

**HEALTH SERVICES AND DEVELOPMENT AGENCY
JUNE 24, 2020
APPLICATION SUMMARY**

NAME OF PROJECT: HealthStar Imaging

PROJECT NUMBER: CN1912-056

ADDRESS: 150 Serral Drive
Greeneville (Greene County), TN 37745

LEGAL OWNER: HealthStar Physicians, P.C.
420 West Morris Blvd., Suite 400A
Morristown, (Hamblen County), TN 37813

OPERATING ENTITY: N/A

CONTACT PERSON: Jerry Taylor
(615) 724-3247

DATE FILED: December 13, 2019

PROJECT COST: \$6,530,739.26

FINANCING: Commercial Loan and Cash Reserves

PURPOSE FOR FILING: Establishment of an outpatient diagnostic center (ODC) and initiation of magnetic resonance imaging (MRI) services.

DESCRIPTION:

HealthStar Physicians, P.C. is seeking to establish an outpatient diagnostic center (ODC) and initiate magnetic resonance imaging (MRI) services. The ODC will occupy 7,294 square feet on the first floor of a 14,588 square foot newly constructed two-story building. HealthStar clinical offices will occupy the second floor. Diagnostic services to be provided include MRI (1.5 Tesla), CT, Ultrasound, Mammography, Bone Density, and X-ray.

OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county-by-county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

The applicant's proposed service area consists of Cocke, Greene, Hamblen, and Hawkins Counties. The projections in the application used a 4-year planning horizon.

It appears that the application meets this criterion.

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

The applicant noted that there are no ODCs in the service area and that MRI services are only available at private physician offices and hospital-based services.

3. Any special needs and circumstances:
 - a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

The proposed ODC will provide diagnostic imaging services.

- b. Other special needs and circumstances, which might be pertinent, must be analyzed.

There are no other special needs identified.

- c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

In the event of an emergency, the staff would call 911. Greeneville Community East has an emergency room approximately 2.5 miles from the site of the proposed ODC.

It appears that the application will meet this criterion.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant will establish written protocols to assure medical necessity for MRI exams.

It appears that the application will meet this criterion.

MAGNETIC RESONANCE IMAGING SERVICES

1. Utilization Standards for non-Specialty MRI Units.

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

The applicant projects 2,932 MRI scans in Year 1 (2021), and 2,961 MRI scans in Year 2 (2022).

It appears that the applicant will meet the MRI standard by Year 1 of the proposed project.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in

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the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

The ODC will be accessible to all patients referred by their physicians so that the ODC should be accessible to the population in the service area.

It appears that this criterion will be met.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant was not aware of lower costs technologies or shared diagnostic opportunities. In the request for supplemental information, the applicant was informed that Sycamore Shoals Hospital and Medical Care in Carter County had a MRI sharing arrangement. The applicant stated in Supplemental #1 that something similar was considered but determined to not be a viable option.

The applicant did not specify as to why a sharing arrangement was not a viable option.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3,600 procedures, or 2,880 procedures, during the most recent twelve month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

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In 2018, the overall MRI average utilization of Cocke, Greene, Hamblen, and Hawkins County MRI providers was equal to 1,589 procedures per unit, or 59.4% of the 2,880 MRI utilization standard. More detail can be found on page 10 of this summary.

It appears that this criterion has not been met.

5. Need Standards for Specialty MRI Units.

This standard does not apply to this application.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.

This standard does not apply to this application.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

The applicant has stated that the FDA has approved the MRI for clinical use.

It appears that this criterion has been met.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The applicant provided documentation from the project general contractor confirming that all the requirements listed above will be met.

It appears that this criterion has been met.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

In the event of an emergency, the staff would call 911. Greeneville Community East has an emergency room approximately 2.5 miles from the site of the proposed ODC.

It appears that this criterion has been met.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant will establish written protocols to assure medical necessity for MRI exams.

It appears that the application will meet this criterion.

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The applicant is prepared to meet all American College of Radiology (ACR) standards, including those regarding staffing recommendations and requirements.

It appears that this criterion will be met.

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The applicant commits to being accredited by the American College of Radiology within 2 years of initiation of operations.

It appears that this criterion will be met.

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant will seek a transfer agreement with Greeneville Community Hospital at the appropriate time. The applicant indicated that the medical director will be Steven Repka, M.D., a board certified radiologist. The applicant did not specifically address as to whether Dr. Repka is or will be a member of the hospital's active staff.

It appears that this criterion has partially been met.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant commits to do so.

It appears that this criterion has been met.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration; or

The service area counties are designated as either Medically Underserved Areas or Medically Underserved Population.

It appears that this criterion has been met.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

It appears that this criterion is not applicable

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant participates in TennCare and Medicare and intends for the ODC to participate in both programs as well.

It appears that this criterion has been met.

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- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

It appears that this criterion is not applicable

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics as a Note to Agency members.

Application Synopsis

HealthStar Physicians, P.C., a multi-specialty physicians group, proposes to establish an Outpatient Diagnostic Center (ODC) to be located in Greeneville, (Greene County), TN. The proposed ODC will provide imaging services to include MRI, CT, Ultrasound, Mammography, Bone Densitometry, and X-Ray.

An overview of the project is provided on pages 2 of the original application.

Facility and MRI Equipment Information

Key highlights of the applicant's proposed ODC and fixed MRI service are noted below.

- The ODC will be housed in a 14,588 square foot newly constructed two-story building, which will be constructed and owned by the applicant. The ODC will occupy 7,294 square feet on the first floor and HealthStar clinical offices will occupy the second floor.
- The applicant will purchase an Elan 1.5 Tesla MRI from Canon Medical Systems USA, Inc. The cost of the unit including a 72-month maintenance agreement is expected to be \$1,411,734.
- The new construction cost is estimated to be \$2,197,052 or \$301.21 per square foot.
- The hours of operation will be Monday through Friday from 8 am to 5 pm.

Ownership

- The ODC will be owned and managed by HealthStar Physicians, P.C. (HealthStar)
- HealthStar is a multi-specialty physician practice with 500+ staff, 100 providers and 14 locations in 5 counties, including three after-hours clinics serving East Tennessee.

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NEED**Project Need**

The applicant states that the proposed ODC with MRI is needed for the following reasons:

- There are no ODCs in the four county service area.
- The only MRI services available include those affiliated with a physician practice (the applicant) or those that are hospital-based.
- There is a need for a choice of freestanding ODC for imaging services, which is a lower cost alternative.

Service Area Demographics

The applicant's proposed service area includes Cocke, Greene, Hamblen, and Hawkins County. The total population of the four counties is estimated at 226,213 residents in calendar year (CY) 2019 increasing by approximately 0.9% to 228,158 residents in CY 2023.

- The total 18+ target age population is estimated at 180,414 residents in CY 2019 increasing approximately 1.5% to 183,186 residents in 2023.
- The total population of the state of Tennessee is expected to grow 3.2% during the same timeframe.
- The 18+ age population in the state of Tennessee overall is expected to increase 3.5% during the same timeframe.
- In CY 2023, the Age 18+ population is expected to be equal to 80.3% of the total population of the service area. This compares to the state of Tennessee overall at 78%.
- The latest 2019 percentage service area population enrolled in the TennCare program is approximately 22.2%, as compared to the statewide enrollment proportion of 20.7%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Note to Agency member: The applicant incorrectly reported the population of Hamblen County to be 131,123 in 2019 and in turn the total service area population as 292,430. There were subsequent errors for the projected population and Age 18+ population.

Service Area Historical Utilization

Service Area MRI Utilization, 2016-2018

Provider	Type (*)	# of MRIs In 2018	2016	2017	2018	2018 Average Utilization Per MRI	% of MRI Standard 2,880 in 2018	% Change '16- '18
Cocke County								
Newport Medical Center	HOSP	1.0	1,478	1,528	1,577	1,577	54.8%	+6.7%
Cocke County Sub-total		1.0	1,478	1,528	1,577	1,577	54.8%	+6.7%
Greene County								
Greeneville Comm. Hospital-East	HOSP	2.0	3,293	3,329	3,335	1,668	57.9%	+1.3%
Greeneville Comm. Hospital-West	HOSP	1.0	1,992	1,424	1,544	1,554	54.0%	-22.5%
Greene County Sub-Total		3.0	5,285	4,753	4,879	1,626	56.5%	-7.7%
Hamblen County								
HealthStar Physicians	PO	2.0	3,520	3,153	3,788	1,894	65.8%	+7.6%
Morristown-Hamblen Hospital	HOSP	2.0	4,396	4,047	3,868	1,934	67.2%	-12.0%
*Lakeway Regional Hospital	HOSP	1.0	1,245	1,594	1,135	1,135	39.4%	-8.8%
Hamblen County Sub-Total		5.0	9,161	8,794	8,791	1,531	61.0%	-4.0%
Hawkins County								
Hawkins County Mem. Hospital	HOSP	0.4	811	878	829	829	72.0%	+2.2%
Hawkins County Sub-Total		0.4	811	878	829	829	72.0%	+2.2%
Service Area Total		9.4	16,744	15,953	16,068	1,589	59.4%	-4.0%

Notes: (*) HOSP= Hospital, PO = Physician Office

Source: HSDA Equipment Registry

*Lakeway Regional Hospital closed December 2018. No 2018 data was reported to the HSDA Equipment Registry, however 2018 data was reported to Joint Annual Report, so that data is reported for 2018

- The chart above indicates that MRI volumes in the 4-county proposed service area decreased 4.0% between 2016 and 2018. Four out of seven (57.1%) of all providers experienced increased volume during this period.
- The applicant, HealthStar Physicians, currently operates two MRIs at its physician offices. In 2018, the applicant reported that those MRIs performed 3,788 MRI scans, which was equal to 65.8% of the optimal utilization level identified in the CON Standards and Criteria for MRI.
- Overall, the MRIs in the service area operated at approximately 59.4% of the optimal MRI volume standard in 2018. None of the service area providers have reached the MRI optimal volume standard. The MRI with the highest percentage was the part-time mobile scanner (2-days/week) at 72.0% of the optimal utilization standard.

Applicant's Historical and Projected Utilization

Since the applicant is seeking to establish an ODC, there is no historical data to review.

The projected utilization of all imaging modalities planned for the proposed ODC in Year 1 is shown in the table below:

Projected Procedures, All Imaging Modalities	
Imaging Modality	Year One-2021
MRI	2,932
CT	2,087
X-Ray	1,663
Mammography	2,394
Ultrasound	1,120
Bone Densitometry	674

Source: CN1912-056, Supplemental #1, Page 4.

- The applicant expects MRI volume to increase to 2,961 scans in Year 2-2022.

Note to Agency members-The applicant provides assumptions for the MRI projected volumes on page 23 of the original application. As noted earlier the applicant over reported the population in Hamblen County and subsequently the service area population. The applicant's MRI projected volumes were based on this incorrect population. Applying the applicant's methodology to the correct population results in a projected MRI volume of 4,705 MRI scans.

Additionally, it does not appear that the applicant took into consideration its MRI volumes at its two units within its physician practice in Hamblen County.

Agency members may want to inquire about the applicant's projection methodology.

ECONOMIC FEASIBILITY

Project Cost

The total project cost is \$6,530,739.26. Of this amount, the major costs are as follows:

- Construction Cost-\$2,197,052 or 33.6% of total cost.
- Fixed Equipment - \$1,865,752.08 or 28.6% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 25 of the original application.

Financing

The applicant will fund the proposed project with a combination of a commercial loan, operating revenue, and cash reserves.

- A letter of interest from Joshua Shamblin, Relationship Manager, SunTrust Private Wealth Management, indicates funds of up to \$4.4M will be available from a non-revolving construction loan and a term loan.

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- A letter from Odessa M. Brabson, CFO of HealthStar Physicians, P.C. acknowledges that \$2,130,739 will be available from cash reserves and/or operating revenue.
- Review of HealthStar's unaudited financial statements ending December 31, 2018 revealed cash of \$7,760, total current assets of \$123,497 and current liabilities of \$607,276 for a current ratio of 0.2 to 1.0.

Note to Agency Members: Current Ratio is a general measure of liquidity and is the ratio of current assets to current liabilities, which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

- The net operating margin ratio for the total facility calculates to approximately 52.3% in Year 1 and 52.5% in Year 2.
- The projected net operating margin ratio for the MRI service calculates to approximately 49.4% in Year 1 and 49.6% in Year 2.

Note to Agency Members: The net operating margin demonstrates how much revenue remains after all the variable or operating costs have been paid.

- HMG's capitalization ratio is 151.37%.

Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.

Historical Data Chart

Since the applicant is seeking to establish an ODC, there is no ODC historical data chart available.

Projected Data Chart

The applicant provided projected data charts for the proposed ODC in total on pages 29-30 of the application and for MRI services on pages 31-32. Some of the highlights are as follows:

MRI Services

Estimated gross operating revenue is \$2,926,199 on 2,932 MRI procedures in Year 2021 (Year 1) increasing by approximately 1% to \$2,955,461 on 2,961 procedures in Year 2022 (Year 2).

- Net operating revenue for each of the first 2 years of the project is expected to be approximately 31.0% of gross operating revenue.

- Free Cash Flow (Net Balance + Depreciation) of \$214,289 is projected for Year 2021 and is expected to increase by approximately 3.2% to \$221,127 in Year 2022.
- The applicant projects net operating income of \$162,735 in Year 1, and \$169,568 in Year 2.
- The applicant allocates \$18,129 for charity care in Year 1 increasing to \$18,310 in Year 2. Based on a projected gross charge of \$998 per MRI procedure, these amounts calculate to approximately 18 charity care scans in Year 1 and Year 2.

Total Facility

- Gross operating revenue is expected to increase by approximately 1% from \$12,450,223 on 10,870 total imaging procedures in Year 2021 to \$12,574,726 on 10,979 total procedures in Year 2022.
- The applicant projects free cash flow (net balance + depreciation) of \$1,358,769 in Year 1 and \$1,388,347 in Year 2.

Charges

- The proposed Year One MRI average gross charge equals \$998 per MRI procedure, average deductions from revenue \$689 per procedure, and average net charge \$309 per procedure.
- According to data reported in the HSDA Equipment Registry for the 2018 calendar year period, an average gross charge of \$998 per MRI procedure is below the first quartile (\$1,517.96 *per procedure*) of MRI charges in Tennessee.

Medicare/TennCare Payor Mix

The applicant's projected MRI payor mix for Year 1 (FY2021) is as follows:

Payor Source	Gross Revenue	% Gross Revenue
Medicare/Medicare Managed Care	\$1,521,623	52%
TennCare/Medicaid	\$263,358	9%
Commercial/Other Managed Care	\$1,111,899	38%
Self-Pay	\$29,262	1%
TOTAL	\$2,926,199	100%

Source: CN1909-036

- Medicare and TennCare/Medicaid-Projected revenue is \$1,784,981 representing approximately 61% of total revenue in Year 1.
- Managed Care/Commercial combined is projected to total \$1,111,899 or 38% of total revenue in Year 1.

The applicant's projected Total Facility payor mix for Year 1 (FY2021) is as follows:

Payor Source	Gross Revenue	% Gross Revenue
Medicare/Medicare Managed Care	\$6,474,116	52%
TennCare/Medicaid	\$1,120,520	9%
Commercial/Other Managed Care	\$4,731,085	38%
Self-Pay	\$124,502	1%
TOTAL	\$12,450,223	100%

Source: CN1909-036

- Medicare and TennCare/Medicaid-Projected revenue is \$7,594,636 representing approximately 61% of total revenue in Year 1. The ODC is expected to contract with all four of the TennCare MCOs in the service area: United Healthcare Community Plan, BlueCare, TennCare Select, and Amerigroup.
- Managed Care/Commercial combined is projected to total \$4,731,085 or 38% of total revenue in Year 1.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- If approved, HealthStar Imaging will be licensed by the Tennessee Department of Health as an ODC.

Certification

- HealthStar Imaging will seek Medicare and TennCare/Medicaid certification.

Accreditation

- HealthStar Imaging plans to seek accreditation by the American College of Radiology (ACR)

Other Quality Standards

- The applicant commits to obtaining and/or maintaining the following:
 - Staffing levels comparable to the staffing chart presented in the CON application. The applicant will maintain appropriate staffing levels consistent with facility imaging volumes.
 - Licenses in good standing
 - TennCare/Medicare certifications
 - As a new operator of the proposed ODC, the applicant does not have a three-year history to report regarding compliance with federal and state regulations.
 - Meeting ACR accreditation requirements regarding quality improvement and assessment.

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CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant plans to seek an emergency transfer agreement with Greeneville Community Hospital.
- The ODC is expected to have an affiliation with Vista Radiology for professional interpretation services. Vista Radiology will bill separately for all Medicare and TennCare patients. For other patients, the ODC will charge a global fee to the patient so that the ODC will pay Vista radiologists for their professional services.

Impact on Existing Providers

- The applicant stated the following:
 - Hospital-based providers may lose some volume.
 - The loss of those relatively small volumes should not have a significant impact on any one provider
 - Patients should benefit from lower charges and greater convenience.

Staffing

The applicant provided the facility staffing complement in the table on pages 36 and 37 of the original application. As noted in the table, total direct patient care in Year 1 is expected to be as follows:

- 1.5 FTE MRI Technologist
- 1.5 FTE CT Technologist
- 1.0 FTE Ultrasound Technologist
- 1.5 FTE Mammography Technologist
- 1.0 FTE X-ray Technologist
- 1.0 FTE Bone Densitometry Technologist
- 0.75 FTE Floating Technologists
- **8.25 Total FTEs**

Note to Agency Members: One FTE means an employee who works 2,080 regular hours per year.

Corporate documentation, option to purchase, and equipment quote are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding CONs for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications, or outstanding Certificates of Need for similar service area entities proposing this type of service.

Pending Applications

Takoma Regional Hospital, Inc. d/b/a Greeneville Community Hospital, CN2010-001, has a pending application that will be heard at the April 22, 2020 Agency meeting for the establishment of an outpatient diagnostic center (ODC), and initiation of MRI services at 401 Takoma Avenue, Greeneville, (Greene County), TN. The project involves the conversion and renovation of 5,528 SF of existing hospital-based imaging space (including MRI) to a separately licensed outpatient diagnostic center. The estimated project cost is **\$3,293,758**.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF
03/27/2020

Application

(Original)

**HealthStar Imaging
Greenville (Greene Co.)**

CN1912-056

DECISION 15-01113

CERTIFICATE OF NEED APPLICATION**FOR****HEALTHSTAR IMAGING****The Establishment of An Outpatient
Diagnostic Center with MRI****Greene County, Tennessee****December 13, 2019****Contact Person:****Jerry W. Taylor, Esq.
Burr & Forman, LLP
222 Second Avenue South, Suite 2000
Nashville, Tennessee 37201
615-724-3247**



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

HealthStar Imaging
 Name

150 Serral Drive
 Street or Route

Greene
 County

Greenville
 City

TN
 State

37745
 Zip Code

Website address: N/A

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Jerry W. Taylor
 Name

Attorney
 Title

Burr & Forman, LLP
 Company Name

jtaylor@burr.com
 Email address

222 Second Avenue South Suite 2000
 Street or Route

Nashville
 City

TN
 State

37201
 Zip Code

Attorney
 Association with Owner

615-724-3247
 Phone Number

615-724-3248
 Fax Number

NOTE: *Section A* is intended to give the applicant an opportunity to describe the project. *Section B* addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. **SECTION A: EXECUTIVE SUMMARY**

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) **Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;**

HealthStar Physicians, P.C. proposes to establish an outpatient diagnostic center (“ODC”). Imaging modalities at the ODC will include CT, MRI, Mammography, Ultra-Sound, Bone Density, and X-Ray. The ODC will be a community healthcare asset, and will be available for referrals from community physicians, and not limited to HealthStar Physicians.

The ODC will be in a new building consisting of approximately 14,588 square feet of space, which will be constructed and owned by the applicant. The ODC will occupy 7294 square feet.

- 2) **Ownership structure;**

The ODC will be owned by HealthStar Physicians, P.C.

- 3) **Service area;**

The services area consists of Greene, Cocke, Hamblen and Hawkins Counties.

- 4) **Existing similar service providers;**

There are no ODC’s in the service area. There are 8.4 FTE MRIs in the service area. Of these, 6.4 units are in hospitals or hospital outpatient departments (HOPDs), and 2.0 units are in physician offices, limited to the patients of that particular physician practice.

- 5) **Project cost;**

The total estimated project cost is \$6,530,739. This includes approximately \$1,560,511 in financing fees and equipment maintenance fees. The capital cost is approximately \$4,932,891.

- 6) **Funding;**

Funding will be partially through a commercial loan and partially through cash reserves and operating revenues.

- 7) **Financial Feasibility including when the proposal will realize a positive financial margin; and**

The project is profitable from the outset.

- 8) **Staffing.**

Year 1 staffing calls for 8.25 FTEs in direct patient care (imaging technologists), and 5.0 FTEs in non-direct patient care

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area.

Provide a brief description of how the project meets the criteria necessary for granting a CON using the data and information points provided in Section B of the application.

1) Need;

There are no existing ODCs in the four-county service area. This is an area with a population of 292,430, which has no access to a free-standing ODC. The only MRI services available to the general public (as opposed to the patients of a particular physician's group which offers MRI services) are hospital-based services. There is a need for a choice of a free-standing ODC for imaging services, which is a lower cost alternative. Please see the more detailed need analysis for MRI services in the service area in the pages which follow.

2) Economic Feasibility;

The project costs are reasonable and funding is available for a commercial loan and from cash reserves of the applicant. The project will be profitable from the outset, both as to the ODC as a whole and for the MRI service. The applicant's proposed charges will be the lowest in the area based on 2018 average charges except for the HealthStar MRI in Hamblen County, which is slightly below the proposed charges.

3) Quality Standards;

The applicant and the proposed ODC will be maintained in compliance with all applicable quality standards. The ODC will be licensed by the Tennessee Board for Licensing Health Care Facilities, and will be accredited by the American College of Radiology.

4) Orderly Development to adequate and effective health care.

This proposed ODC would be the only ODC in the entire 4 county service area. Having an ODC available as an option would provide a lower cost structure and a more convenient facility for patients. It would allow HealthStar patients who reside in the service area to have a closer, more convenient location for imaging services.

To the extent a current hospital-based provider loses some volume due to patients choosing a facility with lower charges and greater convenience, this could be seen as a negative by the hospital-based provider. However, it is not thought that the loss of this relatively small volume of imaging services will have a significant impact on any one provider.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review. A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

N/A

4. SECTION A: PROJECT DETAILS

A. Owner of the Facility, Agency or Institution

<u>HealthStar Physicians, P.C.</u>		<u>423-581-5925</u>
Name		Phone Number
<u>420 West Morris Blvd., Suite 400A</u>		<u>Hamblen</u>
Street or Route		County
<u>Morristown</u>	<u>TN</u>	<u>37813</u>
City	State	Zip Code

B. Type of Ownership of Control (Check One)

- | | | | |
|---------------------------------|----------|---|-------|
| 1) Sole Proprietorship | _____ | 6) Government (State of TN or _____
Political Subdivision) | _____ |
| 2) Partnership | _____ | 7) Joint Venture | _____ |
| 3) Limited Partnership | _____ | 8) Limited Liability Company | _____ |
| 4) Corporation (For Profit) | <u>X</u> | 9) Other (Specify) _____ | _____ |
| 5) Corporation (Not-for-Profit) | _____ | | |

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. Attachment Section A-4AB.

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

Copies of organizational documents are attached as Attachment Section A, Project Details, 4, B. Due to the straight-forward ownership structure no organizational chart is submitted, but one will be made available if requested.

5. Name of Management/Operating Entity (If Applicable)

N/A

Name

Street or Route _____ County _____

City _____ State _____ Zip Code _____

Website address: _____

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.

6 A. Legal Interest in the Site

(Check appropriate line and submit the following documentation)

The legal interest described below must be valid on the date of the Agency consideration of the certificate of need application.

Ownership (Applicant or applicant's parent company/owner)
Submit a copy of the title/deed.

- ☐ **Lease (Applicant or applicant's parent company/owner)**
Attach a fully executed lease that includes the terms of the lease and the actual lease expense.

- X Option to Purchase**
Attach a fully executed Option that includes the anticipated purchase price

A copy of an Option to Purchase, and an Assignment of that Option to the applicant are attached as Attachment Section A, Project Details, 6., A.

- ☐ **Option to Lease**
Attach a fully executed Option that included the anticipated terms of the Option and anticipated lease expense
- ☐ **Other (Specify)**

Check the appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

Attachment Section A-6A

- 6B. Briefly describe the following and attach the requested documentation on an 8 1/2" by 11" sheet of white paper, legibly labeling all requested information.**

- 1) **Plot Plan must include:**
- a) **Size of site (in acres);**
 - b) **Location of structure on the site;**
 - c) **Location of the proposed construction/renovation; and**
 - d) **Names of streets, roads or highway that cross or border the site.**

A plot plan is attached as Attachment Section A, Project Details, 6, B, 1.

- 2) **Floor Plan** – If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page.

- a) Patient care rooms (private or semi-private)
- b) Ancillary areas
- c) Equipment areas
- d) Other (specify)

A floor plan is attached as Attachment Section A, Project Details, 6, B, 2.

- 3) **Public Transportation Route** – Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The site is located just off U.S. Highway 321, which is a major vehicle thoroughfare in the area. To give an idea as to its accessibility, it is approximately 1/2 mile from a Walmart Supercenter.

There is no public bus service, in the traditional sense, available in Greene County. However, the East Tennessee Human Resource Agency (ETHRA) operates a bus service which offers transportation to medical appointments for a very low fare. The ODC would be accessible by ETHRA bus for about \$6.00 for a round trip.

7. **Type of Institution** (Check as appropriate--more than one response may apply)

A. Hospital (Specify) _____	_____	H Nursing Home	_____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty	_____	I. Outpatient Diagnostic Center	<u> X </u>
C. ASTC, Single Specialty	_____	J. Rehabilitation Facility	_____
D. Home Health Agency	_____	K. Residential Hospice	_____
E. Hospice	_____	L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction	_____
F. Mental Health Hospital	_____	M. Other (Specify) _____	_____
G. Intellectual Disability Institutional Habilitation Facility ICF/IID	_____		

8 Purpose of Review (Check appropriate -- more than one response may apply)

- | | | | |
|---|---------------|--|---------------|
| A. Establish New Health Care Institution | <u> X </u> | F. Initiation of Pediatric MRI | <u> </u> |
| B. Change in Bed Complement | <u> </u> | G. MRI Unit Increase | <u> </u> |
| C. Initiation of Health Care Services as Defined in TCA 68-11-1607(4) (Specify) | <u> </u> | H. Satellite Emergency Department | <u> </u> |
| D. Relocation and/or Replacement | <u> </u> | I. Addition of ASTC Specialty | <u> </u> |
| E. Initiation of MRI | <u> X </u> | J. Addition of Therapeutic Catherization | <u> </u> |
| | | K. Other (Specify) | <u> </u> |
| | | | <u> </u> |
| | | | <u> </u> |
| | | | <u> </u> |

9 Medicaid/TennCare, Medicare Participation
MCO Contracts [Check all that apply]

 X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number 3707881

Medicaid Provider Number 3707881

Certification Type Physician Group

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes No N/A Medicaid/TennCare X Yes No N/A

10. Bed Complement Data N/A
A. Please indicate current and proposed distribution and certification of facility beds.

	<i>Current Licensed</i>	<i>Beds Staffed</i>	<i>Beds Proposed</i>	<i>*Beds Approved</i>	<i>**Beds Exempted</i>	<i><u>TOTAL B</u> <u>at</u> <u>Completi</u></i>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL						

**Beds approved but not yet in service*
***Beds exempted under 10% per 3 year provision*
B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.

N/A

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

N/A

<u>CON Number</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: N/A

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	☐	☐	☐	Lauderdale	☐	☐	☐
Bedford	☐	☐	☐	Lawrence	☐	☐	☐
Benton	☐	☐	☐	Lewis	☐	☐	☐
Bledsoe	☐	☐	☐	Lincoln	☐	☐	☐
Blount	☐	☐	☐	Loudon	☐	☐	☐
Bradley	☐	☐	☐	McMinn	☐	☐	☐
Campbell	☐	☐	☐	McNairy	☐	☐	☐
Cannon	☐	☐	☐	Macon	☐	☐	☐
Carroll	☐	☐	☐	Madison	☐	☐	☐
Carter	☐	☐	☐	Marion	☐	☐	☐
Cheatham	☐	☐	☐	Marshall	☐	☐	☐
Chester	☐	☐	☐	Maury	☐	☐	☐
Claiborne	☐	☐	☐	Meigs	☐	☐	☐
Clay	☐	☐	☐	Monroe	☐	☐	☐
Cocke	☐	☐	☐	Montgomery	☐	☐	☐
Coffee	☐	☐	☐	Moore	☐	☐	☐
Crockett	☐	☐	☐	Morgan	☐	☐	☐
Cumberland	☐	☐	☐	Obion	☐	☐	☐
Davidson	☐	☐	☐	Overton	☐	☐	☐
Decatur	☐	☐	☐	Perry	☐	☐	☐
DeKalb	☐	☐	☐	Pickett	☐	☐	☐
Dickson	☐	☐	☐	Polk	☐	☐	☐
Dyer	☐	☐	☐	Putnam	☐	☐	☐
Fayette	☐	☐	☐	Rhea	☐	☐	☐
Fentress	☐	☐	☐	Roane	☐	☐	☐
Franklin	☐	☐	☐	Robertson	☐	☐	☐
Gibson	☐	☐	☐	Rutherford	☐	☐	☐
Giles	☐	☐	☐	Scott	☐	☐	☐
Grainger	☐	☐	☐	Sequatchie	☐	☐	☐
Greene	☐	☐	☐	Sevier	☐	☐	☐
Grundy	☐	☐	☐	Shelby	☐	☐	☐
Hamblen	☐	☐	☐	Smith	☐	☐	☐
Hamilton	☐	☐	☐	Stewart	☐	☐	☐
Hancock	☐	☐	☐	Sullivan	☐	☐	☐
Hardeman	☐	☐	☐	Sumner	☐	☐	☐
Hardin	☐	☐	☐	Tipton	☐	☐	☐
Hawkins	☐	☐	☐	Trousdale	☐	☐	☐
Haywood	☐	☐	☐	Unicoi	☐	☐	☐
Henderson	☐	☐	☐	Union	☐	☐	☐
Henry	☐	☐	☐	Van Buren	☐	☐	☐
Hickman	☐	☐	☐	Warren	☐	☐	☐
Houston	☐	☐	☐	Washington	☐	☐	☐
Humphreys	☐	☐	☐	Wayne	☐	☐	☐
Jackson	☐	☐	☐	Weakley	☐	☐	☐
Jefferson	☐	☐	☐	White	☐	☐	☐
Johnson	☐	☐	☐	Williamson	☐	☐	☐
Knox	☐	☐	☐	Wilson	☐	☐	☐
Lake	☐	☐	☐				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
MRI						436	436
MRI Control Zone						150	150
Waiting room 1						119	119
Dressing room 1						52	52
Patient Bathroom						41	41
Staff Lounge						248	248
MRI Equipment room						160	160
Nuclear Medicine						317	317
NC Control Room						128	128
CT Scan						396	396
Mammogram						428	428
Mammogram Sub-waiting						131	131
Dressing room Mammogram						40	40
Patient Bathroom						41	41
Public Restroom						47	47
Ultrasound						180	180
Storage						41	41
Wheelchair storage						40	40
Main waiting and vestibule						491	491
Check in Checkout						115	115
Copy/Work area						105	105
Patient Bathroom						47	47
Sub waiting						54	54
Business office						103	103

Office physician			29			116	116
Office						116	116
Reading room						103	103
Staff Bathroom						47	47
Storage						35	35
Meds Prep						75	75
Storage						45	45
X-ray						303	303
Soiled room						71	71
Clean						71	71
Data						41	41
Janitor Closet						41	41
Patient Bathroom						41	41
Dexa						148	148
Patient Bathroom						47	47
Sub Waiting						50	50
Dressing room						36	36
Sub Waiting						54	54
Injection						63	63
Hot Lab						63	63
Sub total						5476	5476
Circulation factor						1.3319	1.3319
Total						7294	7294
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF							
*Total Cost						\$2,197,052.00	\$2,197,052.00

**Cost Per Square Foot	30		\$301.21	\$301.21
Cost per Square Foot Is Within Which Range N/A. There are no such quartile figures for ODCs on the website. <i>*The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.</i> <i>** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.</i>		☐ Below 1 st Quartile ☐ Between 1 st and 2 nd Quartile ☐ Between 2 nd and 3 rd Quartile ☐ Above 3 rd Quartile	☐ Below 1 st Quartile ☐ Between 1 st and 2 nd Quartile ☐ Between 2 nd and 3 rd Quartile ☐ Above 3 rd Quartile	☐ Below 1 st Quartile ☐ Between 1 st and 2 nd Quartile ☐ Between 2 nd and 3 rd Quartile ☐ Above 3 rd Quartile

- A. Describe the construction and renovation associated with the proposed project. If applicable, provide a description of the existing building, including age of the building and the use of space vacated due to the proposed project.**

The ODC will be in a new building consisting of approximately 14,588 square feet of space, which will be constructed and owned by the applicant. The ODC will occupy 7294 square feet. HealthStar will also have physician offices in the building.

13. MRI, PET, and/or Linear Accelerator

- 1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or**

The applicant will acquire a traditional "closed bore" MRI unit. It will likely have a 1.5 Tesla magnet strength. The unit is more fully described below.

- 2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following: N/A**

- A. Complete the chart below for acquired equipment.**

☐ Linear Accelerator	Mev _____	Types:	☐ SRS ☐ IMRT ☐ IGRT ☐ Other _____
	Total Cost*:	☐ By Purchase	Expected Useful Life (yrs) _____
	☐ New ☐ Refurbished	☐ By Lease	Expected Useful Life (yrs) _____
		☐ If not new, how old? (yrs) _____	
☒ MRI	Tesla: <u>1.5</u>	Magnet: ☐ Breast ☐ Extremity ☐ Open ☐ Short Bore ☒ Other <u>Traditional</u>	
	Total Cost*:	☒ By Purchase	Expected Useful Life (yrs) <u>6</u>
	☒ New ☐ Refurbished	☐ By Lease	Expected Useful Life (yrs) _____
		☐ If not new, how old? (yrs) _____	
☐ PET	☐ PET only ☐ PET/CT ☐ PET/MRI	☐ By Purchase	Expected Useful Life (yrs) _____
	Total Cost*:	☐ By Lease	Expected Useful Life (yrs) _____
	☐ New ☐ Refurbished	☐ If not new, how old? (yrs) _____	

* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.**

The cost of \$1,411,734 includes the following:

MRI Unit	\$827,000 (includes manufacturer shipment and installation)
Sales tax on MRI	\$57,934
Maintenance agreement (72 months)	\$480,000
Sales tax on Maintenance agreement:	<u>\$46,800</u>
Total	<u>\$1,411,734</u>

A quote for the MRI and for the maintenance agreement are attached as Attachment Section A, Project Details, 13, B.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

N/A

D. Schedule of Operations:

The exact hours of operation have not been definitely determined, but the following is likely to be the hours of operation initially. The hours and/or days of operation may change, depending on volume.

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	Monday - Friday	8:00 AM – 5:00 PM

E. Identify the clinical applications to be provided that apply to the project.

A charge master with all of the procedures and codes is attached as Attachment Section A, Project Details, 13, 2, E.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

The MRI has been approved by the FDA, but the approval is more than 5 years in the past, so no documentation of the approval is included.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” In making determination, the Agency uses as guidelines the goals, objectives, criteria, and standards provided in the State Health Plan. Additional criteria for review are prescribed in Chapter 11 of the Agency’s Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate.

QUESTIONS

NEED

The responses to this section of the application will help determine whether the project will Provide needed health care facilities or services in the area to be served.

1. Provide a response to the applicable criteria and standards for the type of institution or service requested. <http://www.tn.gov/hsda/hsda-criteria-and-standards.html>.

OUTPATIENT DIAGNOSTIC CENTERS

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

Population projections for the service area counties included in the is application are 4-year projections – 2019-2023.

- 2, Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant's geographical service area are not adequate and/or there are special circumstances that require additional services.

There are no existing ODCs in the four-county service area. This is moderate growth area, with a population of approximately 292,430. The only MRI services available to the general public (as opposed to the patients of a particular physician’s group which offers MRI services) are hospital-based services. There is a need for a choice of a free-standing ODC for imaging services, which is a lower cost alternative. Please see the more detailed need analysis for MRI services in the service area in the pages which follow.

3. Any special needs and circumstances:

- a, The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

There are no medical services being offered in this ODC; it will be a diagnostic imaging center only. There will be HealthStar clinical offices on the second story of the building.

b. Other special needs and circumstances, which might be pertinent, must be analyzed.

There are no other known special needs of the service area population relevant to the need for outpatient diagnostic imaging services.

c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.

1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.

The imaging services to be provided are extremely low risk. In the unlikely event of a medical emergency, the staff would call 911. Greeneville Community Hospital East has an Emergency Room and is approximately 2.5 miles from the site of the proposed ODC.

2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant will establish a written protocol to assure medical necessity for MRI scans. It will provide that all MRI scans be ordered by a physician. Pre-authorization for MRIs, which includes review for medical necessity, will be obtained whenever required by a third party payor.

STANDARDS AND CRITERIA FOR MRI

1. Utilization Standards for non-Specialty MRI Units.

a. An a applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

The applicant projects 2,932 MRI scans in Year 1 and 2,961 scans in Year 2. So, the minimum number is exceeded in the first year of operation.

b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

N/A

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

N/A

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

N/A

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid " Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

N/A

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-- Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

The proposed ODC and MRI will be accessible to all patients whose physicians refer them for a diagnostic imaging modality offered at the ODC. No one will be denied service for non-clinical reasons. In this sense, the proposed MRI is accessible to 100% of the service area population.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternative shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

The applicant is not aware of any lower cost technologies. Shared diagnostic imaging services arrangements with other physician groups are not practical and may not be appropriate under regulatory constraints.

4. Need Standard for non-Specialty MRI Units. A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: $1.20 \text{ procedures per hour} \times \text{twelve hours per day} \times 5 \text{ days per week} \times 50 \text{ weeks per year} = 3,600 \text{ procedures per year}$

Mobile MRI Units: $\text{Twelve (12) procedures per day} \times \text{days per week in operation} \times 50 \text{ weeks per year}$. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

Area-wide MRI is less than the 80% of capacity utilization target. However, the MRI that is part of the proposed ODC is nevertheless needed as alternative to the hospital-based MRIs services which are currently the only publicly available MRI services in Greene County.

5. Need Standards for Specialty MRI Units.

The standards for Specialty MRI Units are not applicable to this project. For this reason, those standards are not reproduced herein.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

N/A, and/or no response is necessary.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

The MRI has been approved for clinical use by the FDA. That approval has not been within the last 5 years, so a copy of the approval letter is not included.

b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

Please see the letter from the general contractor, attached as Attachment Section B, Need, Criteria, (3).

c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

The imaging services to be provided are extremely low risk procedures. In the unlikely event of a medical emergency, the staff would call 911. Greeneville Community Hospital East has an Emergency Room and is approximately 2.5 miles from the site of the proposed ODC.

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant has not established a formal written protocol, but medical necessity for MRI scans is assured by the physician's order as well as by the pre-authorization process completed by the center and/or the third-party payor prior to the scan.

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

The proposed ODC will be accredited by the ACR, and will meet all of the applicable requirements, including those related to staffing.

f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

The proposed ODC will be accredited by the ACR within two years of initiation of operations.

g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant will seek a transfer agreement with Greenville Community Hospital. However, it is premature to seek such an agreement prior to the CON being granted. In the event of an emergency, the center would call 911 and the patient would be transported to the closest ER, which is Greenville Community Hospital East. The Medical Director will be Steven Repka, M.D., a board-certified radiologist. Radiologists normally do have admitting privileges at hospitals. However, in the event of an emergency the hospital ER would be required under federal law to at least medically screen and stabilize any patient, regardless of a transfer agreement. In addition, most hospitals today have hospitalists who can admit patients as well.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant commits to do so.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

The counties of the PSA are designated as either Medically Underserved Areas (MUA) or Medically Underserved Population (MUP) by the U.S. Health Resources and Services Administration:

Greene County:	MUP, Low Income	Rural	ID# 1472439477
Cocke County:	MUA,	Rural	ID # 1476097488
Hamblen County	MUP, Low Income	Non-Rural	ID# 1477488434
Hawkins County	MUA	Partially Rural	ID# 1472280637

Source: <https://data.hrsa.gov/tools/shortage-area/mua-find>

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

N/A

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant participates in TennCare and currently has contracts with 4 MCOs. The applicant also participates in the Medicare program. The applicant intends for the proposed ODC to participate in both programs as well.

d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

N/A

[END OF RESPONSES TO CRITERIA AND STANDARDS IN SHP]

2. Describe how this project relates to existing facilities or services operated by the applicant including previously approved Certificate of Need projects and future long-range development plans.

HealthStar Physicians has very active clinical offices in Morristown and Newport. A substantial number of HealthStar Physicians' patients are residents of Greene County. This ODC in Greeneville will allow HealthStar to better serve its patients and increase access to imaging service for residents of the region.

3. Identify the proposed service area and justify the reasonableness. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states if applicable. Attachment Section B - Need-3.

The proposed primary service area consists of Greene, Cocke, Hamblen, and Hawkins Counties. This is based on the historical and expected county of residence of HealthStar imaging patients, reflected below:

Complete the following utilization tables for each county in the service area, if applicable:

Service Area Counties	Historical Utilization-County Residents - Most Recent Year (YEAR= 2018)	% of total ☐ procedures ☒ cases ☒ patients ☐ Other _____.
Greene County	8,917	71.3%
Cocke County	2,103	16.8%
Hamblen County	598	4.8%
Hawkins County	895	7.2%
Total	12,513	100%

Service Area Counties	Projected Utilization-County Residents - Year 1 (YEAR = 2022)	% of total ☐ procedures ☐ cases ☐ patients ☐ Other _____.
Greene County	2,090	71.3%
Cocke County	493	16.8%
Hamblen County	141	4.8%
Hawkins County	211	7.2%
Total	2,932	100%

County Level Map



4. A. 1) Describe the demographics of the population to be served by the proposal.

An overview of the most relevant population and demographics data regarding the service area is reflected in the table below.

2) Provide the following data for each county in the service area using current and projected population data from the Department of Health:

Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- Current Year (2019)	Total Population- Projected Year (2023)	Total Population-% Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age (2013-2017)	Median Household Income (2013-2017)	Person Below Poverty Level**	Person Below Poverty Level as % of Total (2013-2017)	TennCare Enrollees	TennCare Enrollees as % of Total
Greene County	69,382	70,141	1.09%	56,096	57,043	1.69%	81%	44.3	\$38,266	11,934	17.2%	16,340	23.6%
Cocke County	35,303	35,266	-0.10%	28,466	28,759	1.03%	82%	44.7	\$32,027	8,826	25.0%	11,294	32.0%
Hamblen County	131,123	135,520	3.35%	105,210	108,946	3.55%	80%	39.8	\$44,180	21,635	16.5%	24,003	18.3%
Hawkins County	56,622	56,452	-0.30%	45,688	46,088	0.88%	82%	44.2	\$38,728	10,928	19.3%	13,233	23.4%
Primary Service Area Total	292,430	297,379	1.69%	235,460	240,836	2.28%	81%	43.3	\$38,300	42,395	14.5%	64,870	22.2%
State of TN Total	6,826,985	7,045,475	3.20%	5,301,007	5,486,369	3.50%	78%	38.6	\$48,708	1,140,106	16.7%	1,412,603	20.7%

*The Target Population is ages 18+

**The Census Bureau website does not provide the number of persons below poverty level. The totals in this column are calculated by percentage of below poverty level divided by total population in current year.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, TennCare or Medicaid recipients, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

There are no remarkable differences in the demographics of the service area population as compared to that of the state as a whole. The service area has a lower median income (\$38,300) than does the state as a whole (\$48,708). Perhaps partly because of this the service area has a higher proportion of its population on TennCare (22.2%) than the state as a whole (20.7%). The applicant participates in TennCare, making its service accessible to TennCare enrollees. The service area has a significantly higher median age (43.3 years) than the state as a whole (38.6 years). The applicant participates in Medicare, making its services accessible to Medicare enrollees.

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

There are no existing ODCs in the entire four county service area. All imaging services are provided either in hospital-based settings, or in physician practice offices, the latter of which are available only to the patients of that particular physician practice.

There are 8.4 FTE MRI units operating in the four-county service area. Of these, 6.4 FTE units are in hospital-based settings, and 2 units are in physician offices. Full utilization data for all MRIs operating in the service area is attached as Attachment Section B, Need, 5.

- 6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

This is a proposed new facility, so there is no historical data.

Projected utilization:

Year 1: 10,870 total scans

Year 2: 10,979 total scans

Year 1: 2,932 MRI scans

Year 2: 2,961 MRI scans

The projections were derived as follows: Approximately 20% of the local Hamblen county population are patients of HealthStar. ($27001/131123 = 20\%$). That same percentage was applied to the population of the primary service area ($292,430 \times 20\% = 58,486$ patients). Historically approximately 5% of the patients receive an MRI ($58,486 \times 5\% = 2,924$). The projected number of 2,932 is very close to that, and the difference is due primarily to rounding of various numbers.

ECONOMIC FEASIBILITY

The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.

1. Project Cost Instructions

- A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee)
- B. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- D. The Total Construction Cost reported on line 5 should equal the Total Cost reported on the Square Footage Chart.

A Projected Data Chart is attached following this page. All cost estimates are consistent with these instructions.
- E. For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - 1) A general description of the project;
 - 2) An estimate of the cost to construct the project;
 - 3) A description of the status of the site's suitability for the proposed project; and
 - 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities or comparable document in current use by the licensing authority.

A letter from a General Contractor is attached as Attachment Section B, Economic Feasibility, 1, E.

PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees	\$	105,000.00
2. Legal, Administrative, Consultant Fees	\$	45,000.00
3. Acquisition of Site	\$	205,000.00
4. Preparation of Site	\$	25,000.00
5. Total Construction Costs	\$	2,197,052.00
6. Contingency Fund	\$	219,705.20
7. Fixed Equipment (Not included in Construction Contract)	\$	1,865,752.08
8. Moveable Equipment (List all equipment over \$50,000.00)	\$	270,382.00
9. Other (Specify) <u>Maintenance</u>	\$	881,111.41
B. Acquisition by gift donation, or lease:		
1. Facility (Inclusive of building and land)		
2. Building Only	\$	-
3. Land Only		
4. Equipment (Specify) _____	\$	-
5. Other (Specify) _____	\$	-
C. Financing Costs and Fees:		
1. Interim Financing	\$	59,280.00
2. Underwriting Costs		
3. Reserve for One Year's Debt Service	\$	620,119.51
4. Other (Specify) _____		
D. Estimated Project Cost (A+B+C)	\$	6,493,402.20
E. CON Filing Fee	\$	37,337.06
F. Total Estimated Project Cost (D + E)		
	TOTAL	\$ 6,530,739.26

Equipment Over \$50,000

Equipment	Price
Radiographic System (fixed)	\$ 74,944.00
Elan MRI (fixed)	\$ 884,934.00
CT 64 slice	\$ 472,984.00
3D Mammo (fixed)	\$ 378,015.08

2. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding **MUST** be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)

- ☒ A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

A letter of interest from SunTrust Bank is attached as Attachment Section B, Economic Feasibility, 2, A.

- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;

- ☐ D. Grants – Notification of intent form for grant application or notice of grant award;

- ☒ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

A letter from the CFO is attached as Attachment Section B, Economic Feasibility, 2, E.

- ☐ F. Other – Identify and document funding from all other sources.

3. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart(s) represents revenue and expense information for the last *three (3)* years for which complete data is available. The “Project Only Chart” provides information for the services being presented in the proposed project while the “Total Facility Chart” provides information for the entire facility. Complete both, if applicable.

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

N/A. This is a proposed new facility so there is no historical data available.

4. Complete Projected Data Charts on the following two pages – Do not modify the Charts provided or submit Chart substitutions!

Projected Data Chart(s) Provide information for the two years following the completion of the project. The “Project Only Chart” should reflect revenue and expense projects for the project (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The “Total Facility Chart” should reflect information for the total facility. Complete both, if applicable.

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Completed Projected Data Charts for the entire ODC, and separately for the MRI service, are attached following this page.

PROJECTED DATA CHART

X Total Facility
 ___ Project Only

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in ____ January ____ (Month)

	Year: 2021	Year: 2022
A. Utilization/Occupancy Data	10870	10979
	Imaging scans	Imaging scans
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	\$12,450,223.47	\$12,574,725.70
3. Emergency Services		
4. Other Operating Revenue		
Specify: _____		
Gross Operating Revenue	\$12,450,223.47	\$12,574,725.70
C. Deductions from Operating Revenue		
1. Contract Deductions	\$8,362,180.43	\$8,445,802.24
2. Provision for Charity Care	\$77,132.89	\$77,904.22
3. Provision for Bad Debt	\$154,265.84	\$155,808.50
Total Deductions	\$8,593,579.16	\$8,679,514.95
NET OPERATING REVENUE	\$3,856,644.30	\$3,895,210.75
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$474,950.00	\$474,950.00
b. Non-Patient Care	\$161,660.00	\$161,660.00
2. Physicians' Salaries and Wages	\$0.00	\$0.00
3. Supplies	\$266,370.83	\$269,034.53
4. Rent		
a. Paid to Affiliates	\$0.00	\$0.00
b. Paid to Non-Affiliates	\$0.00	\$0.00
5. Management Fees:		
a. Fees to Affiliates	\$0.00	\$0.00
b. Fees to Non-Affiliates	\$0.00	\$0.00
6. Other Operating Expenses	\$936,208.39	\$942,147.90
Total Operating Expenses	\$1,839,189.22	\$1,847,792.44
E. Earnings Before Interest, Taxes, and Depreciation	\$2,017,455.08	\$2,047,418.31
F. Non-Operating Expenses		
1. Taxes	\$38,566.44	\$38,952.11
2. Depreciation	\$364,960.41	\$364,960.41
3. Interest	\$182,310.88	\$163,584.08
4. Other Non-Operating Expenses	\$0.00	\$0.00
Total Non-Operating Expenses	\$585,837.74	\$567,496.60
NET INCOME (LOSS)	\$1,431,617.34	\$1,479,921.71
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$437,808.63	\$456,535.44
2. Annual Capital Expenditure		
Other Total Deductions	\$437,808.63	\$456,535.44
NET BALANCE	\$993,808.71	\$1,023,386.27
DEPRECIATION	\$364,960.41	\$364,960.41
FREE CASH FLOW (Net Balance + Depreciation)	\$1,358,769.12	\$1,388,346.68

PROJECTED DATA CHART -- OTHER EXPENSES

X Total Facility
 ____ Project Only

OTHER EXPENSE CATEGORY

Year 2021

Year 2022

Professional Services Contracts	\$ 736,267.39	\$ 742,045.44
Utilities	\$ 57,282.00	\$ 57,282.00
Travel	\$ 56.00	\$ 56.00
Telephone	\$ 22,569.00	\$ 22,569.00
Office Supplies	\$ 16,146.00	\$ 16,307.46
Dues & licenses	\$ 14,789.00	\$ 14,789.00
Marketing	\$ 9,752.00	\$ 9,752.00
Rent-FF & Equip	\$ 5,639.00	\$ 5,639.00
Personal Prop Tx-FF & Equip	\$ 23,708.00	\$ 23,708.00
Main & Rep	\$ 50,000.00	\$ 50,000.00
TOTAL OTHER EXPENSES	\$ 936,208.39	\$ 942,147.90

PROJECTED DATA CHART

☐ Total Facility
☒ Project Only

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in ____ January ____ (Month)

	Year: 2021	Year: 2022
A. Utilization/Occupancy Data	2932 MRI scans	2961 MRI scans
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	\$2,926,199.43	\$2,955,461.42
3. Emergency Services		
4. Other Operating Revenue		
Specify: _____		
Gross Operating Revenue	\$2,926,199.43	\$2,955,461.42
C. Deductions from Operating Revenue		
1. Contract Deductions	\$1,965,378.99	\$1,985,032.78
2. Provision for Charity Care	\$18,128.69	\$18,309.97
3. Provision for Bad Debt	\$36,257.39	\$36,619.96
Total Deductions	\$2,019,765.07	\$2,039,962.72
NET OPERATING REVENUE	\$906,434.36	\$915,498.70
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$113,262.30	\$113,262.30
b. Non-Patient Care	\$36,344.00	\$36,344.00
2. Physicians' Salaries and Wages	\$0.00	\$0.00
3. Supplies	\$27,000.00	\$27,270.00
4. Rent		
a. Paid to Affiliates	\$0.00	\$0.00
b. Paid to Non-Affiliates	\$0.00	\$0.00
5. Management Fees:		
a. Fees to Affiliates	\$0.00	\$0.00
b. Fees to Non-Affiliates	\$0.00	\$0.00
6. Other Operating Expenses	\$281,202.68	\$284,014.70
Total Operating Expenses	\$457,808.98	\$460,891.00
E. Earnings Before Interest, Taxes, and Depreciation	\$448,625.38	\$454,607.70
F. Non-Operating Expenses		
1. Taxes	\$9,064.34	\$9,154.99
2. Depreciation	\$126,419.14	\$126,419.14
3. Interest	\$62,536.73	\$54,757.79
4. Other Non-Operating Expenses	\$0.00	\$0.00
Total Non-Operating Expenses	\$198,020.21	\$190,331.92
NET INCOME (LOSS)	\$250,605.17	\$264,275.78
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$162,735.35	\$169,568.12
2. Annual Capital Expenditure		
Other Total Deductions	\$162,735.35	\$169,568.12
NET BALANCE	\$87,869.82	\$94,707.67
DEPRECIATION	\$126,419.14	\$126,419.14
FREE CASH FLOW (Net Balance + Depreciation)	\$214,288.96	\$221,126.81

PROJECTED DATA CHART -- OTHER EXPENSES

☒ Total Facility
☐ Project Only

<u>OTHER EXPENSE CATEGORY</u>	Year 2021	Year 2022
Professional Services Contracts	\$ 208,000.00	\$ 210,080.00
Office Supplies, Postage, and Telephone	\$ 12,024.00	\$ 12,144.24
Housekeeping Supplies	\$ 240.00	\$ 242.40
Advertising/Promotion	\$ 12,000.00	\$ 12,120.00
Dues & licenses	\$ 3,475.89	\$ 3,510.65
Marketing	\$ 2,630.44	\$ 2,656.74
Personal Prop Tx-FF & Equip	\$ 8,894.83	\$ 8,983.78
Main & Rep	\$ 13,486.66	\$ 13,621.53
Utilities	\$ 20,450.86	\$ 20,655.37
TOTAL OTHER EXPENSES	\$ 281,202.68	\$ 284,014.70

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

Project Only Chart

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$998.02	\$998.02	0%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$688.87	\$688.87	0%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$309.15	\$309.15	0%

Total Facility Chart

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$1145.37	\$1145.37	0%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$790.58	\$790.58	0%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$354.80	\$354.80	0%

- B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

A charge master is attached as Attachment Section B, Economic Feasibility, 5, B.

- C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of recently approved Certificates of Need. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

There are no ODCs in the service area, so there are no local charges to compare, except for MRI charges. A comparison of the average charges of the MRIs operating in the service area is reflected below.

HealthStar Imaging (this Project)

Projected average gross MRI charge in Year 1: \$998.02

County	Provider Type	Provider	Year	Number of Units	Total Procedures	Total Gross Charges	Avg. Gross Charge
Year: 2018							
Cocke	HOSP	Newport Medical Center	2018	1	1577	\$0.00	N/A
Greene	HOSP	Greeneville Community Hospital - East	2018	2	3335	\$5,987,630.00	\$1,795.39
Greene	HOSP	Greeneville Community Hospital - West	2018	1	1544	\$4,120,266.00	\$2,668.57
Hamblen	PO	Healthstar Physicians, PC	2018	2	3788	\$3,419,832.00	\$902.81
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	2	3868	\$7,921,787.00	\$2,048.03
Hawkins	HOSP	Hawkins County Memorial Hospital	2018	0.4	829	\$2,346,809.00	\$2,830.89
Total				8.4	14941	\$23,796,324.00	\$1,780.63 *
*Average does not include Newport Medical Center charges or scans because charges were not reported							

Source: HSDA Medical Equipment Registry - 12/6/2019

The Medicare allowable fees are included on the charge maser which is attached as Attachment Section B, Economic Feasibility, 5, B

6. A. Discuss how projected utilization rates will be sufficient to support the financial performance.

1) Noting when the project's financial breakeven is expected, and

As reflected in the Projected Data Charts, both the overall ODC and the MRI service are profitable from the outset.

2) Demonstrating the availability of sufficient cash flow until financial viability is achieved.

The project is financially viable and will have sufficient cash flow from the outset.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment Section B-Economic Feasibility-6A.

A copy of unaudited financial statements of HealthStar Physicians is attached as Attachment Section B, Economic Feasibility, 6, A. There are no audited financial statements.

B) Net Operating Margin Ratio: The Net Operating Margin Ratio demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following tables. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart

Year	2nd Previous Year to Most Recent Year Year _____	1st Previous Year to Most Recent Year Year _____	Most Recent Year Year _____	Projected Year 1 Year 2020	Projected Year 2 Year 2021
Net Operating Margin Ratio	N/A	N/A	N/A	0.494	0.496

Total Facility Chart

Year	2nd Previous Year to Most Recent Year Year	1st Previous Year to Most Recent Year Year	Most Recent Year Year	Projected Year 1 Year 2020	Projected Year 2 Year 2021
Net Operating Margin Ratio	N/A	N/A	N/A	0.523	0.525

- C) Capitalization Ratio:** The Long-term debt to capitalization ratio measure the proportion of debt financing in a business's permanent (long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: $((\text{Long-Term Debt}) / (\text{Long Term Debt} + \text{Total Equity} \{ \text{Net Assets} \})) \times 100$

For self or parent company funded projects, provide the capitalization using the most recent year available from the funding entity's audited balance sheet, if applicable. Capitalization Ratios are not expected from outside the company lenders that provide funding. This question is applicable to all applications regardless of whether or not the project is being or totally funded by debt financing.

Because HealthStar Physicians, P.C. is a professional corporation, it retains no year-end earnings, but instead pays those earnings out to its physician shareholders. This is typical for a P.C. For this reason, the capitalization ratio does not accurately reflect the financial stability of the applicant. The calculation is as follows:

On the 2018 Unaudited Financial Statement

Current Liabilities \$568,966.21

Long Term Debt \$894,879.33

Note Payable \$1,463,845.54

Equity \$(303,673.22)

Long Term Debt + Equity \$591,206.11

Calculation: $\text{Long Term Debt} / (\text{Long Term Debt} + \text{Total Equity}) \times 100$

Capitalization Ratio 151.37

7. **Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below. Complete Project Only Chart and Total Facility Chart, if applicable.**

The applicant participates in TennCare and currently has contracts with 4 MCOs. The applicant also participates in the Medicare program. The applicant intends for the proposed ODC to participate in both programs as well.

**Applicant's Projected Payor Mix, Year 1
Project Only Chart**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$1,521,623	52%
TennCare/Medicaid	\$263,358	9%
Commercial/Other Managed Care	\$1,111,956	38%
Self-Pay	\$29,262	1%
Other (Specify) _____	0	N/A
Total*	\$2,926,199	100%
Charity Care	\$18,129	0.62%

*** Needs to match Gross Operating Revenue Year One on Projected Data Chart**

**Applicant's Projected Payor Mix, Year 1
Total Facility Chart**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$6,474,116	52%
TennCare/Medicaid	\$1,120,520	9%
Commercial/Other Managed Care	\$4,731,085	38%
Self-Pay	\$124,502	1%
Other (Specify) _____	0	N/A
Total*	\$12,450,223	100%
Charity Care	\$77,133	0.62%

*** Needs to match Gross Operating Revenue Year One on Projected Data Chart**

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources, such as the US Department of Labor. Wage data pertaining to healthcare professions can be found at the following link: https://www.bls.gov/oes/current/oes_tn.htm.

Position Classification	Existing FTEs (N/A)	Projected FTEs Year 1	Average Wage	Area Wide/Statewide Average Wage
A Direct Patient Care Positions				
<i>MRI Technologist</i>		1.5	34.30	29.10
<i>Ultrasound Tech</i>		1	32.00	30.40
<i>Mammography Tech</i>		1.5	30.14	29.10
<i>CT Tech</i>		1.5	28.16	29.10

<i>X-ray Tech</i>		1	23.63	23.97
<i>Bones Densitometry Tech</i>		1	23.63	23.97
<i>Float Tech</i>		0.75	23.56	23.97
Total Direct Patient Care Positions		8.25		

B Non-Patient Care Positions				
<i>Director</i>		1	37.00	42.81
<i>Patient Services Representative</i>		2	11.00	12.95
<i>Pre-certs/Referrals</i>		2	14.00	17.62
Total Non-Patient Care Positions		5		
Total Employees (A+B)		13.25		
C Contractual Staff		0		
Total Staff (A+B+C)		13.5		

9. What alternatives to this project were considered? Discuss the advantages and disadvantages of each, including but not limited to:

- A. The availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.**

The applicant is not aware of any lower cost technologies. Shared diagnostic imaging services arrangements with other physician groups are not practical and may not be appropriate under regulatory constraints.

- B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.**

This is a proposed new facility, so the only alternative to new construction is leasing property. The applicant determined it makes better economic sense to purchase land and construct a new building.

QUALITY STANDARDS

1. **PC 1043, Acts of 2016, any receiving a CON after July 1, 2016 must report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures. Please verify that annual reporting will occur.**

The applicant will comply with all legal and regulatory requirements regarding annual reporting

2. **Quality-The the proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions:**

A. Does the applicant commit to the following?

- 1) **Maintaining the staffing comparable to the staffing chart presented in its CON application;**

Yes; staffing may fluctuate with volume, but staffing levels will always meet or exceed the needs and expectations of patients, and regulatory requirements.

- 2) **Obtaining and maintaining all applicable state licenses in good standing;**

Yes.

- 3) **Obtain and maintaining TennCare and Medicare certification(s), if participation in such programs was indicated in the application.**

Yes; the applicant currently participates in TennCare and intends to continue to do so.

- 4) **For an existing healthcare institution applying for a CON – Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicable has or will put into place to avoid similar findings in the future.**

N/A; this is a proposed new facility.

- 5) **For an existing healthcare institution applying for a CON – Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility)**

N/A; this is a proposed new facility.

B. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) **Has any of the following:**

a. **Any person(s) or entity with more than 5% ownership (direct or indirect) in the**

applicant (to include any entity in the chain of ownership for applicant);

- b. Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest**
- c. Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.**

2) Been subjected to any of the following:

a. Final Order or Judgment in a state licensure action;

No

b. Criminal; fines in cases involving a Federal or State health care offense

No

c. Civil monetary penalties in cases involving a Federal or State health care offense;

No

d. Administrative monetary penalties in cases involving a Federal or State health care offense;

No

e. Agreement to pay civil or administrative monetary penalties to the federal government or any state in case involving claims related to the provision of health care items and services; and/or

No

f. Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

No

g. Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

No

h. Is presently subject to a corporate integrity agreement.

No

C. Does the applicant plan, within 2 years of implementation of the project, to participate in self-assessment and external assessment against nationally available benchmark data to

accurately assess its level of performance in relation to established standards and to implement ways to continuously improve?

The facility will be accredited by the ACR, and will comply with its accreditation requirements and recommendations in regard to quality improvement and assessment.

NOTE: Existing licensed, accredited and/or certified providers are encouraged to describe their process for same.

N/A

Please complete the chart before on accreditation, certification, and licensure plans.

1) If the applicant does not plan to participate in these type of assessments, explain why since quality healthcare must be demonstrated.

Credential	Agency	Status (Active or Will Apply)
Licensure	☒ Health ☐ Intellectual and Developmental Disabilities ☐ Mental Health and Substance Abuse Services	Will apply
Certification	☒ Medicare ☒ Medicaid/TennCare ☐ Other _____	Current for HealthStar Physicians, P.C. The new facility will be added as a practice location
Accreditation	American College of Radiology	Will apply

2) Based upon what was checked/completed in above table, will the applicant accept a condition placed on the certificate of need relating to obtaining/maintaining license, certification, and/or accreditation?

The applicant does not believe such a condition is necessary or beneficial, but is agreeable to it if it is necessary for the approval of the CON

D. The following list of quality measures are service specific. Please indicate which standards you will be addressing in the annual Continuing Need and Quality Measure report if the project is approved.

N/A. There are none listed for ODCs or MRIs

☐	For Ambulatory Surgical Treatment Center projects: Estimating the number of physicians by specialty expected to utilize the facility, developing criteria to be sued by the facility in extending surgical and anesthesia privileges to medical personnel, and documenting the availability of appropriate and qualified staff that will provide ancillary support services, whether on-or off-site?
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☐	For Cardiac Catheterization projects: a. Documenting a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies; and b. Describing how the applicant will agree to cooperate with the quality enhancement efforts sponsored or endorsed by the State of Tennessee; and c. Describing how cardiology staff will be maintaining; d. Adult Program: 75 cases annually averaged over the previous 5 years; e. Pediatric Program: 50 cases annually averaged over the previous 5 years.
☐	For Open Heart projects: f. Describing how the applicable will staff and maintain the number of who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and maintain this volume in the future; g. Describing how at least a surgeon will be recruited and retained (at least one shall have 5 years' experience); h. Describing how the applicable will participate in data reporting, quality improvement, outcome monitoring, and external assessment system that benchmarks outcomes based on national norms (demonstrated active participation in the STS National Database is expected and shall be considered evident of meeting this standard).
☐	For Comprehensive Inpatient Rehabilitation Services projects: Retaining or recruiting a physiatrist?
☐	For Home Health projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
☐	For Hospice projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system.
☐	For Megavoltage Radiation Therapy projects: Describing or demonstrating how the staffing and quality assurance requirements will be met of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or similar accrediting authority.
☐	For Neonatal Intensive Care Unit projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; document the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and participating in the Tennessee Initiative for Perinatal Quality Care (TIPQC).
☐	For Nursing Home projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program.

☐	For Inpatient Psychiatric projects: • Describing or demonstrating appropriate accommodations for: • Seclusion/restraint of patients who present management problems and children who need quiet space, proper sleeping and bathing arrangements for all patients); • Proper sleeping and bathing arrangements; • Adequate staffing (i.e. that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times); • A staffing plan that will lead to quality care of patient population served by the project. • An existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; and • If other psychiatric facilities are owned or administered providing information on satisfactory surveys and quality improvement programs at those facilities; Involuntary admissions if identified in CON criteria and standard review
☐	For Freestanding Emergency Department projects: Demonstrating that it will be accredited with the Joint Commission or other applicable agency, subject to the same accrediting standards as the licensed hospital with which it is associated.
☐	For Organ Transplant projects: Describing how the applicable will achieve and maintain institutional membership in the national Organ Procurement and Transportation Network (OPTN), currently operating as the United Network for Organ Sharing (UNOS), within one year of program initiation. Describing how the applicable shall comply with the CMS regulations set forth by 42 CFR Parts 405, 482, and 498. Medicare Program; Hospital Conditions of Participation; Requirements for Approval and Re-Approval of Transplant Centers to Perform Organ Transplants;
☐	For Relocation and/or Replacement of Health Care Institution projects; Describing how facility and/or services specific measures will be met.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

The responses to this section of the application helps determine whether the project will contribute to the orderly development of healthcare within the service area.

1. **List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.**

The applicant will seek a transfer agreement with Greenville Community Hospital. However, it is premature to seek such an agreement prior to the CON being granted. In the event of an emergency, the center would call 911 and the patient would be transported to the closest ER, which is Greenville Community Hospital East.

The ODC will have an affiliation with Vista Radiology for radiology reads and interpretations. Vista will separately bill for its services for all Medicare and TennCare patients. For other patients, the applicant will globally bill and pay the radiologist fees to Vista.

2. **Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

A) Positive Effects

This proposed ODC would be the only ODC in the entire 4 county service area. Having an ODC available as an option would provide a lower cost structure and more convenient facility for patients. It would allow HealthStar patients who reside in the service area to have a closer, more convenient location for imaging services.

HealthStar is committed to providing the highest quality patient care in the most cost effective and efficient way possible. In 2019 Healthstar Physicians became an anchor partner in a newly formed Accountable Care Organization, Emergent, with Holston Medical Group. HealthStar's commitment to value-based medicine is evidenced in part by its participation in Medicare Advantage plans and risk-based contracts. Quality Incentive contracts include Blue Cross Blue Shield of Tennessee, United Healthcare, Humana, Aetna, Cigna, and Wellcare among others. Healthstar Physicians is in the process of discussing more risk-based contracts with Humana, one of the larger Medicare Advantage plans. In 2018, all 13 Healthstar Primary Care offices received NCQA Patient Center Medical Home recognition. This is an annual recognition process that ensures coordinated, quality, cost efficient care. HealthStar's newest primary care site (which will be its 14th Primary Care office) will also receive this recognition in 2020.

B) Negative Effects

To the extent a current hospital-based providers loses some volume due to patients choosing a facility with lower charges and greater convenience, this could be seen as a negative by the hospital based provider. However, it is not thought that the loss of this relatively small volume of imaging services will have a significant impact on any one provider.

3. **A. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements, CMS, and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.**

The projected initial staffing of approximately 13 FTE positions are not highly skilled positions, and should be available in the service area. The ODC will always comply with all staffing requirements of licensing and accrediting agencies.

B. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The facility will be licensed as an Outpatient Diagnostic Center by the Tennessee Board for Licensing Health Care Facilities.

C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

N/A.

4. Outstanding Projects:

A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

N/A

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

B. Describe the current progress, and status of each applicable p outstanding CON.

N/A

5. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

A Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

Yes. HealthStar Physicians, P.C. owns a CT unit and MRI unit.

B. If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

Yes. The dates of registration are: MRI: 5/1/2017; CT: 3/9/2017. Both registrations were updated on 2/6/2019.

C. If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

Yes, HealthStar makes all required reports to HSDA. The dates of the most recent reports are for the 2018 calendar year and reports for both the MRI and CT were submitted on 2/7/2019.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health’s Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/health-programareas/health-planning/state-health-plan.html>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan’s framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

The goal of this project is consistent with this stated purpose.

2. Every citizen should have reasonable access to health care.

The goal of this project is consistent with this stated goal.

3. The state’s health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state’s health care system.

This project meets a need for an ODC in the service area in a cost-effective manner.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

This facility will be licensed by the State of Tennessee and accredited by the American College of Radiology. All quality standards will be met or exceeded.

5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

This project will require only modest staffing. The needed positions are expected to be available in the service area when needed.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

Date LOI was Submitted : December 10, 2019

Date LOI was Published: December 10, 2019

NOTIFICATION REQUIREMENTS

1. T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

N/A

2. T.C.A. §68-11-1607(c)(9)(B) states that " ...If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested.

N/A

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

N/A

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
A completed Project Completion Forecast Chart is attached on the following page.
- 2. If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital projects and 2 years for all others), please document why an extended period should be approved and document the “good cause” for such an extension.**

N/A

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		April 2020
2. Architectural and engineering contract signed	N/A	April 2020
3. Construction documents approved by the Tennessee Department of Health	30	May 2020
4. Construction contract signed	30	May 2020
5. Building permit secured	60	June 2020
6. Site preparation completed	90	July 2020
7. Building construction commenced	90	July 2020
8. Construction 40% complete	180	October 2020
9. Construction 80% complete	270	January 2021
10. Construction 100% complete (approved for occupancy)	300	February 2021
11. *Issuance of License	300	February 2021
12. *Issuance of Service	330	March 2021
13. Final Architectural Certification of Payment	330	March 2021
14. Final Project Report Form submitted (Form HR0055)	360	April 2021

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

LIST OF ATTACHMENTS

Organizational documents	<u>Attachment Section A, Project Details, 4, B</u>
Option to Purchase and Assignment	<u>Attachment Section A, Project Details, 6., A</u>
Plot plan	<u>Attachment Section A, Project Details, 6, B, 1</u>
Floor plan	<u>Attachment Section A, Project Details, 6, B, 2</u>
MRI and maintenance quote	<u>Attachment Section A, Project Details, 13, B</u>
Charge master	<u>Attachment Section A, Project Details, 13, 2, E</u>
Letter from general contractor	<u>Attachment Section B, Need, Criteria, (3)</u>
MRI utilization data	<u>Attachment Section B, Need, 5</u>
Funding letter from SunTrust	<u>Attachment Section B, Economic Feasibility, 2, A</u>
Funding letter from CFO	<u>Attachment Section B, Economic Feasibility, 2, E</u>
Financial statements	<u>Attachment Section B, Economic Feasibility, 6, A</u>



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: **HEALTHSTAR PHYSICIANS, P.C.**

General Information

SOS Control #	000298919	Formation Locale: TENNESSEE
Filing Type:	For-profit Corporation - Domestic	Date Formed: 08/15/1995
	08/15/1995 9:54 AM	Fiscal Year Close 12
Status:	Active	
Duration Term:	Perpetual	
Business Type:	Professional Corporation	

Registered Agent Address

ERIC DELAY
STE 400A
420 W MORRIS BLVD
MORRISTOWN, TN 37813-2262

Principal Address

MICKEY BRABSON, CFO
STE 400A
420 W MORRIS BLVD
MORRISTOWN, TN 37813-2262

The following document(s) was/were filed in this office on the date(s) indicated below:

<u>Date Filed</u>	<u>Filing Description</u>	<u>Image #</u>
02/07/2019	2018 Annual Report	B0649-7901
02/22/2018	2017 Annual Report	B0502-3433
01/23/2017	2016 Annual Report	B0335-4211
	Registered Agent First Name Changed From: PETER To: ERIC	
	Registered Agent Last Name Changed From: SUTHERLAND To: DELAY	
03/03/2016	2015 Annual Report	B0207-4722
01/27/2015	2014 Annual Report	B0047-4986
	Registered Agent First Name Changed From: DEREK To: PETER	
	Registered Agent Last Name Changed From: COOZE To: SUTHERLAND	
03/24/2014	2013 Annual Report	A0225-1383
03/01/2013	2012 Annual Report	A0158-0855
03/08/2012	2011 Annual Report	A0107-0085
	Principal Address 3 Changed From: No value To: MICKEY BRABSON, CFO	
	Principal Postal Code Changed From: 37813 To: 37813-2262	
	Principal County Changed From: HAMBLEN To: HAMBLEN COUNTY	
01/12/2011	2010 Annual Report	A0053-1262

12/10/2019 9:42:33 AM

Page 1 of 3

4152 2503

AMENDED AND RESTATED CHARTER OF HEALTHSTAR PHYSICIANS, P.C.

TO: The Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-20-107 of the Tennessee Business Corporation Act, the undersigned corporation adopts the following Amended and Restated Charter:

1. The name of the corporation is HealthStar Physicians, P.C.

2. The number of shares of stock the corporation is authorized to issue is 10,000 shares of common stock, which shares collectively shall have unlimited voting rights and the right to receive the net assets of the Corporation upon the dissolution. In accordance with T.C.A. §48-16-401(c)(2), the Board of Directors may authorize and the Corporation may make distributions to its shareholders even if the Corporation's total assets are less than the sum of its total liabilities.

3. The Corporation's initial registered office shall be located at 420 West Morris Boulevard, Suite 400A, Morristown, Hamblen County, Tennessee, 37813.

4. The Corporation's initial registered agent at its registered office is Derek Cooze.

5. The street address of the principal office of the Corporation shall be 420 West Morris Boulevard, Suite 400A, Morristown, Hamblen County, Tennessee, 37813.

6. The Corporation is for profit.

7. The Corporation elects to be governed by the provisions of the Tennessee Professional Corporation Act pursuant to T.C.A. §48-3-604.

8. The Corporation is a professional corporation. The purpose of the corporation is to render medical services which shall include, without limitation, the performance of other services related to the practice of medicine and all other things necessary or appropriate to carry out such purpose.

WITNESS my hand the 12th day of March, 2001.

EVANS & BEIER, LLP
ATTORNEYS AT LAW
MORRISTOWN, TN 37816

HEALTHSTAR PHYSICIANS, P.C.

BY:

Frank B. Little, Jr.
FRANK LITTLE, President

CERTIFICATE OF HEALTHSTAR PHYSICIANS, P.C.
CONCERNING
ITS RESTATED CHARTER

TO: THE SECRETARY OF STATE OF THE STATE OF TENNESSEE

Pursuant to the provisions of Section 48-20-107(d) of the Tennessee Business Corporation Act, the undersigned corporation certifies as follows:

1. The attached Amended and Restated Charter of HealthStar Physicians, P.C. contains no amendments requiring Shareholder approval.

2. The attached Amended and Restated Charter was duly adopted by the Board of Directors of HealthStar Physicians, P.C.

WITNESS my hand this 12th day of March, 2001.

HEALTHSTAR PHYSICIANS, P.C.

BY:

Frank B. Little, Jr. JMD
FRANK LITTLE, President

**ASSIGNMENT OF OPTION AGREEMENT AND
LOT/LAND PURCHASE AND SALE AGREEMENT**

This **Assignment of Option Agreement and Lot/Land Purchase and Sale Agreement** ("**Assignment**") made by and between **GreeneLand, LLC**, a Tennessee Limited Liability Company (hereinafter "**Assignor**"), and **Healthstar Physicians, P.C.**, a Tennessee Professional Corporation (hereinafter "**Assignee**").

WHEREAS, Assignor and Lee House, Trustee, House Freedom 2004 Living Trust entered into a Option Agreement and a Lot/Land Purchase and Sale Agreement on December 1, 2019 and December 2, 2019 respectively for the option to purchase real estate ("Property") known as 150 Serral Drive, Greeneville, Greene County, Tennessee 37745 recorded in the Greene County Register of Deeds office, 602A Deed Book, 193 page, 088 006.22. Said Option Agreement and Lot/Land Purchase and Sale Agreement referenced herein are attached hereto as Exhibit A.

WHEREAS, Assignor desires to assign all of Assignor's rights under the Option Agreement and Lot/Land Purchase and Sale Agreement described above and related to the above referenced property.

IT IS, THEREFORE, AGREED:

1. Assignor hereby assigns and transfers to Assignee any and all of Assignor's right, title and interest in and to the Option Agreement and Lot/Land Purchase and Sale Agreement. This Assignment and transfer is made without any recourse whatsoever to Assignor and without any representation and warranties, express or implied, of any nature whatsoever, except as set forth herein.

2. Assignee hereby accepts the foregoing Assignment and transfer and agrees to receive all rights and agrees to perform all covenants, agreements and obligations of Assignor under the Option Agreement and Lot/Land Purchase and Sale Agreement, Exhibit A attached hereto, accruing on and after the date of this Assignment.

3. Assignor represents that the Option Agreement and Lot/Land Purchase and Sale Agreement are currently in full force and effect and that the Assignor is not in default and any material provision of said agreements and no terms set forth in said agreements prohibit Assignor from entering into and assigning its rights thereto, to Assignee.

4. Assignee shall be entitled to all of Assignor's rights and interest under the Option Agreement and Lot/Land Purchase and Sale Agreement, including, but not limited to the right to purchase said property.

5. This Assignment shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. This Assignment contains the entire understanding

between the parties and may not be modified or terminated except by written document signed by the parties hereto.

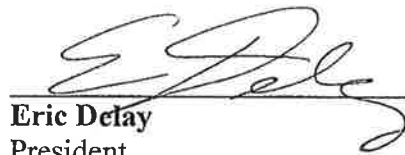
6. As consideration for this Assignment, in addition to the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignee agrees to pay Assignor a sum of \$10,000.00.

7. The Effective Date of this Assignment is December 2, 2019.

GreeneLand, LLC


Eric Delay
Member/President of the Board

Healthstar Physicians, P.C.


Eric Delay
President



OPTION AGREEMENT

When using this Option Agreement, the following must be included in the Purchase and Sale Agreement Special Stipulations: "This Purchase & Sale Agreement shall become binding upon the parties only when the Buyer exercises his option to Purchase under the Option Agreement entered into by the parties simultaneously with the execution of this Purchase & Sale Agreement."

1 **THIS OPTION AGREEMENT** is made and entered into this 1st day of December, 2019, by and among
 2 _____ ("Buyer's Broker") and
 3 Greeneville Real Est Auc Team- Becky Rideout ("Seller's Broker"),
 4 Greeneland LLC. ("Buyer"), and
 5 Lee House, Trustee, House Freedom 2004 Living Trust ("Seller").

6 **WITNESSETH:**

7 **FOR AND IN CONSIDERATION** of the sum of

8 Ten Thousand DOLLARS
 9 (\$ 10,000.00) (the "Option Consideration"), and other good and valuable consideration in hand
 10 paid to Seller, the receipt and sufficiency of which is hereby acknowledged by Seller, Seller hereby grants and conveys unto
 11 Buyer for the term hereof an exclusive and irrevocable option (the "Option") to purchase that certain real property (together
 12 with all fixtures, landscaping, improvements, equipment thereon and all appurtenances thereto) in
 13 Greene County, Tennessee, which is more particularly described in the Purchase and
 14 Sale Agreement attached hereto. The executed Purchase and Sale Agreement, attached hereto and incorporated herein by
 15 reference, sets out the terms and conditions by which the Property shall be conveyed in the event this Option is timely exercised
 16 by Buyer. The said executed Purchase and Sale Agreement shall become binding only upon the Buyer's timely exercising this
 17 Option.

18 The Option Consideration shall be paid by Buyer to Seller in cash contemporaneously with the execution of this Option
 19 Agreement. The term of the Option shall begin on the date of this Option Agreement and shall end at 8a m. (local
 20 time) on June 30, 2020; if the Option has not been exercised prior to such time, then the Option shall lapse
 21 and shall thereafter be of no further force or effect, whereupon Seller shall retain the Option Consideration and Buyer and Seller
 22 shall have no further rights or obligations under this Option Agreement. If Buyer elects to exercise the Option, then Buyer
 23 shall deliver to Seller, prior to the expiration of the Option, at the address of Seller set forth below or at such other address as
 24 Seller may have theretofore provided to Buyer (in writing), written notice of Buyer's election to exercise the Option. Upon
 25 exercising this Option, the attached Purchase and Sale Agreement shall be in full force and effect. Upon closing of the sale
 26 and purchase of the Property pursuant to the Purchase and Sale Agreement, the Option Consideration shall be credited against
 27 the Purchase Price of the Property.

28 Brokers are made a party to this Option Agreement solely to permit Brokers the ability to enforce their rights hereunder. For
 29 services rendered in connection with this Option Agreement, Seller agrees to pay to Seller's Broker a fee in the sum of
 30 Eight Thousand Two Hundred DOLLARS
 31 (\$ 8,200.00), payable contemporaneously with the execution of this Option Agreement. Seller's

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Broker may offer a cooperating compensation to Buyer's Broker pursuant to the terms of a separate agreement. Seller and Buyer represent and warrant to each other that each has not engaged any real estate broker or agent other than Brokers in connection with this Option Agreement. Seller and Buyer shall hold each other and the Brokers harmless from and against all loss and damage (including without limitation court costs and reasonable attorney's fees) suffered or incurred by the other on account of any claim or breach, including, but not limited to, claims by any broker or agent other than Brokers for any commission or other compensation relating to this Option Agreement. Time is of the essence in this Option Agreement. This Option Agreement shall be binding upon and shall insure to the benefit of the parties hereto and their respective heirs, executors, administrators, and successors. The rights and obligations of Seller and Buyer under this Option Agreement may not be assigned without the prior written consent of all parties hereto.

IN WITNESS WHEREOF, Seller hereto affixes his/her hand and seal this the 3 day of

December, 2019 at 1:20 o'clock ☐ am/ ☒ pm; and a copy received:

Lee House TTEE
SELLER Lee House, Trustee, House Freedom 2004 Living Trust

233 W. Depot St, Greenville TN
ADDRESS

As to above Seller, signed, sealed and delivered in the presence of:

Ashen Lamlor (Witness)

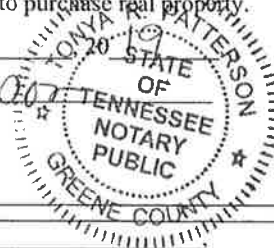
STATE OF TENNESSEE

COUNTY OF Greene

Personally appeared before me, a Notary Public for said County and State, the within named Seller, Lee House, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who acknowledged that he/she executed this Option Agreement for the option to purchase real property.

Witness my hand and seal this the 3rd day of December

Tommy R. Patterson
NOTARY PUBLIC



My Commission Expires: 08/27/2022

IN WITNESS WHEREOF, Seller hereto affixes his/her hand and seal this the ____ day of ____

at ____ o'clock ☐ am/ ☐ pm; and a copy received:

SELLER

ADDRESS

As to above Seller, signed, sealed and delivered in the presence of:

____ (Witness)

STATE OF TENNESSEE

COUNTY OF ____

Personally appeared before me, a Notary Public for said County and State, the within named Seller, _____, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who acknowledged that he/she executed this Option Agreement for the option to purchase real property.

Witness my hand and seal this the ____ day of _____, 20____.

NOTARY PUBLIC

My Commission Expires: _____

IN WITNESS WHEREOF, Buyer hereto affixes his/her hand and seal this the 2 day of
December, 2019 at 3:40 o'clock ☐ am/ ☒ pm; and a copy received:

BUYER

420 W. Morris Blvd, Morristown TN
 ADDRESS

As to above Buyer, signed, sealed and delivered in the presence of:

Debra Bunch (Witness)

STATE OF TENNESSEE

COUNTY OF Hambledon

Personally appeared before me, a Notary Public for said County and State, the within named Buyer,
Eric Delay, with whom I am personally acquainted, or proved to me on the basis of satisfactory
 evidence, and who acknowledged that he/she executed this Option Agreement for the option to purchase real property.

Witness my hand and seal this the 2 day of December, 20 19.

Jingwen E. Parker
 NOTARY PUBLIC

My Commission Expires: 3-23

IN WITNESS WHEREOF, Buyer hereto affixes his/her hand and seal this the ____ day of
 _____ at _____ o'clock ☐ am/ ☐ pm; and a copy received:

BUYER

ADDRESS

As to above Buyer, signed, sealed and delivered in the presence of:

_____ (Witness)

STATE OF TENNESSEE

COUNTY OF _____

Personally appeared before me, a Notary Public for said County and State, the within named Buyer,
 _____, with whom I am personally acquainted, or proved to me on the basis of satisfactory
 evidence, and who acknowledged that he/she executed this Option Agreement for the option to purchase real property.

Witness my hand and seal this the ____ day of _____, 20 ____.

 NOTARY PUBLIC

My Commission Expires: _____

IN WITNESS WHEREOF, Seller's Broker hereto affixes his/her hand and seal this the 4 day of
DECEMBER, 2019 at 10:00 o'clock ☒ am/ ☐ pm; and a copy received:

Becky Rideout
 SELLER'S BROKER Becky Rideout

210 W. Summer Street Greeneville TN 37745
 ADDRESS

As to above Seller's Broker, signed, sealed and delivered in the presence of:

William Brown (Witness)

STATE OF TENNESSEE

COUNTY OF SWAIN

Personally appeared before me, a Notary Public for said County and State, the within named Seller's Broker,
Becky Rideout, with whom I am personally acquainted, or proved to me on the basis of satisfactory
 evidence, and who acknowledged that he/she executed this Option Agreement to protect the rights he/she has pursuant to the
 Buyer's option to purchase property.

Witness my hand and seal this the 4 day of December, 2019.
Joyce Marie West
 NOTARY PUBLIC
 My Commission Expires: 12/9/21

IN WITNESS WHEREOF, Buyer's Broker hereto affixes his/her hand and seal this the ____ day of
 _____, _____ at _____ o'clock ☐ am/ ☐ pm; and a copy received:

BUYER'S BROKER

ADDRESS

As to above Buyer's Broker, signed, sealed and delivered in the presence of:

____ (Witness)

STATE OF TENNESSEE

COUNTY OF _____

Personally appeared before me, a Notary Public for said County and State, the within named Buyer's Broker,
 _____, with whom I am personally acquainted, or proved to me on the basis of satisfactory
 evidence, and who acknowledged that he/she executed this Option Agreement to protect the rights he/she has pursuant to the
 Buyer's option to purchase real property.

Witness my hand and seal this the ____ day of _____, 20____.

NOTARY PUBLIC

My Commission Expires: _____

Prepared By:

Greeneville Real Estate Auction Team
210 W. Summer St.
Greeneville, TN 37745

(Firm)
 (Address)
 (Address)

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LOT/LAND PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer

Greeneland, LLC

("Buyer") agrees to buy and

the undersigned seller Lee House, Trustee, House Freedom 2004 Living Trust

("Seller")

agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows:

All that tract of land known as: 150 Serral Drive

(Address) Greeneville

(City), Tennessee, 37745 (Zip), as

recorded in Greene

County Register of Deeds Office,

602A deed book(s), 193 page(s), 088 006.22 and/or instrument number and as further described as:

together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property."

- ☐ **This box must be checked to be part of this Agreement.** The full and legal description of said Property is as described in the attached "Legal Description Exhibit."

A. **LEASED ITEMS.** Leased items that remain with the Property (e.g. billboards, irrigation systems, fuel tank, etc.) Buyer shall assume any and all lease payments as of Closing. If leases are not assumable, the balance shall be paid in full by Seller at or before Closing.

☒ Buyer does not wish to assume a leased item. **(THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.)**

Buyer does not wish to assume Seller's current lease of _____; therefore, Seller shall have said lease cancelled and leased items removed from Property prior to Closing.

B. **FUEL.** Fuel, if any, will be adjusted and charged to Buyer and credited to Seller at Closing at current market prices.

2. **Purchase Price, Method of Payment and Closing Expenses.** Buyer warrants that, except as may be otherwise provided herein, Buyer will at Closing have sufficient cash to complete the purchase of the Property under the terms of this Lot/Land Purchase and Sale Agreement (hereinafter "Purchase and Sale Agreement" or "Agreement"). The purchase price to be paid is: \$ 205,000.00

Two Hundred Five Thousand

U.S. Dollars,

("Purchase Price") which shall be disbursed to Seller or Seller's Closing Agency by one of the following methods:

- a Federal Reserve Bank wire transfer;
- a Cashier's Check issued by a financial institution as defined in 12 CFR § 229.2(i); OR
- other such form as is approved in writing by Seller.

This price is based (Select one. The sections not checked are not a part of this Agreement.):

☒ for entire Property as a tract, and not by the acre OR

☐ per acre with the Purchase Price to be determined by the actual amount of acreage of the Property, \$ _____ per acre based on a current or mutually acceptable survey OR

☐ for entire Property as a tract but with the Purchase Price to be adjusted upward or downward at \$ _____ per acre in the event the actual amount of acreage of the Property based on a current or mutually acceptable survey should vary more or less than _____ acre(s) from the _____ estimated acreage.

A. **Appraisal (Select either 1 or 2 below. The sections not checked are not a part of this Agreement).**

☒ 1. This Agreement **IS NOT** contingent upon the appraised value either equaling or exceeding the agreed upon Purchase Price.

☐ 2. This Agreement **IS CONTINGENT** upon the appraised value either equaling or exceeding the agreed upon Purchase Price. If appraised value is equal to or exceeds the Purchase Price, this contingency is satisfied. In consideration of Buyer having conducted an appraisal, the sufficiency of such consideration being hereby acknowledged, if the appraised value of the Property does not equal or exceed the Purchase Price, Buyer shall promptly notify the Seller via the notification form or written equivalent notice. Buyer shall then have 3 days to either:

1. waive the appraisal contingency via the notification form or equivalent written notice

OR

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2. terminate the agreement by giving notice to seller via the notification form or equivalent written notice. Upon timely termination, Buyer is entitled to a refund of the Earnest money.

In the event Buyer fails to either waive the appraisal or terminate the agreement as set forth above,, this contingency is deemed satisfied. Thereafter, failure to appraise shall not be used as the basis for loan denial or termination of contract. Seller shall have the right to request any supporting documentation showing appraised value did not equal or exceed the agreed upon purchase price.

B. Closing Expenses.

1. **Seller Expenses.** Seller shall pay all existing loans affecting the Property, including all penalties, release preparation costs, and applicable recording costs; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; Seller's Closing fee, document preparation fee and/or attorney's fees; fee for preparation of deed; notary fee on deed; and financial institution (Bank, Credit Union, etc.) wire transfer fee or commercial courier service fee related to the disbursement of any lien payoff(s). Seller additionally agrees to permit any withholdings and/or to pay any additional sum due as is required under the Foreign Investment in Real Property Tax Act. Failure to do so will constitute a default by Seller.

In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. *It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.*

2. **Buyer Expenses.** Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust; Buyer's Closing fee, document preparation fee and/or attorney's fees; preparation of note, deed of trust, and other loan documents; mortgage loan inspection or boundary line survey; credit report; required premiums for private mortgage, hazard and flood insurance; required reserved deposits for insurance premiums and taxes; prepaid interest; re-inspection fees pursuant to appraisal; and any costs incident to obtaining and closing a loan, including but not limited to: appraisal, origination, discount points, application, commitment, underwriting, document review, courier, assignment, photo, tax service notary fees, and any wire fee or other charge imposed for the disbursement of the Seller's proceeds according to the terms of this Agreement.

3. **Title Expenses.** Cost of title search, mortgagee's policy and owner's policy (rates to be as filed with the Tennessee Department of Commerce and Insurance) shall be paid as follows:

Buyer and seller to pay own related expenses.

Simultaneous issue rates shall apply.

Not all of the above items (Seller Expenses, Buyer Expenses and Title Expenses) are applicable to every Transaction and may be modified as follows:

Closing Agency for Buyer & Contact Information :

Buyers choice

Closing Agency for Seller & Contact Information :

Unified Title, Lynn Griffin,

- C. **Financial Contingency – Loan(s) To Be Obtained:** This Agreement is conditioned upon Buyer's ability to obtain a loan(s) in the principal amount up to _____% of the Purchase Price listed above to be secured by a deed of trust on the Property. "Ability to obtain" as used herein means that Buyer is qualified to receive the loan described herein based upon Lender's customary and standard underwriting criteria. In consideration of Buyer, having acted in good faith and in accordance with the terms below, being unable to obtain financing by the Closing Date, the sufficiency of such consideration being hereby acknowledged, Buyer may terminate this Agreement by providing written notice via the Notification form or equivalent written notice. Seller shall have the right to request any supporting documentation regarding loan denial. Upon termination, Buyer is entitled to a refund of the Earnest Money/Trust Money. Lender is defined herein as the financial institution funding the loan.

The loan shall be of the type selected below (Select the appropriate boxes. Unselected items will not be part of this Agreement):

- | | |
|---|--|
| ☐ Conventional Loan | ☐ FHA Loan; attach addendum |
| ☐ VA Loan; attach addendum | ☐ Rural Development/USDA |
| ☐ Other _____ | |

Buyer may apply for a loan with different terms and conditions and also Close the transaction provided all other terms and conditions of this Agreement are fulfilled and the new loan does not increase any costs charged to Seller. Buyer shall be obligated to Close this transaction if Buyer has the ability to obtain a loan with terms as described herein and/or any other loan for which Buyer has applied and been approved.

Loan Obligations: *The Buyer agrees and/or certifies as follows:*

- (1) Within three (3) days after the Binding Agreement Date, Buyer shall make application for the loan and shall pay for credit report. Buyer shall immediately notify Seller or Seller's representative of having applied for the loan and provide Lender's name and contact information, and that Buyer has instructed Lender to order credit report. Such certifications shall be made via the Notification form or equivalent written notice;
- (2) Within fourteen (14) days after the Binding Agreement Date, Buyer shall warrant and represent to Seller via the Notification form or equivalent written notice that:
 - a. Buyer has secured evidence of hazard insurance which will be effective at Closing and Buyer shall notify Seller of the name of the hazard insurance company;
 - b. Buyer has notified Lender of an Intent to Proceed and has available funds to Close per the signed Loan Estimate; and
 - c. Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.
- (3) Buyer shall pursue qualification for and approval of the loan diligently and in good faith;
- (4) Buyer shall continually and immediately provide requested documentation to Lender and/or loan originator;
- (5) Unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or sale of any other real property and the same shall not be used as the basis for loan denial; and
- (6) Buyer shall not intentionally make any material changes in Buyer's financial condition which would adversely affect Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

Should Buyer fail to timely comply with 2.C.(1) and/or 2.C.(2) above and provide notice as required, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller the requested documentation within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated.

THIS BOX MUST BE CHECKED IN ORDER FOR IT TO BE A PART OF THIS AGREEMENT.

☒ Financing Contingency Waived (e.g. "All Cash", etc.):

Buyer's obligation to Close shall not be subject to any financial contingency. Buyer reserves the right to obtain a loan. Buyer will furnish proof of available funds to close in the following manner: _____ (e.g. bank statement, Lender's commitment letter) within five (5) days after Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. Failure to Close due to lack of funds shall be considered default by Buyer.

In the event that this Agreement is contingent upon an appraisal, Buyer must order the appraisal and provide Seller with the name and telephone number of the appraisal company and proof that appraisal was ordered within five (5) days of the Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation is terminated.

3. **Earnest Money/Trust Money.** Buyer has paid or will pay within 5 days after the Binding Agreement Date to Greeneville Real Estate and Auction Team (name of Holder) ("Holder") located at 210 W. Summer Street, Greeneville, TN 37743 (address of Holder), an Earnest Money/Trust Money deposit of \$ 10,000.00 by check (OR Option Money) ("Earnest Money/Trust Money").

- A. **Failure to Receive Earnest Money/Trust Money.** In the event Earnest Money/Trust Money (if applicable) is not timely received by Holder or Earnest Money/Trust Money check or other instrument is not honored, for any reason by the bank upon which it is drawn, Holder shall promptly notify Buyer and Seller of the Buyer's failure to deposit the agreed upon Earnest Money/Trust Money. Buyer shall then have one (1) day to deliver Earnest Money/Trust Money in immediately available funds to Holder. In the event Buyer does not deliver such funds, Buyer is in default and Seller shall have the right to terminate this Agreement by delivering to Buyer or Buyer's representative written notice via the Notification form or equivalent written notice. In the event Buyer delivers the Earnest Money/Trust Money in immediately available funds in the form of a wire transfer or cashier's check to Holder before Seller elects

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to terminate, Seller shall be deemed to have waived his right to terminate, and the Agreement shall remain in full force and effect.

B. Handling of Earnest Money/Trust Money upon Receipt by Holder. Earnest Money/Trust Money (if applicable) is to be deposited promptly after the Binding Agreement Date or the agreed upon delivery date in this Earnest Money/Trust Money section or as specified in the Special Stipulations section contained at section 15 herein. Holder shall disburse Earnest Money/Trust Money only as follows:

- (a) at Closing to be applied as a credit toward Buyer's Purchase Price;
- (b) upon a written agreement signed by all parties having an interest in the funds;
- (c) upon order of a court or arbitrator having jurisdiction over any dispute involving the Earnest Money/Trust Money;
- (d) upon a reasonable interpretation of the Agreement; or
- (e) upon the filing of an interpleader action with payment to be made to the clerk of the court having jurisdiction over the matter.

Holder shall be reimbursed for, and may deduct from any funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for the same) for any matter arising out of or related to the performance of Holder's duties under this Earnest Money/Trust Money section. Earnest Money/Trust Money shall not be disbursed prior to fourteen (14) days after deposit unless written evidence of clearance by bank is provided.

4. Closing, Prorations, Special Assessments and Association Fees.

A. Closing Date. This transaction shall be closed ("Closed") (evidenced by delivery of warranty deed and payment of Purchase Price, the "Closing"), and this Agreement shall expire at 11:59 p.m. local time on the 30th day of June, 2020 ("Closing Date"), or on such earlier date as may be agreed to by the parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the event of default. Any extension of this date must be agreed to by the parties in writing via the Closing Date/Possession Date Amendment or equivalent written agreement.

1. Possession. Possession of the Property is to be given (Select the appropriate boxes below. Unselected items will not be part of this Agreement):

☒ at closing as evidenced by delivery of warranty deed and payment of Purchase Price;

OR

☐ as agreed in the attached and incorporated Temporary Occupancy Agreement;

B. Prorations. Real estate taxes, rents, dues, maintenance fees, and association fees on said Property for the calendar year in which the sale is Closed shall be prorated as of the Closing Date. In the event of a change or reassessment of taxes for the calendar year after Closing, the parties agree to pay their recalculated share. Real estate taxes, rents, dues, maintenance fees, and association fees for prior years and roll back taxes, if any, will be paid by Seller.

C. Greenbelt. If property is currently classified by the property tax assessor as "Greenbelt" (minimum of 15 acres or otherwise qualifies), does the Buyer intend to keep the property in the Greenbelt? (Select the appropriate boxes below. Unselected items will not be part of this Agreement):

☐ Buyer intends to maintain the property's Greenbelt classification and acknowledges that it is Buyer's responsibility to make timely and proper application to insure such status. Buyer's failure to timely and properly make application will result in the assessment of rollback taxes for which Buyer would be responsible. Buyer should consult the tax assessor for the county where the property is located prior to making this offer to verify that their intended use will qualify for greenbelt classification.

☒ Buyer does not intend to maintain the property's Greenbelt status and Rollback taxes shall be payable by the Seller at time of closing.

D. Special Assessments. Special Assessments approved or levied prior to the Closing Date shall be paid by Seller at or prior to Closing unless otherwise agreed as follows:

Taxes will be paid for by the buyer.

E. Association Fees. Buyer shall be responsible for all homeowner or condominium association transfer fees, related administration fees (not including statement of accounts), capital expenditures/contributions incurred due to the transfer of the Property and/or like expenses which are required by the association, property management company and/or the bylaws, declarations or covenants for the Property (unless otherwise specifically addressed herein and/or unless specifically chargeable to Seller under applicable bylaws, declarations, and/or neighborhood covenants).

216 **5. Title and Conveyance.**

217 **A.** Seller warrants that at the time of Closing, Seller will convey or cause to be conveyed to Buyer or Buyer's assign(s)
218 good and marketable title to said Property by general warranty deed, subject only to:

- 219 (1) Zoning;
220 (2) Setback requirements and general utility, sewer, and drainage easements of record on the Binding
221 Agreement Date upon which the improvements do not encroach;
222 (3) Subdivision and/or condominium declarations, covenants, restrictions, and easements of record on the
223 Binding Agreement Date; and
224 (4) Leases and other encumbrances specified in this Agreement.

225 If title examination, closing or loan survey pursuant to Tenn. Code Ann. § 62-18-126, boundary line survey, or other
226 information discloses material defects, Buyer may, at Buyer's discretion:

- 227 (1) accept the Property with the defects **OR**
228 (2) require Seller to remedy such defects prior to the Closing Date. Buyer shall provide Seller with written
229 notice of such defects via the Notification form or equivalent written notice. If defects are not remedied
230 prior to the Closing Date, Buyer may elect to extend the Closing Date by mutual written agreement
231 evidenced by the Closing Date/Possession Amendment form or other written equivalent. If defects are not
232 remedied by the Closing Date or any mutually agreed upon extension thereof, this Agreement shall
233 terminate, and Buyer shall be entitled to a refund of Earnest Money/Trust Money.

234 Good and marketable title as used herein shall mean title which a title insurance company licensed to do business in
235 Tennessee will insure at its regular rates, subject only to standard exceptions. The title search or abstract used for
236 the purpose of evidencing good and marketable title must be acceptable to the title insurance agent and the issuing
237 title insurance company. Seller agrees to execute such appropriate affidavits and instruments as may be required by
238 the issuing title insurance company.

239 **B. Deed.** Deed to be made in the name of Greeneland, LLC.

240 The manner in which Buyer takes title determines ownership and survivorship rights. It is Buyer's responsibility to
241 consult the closing agency or attorney prior to Closing.

242 **6. Inspections and other requirements made a part of this Agreement.**

243 **ALL INSPECTIONS ARE TO BE MADE AT BUYER'S EXPENSE.** Buyer, its inspectors and/or representatives
244 shall have the right and responsibility to enter the Property during normal business hours for the purpose of making
245 inspections and/or tests. Buyer agrees to indemnify Seller for the acts of themselves, their inspectors and/or
246 representatives in exercising their rights under this section. Buyer's obligations to indemnify Seller shall also survive the
247 termination of this Agreement by either party, which shall remain enforceable. Buyer shall make such inspections as
248 indicated in this section and either accept the Property in its present condition by written notice to Seller or terminate the
249 Agreement as provided for in each section marked below.

250 **[Select any or all of the following stipulations. Unselected items are not a part of this Agreement.]**

251 ☒ **A. Feasibility Study.** Buyer shall have the right to review all aspects of the Property, including but not limited to,
252 all governmental, zoning, soil and utility service matters related thereto. In consideration of Buyer having
253 conducted Buyer's good faith review as provided for herein, the sufficiency of such consideration being hereby
254 acknowledged, Buyer shall provide written notification to Seller and/or Seller's Broker within 90 days after
255 Binding Agreement Date that Buyer is not satisfied with the results of such review, and this Agreement shall
256 automatically terminate and Broker shall promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails
257 to provide notice, then this contingency shall be deemed to have been waived by Buyer. Seller acknowledges and
258 agrees that Buyer and/or his agents and employees may have free access during normal business hours to visit the
259 Property for the purpose of (1) inspection thereof and (2) conducting such soil and other tests thereon as are deemed
260 reasonably necessary by Buyer. Buyer hereby agrees to indemnify and hold Seller, Broker, and Broker's Affiliated
261 Licensees harmless from and against any and all loss, injury, cost, or expense associated with Buyer's inspection of
262 and entry upon Property.

263 ☒ **B. Building Permit.** This Agreement is contingent upon Buyer's ability to acquire all required licenses and
264 permits from the appropriate governmental authority to make specific improvements on the Property. In
265 consideration of Buyer, having acted in good faith, being unable to acquire all required licenses and permits from
266 the appropriate governmental authority to make specific improvements to the Property, the sufficiency of such
267 consideration hereby being acknowledged, Buyer may terminate this agreement by providing written notification to
268 Seller and/or Seller's Broker within 90 days after the Binding Agreement Date. Upon termination, holder shall
269 promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails to provide said notice, then this
270 contingency shall be deemed to have been waived by Buyer.

271 ☒ **C. Permit for Sanitary Septic Disposal System.** This Agreement is contingent upon the Buyer's ability to obtain
272 a permit for a sanitary septic disposal system from the respective Tennessee Ground Water Protection Office for the

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county in which the Property is located (generally, located at the local Health Department) to be placed on the Property in a location consistent with Buyer's planned improvements. In consideration of Buyer, having acted in good faith, being unable to meet this condition, the sufficiency of such consideration being hereby acknowledged, Buyer must notify Seller and/or Seller's Broker in writing within 90 days after the Binding Agreement Date. With proper notice, the Agreement is voidable by Buyer and Earnest Money/Trust Money refunded. If Buyer fails to provide said notice, this contingency shall be deemed to have been waived by Buyer.

- **D. Rezoning.** This Agreement is contingent upon the Property being rezoned to _____ by the appropriate governmental authorities on or before _____. (Buyer or Seller)

_____ shall be responsible for pursuing such rezoning, and paying all associated cost. All rezoning applications shall be submitted to Seller for Seller's approval prior to filing, which approval shall not be unreasonably withheld. All parties agree to cooperate, to sign the necessary documentation and to support the rezoning application. In consideration of Buyer having acted in good faith, Buyer may provide notification to Seller and/or Seller's Broker within 48 hours after the above date that the Property cannot be so zoned, the sufficiency of such consideration being hereby acknowledged, and this Agreement shall automatically terminate. Upon termination, holder shall promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails to provide said notice, then this contingency shall be deemed to have been waived by Buyer.

- **E. Well Test.** This Agreement is contingent upon the well water serving the Property passing testing for suitability for drinking as performed by a testing laboratory selected by Buyer, or required by Buyer's Lender, prior to Closing. Buyer shall be responsible for ordering, supervising and paying for any such well water sample test. This Agreement shall also be contingent upon said well providing an adequate quantity of water to serve Buyer's intended purpose for the Property. In consideration of Buyer, having conducted a well test as provided for herein, the sufficiency of such consideration being hereby acknowledged, Buyer may provide written notification to Seller and/or Seller's Broker within _____ days after the Binding Agreement Date that test results are unacceptable, and in such event this Agreement shall automatically terminate, and Holder shall promptly refund the Earnest Money/Trust Money to Buyer. If Buyer fails to provide said notice, then this contingency shall be deemed to have been waived by Buyer.

- **F. Other Inspections.** See Special Stipulations for additional inspections required by Buyer.

- **G. No Inspection Contingencies.** Buyer accepts the Property in its present condition. All parties acknowledge and agree that the Property is being sold "AS IS" with any and all faults.

- 7. Final Inspection.** Buyer and/or his inspectors/representatives shall have the right to conduct a final inspection of Property on the Closing Date or within 5 day(s) prior to Closing Date only to confirm Property is in the same or better condition as it was on the Binding Agreement Date, normal wear and tear excepted, and to determine that all repairs/replacements have been completed. Property shall remain in such condition until the Closing Date at Seller's expense. Closing of this sale constitutes acceptance of Property in its condition as of the time of Closing, unless otherwise noted in writing.

- 8. Buyer's Additional Due Diligence Options.** If any of the matters below are of concern to Buyer, Buyer should address the concern by specific contingency in the Special Stipulations section of this Agreement.

- A. Survey and Flood Certification.** Survey Work and Flood Certifications are the best means of identifying boundary lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a survey, closing loan survey or Boundary Line Survey and Flood Zone Certifications.

- B. Insurability.** Many different issues can affect the insurability and the rates of insurance for property. These include factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of the buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine whether any exclusions will apply to the insurability of said Property.

- C. Water Supply.** The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

- D. Waste Disposal.** The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. [For additional information on this subject, request the "Water Supply and Waste Disposal Notification" form.]

- E. Title Exceptions.** At Closing, the general warranty deed will be subject to subdivision and/or condominium declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use of the Property by Buyer, including the property being part of a Planned Unit Development (PUD). There may also be fees and assessments connected with these exceptions.

- F. Toxic/Foreign Substances.** Testing (including but not limited to a Phase I study) may be performed to determine the presence of radon or other potentially toxic substances. Buyer may wish to inquire or have the property inspected for underground tanks, tires, appliances, garbage, foreign and/or unnatural materials, asbestos, polychlorinated biphenyl (PCB's), ureaformaldehyde, methane gas, radioactive material, or methamphetamine production.
- G. Land Issues.** Buyer may be interested in learning more about the presence of any fill, mine shaft, well, diseased or dead trees or private or non-dedicated roadways on the Property as well as any sliding, settling, earth movement, upheaval or earth stability problems detected through inspections or evaluations previously performed on property or to be performed.
- H. Rights and Licenses.** Certain Property may contain mineral, oil and timber rights which may or may not transfer with the Property. It is possible licenses or usage permits were granted for crops, mineral, water, grazing, timber, hunting or fishing, including a Crop Rotation Program. Buyers should consult their closing agency for questions regarding any leases which may be in the chain of title.
- 9. Disclaimer.** It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller and/or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, flood certification, title search or inspection of the Property; the insurability of the Property or cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for building products and construction techniques; for any geological issues present on the Property; for any issues arising out of the failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability, and/or cost of utility, sewer, septic, or community amenities; for any proposed or pending condemnation actions involving the Property; for acreage or square footage; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions, and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.
- 10. Brokerage.** As specified by separate agreement, Seller agrees to pay Listing Broker at Closing the agreed upon compensation. The Listing Broker will direct the closing agency to pay the Selling Broker, from the compensation received, an amount in accordance with the terms and provisions specified by separate agreement. The parties agree and acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.
- 11. Default.** Should Buyer default hereunder, the Earnest Money/Trust Money shall be forfeited as damages to Seller and shall be applied as a credit against Seller's damages. Seller may elect to sue, in contract or tort, for additional damages or specific performance of the Agreement, or both. Should Seller default, Buyer's Earnest Money/Trust Money shall be refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees. In the event that any party exercises its right to terminate due to the default of the other pursuant to the terms of this Agreement, the terminating party retains the right to pursue any and all legal rights and remedies against the defaulting party following termination. The parties hereby agree that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies, rights and/or obligations as a defense in the event of a dispute.
- 12. Other Provisions.**
- A. Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date.** This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. It is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not have the

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authority to bind the Buyer, Seller, or any assignee to any contractual agreement unless specifically authorized in writing within this Agreement. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize either licensee to insert the time and date of receipt of the notice of acceptance of the final offer. The foregoing time and date will be referred to for convenience as the Binding Agreement Date for purposes of establishing performance deadlines.

B. Survival Clause. Any provision contained herein, which by its nature and effect is required to be performed after Closing shall survive the Closing and delivery of the deed, and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter.

C. Governing Law and Venue. This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. Time of Essence. Time is of the essence in this Agreement.

E. Terminology. As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of Property. **In the event a performance deadline**, other than the Closing Date (as defined in section 4 herein), Date of Possession (as defined in section 4 herein), and Offer Expiration Date (as defined in section 16 herein), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall extend to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. Responsibility to Cooperate. Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. Buyer and Seller agree that if requested after Closing, they will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. Notices. Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person; (2) by a prepaid overnight delivery service; (3) by facsimile transmission (FAX); (4) by the United States Postal Service, postage prepaid, registered or certified, return receipt requested; or (5) Email. **NOTICE** shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or the Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. Risk of Loss. The risk of hazard or casualty loss or damage to the Property shall be borne by Seller until transfer of title. If casualty loss prior to Closing exceeds 10% of the Purchase Price, Seller or Buyer may elect to terminate this Agreement with a refund of Earnest Money/Trust Money to Buyer.

I. Equal Housing. This Property is being sold without regard to race, creed, color, sex, religion, handicap, familial status, or national origin.

J. Severability. If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect. In the event that the contract fails due to the severed provisions, then the offending language shall be amended to be in conformity with state and federal law.

K. Contract Construction. This Agreement or any uncertainty or ambiguity herein shall not be construed against any party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.

L. Section Headings. The Section Headings as used herein are for reference only and shall not be deemed to vary the content of this Agreement or limit the scope of any Section.

13. Method of Execution. The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal law will be acceptable and may be treated as originals and that the final Lot/Land Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal law.

14. Exhibits and Addenda. All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement:

Option Agreement

15. Special Stipulations. The following Special Stipulations, if conflicting with any preceding section, shall control:

- A. Default by buyer; Down Payment aka Option Money of \$10,000.00 shall be non-refundable in the event the buyers do not exercise agreement and close in the agreed upon time frame.
- B. Down Payment aka Option Money of \$10,000.00 to be applied towards purchase price at closing.
- C. Due Diligence should not exceed 90 days. After 90 days, the buyers shall give notice of all contingencies and/or inspections being satisfied. Seller will be given updates monthly thereafter, as to progress of closing.
- D. Property taxes for year will be paid for by buyer at closing.
- E. Closing date to be on or before June 30, 2020 as agreed upon in writing by both parties.
- F. Lines 39 and 40 to be stricken from Option Agreement.
- G. This Purchase and Sale Agreement shall become binding upon the parties only when the Buyer exercises his option to Purchase under the Option Agreement entered into by the parties simultaneously with the execution of this Purchase and Sale Agreement.

16. Time Limit of Offer. This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not countered or accepted by 5 o'clock ☐ a.m./ ☒ p.m. on the 3rd day of December, 2019.

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box "□" must be marked to be a part of this Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have received a copy of this Agreement.

IMPORTANT NOTICE: Never trust wiring instructions sent via email. Cyber criminals are hacking email accounts and sending emails with fake wiring instructions. These emails are convincing and sophisticated. Always independently confirm wiring instructions in person or via a telephone call to a trusted and verified phone number. Never wire money without double-checking that the wiring instructions are correct.

Buyer hereby makes this offer.

[Signature]
BUYER

12/2/19 at 340 o'clock ☐ am/ ☒ pm
Offer Date

BUYER

_____ at _____ o'clock ☐ am/ ☐ pm
Offer Date

Seller hereby:

- ☐ **ACCEPTS** – accepts this offer.
☐ **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).
☐ **REJECTS** this offer and makes no counter offer.

[Signature]
SELLER

Lee House, Trustee, House Freedom 2004 Living Trust

12-3-19 at 12:02 o'clock ☒ am/ ☐ pm
Date

SELLER

_____ at _____ o'clock ☐ am/ ☐ pm
Date

Acknowledgement of Receipt. *[Signature]* hereby acknowledges receipt of the final accepted offer on Dec 3, 2019 at 5:30 o'clock ☐ am/ ☒ pm, and this shall be referred to as the Binding Agreement Date for purposes of establishing performance deadlines as set forth in the Agreement.

For Information Purposes Only:

Listing Company: Greeneville Real Est Auc Team
Listing Firm Address: 210 W. Summer Street, Greeneville TN 37743
Firm License No.: 261587
Firm Telephone No.: 423-525-5341
Listing Licensee: Becky Rideout
Licensee License Number: 330499

Selling Company: Greeneville Real Est Auc Team
Selling Firm Address: 210 W. Summer Street, Greeneville, TN 37743
Firm License No.: 261587
Firm Telephone No.: 423-525-5341
Selling Licensee: Becky Rideout
Licensee License Number: 330499

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Licensee Email: Becky@greenevilleteam.com Licensee Email: _____
 Home Owner's / Condominium Association ("HOA/COA");

HOA / COA Phone: _____ HOA/COA Email: _____
 Property Management Company: _____
 Phone: _____ Email: _____

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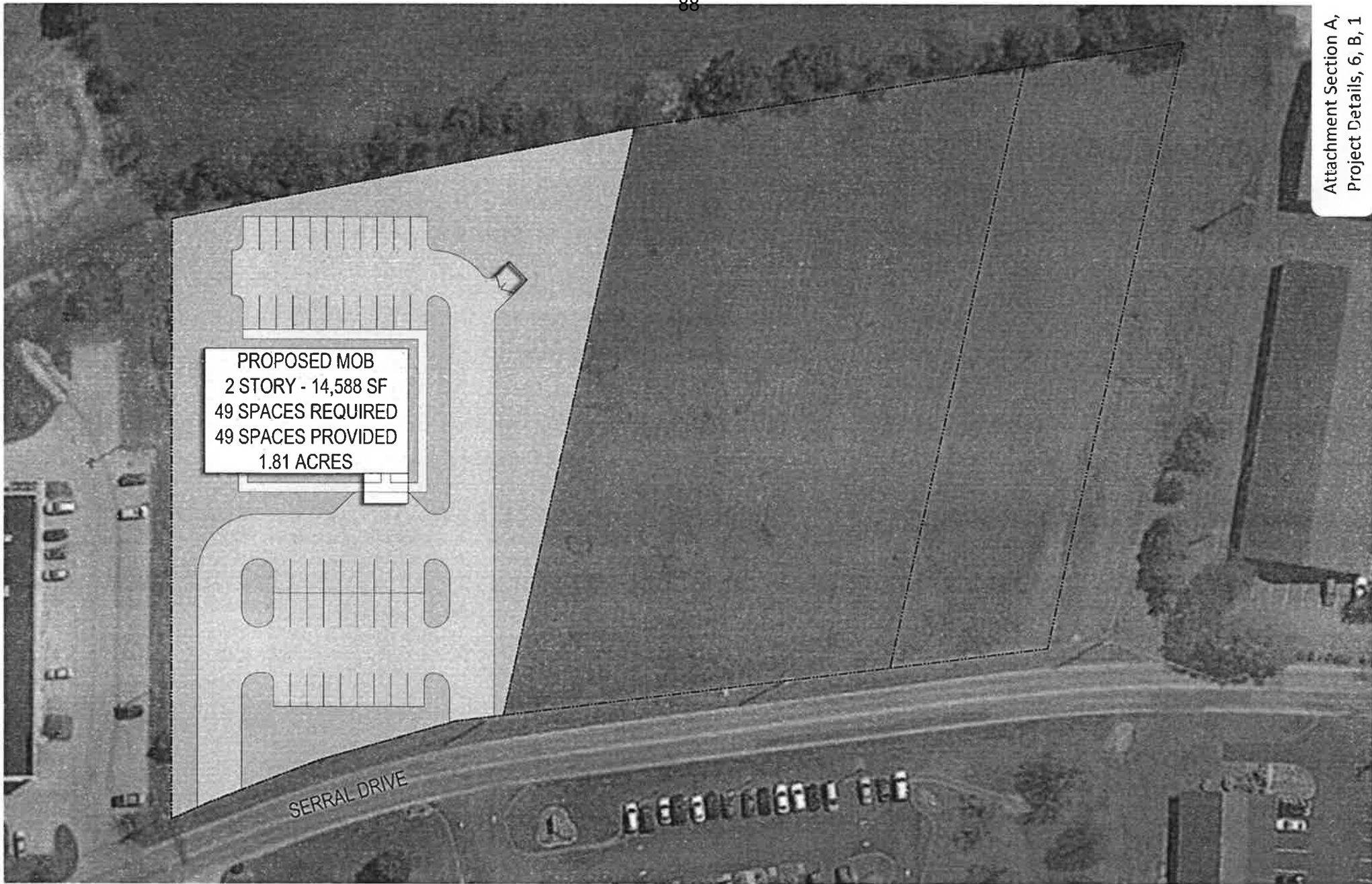
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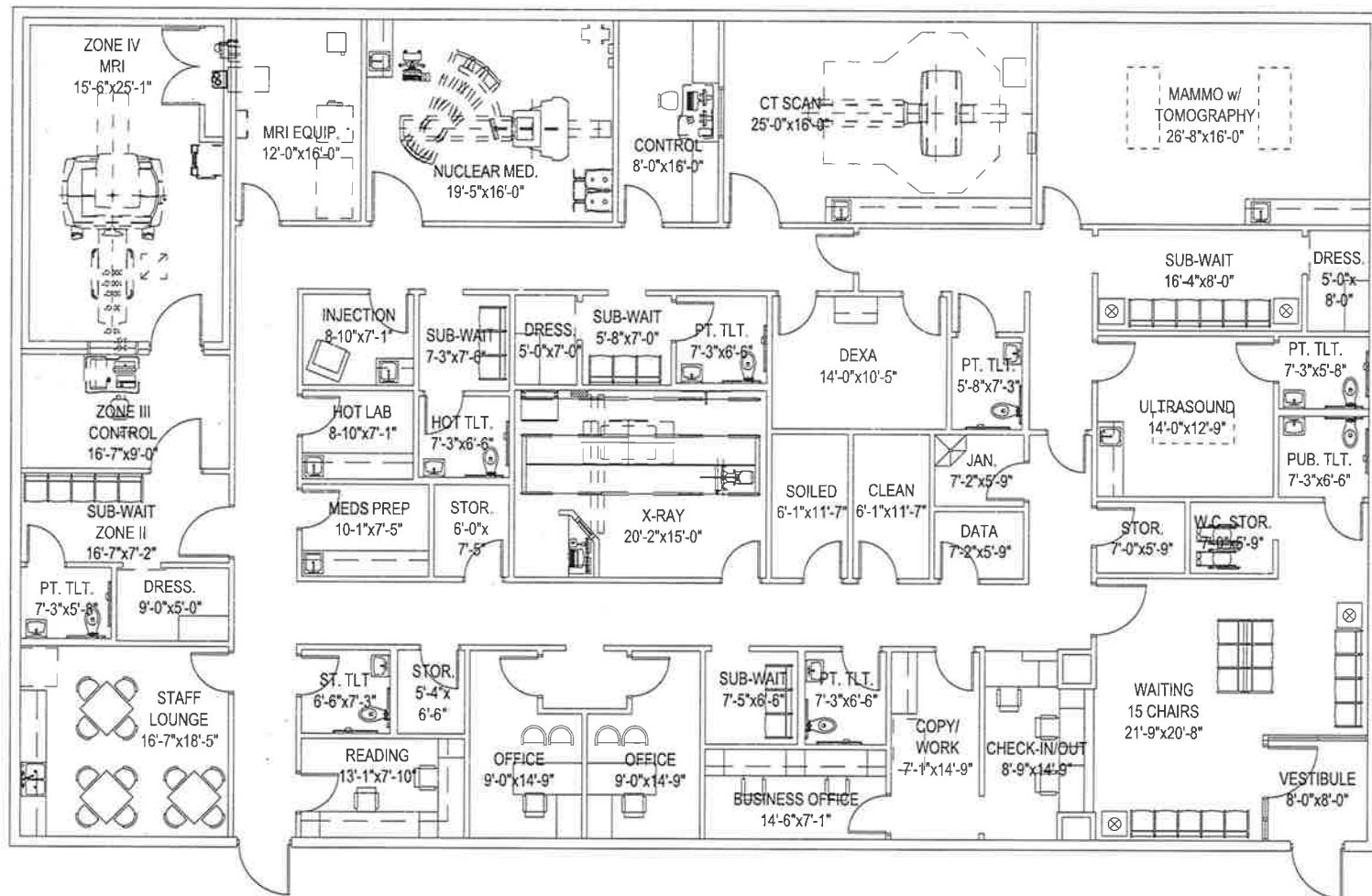


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Version 01/01/2019

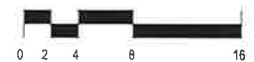
InstanetFORMS





HEALTHSTAR IMAGING

GREENEVILLE, TENNESSEE



CONCEPT FLOOR PLAN - 7,294 SF



CANON MEDICAL SYSTEMS USA, INC.

Made For life

QUOTATION/ORDER SUMMARY

DATE: 12/2/2019
SID #: 30066884
QUOTE #: 134864-1

PRESENTED TO:

HEALTHSTAR PHYSICIANS
420 W MORRIS BLVD
MORRISTOWN, TN. 37813

ELAN.000

ELAN 1.5T MRI SYSTEM

SPECIAL INFORMATION & TERMS

- This price is offered contingent on the receipt of a purchase order and executed quotation by April 30, 2020.
- This quotation includes a thirty (30) month warranty excluding Vital Images products and products not manufactured by Canon Medical Systems identified in the Product Warranty and Service Coverage, Warranty Exclusions section of this quote.

This quotation shall remain valid until April 30, 2020.

All prices are F.O.B. destination.

Payment terms are: Cash - 0% down payment, 80% upon shipment, 20% net 45 days upon completion of installation and/or availability for first use, whichever is earlier.

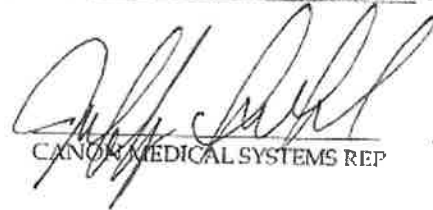
This quotation/order will be subject to the Agreement for Magnetic Resonance Imaging equipment products between Premier Purchasing Partners, L.P. and Canon Medical Systems USA, Inc., effective August 1, 2017. Reference contract no. PP-IM-292

Please return signed quotation to Canon Medical Systems USA, Inc. by email OrderAdmin@us.medical.canon or fax 714-441-9320.

ACCEPTED AGREED AND ORDERED:

PURCHASER'S SIGNATURE/TITLE

DATE



CANON MEDICAL SYSTEMS REP

12/3/19

DATE

All information contained in this quotation is confidential and may not be disclosed to any third party without Canon Medical Systems' prior written consent.



CANON MEDICAL SYSTEMS USA, INC.

Made For life

EQUIPMENT SUMMARY:

ELAN.000

ELAN 1.5T MRI SYSTEM

<u>PART NUMBER</u>	<u>QTY</u>	<u>DESCRIPTION</u>
	1	MRI SYSTEM MAGNET WITH COMPONENTS AND COVERS
	1	ELAN SYSTEM ELECTRONICS
	1	ELAN REGION PACKAGE
	1	COOLING CABINET FOR DOUBLE-LOOP CHILLER
	1	INLINE IF FILTER FOR INCOMING POWER LINE
	1	MVASCULAR KIT FOR ELAN
	1	MVASCULAR PACKAGE
	1	NON-CONTRAST MRA AND SUPERFASE PACKAGE
	1	MNEURO PACKAGE FOR ELAN
	1	MNEURO PACKAGE
	1	BODY VISION AND DTI PACKAGE FOR VANTAGE
	1	PIANISSIMO ZEN APPLICATION
	1	PIANISSIMO ZEN HARDWARE PACKAGE FOR 8 - 16 CHANNEL SYSTEMS
	1	GATING PACKAGE -- WIRELESS FOR ELAN
	1	WIRELESS CARDIAC GATING SYSTEM FOR ELAN
	1	WIRELESS PERIPHERAL PULSE AND RESPIRATORY GATING PACKAGE FOR ELAN
	1	SOFTWARE, MBODY PACKAGE
	1	DICOM STORAGE COMMITMENT KIT
	1	DICOM Q/R SCP UNIT
	1	DICOM MPPS SCU UNIT
	1	DICOM Q/R SCU UNIT
	1	DVD-R 4.7 GB 10 PACK SLIM CASE
	1	CONSOLE DESK 65" X 36" X 30"
	1	SILENT SCAN STEREO AND INTERCOM SYSTEM
	1	PATIENT PADS FOR SPINE AND EXTREMITY
	1	PATIENT PADS FOR HEAD AND NECK
	1	VIDEO FADER
	1	LCD MONITOR FOR ECG



CANON MEDICAL SYSTEMS USA, INC.

Made For life

<u>PART NUMBER</u>	<u>QTY</u>	<u>DESCRIPTION</u>
	1	AUTO VOICE KIT
	1	AUDIO STEREO Y SPLITTER EXTENSION CABLE
OPC5.001	1	HASKRIS OPC5 OUTDOOR CHILLER FOR ELAN
MKPA-1507/S1	1	RECEIVING CIRCUIT EXTENSION
MJAJ-197A/J1	1	4-CHANNEL FLEX SPEEDER COIL
MJAJ-227A/S1	1	16-CHANNEL FLEX SPEEDER LARGE COIL
MJCA-207A/S1	1	FLEX COIL POSITIONING PAD SET
MJAH-167A/2.100	1	OCTAVE HEAD SPEEDER COIL KIT FOR ELAN
	1	OCTAVE HEAD SPEEDER COIL
	1	PATIENT ADAPTABLE TILTING DEVICE
MJAB-167A/P1	1	TITAN BODY SPEEDER COIL
MJAJ-177A/S1	1	SHOULDER SPEEDER COIL
MJAS-167A/S1	1	OCTAVE SPINE SPEEDER COIL

TOTAL QUOTE PRICE

\$827,000.00

Applicable Sales Tax Additional



CANON MEDICAL SYSTEMS USA, INC.

Made For life

FINANCE OPTIONS:

Finance options are available through Canon Medical Finance USA, a program of Canon Medical Systems USA, Inc.

CANON MEDICAL FINANCE USA OFFERINGS:

- Fair Market Value, \$1.00 Buy Out (Lease to Own), and Loan structures
- Finance terms ranging from 12 months to 84 months
- Financing for 3rd party assets (including, but not limited to leasehold improvements & I.T.)

CANON MEDICAL FINANCE USA BENEFITS:

- No progress payments. Payments begin after delivery and installation
- Upgrades to the current technology platform can be financed.
- Flexible finance structures, such as deferred payments, tiered repayments, and bridge financing, to meet cash flow needs

Finance options are subject to credit underwriting, approval, and a fully executed contract.

For more information, please contact Trish Malone, Dir. Financial Programs at:
tmalone@us.medical.canon or +1 714 669 1226



CANON MEDICAL SYSTEMS USA, INC.

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ELAN.000

ELAN 1.5T MRI SYSTEM

Canon Medical Systems is proud to introduce the Vantage Elan Zen Edition with M-Power V4.0 as a new member of its product line. Vantage Elan provides outstanding clinical and economic benefits together with a wide variety of advanced technologies. A 1.4-m ultra-short magnet with excellent magnetic field homogeneity ensures high image quality, while its zero helium boil-off system and Eco mode minimize system operating costs. Overall system productivity is further improved by enhancing workflow through M-Power and Atlas SPEEDER technology. The system requires only a small installation footprint, which means that installation work can be completed quickly and easily. Thanks to its many advanced features, Vantage Elan provides smart solutions in routine clinical practice.

Vantage Elan incorporates a magnet with high field homogeneity, ensuring high image quality in examinations of all clinical regions. By combining our unique scan sequences and imaging techniques, Vantage Elan offers a wide variety of solutions to meet the demands of modern clinical environments, including non-contrast MRA and fat-suppression techniques. Its ultra-short 1.4-m magnet reduces patient anxiety and ensures more comfortable examinations. Innovative Pianissimo™ Σ technology also dramatically reduces acoustic gradient noise, further enhancing patient comfort.

Eco friendly and economically competitive: Vantage Elan has been developed based on environmentally friendly design concepts. Its zero helium boil-off system and Eco mode are extremely effective in minimizing system operating costs. Power consumption is dramatically reduced when the system is not in use, making Vantage Elan even more economically competitive. Its small footprint and easy-to-install design mean greater flexibility in system installation, allowing an MRI system to be installed in a wider range of hospitals.

EASY SYSTEM OPERATION

M-Power Productivity Features

Vantage Elan incorporates M-Power and Atlas SPEEDER technologies, which allow easy system operation. The M-Power user interface, which has been optimized based on analysis of actual clinical workflow, maximizes workflow efficiency in examinations of every clinical region. EasyTech automatically sets the locator positions for the spine and heart, ensuring high quality images. Atlas SPEEDER, Canon Medical Systems' integrated coil system featuring parallel imaging technology, provides outstanding diagnostic versatility and streamlined workflow, resulting in easy setup and acquisition in all clinical studies.

User Interface

Vantage Elan 1.5T employs a new M-Power platform to provide user-friendly operability. The user interface is designed for intuitive operation, enabling even those with less experience to operate the system without difficulty. The interface has been created in accordance with the "universal design" concept, with the aim of reducing stress on the operator. This operability is implemented as a common standard among Canon Medical Systems. Vantage Elan also employs a new image processing engine, which provides three-dimensional image processing and color fusion processing, as well as flexible support for clinical application software.

Canon Medical Systems' industry-leading and proprietary non-contrast MRA techniques, minimize risk to patients while delivering superb images. The new M-Power state-of-the-art user interface is designed to maximize ease-of-use and efficiency.

KEY COMPONENTS

Magnet

The Vantage Elan uses a short (1.4 m) self-shielded superconducting magnet. A wide patient aperture with 63 cm minimizes patient anxiety, ensuring a comfortable examination environment for all patients.

- The computer system is designed to provide outstanding multi-tasking performance, permitting image reconstruction and advanced image processing to be performed simultaneously with scanning. This helps to increase examination productivity.
- SPEEDER package, including high-speed reconstruction engine capable of 12,600 images/sec
- Blu-ray single and double layer (25GB / 50GB) with approximately 220,000 images of 256x256
- Cardiac, peripheral and respiratory gating
- Pianissimo imaging package
- Accessories (positioning pads, arm rest, DVD media, and electrodes/ECG leads)

Patient Table

The patient table is ergonomically designed to maximize both patient comfort and patient throughput. The tabletop can be lowered to 450 mm from the floor. Hydraulic drive ensures smooth and quiet vertical tabletop movement.

Digital RF system

The Digital RF system consists of a digital transmitter and wideband analog/digital receivers supporting array acquisition. The digital transmitter provides the precise RF phase control needed to employ advanced pulse sequences. The high-frequency data sampling capability supports fast scan techniques.

Gradient subsystem

The combination of a powerful gradient power supply unit and a high-precision active shield gradient coil ensures stable image quality with all sequences, eliminating eddy currents. (33 mT/m, SR 125)

Patient comfort and safety

A short open gantry (1.4-m magnet) with the largest clinical FOV markedly reduces patient anxiety and ensures comfort during examination.

Pianissimo™ Noise Reduction System

Pianissimo technology dramatically reduces the level of acoustic gradient noise, thus substantially enhancing patient comfort, especially during scanning with fast sequences.

Pianissimo Zen

The Pianissimo Zen mUTE sequences reduces noise by up to 99%, about 2 dBA above ambient noise. Pianissimo Zen technology with combining Pianissimo provide examination even more comfortable and easier to complete for your patients.

Lighting and Ventilation

The environment within the magnet is designed to improve patient comfort during scanning.

Patient call system

The patient call system allows the patient to signal the operator during scanning. The system includes a hand switch that is activated by the patient.

Intercom system

The integrated intercom system allows two-way communication between the patient and the operator.

Oxygen monitor

Detecting oxygen level inside the room. If a ventilation system is supplied at the site, it automatically activates the system when the oxygen level in the room falls. (Ventilation system is not included.)

Emergency run-down unit

This safety switch allows automatic ramp-down of the magnetic field in the event of an emergency.

SAR calculation

The system always calculates SAR before scanning. If the calculation result indicates that the preset limit will be exceeded, scanning cannot be started.

Imaging techniques and parameters

A wide range of imaging techniques are provided to compliment the Vantage Elan's precise and powerful digital RF system, computer platform, and high-performance gradient subsystem.

Conventional pulse sequences**SE (spin echo)**

- Proton density
- T1 and T2 weighted contrast

FE (field echo)

- Varied flip angle to optimize contrast and SNR
- Provides T1 and T2* weighted images

Fast scan techniques**FastSE**

The flop angle for 180° RF pulses can be varied to reduce saturation transfer contrast (STC) effects and the specific absorption rate (SAR) to ensure patient safety. FastSE is compatible with both 2DFT and 3DFT. Flow compensation and presaturation are available.

FastIR

An inversion pulse is added to the 2DFT FastSE technique to enhance T1 contrast. This results in a much shorter scan time than in conventional IR. Multislice is available.

FastFLAIR (fluid-attenuated IR)

Increases contrast between fluids, such as CSF, and lesions to improve specificity using FastIR with a long TI, TE, and TR. This results in a much shorter scan time than in conventional IR. Multislice is available.

FastSTIR

Suppresses fat signals using FastIR with a short TI. This results in a much shorter scan time than in conventional STIR. Multislice is available.

FastFE

A pre-pulse is applied prior to FE pulse sequences to enhance T1 contrast with short scan times. Segmentation of scans is available to increase spatial resolution. FastFE is applicable to both 2DFT and 3DFT.

Advanced fast scan techniques**FASE (fast advanced spin echo)**

- This pulse sequence, which is based on FastSE with a large number of echoes (max. 276 ETL), is combined with advanced Fourier imaging (AFI) to reduce the scan time significantly with an echo factor of 512 (scan time reduction factor) in the standard configuration or 1,024 with optional software. A single shot is sufficient to generate an image in a few

seconds. A pre-pulse is available for fat suppression. This technique is compatible with both 2DFT and 3DFT. FASE

- Provides T2-weighted images and is an RF refocused echo planar imaging (EPI) technique. High contrast is achieved. T2-weighted images with short scan times can be used to clearly depict the gallbladder, hepatic ducts, and pancreatic duct without contrast agent. FASE expands the range of clinical applications of MRI, supporting magnetic resonance cholangiopancreatography (MRCP), MR urography and MR myelography.
- The optional Contrast Free MRA application supports an expanded range of clinical applications such as fresh blood imaging (FBI) or swap phase encode extended data acquisition (SPEED).

Multi-Shot EPI

Utilizes gradient echoes for SE-EPI, which are divided by up to 15 echo factors for one acquisition. Multislice is available.

Single-Shot EPI

Both SE type and FE type are available. FE-type Single-Shot EPI requires the mNeuro package.

TrueSSFP

- T2/T1-contrast images can be obtained quickly using the steady-state free precession technique.
- This is suitable for scanning relatively longer T2 tissues and vascular structures during breath-holding. Fat saturation is possible by dividing scans into multiple segments.

FSE/FASE T2 Plus

By promoting transverse magnetization recovery in FSE and FSE 2D, the scan time can be reduced and the resolution can be increased with no loss of T2 contrast and SNR.

SSFP

- T2/T1-contrast images can be obtained quickly using the steady-state free precession technique.
- This is suitable for imaging relatively longer T2 tissues such as CSF and synovial fluid. The slice thickness can be reduced by 3DFT scanning.

FASE3D mVox

Enables acquisition of clear images with reduced SAR by changing the refocusing flip angle for each echo.

Vascular imaging techniques**2D-TOF (time of flight)**

The time of flight effect is induced by the in-flow of fresh spins into the imaging slice to differentiate blood flow from tissue. Slices are acquired sequentially through the imaging volume. This technique functions optimally when the vessels are perpendicular to the acquired slices. It depicts relatively slower blood flow and is suitable for cervical, abdominal, and extremity applications. Maximum intensity projection (MIP) images can be displayed from multiple viewing angles. An overlapping scanning technique improves the visualization of vessels. A moving presaturation band can also be applied to differentiate between arterial and venous flow in certain body areas. ECG gating is applicable for 2D-TOF*

3D-TOF (time of flight)

3DFT with TOF is used to depict multidirectional vascular structures and faster blood flow. MIP images can be displayed from multiple viewing angles. SORS-STC and ISCE RF pulses can be combined with 3D-TOF to improve vessel detail.

3D-CE (contrast enhanced)**SORS-STC (slice-selective off-resonance sinc pulse saturation transfer contrast)**

- Enhances blood flow and suppresses background signals by using a slice-selective off-resonance pulse.
- SORS-STC is more effective than conventional spatially nonselective STC (or MTC) because it suppresses background tissues without reducing the signals from blood flow.

ISCE (inclined slab for contrast enhancement)

Provides increased vessel detail by using an RF pulse with a different flip angle in combination with 3D-TOF to enhance signals from blood flow throughout the imaging volume.

Multi coverage

Separates the data acquisition area of 3D TOF MRA into a few regions in order to limit signal reduction due to saturation effects.

2D-PS (phase shift)

The phase shift effect is generated by applying a flow encoding gradient pulse. The phase shift is proportional to the flow velocity. 2D-PS can be used with a volume slice to increase coverage of vessels and shorten scan times. Selecting the flow velocity allows specific vessels to be depicted.

Cine 2D-PS (phase shift)

2D-PS can be used with a cardiac-gating unit for cine imaging.

Non-Contrast MRA

A complete suite of Canon Medical Systems' proprietary non-contrast MRA techniques minimize risk to patients while delivering superb image quality.

Flow Quantification

Blood flow velocity can be measured using cine 2D-PS with an optional cardiac-gating unit.

3D-PS (phase shift)

The phase shift effect, when used with 3DFT, is suitable for showing multidirectional vascular structures. Selecting the flow velocity allows specific vessels to be visualized. MIP images can be displayed from multiple viewing angles.

BEST (blood vessel enhancement by selective suppression technique)

A post-processing algorithm that selectively enhances small vessel detail and suppresses background tissue signals.

Cardiac tagging*

Allows myocardial movement to be visualized by applying several presaturation bands. Optional ECG gating is required. The number and positions of tags can be selected.

Flow imaging

Various flow dynamics can be observed by sequentially acquiring images with tagging pulses.

Fat suppression techniques

The Vantage Elan includes a comprehensive selection of fat suppression techniques to support a wide range of applications.

STIR (short TI inversion recovery)

A short TI 180° pre-pulse with IR suppresses fat signals to enhance water-proton images.

FastSTIR

STIR with FastIR to reduce scan times.

WFOP (water/fat opposed phase)

An asymmetric SE technique in which image acquisition is performed at the instant the signals from water and fat go out of phase.

FatSAT (fat saturation)

Fat saturation pulses are applied to presaturate fat only. The multislice off-resonance fat suppression technique (MSOFT), an innovative Canon Medical Systems technology, ensures uniform fat suppression over all slices by using an offset RF pulse for each slice. Offset values are determined based on data acquired by auto-active shimming.

PASTA (polarity altered spectral and spatial selective acquisition)

- Another innovative technique for suppressing fat signals in SE and FastSE sequences to obtain uniform water images over all slices. It consists of a narrow-band- width 90° RF pulse to separate water from fat.
- Opposing slice gradient polarity is used for 90° and 180° RF pulses to refocus water signals.

WET (Water Excitation Technique)

WET is a fat suppression technique that is mainly applicable to the selective excitation pulses of sequences in the FE series. This technique enables the spatial-position-selective and frequency-selective excitation of water.

Gating**Cardiac gating**

Multislice/single-phase and single-slice/multiphase imaging techniques are available. Cardiac images can be displayed in cine mode. Retrospective gating is also available as an option. Peripheral pulse gating: Reduces CSF pulsation artifacts.

Respiratory gating

Reduces respiratory motion artifacts.

Cardiac Imaging (Option)

Various types of cardiac imaging can be performed by the combined use of the ECG-gating method.

- Cine imaging
 - Application: FE 2D, FFE 2D (support for TrueSSFP)
 - Sequential multislice multiphase
 - Number of phases: Variable (depending on the R-R interval)
 - ECG-gating: Prospective, retrospective
- Gate-free Cine imaging
 - Application: FFE 2D (support for TrueSSFP)
 - Taking images without gating in the breath-hold state.
- ViewShare reconstruction: Available
- Tagging scan: Available
 - Freehand tag: Tag thickness can be set.
 - Parallel tag: Tag pitch can be set.
 - Radial tag: Number of tags and tag angle can be set.
- BB (black blood) method†
 - Application: FASE and FFE
 - Sequential multislice
 - Number of slices per breath-hold can be specified.
 - Fat saturation pulse can be used in combination.

- Tissue characterization imaging‡
 - A T1-weighted image obtained using the inversion recovery method.
 - Analysis tissue characterization is available.
 - Application: FFE 2D, FFE 3D
- Time course imaging
 - Multi-slice ECG-gated dynamic scan to acquire time course images.
 - Temporal change of signal intensity can be analyzed
 - Application: FFE 2D
- Real-time motion correction (RMC)‡

An image with reduced respiratory motion artifacts can be obtained by following the scanning cross section relative to diaphragm motion. FFE 3D is applied.

Positioning assistance for cardiac

Assists the operator before scanning (easy operation). The operator can modify the plan position manually after setting with this function.

Modified Look-Locker Inversion recovery (MOLLI) (Option)

In ECG-gated scanning with the FFE2D sequence, Modified Look-Locker Inversion recovery method is used for image acquisition. In this mode, the TI timing and delay time for the next IR pulse are specified based on the cardiac cycle, in addition to setting of the number of IR pulses and number of acquisitions, and image acquisition is performed.

Phase Sensitive Inversion Recovery (PSIR) (Option)

In ECG-gated scanning with the FFE2D sequence, T1 contrast-weighted real images are acquired in this mode. After single IR pulse is applied, acquisition is performed with two different TI timings. Using the image data with a longer TI value which is less affected by T1 contrast, phase correction is performed for the image acquired with another TI value in order to enhance T1 contrast.

UTE Imaging (Option)

Data is acquired with a very short TE by starting radial scan (in which data is acquired in a radial pattern from the center of the k-space) immediately after the RF excitation pulse is applied, without using a phase encode gradient pulse. Because UTE enables observation of signals with short T2* values and acquires the data starting from the center of the k-space for each TR, this technique is less susceptible to motion.

Image display and processing

Images acquired in scanning are displayed, various processing is applied to these images as required. Image Matrix, which displays thumbnails of actually acquired images, allows the user to quickly search for and select the desired images. A variety of image processing functions are provided to serve different purposes. The excellent parallel processing capability of

Vantage Elan allows image processing to be performed in parallel with scanning.

Display monitor

The console features a high-resolution 24" LCD color monitor. The display matrix is 1,920 × 1,200 with 256 B/W gradation levels.

Host Computer Includes:

- Intel® Xeon™ 6-core 12 CPU system
- Clock speed: 2.4 GHz or more
- 2 hard disk drives
- 12 GB or more of main memory
- 300 GB hard drive for system use (unformatted storage)
- 600 GB hard drive for image data (unformatted storage)
- Stores approximately 1,120,000 images (256x256 images)
- 32-bit CPU
- 256 MB memory capacity

Reconstruction System

- 6-core dual-processors system
- Reconstruction speeds up to 12,600 images/second (256x256,FFT)
- Simultaneous image reconstruction during scanning
- Reconstruction matrix up to 1,024x1,024
- Main memory capacity: 12 GB or more
- 3.5TB hard disk drive (unformatted storage)

DVD and Blu-ray drive unit**DVD (single side)**

- Storage capacity: DVD 4.7 GB (unformatted)
- Saved image capacity: Approximately 22,000 images (256 × 256 images, raw data not saved)

DVD-RAM (both side)

- Storage capacity: DVD 9.4 GB (unformatted)
- Saved image capacity: Approximately 44,000 images (256 × 256 images, raw data not saved)

Blu-ray (Single layer)

- Storage capacity: 25 GB (unformatted)
- Saved image capacity: Approximately 110,000 images (256 × 256 images, raw data not saved)

Blu-ray (Double layer)

- Storage capacity: 50 GB (unformatted)
- Saved image capacity: Approximately 220,000 images (256 × 256 images, raw data not saved)

** DICOM format data cannot be archived in Blu-ray disk.*

Connection with external devices

- Interface: Ethernet (1000Base-T) DICOM 3.0

Auto Voice Package

Provides pre-recorded patient instructions to use during scan acquisition.
Messages can be edited and re-recorded by the operator.

Networking DICOM Licenses

DICOM Basic License

Provides the basis for DICOM on the MRI system.

DICOM MWM Modality Worklist Management

Allows the scanner to manually or automatically pull work orders scheduled on RIS from Broker.

Note: RIS Broker is not included.

DICOM Print Service Class User (SCU)

This provides a connection to a DICOM-compliant Service Class Provider (SCP) laser camera or film imager.

DICOM Storage Service Class User (SCU)

This allows the MRI scanner to push images out to multiple destinations on a network which is connected to the scanner.

Image Maker Express Marketing Support

Image Maker Express is an online marketing resource that helps Canon Medical Systems customers build demand for imaging service by growing their referring physician and patient relationships. Image Maker Express includes:

- Easy-to-use marketing resources and tools developed exclusively for Canon Medical Systems customers to bring together effective marketing strategies and tactics.
- A wealth of collaterals and content to create high-quality brochures, print ads and more to help market the Canon Medical Systems customer's new imaging capabilities.

Image Maker Express Materials available include:

- Product images and logos
- Clinical images and videos
- PowerPoint presentations and promotional videos
- Brochure samples
- Customizable press releases and media tips



CANON MEDICAL SYSTEMS USA, INC.

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- Marketing strategy tutorials

**Offerings may vary per product*

Applications Support

Each system includes three phases of operator training.

Phase I: Two vouchers for a one-week intensive course at the Canon Medical Systems Institute of Advanced Imaging in Irvine, California.

- One technologist must attend prior to system installation
- Travel expenses included
- The second voucher is valid for six months following installation
- Additional vouchers available for \$3,500

Phase II: Two weeks of on-site training at the customer's facility.

- For one to four technologists
- Covers operation of the complete system including set up of customized scan protocols

Phase III: On-site training to follow up on questions, review key areas and address requests for advanced imaging procedures.

- 32 hours of training
- Four to six weeks after the initial training
- For one to four technologists

Performance Pro

Performance Pro is a custom program created to offer a unique approach to education, focusing on achieving technical proficiency and optimal productivity. The program includes the following:

- A planning meeting at your facility with Canon Medical Systems' MRI Applications Manager. The purpose of the meeting is to discuss objectives and timing, and to explain Canon Medical Systems' custom approach. During the meeting the manager also will ensure that the following takes place:
 - Review Canon Medical Systems' New Customer Education Guide (what to expect and how to plan and prepare).
 - Introduce the Canon Medical Systems Three Phase Education Program and the role of the Canon Medical Systems Institute of Advanced Imaging.
 - Co-develop a custom training program based on the facility's specific needs and ensure it is well documented for execution.
- A trained Applications Specialist will be assigned ownership of the education experience for the facility. They will perform the following duties:

- Participate in planning meetings with the project team to address any training issues in a proactive fashion.
- Communicate with the facility prior to the turnover date to ensure everything is on track and all questions or concerns are addressed.
- Ensure all materials (training manuals and learning aids) are on site at the time of the go-live date.
- A Quality Installation Checklist developed by Canon Medical Systems' service team and physicists will be used to ensure all system requirements have been met and the scanner is working properly and yielding good image quality.
- A Clinical Evaluation will be conducted by a National Clinical Support specialist prior to the turnover to ensure the system is ready for go-live date. The specialist will communicate approval to the Applications Manager, the assigned Applications Specialist, the Account Executive and the Service Team.
- Consistent on-site service support during the turnover.
- The Canon Medical Systems Institute of Advanced Imaging will properly train and prepare the core trainers to perform their role with the most advanced education approach in the industry.
- Canon Medical Systems will send two Application Specialists to the turnover. One will work with technologists for two consecutive weeks (the assigned Applications Specialist) and the other will work with physicians for one week to achieve desired image quality.
- At the start of the turnover, Canon Medical Systems will begin with a presentation for the staff and referring physicians to highlight system capabilities and generate excitement.
- Performance Pro is a blended learning approach and includes prerequisites and additional accredited CE courses for the clinical staff.

A special visit will be conducted by National Clinical Support Specialist four to six weeks after turnover to check protocols and image quality. The specialist will be available to meet with physicians and technologists to answer all questions.

The training is offered to the Customer at no additional charge, providing that it is completed no later than one (1) year after the warranty start date.

Additional On-Site Training

Additional On-site training available for purchase.



CANON MEDICAL SYSTEMS USA, INC.

*Made For life***InTouch Center®**

This centralized service facility provides applications and service support for Titan 1.5T customers 24 hours a day, seven days a week.

InnerVision™ Plus

Remote system diagnostics are available around-the-clock to help identify problems and provide potential solutions before care is interrupted or an engineer can arrive.

InTouch Agreements

Based on customer needs, InTouch customer agreements can range from an a-la-carte approach to full-security agreements that provide complete system protection.

Technical Assistance

Customer support specialists are available 24/7 to help resolve technical issues in real time. Application support specialists are also available to assist staff with protocol and image-quality issues.

Service Support**Local Customer Teams**

A single call mobilizes a local team of Canon Medical Systems customer engineers. With an average of 10 years of Canon Medical Systems experience and 105 hours of specialized training, they can resolve almost any performance issue.

Parts Support

A complete inventory of Titan 1.5T product parts is ready for shipment when and where they are needed, any time of day or night.

Installation

Canon Medical Systems' installation coordinator and Atlas site planning guide are made available to facilitate site planning. All installation and standard rigging costs are included.

Note: RF Shielding and RF Room are not included or provided by Canon Medical Systems



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COMPONENT SUMMARY:

<u>PART NUMBER</u>	<u>QTY</u>	<u>DESCRIPTION</u>
	1	MRI SYSTEM MAGNET WITH COMPONENTS AND COVERS
	1	ELAN SYSTEM ELECTRONICS
	1	ELAN REGION PACKAGE
	1	COOLING CABINET FOR DOUBLE-LOOP CHILLER
	1	INLINE IF FILTER FOR INCOMING POWER LINE
	1	MVASCULAR KIT FOR ELAN
	1	MVASCULAR PACKAGE
		The M-Power mVascular Software Package contains pulse sequences and imaging functions to perform Contrast MRA, Dynamic Contrast MRA (Freeze Frame) and Contrast Free MRA exams.

MRA Software includes:

Visual Prep

Enables the technologist to begin scanning at the optimal time by observing the contrast medium as it flows to the target region. By using subtraction techniques, images can be displayed even more clearly and without signal inversion.

- Other features of VisualPrep include:
- WB coil scanning:
 - View the contrast flow using the WB coil while conducting the main scan with the optimal receive coil.
 - This includes all coils supporting the SPEEDER technique.
- Dynamic scan:
 - Execute VisualPrep at the start of the second segment and subtract images automatically in post-processing.
 - Acquire arterial phase images in the first segment and venous-phase images in the second.
- Moving Bed:
 - Specify in each stage of MovingBed.
 - Acquire images without contrast, then start contrast images at optimal time.
- Gated Scan: Image the heart in synchronization with cardiac contraction.

Moving Bed

Allows MRA to be performed over a wide range, such as from the chest or abdomen to the lower limbs, by moving the couch-top between scans.

- Set optimal couch-top slide distances according to the flow speed of the contrast.
- Use with VisualPrep to start scanning at the optimal time.
- Enable effective fat suppression by performing shimming acquisition semi-automatically in advance at each couch-top position.

STAMD

Depicts the spatial relationship between blood vessels more clearly by changing the slice range for MIP processing in a step-by-step manner.

Dynamic Complex Data Subtraction

To prevent signal inversion in the blood vessels, perform subtraction between the dynamic images and the reference image that is acquired before contrast medium injection. Subtraction is available automatically after data acquisition is completed.

Fat Suppression in FFE 3-D Swirl Encode Imaging

The increase in the scan time is minimized by applying the fat-saturation pulse most effectively.

1 NON-CONTRAST MRA AND SUPERFASE PACKAGE

Provides pulse sequences effective for non-contrast vascular imaging, cardiac imaging and functions that expand the range of clinical applications.

Fresh Blood Imaging (FBI)

- Produces angiograms and venograms without the use of contrast.
- Combines ECG gating with (FASE) Fast Advanced Spin Echo pulse sequences.
- Acquires arterial and venous flow in one acquisition, which can be viewed together or separately using an automated subtraction technique.
- Integrated Atlas SPEEDER coil technology allows multiple consecutive stations to be imaged. These stations can be automatically stitched together, creating one large field-of-view image that depicts vasculature from above the femoral bifurcation to the feet.

Contrast-Free Improved Angiography (CIA) – Flow Spoiled FBI

- An extension of Fresh Blood Imaging using additional flow spoiler gradients to produce a stronger separation between arterial and venous flow signals.
- Uses a flow preparation scan to optimize the effectiveness of the Flow Spoiler pulses. This ensures that the optimal Flow Spoiler value is selected.
- The improved visualization of slower vascular flow is especially useful for diabetic patients with compromised circulation.

Time-SLIP (Spatial Labeling Inversion Pulse)

- Based on Arterial Spin Labeling, uses a non-selective spatial inversion pulse, spatial tag pulses and natural blood as its own tracer.
- Applicable in multiple regions of the body for both hemodynamic velocity and vascular visualization.
- Especially useful for imaging complex vessels flowing in multiple directions, such as renal arteries, portal venous system and pulmonary arteries.
- Can be used as a non-contrast MRA option for the carotid arteries.

TSA

Non-contrast, time-resolved, head-and-neck blood flow using the Time-SLIP technique with variable BB-TI times.

Time-SLIP BB TI

Non-contrast vascular imaging of the abdomen and lung fields with Time-SLIP Optimization.

- Determines optimal BBTI in FASE imaging by varying the TI at regular intervals.
- Programmable parameters are the:
 - Initial TI value (unit: lms)
 - Interval (1 to 500 ms)
 - Number of repetitions (max 1000)

SPEED (Swap Phase Encode Extended Data Acquisition)

For non-contrast vascular imaging.

- Acquires two images with phase encode directions shifted by 90 degrees for the same slice in a single scan. Then combines the images using a composite MIP post-processing technique.
- The matrix and FOV scanning parameters are automatically set to square.
- Respiratory gating can be combined with cardiac gating or peripheral-pulse gating.

FASE BB (Black Blood)

Used for chest imaging to acquire cardiac and thoracic images with reduced blood-flow artifacts. Applies a black-blood pre-pulse to suppress the signals from blood flowing into the slice plane.

Sequential FASE

Multislice imaging of the heart and great vessels, useful for the sequential acquisition of different slice images in the same cardiac phase.

TrueSSFP 2-D/3-D

- Rapidly obtains T2 or T1 contrast-weighted images.
- Suitable for imaging relatively longer T2 tissues and vascular structures during breath holds.
- Fat saturation is possible by dividing scans into multiple segments.

FSE/FASE T2 Plus

- Reduces scan times and increases resolution with no loss of T2 contrast and SNR by promoting transverse magnetization recovery in FSE and FSE 2-D.

FSE 3-D RealIR Head Imaging

Obtains heavily T1-weighted FSE 3-D images in a shorter time.

FE 3-D SSFP

Used in neuro and orthopedic applications to acquire images with T2/T1 contrast in a shorter time.

m-Vox

- Allows isotropic, FSE, 3-D volume acquisitions, which can then be reformatted into multiple imaging planes to increase efficiency and reduce patient imaging time.
- Can be used with T2 and T2 FLAIR contrasts.

1 MNEURO PACKAGE FOR ELAN**1 MNEURO PACKAGE**

The mNeuro software package provides pulse sequences for diffusion imaging, perfusion imaging and fMRI (functional magnetic resonance imaging) as well as new imaging functions to expand the range of clinical applications.

Diffusion Imaging

Images can be acquired by enhancing diffusion water molecules in the body.

EPI Diffusion

- Isotropic diffusion-weighted images can be generated through calculations based on images acquired with MPG applied in the slice, readout or phase directions.
- Apparent diffusion coefficient images can be generated by calculation using two or more images acquired with different MPG levels. It is possible to specify this method before the start of the scan.

1 BODY VISION AND DTI PACKAGE FOR VANTAGE**DTI - Diffusion Tensor Imaging**

Visualizes white-matter fibers running in a specific direction based on the diffusion anisotropy.

The following can be calculated based on the acquired images:

- Amount of diffusion in each direction
- Degree of anisotropy
- Sum of diffusion factors

Requires at least seven sets of diffusion-weighted images:

- One set must be without MPG (motion probing gradient)
- At least six sets must be with the MPG pulses applied in different directions (with 6 directions possible).

The information generated from the diffusion gradients can be used to calculate directional vector, which can be used to describe the trajectory of molecular motion. The fiber direction is indicated by the tensor's main linear trajectory (lambda1, lambda2 and lambda3).

Post-Processing for Diffusion Tensor

- FA (Fraction Anisotropy) image shows the degree of diffusion anisotropy, and can be generated automatically after image acquisition.
- Lambda1, lambda2, lambda3 images (characteristic value images) are generated by converting these values from the diffusion tensor.

Perfusion Function (ASL)

Generates perfusion-weighted images without contrast by labeling the blood with the RF pulse and using it as a tracer to obtain vascular or perfusion-weighted images.

Captures images of flow components entering the slice by eliminating the stationary tissues. This is done by subtracting the tagged image, which includes the labeled flow, from the control image.

Functional Magnetic Resonance Imaging (fMRI)

Generates images of local areas in which the signal intensity increases when the patient is stimulated due to the BOLD and inflow effect.

Two series of images are acquired:

- When stimulation is applied to the patient
- When the patient is at rest

No contrast is needed because:

- Hemoglobin is used as a native contrast medium
- Cerebral function information is assumed from the changes in signal intensity

Multishot FE EPI

- Single-shot EPI is modified by extending the ETS, which reduces the imaging time while ensuring the spatial resolution and SNR of a standard FE technique.
- The time required for T1 weighted-imaging of the abdomen is reduced while maintaining high-image contrast, spatial and temporal resolution.

High b value

- Increases the contrast in diffusion-weighted images.
- The permissible maximum b value is 10000.
- An extended sampling time is used to improve the image quality.

Diffusion for tissues with short T2

- SE_EPI sequences with 105ms TE or less is used for tissues with short T2.
- Two types of MPG pulse application methods are available:
 - 3-Axis
 - Tensor
- DTI license is required for the Tensor method.

Fat suppression

Three types of fat suppression methods are available:

- PASTA
- FatSAT (recommended for DWI of the head)
- IR

SPEEDER

Parallel imaging can be used with EPI to reduce distortion.

T1 weighted imaging for the abdomen

- Use the 3-DFT-EPI technique for higher data acquisition efficiency by increasing the number of phases for dynamic scanning or for reducing breath-hold time.
- The 3-DFT technique achieves resolution in the slice direction as high as 1mm.

V-TRACE (Variable True Rate Angiography with Combined Encodings)

This head-imaging application acquires four image contrasts in one sequence, visualizing slow- and fast-velocity vessels together. V-TRACE is especially effective for visualizing collateral vessels, which are difficult to see with standard TOF imaging.

Combines the advantages of TOF and FSBB to produce MRA images that depict blood vessels with a wide range of flow velocities, making it ideal for head imaging.

This dual-echo 3-D FE sequence generates high-intensity vascular images in a scan time nearly equivalent to only TOF or FSBB.

- First echo acquired using standard TOF
- Second echo acquired using flow-sensitive black blood (FSBB) technique
- Echoes are combined using one of two subtraction methods:
 - Simple weighted subtraction (SWS) for thin slabs in the axial plane
 - Frequency weighted subtraction (FWS) for thick slabs in any plane
- Pulse sequence type: FE3-D_hop
- Main contrast types:

- 3-D TOF
- FSBB
- T1W
- Combined 3-D TOF and FSBB
- Scanning plane:
 - Axial
 - Coronal
 - Sagittal

V-TRACE does not employ an STC pulse for background suppression, therefore, the SAR does not increase, and the original TOF image can be used as a T1W 3-D image.

1 PIANISSIMO ZEN APPLICATION

The Pianissimo Zen silent sequence package reduces noise by up to 99%¹⁾, down to as little as 2 dB above ambient noise. The combination of Pianissimo and Pianissimo Zen make Galan the quietest MR system in its class, providing comfortable examination for your patients.

High-speed gradient field switching is suppressed, making it possible to provide quiet scanning. In addition, a data acquisition sequence with a very short TE is possible in the same manner as for the UTE application. By adding an inversion pulse to the above sequence, mUTE T1 and mUTE 4D-MRA images can be acquired. Also, settings to achieve quieter FASE Diffusion are available.

1). 99% reduction by unit of Loudness level "dB" and 97% reduction by unit of perceived loudness "Sone"

1 PIANISSIMO ZEN HARDWARE PACKAGE FOR 8 - 16 CHANNEL SYSTEMS

1 GATING PACKAGE -- WIRELESS FOR ELAN

1 WIRELESS CARDIAC GATING SYSTEM FOR ELAN

1 WIRELESS PERIPHERAL PULSE AND RESPIRATORY GATING PACKAGE FOR ELAN

1 SOFTWARE, MBODY PACKAGE

1 DICOM STORAGE COMMITMENT KIT

Guarantees the receiver that another device has taken ownership of the images sent.

- Identifies that images have been sent to a destination
- Stores selected images on a DICOM-compliant server
- Obtains commitment to retain the images



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Note: This is a single user license. A separate license must be ordered for each console.

1 DICOM Q/R SCP UNIT

Query and retrieve image data on the MR console from a network image server, such as PACS.

Note: This is a single user license. A separate license must be ordered for each console.

1 DICOM MPPS SCU UNIT

Provides online notification to the information system, such as RIS, of the examination order status.

This license enables DICOM MPPS SCU functionality on one console.

Note: This is a single user license. A separate license must be ordered for each console.

1 DICOM Q/R SCU UNIT

Allows the MR console to retrieve Canon Medical Systems MR images from a PACS system, mark them with Canon Medical Systems private tags, and send them back to the console for filming and image display purposes.

1 DVD-R 4.7 GB 10 PACK SLIM CASE

- 4.7 GB

1 CONSOLE DESK 65" X 36" X 30"

Measures 65" x 36" x 30"

1 SILENT SCAN STEREO AND INTERCOM SYSTEM

Includes the following:

Patient Microphone

Patient's headset has a built-in microphone for crystal-clear communication between technologist and patient. Coupled with Pianissimo technology, the patient will be heard, regardless of scan type or location within the MRI bore.



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*Made For life***Patient Alarm System**

A hand-held, rubber squeeze bulb for claustrophobic patients to trigger an audible alarm at the communication console.

Communication Console

Includes a flexible, gooseneck microphone for effortless patient communication.

Patient Comfort Music Headset

Offers hearing protection and allows patients to relax to music, free from gradient noise. Careful matching of transducer characteristics and filter design provides remarkably clear music.

1 PATIENT PADS FOR SPINE AND EXTREMITY**1 PATIENT PADS FOR HEAD AND NECK****1 VIDEO FADER****1 LCD MONITOR FOR ECG****1 AUTO VOICE KIT****1 AUDIO STEREO Y SPLITTER EXTENSION CABLE****OPC5.001****1 HASKRIS OPC5 OUTDOOR CHILLER FOR ELAN**

The Haskris cooling system Model OPC5 for Vantage Elan is an outdoor refrigerated chiller to be installed on a rooftop or concrete pad outside the building. The OPC5 is designed for extreme climates, is fully weather-proof and can operate in ambient air temperatures between -20F and +120F. The OPC5 is designed to Canon Medical Systems specification and includes a 12 month limited warranty.

MKPA-1507/S1**1 RECEIVING CIRCUIT EXTENSION**

This option expands the number of receiver channels of the system from the current 8 to 16. This option enables higher flexibility in parallel imaging to help you provide enhanced patient throughput.

MJAJ-197A/J1**1 4-CHANNEL FLEX SPEEDER COIL**

This versatile, 4 element coil's flexible design allows it to wrap around extremities, joints and a variety of other anatomical areas the user wishes to image.

MJAJ-227A/S1	1 16-CHANNEL FLEX SPEEDER LARGE COIL The large 16-element flexible coil is designed to be lightweight and easy to position for multiple clinical applications. The coil: • Easily wraps around extremities, joints and a variety of other anatomical areas the user wishes to image • Lies flat for long bone studies • Combines with other integrated coils to create a posterior and anterior array for maximum contrast and spatial resolution • Has a pre-amplifier located on it, so there's no extra box to deal with when positioning the coil on the patient
MJCA-207A/S1	1 FLEX COIL POSITIONING PAD SET The Flex Coil Positioning Pad Set contains positioning accessories for ankle, knee, elbow and other clinical applications. The pad set will facilitate in positioning the coil easily and reliably for optimal image quality.
MJAH-167A/2.100	1 OCTAVE HEAD SPEEDER COIL KIT FOR ELAN 1 OCTAVE HEAD SPEEDER COIL Combined head/neck coil has up to 11 elements, making it ideal for head, neck and neurovascular studies. • This array coil is part of the Octave integrated coil design and can be used in combination with the Octave spine and body coils. • Advanced coil technology permits the use of up to 11 coil elements for excellent coverage as well as high signal-to-noise ratio. • Head coil base has seven elements enabling image acquisition without the anterior attachment for the most claustrophobic patients. • Tilttable up to 15 degrees to accommodate kyphotic patients.
	1 PATIENT ADAPTABLE TILTING DEVICE
MJAB-167A/P1	1 TITAN BODY SPEEDER COIL 16-element array design is suitable for chest, cardiac, abdominal and pelvic studies with an extended field of view (EFOV) with 50 cm of coverage as well as optimal signal-to-noise ratio. • Works with the Atlas Spine Coil to create a 32-element array. • Combine with Atlas Head/Neck and Atlas Spine Coil or with two other body coils for full-body coverage.
MJAJ-177A/S1	1 SHOULDER SPEEDER COIL SPEEDER compatible, 6 Element Array coil. The unique design incorporates flexible coil elements both posterior and anterior which provides optimal imaging of the shoulder using SPEEDER technology. The design also allows for use on patients of all sizes and easily switches for right or left shoulder scanning applications. Pads, securing strap and Operator's Manual are included.



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MJAS-167A/S1

1 OCTAVE SPINE SPEEDER COIL

Feet-first positioning maximizes patient comfort and increases flexibility with this moveable, 12-element array suitable for spine studies with optimal signal-to-noise ratio. This coil is integrated into the patient table and can remain on the table for most exams.

- The spine coil can be positioned at either end of the table to accommodate feet first imaging.
- Works with the Atlas body coils to form the posterior elements of the array. Together the spine and body coils can be used for imaging the spine, abdomen, pelvis and lower extremities.

PRODUCT WARRANTY AND SERVICE COVERAGE

SYSTEM WARRANTY TERMS

Canon Medical Systems warrants that the Equipment will be free from defects in material and workmanship, for the duration and subject to the terms and conditions stated below. Any part furnished to Customer during the warranty period (stated in the table below) to correct a warranty failure will be warranted to the extent of the unexpired term of the warranty applicable to the Equipment.

The warranty period will commence on the date the installation of the product is complete. Notwithstanding the foregoing, in the event that the installation of the product is delayed for a total of thirty (30) days or more from the date of delivery for any reason or reasons for which Canon Medical Systems is not responsible, the warranty period for such product may, at Canon Medical Systems' option, commence on the thirtieth (30th) day from the date such product is delivered to Customer.

WARRANTY EXCLUSIONS

Warranty coverage does not include any defect which results, in whole or in part, from (1) negligent storage or handling of the product by Customer, its employees, agents, or contractors, (2) failure of Customer to prepare the site or provide power requirements or operating environmental conditions in compliance with any applicable instructions or recommendations of Canon Medical Systems, (3) absence of any product, component, or accessory recommended by Canon Medical Systems but omitted at Customer's direction, (4) any design, specification or instruction furnished by Customer, its employees, agents, or contractors, (5) any alteration of the product by persons other than Canon Medical Systems, (6) combining Canon Medical Systems' product with any product furnished by others that is not approved by Canon Medical Systems, (7) combining incompatible products of Canon Medical Systems, without Canon Medical Systems' prior approval, (8) improper use of the product, improper maintenance of the product by a party other than Canon Medical Systems, or failure to comply with any applicable instructions or recommendations of Canon Medical Systems, or (9) acts of God, fires, floods, strikes or other labor disturbances, or other causes beyond the reasonable control of Canon Medical Systems.

Canon Medical Systems does not warrant any products not manufactured by Canon Medical Systems such as, without limitation, monitors, cameras, computer equipment, injectors, lasers, and coils not manufactured by Canon Medical Systems. Such items will be furnished subject only to the manufacturer's warranty, if any, and without any warranty whatsoever by Canon Medical Systems.

Warranty coverage also excludes consumables, including but not limited to batteries, storage media, positioning pads, table pads, power units, and printer consumables. Normal cryogen consumption is included during the initial warranty term.

REMEDIES

If Canon Medical Systems determines that any product fails to meet the above-mentioned warranty during the applicable warranty period, Canon Medical Systems will correct any such failure by either, at its option, repairing, adjusting, or replacing without charge to Customer any defective or nonconforming parts of the product. Canon Medical Systems will have the option to furnish either new or remanufactured replacement parts or assemblies. However, remanufactured parts will meet the manufacturer's specifications for new components as of the date of completion of installation. All defective parts replaced by Canon Medical Systems will become the property of Canon Medical Systems.

SOFTWARE UPDATES

Canon Medical Systems will furnish to Customer, free of charge for the life of the Equipment, all Canon Medical Systems software or hardware upgrades to the Equipment purchased by Customer, which are intended to correct a safety risk. Software updates offering enhancements to previously purchased software features will be provided during the term of the warranty, if they do not require hardware modifications or additions. Software upgrades providing new features or capabilities not originally purchased, will be made available for purchase by Customer upon request when compatible with the originally purchased hardware. Canon Medical Systems retains the sole right to determine whether a software release is considered an update or an upgrade for which Customer will be charged. The above items will be performed only during the Covered Hours stated in the warranty. Service required outside these hours will be billed at Canon Medical Systems' differential rates in effect at the time such items are provided to Customer.

WARRANTY SERVICE

Warranty service during the applicable warranty period will be performed without charge to Customer during Canon Medical Systems' normal business hours, Monday through Friday, excluding Canon Medical Systems holidays. Subject to the availability of personnel, after-hours service is available upon request at an additional charge.

Customer must promptly notify Canon Medical Systems within the applicable warranty period of any defect that is covered by the warranty, and make the Equipment promptly available for repair and maintenance.

DISCLAIMERS AND LIMITATIONS ON LIABILITY

Canon Medical Systems' obligations stated above will be Customer's sole and exclusive remedy for a breach of the warranty set forth above. SUCH WARRANTY WILL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Canon Medical Systems does not warrant that the operation of the Equipment will be uninterrupted.



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WARRANTIES BY PRODUCT LINE

ITEM TYPE	MAGNETIC RESONANCE
EQUIPMENT	12 Months
ACCESSORY OPTIONS	6 Months
REPLACEMENT & OPTIONAL PARTS*	90 Days
UPGRADE COMPONENTS	90 Days

* The above 90-day period applies only to parts that are not furnished pursuant to a warranty repair for the Equipment. Any part furnished to Customer during the warranty period to correct a warranty failure will be warranted to the extent of the unexpired term of the warranty applicable to the System.



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TERMS AND CONDITIONS OF SALE

1. **TITLE AND RISK OF LOSS.** Title and risk of loss to the Equipment purchased under this Agreement will pass to Customer: (a) if Canon Medical Systems is to provide installation, upon Canon Medical Systems' completion of installation, or (b) if Canon Medical Systems will not provide installation, upon delivery by Canon Medical Systems to Customer.

2. **TERMS OF PAYMENT.** Prices stated are F.O.B. Customer's facility. All taxes which are payable by Canon Medical Systems in connection with the sale, use, or possession of the Equipment (excluding income taxes), will be paid by Customer in addition to the quoted price. Terms of payment will be as stated in the first page of this Quotation. All invoices paid after due date will be assessed a late payment charge of the lesser of 1 1/2% per month or the maximum rate permitted by law.

3. **DELAYS.** If Customer changes the scheduled delivery date during the period of 120 days preceding the delivery date, Customer will nevertheless pay the installment of the purchase price which would have been payable upon delivery, on the Scheduled Delivery Date as if delivery had been made on such date. In addition, Customer will pay all extra costs incurred by Canon Medical Systems as a result of such delay, including, without limitation, storage and transportation. Storage fees will be charged at commercially comparable rates for storage on Canon Medical Systems' site. If delivery is delayed by 12 months or more from the Scheduled Delivery Date, except through the fault of Canon Medical Systems, the price set forth in this Agreement may be increased by Canon Medical Systems to a level equal to the prevailing price in effect at the time of the revised delivery date.

4. **EQUIPMENT INSTALLATION.** Canon Medical Systems will provide, at no additional cost, standard labor and rigging services to unload the Product from the transport vehicle and move to the final position. The shoring of floors, the widening of doorways, and other nonstandard rigging requirements will be negotiated between the Canon Medical Systems and Customer separately if it is determined they are required. Canon Medical Systems will install all Equipment purchased under this Agreement and connect them to existing power and/or plumbing lines at no additional charge to Customer. Customer will be responsible for electrical wiring, plumbing, carpentry, plastering, painting, or all other site preparation required prior to installation and connection of the Equipment by Canon Medical Systems. Customer will provide space at the installation site for the safe storage of Canon Medical Systems' tools, test equipment and other materials used for installation at no charge to Canon Medical Systems. Customer shall, at its cost, obtain all permits and licenses required by governmental authorities in connection with the installation and operation of the Equipment. Customer acknowledges that the System and Software are designed to operate within certain power, temperature, airborne contamination, and humidity ranges. Customer will be responsible for, without limitation: (i) preparing and maintaining the Customer facility in conformance with the Site Preparation Guide; (ii) maintaining its network infrastructure; (iii) providing Canon Medical Systems, access to a network connection in or near the area of the System being serviced by the equipment service staff; and (iv) supplying computer grade AC power. The Equipment relies upon a stable grounded connection to the main power grid in order to function effectively. Customer acknowledges that AC power supply quality may be a problem in old facilities or in those facilities receiving poor quality utility service and that power conditioning may be necessary in such cases.

5. **EQUIPMENT OPERATION.** Customer agrees that all Equipment purchased under this Agreement will be operated exclusively by duly qualified technicians and/or medical doctors in a safe and reasonable manner in accordance with Canon Medical Systems' written instructions, applicable laws and regulations, and for the purposes for which such Equipment was intended.

6. **LIMITED WARRANTY AND REMEDY.** A. For the warranty period described below by product, Canon Medical Systems, as its only obligation, will replace or repair, without charge to Customer during Canon Medical Systems' normal working hours (if Customer requests warranty service outside such hours, Customer will pay overtime premium for labor), any component of the Equipment that is defective in materials or workmanship, provided such defect is reported to Canon Medical Systems within the warranty period. Canon Medical Systems' warranty period is as follows: (a) Systems and Major Components – one year from date of completion of installation; (b) Accessories/Options (except glassware) – six months from date of completion of installation. Components not manufactured by Canon Medical Systems will be furnished subject only to the manufacturer's warranty, if any, and without any warranty whatsoever by Canon Medical Systems. During the warranty period, Canon Medical Systems will furnish free of charge any parts, including software required to correct any defect in the Equipment or as required under applicable laws.

B. Canon Medical Systems does not warrant that the operation of the Equipment of the System will be uninterrupted. All defective parts replaced by Canon Medical Systems will become the property of Canon Medical Systems. Replacement parts may be re-manufactured. However, such parts will meet the manufacturer's specifications for new components as of the date of completion of installation. CANON MEDICAL SYSTEMS' OBLIGATION TO REPAIR OR REPLACE DEFECTIVE PARTS OR SOFTWARE WILL BE CUSTOMER'S SOLE AND EXCLUSIVE REMEDY FOR A BREACH OF THE WARRANTY SET FORTH IN THIS AGREEMENT. SUCH WARRANTY WILL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. The warranty set forth in this Agreement will not apply to, and Canon Medical Systems will not be liable for any defects resulting from misuse, repairs performed by unauthorized third parties, accidents, acts of God, or neglect of anyone other than Canon Medical Systems.



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7. **LATEST HARDWARE AND SOFTWARE AT TIME OF DELIVERY.** Canon Medical Systems agrees that the Equipment ordered by Customer will, at the time of delivery to Customer, contain, at no additional charge to Customer, the latest hardware and software manufactured by Canon Medical Systems for such Equipment that are commercially available in the United States and which are provided as part of Canon Medical Systems' standard configuration for such Equipment at the time of delivery. This commitment applies only to components and not an upgrade to the entire system. Furthermore, it is limited to hardware and software that (a) have been ordered by Customer, and not any optional or other items that were not ordered by Customer, and (b) are cleared by the FDA as of the date of delivery of the Equipment.

8. **LIMITATION OF LIABILITY.** A. NEITHER CANON MEDICAL SYSTEMS NOR CUSTOMER WILL UNDER ANY CIRCUMSTANCES BE LIABLE FOR CONSEQUENTIAL, SPECIAL, INCIDENTAL, OR EXEMPLARY DAMAGES OR ECONOMIC LOSS ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT, EVEN IF EITHER PARTY IS APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.

B. IN NO EVENT WILL CANON MEDICAL SYSTEMS' LIABILITY TO THE CUSTOMER (WHETHER BASED ON AN ACTION OR CLAIM IN CONTRACT, TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT EXCEED THE AGGREGATE AMOUNT ACTUALLY PAID BY CUSTOMER TO CANON MEDICAL SYSTEMS UNDER THIS AGREEMENT. THE LIMITATION OF LIABILITY SET FORTH ABOVE WILL NOT APPLY TO CLAIMS FOR PERSONAL INJURY OR PROPERTY DAMAGE CAUSED BY EQUIPMENT DEFECTS.

9. **SECURITY INTEREST.** Canon Medical Systems hereby reserves and Customer grants to Canon Medical Systems a security interest pursuant to the Uniform Commercial Code, in and to the Equipment (and all products and proceeds of it) until full payment of the purchase price is received. In the event that Customer finances its acquisition of the Equipment through a lease, conditional sale contract, secured loan agreement or other financing agreement (collectively, "Lease") with Canon Medical Systems, then the security interest in the Equipment (and all products and proceeds thereof) shall secure all obligations of Customer due and to become due under the Lease.

10. **REMOVAL OF EQUIPMENT.** Until Canon Medical Systems has received full payment of the purchase price, Customer will not remove all or any part of the Equipment from Customer's premises, nor will Customer sell, lease, transfer or otherwise part with the possession of, or permit any lien or encumbrance to be placed on all or any part of the Equipment.

11. **TRADE-IN.** If this quotation includes the trade-in of Customer's existing equipment and the removal date of the trade-in equipment is delayed due to no fault of Canon Medical Systems or if the trade-in equipment is damaged or its condition deteriorates from the date of this quotation through the date of removal, Canon Medical Systems reserves the right to increase the pricing of the new equipment in an amount equal to the reduction in the resale price of the trade-in equipment. Customer must convey free and clear title to the trade-in equipment. If there are any liens or encumbrances on the trade-in equipment, Canon Medical Systems cannot accept the trade-in.

12. **REMEDIES OF CANON MEDICAL SYSTEMS.** If Customer fails to make any payment when due under this Agreement, or becomes insolvent or makes an assignment for the benefit of creditors, or if a petition in Bankruptcy is filed by or against Customer, or if the financial responsibility of Customer becomes impaired, or if Customer otherwise breaches any of the terms and conditions of this Agreement, then Canon Medical Systems may, without prior notice or demand, defer shipments, cancel the balance of the order, suspend performance of any obligation (including without limitation, all obligations set forth under Limited Warranty And Remedy above), and/or take immediate possession of the Equipment delivered, until the full purchase price of the Equipment is paid by Customer or, at Canon Medical Systems' discretion, until security satisfactory to Canon Medical Systems is given by Customer. Any costs incurred by Canon Medical Systems as a result of suspending performance or repossession or collection will be payable by Customer. Canon Medical Systems may sell repossessed Equipment with proceeds to be applied to unpaid balance and expenses incurred in sale, repossession and collection. Customer will pay any remaining deficiency. Canon Medical Systems may exercise any other rights available to it by law.

13. **EXCUSED PERFORMANCES.** Except for Customer's payment obligations hereunder, neither party will be liable to the other for non-performance or delay in performance resulting directly or indirectly from any occurrences beyond such party's control, including without limitation, strikes or other labor troubles, acts of God, war, accidents, fires, floods, other catastrophes, inclement weather, transportation, delays caused by suppliers, or laws, regulations, or acts of any governmental agency.

14. **SOFTWARE.** All rights and interest in any software that may be furnished under this Agreement, and any updates and enhancements to it, will remain the property of Canon Medical Systems. Such software is being furnished to Customer under a non-exclusive license. Customer will not, or allow others to decompile, modify, copy, reproduce, or transcribe the software nor allow third parties to use the same without Canon Medical Systems' prior written consent. In the event a third party's software is furnished to Customer, Customer may be required to execute a software license agreement as requested by such third party as a condition to delivery and/or purchase of the third party's product. Canon Medical Systems will furnish Customer with a copy of such license agreement for its review and execution. In the event Customer sells the Equipment to a third party, the purchaser thereof will have the same rights and obligations with respect to any Canon Medical Systems software as Customer. Customer will need to make its own determination whether it needs to obtain any consent from a third party for non-Canon Medical Systems software.

15. **CANCELLATION.** Customer may not cancel the order subject to this Agreement except with Canon Medical Systems' prior written consent. In the event of cancellation without Canon Medical Systems' written consent, Canon Medical Systems will be entitled to recover liquidated damages in an amount equal to twenty percent (20%) of the purchase price of the Equipment



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16. **ASSIGNMENT.** Neither party may assign any of its obligations under this Agreement without the prior written consent of the other party. However, some of the obligations stated in this Agreement, such as the ones relating to installation of items not manufactured by Canon Medical Systems and the warranty thereof may be performed by Canon Medical Systems' contractors or suppliers.

17. **EXPORT REGULATIONS.** This Agreement involves products, and/or technical data that may be controlled under the U.S. Export Administration Regulations and may be subject to the approval of the U.S. Department of Commerce prior to export. Any export or re-export by Customer, directly or indirectly, in contravention of such Regulations is prohibited.

18. **ATTORNEY'S FEES AND COSTS.** In the event of any legal proceeding involving any party to this Agreement against the other relating to the subject matter of this Agreement, the prevailing party in such proceeding will be entitled to recover reasonable attorney's fees, expert fees, and court costs against the non-prevailing party.

19. **ACCEPTANCE BY CANON MEDICAL SYSTEMS.** This Quotation/Order will not be binding on Canon Medical Systems even if signed by a Canon Medical Systems' employee, until Customer's order for the Equipment is booked by Canon Medical Systems' Headquarter office.

20. **ENTIRE AGREEMENT.** This quotation contains the entire agreement between the parties and supersedes all prior and contemporaneous agreements between the parties, whether oral or written, relating to its subject matter, including, without limitation, all different or additional terms and conditions which may be contained in Customer's bid documents, purchase order or any other documents furnished by Customer. The provisions of this Agreement may not be modified unless in writing and executed by both parties.



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every solution is **unique.**

Quote #: 134864/30066884	Project Reference: Haskris Outdoor Chiller and Indoor Heat Exchanger for Canon ELAN MRI
Date: 12/2/2019	Prepared For: Canon Medical Systems USA, Inc. MRI Customer
Contact: HEALTHSTAR PHYSICIANS	Phone: email:

JOB SPECIFICATIONS	
APPLICATION:	MRI COOLING
VOLTAGE / PHASE / FREQUENCY:	208-230/3/60 or 460/3/60 (specify when ordering)
BTUH REQUIRED:	61,470
AMBIENT RANGE (°F):	-20 to +120
CONDENSING METHOD:	AIR COOLED
REFRIGERANT:	R-407C
FLOW RATE (GPM):	18
SUPPLY TEMP (°C):	6 - 12 (adjustable)

MODEL - DESCRIPTION OF EQUIPMENT
OPC5 OUTDOOR CHILLER
- ADDITIONAL 4 YEAR COMPRESSOR WARRANTY (parts only)
- MODBUS CONNECTION INCLUDED/BACNET AVAILABLE
- PROGRAMMABLE LOGIC CONTROLLER (PLC) INCLUDING: - o PUMP PRESSURE (FLOW) INDICATOR & HIGH/LOW ALARMS - o REFRIGERANT HIGH/LOW PRESSURE INDICATOR & ALARM - o POWER ON AND FAULT INDICATOR - o HIGH TEMP INDICATOR - o DIGITAL I/O DISPLAY STATUS - o COMPONENT MANUAL OVERRIDE FOR TROUBLESHOOTING
- ECM (ELECTRONICALLY COMMUTATED) VARIABLE SPEED FAN
- TANK LOW LEVEL INDICATOR (INCLUDED IN PLC)
- CIRCUIT BREAKERS IN LIEU OF FUSES
- SEMI-CLEAR TANK FOR EASE OF TANK LEVEL INDICATOR
- HEAD PRESSURE CONTROL (DOWN TO -30°F AMBIENT)
- ACCESSORIES AND SERVICES
- PROPYLENE GLYCOL
- 1 YEAR LIMITED WARRANTY (see details below)
- FREIGHT (CONTINENTAL USA)/START-UP SUPPORT/6 MO PM (upon request)



Haskris Company 100 Kelly Street, Elk Grove Village, Illinois 60007 USA
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Email: sales@haskris.com Web: www.haskris.com

every solution is **unique.**

Terms and Conditions of Sale

1. WARRANTY

Limited Warranty:

Haskris warrants that the Equipment will conform to the Product Specifications and will be free from any defects in title, quality, materials, design and/or workmanship. The warranty is limited to the following provisions and does not apply to claims where the product has been mishandled or used in a manner inconsistent with the Haskris instruction manual. Haskris makes no other warranty, express or implied, including all implied warranties of merchantability and fitness for a particular purpose.

Term & Conditions Provisions:

Warranty extends for twelve (12) months from date of start-up or eighteen (18) months from date of shipment, whichever occurs first. The warranty includes parts and on-site labor during normal business hours (M-F 8:00-5:00, excluding holidays). Any warranty labor must be authorized by Haskris, in writing, prior to proceeding with the repairs. Overtime charges will apply to warranty service provided outside normal business hours.

Notice of a warranty claim shall be submitted to Haskris in writing. Haskris shall have (60) days to remedy any warranty defects. If Haskris fails to remedy a warranty defect, Customer will then have the right to request that Haskris remove the non-conforming Equipment, in which case Haskris shall refund the amount paid by Customer for the removed Equipment within twenty (20) days from the date of removal by Haskris.

Parts Provisions:

Parts warranty does not include consumable items such as filtration elements. Replacement parts furnished during the system warranty are covered until the system warranty expires. Parts purchased after the system warranty expires will be covered for a period of 90-days. Defective parts must be returned, transportation prepaid, to Haskris. Normal outgoing surface transportation charges will be paid by Haskris.



CANON MEDICAL SYSTEMS USA, INC.

*Made For life***SERVICE AGREEMENT**

DATE: 12/2/2019 SVC QT#:/SLS QT#: 543368-1/134864-1
 SID #: 30066884 SYSTEM: ELAN.000-MR
 CUSTOMER LOCATION: (COMPLETE LEGAL NAME) BILLING ADDRESS:

HEALTHSTAR PHYSICIANS
 420 W MORRIS BLVD
 MORRISTOWN, TN 37813

Type: INTOUCH FULL SERVICE - MR PP-IM-292 2017 - Premier 2017

Length Of Contract: 72 Months Start Date: TBD End Date: TBD

Total Service Agreement Price: \$480,000.00

Payments are made 30 days in advance as follows (Please choose one):

___ Monthly \$6,666.67 ___ Annually \$80,000.00

Canon Medical Systems will provide the following services for the equipment listed in Attachment "A", for the duration of this Agreement. All services will be provided in accordance with the attached Terms and Conditions of Service. Any changes to system configuration or services coverage noted in this agreement will require a revised quotation.

Coverage Hours: MONDAY THROUGH FRIDAY, 8:00 AM - 5:00 PM, EXCLUDING FEDERAL HOLIDAYS

Preventive Maintenance: MONDAY THROUGH FRIDAY, 8:00 AM - 5:00 PM, EXCLUDING FEDERAL HOLIDAYS

Response Time: STANDARD 30 MINUTE PHONE RESPONSE
 STANDARD 4 HOUR ON-SITE RESPONSE

Uptime Guarantee:

Labor and Travel Charges: PREFERRED RATES FOR LABOR AND TRAVEL OUTSIDE OF COVERAGE HOURS.

Parts Replacement: PARTS WILL BE REPLACED WHEN DEEMED NECESSARY BY CANON MEDICAL SYSTEMS, EXCLUDING DISPOSABLES, ACCESSORIES, OPTIONS OR UPGRADES NOT LISTED IN THE TERMS AND CONDITIONS OF THIS AGREEMENT.

Cryogens and Magnet Maintenance: CRYOGENS ARE COVERED BY THIS AGREEMENT. ALL CRYOGEN FILLS AND MAGNET MAINTENANCE WILL BE COMPLETED AT NO ADDITIONAL CHARGE FOR THE DURATION OF THIS AGREEMENT.

This service agreement quotation is valid if it is signed by Canon Medical Systems and Customer on or before 60 days from the date of Quotation.

Please return signed quotation to: Canon Medical Systems USA, Inc., 2441 Michelle Drive, Tustin, CA 92780.
 Additional terms and conditions appear at the end of this quotation.

CUSTOMER ACCEPTANCE:

PRINT NAME / TITLE

PURCHASER'S SIGNATURE

DATE

CANON MEDICAL SYSTEMS ACCEPTANCE

PRINT NAME / TITLE

SERVICE MANAGER

DATE

2441 Michelle Drive, Tustin, CA 92780 PHONE: 800-421-1968

<https://us.medical.canon>



CANON MEDICAL SYSTEMS USA, INC.

*Made For life***SERVICE AGREEMENT**

DATE: 12/2/2019 SVC QT#:/SLS QT#: 543368-1/134864-1

SID #: 30066884 SYSTEM: ELAN.000-MR

CUSTOMER LOCATION: (COMPLETE LEGAL NAME)

BILLING ADDRESS:

HEALTHSTAR PHYSICIANS

420 W MORRIS BLVD

MORRISTOWN, TN 37813

**Attachment A
Equipment List**

This agreement includes coverage for the following items. All other options, including but not limited to lasers, injectors, sources, power conditioners (PCDUs, VRDUs, UPSs, etc.) and other non-Canon Medical Systems options, are not covered by this agreement. For additional options not listed, please contact your local Service Manager.

SYSTEM

ELAN.000 (ELAN 1.5T MRI SYSTEM)

COIL

MJAB-167A/P1.010 (COIL,BODY TITAN) QTY 1
 MJA-167A/S1.010 (COIL,OCTAVE HEAD SPEEDER) QTY 1
 MJA-177A/S1.010 (COIL,SHOULDER SPEEDER) QTY 1
 MJA-197A/J1.010 (COIL,4-CH FLEXIBLE SPEEDER) QTY 1
 MJA-227A/S1.010 (COIL,16-CH FLEX SPEEDER LARGE) QTY 1
 MJAS-167A/S1.010 (COIL,OCTAVE SPINE SPEEDER) QTY 1

INCLUDED OPTIONS

ELANFS.010 (FULL SERVICE ELAN)
 MKSU-ECGU10/S1.010 (WIRELESS CARDIAC GATING SYSTEM FOR ELAN)
 MKSU-PRGK06/S1.010 (WIRELESS PERIPHERAL / RESPIRATORY GATING FOR ELAN)

POINT OF PURCHASE INCENTIVE

FY19: CUSTOMER WILL RECEIVE THE ANNUAL PRICE LISTED ON PAGE 1 OF THIS AGREEMENT, PROVIDED THE EQUIPMENT ORDER IS BOOKED BY 12/31/19 AND THIS SERVICE AGREEMENT IS SIGNED AND RETURNED TO CANON WITHIN 90 DAYS OF THE EQUIPMENT BOOKING DATE. IF THE TERMS OF THIS INCENTIVE ARE NOT MET THEN STANDARD OR GPO PRICING APPLIES

PURCHASABLE OPTIONS

Please initial next to the coverage option you would like to purchase:

☐ MREXT5X9.010	EXTENDED SERVICE HOURS: MONDAY THROUGH FRIDAY, 8:00 AM - 9:00 PM, EXCLUDING FEDERAL HOLIDAYS	Add \$4,230.37 to Annual Price
☐ MRPM5X9.010	EXTENDED PM HOUR: MONDAY THROUGH FRIDAY, 8:00 AM - 9:00 PM, EXCLUDING FEDERAL HOLIDAYS	Add \$2,876.65 to Annual Price



CANON MEDICAL SYSTEMS USA, INC.

Made For life

SERVICE AGREEMENT

DATE:	12/2/2019	SVC QT#:/SLS QT#:	543368-1/134864-1
SID #:	30066884	SYSTEM:	ELAN.000-MR
CUSTOMER LOCATION: (COMPLETE LEGAL NAME)	BILLING ADDRESS:		

HEALTHSTAR PHYSICIANS
420 W MORRIS BLVD
MORRISTOWN, TN 37813

WARRANTY SUPPORT OPTIONS

The following additional options can be purchased for supplemental warranty year protection. Payment for supplemental warranty year coverage is due during the warranty year in accordance with payment frequency selected for the service contract. Please initial next to the supplemental warranty year coverage you would like to purchase:

☐ MREXT5X9.010	EXTENDED SERVICE HOURS: MONDAY THROUGH FRIDAY, 8:00 AM - 9:00 PM, EXCLUDING FEDERAL HOLIDAYS	Add \$4,230.37 per Warranty Year
☐ MRPM5X9.010	EXTENDED PM HOUR: MONDAY THROUGH FRIDAY, 8:00 AM - 9:00 PM, EXCLUDING FEDERAL HOLIDAYS	Add \$2,876.65 per Warranty Year

ADDITIONAL COMMENTS

Upon acceptance, please forward the signed Agreement to:

CANON MEDICAL SYSTEMS USA, INC.
SERVICE CONTRACTS ADMINISTRATION
Attn: Julie Spaulding
2441 Michelle Drive
Tustin, CA 92780

E-mail: ServiceSouthZone@us.medical.canon
Voice: 714-669-4138 Fax: 714-832-5893

A countersigned copy will be returned to you for your reference.

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IN-TOUCH SERVICES AGREEMENT
TERMS AND CONDITIONS

1. GENERAL TERMS. Unless otherwise specified on the face of this document, this Agreement will remain valid only if accepted by Customer no later than 60 days from date of submission to Customer.

2. COVERAGE. The following items are included in this Agreement.

- a. **Planned Maintenance Service**, as specified by Canon. Customer will provide Canon service personnel with full access at the agreed upon time. Otherwise, any makeup service will be separately billed by Canon to Customer at Canon's applicable hourly rate then in effect, including round trip travel.
- b. **Routine System Calibration Tests**, as specified by Canon, Customer will perform normal operator adjustments specified in the Equipment Operation Manual.
- c. **Remedial Maintenance Labor** required to maintain the system at manufacturer's specifications during Covered Hours specified on the face of this document. Labor requested outside of the Covered Hours will be billed at Canon's applicable hourly rate then in effect.
- d. **Quality Assurance Evaluations**, as specified by Canon, Canon will routinely perform quality assurance evaluations in order to assure optimum performance. Customer will provide Canon service personnel full access for such purposes at times mutually agreed to in advance. If applicable, Customer will run simplified Quality Assurance tests utilizing the Canon Gateway Program remote diagnostics.
- e. **Replacement of Parts**, at Canon's cost, which fail during the term of this Agreement with the exception of the parts specified on the face of this document. Parts that are cosmetic in nature or expendable will be replaced at Customer's cost, including items such as patient pads, head cushions, and acrylic parts. Replaced parts will become the property of Canon. Parts replaced may be refurbished.
- f. Customer may elect to **upgrade / downgrade Variable Glass Tier level once a year**, effective on the next contract anniversary date. This contract modification 1) will be effective on a go forward basis only, 2) may not be applied to the contract retroactively, 3) will reflect Canon's current pricing, and 4) must be via a written request from the Customer, presented at least 30 days prior to the contract anniversary date.
- g. **Travel and Living Expenses Incurred by Canon's Customer Engineers during Covered Hours.**
- h. **Uptime Guarantee** as specified on the face of this document, Uptime guarantees are measured based on covered hours, excluding Federal recognized holidays. Uptime will be calculated using the following formula: Uptime = (Base Time - Downtime) / Base Time

Definitions. **Base Time:** Total covered hours. **Downtime:** Time when the specified imaging equipment is unavailable for scanning or diagnosing images due to Equipment malfunction, and is immediately available for service repairs. Downtime will be calculated during the Covered Hours and commence when the Customer's call is logged into the InTouch™ Center. Downtime concludes once repairs are completed and the imaging system is available for clinical use. Downtime does not include time spent for preventive maintenance, routine part replacements or repair of any malfunction caused by operator error, accidents or other elements outside the control of Canon, such as accidents, fires, floods, and Acts of God. The Uptime Guarantee will be voided if Canon is not given access to the Equipment for preventive maintenance or other types of service required during the term of this Agreement.

Uptime statistics will be measured over a 12-month period. If the Equipment fails to achieve the specified uptime percentage, the following year's services contract will be reduced by the uptime discount specified under the specific Services Agreement plan, up to a maximum of 15%.

Software Updates / Upgrades. Canon will furnish to Customer, free of charge for the life of the Equipment, all Canon software or hardware upgrades to the Equipment purchased by Customer, which are intended to correct a safety risk. Software updates offering enhancements to previously purchased software features are covered under this service agreement, if they do not require hardware modifications or additions. Software upgrades providing new features or capabilities not originally purchased, will be made available for purchase by Customer upon request when compatible with the originally purchased hardware. Canon retains the sole right to determine whether a software release is considered an update or an upgrade for which the Customer will be charged.

The above items will be performed only during the Covered Hours stated on the face of this document. Service required outside these hours will be billed at Canon's differential rates in effect at the time such items are provided to Customer.

3. ITEMS EXCLUDED. The following items are excluded from this Agreement unless otherwise indicated on the face of this document.

- a. Customer operation instructions.
- b. Adding or removing accessories, attachments, or other devices, and remedial services necessary to repair accessories.
- c. Services connected with Equipment movement or relocation.
- d. Problems caused by external sources, including the incoming power supply.
- e. Increase in service time resulting from operator neglect or failure to follow operation instructions.
- f. Repair or damage from accident or any cause other than ordinary use.
- g. Rigging and handling, removal, modification or reconstruction of a wall, partition, ceiling or any other portion of the facility arising from repair, replacement or substitution of Equipment or parts of it.
- h. Chiller maintenance or repair.
- i. Expendable materials or accessories (for example, straps, foam cushions, and other similar items).
- j. Problems caused by modifications, maintenance or repairs of the equipment or software not performed by Canon.
- k. Storage facilities for spare parts, tools and supplies.

Performance of services, not included in this Agreement, will be charged in accordance with Canon's prices in effect at the time such services are provided to Customer.

4. CUSTOMER RESPONSIBILITIES. During the term of this Agreement, Customer agrees to maintain the site and environment (including temperature and humidity control, incoming power quality, and fire protection system) in a condition suitable for operation of the Equipment; ensure the Equipment is used at all times in accordance with the requirements of the Equipment Operation Manual by properly qualified and appropriately licensed personnel; and make normal operator adjustments to the Equipment as specified in the Equipment Operation Manual. In addition, Customer agrees to provide and maintain a dedicated broadband Internet access node suitable for connection to Customer's network and allow access to Canon's VPN for Canon's use for the Canon Gateway Program, if applicable. Failure to provide an appropriate VPN connection may result in a reduction in the uptime guarantee commitment and an increase in service charges for the Equipment.

5. REMOTE DIAGNOSTICS/ CYBERSECURITY (GATEWAY PROGRAM). During the term of this Agreement, Customer will support the Canon Gateway Program connectivity, if eligible, including InnerVision® Plus, and will allow Canon to install and maintain Canon 360° Connect™ (collectively "Gateway Program", i.e.: Gateway Gold or Gateway Platinum), to facilitate the performance of remote diagnostics on the Equipment. The Gateway Program also allows Canon to pull utilization data for the Equipment (number of scans, time of scan, etc.) in order to provide reporting to the customer. Canon retains rights and title to Gateway Program and InnerVision®. Customer will not remove, modify, or use or allow third parties to use the Gateway Program without Canon's prior written consent. Customer will be responsible and will promptly pay for any loss or damage to the Gateway Program unless caused by Canon's sole negligence. Canon will remove the Gateway Program connectivity at the point it is no longer providing service on the Equipment.

6. GEOGRAPHICAL EQUIPMENT OR COVERAGE. Canon must be notified in writing at least ninety (90) days prior to relocation of Equipment to a site that is fifty (50) miles or greater from the unit's base site specified on the face of this document so that Canon may adequately address manpower needs to maintain the site.

7. ACCEPTANCE BY CANON. This Agreement will not be binding on Canon unless and until it is accepted by Canon as evidenced by the signature of an authorized representative of Canon on the face of this document. Canon's acceptance is expressly made conditional upon Customer's assent to the terms and conditions in this document. All different or additional terms and conditions which may be contained in Customer's bid document, purchase order or any other documents furnished by Customer are hereby objected to and deemed material unless accepted in writing by an authorized representative of Canon.

Canon will give Customer a fully executed copy of this Agreement upon acceptance by Canon. Canon's service of Equipment under this Agreement is available only if the effective date of this Agreement follows within 15 calendar days of (a) the expiration of an applicable warranty period covering such Equipment, or (b) the expiration of an applicable Canon Services Maintenance Agreement. If the effective date is outside such 15-day period, Canon must be given the right to inspect the Equipment and repair and restore the Equipment to proper working order in accordance with Canon's specifications before this Agreement may become effective. All service labor and parts furnished for such repair and restoration will be charged to Customer at Canon's prevailing rates.

8. TERMINATION. This Agreement will terminate upon the expiration date specified on the face of this document. Customer may not terminate this Agreement before its expiration unless (a) Customer sells, discards or otherwise completely discontinues using the Equipment, or (b) Customer exchanges the Equipment for another new Canon Equipment, or (c) Canon substantially fails to perform any of its material obligations specified in this Agreement. In the case of termination for the reasons stated in (a) or (b) above, the termination will be effective 90 days from the date of Customer's written notice to Canon of termination. If Customer elects to terminate for the reasons stated in (c) above, before such termination, customer must notify Canon in writing of the breach and of its intent to terminate this Agreement if such breach is not corrected within thirty (30) days from Canon's receipt of the notice of breach. If Customer elects to terminate this Agreement before its expiration for any reason other than the reasons set forth in (a) through (c) above, or if Canon terminates this Agreement due to Customer's default pursuant to Section 16, Customer must pay Canon, as liquidated damages, an amount equal to 25% of the total service amounts payable under this Agreement for the term remaining as of the date of termination.

9. ACCESS TO EQUIPMENT. Customer will afford unrestricted and safe access to the Equipment for Canon's representatives and will cooperate with Canon's representatives in their performance of the services under this Agreement. If Customer fails to provide such access and cooperation, Canon will be relieved of its obligations under this Agreement, including, without limitation, the Uptime Guarantee.

10. CONSUMABLE ITEMS. Customer will provide necessary consumable items and processing facilities required by Canon in performance of the services under this Agreement at no charge to Canon.

11. END OF MAINTENANCE SUPPORT ANNOUNCEMENT. In the event that Canon makes a future general commercial announcement that services contracts will no longer be offered for an item of Equipment or Equipment component covered by this Agreement, then upon no less than 12 months prior written notice to the Customer, Canon may, at their option, remove any such item(s) of Equipment or Equipment component(s) from service coverage under this Agreement, with an appropriate adjustment of charges hereunder, without otherwise affecting this Agreement.

12. COMPENSATION AND TAXES. For the services and materials provided under the Agreement, Customer will pay Canon the total amounts specified on the face of this document for each system covered. For fixed contracts, this sum will be paid in advance, based on the chosen installments specified on the face of this document. For variable contracts, Canon representatives will be given access to usage information and the Equipment for the purpose of measuring variable use. Each month Canon will invoice Customer and Customer will pay the higher of the minimal or actual usage for the preceding period based upon the data from the site. The amounts specified on the face of this document do not include sales, use or other similar taxes. Customer will pay any such taxes, unless a tax exemption certificate acceptable to the applicable taxing authorities is provided to Canon. All invoices paid after due date will be assessed a late payment charge of the lesser of 1 ⅓% per month or the maximum rate permitted by law.

~~**13. CPI ADJUSTMENT.** The service fees payable under this Agreement may be increased up to three percent annually, at Canon's sole discretion. The increase is effective on the anniversary date of the Agreement starting with the first anniversary. The customer will be notified by Canon at least 60 days prior to any adjustment. The increase will then be automatically added to the first payment following the anniversary date.~~

14. ASSIGNMENT. Neither Customer nor Canon may assign this Agreement without the prior written consent of the other.

15. SOFTWARE. All rights and interest in any software that may be furnished under this Agreement, and any updates and enhancements to it, will remain the property of Canon. Such software is being furnished to Customer under a non-exclusive license. Customer will not decompile, modify, copy, reproduce, or transcribe the software, nor allow third parties to use the same without Canon's prior written consent. Upon Canon's request, Customer will execute a software license contract, in a form designated by Canon.

16. DEFAULT. Upon default by Customer, any affiliate or parent of Customer, any partner of Customer, or any principal of Customer in payment or performance of any obligation under this Agreement or any other agreement with Canon, whether entered into before or after the date of this Agreement (including, without limitation, any agreement for sale of equipment to Customer) will, at the sole option of Canon, if default is not cured within ten (10) days after written notice of the default, constitute a default of this Agreement. In such event, Canon may at its option (a) suspend performance under this Agreement until all such defaults have been cured, (b) terminate this Agreement in which case Customer shall pay Canon all amounts that are due for the period prior to the termination date (or the suspension date if the Agreement was suspended prior to termination), as well as liquidated damages equal to 25% of the total service amounts payable under this Agreement for the term remaining as of the termination date (or suspension date if the Agreement was suspended prior to termination), and/or (c) exercise any other remedies allowed by law. If this Agreement is suspended, Customer will be required to pay the following as a condition to Canon resuming service: (i) all past due amounts for the period prior to the suspension, and (ii) the liquidated damages amount set forth in Section 8 above for the period of the suspension.

17. ATTORNEY'S FEES AND COSTS. In the event of any legal proceeding involving any party to this Agreement against the other relating to the subject matter of this Agreement, the prevailing party in such proceeding will be entitled to recover attorney's fees, expert fees, collection agency fees and court costs against the non-prevailing party.

18. CIRCUMSTANCES BEYOND CONTROL. Canon will not be liable for non-performance or delay in performance resulting directly or indirectly from any occurrences beyond Canon's control, including without limitation, strikes or other labor actions, Acts of God, war, accidents, fires, floods, other catastrophes, inclement weather, transportation, delays caused by Canon's suppliers, inability to obtain replacement parts, or laws, regulations, or acts of any governmental agency. The foregoing provision will apply even though such cause may occur after performance of the obligations of Canon under this Agreement has been delayed for other causes.

19. DISCLAIMER OF WARRANTIES. CANON MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, OR WARRANTY OF FITNESS FOR PARTICULAR PURPOSE WITH RESPECT TO ANY OF THE SERVICES AND PARTS FURNISHED UNDER THIS AGREEMENT.

20. LIMITATION OF LIABILITY AND OF REMEDY. CANON WILL NOT UNDER ANY CIRCUMSTANCES BE LIABLE FOR CONSEQUENTIAL, SPECIAL, INCIDENTAL, OR EXEMPLARY DAMAGES OR ECONOMIC LOSS ARISING OUT OF OR RELATED TO THIS AGREEMENT, EVEN IF CANON IS APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING. THIS LIMITATION WILL NOT APPLY TO CLAIMS FOR PERSONAL INJURY OR DEATH CAUSED BY CANON.

21. EXPORT RESTRICTIONS. This Agreement involves products, and/or technical data that may be controlled under the U.S. Export Administration Regulations and may be subject to the approval of the U.S. Department of Commerce prior to export. Any export or re-export by Customer, directly or indirectly, in contravention of such Regulations is prohibited.

22. FACSIMILE SIGNATURES. This agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same Agreement. Facsimile signatures (signed copies transmitted via fax or electronic file) shall be of equal effect and validity as signatures on original copies, so long as the electronically transmitted copy includes the printed name and title of the signatory of the Agreement.

23. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties and supersedes all prior or concurrent agreements between the parties, whether oral or written, relating to its subject matter. The provisions of this Agreement may not be modified unless in writing and executed by both parties.

CPT Code	Description of Service	Healthstar Global Charge	Medicare Allowable
70100	X-ray exam of jaw <4views	\$73.00	\$31.87
70110	X-ray exam of jaw 4/> views	\$60.00	\$37.31
70140	X-ray exam of facial bones	\$82.00	\$28.33
70150	X-ray exam of facial bones	\$104.00	\$40.60
70160	X-ray exam of nasal bones	\$76.00	\$31.83
70200	X-ray exam of eye sockets	\$102.00	\$40.99
70210	X-ray exam of sinuses	\$71.00	\$29.24
70220	X-ray exam of sinuses	\$99.00	\$36.34
70250	X-ray exam of skull	\$86.00	\$35.33
70260	X-ray exam of skull	\$116.00	\$44.32
70328	X-ray exam of jaw joint	\$150.00	\$29.27
70330	X-ray exam of jaw joints	\$70.00	\$45.72
70360	X-ray exam of neck	\$78.00	\$27.94
70450	Ct head/brain w/o dye	\$740.00	\$108.08
70470	Ct head/brain w/o & w/dye	\$957.00	\$178.47
70480	Ct orbit/ear/fossa w/o dye	\$650.00	\$164.22
70481	Ct orbit/ear/fossa w/dye	\$742.00	\$249.51
70482	Ct orbit/ear/fossa w/o&w/dye	\$881.00	\$252.55
70486	Ct maxillofacial w/o dye	\$426.00	\$129.51
70487	Ct maxillofacial w/dye	\$757.00	\$156.03
70488	Ct maxillofacial w/o & w/dye	\$903.00	\$189.83
70490	Ct soft tissue neck w/o dye	\$707.00	\$153.83
70491	Ct soft tissue neck w/dye	\$813.00	\$189.12
70492	Ct sft tsue nck w/o & w/dye	\$925.00	\$227.83
70498	Ct angiography neck	\$830.00	\$267.31
70540	Mri orbit/face/neck w/o dye	\$850.00	\$246.49
70543	Mri orbit/fac/nck w/o &w/dye	\$1,115.00	\$368.48
70544	Mr angiography head w/o dye	\$750.00	\$257.64
70547	Mr angiography neck w/o dye	\$750.00	\$258.61
70551	Mri brain stem w/o dye	\$875.00	\$211.23
70552	Mri brain stem w/dye	\$900.00	\$292.42
70553	Mri brain stem w/o & w/dye	\$1,820.00	\$345.47
71045	X-ray exam chest 1 view	\$65.00	\$23.10
71046	X-ray exam chest 2 views	\$75.00	\$29.41
71047	X-ray exam chest 3 views	\$100.00	\$37.06
71048	X-ray exam chest 4+ views	\$80.00	\$40.13
71100	X-ray exam ribs uni 2 views	\$81.00	\$32.01
71101	X-ray exam unilat ribs/chest	\$94.00	\$36.60
71110	X-ray exam ribs bil 3 views	\$156.00	\$38.43
71111	X-ray exam ribs/chest4/> vws	\$119.00	\$45.55

71120	X-ray exam breastbone 2/>vws	\$77.00	\$29.02
71250	Ct thorax w/o dye	\$600.00	\$148.20
71260	Ct thorax w/dye	\$750.00	\$182.91
71270	Ct thorax w/o & w/dye	\$1,079.00	\$216.72
71275	Ct angiography chest	\$785.00	\$270.81
72020	X-ray exam of spine 1 view	\$57.00	\$21.37
72040	X-ray exam neck spine 2-3 vw	\$83.00	\$33.96
72050	X-ray exam neck spine 4/5vws	\$119.00	\$46.81
72052	X-ray exam neck spine 6/>vws	\$141.00	\$55.76
72070	X-ray exam thorac spine 2vws	\$86.00	\$31.69
72072	X-ray exam thorac spine 3vws	\$146.00	\$33.64
72081	X-ray exam entire spi 1 vw	\$100.00	\$37.54
72082	X-ray exam entire spi 2/3 vw	\$155.00	\$60.12
72084	X-ray exam entire spi 6/> vw	\$200.00	\$82.75
72100	X-ray exam l-s spine 2/3 vws	\$88.00	\$33.96
72110	X-ray exam l-2 spine 4/>vws	\$131.00	\$47.46
72114	X-ray exam l-s spine bending	\$151.00	\$53.99
72125	Ct neck spine w/o dye	\$829.00	\$153.54
72127	Ct neck spine w/o & w/dye	\$856.00	\$243.74
72128	Ct chest spine w/o dye	\$450.00	\$150.37
72129	Ct chest spine w/dye	\$740.00	\$212.39
72130	Ct chest spine w/o & w/dye	\$685.00	\$243.74
72131	Ct lumbar spine w/o dye	\$823.00	\$150.37
72132	Ct lumbar spine w/dye	\$740.00	\$211.41
72141	Mri neck spine w/o dye	\$910.00	\$205.90
72146	Mri chest spine w/o dye	\$800.00	\$206.22
72147	Mri chest spine w/dye	\$900.00	\$296.32
72148	Mri lumbar spine w/o dye	\$1,000.00	\$206.22
72149	Mri lumbar spine w/dye	\$850.00	\$294.24
72156	Mri neck spine w/o & w/dye	\$1,600.00	\$347.74
72157	Mri chest spine w/o & w/dye	\$1,600.00	\$348.71
72158	Mri lumbar spine w/o & w/dye	\$1,600.00	\$347.09
72170	X-ray exam of pelvis	\$72.00	\$30.53
72192	Ct pelvis w/o dye	\$785.00	\$136.08
72193	Ct pelvis w/dye	\$825.00	\$217.04
72195	Mri pelvis w/o dye	\$735.00	\$251.42
72197	Mri pelvis w/o & w/dye	\$1,500.00	\$370.80
72200	X-ray exam si joints	\$90.00	\$28.59
72220	X-ray exam sacrum tailbone	\$80.00	\$28.26
73000	X-ray exam of collar bone	\$67.00	\$26.93
73010	X-ray exam of shoulder blade	\$70.00	\$29.56
73020	X-ray exam of shoulder	\$61.00	\$22.02

73030	X-ray exam of shoulder	\$75.00	\$27.97
73050	X-ray exam of shoulders	\$85.00	\$34.54
73060	X-ray exam of humerus	\$73.00	\$27.90
73070	X-ray exam of elbow	\$68.00	\$24.94
73080	X-ray exam of elbow	\$75.00	\$27.61
73090	X-ray exam of forearm	\$67.00	\$25.95
73100	X-ray exam of wrist	\$64.00	\$29.52
73110	X-ray exam of wrist	\$72.00	\$33.78
73120	X-ray exam of hand	\$64.00	\$26.93
73130	X-ray exam of hand	\$72.00	\$30.86
73140	X-ray exam of finger(s)	\$57.00	\$31.04
73200	Ct upper extremity w/o dye	\$91.00	\$150.37
73218	Mri upper extremity w/o dye	\$730.00	\$273.95
73221	Mri joint upr extrem w/o dye	\$875.00	\$216.80
73222	Mri joint upr extrem w/dye	\$950.00	\$344.27
73223	Mri joint upr extr w/o&w/dye	\$1,450.00	\$427.58
73501	X-ray exam hip uni 1 view	\$75.00	\$28.62
73502	X-ray exam hip uni 2-3 views	\$100.00	\$39.80
73503	X-ray exam hip uni 4/> views	\$125.00	\$49.59
73521	X-ray exam hips bi 2 views	\$125.00	\$35.58
73522	X-ray exam hips bi 3-4 views	\$125.00	\$46.41
73523	X-ray exam hips bi 5/> views	\$140.00	\$54.28
73551	X-ray exam of femur 1	\$70.00	\$26.28
73552	X-ray exam of femur 2/>	\$80.00	\$30.89
73560	X-ray exam of knee 1 or 2	\$68.00	\$29.85
73562	X-ray exam of knee 3	\$82.00	\$34.47
73564	X-ray exam knee 4 or more	\$93.00	\$38.51
73590	X-ray exam of lower leg	\$71.00	\$27.25
73600	X-ray exam of ankle	\$64.00	\$28.55
73620	X-ray exam of foot	\$64.00	\$24.98
73630	X-ray exam of foot	\$73.00	\$28.91
73650	X-ray exam of heel	\$62.00	\$24.98
73660	X-ray exam of toe(s)	\$65.00	\$26.50
73700	Ct lower extremity w/o dye	\$729.00	\$150.37
73701	Ct lower extremity w/dye	\$710.00	\$209.57
73706	Ct angio lwr extr w/o&w/dye	\$720.00	\$273.56
73718	Mri lower extremity w/o dye	\$725.00	\$243.56
73720	Mri lwr extremity w/o&w/dye	\$1,600.00	\$369.78
73721	Mri jnt of lwr extre w/o dye	\$885.00	\$216.80
73723	Mri joint lwr extr w/o&w/dye	\$1,475.00	\$426.61
74018	X-ray exam abdomen 1 view	\$68.00	\$26.35
74019	X-ray exam abdomen 2 views	\$85.00	\$32.37

74021	X-ray exam abdomen 3+ views	\$100.00	\$37.25
74022	X-ray exam series abdomen	\$116.00	\$43.27
74150	Ct abdomen w/o dye	\$789.00	\$140.19
74160	Ct abdomen w/dye	\$825.00	\$221.66
74170	Ct abdomen w/o & w/dye	\$1,094.00	\$250.24
74174	Ct angio abd&pelv w/o&w/dye	\$1,275.00	\$368.20
74175	Ct angio abdom w/o & w/dye	\$775.00	\$270.16
74176	Ct abd & pelvis w/o contrast	\$520.00	\$188.18
74177	Ct abd & pelv w/contrast	\$810.00	\$296.92
74178	Ct abd & pelv 1/> regns	\$1,025.00	\$335.00
74181	Mri abdomen w/o dye	\$1,100.00	\$227.39
74183	Mri abdomen w/o & w/dye	\$1,418.00	\$371.12
75625	Contrast exam abdominl aorta	\$350.00	\$123.16
75635	Ct angio abdominal arteries	\$1,000.00	\$297.67
75710	Artery x-rays arm/leg	\$415.00	\$156.72
75716	Artery x-rays arms/legs	\$475.00	\$167.85
76000	Fluoroscope examination	\$145.00	\$43.72
76377	3d render w/intrp postproces	\$260.00	\$67.27
76536	Us exam of head and neck	\$211.00	\$106.99
76641	Ultrasound breast complete	\$250.00	\$99.99
76642	Ultrasound breast limited	\$200.00	\$81.95
76700	Us exam abdom complete	\$297.00	\$113.59
76705	Echo exam of abdomen	\$215.00	\$84.69
76706	Us abdl aorta screen aaa	\$160.00	\$105.33
76770	Us exam abdo back wall comp	\$285.00	\$105.22
76805	Ob us >= 14 wks sngl fetus	\$423.00	\$131.36
76810	Ob us >= 14 wks addl fetus	\$325.00	\$87.81
76816	Ob us follow-up per fetus	\$275.00	\$106.83
76817	Transvaginal us obstetric	\$230.00	\$90.51
76818	Fetal biophys profile w/nst	\$300.00	\$113.96
76819	Fetal biophys profil w/o nst	\$160.00	\$83.63
76830	Transvaginal us non-ob	\$285.00	\$113.49
76831	Echo exam uterus	\$300.00	\$110.54
76856	Us exam pelvic complete	\$240.00	\$102.12
76857	Us exam pelvic limited	\$145.00	\$46.05
76870	Us exam scrotum	\$300.00	\$98.05
76937	Us guide vascular access	\$80.00	\$31.97
76942	Echo guide for biopsy	\$520.00	\$54.13
77001	Fluoroguide for vein device	\$175.00	\$83.62
77063	Breast tomosynthesis bi	\$150.00	\$52.07
77065	Dx mammo incl cad uni	\$335.00	\$124.50
77067	Scr mammo bi incl cad	\$345.00	\$126.73

77072	X-rays for bone age	\$82.00	\$22.49
77073	X-rays bone length studies	\$90.00	\$34.98
77075	X-rays bone survey complete	\$209.00	\$85.81
77080	Dxa bone density axial	\$235.00	\$37.14
77081	Dxa bone density/peripheral	\$50.00	\$30.97
78012	Thyroid uptake measurement	\$230.00	\$76.26
78226	Hepatobiliary system imaging	\$975.00	\$310.69
78227	Hepatobil syst image w/drug	\$815.00	\$419.76
78264	Gastric emptying study	\$645.00	\$315.08
78300	Bone imaging limited area	\$240.00	\$216.69
78306	Bone imaging whole body	\$718.00	\$284.95
78315	Bone imaging 3 phase	\$826.00	\$326.49
78452	Ht muscle image spect mult	\$1,350.00	\$445.77
79005	Nuclear rx oral admin	\$375.00	\$132.03
93000	Electrocardiogram complete	\$40.00	\$15.92
93005	Electrocardiogram tracing	\$23.00	\$7.66
93010	Electrocardiogram report	\$17.00	\$8.26
93015	Cardiovascular stress test	\$175.00	\$67.40
93224	Ecg monit/reprt up to 48 hrs	\$235.00	\$82.82
93225	Ecg monit/reprt up to 48 hrs	\$70.00	\$23.57
93226	Ecg monit/reprt up to 48 hrs	\$100.00	\$33.31
93227	Ecg monit/reprt up to 48 hrs	\$65.00	\$25.94
93306	Tte w/doppler complete	\$650.00	\$194.04
93880	Extracranial bilat study	\$515.00	\$186.72
93922	Upr/l xtremity art 2 levels	\$265.00	\$79.58
93923	Upr/lxtr art stdy 3+ lvls	\$350.00	\$123.40
93925	Lower extremity study	\$660.00	\$236.92
93926	Lower extremity study	\$400.00	\$124.55
93930	Upper extremity study	\$535.00	\$190.49
93931	Upper extremity study	\$330.00	\$118.84
93970	Extremity study	\$500.00	\$180.66
93971	Extremity study	\$375.00	\$111.98
G0279	Tomosynthesis, mammo screen	\$150.00	\$52.07

C&C MILLWRIGHT

GENERAL CONTRACTORS

MAIN OFFICE
C&C MILLWRIGHT MAINTENANCE
P.O. BOX 970
GREENEVILLE, TN 37744

(423) 639-0131
FAX (423) 639-8757

December 3, 2019



Ms. Rita Bunch
Healthstar Physicians
420 W. Morris Boulevard
Suite 400A
Morristown, TN 37813

Dear Ms. Bunch,

C & C Millwright Maintenance Co., Inc. would like to furnish a proposal to construct a 7294 square foot building for Healthstar Imaging on Serral Drive in Greeneville, TN. This price is based on a concept floor plan furnished by DSC Architects and information gathered on a site visit by C & C Millwright Maintenance personnel.

The building will be constructed to meet all local, state and federal codes. The City of Greeneville, TN currently works under the 2012 International Building Code, 2012 International Plumbing and Mechanical Code and 2012 International Energy Conservation Code with 2006 tables. Also we are furnishing with this quote, C & C Millwright Maintenance licensing information and an insurance certificate.

The following is a breakdown of the proposal:

Quality Work With Quality People!

TOLL FREE: 1-800-851-8494

Attachment Section B,
Need, Criteria, (3)

Division 1 General Requirements: Furnish temporary facilities, temporary utilities, project meetings, delivery of materials, submittals, quality control, safety meetings, general housekeeping and final clean-up and close out of job site.

\$93,600.00

Division 2 Site Work: Earth work, site drainage, site utilities, paving and surfacing.

\$317,300.00

Division 3 Concrete: Excavating for foundations, form work, reinforcement, expansion joints and cast-in-place concrete.

\$51,300.00

Division 4 Masonry: Brick and mortar placement.

\$102,516.00

Division 5 Metals: Structural steel, steel erection, metal joists, metal decking and metal fabrication.

\$224,424.00

Division 6 Wood and Plastics: Finish carpentry.

\$62,300.00

Division 7 Thermal and Moisture Protection: Waterproofing, insulation, flashing and membrane roofing.

\$133,400.00

Division 8 Doors and Windows: Metal doors and frames, storefront entrance, metal windows, hardware and glazing.

\$82,200.00

Division 9 Finishes: Gypsum wallboard, tile, ceiling suspension system, floor treatments and painting.

\$324,933.00

Division 10 and 13 Specialties: Wall and corner guards, toilet partitions, toilet and bathroom accessories, and radiation protection.

\$51,300.00

Division 15 Mechanical: Water supply, waste water disposal, plumbing, fire protection and HVAC.

\$314,646.00

Division 16 Electrical: Service and distribution, lighting and outlets, system connections.

\$307,432.00

Subtotal I: \$2,065,356.00

Related Cost:

Tax on Material: \$37,436.00

Labor and Payroll Burden: \$25,260.00

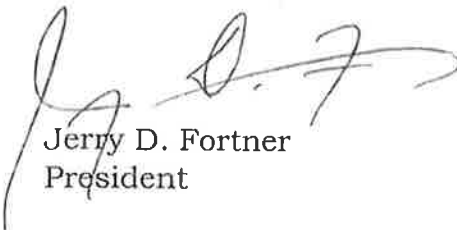
Overhead: \$64,300.00

Subtotal II: \$131,696.00

TOTAL JOB COST: \$2,197,052.00

We trust this meets your approval and we look forward to working with you on this project and many more in the future.

Sincerely



Jerry D. Fortner
President

JDF/bck

County	Provider Type	Provider	Year	Number of	Mobile ?	Mobile Days Used	Total Procedures	Scans per unit	% of Optimal Utilization	Total Gross Charges	Avg. Gross Charge
Year: 2018											
Cocke	HOSP	Newport Medical Center	2018	1	Fixed	0	1577	1577	54.8%	\$0.00	N/A
Greene	HOSP	Greeneville Community Hospital - East	2018	2	Fixed	0	3335	1668	57.9%	\$5,987,630.00	\$3,590.78
Greene	HOSP	Greeneville Community Hospital - West	2018	1	Fixed	0	1544	1544	53.6%	\$4,120,266.00	\$2,668.57
Hamblen	PO	Healthstar Physicians, PC	2018	2	Fixed	0	3788	1894	65.8%	\$3,419,832.00	\$1,805.61
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	2	Fixed	0	3868	1934	67.2%	\$7,921,787.00	\$4,096.06
Hawkins	HOSP	Hawkins County Memorial Hospital	2018	1	Mobile (Part)	2 days/week	829	829	28.8%	\$2,346,809.00	\$2,830.89
Total				8.4			14941	1779	61.8%	\$23,796,324.00	\$1,780.63
*Average does not include Newport Medical Center charges or scans because charges were not reported											
Year: 2017											
Cocke	HOSP	Newport Medical Center	2017	1	Fixed	0	1528	1528	53.1%	\$5,937,934.00	\$3,886.08
Greene	HOSP	Greeneville Community Hospital - East	2017	2	Fixed	0	3329	1665	57.8%	\$5,976,858.00	\$3,590.78
Greene	HOSP	Greeneville Community Hospital - West	2017	1	Fixed	0	1424	1424	49.4%	\$4,930,663.00	\$3,462.54
Hamblen	PO	Healthstar Physicians, PC	2017	2	Fixed	0	3153	1577	54.7%	\$3,380,071.75	\$2,144.04
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	2	Fixed	0	4047	2024	70.3%	\$8,432,492.00	\$4,167.28
Hawkins	HOSP	Hawkins County Memorial Hospital	2017	1	Mobile (Part)	2 days/week	878	878	30.5%	\$2,387,711.00	\$2,719.49
Total				8.4			14359	1709	59.4%	\$31,045,729.75	\$2,162.11
Year: 2016											
Cocke	HOSP	Newport Medical Center	2016	1	Fixed	0	1478	1478	51.3%	\$5,646,450.00	\$3,820.33
Greene	HOSP	Greeneville Community Hospital - East	2016	2	Fixed	0	3293	1647	57.2%	\$5,888,420.00	\$3,576.33
Greene	HOSP	Greeneville Community Hospital - West	2016	1	Fixed	0	1992	1992	69.2%	\$7,031,279.76	\$3,529.76
Hamblen	PO	Healthstar Physicians, PC	2016	2	Fixed	0	3520	1760	61.1%	\$3,177,541.00	\$1,805.42
Hamblen	HOSP	Morristown-Hamblen Hospital	2016	2	Fixed	0	4396	2198	76.3%	\$9,054,939.00	\$4,119.63
Hawkins	HOSP	Hawkins County Memorial Hospital	2016	1	Mobile (Part)	2 days/week	811	811	28.2%	\$2,219,522.00	\$2,736.77
Total				8.4			15490	1844	64.0%	\$33,018,151.76	\$2,131.58

Source: HSDA Medical Equipment Registry - 12/6/2019



Confidential Non-Binding Expression of Interest Letter

Lender: SunTrust Banks, Inc. ("Lender")

Borrower: Healthstar Physicians, PC ("Borrower")

Guarantor(s): None

Facility: 1) A non-revolving construction loan with multiple draws converting to an amortizing term loan upon completion of the construction period and stabilization of the property (the "Loan").
2) Term Loan

Loan Amount: 1) Up to the lesser of (i) \$2,400,000.00 (ii) 80% of the total project cost or (iii) 80% of the as-completed appraised value of the project.
2) Up to \$2,000,000.00

Purpose: 1) To construct a new 7,254 s.f. medical imaging center in Greenville, TN.
2) For new equipment to be housed in the new imaging center in Greenville, TN

Loan Term: 1) Up to 96 months from the Closing Date
2) Up to 60 months from the closing date

Repayment Schedule: 1) Twelve (12) months of interest only payments followed by 83 monthly payments of either Principal plus Interest (Alternative A) or Principal and Interest (Alternative B) with one final payment of principal plus all accrued interest based on a 240 month amortization period.
2) 59 consecutive monthly installments of Principal and Interest based on a 5 year amortization, and a final payment equal to the unpaid balance of principal plus accrued and unpaid interest and any other amounts owed & due payable on the Maturity Date.

Interest Rate: 1) **Alternative A)** The "Index" shall be 30-day Libor. The "Rate" shall equal approximately the Index plus 2.10% p.a. (calculated on the basis of a 360-day year) with a Fixed Rate option via interest rate swap

Borrower may elect to enter into an interest rate swap to convert the above variable rate to a fixed rate. The counterparty to such swap may be SunTrust or such other counterparty acceptable to SunTrust. The fixed rate available through a swap is a market-derived rate and changes with market conditions until it is locked-in.

Nothing herein constitutes an offer or recommendation to enter into any "swap" or trading strategy involving a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act. Any such offer or recommendation, if any, will only occur after we have received appropriate documentation from you regarding whether you are qualified to enter into a swap under applicable law.

Alternative B) Fixed rate equal to 4.56% p. a. (calculated on the basis of a 360-day year*)

2) Fixed rate equal to 4.12% p. a. (calculated on the basis of a 360-day year*)

*Rates subject to change at any time.

Fee: 1 & 2) 0.10% Loan origination Fee

**Prepayment
Provision:**

1) Borrower may prepay the Loan in whole or in part at any time upon two Business Days' prior written notice to Lender. Such prepayment notice shall specify the amount of the prepayment which is to be made. In the event of a prepayment of the Loan, Borrower may be required to pay Lender an additional fee (a prepayment charge or premium) determined by Lender's make whole compensation provision in the loan documents, to compensate Lender for all losses, costs and expenses incurred in connection with such prepayment. Any partial prepayment shall be applied as determined by Lender in its sole discretion.

2) N/A

Collateral:

1) First Deed of Trust on real property to be constructed imaging center in Greenville TN ("The Property").

Valid, priority, active assignment of any and all leases, subleases, and tenancies now or hereafter covering all or any part of said Property and all rents and profits there from and contracts, security deposits, rents, accounts receivable, plans, licenses, and other documents related to the Project.

2) Priority blanket lien on all assets of the Borrower, including but not limited to accounts receivable, inventory, equipment, general intangibles and all proceeds thereof.

**Financial
Covenants:**

Maintenance of the following financial covenants (with levels and definitions to be determined by Lender):

The Debt Service Coverage Ratio of the Borrower shall not at the end of each fiscal year be less than 1.0 to 1.0 beginning FYE 12/31/2020.

"Debt Service Coverage Ratio" means the ratio of Borrower EBIDA divided by Debt Service.

The following definitions apply to the determination of Debt Service Coverage Ratio:

"Debt Service Coverage Ratio" means the ratio of EBIDA less Dividends divided by Debt Service.

"Funded Debt" means (1) all obligations for money borrowed, (2) all obligations evidenced by a bond, indenture, note, letter of credit or similar instrument, (3) all obligations under capital leases and (4) all other obligations upon which interest charges are customarily paid.

"EBIDA" means net income plus Interest Expense, depreciation expense and amortization expense each determined for such fiscal year.

"Debt Service" means the sum of (a) all required principal payments of Borrower on Funded Debt plus (b) Interest Expense, each determined for such fiscal year.

"Interest Expense" means interest expense (including without limitation the interest component of any payments in respect of capital leases capitalized or expensed during such period) determined for such fiscal year.

**Treasury and
Payment Services;
Payments by**

Auto Debit: Borrower agrees to maintain its primary operating account with SunTrust Bank.

Other Terms and Conditions:

Usual and customary for Bank in transactions of this type including receipt and satisfactory review by the Bank in its sole discretion of:

- 1) Evidence of required cash equity in construction project
- 2) Licensed general contractor financials including but not limited to a minimum of the most recent year end business financial statements including, a profit/loss statement and balance sheet (two (2) years preferred); Current jobs-in-progress listing; Local market reference/feedback and Bank relationship history; Jobs completed listing for prior twelve (12) months; Evidence of Workman's Comp Insurance; Copy of current contractor's license; and References including Bank references and regional knowledge of the experience and capacity of the contractor
- 3 Construction contract that is either a fixed price contract or guaranteed maximum contract providing for a minimum retainage of 5% and any other construction due diligence
- 4) Sources and Uses schedule, including all costs related to the project
- 5) Lender may request any other information, financial or otherwise, in its sole discretion.

This Letter is provided for discussion purposes as an expression of interest by Lender in the proposed financing, does not contain all required terms and conditions and should not be construed to be, expressly or by implication, a commitment, an offer, an agreement in principle or an agreement by Lender to issue a commitment or to provide the proposed financing and, as such, Borrower shall be deemed to place no reliance on this Letter. The proposed financing is subject to standard credit underwriting and approval by Lender, which may not be forthcoming. This Letter constitutes the entire understanding between Lender and Borrower in connection with the proposed Loan as of the date hereof, supersedes any prior written or oral communications or understandings, and may be amended only by a writing signed by Lender. This Letter is unconditionally cancellable by Lender at any time, neither party shall have an express or implied duty to negotiate and either party may terminate negotiations at any time in their sole discretion, and partial performance or efforts to carry out other acts in contemplation of consummating the proposed Loan shall not, in isolation or in aggregate, be deemed evidence of intent by either party to be bound by the terms of this Letter. Neither Lender nor Borrower shall be deemed to have entered into, signed or executed binding documents evidencing the Loan by virtue of this or any other communication at any time prior to Lender's express acceptance of Loan documents prepared by Lender or its counsel. If Lender and Borrower enter into the proposed Loan, this Letter shall not survive any closing of the proposed Loan, and if there is a conflict between the terms of this Letter and any documents evidencing the Loan, the terms of the documents evidencing the Loan shall be controlling. This Letter is (i) not assignable, (ii) is confidential and neither Borrower nor any guarantor shall directly or indirectly disclose the Letter or its contents to any third party, (iii) is not intended to benefit any third party, and (iii) not an offer or recommendation to enter into any "swap" or trading strategy involving a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

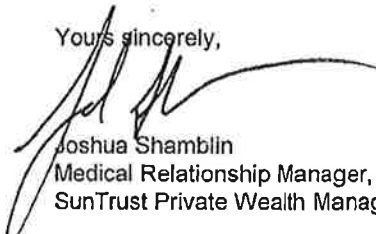
The proposed financing, if approved, would remain conditioned on, inter alia, Lender's receipt of all documentation and matters Lender may require, including without limitation the following items, which must be satisfactory to Lender in its sole discretion: for Borrower and Guarantor(s), financial statements for prior three years (if available) and entity organizational documents; an explanation of economics among the ownership; and a schedule or organizational chart of ownership interests in the Borrower. Please provide this information within 30 days of your execution of this Letter. After reviewing the above items, Lender may determine that other information or documentation is needed to underwrite the proposed financing. Lender is hereby authorized to obtain information from creditors, credit bureaus and credit reporting agencies. Borrower certifies to Lender that all financial statements and other supporting documents submitted to Lender in connection with this Letter are true and correct in all material respects.

All costs incurred by Lender in connection with the proposed financing, including but not limited to, Lender's legal fees and expenses, appraisal and environmental costs and the like (collectively "Costs"), shall be paid by Borrower, whether or not the proposed financing is approved or closes, and your acknowledgement below

authorizes Lender to proceed with same at your expense. Borrower shall be responsible for all fees and expenses including, without limitation, legal fees and expenses, incurred by Lender in enforcing its rights under this Letter. Borrower's obligation in respect of the costs and expenses referenced in this paragraph shall survive the cancellation or termination of this Letter.

Except as expressly set forth herein with regard to Borrower's obligation to pay Costs, this Letter is not intended to, and shall not, create a legally binding obligation on the part of Lender or Borrower, and your signature below confirms your understanding of this. Subject to the foregoing sentence, if you would like Lender to begin its underwriting and review process and to seek the appropriate credit approvals (which may not be forthcoming), please so advise by executing and returning a copy of this Letter by December 15, 2019, or this Letter will be deemed withdrawn. This Letter may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument. A signed counterpart of this Letter transmitted via facsimile, pdf or some other electronic means shall be as fully enforceable as the counterpart containing the original signature(s). If you have any questions in connection with this Letter, please contact me.

Yours sincerely,

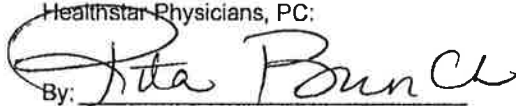


Joshua Shamblyn
Medical Relationship Manager,
SunTrust Private Wealth Management

Acknowledged and agreed to this 3 day of December, 2019.

BORROWER:

Healthstar Physicians, PC:

By: 

Print Name: Rita Bunch

Print Title: CEO

Note: Your execution of this Letter will signify Borrower's request for credit. If Lender does not timely receive the information or documentation outlined herein or subsequently requested by Lender, Borrower's request for credit will be deemed withdrawn by Lender and Borrower. You should inquire about the status of your request for credit at Lender's above address.



December 10, 2019

To whom it may concern:

This letter is to attest that the funds that are not covered by the loans, approximately \$2,130,739 will be available from cash reserves and/or operating revenue.

If you require any further information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Odessa M. Brabson". The signature is fluid and cursive, with the first name "Odessa" being more prominent.

Odessa M. Brabson, CFO
Healthstar Physicians, PC

Balance Sheet
As of 12/31/2018

Healthstar Physicians, PC (HST)

Assets			
Cash and Cash Equivalents			
1060-00-000	Petty Cash	\$	7,759.76
	Total Cash and Cash Equivalents:		\$ 7,759.76
Accounts Receivable			
1235-00-000	Accounts Receivable-Insurance	\$	820.21
1240-00-000	Accounts Receivable-Other	\$	114,916.94
	Total Accounts Receivable:		\$ 115,737.15
Fixed Assets			
1410-00-000	Furniture, Fixture and Equip.	\$	9,096,765.78
1420-00-000	Leasehold Improvements	\$	542,637.43
1430-00-000	Accumulated Depr-FF&E	\$	-7,915,595.58
1440-00-000	Accumulated Depr-Leasehold Imp	\$	-2,152.60
	Total Fixed Assets:		\$ 1,721,655.03
Other Assets			
1510-00-000	Utility Deposits	\$	10,736.00
1520-00-000	Goodwill	\$	327,899.00
1530-00-000	Accumulated Amortization	\$	-327,899.00
	Total Other Assets:		\$ 10,736.00
	Total Assets:		<u>\$ 1,855,887.94</u>
Liabilities			
Current Liabilities			
2010-00-004	Accounts Payable - Medical	\$	2,473.54
2015-00-000	AVP - Physicians	\$	1,027.67
2040-00-000	Line of Credit-Suntrust	\$	502,947.01
2060-00-000	Recruiting Payable-Shared	\$	100,827.74
	Total Current Liabilities:		\$ 607,275.96
Payroll Payable			
2120-00-000	Federal Income Tax Withholding	\$	697.88
2160-00-000	SUTA Taxes	\$	279.30
2170-00-000	401(k) Employee Contributions	\$	22,144.86
2180-00-000	401(k) Employer Matching Cont.	\$	8,161.75
2195-00-000	Employee Loan Payable-Trust Co	\$	3,615.20
2240-00-000	Section 125 Deductions Payable	\$	5,749.69
2265-00-000	MetLife Insurance Payable	\$	583.23
	Total Payroll Payable:		\$ 41,231.91
Capital Leases			
2310-00-000	Capital Leases-Mckesson - 47289	\$	47,207.75
	Total Capital Leases:		\$ 47,207.75
Notes Payable			
2465-00-000	Note Payable - #273-Shared	\$	1,463,845.54
	Total Notes Payable:		\$ 1,463,845.54
	Total Liabilities:		\$ 2,159,561.16
Equity			
3010-00-000	Common Stock	\$	410.00
3020-00-000	Paid In Capital	\$	368,381.16
3030-00-000	RETAINED EARNINGS - PRIOR	\$	-681,915.18
3030-00-000	Retained Earnings-Current Year	\$	9,450.80

Run Date: 10/15/2019 3:35:44PM
G/L Date: 12/31/2018

Page: 1

Balance Sheet
As of 12/31/2018

Healthstar Physicians, PC (HST)

Total Equity:	\$ -303,673.22
Total Liabilities & Equity:	<u>\$ 1,855,887.94</u>

Income Statement
For The 12 Periods Ended 12/31/2018

Healthstar Physicians, PC (HST)

	Year to Date	% of Revenue
Revenue		
Professional Revenue	61,068,042.08	97.3
Revenue - JFP	88,251.69	0.1
Revenue - Care Program	159,434.53	0.3
Rev - Healthsprings	20,200.00	0.0
Revenue - Program Pmts	56,336.08	0.1
Rev - Transcend	116,441.00	0.2
Rec - Humana	414,094.61	0.7
Receipts - United Healthcare	503,458.35	0.8
Other Revenue	352,331.49	0.6
Interest Earned	4.60	0.0
Gain/(Loss) on Sale of Equipment	9,198.60	0.0
Total Revenue:	62,787,793.03	100.0
Gross Profit:	62,787,793.03	100.0
Expenses		
Salaries and Wages		
Physician Pay	20,588,365.92	32.8
Mid Level Salaries	4,636,542.51	7.4
Nursing Salaries	4,529,812.28	7.2
Administration Salaries	4,295,388.51	6.8
Laboratory Salaries	1,283,551.58	2.0
Imaging Salaries	988,344.32	1.6
Billing Dept Salaries	920,664.25	1.5
Administration Salaries	1,211,134.60	1.9
Janitorial Salaries	47,132.65	0.1
Total Salaries and Wages:	38,500,936.62	61.3
Payroll Taxes		
Medicare	185,176.72	0.3
FICA	783,969.65	1.2
FUTA	18,753.62	0.0
SUTA	7,928.39	0.0
Physician Taxes	12,923.57	0.0
Medicare Tax	282,262.56	0.4
FICA Taxes	358,420.95	0.6
FUTA Taxes	1,986.29	0.0
SUTA Tax	947.13	0.0
Mid level taxes	63,749.27	0.1
Mid Level Taxes	227,402.26	0.4
Mid Level Taxes	1,460.04	0.0
Mid Level Taxes	631.79	0.0
Total Payroll Taxes:	1,945,612.24	3.1
Employee Benefits		
Health Insurance	1,103,556.97	1.8
HSA - Insurance	89,074.36	0.1
Dental Insurance	117,330.72	0.2
Life Insurance	-17,436.49	0.0
Disability Insurance	98,301.51	0.2

Income Statement
For The 12 Periods Ended 12/31/2018

Healthstar Physicians, PC (HST)

	Year to Date	% of Revenue
Employee Benefits (Continued)		
401(K) EMPLOYER MATCH	299,564.26	0.5
Incentive Expense	31,250.00	0.0
Total Employee Benefits:	1,721,641.33	2.7
Medical Supplies		
Drugs and Medical Supplies	3,243,930.64	5.2
Drugs & Med Supplies - Injections	1,836,328.92	2.9
Hearing Aids	187,093.23	0.3
Linens	14,497.02	0.0
X-ray Film	709.30	0.0
Total Medical Supplies:	5,282,559.11	8.4
Supplies-Other		
Office Supplies	343,262.75	0.5
Computer and Printer Supplies	61,976.95	0.1
Printing	4,395.25	0.0
Janitorial Supplies	57,828.70	0.1
Postage and Freight	66,686.31	0.1
Beverage Expense	22,182.53	0.0
Subscriptions	12,035.62	0.0
Total Supplies-Other:	568,368.11	0.9
Purchased Services		
Radiology	199,357.19	0.3
Reference Lab	314,946.53	0.5
Software Support	96,672.83	0.2
Hardware Support	9,160.62	0.0
Accounting Service	10,670.00	0.0
Legal Services	1,026,049.88	1.6
Billing & Collection Service	2,695,215.99	4.3
Transcription Service	41,966.40	0.1
Answering Service	40,235.85	0.1
Security Service	13,664.68	0.0
Professional Certification	32,069.97	0.1
Semlnars	37,736.61	0.1
Cleaning and Janitorial	326,421.52	0.5
Professional Dues	111,206.86	0.2
Other Purchased Services	749,242.99	1.2
Total Purchased Services:	5,704,617.92	9.1
Maintenance and Repairs		
M & R Building	44,707.27	0.1
M & R Grounds	42,192.26	0.1
M & R Equipment	211,037.92	0.3
Other Maint Contracts	245,801.58	0.4
Total Maintenance and Repairs:	543,739.03	0.9
Utilities		
Electric	368,836.43	0.6
Water	17,802.54	0.0

Income Statement
For The 12 Periods Ended 12/31/2018

Healthstar Physicians, PC (HST)

		Year to Date	% of Revenue
Utilities	(Continued)		
Gas		20,482.84	0.0
WASTE DISPOSAL		95,711.33	0.2
Cable		28,865.77	0.0
Total Utilities:		531,698.91	0.8
Communications			
Telephone		413,648.36	0.7
Mobile Phone		45,614.56	0.1
Data Lines		42,044.99	0.1
Internet		97,111.59	0.2
Pagers		237.20	0.0
Total Communications:		598,656.70	1.0
Taxes			
Real Estate Property		73,091.13	0.1
Personal Property		53,544.29	0.1
Franchise Tax		91,456.49	0.1
Other Professional Taxes		2,428.00	0.0
Total Taxes:		220,519.91	0.4
Insurance			
Property Insurance		27,350.02	0.0
Workman's Comp Ins		78,860.00	0.1
Directors & Officers Ins		54,713.00	0.1
Mal Practice Ins.		341,190.99	0.5
Total Insurance:		502,114.01	0.8
Rent/Leases			
Rent/Lease		3,005,980.91	4.8
Rent/Lease		414,066.24	0.7
Land Lease		1,380.00	0.0
Total Rent/Leases:		3,421,427.15	5.4
Other Operating Expenses			
Advertising/Promotions		253,895.88	0.4
Charitable Contributions		16,500.00	0.0
Recruitment Fees		461.37	0.0
Moving and Storage		30,054.23	0.0
Mileage - Employees		58,217.63	0.1
Business Travel		36,011.66	0.1
Meals & Entertainment		2,795.56	0.0
Bank Account Fees		165,590.88	0.3
Finance/Interest Expense		63,017.40	0.1
Other Operating - Recruiting		83,500.00	0.1
Total Other Operating Expenses:		710,044.61	1.1
Other Provider Business Expenses			
Conferences & Seminars		16,583.00	0.0
Dues & Subscriptions		41,024.63	0.1
Mileage		17,711.12	0.0

Income Statement
For The 12 Periods Ended 12/31/2018

Healthstar Physicians, PC (HST)

		<u>Year to Date</u>	<u>% of Revenue</u>
Other Provider Business Expenses	(Continued)		
Meals and Entertainment		14,398.80	0.0
Lodging		17,300.76	0.0
Telephone Expense		129.85	0.0
Travel		14,320.21	0.0
Insurance		64,522.69	0.1
HSA - Insurance		55,385.00	0.1
401(k) Match		548,523.55	0.9
Physicians- Health Insurance		397,515.93	0.6
Physicians-Life Insurance		17,449.58	0.0
Physicians-Dental Insurance		38,828.19	0.1
Physicians-Disability Insurance		-863.15	0.0
Physicians-Vision Insurance		10,537.81	0.0
Total Other Provider Business Expenses:		<u>1,253,367.97</u>	<u>2.0</u>
Depreciation/Amortization			
DEPRECIATION EXPENSE		1,273,038.61	2.0
Total Depreciation/Amortization:		<u>1,273,038.61</u>	<u>2.0</u>
Total Expenses:		<u>62,778,342.23</u>	<u>100.0</u>
Net Income from Operations:		<u>9,450.80</u>	<u>0.0</u>
Earnings before Income Tax:		<u>9,450.80</u>	<u>0.0</u>
Net Income (Loss):		<u>9,450.80</u>	<u>0.0</u>

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF HAMBLLEN

____Eric Delay____, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

E. Delay *President of Health Services*
SIGNATURE/TITLE

Sworn to and subscribed before me the 10th day of December, 2017, a Notary Public for Hamblen County, Tennessee.

Pamela Hurst
NOTARY PUBLIC

My commission expires Sept 25, 2023



Supplemental #1 (Original)

**HealthStar Imaging
Greenville (Greene Co.)**

CN1912-056

DEC 20 19 4-11:48

SUPPLEMENTAL RESPONSES

CERTIFICATE OF NEED APPLICATION

FOR

HEALTHSTAR IMAGING

**The Establishment of An Outpatient
Diagnostic Center with MRI**

Project No. CN1912-056

Greene County, Tennessee

December 20, 2019

Contact Person:

**Jerry W. Taylor, Esq.
Burr & Forman, LLP
222 Second Avenue South, Suite 2000
Nashville, Tennessee 37201
615-724-3247**

Supplemental Responses
Health Star Imaging
CN1912-056
Page 1

1. Section A: Executive Summary, A. Overview 4) Similar Service Area Providers

Please identify the name and location of the physician offices that have MRI units.

Healthstar Physicians
420 W. Morris Blvd
Suite 400A
Morristown TN 37813

2. Section A, Project Details, Item 6 A. Legal Interest in the Site

Please provide documentation that Lee House, Trustee, House Freedom 2004 Living Trust owns and/or has site control of 150 Serral Drive in Greeneville.

A copy of the deed is attached following this response.

RECEIVED OF Unified Title
CHECK ☒ CASH PATRON
MAIL FILE ☒

154

Supplemental #1
December 20, 2019
11:48 A.M.

THIS DOCUMENT PREPARED BY (AND AFTER)
RECORDING RETURN TO:)
Unified Title & Escrow, Inc.)
122 Village Dr. Suite 1)
Greeneville, TN 37745)
PH: 423-638-0002 FAX: 423-525-4825)
File No. G18-0147)

Tax ID:
Map 88, Parcel 6.22
Property Address:
Lot 3, Serral Drive, Greeneville, TN 37745

BK/PG: 602A/193-195
18003160

3 PGS:AL-DEED	
CHARLOTTE BATCH: 165529	
04/25/2018 - 09:22:40 AM	
VALUE	95000.00
MORTGAGE TAX	0.00
TRANSFER TAX	351.50
RECORDING FEE	15.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	369.50

STATE OF TENNESSEE, GREENE COUNTY
JOY RADER NUNNALLY
REGISTER OF DEEDS

---Above This Line Reserved For Official Use Only---

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS THAT:

FOR VALUABLE CONSIDERATION OF TEN DOLLARS (\$10.00), and other good and valuable consideration, cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, **William L. Wilson, Robert E. Reedy and wife, Amy H. Reedy, and Barry Steven Sykes and Elizabeth McPherson, Trustees, or their successors in trust, under the Sykes McPherson Living Trust dated July 29, 2014, hereinafter referred to as "Grantors,"** have this day bargained and sold, and by these presents do hereby transfer and convey unto **Lee R. House, Trustee of the House Freedom 2004 Living Trust dated March 22, 2018, hereinafter "Grantee,"** the following lands and property, together with all improvements located thereon, lying in the **County of Greene, State of Tennessee**, to-wit:

SITUATE, lying and being in the 10th (formerly the 13th) Civil District of Greene County, Tennessee, and more particularly described as follows:

BEING all of Lot No. 3 of Fred Serral Property, Section 2, as the same is shown on a plat of record in Plat Cabinet C, Slide 84, Register's Office for Greene County, Tennessee, to which reference is hereby made for a more complete description.

THE ABOVE LEGAL DESCRIPTION IS THE SAME AS IN THE PREVIOUS DEED OF RECORD.

SUBJECT to all easements, rights-of-way, protective covenants and mineral reservations of record, if any.

AND BEING THE SAME premises conveyed to William L. Wilson and wife, Shirley J. Wilson, Robert E. Reedy and wife, Amy H. Reedy, and Barry Steven Sykes and wife, Elizabeth McPherson by virtue of a warranty deed from Barbara Serral and husband, Fred A. Serral, dated February 2, 2006, and recorded February 16, 2006, in the Register of Deeds for the County of Greene, State of Tennessee, in Book 400A, at Page 797. Further reference is made to Quitclaim Deed recorded in Book 544A at page 1196, Register's Office aforesaid. The said Shirley J. Wilson is now deceased, leaving William L. Wilson as the surviving tenant by the entirety under operation of law.

TO HAVE AND TO HOLD same unto Grantee, and unto Grantee's heirs and assigns forever, with all appurtenances thereunto belonging.

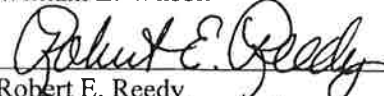
GRANTORS do for Grantors and Grantors' heirs, personal representatives, executors and assigns forever hereby covenants with Grantee that Grantor is lawfully seized in fee simple of said premises; that the premises are free from all encumbrances, unless otherwise noted above; that Grantor has a good right to sell and convey the same as aforesaid; and to forever warrant and defend the title to the said lands against all claims whatever.

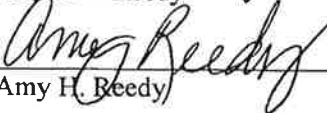
Taxes for tax year 2018 shall be ☒ prorated between Grantor and Grantee as of the date selected by Grantor and Grantee, or ☐ paid by Grantee, or ☐ paid by Grantor.

WITNESS Grantors' hands this 24th day of April, 2018.

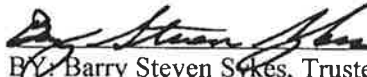
Map 88 GP Parcel 6.22
Chuck Jeffers - CR
PROPERTY ASSESSOR GREENE COUNTY
The 25 day of April 2018

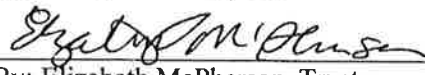
 {Seal}
 William L. Wilson

 {Seal}
 Robert E. Reedy

 {Seal}
 Amy H. Reedy

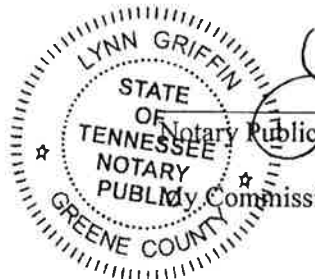
SYKES MCPHERSON LIVING TRUST DATED
 JULY 29, 2014

 {Seal}
 BY: Barry Steven Sykes, Trustee

 {Seal}
 By: Elizabeth McPherson, Trustee

STATE OF TENNESSEE
 COUNTY OF GREENE

On this the 24th day of April, 2018, before me the undersigned officer, personally appeared **William L. Wilson, Robert E. Reedy and Amy H. Reedy**, known to me (or satisfactorily proven) to be the parties executing the foregoing instrument and they acknowledged that they executed the same as their free act and deed.



My Commission expires: 3-26-2022

STATE OF TENNESSEE
 COUNTY OF GREENE

On this the 24th day of April, 2018, before me the undersigned officer, personally appeared **BARRY STEVEN SYKES AND ELIZABETH MCPHERSON**, known to me (or satisfactorily proven) to be the party executing the foregoing instrument, who upon oath acknowledged themselves to be the Trustees of the SYKES MCPHERSON LIVING TRUST DATED JULY 29, 2014, and further acknowledged that they executed the foregoing instrument in their capacity as Trustees of the SYKES MCPHERSON LIVING TRUST, DATED JULY 29, 2014 for the purposes therein contained, and are authorized by said entity and/or its members to execute this instrument on behalf of the said entity.



Notary Public
 My Commission expires: 3-26-2022

STATE OF TENNESSEE
COUNTY OF GREENE

I, or we, herby swear that to the best of the affiants knowledge, information and belief, the actual consideration for this transfer or value of the property transferred, whichever is greater, is \$95,000.00 which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Affiant: Lee R. House

Subscribed and sworn to before me this 24th day
of April 2018.

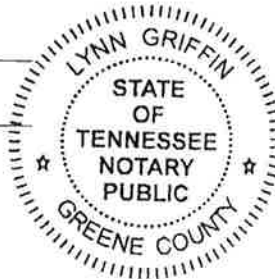
Notary Public [Signature]
My Commission expires: 3-26-2022

Name and Address of Property Owner:

Lee R. House, Trustee of the House Freedom 2004
Living Trust dated March 22, 2018

56 Wraithaven Circle
Greeneville TN 37745

Send Tax Bills To:
Same as above



3. Section A, Project Details, Item 12.A. Square Footage

Please identify the anticipated businesses by type and each business' estimated square footage in the building where the ODC will be located.

Healthstar Physicians will be the only occupant of the building. The ODC will occupy the first floor and Healthstar clinical offices will occupy the second floor.

4. Section B, (Service Specific Criteria MRI), 2. Access to MRI Units

Please complete the following chart:

City / County	Miles to proposed ODC	Travel Time
Greeneville/Greene	4.7	12 min.
Hamblen/Morristown	33.9	46 min.
Cocke/Newport	31.3	43 min.
Hawkins/Rogersville	33.8	46 min.
Hawkins/Church Hill	38.4	52 min.

Source: Google Maps

5. Section B, (Service Specific Criteria MRI), 3. Economic Efficiencies

Did the applicant consider pursuing a sharing arrangement with an area hospital such as the one in place between Sycamore Shoals Hospital and Medical Care in Carter County?

That was considered, but it was determined by the applicant to not be a viable option.

6. Section B, (Service Specific Criteria MRI), 7.b. Patient Safety and Quality of Care

Does C&C Millwright have experience in constructing buildings that require special shielding for MRI units and other types of diagnostic imaging services that will be provided at the ODC?

Yes, C&C Millwright has experience constructing buildings with special shielding.

7. Section B, Need. Item 5

Please revise the historical utilization charts by including the historical utilization of Lakeway Regional Hospital in Hamblen County.

This hospital ceased operations in 2018. No 2018 MRI utilization data was reported on the Joint Annual Report or reported to the HSDA. A revised utilization chart including the Lakeway utilization data for 2016 and 2017 is attached following this response.

County	Provider Type	Provider	Year	Number of	Mobile ?	Mobile Days Used	Total Procedures	Scans per unit	% of Optimal Utilization	Total Gross Charges	Avg. Gross Charge
Year: 2018											
Cocke	HOSP	Newport Medical Center	2018	1	Fixed	0	1577	1577	54.8%	\$0.00	N/A
Greene	HOSP	Greeneville Community Hospital - East	2018	2	Fixed	0	3335	1668	57.9%	\$5,987,630.00	\$1,795.39
Greene	HOSP	Greeneville Community Hospital - West	2018	1	Fixed	0	1544	1544	53.6%	\$4,120,266.00	\$2,668.57
Hamblen	PO	Healthstar Physicians, PC	2018	2	Fixed	0	3788	1894	65.8%	\$3,419,832.00	\$902.81
Hamblen	HOSP	Morristown-Hamblen Hospital	2018	2	Fixed	0	3868	1934	67.2%	\$7,921,787.00	\$2,048.03
Hamblen	HOSP	Lakeway Regional Hospital**	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hawkins	HOSP	Hawkins County Memorial Hospital	2018	0.4	Mobile (Part)	2 days/week	829	2073	72.0%	\$2,346,809.00	\$2,830.89
Total				8.4			14941	1779	61.8%	\$23,796,324.00	\$1,780.63
* Average does not include Newport Medical Center charges or scans because charges were not reported											
** Lakeway Regional Hospital ceased operations in 2018. No 2018 data was reported.											
Year: 2017											
Cocke	HOSP	Newport Medical Center	2017	1	Fixed	0	1528	1528	53.1%	\$5,937,934.00	\$3,886.08
Greene	HOSP	Greeneville Community Hospital - East	2017	2	Fixed	0	3329	1665	57.8%	\$5,976,858.00	\$1,795.39
Greene	HOSP	Greeneville Community Hospital - West	2017	1	Fixed	0	1424	1424	49.4%	\$4,930,663.00	\$3,462.54
Hamblen	PO	Healthstar Physicians, PC	2017	2	Fixed	0	3153	1577	54.7%	\$3,380,071.75	\$1,072.02
Hamblen	HOSP	Morristown-Hamblen Hospital	2017	2	Fixed	0	4047	2024	70.3%	\$8,432,492.00	\$2,083.64
Hamblen	HOSP	Lakeway Regional Hospital	2017	1	Fixed	0	1594	1594	55.3%	\$11,829,038.00	\$7,420.98
Hawkins	HOSP	Hawkins County Memorial Hospital	2017	0.4	Mobile (Part)	2 days/week	878	2195	76.2%	\$2,387,711.00	\$2,719.49
Total				9.4			15953	1697	58.9%	\$42,874,767.75	\$2,687.57
Year: 2016											
Cocke	HOSP	Newport Medical Center	2016	1	Fixed	0	1478	1478	51.3%	\$5,646,450.00	\$3,820.33
Greene	HOSP	Greeneville Community Hospital - East	2016	2	Fixed	0	3293	1647	57.2%	\$5,888,420.00	\$1,788.16
Greene	HOSP	Greeneville Community Hospital - West	2016	1	Fixed	0	1992	1992	69.2%	\$7,031,279.76	\$3,529.76
Hamblen	PO	Healthstar Physicians, PC	2016	2	Fixed	0	3520	1760	61.1%	\$3,177,541.00	\$902.71
Hamblen	HOSP	Morristown-Hamblen Hospital	2016	2	Fixed	0	4396	2198	76.3%	\$9,054,939.00	\$2,059.81
Hamblen	HOSP	Lakeway Regional Hospital	2016	1	Fixed	0	1245	1245	43.2%	\$9,155,433.85	\$7,353.76
Hawkins	HOSP	Hawkins County Memorial Hospital	2016	0.4	Mobile (Part)	2 days/week	811	2028	70.4%	\$2,219,522.00	\$2,736.77
Total				9.4			16735	1780	61.8%	\$42,173,585.61	\$2,520.08

Source: HSDA Medical Equipment Registry - 12/6/2019

8. Section B, Need. Item 6

Your response to this item is noted. Please complete the following chart:

Projected ODC Utilization by Imaging Modality

Modality	Year 1 scans	Year 2 Scans
MRI	2932	2961
CT	2087	2108
Mammography	2394	2417
Ultrasound	1120	1131
Bone Density	674	681
X-Ray	1663	1681
Total	10,870	10,979

Please complete the following table for the most recent year available identifying the number of MRI procedures referred by HealthStar physicians to service area MRI locations.

The requested data is not available. When a patient needs an MRI scan, the order is written by the Healthstar physician. It is the patient's choice as to where to have the scan performed. If the patient desires, the Healthstar staff will help in scheduling the scan, but records showing where such scans are scheduled and performed are not readily available, if they exist. It is believed that most of those patients choose to have the scans performed at Healthstar.

Facility	MRI Procedures
Facility #1 (Specify) N/A	N/A
Facility #2 (Specify) N/A	N/A
Facility #3 (Specify) N/A	N/A
Total	

9. Section B, Economic Feasibility Item 1, Project Cost Chart

There is no Attachment Section B, Economic Feasibility, 1? Did you mean Attachment Section B, Need, Criteria, (3)?

Yes, the reference should have been to Attachment Section B, Need, Criteria, (3). A replacement page 24 is attached following this response.

ECONOMIC FEASIBILITY

The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.

1. Project Cost Instructions

- A.** All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee)
- B.** The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- C.** The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- D.** The Total Construction Cost reported on line 5 should equal the Total Cost reported on the Square Footage Chart.

A Projected Data Chart is attached following this page. All cost estimates are consistent with these instructions.
- E.** For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - 1) A general description of the project;
 - 2) An estimate of the cost to construct the project;
 - 3) A description of the status of the site's suitability for the proposed project; and
 - 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities or comparable document in current use by the licensing authority.

A letter from a General Contractor is attached as Attachment Section B, Need, Criteria, (3).

Do maintenance costs include more than the MRI equipment?

The maintenance costs on Line A, 9 of the Project Cost Chart include:

MRI maintenance:	\$526,800 (with tax added)
CT and other maintenance:	\$354,311 (with tax added)

10. Section B, Economic Feasibility Item 2, Funding

HealthStar Physicians commits \$2,130,739 to the proposed project. The financial statements report cash and cash equivalents of \$7,759.76. Will the balance of this commitment come from operating revenue?

Yes. As a P.C., earnings are not retained at the end of an year; rather they are distributed to the physician shareholders. As capital is needed, it will be taken from operating revenues and/or any cash reserves on hand at the time.

11. Section B., Economic Feasibility, Item 5.C.

Please also include a comparison to HSDA Equipment Registry MRI range of charges in the response to this question (1st Quartile, Median, 3rd Quartile).

Proposed Healthstar Imaging MRI gross charge:	\$998.02
Equipment Registry Average charge 2018:	
1st Quartile:	\$1,517.96
2nd Quartile:	\$2,381.43
3rd Quartile:	\$4,576.42

A replacement page 33 is attached following this response.

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

Project Only Chart

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$998.02	\$998.02	0%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$688.87	\$688.87	0%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$309.15	\$309.15	0%

Total Facility Chart

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$1145.37	\$1145.37	0%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$790.58	\$790.58	0%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$354.80	\$354.80	0%

- B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

A charge master is attached as Attachment Section A, Project Details, 13, 2, E.

- C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of recently approved Certificates of Need. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

There are no ODCs in the service area, so there are no local charges to compare, except for MRI charges. A comparison of the average charges of the MRIs operating in the service area is reflected below.

Projected average gross MRI charge in Year 1:	\$998.02
Equipment Registry Average charge 2018:	
1st Quartile:	\$1,517.96
2nd Quartile:	\$2,381.43
3rd Quartile:	\$4,576.42

12. Section B., Economic Feasibility, Item 6.C. (Capitalization Ratio)

Did the applicant include more than Note Payable in determining long-term debt? If yes, explain how that was determined. If no, it looks like the capitalization ratio is 126.17.

The capitalization ratio was calculated as follows:

The Note Payable of \$1,463,845.54 on the financial statement was allocated as follows: Current Liability, \$568,966.21, and Long Term Debt, \$894,879.33. The Long Term Debt, [\$894,879.33] was divided by Long Term Debt + Total Equity, [\$894,879.33 - \$303,673.22 = \$591,206.11]. $\$894,879.33 / \$591,206.11 = 1.5137$. That was multiplied by 100 to get 151.37.

13. Proof of Publication

Your response to this item is noted. Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

A tear sheet of the page from the newspaper including the Notice of Intent is attached following this page.

Page 8B The Greeneville Sun Tuesday, December 10, 2019

C1 The Greeneville Class

Place your ad by calling 423.638.4185 Fax to 423

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that HealthStar Imaging, to be owned and managed by HealthStar Physicians, P.C. a Tennessee professional corporation, intends to file an application for a Certificate of Need for the establishment of an outpatient diagnostic center (ODC) and the initiation of MRI services. The ODC will be located at 150 Serral Drive, Greeneville, Greene County, Tennessee, 37745. It will be licensed as an ODC by the Tennessee Board for Licensing Health Care Facilities. The total estimated project cost is \$6,600,000.00.

The anticipated date of filing the application is December 13, 2019.

The contact person for this project is Jerry W. Taylor, Attorney, who may be reached at: Burr & Forman, LLP, 222 Second Avenue South, Suite 2000, Nashville, Tennessee 37201, telephone number 615-724-3247.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
 Andrew Jackson Building
 502 Deaderick Street, 9th Floor
 Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1609(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

12.10.19

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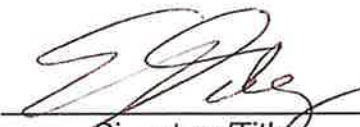
AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Hamblen

NAME OF FACILITY: Healthstar Physicians PC

I, ERIC DELAY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


 _____ President
 Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 19 day of December 2019, witness my hand at office in the County of Hamblen, State of Tennessee.



 NOTARY PUBLIC

My commission expires September 25, 2023.

HF-0043

Revised 7/02

