OFFICE OF THE ATTORNEY GENERAL
STATE OF GEORGIA

IN THE MATTER OF THE SALE OF COLUMBUS REGIONAL HEALTHCARE SYSTEM, INC., AS SELLER, TO PIEDMONT HEALTHCARE, INC.,	* * * * * *	NO. AG 2018-01

REPORT OF FINDINGS

I.

BACKGROUND

Columbus Regional Healthcare System, Inc., a Georgia nonprofit corporation ("CRHS"), serves as the parent and controlling entity of an integrated system of nonprofit healthcare organizations including: (a) The Medical Center, Inc., d/b/a Midtown Medical Center ("TMC"), a 583 bed acute care hospital located at 710 Center Street, Columbus, Georgia; (b) Hughston Hospital, Inc., d/b/a Northside Medical Center ("HHI"), a 100 bed acute care hospital located at 100 Frist Ct., Columbus, Georgia; (c) the Columbus Regional Foundation, Inc. ("Foundation"); and (d) other related healthcare and ancillary medical facilities and service entities ("CRHS Affiliates").[1] CRHS leases the assets used for hospital operations at TMC and HHI, and other related entities from The Medical Center Hospital Authority (the "Authority").

CRHS is a large community-based hospital system that services ten (10) counties in Georgia and Alabama. CRHS primary service area includes residents of Muscogee, Chattahoochee, Marion, Webster, Russell, Stewart, and Harris counties in Georgia, and Russell County in Alabama.

THE DISPOSITION PROCESS

In the fall of 2015, the CRHS Board ("Board") discussed the need to examine its position as a provider of healthcare to its community amid growing concerns regarding the healthcare industry and CRHS's viability as an independent provider. As such, the Board formed a Long-

[1] For purposes of this transaction summary, "CRHS Affiliates" includes: (i) Columbus Healthcare Resources, Inc.; (ii) Columbus Ambulatory Healthcare Services, Inc.; and (iii) Columbus Regional Senior Living, Inc.

Range Strategic Planning Committee ("SPC") to evaluate CRHS's options to achieve its mission and to remain sustainable moving forward. Warren Steele, Chairman of the Board of CRHS, testified at the Public Hearing that the SPC initially tried to determine whether CRHS had the financial means to stay independent in the long term. (Transcript, p. 12). Mr. Steele stated that due to the amount of debt and concern regarding the ability of CRHS to generate enough capital to expand and explore new opportunities, the SPC decided to explore strategic partner options. (Transcript, p. 17). In January 2016, the Board engaged Kaufman Hall ("KH") to assist in the planning, solicitation, development, structuring, and potential execution of a strategic partnership. KH would also assist the Board in evaluating potential partners based on the goals and objectives of the Board, which included (i) organizational fit; (ii) operational capabilities; (iii) financial capabilities; and (iv) partnership capabilities.

In July 2016, the Board, through KH, solicited proposals from thirteen (13) potential partners, ranging from nonprofits, for-profits, religious-sponsored health systems, and academic medical centers, all of which had a credit rating of A+ or higher and were larger than CRHS in terms of revenue. Of the thirteen (13) solicitations, six (6) potential partners responded, all of which were nonprofits. In November 2016, the Board selected four (4) potential partners to engage in more substantive discussions. The substantive discussions included preliminary due diligence and term sheet negotiations, meetings and discussions with each of the potential partners, site visits, and presentations by the potential partners to the entire Board. Of the four (4) potential partners, two (2) were located in-state and two (2) were out-of-state. In April 2017, the finalists were invited to present their partnership vision to the entire Board. Afterwards, the Board engaged in a two (2) day retreat to discuss the process and evaluate the finalists. Ultimately, the Board unanimously voted to pursue a strategic affiliation with Piedmont Healthcare, Inc. ("Piedmont").

Mr. Steele testified that Piedmont was selected because of its cultural fit, shared strategic vision, strong financial position, its historical success with strategic partnerships, and Piedmont's commitment to local control.

THE PROPOSED TRANSACTION

CRHS proposes to enter into an Affiliation Agreement (the "Agreement") with Piedmont whereby CRHS, TMC, HHI, the Foundation and CRHS Affiliates will amend their articles of incorporation and bylaws to appoint Piedmont as the sole controlling member of each entity (collectively, the "Proposed Transaction"). As a result, the operations of CRHS and the related entities will be controlled by Piedmont, which intends to integrate such operations into the Piedmont Healthcare System. CRHS and its affiliates will continue to hold title to all personal property used in connection with the operation of TMC and HHI, and the Authority will continue to hold the title to the real property used for hospital operations at TMC and HHI. Following the closing of the Proposed Transaction, Piedmont will amend the leases between TMC, HHI, and the Authority for the purpose of extending the term of the leases and to provide for future extensions. Piedmont will also guarantee the leases until mutually agreed upon by the Authority, TMC, HHI and Piedmont.

Under the terms of the Proposed Transaction, Piedmont has committed to spend at least $250 million in capital expenditures over a period of eight (8) fiscal years following the closing date. A significant portion of that capital commitment will be expended in the first four years. Specifically, Piedmont has agreed to authorize and expend an amount equal to the pro-rata portion of $22.5 million of capital commitment for the period following the closing date until the beginning of the next fiscal year. Subsequently, for the next four (4) fiscal years, Piedmont has committed to authorize and expend $40 million per year. Kevin Brown, CEO of Piedmont, testified that with the guidance of the local board, they've developed a potential list of capital projects that includes expansion of the John B. Amos Cancer Center, expansion of HHI Emergency Department and Neonatal Intensive Care Unit services.[2] (Transcript, p. 64). The Agreement also provides that capital commitments may be used for "all capital expenditures for the CRHS Companies, including capital expenditures for new equipment, equipment replacement, facility renovations, new facilities, medical office space, development of new clinical services or expansion of existing clinical services (including without limitation physician services), quality improvement programs, information systems…and other capital commitments." (Affiliation Agreement, p. 8). Piedmont will also replace CRHS's electronic medical records system with Piedmont's EPIC platform across CRHS. All costs associated with the EPIC platform implementation will be assumed by Piedmont and is distinct and separate from Piedmont's capital commitments.

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[2] Pursuant to the Agreement, the local board shall consist of thirteen (13) members: nine (9) independent community members who have their primary residences within the service area; one

Additionally, Piedmont has committed to the defeasance of CRHS's non-taxable bond debt of $180 million prior to January 1, 2020. With respect to CRHS's other debts and liabilities, Piedmont has agreed to provide all of the funding necessary to support CRHS in satisfying its debts, capital lease obligations, bonds, and other liabilities following the closing date of the Proposed Transaction.

Pursuant to the Agreement, Piedmont has committed to continue CRHS's clinical services and programs for a period of five (5) years following the closing date of the Proposed Transaction. Piedmont will not be allowed to make any substantial modifications to CRHS's existing services for the first three (3) years without prior consultation of executive management and approval of the TMC Board. However, for the remaining two (2) years, the continuation of existing services is subject to Piedmont's determination of financial sustainability, quality metrics, talent availability, and other business factors. With regard to existing neonatal intensive care services and trauma services, Piedmont has pledged to continue those services for at least ten (10) years following the closing date, unless the elimination of such services is approved by the Board. Piedmont will also continue to operate CRHS's graduate medical education program for at least five (5) years, unless otherwise eliminated by the Board.

Ultimately, Piedmont aims to have CRHS serve as its Regional Clinical Hub for the provision of health services in the West Georgia region and will accomplish this by supporting strategic expansion of services, programmatic investments in key services lines, and ongoing investment in physician recruitment. Under the Agreement, Piedmont has also made a number of commitments including: (a) retaining all of CRHS's current employees during the first twelve (12) months following the closing of the Proposed Transaction; (b) a commitment to provide care to all patients, regardless of ability to pay, consistent with CRHS's charity care policy; (c) continue to operate CRHS in compliance with the "community benefit standards" applicable to 501(c)(3) hospital not-for-profit corporations; and (d) the creation of a local board consisting of thirteen (13) members. In addition, Piedmont has agreed to appoint one (1) local member to serve on its board.

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(1) member appointed by the authority; the TMC CEO; and two (2) members designated by Piedmont.

VALUATION ANALYSIS

Stroudwater Associates, Inc. ("Stroudwater") was retained by CRHS to assist it with the Attorney General's review of the Proposed Transaction pursuant to the Hospital Acquisition Act. The scope of Stroudwater's engagement included a fair market valuation of CRHS and an independent assessment of the estimated community benefit to be derived from the Proposed Transaction between CRHS and Piedmont. In its report, Stroudwater valued CRHS at a fair market value ("FMV") range of $424.2 to $468.8 million, which reflected the value of CRHS on a stand-alone basis without an affiliation. Stroudwater also concluded that the Proposed Transaction would yield $455.8 million in community benefits based on its analysis of the capital commitments, debt defeasance and commitments to charity care, indigent care and the existing community benefit program. Ms. Opal Greenway of Stroudwater testified at the public hearing held on January 25, 2018.

There are three (3) traditional approaches that are typically considered in a valuation analysis of a business. The three approaches are: (1) the Income Approach; (2) the Cost Approach (Net Asset Value); and (3) the Market Approach. The Income Approach is predicated on the concept that value is dependent upon the amount and timing of cash flows generated by the subject asset or business. The Market Approach involves a comparison and correlation to the subject company based on observed transactions in the marketplace, typically involving transfer of 100% ownership interests, or valuations related to publicly-traded guideline companies in a similar line of business. In the Cost Approach (Net Asset Value), value is estimated based on the value of all of the subject business' underlying assets, both tangible and intangible, net of liabilities.

In developing its FMV for CRHS, Stroudwater considered and utilized all three (3) traditional approaches to value. Under the Income Approach, Stroudwater applied a Discounted Cash Flow ("DCF") method, which requires a development of projected financial information that represents the expected future performance of the subject business as of the valuation date. Stroudwater utilized projects for CRHS for fiscal year end ("FYE") June 30, 2018, through June 30, 2022, that assumed the system would continue operating as is, without a strategic partner. Stroudwater then discounted the five-year period forecast to a present value of $26.4 million using a discount rate of 7.7%. Next, Stroudwater added a terminal value (value into perpetuity) of $119.5 million to reach an indicated business enterprise value ("BEV") for CRHS of approximately $145.9 million.

Under the Cost Approach, Stroudwater relied on the Net Asset Value ("NAV") method, utilizing the book values of the assets and liabilities as a proxy for FMV. The NAV analysis was based on CRHS's audited consolidated balance sheet as of FYE June 30, 2017, adjusted to reflect the assets and liabilities included in the Proposed Transaction. Based on its analysis under the Net Asset Value method, Stroudwater estimated the operating BEV of CRHS at approximately $244.7 million.

Lastly, under the Market Approach, Stroudwater utilized both the Guideline Public Companies ("GPC") and Guideline Transactions ("GT") methods. The GPC method utilizes the revenue and earnings multiples to compare the subject hospital to publicly traded companies (adjusted for size, growth, scale and illiquidity) to derive an indicated range of value. In applying the GPC method, Stroudwater identified and calculated valuation multiples based on financial data obtained for five (5) publicly traded guideline companies to determine the median BEV trading multiples. Stroudwater then applied the resulting median multiples of 0.90x to BEV/Revenue and 8.36x to BEV/EBITDA to determine a BEV of approximately $393.3 million under the GPC method. Stroudwater noted that CRHS does not have the same opportunities to diversify its risks as do the companies included in the GPC method and, as a result, it would give significantly more weight to the values derived from the GT method.

Under the GT method, consideration is given to the purchase prices paid in recent comparable hospital transactions to determine transaction multiples. In applying the GT method, Stroudwater identified and calculated valuation multiples based on transactions falling under a certain set of criteria similar to the Proposed Transaction. Stroudwater analyzed transaction multiples observed in thirty-six (36) selected guideline transactions and, ultimately, selected operating revenue multiples in the range of 0.71x to 0.90x, and EBITDA multiples in the range of 7.16x to 8.36x. Stroudwater applied these multiples to CRHS's FY 2017 normalized operating revenue and EBITDA, respectively, and then weighted the resulting values by giving greater weight (60%) to multiples of operating revenue. The resulting BEV under the GT method was approximately $320.3 million. Using both the GPC and GT methods under the Market Approach, Stroudwater derived an indicated BEV for CRHS of approximately $342.2 million.

Stroudwater reconciled the values derived from the three (3) approaches by applying a weighted percentage to each valuation method and combined them to estimate a BEV of $229.4 million for CRHS. Since the BEV of $229.4 million captured only the operating value of the health system, Stroudwater next added the value of assets limited to use of $217.1 million to calculate the total invested capital ("TIC") of $446.5 million. Finally, Stroudwater applied +/- 5.0% to the TIC value to reach its concluded FMV range of $424.2 to $468.8 million for CRHS. The concluded value was intended to reflect the value of CRHS on a stand-alone basis without an affiliation.

In its analysis of the estimated economic benefit the community will receive as a result of the Proposed Transaction, Stroudwater identified a number of qualitative and quantitative community benefits. Stroudwater analyzed four (4) specific quantifiable benefits from the proposed affiliation: (1) Capital Commitment of $250.0 million over an eight (8) year period; (2) a separate $28.0 million capital investment to replace CRHS's current EMR platform with Piedmont's EPIC platform; (3) the $180.0 million debt defeasance commitment; and (4) the continuation of charity and indigent care and existing community benefit program, which Stroudwater valued at $35.8 million. Utilizing present value techniques, Stroudwater ultimately determined that the Proposed Transaction would yield $455.8 million in community benefits. Stroudwater further reasoned that unquantifiable community benefits create significant additional value for the community, and, the access to capital will allow CRHS to reduce its leverage increasing its overall ability to execute on strategic initiatives that further enhance the community benefit.

Ernst & Young, LLP ("EY"), in accordance with O.C.G.A. § 31-7-405(b), was retained as an independent financial advisory consultant by the Attorney General to assist in the review of the proposed affiliation between CRHS and Piedmont. The Attorney General engaged EY to provide valuation advisory services, but not to provide a separate valuation or fairness opinion. Bridget Bourgeois, a partner at EY specializing in healthcare valuations, testified at the hearing. As part of this engagement, EY held discussions with representatives of all the parties involved in the Proposed Transaction and performed independent research and analyses to review the conclusions contained in Stroudwater's assessment of the value of CRHS and community benefit derived from the Proposed Transaction.

In the course of its engagement, EY analyzed Stroudwater's underlying valuation methodologies and assumptions, and performed a number of sensitivity analyses of Stroudwater's valuation and assessment of community benefit. In its review, EY confirmed that the Income, Market and Cost approaches to value considered by Stroudwater are consistent with generally accepted industry standards for valuation analysis. However, EY identified several methodology and logic issues in it FMV analysis of CRHS and in its valuation of the community benefits.[3] To correct for the various issues, EY focused its analysis on three principal areas: (1) sensitivity analyses of Stroudwater's concluded value for CRHS to correct for errors identified in the NAV, DCF, GPC and GT methods; (2) sensitivity analyses of Stroudwater's community benefit analysis to correct for errors identified in applying present value techniques to quantify the benefit; and (3) limited market research of valuation multiples observed for hospital transactions and for publicly-traded hospital operators.

With respect to Stroudwater's FMV analysis of CRHS, EY's sensitivity analysis included numerous adjustments to correct for methodology issues. These adjustments included: (1) removing the $2.6 million cash balance and the $7.0 million current portion of the long term debt under the NAV method; (2) updating discount rates to reflect the correct valuation date under the DCF method; (3) recalculating valuation multiples under the GPC method; and (4) applying the +/-5% adjustment at the BEV level, instead of the TIC value used by Stroudwater, among others. The combined results of EY's sensitivity analyses resulted in a FMV range of approximately $424.4 to $524.6 million. Stroudwater's concluded value range of $424.2 to $468.8 million falls within the range of EY's sensitivity analysis.

With respect to Stroudwater's community benefit analysis, EY's sensitivity analysis included numerous adjustments to correct for methodology issues. These adjustments included: varying the discount rates to reflect potential risk of non-payment by Piedmont with regard to debt defeasance, capital commitment and commitments to charity care, indigent care and existing

[3] Notably, EY recognized that the value indications from Stroudwater's BEV from the three (3) valuation approaches varied widely from $145.9 million to $393.3 million. EY noted that when a valuation exercise calls for the use of multiple valuation approaches and methods, one would typically expect to see a closer reconciliation of the various approaches and methods used when reaching a conclusion of value. If the value indications are not reasonably consistent, further analysis is required to identify and evaluate the facts causing the inconsistencies. In conducting its sensitivity analyses, EY was able to reconcile the value indications and came to a FMV range that was consistent with Stroudwater's FMV range.

community benefit program, among others. EY's sensitivity analysis indicated a range of approximately $316.3 to $454.0 million. EY noted that the high end of the range is reasonably consistent with Stroudwater's concluded value of $455.8 million for the community benefits.

Furthermore, EY also conducted independent research of valuation multiples for comparable hospital transactions and compared these to the valuation multiples implied by the Stroudwater's valuation of CRHS. Ultimately, EY found that the valuation multiples based on Stroudwater's concluded fair market value range of CRHS are within the range of valuation multiples in similar transactions, and consistent with the financial performance of CRHS. Therefore, EY concluded that it appears Stroudwater used relevant valuation approaches and methods in its valuation analysis of CRHS, and in its analysis of the community benefits.

PUBLIC COMMENT

The public hearing was held on Thursday, January 25, 2017, at 5:00 p.m. at the Midtown Medical Center Conference Center. Twelve (12) persons made comments at the public hearing and all were in favor of the Proposed Transaction.

Following the public hearing, the record was held open until the close of business on Monday, January 29, at 5:00 p.m., for any further public comment. This Office did not receive any further written public comments after the hearing. Counsel for the parties were requested to inform this Office in writing before the record closed, as to whether their respective clients intended to proceed with the Proposed Transaction as structured or modify the Proposed Transaction in some respect. Counsel for CRHS and Piedmont have written a joint letter stating that their clients wish to proceed with the transaction as proposed.

II.

FINDINGS

The Hospital Acquisition Act (the "Act") involves a public interest determination in the Attorney General's review of a proposed disposition and acquisition of hospital assets. *See* O.C.G.A. § 31-7-400 *et seq.*; *Sparks v. Hospital Authority of City of Bremen and County of Haralson*, 241 Ga. App. 485 (1999) (physical precedent only). The Act requires a written notice filing and a public hearing "regarding the Proposed Transaction in the county in which the main campus of the hospital is located." O.C.G.A. §§ 31-7-401, 31-7-405(a). The purpose of the public hearing is "to ensure that the public's interest is protected when the assets of a nonprofit hospital are acquired by an acquiring entity by requiring full disclosure of the purpose and terms of the transaction and providing an opportunity for local public input." O.C.G.A. § 31-7-406.

Under the Act, disclosure is linked to whether "appropriate steps have been taken to ensure that the transaction is authorized, to safeguard the value of charitable assets, and to ensure that any proceeds of the transaction are used for appropriate charitable health care purposes." O.C.G.A. § 31-7-406. The Act identifies thirteen (13) factors that are key considerations in determining whether the appropriate steps have been taken by the parties. *Id.* The thirteen (13) factors are listed in Appendix A to this report.

The thirteen (13) factors set forth in O.C.G.A. § 31-7-406 can be grouped into four (4) categories relating to (a) the exercise of due diligence by the seller (factors number 1, 2, 3, 4 and 8), (b) conflicts of interest (factors number 5 and 13), (c) valuation of the hospital assets (factors number 6, 7 and 10), and (d) the charitable purpose of the Proposed Transaction (factors number 9, 11 and 12).

<u>The Exercise of Due Diligence by the Seller</u>

The disposition of CRHS is authorized by applicable law as provided in factor number 1, and CRHS has taken the appropriate actions to reorganize and change control of TMC, HHI, the Foundation, and CRHS Affiliates. O.C.G.A. §§ 14-3-302, 31-7-400 *et seq.* With regard to factor number 2, it does not appear that the proposed disposition is inconsistent with the directives of any major donors who have contributed over $100,000.00. Furthermore, pursuant to the Agreement, the Foundation may continue to engage in fundraising and its mission and purpose shall continue to exclusively be for the support of CRHS, TMC, HHI and the CRHS Affiliates and the service area. The Foundation's assets shall only be used for its charitable purpose and in no event will the Foundation's assets be used to offset Piedmont's financial commitments under the terms of the Agreement.

The due diligence factors number 3 and 4 necessitate review of the process and procedures employed by the seller "in deciding to dispose of hospital assets, selecting the acquiring entity, and negotiating the terms and conditions of the disposition." O.C.G.A. § 31-7-406(3). As discussed in detail above, the Seller exercised appropriate due diligence in its selection process because the evidence shows that an extensive and deliberative process was conducted by the Seller with the assistance of professional consultants. Approximately thirteen (13) potential partners were considered. Of those considered, interest was solicited from six (6) potential partners. The SPC, with the assistance of KH, selected four (4) potential partners who all submitted comprehensive proposals. The deliberative process employed by CRHS in selecting the proposal made by Piedmont demonstrates the exercise of due diligence, consistent with factors number 3 and 4.

Since there is no separate management or services contract negotiated in conjunction with the Proposed Transaction, factor number 8 is not applicable to the determination of the exercise of due diligence.

Conflicts of Interest

The disclosure of any conflict of interest involving the Sellers, the Chief Executive Officer of the Hospital System and its expert consultant is to be considered under factor number 5. Conflict of interest certifications as required by the Act and the notice filing requirements of the Attorney General have been filed by all members of the Health System and Hospital System boards, the Chief Executive Officer of the Health System and Hospital System, and the Health System's financial consultant. Although some exceptions were noted on the certifications, such certifications do not disclose any impermissible or significant conflicting financial interest in the Proposed Transaction. With regard to factor number 13, health care providers will not be offered an opportunity to invest or own an interest in the Hospital System. Therefore, factor number 13 is not applicable.

Valuation of the Hospital Assets

The value of the Hospital System and the amount of consideration to be paid in the Proposed Transaction must be weighed under factors number 6, 7 and 10. In a sale of hospital assets from one non-profit corporation to another non-profit corporation, the non-profit seller should receive an enforceable commitment for fair and reasonable community benefits for its assets. *See* O.C.G.A. § 31-7-406(6). Based on the record, including the analysis conducted by Stroudwater on behalf of CRHS, and the review by Ernst & Young at the request of the Attorney General as described herein, CRHS will receive an enforceable commitment for fair and reasonable community benefits in exchange for its assets as required by the Act.

Since the Seller is not financing any portion of the Proposed Transaction, factor number 7 is not applicable. Factor number 10 requires that a meaningful right of first refusal has been retained, should the successor nonprofit corporation subsequently propose to sell, lease, or transfer CRHS to another entity. Here, the Authority is authorized to enforce the terms and commitments of Piedmont under the terms of the Agreement. In addition, the Authority will continue to own the assets used for hospital operations at TMC and HHI, which serves as a "meaningful right of first refusal." Therefore, the proposed Agreement is consistent with the purposes of factor number 10.

Charitable Purpose of the Proposed Transaction

With respect to the charitable purpose of the Proposed Transaction, factor number 9 requires that the disposition of proceeds be used for charitable health care purposes consistent with the nonprofit's original purpose. The testimony and notice disclose that Piedmont will make certain investments in CRHS's hospital system over an eight (8) year period. In addition, Piedmont has committed to provide all necessary funding to support CRHS's debt obligations, including defeasance of CRHS's $180 million non-taxable bond debt by January 1, 2020. There will not be any monetary proceeds generated by the proposed affiliation.

The other two charitable purpose factors, factor numbers 11 and 12, concern the purchaser's commitment to provide (a) continued access to affordable care, (b) the range of services historically provided by the seller, (c) health care to the disadvantaged, the uninsured and the underinsured and (d) benefits to the community to promote improved health care. The notice and the testimony provided at the public hearing indicate that the emergency room will remain open 24 hours a day, seven days a week. After completion of the transaction, CRHS and the hospital system will continue in existence as part of Piedmont, a Georgia nonprofit corporation. Piedmont has committed to abide by policies for the provision of charity care that are no less generous than the CRHS pre-closing policies and will continue to serve uninsured, underinsured and indigent patients without regard to ability to pay. The evidence, taken as a whole, demonstrates an enforceable commitment to improve health care in the community and to assure continued access to affordable care.

III.

CONCLUSION

Upon review of the public record and in accordance with the Act, the undersigned Hearing Officer finds that the public record in this matter discloses that the proposed transaction is appropriate in light of the factors set forth in the Act.

This 23rd day of February, 2018.

ALKESH B. PATEL
Assistant Attorney General
Hearing Officer

APPENDIX A

(1) Whether the disposition is permitted under Chapter 3 of Title 14, the Georgia Nonprofit Corporation Code,' and other laws of Georgia governing nonprofit entities, trusts, or charities;

(2) Whether the disposition is consistent with the directives of major donors who have contributed over $100,000.00;

(3) Whether the governing body of the nonprofit corporation exercised due diligence in deciding to dispose of hospital assets, selecting the acquiring entity, and negotiating the terms and conditions of the disposition;

(4) The procedures used by the nonprofit corporation in making its decision to dispose of its assets, including whether appropriate expert assistance was used;

(5) Whether any conflict of interest was disclosed, including, but not limited to, conflicts of interest related to directors or officers of the nonprofit corporation and experts retained by the parties to the transaction;

(6) Whether the seller or lessor will receive fair value for its assets, including an appropriate control premium for any relinquishment of control or, in the case of a proposed disposition to a not-for-profit entity, will receive an enforceable commitment for fair and reasonable community benefits for its assets;

(7) Whether charitable assets are placed at unreasonable risk if the transaction is financed in part by the seller or lessor;

(8) Whether the terms of any management or services contract negotiated in conjunction with the transaction are reasonable;

(9) Whether any disposition proceeds will be used for appropriate charitable health care purposes consistent with the nonprofit corporation's original purpose or for the support and promotion of health care in the affected community;

(10) Whether a meaningful right of first refusal to repurchase the assets by a successor nonprofit corporation or foundation has been retained if the acquiring entity subsequently proposes to sell, lease, or transfer the hospital to yet another entity;

(11) Whether sufficient safeguards are included to assure the affected community continued access to affordable care and to the range of services historically provided by the nonprofit corporation;

(12) Whether the acquiring entity has made an enforceable commitment to provide health care to the disadvantaged, the uninsured, and the underinsured and to provide benefits to the affected community to promote improved health care; and

(13) Whether health care providers will be offered the opportunity to invest or own an interest in the acquiring entity or a related party, and whether procedures or safeguards are in place to avoid conflicts of interest in patient referrals.