

August 11, 2015

Via Email

Yadkin County
Attn: Lisa L. Hughes
County Manager
Yadkinville, North Carolina

Re: *Yadkin Valley Community Hospital*
Existing Facility Analysis
Yadkinville, North Carolina

Dear Lisa:

It is our pleasure to present for your consideration a proposal to assist Yadkin County ("the County") with the initial physical analysis of the existing Yadkin Valley Community Hospital ("YVCH"). This engagement will allow Criterion Healthcare and the County to better understand the current "physical condition" of YVCH. This understanding will be key to determining an implementation plan for the "operational" analysis being performed simultaneously by others. This analysis should take between 4-5 weeks to complete.

In particular, Criterion Healthcare will perform the following:

- 1) Client Understanding: Criterion Healthcare will continue to work with the County on a regular basis to confirm their goals and objectives as the analysis proceeds. Criterion Healthcare will achieve this through regularly scheduled brief meetings with the County and key stakeholders in the community.
- 2) Existing Facility Analysis: Criterion Healthcare's analysis will revolve around both the building and the grounds. Criterion Healthcare will engage a NC licensed healthcare engineering firm that is well versed with CMS, Joint Commission, and DHSR requirements to review the major engineering systems of the facility. This will include documenting the types of mechanical, electrical and plumbing systems, their capacities and utility, identifying potential capital improvements to the existing facility, and performing a high level review of federal, state, and local regulatory requirements.

Areas of Review will include:

- 1) Exterior Walls
- 2) Roof
- 3) Mechanical, Plumbing and Electrical Systems
- 4) Life Safety Systems
- 5) Windows and Doors
- 6) Grounds/parking
- 7) Other General Observations

- 3) Physician Interaction: During Criterion Healthcare's initial meeting with the County last week, there was considerable discussion on getting key primary care physicians back into clinical operations as soon as possible. Criterion Healthcare will meet with these key physicians and develop a scope, budget, and implementation plan for facility needs that might need to occur to assist in getting the operations started.
- 4) Public Education: Anytime there is a major change in healthcare, public education is critical to clear confusion and rumors. Criterion Healthcare working with others will facilitate the first of a series of public forums to "educate" the public on healthcare delivery in Yadkin County and the steps the County is taking to insure the sustainability of delivery of care in the community.
- 5) Final Report: Criterion Healthcare will provide a summary report of the current condition of the physical facility. With this report and the County's third party "operational analysis," Criterion Healthcare will work with the County to determine if the current facility can economically support the operational recommendations.

Fees and Expenses

In consideration of the arrangements set forth herein, compensation for services outlined above will be due and payable to Criterion Healthcare as follows:

1. Flat Rate: With the short duration of this proposal, Criterion Healthcare recommends a one-time fee of \$30,000 based on two components:
 - 1.) Third Party Engineer: Criterion Healthcare will engage a NC licensed engineering firm at a cost not to exceed \$15,000. Criterion Healthcare will only invoice the County for the actual engineering costs.
 - 2.) Criterion Healthcare: Based on the five week engagement, Criterion Healthcare's compensation will be \$15,000.
2. Reimbursement of Expenses: YC shall reimburse Criterion Healthcare for expenses in addition to the fees above. These reimbursable expenses will only include actual, reasonable, and necessary expenditures at cost (no mark-up) by Criterion Healthcare and the engineering firm for transportation,

living expenses in connection with out-of-town travel, postage, color reproductions, and specialty copying. All expenses will be detailed for reimbursement by the County.

Confidentiality As used herein, "Confidential Information" means all information concerning the Property, including, without limitation, all documents, instruments, communications and agreements, whether written, verbal or in physical form, in draft and in final form, and whether provided by YC, Criterion Healthcare or third parties, all of which contain confidential and proprietary information of and about either the Property, YC or Criterion Healthcare which is not made available to, or known by, persons outside YC and Criterion Healthcare. Each of YC and Criterion Healthcare hereby agrees that it shall not, except with the prior written consent of the other, directly or indirectly divulge, reveal, report, publish, transfer, provide or disclose, for any purpose whatsoever, any of such Confidential Information to any third party (other than its legal counsel), including, but not limited to, potential tenants and investors of the Property. Neither party may directly or indirectly use Confidential Information in any manner or for any purpose other than to assess the viability of the Project. The restrictions set forth in this Section shall not apply to any part of the Confidential Information which (i) is in or comes into the public domain other than as a result of a breach of this agreement or other wrongful act or omission by a party hereto, or (ii) is required to be disclosed by judicial, arbitral or government action or other similar legal proceeding; provided, however, that prompt notice of said action or proceeding shall have been given to the other parties so that the other parties shall have a reasonable time to seek a protective order preventing such disclosure, and the disclosing party shall have provided cooperation reasonably requested by the others in seeking such a protective order.

Miscellaneous This agreement shall be legally binding upon and inure to the benefit of the respective heirs, executors and assigns of the parties hereto; provided, however, Criterion Healthcare will not assign its rights hereunder without YC prior written consent. YC agrees not to assign its rights hereunder without Criterion Healthcare's prior written consent.

To the extent allowed by law, YC agrees to indemnify, hold harmless and defend Criterion Healthcare from and against any and all claims, actions, damages, liability, and expenses in connection with the performance of its duties hereunder arising from or related to the proposed Project or the subject matter of this agreement, other than matters arising directly from Criterion Healthcare's gross negligence.

Mrs. Hughes
August 11, 2015
Page 4 of 5

YC acknowledges that certain additional professionals might be retained in connection with the Project, including, without limitation, architects, and engineers, and YC agrees that Criterion Healthcare shall have no liability related to any actions or non-actions of any such additional professionals. Such professionals shall be licensed or legally authorized to provide their services in North Carolina and shall carry liability insurance in amounts satisfactory to the parties to this Agreement.

YC and Criterion Healthcare hereby agree that this agreement represents their entire agreement with respect to the subject matter hereof and that there are no other agreements, understandings, representations or warranties, written or oral, with respect to the subject matter hereof, and Criterion Healthcare hereby waives any express or implied representations, warranties or agreements with respect to the Project other than those expressly set out herein. No amendment of this agreement shall be valid unless signed in writing by all parties hereto.

This agreement shall be governed by the laws of the State of North Carolina.

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Mrs. Hughes
August 11, 2015
Page 5 of 5

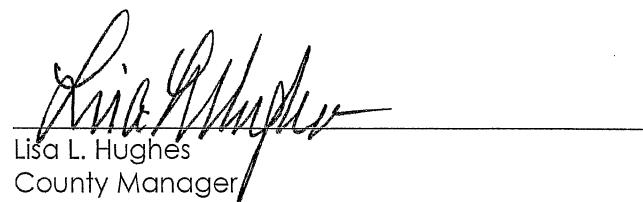
If the foregoing is satisfactory, kindly indicate your approval below, and this document will constitute the contract between us.

Sincerely,



Herbert J. Hames, Jr.
Principal

THE FOREGOING IS APPROVED AND ACCEPTED THIS 11 DAY OF AUGUST, 2015:
YADKIN COUNTY


Lisa L. Hughes
County Manager

This instrument has been pre-audited in the manner required
by the Local Government Budget and Fiscal Control Act.

