arrangements for information technology and other major medical equipment. | New Hampshire limited liability company | 50.00% | Speare Memorial Hospital / LRGHealthcare | Active |
| Community Health Services Network, LLC 81-1707581 | Entity to form an integrated care delivery network to align and improve delivery of care. | New Hampshire limited liability company | 6.66% | Communities for Alcohol and Drug Free Youth / Community Action Program Belknap-Merrimack Counties / Central NH VNA & Hospice / Franklin VNA & Hospice / Genesis Behavioral Health / Health First Family Care Center / Horizons Counseling Center / Lakes Region Visiting Nurse Association / Lakes Region Community Services / LRGHealthcare / Mid-State Health Center / Newfound Area Nursing Association / Pemi-Baker Community Health / Partnership for Public Health / Speare Memorial Hospital | Active |
| Good Health Medical Services of Franklin, LLC 04-3368833 | A local PHO for LRGHealthcare affiliated providers; performs medical management and handles local finances for its component of the network. | New Hampshire limited liability company | 55.00% | | Inactive |
| Good Health Medical Services of Laconia, LLC 04-3372332 | A local PHO for LRGHealthcare affiliated providers; performs medical management and handles local finances for its component of the network. | New Hampshire limited liability company | 55.00% | | Inactive |
| Good Health Medical Services of New Hampshire, LLC 04-3372337 | A local PHO for LRGHealthcare affiliated providers; performs medical management and handles local finances for its component of the network. | New Hampshire limited liability company | | Good Health Medical Services of Laconia, LLC / Good Health Medical Services of Franklin, LLC / Speare Health Network, LLC | Inactive |
| Granite Shield Insurance Exchange 27-4282299 | To provide insurance coverage for professional, general liability and other insurable risks. | Vermont Reciprocal Industrial Insured Captive Insurance Company | 21.00% | Concord Hospital / LRGHealthcare | Active |
| Granite Shield Insurance Services, LLC 27-4282187 | Attorney in fact for Granite Shield Insurance Exchange. | Vermont limited liability company | 50.00% | Concord Hospital / LRGHealthcare | Active |
| Hillside ASC, LLC 20-8146980 | Entity for operation of ambulatory surgery center. | New Hampshire limited liability company | 65.83% | | Active |
| New England Telehealth Consortium | Entity to organize a consortium of healthcare providers to develop and implement a regional telehealth network. | Maine non-profit corporation | | LRGHealthcare is one member of this corporation. Membership carries no ownership interest in the entity. | Active |
| New Hampshire Occupational Health Alliance 02-0477294 | Enhance occupational health services and workers' compensation care management – presently inactive. | New Hampshire joint venture | 30.00% | Lakes Region General Hospital / Huggins Hospital / Franklin Regional Hospital / Speare Memorial Hospital / Littleton Regional Hospital / Androscoggin Valley Hospital | Inactive |
| New Hampshire Imaging Services, Inc 02-0414614 | Provide mobile magnetic resonance imaging services | New Hampshire voluntary corporation | 7.14% | Cheshire Medical Center / Concord Hospital / Exeter Hospital / Southern NH Hospital / St. Joseph's Hospital / Parkland Medical Center / Catholic Medical Center / Frisbie Memorial Hospital / Elliot Hospital / Dartmouth-Hitchcock Clinic / LRGHealthcare / Mary Hitchcock Mem'l Hospital / New London Hospital / Huggins Hospital | Active |

Exhibit A