



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

August 13, 2013

Susan Fradenburg
300 North Greene Street Suite 1400
Greensboro, NC 27401

Exempt from Review – Physician Office

Provider: Watauga Medical Center
Project Description: Develop a physician office building
County: Watauga
FID #: 933533

Dear Ms. Fradenburg:

In response to your letters of June 27, 2013 and August 12, 2013, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(9). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need.

However, you need to contact the Construction and the Acute and Home Care Licensure and Certification Sections of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed physician office.

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Julie Halatek
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Steven Lewis, Construction Section, DHSR
Azzie Conley, Acute and Home Care Licensure and Certification Section, DHSR



Certificate of Need Section
www.ncdhhs.gov
Telephone: 919-855-3873 • Fax: 919-733-8139
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





SMITH MOORE LEATHERWOOD



August 12, 2013

Via E-Mail and U.S. Mail

Julie Halatek
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: Watauga Medical Center's Physician Office Building

Dear Julie:

Pursuant to your letter of July 17, 2013, please find enclosed a cost estimate for the basic X-ray machine that may be purchased and placed in the physician office building. The cost of the equipment is \$138,000. *See Exhibit 1.* The costs associated with upfitting the room where the X-ray machine will be located in order to make the X-ray machine operational are estimated to be \$24,000. *See Exhibit 2.* There is no plan to purchase any additional equipment for the physician office building at this time and no additional costs related to the X-ray machine.

Should you have any questions or need any further information, please let us know.

With kindest personal regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP

Susan M. Fradenburg

Susan M. Fradenburg

SMF/mp
Enc.

SIEMENS

Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway, Malvern, PA 19355
Fax: (866) 309-6967

SIEMENS REPRESENTATIVE
Mathew Hayes - (336) 263-4273

Customer Number: 0000011267

Date: 4/12/2013

WATAUGA MEDICAL CENTER
336 DEERFIELD RD
BOONE, NC 28607

Siemens Medical Solutions USA, Inc. is pleased to submit the following quotation for the products and services described herein at the stated prices and terms, subject to your acceptance of the terms and conditions on the face and back hereof, and on any attachment hereto.

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Proposal valid until 5/27/2013

Contingent upon PO issued within 30 days of quote and system delivered by June 28, 2013.

Accepted and Agreed to by:

Siemens Medical Solutions USA, Inc.

WATAUGA MEDICAL CENTER

By (sign): _____
 Name: Mathew Hayes
 Title: Account Executive
 Date: _____

By (sign): _____
 Name: _____
 Title: _____
 Date: _____

All pages of the signed proposal must be returned to Siemens to process the order - Thank you.

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Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway, Malvern, PA 19355
Fax: (866) 309-6967

SIEMENS REPRESENTATIVE
Mathew Hayes - (336) 263-4273

Quote Nr: 1-62XJD2 Rev. 0

Terms of Payment: 00% Down, 80% Delivery, 20% Installation
Free On Board: Destination

Purchasing Agreement: NOVATION (UHC, VHA, Provista)

NOVATION (UHC, VHA, Provista) terms and conditions apply to Quote Nr 1-62XJD2.

MULTIX TOP / VERTIX Solitaire

All items listed below are included for this system: (See Detailed Technical Specifications at end of Proposal.)

Qty	Part No.	Item Description
1	04483652	MULTIX TOP ACSS Cassette radiography system for skeletal radiography of the recumbent and seated patient with a floor-mounted patient table and a ceiling-mounted tube assembly support. With catapult Bucky incl. IONTOMAT three-field chamber and scattered radiation grid. With automatic format collimation (ACSS, automatic cassette size sensing). Option: Bucky wall unit.
1	04421553	CROSS BRIDGE 3M Transverse carriage for 3D TOP overhead support, 3 m long.
1	04413428	LONGITUDINAL RAILS 4.25M
1	04415084	Vertex TOP Left Bucky wall unit with height-adjustable and tiltable catapult bucky cabinet and IONTOMAT three-field chamber. Left-handed operation of the catapult Bucky.
1	04490392	Transparent grid Pb 13/70 F 150 Highly selective anti-scatter grid designed to reduce scatter radiation: Pb 13/70 (grid ratio 13:1, 70 lines/cm). Grid focusing for SID 59"/150 cm (from 48"/122 cm to 77"/195 cm). Weight: 2.5 kg
1	08860970	Lateral Cassette holder, rail mtd. For overtable, lateral radiography in any position of the unit, max. clamping height 35 cm.
1	04490210	POLYDOROS IT65 & Tube for MX High-frequency 65 kW X-ray generator POLYDOROS IT 65 for diagnostic procedures at workplaces and X-ray tube assembly OPTITOP 150/40/80 HC-100.
1	04483744	IT Touchscreen control console Generator control console attachable to the wall or freely positionable for 3-point-technique with color touchscreen and organ programs integrated in the display.
1	04471103	Generator Pre-transformer 440/480 V Required for voltages of 440 V and 480 V.
1	14417389	Customer documentation, English
1	AXD_INITIAL_1 2	Initial onsite training 12 hrs Up to (12) hours of on-site clinical education training, scheduled consecutively (Monday - Friday) during standard business hours for a maximum of (4) imaging professionals. Training will cover agenda items on the ASRT approved checklist. Uptime Clinical Education phone support is provided during the warranty period for specified posted hours. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.
1	K1876721	Directview Classic S Bundle

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Qty	Part No.	Item Description	
1	K1052968	Class and Elite Flr stand w cass hldr	
1	K1371756	Classic and Elite Keyboard and tray	
1	K1518620	Classic and Elite Barcode Reader	
1	RMSSW	Remote Management Services SW	
1	AXD_RIG_GEN RAD_STD	Standard Rigging GenRad	
2	K8864811	DirectView CRCassette/PQ/24x30cm/Rig.Scr	
1	AXD_BUDG_A DDL_RIG	Budgetary Add'l/NC Ground Leakage Test @ \$3,000	
1	AXD_BUDG_A DDL_RIG	Additional Budgetary Rigging @ \$1,500	
1	IMD3001B	IMED Stor 2TB raw,.9 Useable-2 TB drives iMed-Stor DICOM Storage Server Appliance (Tower Chassis) featuring Intel Xeon Processor, 4 GB RAM, DICOM-compliant software with 2 Remote AE Titles. Fully integrated 4-disk RAID 5 Storage. Optional DICOM routing engine and FDA 510(k) Cleared Radiology web viewer are also available. Note: ImageGrid Mammography Viewer is not available on iMed-Stor and is only available on ImageGrid platform. Includes 1 year Next Business Day (NBD) on-site service for hardware and 1 year software warranty including software updates.	
1	IGVIEWER1 IGDISGS220CL	Radiology Web Viewer 1 Concurrent User	
1	PBK	2 MP Medical Grade Display-Grayscale	
1	IGWS1B	ImageGrid Workstation Workstation for thin-client Mammography Viewer featuring PC with Six Core Intel(r) Xeon(r) ,E5-1650 processor, 16 GB RAM (ECC DDR3 1600 MHz), and 256 GB SSD, 20" Flat Panel Display, Genuine Windows(r) 7 Professional, with Media, 64-bit, English, CD/DVD R/W Drive. Includes 1 year Next Business Day (NBD) on-site service for hardware and 1 year software warranty including software updates.	
1	IGFX3700PCIE IGDISRADICS	Graphics card	
1	UX1	Eizo Calibration Software and Puck	
1	IGRIDINSTALL 01	1day On-site Install training HW SW	
1	IGRIDINSTALL 02	Extra Day On-site Install training HW SW	
			System Total: \$138,000

ALTERNATE PRODUCTS:

Qty	Part No.	Item Description	Incremental Price	Initial to Accept
1	04490228	POLYDOROS IT80 & Tube for MX High-frequency 80 kW X-ray generator POLYDOROS IT 80 for diagnostic procedures at workplaces and X-ray tube assembly OPTITOP 150/40/80 HC-100. <i>This item has been quoted as a substitute for Part No. 04490210 - "POLYDOROS IT65 & Tube for MX" that has been included in the quotation.</i>	+ \$10,111	X _____

FINANCING: The equipment listed above may be financed through Siemens. Ask us about our full range of financial products that can be tailored to meet your business and cash flow requirements. For further information, please contact your local Sales Representative.

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ACCESSORIES: Don't forget to ask us about our line of OEM imaging accessories to complete your purchase. All accessories can be purchased or financed as part of this order. To purchase accessories directly or to receive our accessories catalog, please call us directly at 1-888-222-9944 ext. 7 or contact your local Sales Representative.

COMPLIANCE: Compliance with legal and internal regulations is an integral part of all business processes at Siemens. Possible infringements can be reported to our Helpdesk "Tell us" function at www.siemens.com/tell-us.

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Siemens Medical Solutions USA, Inc. General Terms and Conditions

1. GENERAL

1.1 Contract Terms. These terms and conditions constitute an integral part of any contract between Seller and Purchaser identified on the first page hereof and shall govern the sale of the products identified in such contract ("Products"). Seller shall not be bound by, and specifically objects to, any terms, conditions or other provisions which are different from or in addition to the provisions of this Agreement (even if provided to Seller concurrently with this Agreement), unless Seller specifically agrees to any such provision in a writing signed by Seller. Neither Seller's lack of objection to any such terms, nor delivery of the Products or provision of any services hereunder, shall constitute the agreement of Seller to any such terms. Purchaser acknowledges that this is a commercial and not a consumer transaction.

1.2 Acceptance. Purchaser shall be deemed to have assented to, and to have waived any objection to, this Agreement upon the earliest to occur of any of the following: Purchaser's completion or execution of this Agreement; Purchaser's acceptance of all or any part of the Products; Purchaser's issuance of a purchase order for any Products identified on Seller's quotation or proposal; or delivery of the Products to the common carrier for shipment pursuant hereto.

1.3 Refurbished/Used Products. For Products identified on this Agreement as used or refurbished Products, these Products have been previously owned and used. When delivered to Purchaser, the Products may have received mechanical, electrical and/or cosmetic reconditioning, as needed, and will comply with the manufacturer's specifications. Since pre-owned Products may be offered simultaneously to several customers, the sale of such Products to Purchaser cannot be guaranteed and is subject to continuing availability at the time Purchaser accepts Seller's offer to sell the Products. If the Products are no longer available, Seller will use its best efforts to identify other products in its inventory that may be suitable for purchase by Purchaser, and if substitute products are not acceptable to Purchaser, then Seller will cancel the order and refund to Purchaser any deposits previously paid. The warranty period for any used or refurbished Products will be separately stated on the quotation.

1.4 Third Party Products. If this Agreement includes the sale of third party products not manufactured by Seller, then Purchaser agrees and acknowledges that (a) Purchaser has made the selection of these products on its own, (b) the products are being acquired by Seller solely at the request of and for the benefit of Purchaser, in order to eliminate the need for Purchaser to issue a separate purchase order to the manufacturer of the products, (c) no representation, warranty or guarantee has been made by Seller with respect to the products, (d) the obligation of Purchaser to pay Seller for the products is absolute and unconditional, (e) Purchaser will indemnify and hold Seller harmless from and against any and all claims, regardless of the form of action, related to, resulting from or caused by the products or any work or service provided by the manufacturer of the products or any other party, (f) use of the products may be subject to Purchaser's agreement to comply with any software licensing terms imposed by the manufacturer, as well as any applicable laws, rule and regulations; and (g) the manufacturer, and not Seller, is solely responsible for any required installation, testing, validation, tracking, product recall, warranty service, maintenance, support, and complaint handling, as well as any other applicable FDA regulatory requirements, and the Purchaser will look solely to the manufacturer regarding those services and will assert no claim against Seller with respect to these products.

2. PRICES

2.1 Quotations. Unless otherwise agreed to in writing or set forth in the quotation, all prices quoted by Seller are based on U.S. dollars, and include standard and customary packaging. F.O.B. terms are set forth in Section 6.2 hereof. Domestic prices apply only to purchasers located in, and who will use the Products in, the U.S. International prices apply to all purchasers located outside of, or who will use or ship or facilitate shipment of the Products outside of, the U.S. Unless otherwise stated, the quotation shall only be valid for forty-five (45) days from the date of the quotation.

2.2 Delay in Acceptance of Delivery. Should the agreed delivery date be postponed by Purchaser, Seller shall have the right to deliver the Products to storage at Purchaser's risk and expense, and payments due upon delivery shall become due when Seller is ready to deliver.

2.3 Escalation. Unless otherwise agreed to in writing, except as to Products to be delivered within six (6) months of Seller's acceptance of Purchaser's order, Seller reserves the right to increase its prices to those in effect at the time of shipment.

3. TAXES

3.1 Any sales, use or manufacturer's tax which may be imposed upon the sale or use of Products, or any property tax levied after readiness to ship, or any

excise tax, license or similar fee required under this transaction, shall be in addition to the quoted prices and shall be paid by Purchaser. Notwithstanding the foregoing, Seller agrees to honor any valid exemption certificate provided by Purchaser.

4. TERMS OF PAYMENT; DEFAULT

4.1 Payments; Due Date. Unless otherwise set forth in the quotation, Seller's payment terms are as follows: an initial deposit of 10% of the purchase price for each Product is due upon submission of the purchase order, an additional 80% of the purchase price is due upon delivery of each Product, and the final 10% of the purchase price is due upon completion of installation or when the Products are available for first patient use, whichever occurs first. Unless otherwise agreed, all payments other than the initial deposit are due net thirty (30) days from the date of invoice. Seller shall have no obligation to complete installation until the payment due upon delivery is received. All amounts payable pursuant to this Agreement are denominated in United States dollars, and Purchaser shall pay all such amount in lawful money of the United States. Partial shipments shall be billed as made, and payments for such shipments will be made in accordance with the foregoing payment terms.

4.2 Late Payment. A service charge of 1 1/2% per month, not to exceed the maximum rate allowed by law, shall be made on any portion of Purchaser's outstanding balance which is not paid within thirty (30) days after invoice date, which charge shall be determined and compounded on a daily basis from the due date until the date paid. Payment of such service charge shall not excuse or cure Purchaser's breach or default for late payment.

4.3 Payment of Lesser Amount. If Purchaser pays, or Seller otherwise receives, a lesser amount than the full amount provided for under this Agreement, such payment or receipt shall not constitute or be construed other than as on account of the earliest amount due Seller. Seller may accept any check or payment in any amount without prejudice to Seller's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying a check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

4.4 Where Payment Due Upon Installation or Completion. Should any terms of payment provide for either full or partial payment upon completion of installation or thereafter, and completion of installation is delayed for any reason for which Seller is not responsible, then the Products shall be deemed installed upon delivery and the balance of payments shall be due no later than thirty (30) days from the delivery date regardless of the actual installation date.

4.5 Default; Termination. Each of the following shall constitute an event of default under this Agreement: (i) a failure by Purchaser to make any payment due Seller within ten (10) days of receipt of written notice of non-payment from Seller; (ii) a failure by Purchaser to perform any other obligation under this Agreement within thirty (30) days of receipt of written notice from Seller; (iii) a default by Purchaser under any other obligation to or agreement with Seller or Siemens Financial Services, Inc., or any assignee of the foregoing (e.g., a promissory note, lease, rental agreement, license agreement or purchase contract); or (iv) the commencement of any insolvency, bankruptcy or similar proceedings by or against Purchaser (including any assignment by Purchaser for the benefit of creditors). Upon the occurrence of any event of default, at Seller's election: (a) the entire amount of any indebtedness and obligation due Seller under this Agreement and interest thereon shall become immediately due and payable without notice, demand, or period of grace; (b) Seller may suspend the performance of any of Seller's obligations hereunder, including, but not limited to, obligations relating to delivery, installation and warranty services; (c) Purchaser shall put Seller in possession of the Products upon demand; (d) Seller may enter any premises where the Products are located and take possession of the Products without notice or demand and without legal proceedings; (e) at the request of Seller, Purchaser shall assemble the Products and make them available to Seller at a place designated by Seller which is reasonable and convenient to all parties; (f) Seller may sell or otherwise dispose of all or any part of the Products and apply the proceeds thereof against any indebtedness or obligation of Purchaser under this Agreement (Purchaser agrees that a period of 10 days from the time notice is sent to Purchaser shall be a reasonable period of notification of sale or other disposition of the Products by or for Seller); (g) if this Agreement or any indebtedness or obligation of Purchaser under this Agreement is referred to an attorney for collection or realization, Purchaser shall pay to Seller all costs of collection and realization (including, without limitation, a reasonable sum for attorneys' fees; expenses of title search, all court costs and other legal expenses) incurred thereby; and (h) Purchaser shall pay any deficiency remaining after collection of or realization by Seller on the Products. In addition, Seller may terminate this Agreement upon written notice to Purchaser

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In the event that Purchaser is not approved for credit or upon the occurrence of any material adverse change in the financial condition or business operations of Purchaser.

4.6 Financing. Notwithstanding any arrangement that Purchaser may make for the financing of the purchase price of the Products, the parties agree that any such financing arrangement shall have no effect on the Purchaser's payment obligations under this Agreement, including but not limited to Sections 4.1 and 4.2 above.

5. EXPORT TERMS

5.1 Unless other arrangements have been made, payment on export orders shall be made by irrevocable confirmed letter of credit, payable in U.S. dollars against Seller's invoice and standard shipping documents. Such letter of credit shall be in an amount equal to the full purchase price of the Products and shall be established in a U.S. bank acceptable to Seller. Purchaser shall procure all necessary permits and licenses for shipment and compliance with any governmental regulations concerning control of final destination of Products.

5.2 Purchaser acknowledges that Seller is required to comply with applicable export laws and regulations relating to the sale, exportation, transfer, assignment, disposal and usage of the Products provided under this Agreement, including any export license requirements. Purchaser agrees that such Products shall not at any time directly or indirectly be used, exported, sold, transferred, assigned or otherwise disposed of in a manner which will result in non-compliance with such applicable export laws and regulations. It shall be a condition of the continuing performance by Seller of its obligations hereunder that compliance with such export laws and regulations be maintained at all times. **PURCHASER AGREES TO INDEMNIFY, DEFEND AND HOLD SELLER HARMLESS FROM ANY AND ALL COSTS, LIABILITIES, PENALTIES, SANCTIONS AND FINES RELATED TO NON-COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS.** If Purchaser purchases a Product at the domestic price and exports such Product, or transfers such Product to a third party for export, outside of the U.S., Purchaser shall pay to Seller the difference between the domestic price and the international retail price of such Product pursuant to the payment terms set forth herein. Purchaser shall deliver to Seller, upon Seller's request, written assurance regarding compliance with this section in form and content acceptable to Seller.

6. DELIVERY, RISK OF LOSS

6.1 Delivery Date. Delivery and installation dates will be established by mutual agreement of the parties. Seller shall make every reasonable effort to meet the agreed upon delivery date(s), but shall not be liable for any failure to meet such date(s). Partial shipments may be made.

6.2 Risk of Loss; Title Transfer. Unless otherwise agreed to in writing, the following shall apply:

(a) For Products that do not require installation by Seller, and for options and add-on products purchased subsequent to delivery and installation of Products purchased under this Agreement, delivery shall be complete upon transfer of possession to common carrier, F.O.B. Shipping Point, whereupon title to and all risk of loss, damage to or destruction of the Products shall pass to Purchaser.

(b) For Products that require installation by Seller, delivery shall be complete upon delivery of the Products to Purchaser's designated site, F.O.B. Destination; title to and all risk of loss, damage to or destruction of such Products shall pass to Purchaser upon completion of the installation.

(c) All freight charges and other transportation, packing and insurance costs, license fees, custom duties and other similar charges shall be the sole responsibility of Purchaser unless included in the purchase price or otherwise agreed to in writing by Seller. In the event of any loss or damage to any of the Products during shipment, Seller and Purchaser shall cooperate in making a claim against the carrier.

7. SECURITY INTEREST/FILING

7.1 Purchaser grants to Seller a security interest in the Products (and all accessories and replacements thereto and all proceeds thereof) until payment in full by Purchaser and satisfaction of all other obligations of Purchaser hereunder. Purchaser hereby (i) authorizes Seller to file (and Purchaser shall promptly execute, if requested by Seller) and (ii) irrevocably appoints Seller its agent and attorney-in-fact to execute in the name of Purchaser and file, with such authorities and at such locations as Seller may deem appropriate, any Uniform Commercial Code financing statements with respect to the Products and/or this Agreement. Purchaser further represents and covenants that (a) it will keep the Products in good order and repair until the purchase price has been paid in full, (b) it will promptly pay all taxes and assessments upon the Products or the use thereof, (c) it will not attempt to transfer any interest in the Products until the purchase price has been paid in full, and (d) it is solvent and financially capable of paying the full purchase price for the Products.

8. CHANGES, CANCELLATION, AND RETURN

8.1 Orders accepted by Seller are not subject to change except upon Seller's written agreement.

8.2 Orders accepted by Seller are noncancellable by Purchaser except upon Seller's written consent and payment by Purchaser of a cancellation charge equal to 10% of the price of the affected Products, plus any shipping, insurance, inspection and refurbishment charges; the cost of providing any training, education, site evaluation or other services completed by Seller; and any return, cancellation or restocking fees with respect to any Third Party Products ordered by Seller on behalf of Purchaser. Seller may retain any payments received from Purchaser up to the amount of the cancellation charge. In no event can an order be cancelled by Purchaser or Products be returned to Seller after shipment.

8.3 Seller shall have the right to change the manufacture and/or design of its Products if, in the judgment of Seller, such change does not alter the general function of the Products.

9. FORCE MAJEURE

9.1 Seller shall not be liable for any loss or damage for delay in delivery, inability to install or any other failure to perform due to causes beyond its reasonable control including, but not limited to, acts of government or compliance with any governmental rules or regulations, acts of God or the public, war, civil commotion, blockades, embargoes, calamities, floods, fires, earthquakes, explosions, storms, strikes, lockouts, labor disputes, or unavailability of labor, raw materials, power or supplies. Should such a delay occur, Seller may reasonably extend delivery or production schedules or, at its option, cancel the order in whole or part without liability other than to return any unearned deposit or prepayment.

10. WARRANTY

10.1 Seller warrants that the Products manufactured by Seller and sold hereunder shall be free from defects in material or workmanship under normal use and service for the warranty period. The final assembled Products shall be new although they may include certain used, reworked or refurbished parts and components (e.g., circuit boards) that comply with performance and reliability specifications and controls. Seller's obligation under this warranty is limited, at Seller's option, to the repair or replacement of the Product or any part thereof. Unless otherwise set forth in the Product Warranty attached hereto and incorporated herein by reference, the warranty period shall commence upon the earlier of the date that the Products have been installed in accordance with Section 12.6 hereof (which date shall be confirmed in writing by Seller) or first patient use, and shall continue for 12 consecutive months. Seller makes no warranty for any Products made by persons other than Seller or its affiliates, and Purchaser's sole warranty therefor, if any, is the original manufacturer's warranty, which Seller agrees to pass on to Purchaser, as applicable. The warranty provided by Seller under this Section 10 extends only to the original Purchaser, unless the Purchaser obtains the Seller's prior written consent with respect to any sale or other transfer of the Equipment during the term of the warranty.

10.2 No warranty extended by Seller shall apply to any Products which have been damaged by fire, accident, misuse, abuse, negligence, improper application or alteration or by a force majeure occurrence as described in Section 9 hereof or by the Purchaser's failure to operate the Products in accordance with the manufacturer's instructions or to maintain the recommended operating environment and line conditions; which are defective due to unauthorized attempts to repair, relocate, maintain, service, add to or modify the Products by the Purchaser or any third party or due to the attachment and/or use of non-Seller supplied parts, equipment or software without Seller's prior written approval; which failed due to causes from within non-Seller supplied equipment, parts or software including, but not limited to, problems with the Purchaser's network; or which have been damaged from the use of operating supplies or consumable parts not approved by Seller. In addition, there is no warranty coverage for any transducer or probe failure due to events such as cracking from high impact drops, cable rupture from rolling equipment over the cable, delamination from cleaning with inappropriate solutions, or TEE bite marks. Seller's obligation under this warranty is limited to the repair or replacement, at Seller's option, of defective parts. Seller may effectuate such repair at Purchaser's facility, and Purchaser shall furnish Seller safe and sufficient access for such repair. Repair or replacement may be with parts or products that are new, used or refurbished. Repairs or replacements shall not interrupt, extend or prolong the term of the warranty. Purchaser shall, upon Seller's request, return the noncomplying Product or part to Seller with all transportation charges prepaid, but shall not return any Product or part to Seller without Seller's prior written authorization. Purchaser shall pay Seller its normal charges for service and parts for any inspection, repair or replacement that falls outside the warranty set forth in Section 10.1. Seller's warranty does not apply to consumable materials, disposables, supplies, accessories and collateral equipment, except as specifically stated in writing or as otherwise set

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forth in the Product Warranty attached hereto and incorporated herein by reference, nor to products or parts thereof supplied by Purchaser.

10.3 This warranty is made on condition that immediate written notice of any noncompliance be given to Seller and Seller's inspection reveals that Purchaser's claim is covered under the terms of the warranty (i.e., that the noncompliance is due to traceable defects in original materials and/or workmanship).

10.4 Purchaser shall provide Seller with both on-site and remote access to the Products. The remote access shall be provided through the Purchaser's network as is reasonably necessary for Seller to provide warranty services under this Agreement. Remote access will be established through a broadband internet-based connection to either a Purchaser owned or Seller provided secure end-point. The method of connection will be a Peer-to-Peer VPN IPsec tunnel (non-client based) with specific inbound and outbound port requirements.

10.5 Warranty service will be provided without charge during Seller's regular working hours (8:30-5:00), Monday through Friday, except Seller's recognized holidays. If Purchaser requires that service be performed outside these hours, such service can be made available at an additional charge, at Seller's then current rates. The obligations of Seller described in this section are Seller's only obligations and Purchaser's sole and exclusive remedy for a breach of product warranty.

10.6 SELLER MAKES NO WARRANTY OTHER THAN THE ONE SET FORTH HEREIN AND IN THE ATTACHED PRODUCT WARRANTY COVERING THE APPLICABLE PRODUCT CATEGORY. SUCH WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSES, AND SUCH CONSTITUTES THE ONLY WARRANTY MADE WITH RESPECT TO THE PRODUCTS AND ANY DEFECT, DEFICIENCY OR NONCONFORMITY IN ANY PRODUCT, SERVICE OR OTHER ITEM FURNISHED UNDER THIS AGREEMENT.

10.7 In the event of any inconsistencies between the terms of this Section 10 and the terms of the attached Product Warranty, the terms of the attached Product Warranty shall prevail.

11. LIMITATION OF LIABILITY

11.1 In no event shall Seller's liability hereunder exceed the actual loss or damage sustained by Purchaser, up to the purchase price of the Products. The foregoing limitation of liability shall not apply to claims for bodily injury or damages to real property or tangible personal property to the extent arising from Seller's negligence or a product defect.

11.2 SELLER SHALL NOT BE LIABLE FOR ANY LOSS OF USE, REVENUE OR ANTICIPATED PROFITS; COST OF SUBSTITUTE PRODUCTS OR SERVICES; LOSS OF STORED, TRANSMITTED OR RECORDED DATA; OR FOR ANY INDIRECT, INCIDENTAL, UNFORESEEN, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER THEORY OR FORM OF ACTION, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY THEREOF, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SALE OR USE OF THE PRODUCTS. THE FOREGOING IS A SEPARATE, ESSENTIAL TERM OF THIS AGREEMENT AND SHALL BE EFFECTIVE UPON THE FAILURE OF ANY REMEDY, EXCLUSIVE OR NOT.

12. INSTALLATION- ADDITIONAL CHARGES

12.1 General. Unless otherwise expressly stipulated in writing, the Products covered hereby shall be installed by and at the expense of Seller except that Seller shall not provide rigging or site preparation services unless otherwise agreed to in writing by Seller for an additional charge. Seller will not install accessory items such as cabinets, illuminators, darkroom equipment or processors for X-Ray and CT equipment, unless otherwise agreed to in writing by Seller.

12.2 Installation by Seller. If Seller specifies it will install the Products, the following applies: subject to fulfillment of the obligations set forth in Section 12.4 below, Seller shall install the Products and connect them to the requisite safety switches and power lines to be installed by Purchaser. Except as otherwise specified below, if such installation and connection are performed by Seller's technical personnel, prices shown include the cost thereof, provided that the installation and connection can be performed within the Continental United States or Puerto Rico and during normal business hours. Any overtime charges or other special expenses shall be additional charges to the prices shown.

12.3 Trade Unions. In the event that a trade union, or unions, or other local labor conditions prevent Seller from performing the above work with its own employees or contractors, then Purchaser shall either make all required arrangements with the trade union, or unions, to permit Seller to complete the work or shall provide the personnel, at Purchaser's sole cost and expense.

Moreover, any additional cost incurred by Seller and related to such labor disputes shall be paid by the Purchaser and Seller's obligations under such circumstances will be limited to providing engineering supervision of installation and connection of the Products to existing wiring.

12.4 Purchaser's Obligations. Purchaser shall, at its expense, provide all proper and necessary labor and materials for plumbing service, carpentry work, conduit wiring, and other preparations required for such installation and connection. All such labor and materials shall be completed and available at the time of delivery of the Products by Seller. Additionally, Purchaser shall provide free access to the installation site and, if necessary, safe and secure space thereon for storage of Products and equipment prior to installation by Seller. Purchaser shall be responsible, at its sole cost and expense, for obtaining all permits, licenses and approvals required by any federal, state or local authorities in connection with the installation and operation of the Products, including but not limited to any certificate of need and zoning variances. Purchaser shall provide a suitable environment for the Products and shall ensure, at its sole cost and expense, that its premises are free of asbestos, hazardous conditions and any concealed, unknown or dangerous conditions and that all site requirements are met. Seller shall delay its work until Purchaser has completed the removal of any asbestos or other hazardous materials or has taken any other precautions and completed any other work required by applicable regulations. Purchaser shall reimburse Seller for any increased costs and expenses incurred by Seller that are the result of or are caused by any such delay. In the event that Seller is requested to supervise the installation of the Products, it remains the Purchaser's responsibility to comply with local regulations. Seller is not an architect and all drawings furnished by Seller are not construction drawings.

12.5 Regulatory Reporting. In the event that any regulatory activity is performed by anyone other than Seller's authorized personnel, then Purchaser shall be responsible for fulfilling any and all reporting requirements.

12.6 Completion of Installation. Installation shall be complete upon the conclusion of final calibration and checkout under Seller's standard procedures to verify that the Products meet applicable written performance specifications. Notwithstanding the foregoing, first use of the Products by Purchaser, its agents or employees for any purpose after delivery shall constitute completion of installation.

13. PATENT, COPYRIGHT AND OTHER INFRINGEMENT CLAIMS

13.1 Infringement by Seller. Seller warrants that the Products manufactured by Seller and sold hereunder do not infringe any U.S. patent or copyright. If Purchaser receives a claim that any such Products, or parts thereof, infringe upon the rights of others under any U.S. patent or copyright, Purchaser shall notify Seller immediately in writing. As to all infringement claims relating to Products or parts manufactured by Seller or one of its affiliates:

(a) Purchaser shall give Seller information, assistance and exclusive authority to evaluate, defend and settle such claims.

(b) Seller shall then, at its own expense, defend or settle such claims, procure for Purchaser the right to use the Products, or remove or modify them to avoid infringement. If none of these alternatives is available on terms reasonable to Seller, then Purchaser shall return the Products to Seller and Seller shall refund to Purchaser the purchase price paid by Purchaser less reasonable depreciation for Purchaser's use of the Products. The foregoing states Seller's entire obligation and liability, and Purchaser's sole remedy, for claims of infringement.

13.2 Infringement by Purchaser. If some or all of the Products sold hereunder are made by Seller pursuant to drawings or specifications furnished by Purchaser, or if Purchaser modifies or combines, operates or uses the Products other than as specified by Seller or with any product, data, software, apparatus or program not provided or approved by Seller, then the indemnity obligation of Seller under Section 13.1 shall be null and void and should a claim be made that such Products infringe the rights of any third party under patent, copyright or otherwise, then Purchaser shall indemnify, defend and hold Seller harmless against any liability or expense, including reasonable attorneys' fees, incurred by Seller in connection therewith.

14. DESIGNS AND TRADE SECRETS; LICENSE; CONFIDENTIALITY

14.1 Any drawings, data, designs, software programs or other technical information supplied by Seller to Purchaser in connection with the sale of the Products are not included in the sale of the Products to Purchaser, shall remain Seller's property and shall at all times be held in confidence by Purchaser. Such information shall not be reproduced or disclosed to others without Seller's prior written consent.

14.2 For all goods purchased hereunder which utilize software for their operation, such "Applications Software" shall be licensed to Purchaser under the terms of Seller's Software License Schedule attached hereto.

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14.3 Diagnostic/Maintenance Software is not included under Section 14.2 above, is available only as a special option under a separate Diagnostic Materials License Agreement, and may be subject to a separate licensing fee.

14.4 Seller and Purchaser shall maintain the confidentiality of any information provided or disclosed to the other party relating to the business, customers and/or patients of the disclosing party, as well as this Agreement and its terms (including the pricing and other financial terms under which the Purchaser will be purchasing the Products). Each party shall use reasonable care to protect the confidentiality of the information disclosed, but no less than the degree of care it would use to protect its own confidential information, and shall only disclose the other party's confidential information to its employees and agents having a need to know this information. The obligations of confidentiality set forth herein shall not apply to any information in the public domain at the time of disclosure or that is required to be disclosed by court order or by law.

15. ENGINEERING CHANGES

15.1 Seller makes no representation that engineering changes which may be announced in the future will be suitable for use on, or in connection with, the Products.

16. ASSIGNMENT

16.1 Neither party may assign any rights or obligations under this Agreement without the prior written consent of the other and any attempt to do so shall be void, except that Seller may assign this Agreement without consent to any subsidiary or affiliated company, and may delegate to authorized subcontractors or service suppliers any work to be performed under this Agreement so long as Seller remains liable for the performance of its obligations under this Agreement. This Agreement shall inure to and be binding upon the parties and their respective successors, permitted assigns and legal representatives. Seller shall have no obligations under this Agreement to any assignee of Purchaser that is not approved by Seller in advance.

17. COSTS AND FEES

17.1 In the event that any dispute or difference is brought arising from or relating to this Agreement or the breach, termination or validity thereof, the prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees incurred, together with such other expenses, costs and disbursements as may be allowed by law.

18. MODIFICATION

18.1 This Agreement may not be changed, modified or amended except in writing signed by duly authorized representatives of the parties.

19. GOVERNING LAW; WAIVER OF JURY TRIAL

19.1 This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

19.2 EACH OF THE PARTIES EXPRESSLY WAIVES ALL RIGHTS TO A JURY TRIAL IN CONNECTION WITH ANY DISPUTE UNDER THIS AGREEMENT.

20. COST REPORTING

20.1 Purchaser agrees that it will fully and accurately account for and report in all cost reports and otherwise fully and accurately disclose to federal and state health care program payors and fully and accurately reflect where and as appropriate to the applicable reimbursement methodology, all services and other items, including any and all discounts, received from Seller under this Agreement, in compliance with all applicable laws, rules and regulations, including but not limited to the Social Security Act and implementing regulations relating to Medicare, Medicaid and other federal and state health care reimbursement programs.

21. INTEGRATION

21.1 These terms and conditions, including any attachments or other documents incorporated by reference herein, constitute the entire agreement and the complete and exclusive statement of agreement with respect to the subject matter hereof, and supersede any and all prior agreements, understandings and communications between the parties with respect to the Products.

22. SEVERABILITY; HEADINGS

22.1 No provision of this Agreement which may be deemed unenforceable will in any way invalidate any other portion or provision of this Agreement. Section headings are for convenience only and will have no substantive effect.

23. WAIVER

23.1 No failure and no delay in exercising, on the part of any party, any right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right preclude the further exercise of any other right.

24. NOTICES

24.1 Any notice or other communication under this Agreement shall be deemed properly given if given in writing and delivered in person or mailed, properly addressed and stamped with the required postage, to the intended recipient at its address specified on the face hereof. Either party may from time to time change such address by giving the other party notice of such change in accordance with this section.

25. RIGHTS CUMULATIVE

25.1 The rights and remedies afforded to Seller under this Agreement are in addition to, and do not in anyway limit, any other rights or remedies afforded to Seller by any other agreement, by law or otherwise.

26. END USER CERTIFICATION

26.1 Purchaser represents, warrants and covenants that it is acquiring the Products for its own end use and not for reselling, leasing or transferring to a third party (except for lease-back financings).

03/2012 Rev

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Software License Schedule to the Siemens Medical Solutions USA, Inc. General Terms and Conditions

1. DEFINITIONS: The following definitions apply to this Schedule:

"Agreement" shall mean the attached (i) Quotation for Products and/or Services including the Terms and Conditions of Sale and applicable schedules; and/or (ii) Software License Agreement describing the software licensed herein and the specific system for which the license is issued.

"Licensor" shall mean Siemens Medical Solutions USA, Inc.

"Licensee" shall mean the end-user to whom Licensor provides Software or Documentation for its internal use under the Agreement.

"Software" shall mean the software described in the attached Agreement, including the following as contained therein: (i) software programs consisting of a series of statements or instructions to be used directly or indirectly in a programmable controller or computer to bring about a certain result and (ii) databases consisting of systemized collections of data to be used or referenced directly or indirectly by a programmed controller or computer. Notwithstanding the foregoing, "Software" does not include "firmware" as such term is conventionally understood. Diagnostic/Maintenance Software also is not included within the scope of the Software licensed under this Schedule, and is available only as a special option under a separate Diagnostic Materials License Agreement and may be subject to a separate licensing fee.

"Documentation" shall mean the documents and other supporting materials which are intended to support the use of an associated product, including (but not limited to) instructions, descriptions, flow charts, logic diagrams and listings of the Software, in text or graphic form, on machine readable or printed media.

"Designated Unit" shall mean a single control unit or computer identified on the first page of the Agreement, on which Software licensed hereunder may be used by Licensee.

2. SCOPE: The following terms and conditions shall apply to all Software and Documentation provided by Licensor to Licensee under the Agreement (whether included with other products listed in the Agreement or listed separately in the Agreement), together with any updates or revisions thereto which Licensor may provide to Licensee, and all copies thereof, except any Software and/or Documentation licensed directly by Licensor's supplier under a separate end-user license agreement accompanying the Software or the Documentation, in which case Licensee agrees to be bound by that license agreement as a condition to using the Software and/or Documentation. Except as expressly provided herein, and provided that in no event shall the warranties or other obligations of Licensor with respect to such Software or Documentation exceed those set forth in this Schedule, this Schedule shall be subject to the liability limitations and exclusions and other terms and conditions set forth in the Agreement. ANY USE OF THE SOFTWARE, INCLUDING BUT NOT LIMITED TO USE ON THE DESIGNATED UNIT, WILL CONSTITUTE LICENSEE'S AGREEMENT TO THIS SOFTWARE LICENSE SCHEDULE (OR RATIFICATION OF ANY PREVIOUS CONSENT).

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(c) The Software may contain support for programs written in Java. Java technology is not fault tolerant and is not designed, manufactured, or intended for use or resale as online control equipment in hazardous environments requiring fail-safe performance, such as in the operation of nuclear facilities, aircraft navigation or communication systems, air traffic control, direct life support machines, or weapons systems, in which the failure of Java technology could lead directly to death, personal injury, or severe physical or environmental damage. Sun Microsystems, Inc. has contractually obligated Licensor's supplier to make this disclaimer.

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TRADE-IN EQUIPMENT REQUIREMENTS

THE FOLLOWING APPLIES ONLY TO THE EXTENT THAT THE QUOTATION INCLUDES AN EQUIPMENT TRADE-IN. THESE REQUIREMENTS ARE IN ADDITION TO ANY OTHER REFERENCED TERMS AND CONDITIONS ON THE QUOTATION AND SHALL REMAIN IN EFFECT REGARDLESS OF ANY CONTRARY LANGUAGE IN THE QUOTATION.

This Quotation includes the trade-in equipment described herein and referenced by either the Project Number identified in the Quotation hereof (non-Ultrasound) or the Trade Allowance Part Number (Ultrasound) as further described in the associated Trade Sheet which is incorporated herein by reference. Purchaser certifies that the description of the trade-in equipment as set forth on the Trade Sheet is a true and accurate representation of the equipment, and that the equipment is in good working condition unless otherwise noted on the Trade Sheet.

The trade-in equipment must be made available for removal no later than turnover of the new equipment. Purchaser must vacate the room of all items not listed on the Trade Sheet, or otherwise clearly identify all items listed on the Trade Sheet, prior to the start of the de-installation. If this is not done, Seller will have no liability for items which are subsequently removed or scrapped. If the de-installation or return of the trade-in equipment is delayed by Purchaser for reasons other than a force majeure event, or if upon inspection by Seller it is determined that the equipment does not meet the manufacturer's operating specifications, or if any items listed as included on the Trade Sheet are not made available at the time of de-installation, then trade-in value will be re-evaluated and any loss in value or additional costs incurred by Seller shall be deducted from the established trade-in value and the pricing set forth on this Quotation will be adjusted by change order. In the event that access to the trade-in equipment is denied past 14 days post-turnover, then Purchaser shall pay to Seller a rental fee in the amount 10% of the total trade-in value plus any additional value provided by an Elevate/Promotional program included in this Quotation (no less than \$1000) for each month, or part thereof, that access is denied. In addition, if the purchase and installation of the new equipment covered by this Quotation is not completed, then Seller shall invoice Purchaser for all costs and expenses incurred by Seller in connection with the de-installation and removal of the trade-in equipment, including but not limited to labor, materials, rigging out, and transportation, which costs shall be paid by Purchaser within thirty (30) days of the invoice date.

Purchaser further acknowledges and agrees that (i) the trade-in equipment will be free and clear of all liens and encumbrances including, but not limited to, unpaid leases and loans, and that upon request, it will execute a bill of sale or other documents reasonably satisfactory to Siemens to transfer title and ownership of the equipment to Seller, (ii) it is Purchaser's sole responsibility to delete all protected health information and any other confidential information from the equipment prior to de-installation, without damaging or cannibalizing the equipment or otherwise affecting the operation of the equipment in accordance with its specifications, (iii) the equipment, including all updates, upgrades, modifications, enhancements, revisions, software, SAV disks and manuals, shall be returned to Siemens in good operating condition, reasonable wear and tear excepted, and (iv) to the extent not prohibited by applicable law, Purchaser shall indemnify and hold Seller harmless from and against any and all claims, demands, causes of action, damages, liability, costs and expenses (including reasonable attorney's fees) resulting or arising from Purchaser's failure to comply with item (i) above.

FOR MR SYSTEMS: cryogen levels must be least 75% upon time of de-installation. FOR MOBILE SYSTEMS: system must be road worthy and a state issued title transferring ownership to Seller must be received by Seller prior to the removal of the mobile system. FOR MODALITY TRADE SYSTEMS (non-Ultrasound): The trade-in equipment must be available for inspection within two weeks of the scheduled de-installation date. In addition, Purchaser must provide a clear path for the removal of the trade-in equipment. Any additional costs due to the need to use a larger rig (other than a standard 80 ton rig), as well as any construction activities, street closings, permits, etc., required to de-install/remove the equipment are out-of-scope costs and will be the responsibility of Purchaser.

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SP Warranty Information

<u>Product</u> (New Systems and "Proven Excellence" Refurbished Systems Only)	<u>Period of Warranty</u> ¹	<u>Coverage</u>	
X-Ray System (not including Shockwave components and consumables)	12 month	Full Warranty (parts & labor)	
<u>Following parts will include warranty as listed below:</u>			
Image Intensifier Tubes (Sirecon, Optilux)	First 12 months Month 13 through 24	Prorated credit given to customer against replacement cost, parts only	credit percentage = (24- month in use)/24*100
Flat Panel Detectors	First 12 months Month 13 through 36	Prorated credit given to customer against replacement cost	credit percentage = (36- month in use)/36*100
General Diagnostic tubes (Opti tubes, Optilop tubes)	12 month		
Mammography tubes (P40/49)	12 month		
Single tank x-ray tubes Polyphos, Mobilett (P125 - P135)	12 month		
All other tubes & Control Triodes for Generators	Prorated to a maximum of 12 months	Prorated credit given to customer against replacement cost	credit percentage = (12- month in use)/12*100
Single tank x-ray tubes Sirephos (SR)	Full credit up to a maximum of 40,000 SLU ² or 12 month whichever occurs first		
Single tank x-ray tubes Powerphos	Prorated to a maximum of 80,000 SLU ² or 12 month whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (80,000 - SLU used) / 80,000*100
TV Camera tubes (exposure tubes) and cathode-ray tubes (CRT)	12 month		
Shockwave head (Standard)	150,000 LS		
Shockwave head C	300,000 LS		
Shock generator and spark-gap module	400,000 LS		
Shockwave module and ultrasound probe included in shockwave system	300,000 LS		
Shock Head, C Plus system Part# 70 41 358	1,500,000 LS or 12 month whichever occurs first		

(continued on next page)

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Detailed Technical Specifications

MULTIX TOP / VERTIX Solitaire

Part No. / Product	Description
04483652 MULTIX TOP ACSS	<p>System configuration MULTIX TOP ACSS is a universal radiographic workplace with a catapult Bucky as radiographic system.</p> <p>It is especially suited for acquisitions of skeletal radiography of the recumbent and seated patient:</p> <ul style="list-style-type: none"> - orthopedic diagnostics - Trauma, General and ER diagnostics - thorax diagnostics - Bedside exposures <p>Patients up to 190 cm in body height can be radiographed from head to toe without repositioning.</p> <p>The system is used as a universal radiographic workplace mostly in offices or X-ray departments of hospitals with a high patient throughput and standardized radiographic exposure technology.</p> <p>MULTIX TOP in its basic configuration consists of a floor-mounted patient table with motorized height adjustment, floating tabletop, and a catapult Bucky, as well as a ceiling-mounted tube assembly support movable in all three spatial axes, with tube assembly and multileaf collimator.</p> <p>Patient positioning table The ceiling-mounted tube assembly support allows free access to the patient table and the patient from all sides.</p> <ul style="list-style-type: none"> - Height adjustment of the patient table by 29 cm (± 0.5 cm), between 59.8 cm and 88.8 cm. <p>Patient tabletop: The floating tabletop mounted symmetrically on the foot of the patient positioning table can be moved in the longitudinal direction by ± 48 cm and in the transverse direction by ± 14 cm.</p> <ul style="list-style-type: none"> - Patient positioning tabletop with smooth accessory rails and permanent brakes released electromagnetically, 80 cm wide and 240 cm long, made of composite material with radiation absorption of ≤ 0.7 mm Al (at 100 kV / 3.7 mm Al HVL; EC 60601-1-3). - Tabletop load: 227 kg / 500 lbs. in defined normal position. <p>Catapult Bucky The catapult Bucky symmetrically positioned underneath the patient positioning tabletop has a longitudinal moving range of 61 cm: in foot direction 28 cm, in head direction 33 cm.</p> <p>The catapult Bucky includes:</p> <ul style="list-style-type: none"> - Device for symmetric positioning of cassettes with film-transparency system or storage phosphor screens. For cassette formats according to IEC, DIN and ANSI from 13 cm x 18 cm (5" x 7") to 35 cm x 43 cm (14" x 17"), horizontal and vertical. - IONTOMAT three-field chamber for automatic exposure control. - Table-film distance ≤ 5.3 cm (± 0.2 cm). - Moving transparent grid; Pb 12/40 (grid ratio 12:1, 40 lines/cm). Grid focusing for SID 115 cm. For pediatric acquisitions the grid can be removed from the beam projection. <p>Control elements at the patient positioning table:</p> <ul style="list-style-type: none"> - Height adjustment, release and locking of the floating tabletop are done via vertically arranged foot kick switches that can be customized at the time of installation by service staff. This helps to prevent accidental operation by patients or accompanying persons. - EMERGENCY STOP at the front of the patient positioning table with optical display. <p>Option:</p>

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Part No. / Product	Description
<p>(Continued) 04483652 MULTIX TOP ACSS</p>	<ul style="list-style-type: none"> - Manual switch at the accessory rails of the patient positioning tabletop to release brakes in longitudinal and/or in the transverse direction and to operate table lift. - Foot-operated switch for height adjustment - Foot-operated switch for longitudinal and transverse tabletop movement - Collision protection: With collision protection the travel range in longitudinal direction is 58 cm (± 2 cm); in foot-direction 30 cm, in head direction 28 cm. <p>Accessories Scope of delivery:</p> <ul style="list-style-type: none"> - Two handgrips for insertion into the accessory rails of the patient positioning tabletop. <p>Optional:</p> <ul style="list-style-type: none"> - Compression belt. - Cassette holder for lateral acquisitions. <p>Tube assembly support Ceiling-mounted tube assembly support, adjustable in three spatial axes, with tube assembly and multileaf collimator for vertical, oblique, horizontal, and lateral acquisitions:</p> <ul style="list-style-type: none"> - Travel range of the tube assembly support in patient longitudinal direction is 354 cm and 222 cm in the transverse direction (optional 322 cm). Support with freely positionable locks, e.g. center position locks. - Longitudinal and transverse adjustments of the tube assembly support can be done manually. - Vertical lift of the tube assembly - multileaf collimator unit 150 cm. - Focus-ceiling distance min. 87.4 cm. <p>The X-ray tube assembly with multileaf collimator is swivable manually around the vertical axis of the tube support, e.g. for free bedside acquisitions, and around the horizontal axis for oblique and lateral acquisition or acquisitions on a Bucky wall unit (option): Between $+154^\circ$ and -182° around the vertical axis of the tube assembly support. Lock-in positions at 0°, $\pm 90^\circ$, and -180°. $\pm 120^\circ$ around the horizontal axis of the tube assembly support arm. Detents at 0° and $\pm 90^\circ$.</p> <p>Multileaf collimator: Rectangular collimation with full field and laser line light localizer for optical display of the collimated exposure format.</p> <ul style="list-style-type: none"> - Exposure format collimation is done by ACSS automatic format collimation, i.e. through automatic collimation of the selected film format. Collimation can be manually adjusted smaller at the multileaf collimator by means of two dials. - Multileaf collimator rotatable by $\pm 45^\circ$ around the center beam axis, e.g. for correct positioning of objects. - To improve radiation quality through dose reduction of the soft radiation parts, Cu filters (0.1 mm Cu; 0.2 mm Cu and 0.3 mm Cu) can be inserted via motor into the primary beam projection. - Option: A measuring chamber for the dose area product can be integrated into the multileaf collimator. <p>Controls and displays on the tube assembly support:</p> <ul style="list-style-type: none"> - Longitudinal and transverse adjustments of the tube assembly position can be done manually with handgrips symmetrically attached at the tube assembly. - By means of these handgrips the tube assembly with multileaf collimator can be manually rotated into the desired acquisition positions. - Digital SID display with vertical and horizontal beam projection. Outside of the vertical and horizontal beam projection automatic switch-over to digital angle display. Display at the control panel of the tube assembly support arm. <p>The following functions can be set manually at the multileaf collimator:</p> <ul style="list-style-type: none"> - Switch-on of full-field and laser line light localizer for optical indication of the collimated exposure format. Light localizers with timer. - Insertion of Cu prefilters into the beam projection.

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Part No. / Product	Description
<p>(Continued) 04483652 MULTIX TOP ACSS</p>	<p>Displays at the multileaf collimator:</p> <ul style="list-style-type: none"> - Collimation size of the acquisition field - Text display of the currently inserted Cu filters at the multileaf collimator. <p>Optional accessories for the multileaf collimator:</p> <ul style="list-style-type: none"> - For density compensation for acquisitions in the areas of the pelvis, foot, shoulder, thoracic spine, lumbar spine or the skull, homogenizing filters can be inserted into the accessory rails of the multileaf collimator, if required.
<p>04415084 Vertix TOP Left</p>	<p>System configuration The VERTIX TOP Bucky wall unit is a floor-mounted, stand-alone or wall-mountable Bucky stand with a height-adjustable and tiltable catapult Bucky as image acquisition system.</p> <p>It is especially suited for acquisitions of skeletal radiography:</p> <ul style="list-style-type: none"> - orthopedic diagnostics - Thorax and general diagnostics. - Trauma and ER diagnostics. <p>With this Bucky wall unit, more profound diagnostic requirements are met for acquisitions of the thorax, abdomen, pelvis, spine, skull and extremities.</p> <p>The basic configuration of VERTIX TOP consists of a radiography stand with a vertically positioned and tiltable catapult Bucky for horizontal, oblique or lateral patient acquisitions. The additional tilting range of the catapult Bucky extends the diagnostically relevant acquisition projections.</p> <ul style="list-style-type: none"> - Vertical height adjustment of the counter-balanced, easily movable catapult Bucky 61 inches/155 cm: between 14 inches/35 cm and 75 inches/190 cm (± 0.8 inches/± 2 cm), cassette center above floor. - Tilting range between 0° and +90°, and up to -20° continuously around the horizontal axis; lock-in position at 0°. - TOP centering of the cassette for thoracic exposures is also possible. <p>Option Servo-tracking: When servo tracking is selected, the ceiling support automatically follows the height adjustment of the cassette Bucky cabinet. Prerequisite: Basic system MULTIX TOP ACSS-N/TOP P-ACSS-N (with automatic format collimation ACSS and servo tracking).</p> <p>Catapult Bucky The single-hand operation catapult Bucky includes a IONTOMAT three-field chamber for automatic exposure control (incl. three-field templates) and a device for symmetric positioning of cassettes with film transparency systems or storage phosphor screens.</p> <ul style="list-style-type: none"> - For cassette formats acc. to IEC, DIN and ANSI from 5" x 7" (13 cm x 18 cm) to 14" x 17" (35 cm x 43 cm), vertical and horizontal. - Front plate - film distance ≤ 42 mm. - Radiation absorption of the front plate ≤ 0.55 mm Al. - A moving, exchangeable transparent grid for scattered radiation reduction; Pb 13/70. Optionally for SID 115 cm and/or 150 cm and/or 180 cm. For pediatric acquisitions the grid can be removed from the beam projection. Grid: see further down in the offer. <p>Accessories included in the scope of delivery</p> <ul style="list-style-type: none"> - Overhead handle swivelling around horizontal axis for optimum positioning of patient for lateral exposures. - Lateral patient handles for optimum patient positioning, e.g. during PA thorax exposures. <p>Optional accessories</p> <ul style="list-style-type: none"> - Babix holders and covers for infant exposures. - Compression belt to secure patient.

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Part No. / Product	Description
08860970 Lateral Cassette holder, rail mtd.	The cassette holder includes a clamping device that fastens to the accessory rails at the side of the tabletop. The cassette is clamped to the tabletop in upright position and moves with the system. It can be adjusted in height and any angle referring to the longitudinal axis of the table. For cassette sizes acc. to IEC, DIN and ANSI from 13 cm x 18 cm (5 inches x 7 inches) to 35 cm x 35 cm (14 inches x 14 inches), vertical and horizontal, 35 cm x 43 cm (14 inches x 17 inches) horizontal only.
04490210 POLYDOROS IT65 & Tube for MX	<p>X-ray generator POLYDOROS IT 65 High-frequency X-ray generator with multipulse voltage waveform for diagnostic acquisition procedures at workplaces without FL function. The multi-pulse voltage waveform enables high data accuracy, precise reproducibility and short exposure times.</p> <ul style="list-style-type: none"> - Multi-processor system for organ programs. - Free selection of radiographic parameters. - Electronic generator control during exposure. - Tube load computer with acoustic alarm and interval display. - Integrated automatic exposure control. <p>Generator control console for table and wall design for free and optionally programmed acquisition technique.</p> <p>Rating:</p> <ul style="list-style-type: none"> - 65 kW at 100 kV acc. to IEC 601-2-7. max. 650 mA at 60 kV 650 mA at 100 kV 520 mA at 125 kV 433 mA at 150 kV - Tube voltage: between 40 kV and 150 kV, adjustable in 25 increments (in whole exposure points) or 49 (in half exposure points). - mAs product: from 0.5 mAs to 800 mAs, adjustable in 33 increments (in whole exposure points) or in 65 increments (in half exposure points). <p>Acquisition technology:</p> <ul style="list-style-type: none"> - Automatic acquisition technology with IONTOMAT PL. - 1-point-technique with continuously falling load (mAs display for 1-point-technique). - 2-point technique with constant load. - 3-point technique with constant load (with touchscreen control console only). <p>Acquisition times:</p> <ul style="list-style-type: none"> - 1-point technique: 1 ms to 5 s with mAs display. - 2-point technique: 3 ms to 5 s depending on mAs and kV. - 3-point technique: 20 ms to 5 s depending on mAs and kV. <p>Tomography: Five (5) tomographic time – tomographic angle combinations (only if the 'tomography' function is available at the MULTIX radiography system).</p> <p>Workplaces:</p> <ul style="list-style-type: none"> - max. 4 selectable workplaces (exposure table, Bucky wall unit, tomography and free acquisition). - One (1) dual focus X-ray tube assembly can be connected. <p>Power connection: 3 phase current: 400 V (-15, +10%); 50/60 Hz. Option: 440/480 V (with pre-transformer).</p> <p>X-ray tube assembly OPTITOP 150/40/80 HC-100 Single track dual focus rotating anode tube with compound anode (rhenium-tungsten, molybdenum, graphite), with high heat storage capacity and high load capacity for small focal spots. Integrated thermal monitoring device and overpressure security device in the X-ray protection housing.</p> <ul style="list-style-type: none"> - 150 kV nominal voltage acc. to IEC 613. - Nominal power (focal spot nominal values acc. to IEC 336). 40 kW: small focus 0.6 80 kW: large focus 1.0 - Anode speed ≥8,500 r/min. Anode angle 12°. - Heat storage capacity of the anode 580 kJ (783 kWhU) acc. to IEC 613. - Overall filtration (IEC 601-1-3) 2.5 mm Al.

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Part No. / Product	Description
04483744 IT Touchscreen control console	Workplace selection is integrated in the organ programs. Organ programs can be selected via displayed body regions. <ul style="list-style-type: none"> - 1,680 possible organ programs with optional tomo. - 1,260 possible organ programs without optional tomo. Tube load computer with radiation interval display. External manual exposure triggering.
K1876721 Directview Classic S Bundle	Product Description: Low-volume sites where default image processing settings are typically used. Mammography upgrades (which are not available in the US) are not applicable for this bundle. Includes: <ul style="list-style-type: none"> - Directview Classic CR system - Directview Waive Console with: - 1.8 GHZ Duo Core PC, 2GB RAM, Keyboard, Mouse, 17" Flat Panel Monitor, Directview V5:1 Software includes Dash - Kodak Image Processing Software - Multi exposure Processing Software - Dicom Print Software - IHE consistent presentation of images Software - Dicom Storage Service - Dicom Modality Worklist Management Software - Directview Black Surround Masking Software - Directview Low Exposure Optimization Software - Directview Grid Detection and Suppression Software - Directview Classic and Elite CR system, Power cord for US&C Hospital Grade - Two (2) Directview CR cassettes with PQ Screens – 35x43 cm - Two (2) Directview CR cassettes with PQ Screens – 24x30 cm - Installation - Applications training: CHS training includes: Self instruction CD, 1 Hour training with Field Service Engineer, Eight (8) Hours of onsite Applications training - One (1) Year Warranty
K1052968 Classic and Elite Floor stand w cass hldr	Kodak DirectView Classic and Elite CR Systems / Floor Stand with Cassette Holder
K1371756 Classic and Elite Keyboard and tray	Kodak DirectView Classic and Elite CR Systems / Keyboard and Tray for Floor Stand
K1518620 Classic and Elite Barcode Reader	Barcode Reader Classic/Elite for Floor/Wall with keyboard
RMSSW Remote Management Services SW	Customer needs to accept through written form RMS and agrees to provide and Internet connection with outbound communication capability for these products to initiate RMS procedures. Carestream will install the service without charge to the customer for applicable products.
K8864811 DirectView CRCassette/PQ/24x30cm/Rig.Scr	Lightweight cassette & screen for the Carestream DirectView CR Cassette / PQ / 24x30cm / Rigid Screen

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Part No. / Product	Description
IGVIEWER1 Radiology Web Viewer 1 Concurrent User	<p>Candelis has expanded the capabilities of its ImageGrid Appliance with the addition of an enhanced ImageGrid™ Radiology Web Viewer (IG Viewer) designed for general radiology applications. IG Viewer is ideal for viewing MRI, CT, CR/DR and Ultrasound studies in a multi-modality and multi-physician environment.</p> <p>As a web-enabled application residing on the ImageGrid appliance, the web viewer allows radiologists to view studies from any workstation on a Local Area Network, Wide Area Network or remote workstations via a Virtual Private Network connection.</p> <p>IG Viewer also enables imaging facilities to securely share medical data and images with their network of referring physicians and other remote-location users.</p> <p>ImageGrid Web Viewer features include:</p> <ul style="list-style-type: none"> - Multiple concurrent user access - Radiologist worklist - Full range of Query/Retrieve capabilities - Viewing multiple studies side by side - Fast retrieval of multi-gigabyte studies for viewing - Customizable pre-fetching of relevant priors - Advanced layout management capabilities (customizable layout and series positioning) - Complete image processing and viewing tools <ul style="list-style-type: none"> - Cine Tool with adjustable speed to view images in succession in loop or shuffle mode - Synchronized pan, rotation, mirror and zoom tools - Probe tools for Hounsfield unit values - Annotations: <ul style="list-style-type: none"> - Add, edit and move annotations - Multiple annotation types - Measurement tools to measure distance, area and angle - Handling of presentation states - Reference (scout) lines - Support for Presentation States (GSPS and CPS) - Import tool: Import studies and reconcile patient data prior to archiving on ImageGrid PACS - View reports that have been converted to DICOM - Ability to open local studies (Local studies referenced by a DICOMDIR file) - DICOM Printing - Export functions - DICOM to JPEG <p>The Radiology Web Viewer is offered with 1, 5, 10 Concurrent user(s).</p> <p>One year warranty through Candelis. Installation and applications is NOT included and is quoted separately.</p>
IGDISGS220CLPBK 2 MP Medical Grade Display-Grayscale	<p>One 2 MP Medical Grade Display - Grayscale. The 2MP monochrome monitor provides remote quality control with a built-in swing sensor. Five year warranty.</p>
IGFX3700PCIE Graphics card	<p>Graphics Card for 5 MP Grayscale, 3 MP Grayscale and 3 MP Color monitors. Used with Eizo monitors for Candelis.</p>
IGDISRADICSUX1 Eizo Calibration Software and Puck	<p>One License of Calibration Software for Eizo Medical Grade Displays and a puck for calibration.</p>
IGRIDINSTALL01 1day On-site Install training HW SW	<p>1-day on-site Installation of ImageGrid Hardware and on-site Configuration of Software with Customer Modalities and Workstations. Includes on-site training of customer on ImageGrid Software and Administration.</p>

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Part No. / Product	Description
<p><i>(Continued)</i> IGRIDINSTALL01 1day On-site Install training HW SW</p>	<p>The installation of an ImageGrid as well as training of relevant personnel of the customer requires one full day (8AM to 5 PM).</p>
<p>IGRIDINSTALL02 Extra Day On-site Install training HW SW</p>	<p>Extra day on-site Installation of ImageGrid Hardware and on-site Configuration of Software with Customer Modalities and Workstations. Includes on-site training of customer on ImageGrid Software and Administration.</p>
<p>04490228 POLYDOROS IT80 & Tube for MX (Alternate)</p>	<p>X-ray generator POLYDOROS IT 80 High-frequency X-ray generator with multipulse voltage waveform for diagnostic acquisition procedures at workplaces without FL function. The multi-pulse voltage waveform enables high data accuracy, precise reproducibility and short exposure times.</p> <ul style="list-style-type: none"> - Multi-processor system for organ programs. - Free selection of radiographic parameters. - Electronic generator control during exposure. - Tube load computer with acoustic alarm and interval display. - Integrated automatic exposure control. <p>Generator control console for table and wall design for free and optionally programmed acquisition technique.</p> <p>Rating:</p> <ul style="list-style-type: none"> - 80 kW at 100 kV acc. to IEC 601-2-7. max. 800 mA at 60 kV 800 mA at 100 kV 640 mA at 125 kV 433 mA at 150 kV - Tube voltage: between 40 kV and 150 kV, adjustable in 25 increments (in whole exposure points) or 49 (in half exposure points). - mAs product: from 0.5 mAs to 800 mAs, adjustable in 33 increments (in whole exposure points) or in 65 increments (in half exposure points). <p>Acquisition technology:</p> <ul style="list-style-type: none"> - Automatic acquisition technology with JONTOMAT PL. - 1-point-technique with continuously falling load (mAs display for 1-point-technique). - 2-point technique with constant load. - 3-point technique with constant load (with touchscreen control console only). <p>Acquisition times:</p> <ul style="list-style-type: none"> - 1-point technique: 1 ms to 5 s with mAs display. - 2-point technique: 3 ms to 5 s depending on mAs and kV. - 3-point technique: 20 ms to 5 s depending on mAs and kV. <p>Tomography:</p> <p>Five (5) tomographic time – tomographic angle combinations (only if the 'tomography' function is available at the MULTIX radiography system).</p> <p>Workplaces:</p> <ul style="list-style-type: none"> - max. 4 selectable workplaces (exposure table, Bucky wall unit, tomography and free acquisition). - One (1) dual focus X-ray tube assembly can be connected. <p>Power connection: 3 phase current: 400 V (-15, +10%); 50/60 Hz. Option: 440/480 V (with pre-transformer).</p> <p>X-ray tube assembly OPTITOP 150/40/80 HC-100 Single track dual focus rotating anode tube with compound anode (rhenium-tungsten, molybdenum, graphite), with high heat storage capacity and high load capacity for small focal spots. Integrated thermal monitoring device and overpressure security device in the X-ray protection housing.</p> <ul style="list-style-type: none"> - 150 kV nominal voltage acc. to IEC 613. - Nominal power (focal spot nominal values acc. to IEC 336). 40 kW: small focus 0.6 80 kW: large focus 1.0

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Part No. / Product	Description
<i>(Continued)</i> 04490228 POLYDOROS IT80 & Tube for MX (Alternate)	<ul style="list-style-type: none">- Anode speed $\geq 8,500$ r/min. Anode angle 12°.- Heat storage capacity of the anode 580 kJ (783 kWh) acc. to IEC 613.- Overall filtration (IEC 601-1-3) 2.5 mm Al.

MEMORANDUM

Date: August 12, 2013

From: Herble Hames

Re: Estimated Additional Construction Costs

RPA Design and Vannoy Construction have estimated that the additional construction costs required to upfit the 344 square foot x-ray room located in the physician office space will be approximately \$24,000 or approximately \$70 per square foot. This estimate is for the additional mechanical, electrical, structural, and wall and door shielding required for the single x-ray unit.



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

July 17, 2013

Susan Fradenburg
300 North Greene Street, Suite 1400
Greensboro, NC 27401

RE: Inquiry / Watauga Medical Center / Develop a Physician Office Building / Watauga County
FID #: 933533

Dear Ms. Fradenburg:

On June 11, 2013, the CON Section sent a letter to your office, which read in part:

"Please provide the following information to the CON Section no later than June 26, 2013:

- 1. Cost estimates for all medical diagnostic equipment that will be utilized in the proposed physician office building. In determining the cost estimates, please include "...the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the equipment..."*
- 2. The square footage for each room where medical diagnostic equipment will be located.*
- 3. The total square footage for the physician office building.*
- 4. A certified cost estimate from an architect and engineer for the physician office building."*

The CON Section received a letter on June 27, 2013 from your office. The June 27, 2013 letter included a certified cost estimate from an architect and engineer for the physician office building; the square footage for each room where medical diagnostic equipment will be located; and the total square footage for the physician office building. The letter of June 27, 2013 did not contain cost estimates for all medical diagnostic equipment that will be utilized in the proposed physician office building.

Please provide a cost estimate for each unit of medical diagnostic equipment that will be utilized in the proposed physician office building. In determining the cost estimate, please include *"...the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the equipment..."* Please provide the preceding information to the CON Section no later than August 10, 2013.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Julie Halatek, Project Analyst

cc: Construction Section, DHHSR



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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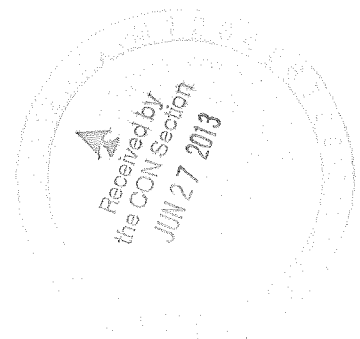




SMITH MOORE LEATHERWOOD

Julie

June 26, 2013



Via E-Mail and U.S. Mail

Julie Halatek
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: Watauga Medical Center's Physician Office Building

Dear Julie:

Pursuant to your letter of June 11, 2013, I wanted to confirm that there has not been any material change in the proposed physician office building from the plans submitted in 2011 which would now render this building a new institutional health service. As set forth in the updated attached plan, the X-ray room has now been labeled an imaging room and the treatment room is now labeled a procedure room. See Ex. A. However, it remains Watauga Medical Center's plan to use this space to provide a convenient office and exam space for physicians who have patients in the new post-acute care center. The addition of pharmacy space in the building does not change this original plan or purpose.

As noted in our letter of June 28, 2011, while a basic X-ray machine may be purchased as a convenience to assist physicians in their examination of patients, no equipment identified in 131E-176(16)(f1) will be purchased. The cost of any equipment will be well below \$750,000 and will not trigger the major medical equipment definition. Additionally, the cost of any equipment over \$10,000, including the cost of the equipment and the cost of studies, surveys, designs, plans, working drawings, specification, construction, installation and other activities essential to acquiring and making the equipment operational, will not exceed \$500,000.

The imaging equipment that is anticipated to be used in the physician office building continues to be a basic X-ray machine. The room labeled "EQUIP" on the 2013 construction documents is not for medical equipment but rather for additional electric equipment such as HVAC units or mechanical equipment. Blowing Rock understands that this no review request does not address the impact of the purchase of other equipment in the future which may be valued at more than \$10,000 and which could have a total cost of more than \$500,000.

Julie Halatek
June 26, 2013
Page 2

The physician office building as set forth in the construction documents received in 2013, including the clinic and the pharmacy, will be approximately 6,000 square feet. The current estimated cost for the physician office building, including the clinic and pharmacy space remains around \$1 million, consistent with our June 16, 2011 certified cost estimate. We have included with this letter an updated certified cost estimate noting the cost of the 6,000 square foot physician office building shown in Exhibit A is \$1.1 million. *See Ex. B.*

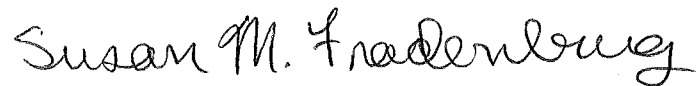
Please provide us with written notification that the project as described above and as set forth in our earlier letter of June 28, 2011 continues to not meet the definition of a new institutional health service and no Certificate of Need review or Certificate of Need is required in order to proceed with construction or development.

Should you have any questions or need any further information, please let us know.

With kindest personal regards, I am

Very truly yours,

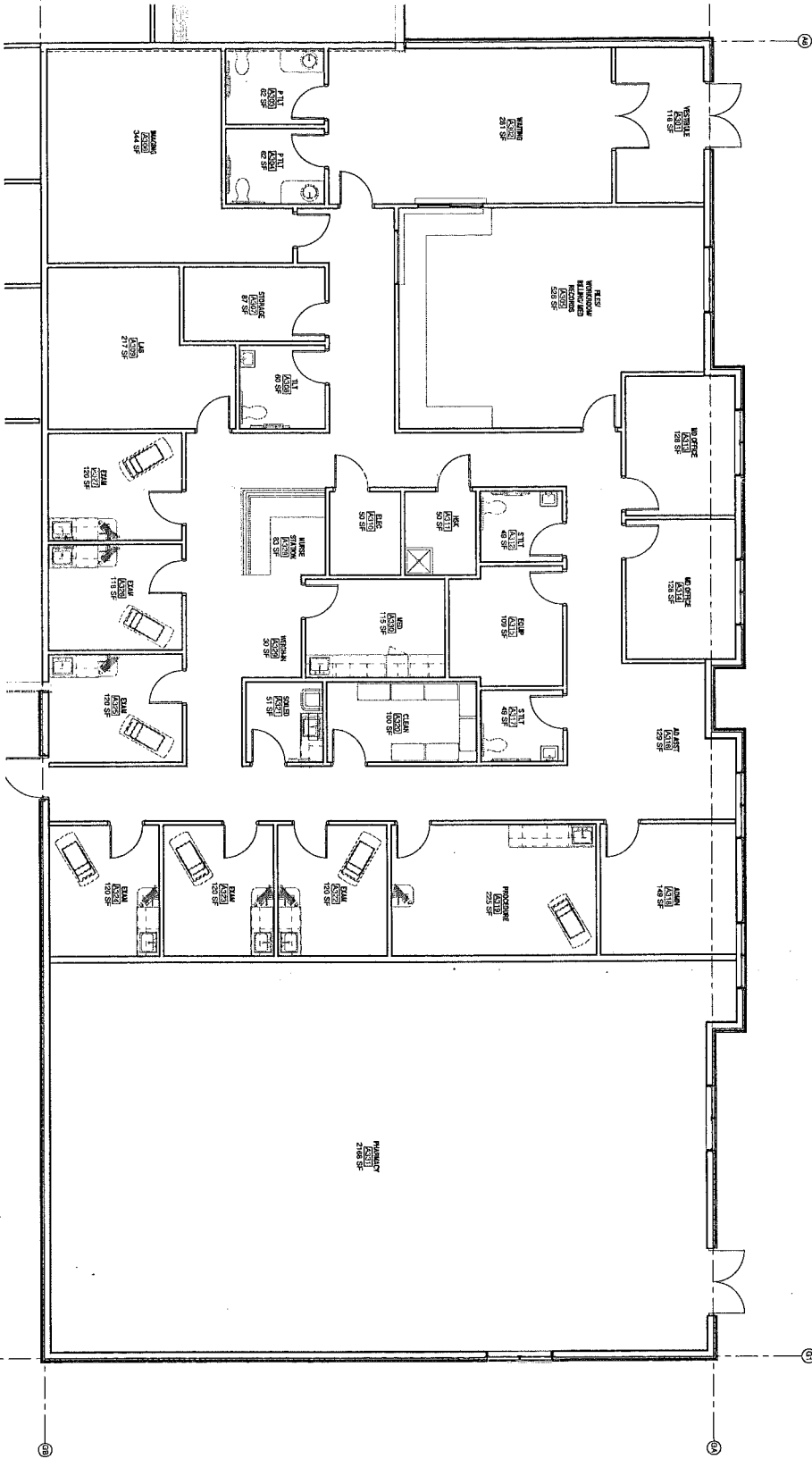
SMITH MOORE LEATHERWOOD LLP



Susan M. Fradenburg

SMF/mp
Enc.

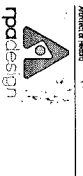
EXHIBIT A



① PHYSICIAN OFFICE OVERALL FLOOR PLAN
DATE: 1-1-13



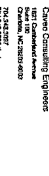
Center for Healthy Living & Rehabilitation
 Member of Health



5960 Parkway Road
 Suite 500
 Charlotte, NC 28210
 887.8500
 887.2507 fax



Chief Consulting Engineers
 2000 W. Independence
 Charlotte, NC 28208
 704.375.1100
 704.375.1101 fax



Rappaport Engineering Group, PLLC
 1000 W. Independence
 Charlotte, NC 28208
 704.375.1100
 704.375.1101 fax

Project:
 Design Development
 Appalatchian Place at
 Chestnut Ridge
 Enter address here
 Project Number:
 12-5011

Drawn By: Author
 Checked By: Designer
 Seal Expires:

NOT FOR CONSTRUCTION

Sheet Title:
 Physician office Building
 - Overall Floor Plan

Date: February 12, 2013

A100

EXHIBIT B



June 26, 2013

5960 Fairview Road
Suite 500
Charlotte, NC 28210

764.
887.3500

887.3507 fax

Mr. Richard Sparks
President and CEO
Appalachian Regional Healthcare System
P.O. Box 2600
336 Deerfield Road
Boone, NC 28607

RE: Physician's Office Building
New Construction

Dear Mr. Sparks:

This letter certifies that RPA Design, P.C. has reviewed the Construction Costs developed in conjunction with Vannoy Construction Co., Inc. for the project referenced above and based on our review and comparison of this project with other similar projects, we believe to the best of our knowledge that the construction costs indicated are reasonable for the scope of this project.

The proposed project includes new construction for the Physician's Office Building.

The anticipated Building Construction Cost is estimated to be approximately \$1,100,000.

Sincerely,

RPA Design, P.C.

A handwritten signature in black ink, appearing to read 'Rick E. Peterson'.

Rick E. Peterson, MA
Managing Principal
NC License #6553

REP:sp



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

June 11, 2013

Susan Fradenburg
300 North Greene Street, Suite 1400
Greensboro, NC 27401

RE: Inquiry / Watauga Medical Center / Develop a Physician Office Building / Watauga County
FID #: 933533

Dear Ms. Fradenburg:

On June 29, 2011, the CON Section received a letter from your office requesting an exemption from CON review for the development of a physician office building. The 2011 letter included a design schematic for the proposed physician office building. On June 8, 2011, the CON Section notified you that the development of the proposed physician office building was exempt from review based on the representations made in the 2011 letter. Specifically, the 2011 letter from the CON Section states, "*It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination.*" On May 22, 2013, the CON Section received an email from the Construction Section, DHSR, which included a design schematic for the proposed physician office building. The 2013 design schematic submitted to the Construction Section differs from the 2011 design schematic. The differences in these two design schematics constitute a "*change in facts as represented*" as stated in the July 8, 2011 letter, and thus require a separate determination.

Please provide the following information to the CON Section no later than June 26, 2013:

1. Cost estimates for all medical diagnostic equipment that will be utilized in the proposed physician office building. In determining the cost estimates, please include "*...the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the equipment...*"
2. The square footage for each room where medical diagnostic equipment will be located.
3. The total square footage for the physician office building.
4. A certified cost estimate from an architect and engineer for the physician office building.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Julie Halatek
Project Analyst

cc: Construction Section, DHSR



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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Halatek, Julie F

From: Bell, Mark A
Sent: Wednesday, May 22, 2013 9:58 AM
To: Halatek, Julie F
Cc: Speroff, Beverly
Subject: Appalachian Place at Chestnut Ridge - New 112 Bed Facility - DHSR Project No. NH-2443; FID No. 110348 - Preliminary Design Development Plans
Attachments: 20130522 Email - attachmt 1 - A101 - OVERALL MAIN LEVEL FLOOR PLAN.pdf; 20130522 Email - Attachmt 2 - A102 - OVERALL LOWER LEVEL FLOOR PLAN.pdf

Hello Julie:

Please see the attached Design Development Plans for your reference. The medical offices and pharmacy are shown on the Main Level on Drawing No. A101 at the top right-side of the building or plan-north.

This may help to understand some of my Review Comments.

Thank you.

Mark A. Bell, Architect
N.C. Department of Health and Human Services
Construction Section - Division of Health Service Regulation
1800 Umstead Drive
Raleigh, NC 27603
(Office) 919-855-3923
(Fax) 919-733-6592
mark.bell@dhhs.nc.gov
<http://www.ncdhhs.gov/dhsr/>

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5/30/2013



5983 Fairview Road
 Charlotte, NC 28210
 704 887-3370
 887-3377 fax

CAVEO
 CONSULTING ENGINEERS
 2000 S. W. 10th Street
 Suite 100
 Fort Lauderdale, FL 33304
 954-575-1111

Federated Engineering Group, PLLC
 2000 S. W. 10th Street
 Suite 111
 Fort Lauderdale, FL 33304
 954-575-1111

Project
 Appalachian Place at
 Chestnut Ridge

City/State
 Boone, NC

Project Number
 13001100

Contractor
 ID#2655-11 ID#3933-12

Revision
 Preliminary Review

NO.	DATE	DESCRIPTION

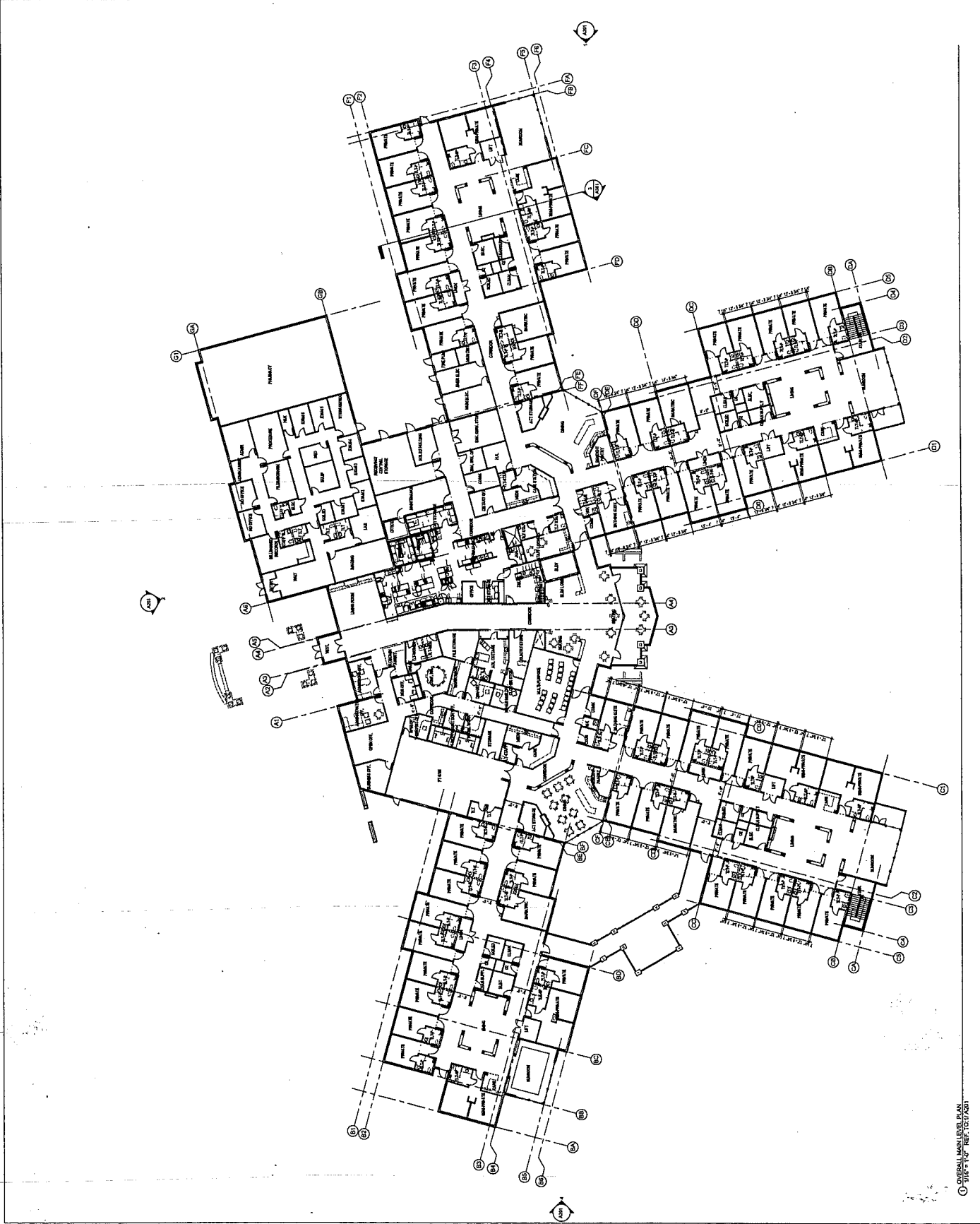
Drawn by
 Author
 Checked
 Scaled by

Sheet No.
 OVERALL MAIN LEVEL
 FLOOR PLAN

Sheet
 March 08, 2010

Sheet Number
A101

NOT FOR CONSTRUCTION



OVERALL MAIN LEVEL PLAN
 THIS PLAN REFLECTS



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section

2704 Mail Service Center ■ Raleigh, North Carolina 27699-2704

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

www.ncdhhs.gov/dhsr

Craig R. Smith, Section Chief
Phone: 919-855-3875
Fax: 919-733-8139

July 8, 2011

Susan M. Fradenburg
Smith Moore Leatherwood LLP
PO Box 21927
Greensboro, NC 27420

RE: Exempt from Review / Watauga Medical Center / Develop a Physician Office Building /
Watauga County
FID # 933533


Dear Ms. Fradenburg:

In response to your letter of June 28, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(9). Therefore, you may proceed to offer, develop or establish the above referenced project without a certificate of need. However, you may need to contact the Acute and Home Care Licensure and Certification Section of the Division of Health Service Regulation to determine if they have any special requirements for the proposed project.

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact me.

Sincerely,


Les Brown, Project Analyst


Craig R. Smith, Chief
Certificate of Need Section

cc: Medical Facilities Planning Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR





SMITH MOORE
LEATHERWOOD

Received by the
CON Section

29 JUN 2011 8:47

June 28, 2011

Via Electronic Mail and U.S. Mail

Craig Smith, Chief
North Carolina Department of Health & Human Services
Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Watauga Medical Center Request for No Review

Dear Craig:

We represent Watauga Medical Center. This letter is to provide you with written notice of the development of a physician office building that is not a new institutional health service.

Pursuant to a Certificate of Need Application filed on May 13, 2011, Blowing Rock Hospital, Incorporated ("Blowing Rock") and Appalachian Regional Healthcare System, Inc. ("ARHS") propose to develop a new post acute care center that will include 30 new skilled nursing beds and 72 existing skilled nursing beds that will be relocated from Blowing Rock Hospital to the new facility off U.S. Highway 321 in Watauga County (the "post acute care center").

Watauga Medical Center plans to construct a physician office building/clinic ("physician office building") next to the Blowing Rock post acute care center. As noted on the enclosed line drawing, this physician office building is separate from the post acute care center. The cost of the physician office building was not included in the post acute care center CON application. The physician office building is not necessary for or integral to the operations of the proposed post acute care center.

The physician office building will be developed and owned by Watauga Medical Center on land owned by Watauga Medical Center. The physician office building will be approximately 5,000 square feet. Watauga Medical Center will not develop, own or operate any "new institutional health services" in this building. The building is not a "health service facility." Specifically, the building will not be a new "hospital, long term care hospital, psychiatric facility, rehabilitation facility, nursing home facility, adult care home, kidney disease treatment center, intermediate care facility for the mentally retarded, home health agency office, chemical dependency treatment facility, diagnostic center, hospice office, hospice inpatient facility, hospice residential care facility or ambulatory surgical facility." N.C. Gen. Stat. §131E-

Direct 336.378.5482 | Fax 336.433.7435 | susan.fradenburg@smithmoorelaw.com

Smith Moore Leatherwood LLP • Attorneys at Law • www.smithmoorelaw.com

300 North Greene Street Suite 1400 PO Box 21927 (27420) Greensboro, NC 27401 • 336.378.5200
Atlanta, GA • Charleston, SC • Charlotte, NC • Greensboro, NC • Greenville, SC • Raleigh, NC • Wilmington, NC

Craig Smith, Chief
June 28, 2011
Page 2

176(16)(1b), (7a) and (9b). No new institutional health service that would require a certificate of need and no nursing home services will be provided in the physician office building.

The total construction cost associated with the development of the clinic is estimated to be \$ 995,000. A certified cost estimate from a licensed architect for construction costs associated with the physician office building is attached. We have also attached a proposed floor plan for the clinic.

It is contemplated that the physician office building will provide a convenient office and exam space for physicians who have patients in the new post acute care center. While a basic X-ray machine may be purchased as a convenience to assist physicians in their examination of patients, no equipment identified in 131E-176(16)(f1) will be purchased and the cost of any equipment will be well below \$750,000. No major medical equipment will be purchased for this building.

We request that the North Carolina Department of Health & Human Services, Division of Health Service Regulation, Certificate of Need Section confirm in writing that the project as described is not a new institutional health service and no certificate of need review or certificate of need is needed to proceed.

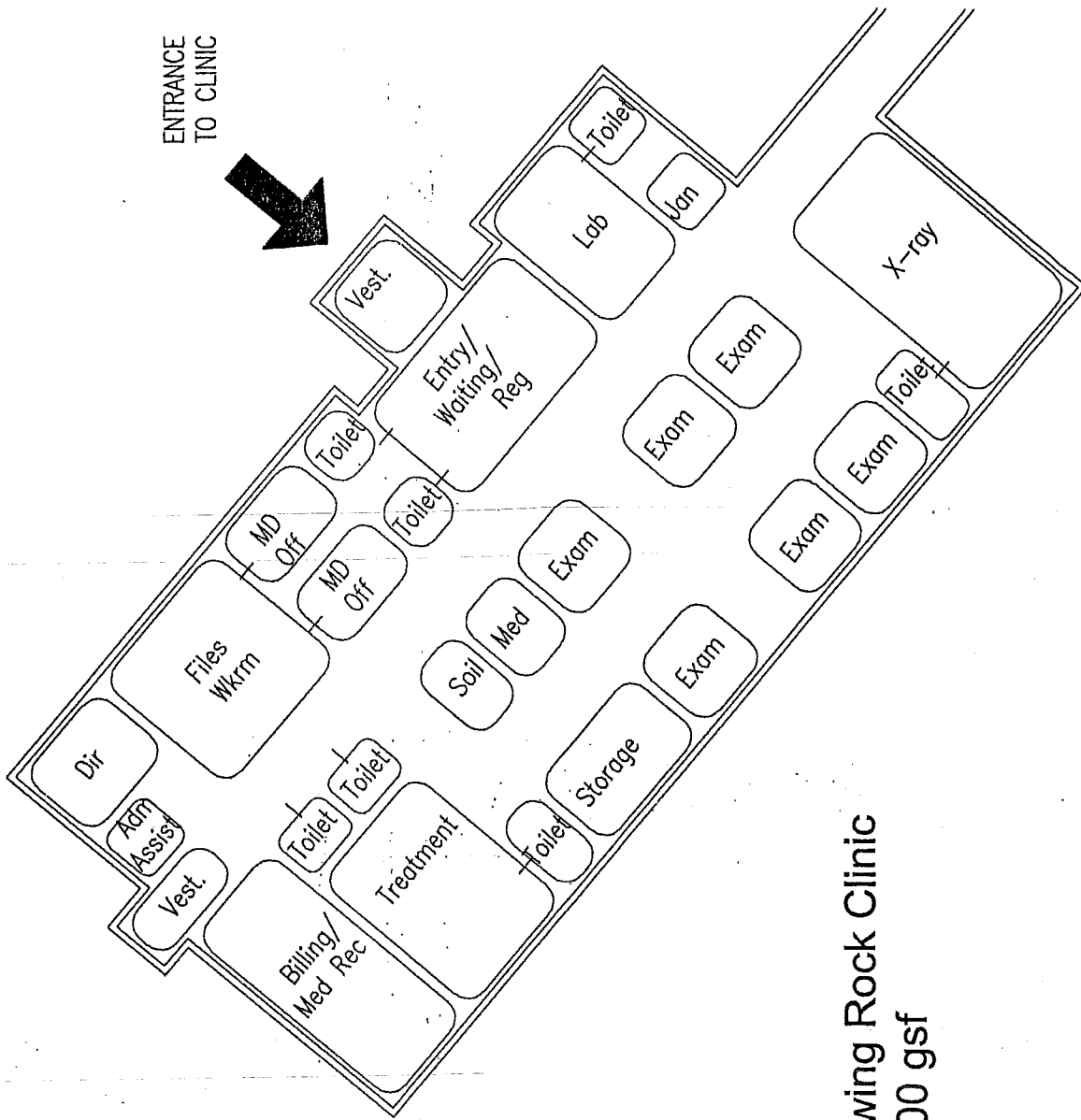
Should you have any questions or need any further information, please let us know.

Sincerely,

SMITH MOORE LEATHERWOOD LLP

Susan M. Fradenburg (w/permission by Allyson Jones Sullivan)
Susan M. Fradenburg

SMF/lc
Attachments



Blowing Rock Clinic
5,000 gsf

1100 S. Tryon St.
Suite 300
Charlotte, NC 28203

t: 704.972.5600
f: 704.972.5601
www.perkinswill.com

PERKINS
+ WILL

June 16, 2011

Appalachian Regional Healthcare System
P.O. Box 2600
336 Deerfield Road
Boone, NC 28607

Attention: Richard Sparks
President and CEO

Reference: Blowing Rock Clinic
New Construction

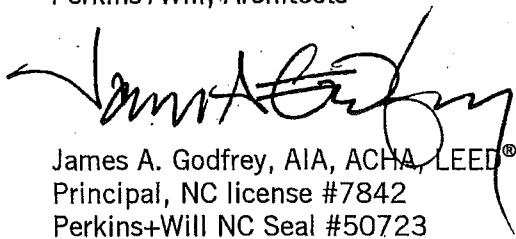
Dear Mr. Sparks:

This letter certifies that Perkins+Will Architects has reviewed the Construction Costs developed in conjunction with Vannoy Construction Co., Inc. for the project referenced above and based on our review and comparison of this project with other similar projects, we believe to the best of our knowledge that the construction costs indicated are reasonable for the scope of this project.

The proposed project includes new construction for the Blowing Rock Clinic.

The anticipated Building Construction Cost is estimated to be approximately \$995,000.

Very truly yours,
Perkins+Will, Architects



James A. Godfrey, AIA, ACHA, LEED® AP
Principal, NC license #7842
Perkins+Will NC Seal #50723

cc: Keystone Planning Group, LLC
Criterion Healthcare