May 5, 2017

Jeffrey Shovelin
PO Box 6028
Greenville, NC 27835-6028

No Review
Record #: 2231
Facility Name: Vidant Edgecombe Hospital
FID #: 923247
Project Description: Vidant Edgecombe Hospital to become sole owner and corporate member of Heritage MRI, and thus, sole owner of the MRI scanner
County: Edgecombe

Dear Mr. Shovelin:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of March 28, 2017 regarding the above referenced proposal. Based on the CON law in effect on the date of this response to your request, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

However, you need to contact the Agency’s Acute and Home Care Licensure and Certification Section to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented in your correspondence. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,

[Signature]
Jane Rhoe-Jones
Project Analyst

[Signature]
Martha J. Frisone
Assistant Chief, Certificate of Need

cc: Acute and Home Care Licensure and Certification Section, DHSR
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR
March 28, 2017

Ms. Jane Rhoe-Jones
Certificate of Need Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Notice of Corporate Merger between Heritage MRI, LLC. and East Carolina Health - Heritage Inc. d/b/a Vidant Edgecombe Hospital / Request for “No Review” Letter

Dear Ms. Rhoe-Jones,

Notice of Corporate Merger

This letter shall serve as notice, that on May 1, 2017, East Carolina Health - Heritage, Inc. d/b/a/ Vidant Edgecombe Hospital (VEDG) intends to complete a corporate merger with Heritage MRI, LLC (HMRI). HMRI was formed in 2009 as a result of approved CON Project ID L-8327-09 and was a joint venture between VEDG and Eastern Radiologists, Inc. (ERI), a private radiology group based in Greenville, NC. The purpose of the joint venture was to manage and operate a leased, fixed MRI scanner at VEDG located in Tarboro, NC (Edgecombe County). Initially, the ownership of the joint venture was shared between ERI (33% ownership interest) and VEDG (67% ownership interest). In September 2016, VEDG obtained no review approval to purchase 100% membership interest in HMRI (see attached) and subsequently obtained ERI’s 33% interest, so the VEDG is now the sole owner and corporate member of Heritage MRI. As a result, VEDG is wholly managing the operation of the MRI unit under its current hospital operational infrastructure. The only component still under HRMI is the physical ownership of the MRI unit.

In an effort to more efficiently align corporate entities and dissolve unnecessary business units, VEDG is planning to execute a corporate merger between the hospital and HMRI as the way to completely dissolve HMRI. As a result of the merger, HRMI will no longer exist and VEDG will become the physical owner of the MRI, which is the only asset.

VEDG believes the corporate merger and the subsequent transfer of physical ownership of the existing MRI unit does not require a Certificate of Need. Specifically, NC General Statute 131E-184.a.8 exempts from review the acquisition of “an existing health service facility, including
equipment owned by the health service facility at the time of acquisition.” In addition, the original Certificate of Need issued for the project in August 2009 was issued to both VEDG and HMRI (see attached). Therefore, ownership of the Certificate of Need is not changing. The two entities that the original certificate was issued to are simply merging into one organization.

Because of this, VEDG is requesting that the corporate merger between VEDG and HMRI and the subsequent change in physical ownership of the MRI unit is not a new institutional health service and is therefore exempt from CON review. If you have any questions or concerns, please feel free to contact me at (252) 847-3631.

Sincerely,

Jeffrey Shovelin
Director, Corporate Planning
Vidant Health
PO Box 6028
Greenville, NC 27835-6028
jshovelin@vidanthealth.com
(252) 847-3631
STATE OF NORTH CAROLINA
Department of Health and Human Service
Division of Health Service Regulation

CERTIFICATE OF NEED

for
Project Identification Number #L-8327-09
FID #090273

ISSUED TO:  East Carolina Health – Heritage Inc. and Heritage MRI, LLC
           111 Hospital Dr.
           Tarboro, NC 27886

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the “certificate holder”) to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE:  Acquire a fixed MRI scanner to be located in newly constructed space adjacent to the Radiology Department at Heritage Hospital/Edgecombe County

CONDITIONS:  See Reverse Side

PHYSICAL LOCATION:  Heritage Hospital
                    111 Hospital Dr.
                    Tarboro, NC 27886

MAXIMUM CAPITAL EXPENDITURE:  $1,851,308

TIMETABLE:  See Reverse Side

FIRST PROGRESS REPORT DUE:  May 16, 2010

This certificate is effective as of the 26th day of August, 2009.

[Signature]
Chief, Certificate of Need Section
Division of Health Service Regulation
CONDITIONS

1. East Carolina Health – Heritage, Inc. and Heritage MRI, LLC shall materially comply with all representations made in the certificate of need application.

2. East Carolina Health – Heritage, Inc. shall upon operation of the fixed MRI scanner at Heritage Hospital, terminate the contracts with University Health Systems of Eastern Carolina, Inc. and/or Alliance Imaging, Inc. for mobile MRI services.

3. East Carolina Health – Heritage, Inc. and Heritage MRI, LLC shall obtain accreditation from the Joint Commission for Accreditation of Healthcare Organizations, the American College of Radiology or a comparable accreditation authority, as determined by the Certificate of Need Section, for magnetic resonance imaging within two years following operation of the proposed MRI scanner.

4. East Carolina Health – Heritage Inc. and Heritage MRI, LLC shall not acquire, as part of this project, any equipment that is not included in the project’s proposed capital expenditure in Section VII of the application or that would otherwise require a certificate of need.

5. Prior to issuance of the certificate of need, East Carolina Health – Heritage, Inc. shall provide the Certificate of Need Section with a letter from a fiscally responsible officer of University Health Systems of Eastern North Carolina, Inc. committing the funds for the capital needs of the project.

6. East Carolina Health – Heritage, Inc. and Heritage MRI, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

A letter acknowledging acceptance and compliance with all conditions stated in the conditional approval letter was received by the Certificate of Need Section on August 25, 2009.

TIMETABLE

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordering Equipment</td>
<td>May 1, 2010</td>
</tr>
<tr>
<td>Contract Award</td>
<td>May 17, 2010</td>
</tr>
<tr>
<td>50% Completion of Construction</td>
<td>September 1, 2010</td>
</tr>
<tr>
<td>Completion of Construction</td>
<td>December 15, 2010</td>
</tr>
<tr>
<td>Operation of Equipment</td>
<td>January 1, 2011</td>
</tr>
</tbody>
</table>
September 7, 2016

Jeffrey Shovel, Director, Corporate Planning
Vidant Health
PO Box 6028
Greenville, NC 27835-6028

No Review
Record #: 2041
Facility Name: Vidant Edgecombe Hospital
FID #: 923247
Project Description: Acquire 100% membership interest in Heritage MRI, LLC
County: Edgecombe

Dear Mr. Shovel:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of August 22, 2016 regarding the above referenced proposal. Based on the CON law in effect on the date of this response to your request, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

However, you need to contact the Agency’s Acute and Home Care Licensure and Certification Section to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented in your correspondence. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

Sincerely,

Martha J. Frisone
Assistant Chief, Certificate of Need

cc: Healthcare Planning and Certificate of Need Section, DSHS
Paige Bennett, Assistant Chief, Healthcare Planning, DSHS
September 7, 2016

Jeffrey Shovelin, Director, Corporate Planning
Vidant Health
PO Box 6028
Greenville, NC 27835-6028

No Review
Record #: 2042
Facility Name: Vidant Edgecombe Hospital
FID #: 923247
Project Description: Heritage MRI to exercise buy-out option on existing leased fixed MRI, Serial #HM0163
County: Edgecombe

Dear Mr. Shovelin:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of August 22, 2016 regarding the above referenced proposal. Based on the CON law in effect on the date of this response to your request, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. Therefore you may proceed to exercise the buy-out option on the existing GE Optima MR450 fixed MRI scanner (Serial #HM0163). However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

However, you need to contact the Agency’s Acute and Home Care Licensure and Certification Section to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented in your correspondence. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact this office if you have any questions.

Sincerely,

[Signature]

Jane Rho-Jones
Project Analyst

Martha J. Frisone
Assistant Chief Certificate of Need

cc: Acute and Home Care Licensure and Certification Section, DHSR
    Paige Bennett, Assistant Chief, Healthcare Planning, DHSR

Healthcare Planning and Certificate of Need Section
www.ncdhhs.gov
Telephone: 919-855-3873 • Fax: 919-715-4413
Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603
Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704
An Equal Opportunity/Affirmative Action Employer
August 22, 2016

Ms. Jane Rhoe-Jones, Project Analyst
Certificate of Need Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Notice of Change in Membership Interest in Heritage MRI, LLC and Notice to Execute Purchase Option of Existing Leased MRI Equipment / Request for "No Review" Letter

Dear Ms. Rhoe-Jones,

Notice of Change in Membership Interest in Heritage MRI, LLC

This letter shall serve as notice, that on September 20, 2016, East Carolina Health - Heritage, Inc. d/b/a/ Vidant Edgecombe Hospital (VEDG) intends to acquire 100% of the membership interest in Heritage MRI, LLC (HMRI). HMRI was formed as a result of approved CON Project ID L-8327-09 and is a joint venture between VEDG and Eastern Radiologists, Inc. (ERI), a private radiology group based in Greenville, NC. The purpose of the joint venture is to manage and operate a leased, fixed MRI scanner at VEDG located in Tarboro, NC (Edgecombe County). The ownership of the joint venture is shared between ERI (33% ownership interest) and VEDG (67% ownership interest). VEDG intends to purchase ERI's membership interest at the fair market value of $3,511. VEDG believes the acquisition of ERI's membership interest in HMRI is not considered a new institutional health service and not subject to Certificate of Need (CON) review since:

1. The acquisition is not considered a change in ownership since HMRI would continue to exist as the same corporate entity,

2. VEDG would continue to operate HMRI in the exact same manner and location as it does today (with the exception of the lease buy out option described below), and

3. VEDG's acquisition of ERI's membership interest in HMRI is less than $2,000,000.

Notice to Execute Purchase Option of Existing Leased MRI Equipment

This letter shall serve as notice that also on September 20, 2016, HMRI intends to exercise the buy-out option on the existing, leased, fixed MRI scanner. As presented in CON Project ID L-8327-09, HMRI has been leasing a GE Optima MR450 fixed MRI scanner through an operating lease, not capital lease. The lease is at the end of the contract terms and HMRI has to either: a) renew the lease for a to be determined amount
of time, b) not renew the lease and return the equipment with a $150,088 restocking fee, or c) exercise the buy-out option and purchase the equipment for $389,648 (see attached). HMRI has decided the least cost alternative, long term solution, is to exercise the buy-out option and purchase the existing, fixed GE Optima MR450 MRI scanner. HMRI believes exercising the buy-out option is not considered a new institutional health service and not subject to Certificate of Need (CON) review since:

1. The acquisition is not considered “replacement equipment”;
2. HMRI would continue to operate the scanner in the exact same manner and location as it does today;
3. The buy-out price is less than $2,000,000, and
4. The buy-out does not change the MRI inventory in Edgecombe County

Request for “No Review” Letter

VEDG and HRMI are requesting that the CON Section issue a letter determining:

1. VEDG’s acquisition of ERI’s membership interest in HMRI and the subsequent provision of MRI services is not a new institutional health service and is therefore exempt from CON review, and
2. HMRI exercising the buy-out option is not considered a new institutional health service and is not subject to Certificate of Need (CON) review

If you have any questions or concerns, please feel free to contact me at (252) 847-3631.

Sincerely,

Jeffrey Shovelin
Director, Corporate Planning
Vidan Health
PO Box 6028
Greenville, NC 27835-6028
jshovel@vidanhealth.com
(252) 847-3631
April 4, 2016

Wick Baker,
President
Heritage MRI, LLC
111 Hospital Drive
Teaneck, NC 27886

Contract #: 1300-0002944-000 (the “Contract”)
Equipment: (1) GE Optima MRT-60 (the “Equipment”)

Dear Mr. Baker,

Siemens Financial Services, Inc. (“SFS”) would like to take this time to express our appreciation for your valued business.

Effective September 30, 2016 (Expiration Date), SFS would like to offer you the following end of term options:

Purchase Equipment:
- Cash purchase on the day after the Term Expiration Date for an amount equal to $389,846.15, plus applicable taxes. This figure is based on a predefined contractual agreement of 24.58% of an original equipment cost of $1,590,400.00.

Contract Renewal:
- Please advise if you wish to see renewal options as we would be pleased to provide additional quotes.

Return Equipment:
- As per the Terms and Conditions of the Lease, Lessee shall pay to Lessor, either prior to or on the day of the Equipment return, the amount of $160,000.00 plus any applicable taxes as a restocking fee.

Availability of the end of term options outlined here is subject to payment of all amounts due under the Contract through the end of the existing Contract term, and no other default (or event that would notice or the passage of time or both could become a default) arising under the Contract. SFS must receive written notice of your election at least 120 days prior to the Term Expiration Date. In the event that SFS does not receive timely written notice, or in the event you fail to perform an end of term option you have selected, the term of the Contract shall be automatically renewed for successive 120-day periods until you provide the required notice and return the Equipment as required under the Contract, or until SFS terminates the Contract by 90 days’ written notice. During any renewal term of the Contract, whether you have selected renewal, or the term of the Contract is renewed automatically as described in the foregoing paragraph, (i) you shall make periodic renewal payments to SFS on the same day of each payment period that the periodic payments were due prior to the expiration of the original Contract term, and (ii) unless otherwise provided herein, any Stipulated Loss Value, or Purchase Option Price, as applicable, that was in effect under the Contract prior to the expiration of the original Contract term shall continue to apply, and all references to the term and periodic payments in the Contract shall include the renewal term and periodic renewal payments described herein. No additional documentation shall be required in connection with a renewal of the Contract pursuant hereto provided, however, that if requested by SFS, you will confirm the conditions of any renewal to SFS in writing.

Please confirm your agreement to the terms outlined above by having this letter executed by an authorized representative in the space provided below and return the original executed document to:


Sincerely,

SIEMENS FINANCIAL SERVICES, INC.

By: Wendy Fabreges
Name: Wendy Fabreges
Title: Director, Asset Management

SIEMENS FINANCIAL SERVICES, INC.

By: __________________________
Name: William T. Mount
Title: Vice President, Asset Management

ACCEPTED, ACKNOWLEDGED & AGREED

HERITAGE MRI, LLC

By: __________________________
Name: Wick Baker
Title: President
Date: 5-31-16