



Department of Health

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SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

Mr. Richard Braun
Chief Financial Officer
Olean General Hospital
515 Main Street
Olean, NY 14760

Date: September 12, 2017
RE: CON 172084

Olean General Hospital
(Cattaraugus County)

Dear Mr. Braun:

Bureau of Financial Analysis review of the above application has revealed the need for additional information, as requested in the enclosure. In preparing answers to the questions, please repeat each question and then provide the answer. Please submit your response via your New York State Electronic Certificate of Need account within **14** days from the date of this letter in accordance with 10 NYCRR 710.3(a).

Processing your application by the Bureau of Financial Analysis cannot be completed until the information is received and reviewed. If this project requires review by the Public Health and Health Planning Council, such review may be delayed if the requested information is not timely received. Accordingly, while you have **14** days to respond, you are encouraged to submit the response at your earliest opportunity. Responses that result in corrections or revisions to specific CON Schedules (e.g. Schedules 8, 9 and 13) must be uploaded to the appropriate schedule location within the CON application.

The following information is required to complete the review for the above referenced application:

1. Please submit the current organizational chart before and after full asset merger takes place.
2. Please confirm that UAHS and Bradford will upon approval, submit a resolution to dissolve the Master Affiliation Agreement.
3. Please confirm that all the boards including Kaleida are mirror. Also, please note any active parent status and grandparent status.
4. Note that once Bradford and the Corporation complete the full asset merger, Upper Allegheny Health System, Inc. will become (the "Member").
5. Schedule #3, (Attachment #3) indicates UAHS organizational chart. Please describe Kaleida Health's Governance over UAHS. If all have Mirror Boards, please state this and describe the relationships with each other in detail.

6. Please provide the operating certificate for Bradford, indicating services, beds. The 2016 certified for the (2) stated facilities that will merge. Please note if there will be any efficiencies, cost reductions or revenue enhancements in detail due to this merger.
7. Schedule 13-B1 is the staffing portion of this document. Please indicate the current staffing for each facility, the year one and year three incremental staffing for each facility.
8. Please ensure that the active parent status agrees with current 10NYCRR 405.1(c).

If you have any questions or need assistance, please contact me at 518-474-0957.

Philip LaCombe, Associate Fiscal Analyst
Division of Health Economics and Provider Assistance
Bureau of Financial Analysis

BRADFORD REGIONAL MEDICAL CENTER
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center

We have audited the accompanying consolidated balance sheets of Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center (the Medical Center) as of December 31, 2015 and 2014 and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Medical Center as of December 31, 2015 and 2014 and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



June 14, 2016

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Balance Sheets

December 31,	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 714,066	\$ 1,420,783
Assets limited as to use - current (Note 3)	804,015	973,554
Accounts receivable, net of estimated uncollectibles of \$3,036,000 and \$1,486,000	8,133,954	9,796,688
Other receivables	2,299,951	1,828,232
Supplies	1,697,521	1,792,557
Prepaid expenses	721,905	954,087
	<u>14,371,412</u>	<u>16,765,901</u>
Property and equipment, net (Note 2)	26,953,529	27,836,774
Assets limited as to use (Note 3)	11,268,702	10,980,149
Other assets, net	<u>1,340,890</u>	<u>1,464,752</u>
	<u>\$ 53,934,533</u>	<u>\$ 57,047,576</u>
Liabilities and Net Assets		
Current liabilities:		
Short-term borrowings (Note 4)	\$ 1,999,669	\$ 1,999,669
Current portion of long-term debt (Note 5)	1,545,430	1,378,580
Accounts payable	6,184,760	8,908,976
Accrued expenses	4,319,054	4,499,311
Estimated third-party payor settlements	418,322	624,024
	<u>14,467,235</u>	<u>17,410,560</u>
Long-term debt (Note 5)	14,944,184	15,680,175
Accrued pension liability (Note 6)	14,938,128	11,782,593
Net assets:		
Unrestricted	9,294,109	11,811,507
Temporarily restricted (Note 7)	138,262	210,126
Permanently restricted (Note 7)	152,615	152,615
	<u>9,584,986</u>	<u>12,174,248</u>
	<u>\$ 53,934,533</u>	<u>\$ 57,047,576</u>

See accompanying notes.

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Operations

For the years ended December 31,	2015	2014
Unrestricted revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 62,032,516	\$ 69,999,932
Less: provision for bad debts	(1,549,877)	(2,520,434)
Net patient service revenue	60,482,639	67,479,498
Other revenue	4,296,225	4,220,347
Total unrestricted revenue	64,778,864	71,699,845
Expenses:		
Salaries	26,288,385	28,996,608
Employee benefits	6,175,614	6,941,196
Purchased services	10,900,960	10,634,958
Professional fees	2,263,606	2,455,661
Supplies	8,285,656	9,235,768
Other	6,849,609	7,356,380
Depreciation and amortization	3,068,162	3,003,404
Interest	863,086	997,835
Total expenses	64,695,078	69,621,810
Income from operations	83,786	2,078,035
Other income:		
Investment income	161,355	876,985
Contributions and other, net	(309,608)	80,906
Total other income, net	(148,253)	957,891
Excess (deficiency) of revenue over expenses	(64,467)	3,035,926
Change in unrealized gains and losses on investments	(225,572)	(703,509)
Contribution - forgiveness of debt to Olean General Hospital (Note 11)	1,852,000	-
Pension liability adjustment (Note 6)	(4,177,729)	(4,811,899)
Net assets released from restrictions (Note 7)	98,370	441,912
Change in unrestricted net assets	\$ (2,517,398)	\$ (2,037,570)

See accompanying notes.

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Changes in Net Assets

For the years ended December 31,	2015	2014
Unrestricted net assets:		
Excess (deficiency) of revenue over expenses	\$ (64,467)	\$ 3,035,926
Change in unrealized gains and losses on investments	(225,572)	(703,509)
Contribution - forgiveness of debt to Olean General Hospital	1,852,000	-
Pension liability adjustment	(4,177,729)	(4,811,899)
Net assets released from restrictions	98,370	441,912
Change in unrestricted net assets	(2,517,398)	(2,037,570)
Temporarily restricted net assets:		
Contributions received	26,506	474,103
Net assets released from restrictions	(98,370)	(441,912)
Change in temporarily restricted net assets	(71,864)	32,191
Change in net assets	(2,589,262)	(2,005,379)
Net assets - beginning	12,174,248	14,179,627
Net assets - ending	\$ 9,584,986	\$ 12,174,248

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Cash Flows

For the years ended December 31,	2015	2014
Operating activities:		
Change in net assets	\$ (2,589,262)	\$ (2,005,379)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	3,068,162	3,003,404
Provision for bad debts	1,549,877	2,520,434
Contribution - forgiveness of debt to Olean General Hospital	(1,852,000)	-
Net realized and unrealized (gains) losses on investments	94,462	(119,256)
Pension liability adjustment	4,177,729	4,811,899
Net change in other current assets and current liabilities:		
Accounts receivable	112,857	(3,085,650)
Other receivables	(471,719)	(284,540)
Supplies	95,036	(121,330)
Prepaid expenses	232,182	242,281
Accounts payable	(1,166,771)	(961,477)
Accrued expenses	(1,202,451)	(2,030,035)
Estimated third-party payor settlements	(205,702)	192,741
Net operating activities	1,842,400	2,163,092
Investing activities:		
Property and equipment purchases	(963,273)	(1,470,139)
Assets limited as to use	(213,476)	726,983
Other assets	83,885	(619,560)
Net investing activities	(1,092,864)	(1,362,716)
Financing activities:		
Net short-term borrowings	-	7,669
Proceeds from issuance of long-term debt	-	1,000,000
Principal payments on long-term debt	(1,456,253)	(1,088,073)
Net financing activities	(1,456,253)	(80,404)
Net change in cash and cash equivalents	(706,717)	719,972
Cash and cash equivalents - beginning	1,420,783	700,811
Cash and cash equivalents - ending	\$ 714,066	\$ 1,420,783

See accompanying notes.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

The accompanying financial statements include the accounts of Bradford Hospital (the Medical Center) and its controlled subsidiaries, Bradford Health Enterprises (BHE) and Bradford Hospital Foundation (BHF). All significant intercompany accounts and transactions have been eliminated in the accompanying financial statements.

The Medical Center and its subsidiaries provide acute inpatient, outpatient, long-term nursing care, and home care services primarily to residents of Northwest Pennsylvania.

Upper Allegheny Health System (UAHS), a not-for-profit management holding corporation, is the sole corporate member of the Medical Center. UAHS is also the sole member of Olean General Hospital, a nearby not-for-profit New York hospital and healthcare system.

Cash and Cash Equivalents:

Cash and cash equivalents include investments in highly liquid brokerage money market accounts. Cash and cash equivalents in financial institutions potentially subject the Medical Center to concentrations of credit risk since they may exceed insured limits at various times throughout the year.

Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of patient accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to have financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Supplies:

Supplies include pharmaceuticals, medical and surgical supplies and food service stock, and are stated at the lower of first-in, first-out cost or market.

Property and Equipment:

Property and equipment is stated at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated service lives.

Certain of the Medical Center's property contains asbestos. Accordingly, the Medical Center is legally obligated to remediate the asbestos upon the related assets' retirement or disposal. Because the Medical Center has no plans or expectations of plans to undertake a major renovation that would require removal of the asbestos or demolition of the property, the fair value of the liability can not be estimated with reasonable certainty. Additionally, the Medical Center's property is expected to be maintained by repairs and maintenance activities that would not involve the removal of the asbestos, and the need for major renovations caused by technology changes, operational changes, or other factors has not been identified. When such an estimate of the liability's fair value can be made, it will be established and the carrying value of the property will be increased by a corresponding amount.

Assets Limited As To Use:

Assets limited as to use include assets held by trustees for debt service and construction, pledges receivable, assets restricted by donors, and assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Medical Center are included in current assets.

Investments within assets limited as to use represent marketable securities stated at fair value as determined by quoted prices in active markets.

Investments are classified as "available for sale." Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenue over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenue over expenses.

Temporarily and Permanently Restricted Net Assets:

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity.

Net Patient Service Revenue:

The majority of the Medical Center's total patient service revenue is derived from patients admitted under Medicare, Medicaid and other third-party insurance programs. The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates.

The Medical Center recognizes patient services revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Payment arrangements include prospectively determined rates per discharge and other service units, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Revenue from the Medicare and Medicaid programs accounted for approximately 40% (41% for 2014) and 21% (22% for 2014), respectively, of the Medical Center's net patient revenue for the year ended December 31, 2015. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change.

Charity Care:

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The estimated costs of services and supplies furnished under the Medical Center's charity care policy, determined based on a ratio of cost to charges calculation, aggregated approximately \$205,000 and \$209,000 in 2015 and 2014.

Donor-Restricted Gifts:

Unconditional promises to give cash and other assets to the Medical Center are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Unrestricted contributions recognized in both 2015 and 2014 totaling \$2,000,000 are in other revenue on the accompanying statements of operations.

Tax Status:

The Medical Center and BHF are 501(c)(3) organizations exempt from income taxes under Section 501(a) of the Internal Revenue Code. BHE is subject to State and Federal income taxes, however activity to date has not been significant. The entities believe they are no longer subject to examination by Federal and State taxing authorities for years prior to 2012.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Meaningful Use Incentive Payments:

To promote more effective (quality) and efficient healthcare delivery through the use of technology, the American Recovery and Reinvestment Act of 2009 (ARRA) established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that “meaningfully use” certified electronic health record (EHR) technology by 2014. To qualify for incentives, hospitals and physicians must meet EHR “meaningful use” criteria during the period, as defined. The incentive payments are paid out over a multi-year period on a transitional schedule.

The Medical Center recognizes revenue when it determines it has complied with the minimum number of “meaningful use” objectives and other specific requirements that are applicable during the specific EHR reporting period. Based on the Medical Center’s evaluation process, \$433,000 and \$705,000 has been recognized as grant revenue in 2015 and 2014, and presented as other revenue on the accompanying statements of operations. Estimated receivables at December 31, 2015 and 2014 total \$605,000 and \$287,000 and are included in other receivables on the accompanying balance sheets.

The amount of grant revenue recognized is based on management’s best estimate, and the amounts are subject to change. Additionally, the awards are subject to audit by the federal government or its designee.

Subsequent Events:

The Medical Center has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 14, 2016, the date the financial statements were available to be issued.

Excess of Revenue Over Expenses:

The statements of operations include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were for the purpose of acquiring such assets), and certain adjustments to the Medical Center’s actuarially determined pension liability.

2. Property and Equipment:

	2015	2014
Land and improvements	\$ 2,516,417	\$ 2,481,167
Buildings and improvements	48,136,100	47,936,355
Equipment and furnishings	23,673,028	21,662,996
Construction in progress	431,016	534,103
	74,756,561	72,614,621
Less accumulated depreciation	47,803,032	44,777,847
	\$ 26,953,529	\$ 27,836,774

Depreciation expense totaled \$3,028,185 in 2015 and \$2,978,354 in 2014.

Construction in progress includes expenditures related to a variety of projects for computer upgrades and facility renovations.

3. Assets Limited As To Use:

	2015	2014
Investments:		
Internally designated	\$ 8,750,628	\$ 8,165,354
Externally designated	186,130	225,490
Held by trustee for for long-term debt	2,197,697	2,352,733
	<u>11,134,455</u>	<u>10,743,577</u>
Less amount required to meet current obligations	465,753	621,012
	<u>10,668,702</u>	<u>10,122,565</u>
Pledges receivable	938,262	1,210,126
Less estimated current portion	338,262	352,542
	<u>600,000</u>	<u>857,584</u>
	<u>\$ 11,268,702</u>	<u>\$ 10,980,149</u>
Investment components:		
Cash and cash equivalents	\$ 5,561,520	\$ 5,538,846
U.S. Government securities	1,483,620	858,007
Common stock	1,811,187	2,044,542
Mutual funds	2,139,751	2,118,928
Corporate obligations	138,377	183,254
	<u>\$ 11,134,455</u>	<u>\$ 10,743,577</u>

The following summarizes investment return and its classification in the statements of operations and changes in net assets:

	2015	2014
Investment income:		
Dividends and interest	\$ 30,245	\$ 54,220
Net realized gains	131,110	822,765
	<u>\$ 161,355</u>	<u>\$ 876,985</u>
Change in unrealized gains and losses on investments	<u>\$ (225,572)</u>	<u>\$ (703,509)</u>

The Medical Center evaluates its holdings of available for sale investments for other-than-temporary declines in fair value below the cost basis. If an investment is determined to have an other-than-temporary decline in fair value, the unrealized losses for the investment are recognized in investment income. At December 31, 2015 and 2014, there were no significant instances of gross unrealized losses that required evaluation for other-than-temporary declines in fair value.

4. Short-Term Borrowings:

	2015	2014
\$2,000,000 bank demand working capital line of credit, interest at prime plus 1/8%, secured by certain investments.	<u>\$ 1,999,669</u>	<u>\$ 1,999,669</u>

The bank agreements are subject to general review and renewal procedures.

At December 31, 2015 and 2014, the Medical Center had \$585,000 of irrevocable standby letters of credit related to professional liability insurance payments. No amounts were outstanding on these letters of credit.

5. Long-Term Debt:

	2015	2014
McKean County Hospital Authority Revenue Refunding Bonds, Series 2005.	\$ 14,490,000	\$ 15,580,000
Bank term loan, consistent with \$1,000,000 pledge receivable estimated repayment timing, annual principal payments of \$200,000 are due. Interest is payable quarterly at 4%.	800,000	1,000,000
Equipment finance loans, varying monthly installments and interest rates through June 2021, secured by related equipment.	1,199,614	478,755
	<u>16,489,614</u>	<u>17,058,755</u>
Less current portion	1,545,430	1,378,580
	<u>\$ 14,944,184</u>	<u>\$ 15,680,175</u>

The McKean County Hospital Authority Revenue Bonds, Series 2005 (the "2005 Bonds") in the original amount of \$23,330,000 bear interest at 3.50% to 5.25%, are due in graduated installments through October 1, 2030, and are secured by a pledge of and security in the gross revenues of the Medical Center.

The 2005 Bonds are insured by ACA Financial Guaranty Corporation (ACA), and the bond agreements contain various financial ratios and covenants with which the Medical Center is required to comply. These financial ratios include the maintenance of a debt service coverage ratio and days' cash on hand. At December 31, 2015 and 2014, the Medical Center did not comply with certain covenants. On June 14, 2016 and May 14, 2015, waivers were obtained for the appropriate periods, and the loans are presented at December 31, 2015 and 2014 according to original terms.

Aggregate maturities on long-term debt subsequent to December 31, 2015 are:

2016	\$ 1,545,430
2017	1,628,300
2018	1,683,722
2019	1,740,007
2020	1,529,735
Thereafter	<u>8,362,420</u>
	<u>\$ 16,489,614</u>

6. Pension Plans:

The Medical Center has a noncontributory defined benefit pension plan covering substantially all employees active through March 31, 2011. The Medical Center's policy is to contribute on an annual basis an amount equal to the minimum funding standards of the Employee Retirement Income Security Act of 1974.

The following table provides a reconciliation of the changes in the projected benefit obligation and fair value of assets for years ended December 31, 2015 and 2014, and a statement of the funded status as of December 31, 2015 and 2014. The measurement dates are December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of period	\$ 29,182,435	\$ 25,035,114
Interest cost	1,147,511	1,228,242
Actuarial loss	2,618,871	3,847,141
Benefits paid	<u>(976,038)</u>	<u>(928,062)</u>
Projected benefit obligation at end of period	<u>31,972,779</u>	29,182,435
Change in plan assets:		
Fair value of plan assets at beginning of period	17,399,842	17,243,063
Actual return on plan assets	(574,477)	144,160
Employer contributions	1,185,324	940,681
Benefits paid	<u>(976,038)</u>	<u>(928,062)</u>
Fair value of plan assets at end of period	<u>17,034,651</u>	17,399,842
Funded status of the plan	<u>\$ (14,938,128)</u>	\$ (11,782,593)
Accrued pension liability	<u>\$ (14,938,128)</u>	\$ (11,782,593)
Accumulated benefit obligation	<u>\$ 31,972,779</u>	\$ 29,182,435

The projected benefit obligation is the actuarial present value as of the measurement date of all benefits attributed by the pension benefit formula to employee service rendered prior to that date. The projected benefit obligation is measured using assumptions as to future compensation levels, which no longer applies to the Medical Center.

The accumulated benefit obligation is the actuarial present value of benefits (whether vested or nonvested) attributed by the pension benefit formula to employee service rendered before a specified date and based on employee service and compensation prior to that date. The accumulated benefit obligation is currently the same as the projected benefit obligation because an assumption about future compensation levels no longer applies to the Medical Center.

	<u>2015</u>	<u>2014</u>
Components of net periodic benefit cost:		
Interest cost	\$ 1,147,511	\$ 1,228,242
Expected return on plan assets	(1,336,448)	(1,307,784)
Recognized net actuarial loss	352,067	198,866
Net periodic pension cost	<u>\$ 163,130</u>	<u>\$ 119,324</u>

Amounts recognized as accumulated adjustment to unrestricted net assets at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Net loss	<u>\$ 17,657,997</u>	<u>\$ 13,480,268</u>

The following amount included in accumulated adjustment to unrestricted net assets at December 31, 2015 is expected to be recognized in expense during 2016:

Amortization of net loss	<u>\$ 352,067</u>
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Weighted average assumptions to determine benefit obligations at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Discount rate	4.25%	4.00%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions to determine periodic benefit cost:

	<u>2015</u>	<u>2014</u>
Discount rate	4.00%	5.00%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	N/A	N/A

The most recent expected long-term rate of return on assets assumption is 7.50%. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The Medical Center's pension plan weighted-average assets allocation at December 31, 2015 and 2014 and the target allocation, by asset category, are as follows:

Asset category:	Target	2015	2014
	Allocation		
Cash equivalents	-	8%	4%
Equity securities	40%	38%	39%
Debt securities	25%	22%	21%
Flexible capital	20%	12%	13%
Inflation hedging	15%	20%	23%
	100%	100%	100%

The plan's overall portfolio mix of equity securities, fixed income (debt) securities, and other investments is based upon asset allocation modeling taking into consideration historical return patterns and risk factors. The investment strategy for plan assets is to emphasize total return from capital appreciation, and dividend and interest income. The plan trustees believe the current mix of plan assets provides an appropriate level of return to achieve current assumed return plan assumptions. All of the plan's investments are actively managed.

The plan invests in two limited partnerships (inflation hedging investments) and a common collective trust (flexible capital investments) for the purpose of investing in real estate and international markets. Investments in these items are valued at fair value based on the plan's proportionate share of net assets at the valuation date, or net asset value (NAV). The plan's ownership interests are valued in good faith by the plan administrator based on the fair values of the investment interests of the underlying assets and may consider other factors such as ownership percentage, ownership rights, and distribution provisions. Limited partnership investments may only be redeemed annually with notice of 65 - 90 days.

The plan's other investments are valued based on quoted prices in active markets.

Investment assets at fair value are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The fair values of plan investment assets are as follows as of December 31, 2015 and 2014:

	Based on	
	Quoted Prices in Active Markets	NAV
2015		
Cash equivalents	\$ 1,303,615	\$ -
Equity securities	6,448,957	-
Debt securities	3,788,266	-
Flexible capital	-	1,968,975
Inflation hedging	-	3,524,838
	\$ 11,540,838	\$ 5,493,813

	Based on	
	Quoted Prices in Active Markets	NAV
2014		
Cash equivalents	\$ 740,483	\$ -
Equity securities	6,789,896	-
Debt securities	3,685,741	-
Flexible capital	-	2,299,029
Inflation hedging	-	3,884,693
	\$ 11,216,120	\$ 6,183,722

The Medical Center expects to contribute \$1,332,000 to its pension plan during the annual period ending December 31, 2016.

The following benefit payments are expected to be paid:

2016	\$ 1,022,000
2017	1,054,000
2018	1,156,000
2019	1,282,000
2020	1,378,000
Thereafter through 2025	8,317,000
	\$ 14,209,000

The Medical Center froze the defined benefit pension plan effective April 1, 2011 by freezing all participant benefits as of that date. An enhanced defined contribution Section 403(b) savings incentive plan replaced the pension benefits. Total expense related to this plan amounted to \$909,000 and \$1,188,000 for the years ended December 31, 2015 and 2014.

7. Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2015 and 2014:

	2015	2014
Property and equipment	\$ 90,336	\$ 97,985
Time restricted	41,165	102,730
Other purposes	6,761	9,411
	<u>\$ 138,262</u>	<u>\$ 210,126</u>

Income from permanently restricted net assets is unrestricted.

Net assets of \$98,370 and \$441,912 were released from restrictions for the years ended December 31, 2015 and 2014 primarily for property and equipment purchases.

8. Cash Flows Information:

Net cash flows from operating activities reflect cash payments for interest of \$876,711 and \$1,010,835 for the years ended December 31, 2015 and 2014.

Noncash investing and financing activities excluded from the statements of cash flows consists of property and equipment acquisitions through term financing arrangements of \$887,112 in 2015 and \$492,480 in 2014. Also, the 2015 statement of cash flows excludes \$294,555 included in accounts payable that was used to purchase property and equipment.

9. Insurance:

Malpractice:

The Medical Center insures its medical malpractice risk under a claims-made policy issued by a mutual insurance carrier. Management intends to continue the Medical Center's medical malpractice insurance coverage on a claims-made basis, and has no reason to believe that the Medical Center may be prevented from renewing such coverage. Coverage under this plan is limited to \$500,000 per occurrence and \$2,500,000 in the aggregate.

There are various claims asserted against the Medical Center by former patients. The claims are in various stages of processing, and some may ultimately be brought to trial. Other claims may be asserted arising from services provided to patients through December 31, 2015. In the opinion of management, ultimate liability arising from asserted and unasserted claims, if any, in excess of insurance coverage will not have a material effect on the financial statements.

Excess coverage is also provided by the Medical Care Availability and Reduction of Error Fund (the "MCare Fund") created by Pennsylvania Act No. 13 of 2002. An actuarial study has determined that the MCare Fund is underfunded, and the state has indicated that the unfunded liability will be funded through future MCare Fund assessments as claims are eventually settled and paid. No provision has been made in the financial statements for any future MCare assessments, as the Medical Center's portion of the MCare Fund unfunded liability cannot be reasonably estimated.

Self Insurance:

The Medical Center sponsors a program of self-insurance for workers' compensation claims up to a maximum of \$50,000 per occurrence. The Medical Center maintains a workers' compensation cost collateral in accordance with the requirements of the Commonwealth of Pennsylvania. The accrual for workers' compensation claims is based upon analysis of open claims and past claim experience. Actual results could differ from these estimates.

The Medical Center is self-insured for employee health care benefits up to a stop-loss amount of \$200,000 per employee. The Medical Center accrues a liability for employee health care by charging the statement of operations for certain known claims and reasonable estimates for incurred but not reported claims based on claims experience and premiums paid. The amount of actual losses incurred could differ materially from these estimates in the near term.

10. Commitments and Contingencies:

The Medical Center is involved in legal proceedings incidental to operations which, in the opinion of management, will not have a material adverse impact upon the financial position of the Medical Center.

The Medical Center leases certain property and equipment that does not meet the criteria for capitalization. Accordingly, related rentals are charged to operations as incurred. Total rental expense for the years ended December 31, 2015 and 2014 for operating leases was approximately \$1,994,000 and \$2,598,000. Future minimum operating lease commitments for years subsequent to December 31, 2015 are approximately:

2016	\$ 1,386,000
2017	232,000
2018	39,000
2019	2,000
	<u>\$ 1,659,000</u>

11. Transactions with UAHS and Olean General Hospital:

UAHS allocates expenditures for administrative services to affiliates. At December 31, 2015 and 2014, the Medical Center had amounts payable to Olean General Hospital for related activities totaling \$146,501 and \$1,995,449. These amounts are included in accounts payable on the accompanying balance sheets.

During 2015, Olean General Hospital forgave its receivables owed from the Medical Center totaling \$1,852,000. These amounts are presented as an unrestricted net assets contribution on the accompanying 2015 statements of operations and changes in net assets.

12. Functional Expenses:

	2015	2014
Health care services	\$ 51,046,412	\$ 54,933,755
General and administrative	13,648,666	14,688,055
	<u>\$ 64,695,078</u>	<u>\$ 69,621,810</u>

13. Fair Value Measurements:


The carrying amounts of cash, accounts receivable, accounts payable and short-term borrowings are reasonable estimates of fair value because of their short maturity. Investments in marketable securities are measured at fair value on a recurring basis on the balance sheets. The fair values of all amounts at December 31, 2015 and 2014 were determined as described in Note 1.

The estimated fair value of the Medical Center's fixed rate long-term debt was \$14,679,781 and \$16,641,100 at December 31, 2015 and 2014, as compared to the carrying amounts of \$16,489,614 and \$17,058,755. The fair value of the Medical Center's long-term debt is based on estimated discounted cash flows using expected current market interest rates.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Directors
Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center

We have audited the consolidated financial statements of Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center as of and for the years ended December 31, 2015 and 2014, and our report thereon dated June 14, 2016, which expressed an unmodified opinion on the financial statements, appears on page 1. Those audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The additional information on pages 15 through 17 is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.


June 14, 2016

BRADFORD REGIONAL MEDICAL CENTER

Additional Information
Consolidating Balance Sheet

December 31, 2015 (with comparative totals for 2014)	Hospital	Pavilion Division of Hospital	Foundation
Assets			
Current assets:			
Cash and cash equivalents	\$ 713,966	\$ 100	\$ -
Assets limited as to use - current	804,015	-	-
Accounts receivable, net of estimated uncollectibles	7,227,881	906,073	-
Other receivables	88,894,760	36,006,384	9,751,157
Supplies	1,697,521	-	-
Prepaid expenses	721,905	-	-
	<u>100,060,048</u>	<u>36,912,557</u>	<u>9,751,157</u>
Property and equipment, net	26,018,856	852,018	82,655
Assets limited as to use	8,127,066	-	3,141,636
Other assets, net	<u>1,340,890</u>	<u>-</u>	<u>-</u>
	<u>\$ 135,546,860</u>	<u>\$ 37,764,575</u>	<u>\$ 12,975,448</u>
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings	\$ 1,999,669	\$ -	\$ -
Current portion of long-term debt	1,345,430	-	200,000
Accounts payable	6,184,617	-	63,460
Accrued expenses	93,883,779	41,810,808	760,275
Estimated third-party payor settlements	418,322	-	-
	<u>103,831,817</u>	<u>41,810,808</u>	<u>1,023,735</u>
Long-term debt	14,344,184	-	600,000
Accrued pension liability	14,938,128	-	-
Net assets:			
Unrestricted	2,290,461	(4,046,233)	11,203,106
Temporarily restricted	-	-	138,262
Permanently restricted	142,270	-	10,345
	<u>2,432,731</u>	<u>(4,046,233)</u>	<u>11,351,713</u>
	<u>\$ 135,546,860</u>	<u>\$ 37,764,575</u>	<u>\$ 12,975,448</u>

BHE	Reclassifications/ Eliminations	Consolidated 2015	Consolidated 2014
\$ -	\$ -	\$ 714,066	\$ 1,420,783
-	-	804,015	973,554
-	-	8,133,954	9,796,688
99,900	(132,452,250)	2,299,951	1,828,232
-	-	1,697,521	1,792,557
-	-	721,905	954,087
99,900	(132,452,250)	14,371,412	16,765,901
-	-	26,953,529	27,836,774
-	-	11,268,702	10,980,149
-	-	1,340,890	1,464,752
\$ 99,900	\$ (132,452,250)	\$ 53,934,533	\$ 57,047,576
\$ -	\$ -	\$ 1,999,669	\$ 1,999,669
-	-	1,545,430	1,378,580
-	(63,317)	6,184,760	8,908,976
253,125	(132,388,933)	4,319,054	4,499,311
-	-	418,322	624,024
253,125	(132,452,250)	14,467,235	17,410,560
-	-	14,944,184	15,680,175
-	-	14,938,128	11,782,593
(153,225)	-	9,294,109	11,811,507
-	-	138,262	210,126
-	-	152,615	152,615
(153,225)	-	9,584,986	12,174,248
\$ 99,900	\$ (132,452,250)	\$ 53,934,533	\$ 57,047,576

BRADFORD REGIONAL MEDICAL CENTER

Additional Information
Consolidating Statement of Operations

For the year ended December 31, 2015 (with comparative totals for 2014)	Hospital	Pavilion Division of Hospital	Foundation
Unrestricted revenue:			
Patient service revenue (net of contractual allowances and discounts)	\$ 55,624,267	\$ 6,408,249	\$ -
Less: provision for bad debts	(1,549,877)	-	-
Net patient service revenue	54,074,390	6,408,249	-
Other revenue	4,294,933	1,292	2,294,674
Total unrestricted revenue	58,369,323	6,409,541	2,294,674
Expenses:			
Salaries	23,805,278	2,483,107	165,568
Employee benefits	5,663,723	511,891	38,660
Purchased services	10,832,116	68,844	-
Professional fees	1,494,619	768,987	5,713
Supplies	7,807,148	478,508	21,570
Other	6,665,873	183,736	2,295,807
Depreciation and amortization	2,924,941	143,221	5,073
Interest	863,086	-	-
Total expenses	60,056,784	4,638,294	2,532,391
Income (loss) from operations	(1,687,461)	1,771,247	(237,717)
Other income:			
Investment income (loss)	224,843	-	(63,488)
Contributions and other, net	(71,891)	-	-
Total other income, net	152,952	-	(63,488)
Excess (deficiency) of revenue over expenses	(1,534,509)	1,771,247	(301,205)
Change in unrealized gains and losses on investments	(175,924)	-	(49,648)
Contribution - forgiveness of debt to Olean General Hospital	1,852,000	-	-
Pension liability adjustment	(4,177,729)	-	-
Net assets released from restrictions	-	-	98,370
Change in unrestricted net assets	\$ (4,036,162)	\$ 1,771,247	\$ (252,483)

BHE	Reclassifications/ Eliminations	Consolidated 2015	Consolidated 2014
\$	-	\$ 62,032,516	\$ 69,999,932
		(1,549,877)	(2,520,434)
		60,482,639	67,479,498
	(2,294,674)	4,296,225	4,220,347
	(2,294,674)	64,778,864	71,699,845
	(165,568)	26,288,385	28,996,608
	(38,660)	6,175,614	6,941,196
	-	10,900,960	10,634,958
	(5,713)	2,263,606	2,455,661
	(21,570)	8,285,656	9,235,768
	(2,295,807)	6,849,609	7,356,380
	(5,073)	3,068,162	3,003,404
	-	863,086	997,835
	(2,532,391)	64,695,078	69,621,810
	237,717	83,786	2,078,035
	-	161,355	876,985
	(237,717)	(309,608)	80,906
	(237,717)	(148,253)	957,891
	-	(64,467)	3,035,926
	-	(225,572)	(703,509)
	-	1,852,000	-
	-	(4,177,729)	(4,811,899)
	-	98,370	441,912
\$	-	\$ (2,517,398)	\$ (2,037,570)

BRADFORD REGIONAL MEDICAL CENTER

Additional Information
Consolidating Statement of Changes in Net Assets

For the year ended December 31, 2015 (with comparative totals for 2014)	Hospital	Pavilion Division of Hospital	Foundation
Unrestricted net assets:			
Excess (deficiency) of revenue over expenses	\$ (1,534,509)	\$ 1,771,247	\$ (301,205)
Change in unrealized gains and losses on investments	(175,924)	-	(49,648)
Contribution - forgiveness of debt to Olean General Hospital	1,852,000	-	-
Pension liability adjustment	(4,177,729)	-	-
Net assets released from restrictions	-	-	98,370
Change in unrestricted net assets	(4,036,162)	1,771,247	(252,483)
Temporarily restricted net assets:			
Contributions received	-	-	26,506
Net assets released from restrictions	-	-	(98,370)
Change in temporarily restricted net assets	-	-	(71,864)
Change in net assets	(4,036,162)	1,771,247	(324,347)
Net assets - beginning	6,468,893	(5,817,480)	11,676,060
Net assets - ending	\$ 2,432,731	\$ (4,046,233)	\$ 11,351,713

BHE	Reclassifications/ Eliminations	Consolidated 2015	Consolidated 2014
\$ -	\$ -	\$ (64,467)	\$ 3,035,926
-	-	(225,572)	(703,509)
-	-	1,852,000	-
-	-	(4,177,729)	(4,811,899)
-	-	98,370	441,912
-	-	(2,517,398)	(2,037,570)
-	-	26,506	474,103
-	-	(98,370)	(441,912)
-	-	(71,864)	32,191
-	-	(2,589,262)	(2,005,379)
(153,225)	-	12,174,248	14,179,627
\$ (153,225)	\$ -	\$ 9,584,986	\$ 12,174,248

BRADFORD REGIONAL MEDICAL CENTER
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center

We have audited the accompanying consolidated balance sheets of Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center (the Medical Center) as of December 31, 2016 and 2015 and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

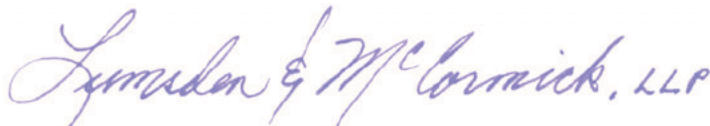
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Medical Center as of December 31, 2016 and 2015 and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



April 24, 2017, except for Note 5 as to which the date is June 21, 2017

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Balance Sheets

December 31,	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,103,806	\$ 714,066
Assets limited as to use - current (Note 3)	290,316	804,015
Accounts receivable, net of estimated uncollectibles of \$969,000 and \$3,036,000	6,585,933	8,133,954
Other receivables	2,329,270	2,299,951
Supplies	1,626,104	1,697,521
Prepaid expenses	643,069	721,905
	<u>12,578,498</u>	<u>14,371,412</u>
Property and equipment, net (Note 2)	25,482,769	26,953,529
Assets limited as to use (Note 3)	12,002,165	11,268,702
Other assets, net	978,764	934,575
	<u>\$ 51,042,196</u>	<u>\$ 53,528,218</u>
Liabilities and Net Assets		
Current liabilities:		
Short-term borrowings (Note 4)	\$ 1,999,669	\$ 1,999,669
Current portion of long-term debt (Note 5)	1,664,814	1,520,380
Accounts payable	6,267,255	6,184,760
Accrued expenses	4,241,321	4,319,054
Estimated third-party payor settlements	369,127	418,322
	<u>14,542,186</u>	<u>14,442,185</u>
Long-term debt (Note 5)	13,372,210	14,562,919
Accrued pension liability (Note 6)	15,167,076	14,938,128
Net assets:		
Unrestricted	7,707,793	9,294,109
Temporarily restricted (Note 7)	100,316	138,262
Permanently restricted (Note 7)	152,615	152,615
	<u>7,960,724</u>	<u>9,584,986</u>
	<u>\$ 51,042,196</u>	<u>\$ 53,528,218</u>

See accompanying notes.

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Operations

For the years ended December 31,	2016	2015
Unrestricted revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 63,158,031	\$ 62,032,516
Less: provision for bad debts	(1,181,527)	(1,549,877)
Net patient service revenue	61,976,504	60,482,639
Other revenue	4,877,492	4,296,225
Total unrestricted revenue	66,853,996	64,778,864
Expenses:		
Salaries	26,798,228	26,288,385
Employee benefits	6,820,325	6,175,614
Purchased services	10,620,401	10,900,960
Professional fees	4,254,540	2,263,606
Supplies	8,572,882	8,285,656
Other	6,283,075	6,849,609
Depreciation and amortization	3,112,241	3,043,112
Interest	880,912	888,136
Total expenses	67,342,604	64,695,078
Income (loss) from operations	(488,608)	83,786
Other income (expense):		
Investment income	40,529	161,355
Contributions and other, net	(401,679)	(309,608)
Total other expense, net	(361,150)	(148,253)
Excess of expenses over revenue	(849,758)	(64,467)
Change in unrealized gains and losses on investments	135,766	(225,572)
Contribution - forgiveness of debt to Olean General Hospital (Note 11)	-	1,852,000
Pension liability adjustment (Note 6)	(932,685)	(4,177,729)
Net assets released from restrictions (Note 7)	60,361	98,370
Change in unrestricted net assets	\$ (1,586,316)	\$ (2,517,398)

See accompanying notes.

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Changes in Net Assets

For the years ended December 31,	2016	2015
Unrestricted net assets:		
Excess of expenses over revenue	\$ (849,758)	\$ (64,467)
Change in unrealized gains and losses on investments	135,766	(225,572)
Contribution - forgiveness of debt to Olean General Hospital (Note 11)	-	1,852,000
Pension liability adjustment (Note 6)	(932,685)	(4,177,729)
Net assets released from restrictions (Note 7)	60,361	98,370
Change in unrestricted net assets	(1,586,316)	(2,517,398)
Temporarily restricted net assets:		
Contributions received	22,415	26,506
Net assets released from restrictions	(60,361)	(98,370)
Change in temporarily restricted net assets	(37,946)	(71,864)
Change in net assets	(1,624,262)	(2,589,262)
Net assets - beginning	9,584,986	12,174,248
Net assets - ending	\$ 7,960,724	\$ 9,584,986

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Cash Flows

For the years ended December 31,	2016	2015
Operating activities:		
Change in net assets	\$ (1,624,262)	\$ (2,589,262)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	3,112,241	3,043,112
Provision for bad debts	1,181,527	1,549,877
Contribution - forgiveness of debt to Olean General Hospital (Note 11)	-	(1,852,000)
Net realized and unrealized (gains) losses on investments	(160,581)	94,462
Pension liability adjustment	932,685	4,177,729
Net change in other current assets and current liabilities:		
Accounts receivable	366,494	112,857
Other receivables	(29,319)	(471,719)
Supplies	71,417	95,036
Prepaid expenses	78,836	232,182
Accounts payable	377,050	(1,166,771)
Accrued expenses	(781,470)	(1,202,451)
Estimated third-party payor settlements	(49,195)	(205,702)
Net operating activities	3,475,423	1,817,350
Investing activities:		
Property and equipment purchases	(1,438,084)	(963,273)
Assets limited as to use	(59,183)	(213,476)
Other assets	(52,604)	83,885
Net investing activities	(1,549,871)	(1,092,864)
Financing activities:		
Principal payments on long-term debt	(1,535,812)	(1,431,203)
Net change in cash and cash equivalents	389,740	(706,717)
Cash and cash equivalents - beginning	714,066	1,420,783
Cash and cash equivalents - ending	\$ 1,103,806	\$ 714,066

See accompanying notes.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

The accompanying financial statements include the accounts of Bradford Hospital (the Medical Center) and its controlled subsidiaries, Bradford Health Enterprises (BHE) and Bradford Hospital Foundation (BHF). All significant intercompany accounts and transactions have been eliminated in the accompanying financial statements.

The Medical Center and its subsidiaries provide acute inpatient, outpatient, long-term nursing care, and home care services primarily to residents of Northwest Pennsylvania.

Upper Allegheny Health System (UAHS), a not-for-profit management holding corporation, is the sole corporate member of the Medical Center. UAHS is also the sole member of Olean General Hospital (OGH), a nearby not-for-profit New York hospital and healthcare system.

On October 31, 2016, UAHS consummated an alignment agreement with Kaleida Health, a larger not-for-profit organization which provides comprehensive healthcare services primarily in Western New York State, whereby Kaleida Health becomes the sole corporate member of UAHS. The agreement essentially allows for a collaboration that will expand access to care for patients and streamline operations. The agreement requires certain Federal and State regulatory approvals to be effectuated.

Cash and Cash Equivalents:

Cash and cash equivalents include investments in highly liquid brokerage money market accounts. Cash and cash equivalents in financial institutions potentially subject the Medical Center to concentrations of credit risk since they may exceed insured limits at various times throughout the year.

Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of patient accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to have financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Supplies:

Supplies include pharmaceuticals, medical and surgical supplies and food service stock, and are stated at the lower of first-in, first-out cost or net realizable value.

Property and Equipment:

Property and equipment is stated at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated service lives.

Certain Medical Center property contains asbestos. Accordingly, the Medical Center is legally obligated to remediate the asbestos upon the related assets' retirement or disposal. Because the Medical Center has no plans or expectations of plans to undertake a major renovation that would require removal of the asbestos or demolition of the property, the fair value of the liability can not be estimated with reasonable certainty. Additionally, the Medical Center's property is expected to be maintained by repairs and maintenance activities that would not involve the removal of the asbestos, and the need for major renovations caused by technology changes, operational changes, or other factors has not been identified. When such an estimate of the liability's fair value can be made, it will be established and the carrying value of the property will be increased by a corresponding amount.

Assets Limited As To Use:

Assets limited as to use include assets held by trustees for debt service and construction, pledges receivable, assets restricted by donors, and assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Medical Center are included in current assets.

Investments within assets limited as to use represent marketable securities stated at fair value as determined by quoted prices in active markets.

Investments are classified as "available for sale." Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenue over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenue over expenses.

Temporarily and Permanently Restricted Net Assets:

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity, the earnings from which can be used for unrestricted purposes.

Net Patient Service Revenue:

The majority of the Medical Center's total patient service revenue is derived from patients admitted under Medicare, Medicaid and other third-party insurance programs. The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates.

The Medical Center recognizes patient services revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Payment arrangements include prospectively determined rates per discharge and other service units, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Revenue from the Medicare and Medicaid programs accounted for approximately 42% (40% for 2015) and 24% (21% for 2015), respectively, of the Medical Center's net patient revenue for the year ended December 31, 2016. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change.

Charity Care:

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The estimated costs of services and supplies furnished under the Medical Center's charity care policy, determined based on a ratio of cost to charges calculation, aggregated approximately \$313,000 and \$205,000 in 2016 and 2015.

Donor-Restricted Gifts:

Unconditional promises to give cash and other assets to the Medical Center are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Unrestricted contributions recognized in 2016 and 2015 totaling \$2,100,000 and \$2,000,000 are in other revenue on the accompanying statements of operations.

Tax Status:

The Medical Center and BHF are 501(c)(3) organizations exempt from income taxes under Section 501(a) of the Internal Revenue Code. BHE is subject to State and Federal income taxes, however activity to date has not been significant.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Meaningful Use Incentive Payments:

To promote more effective (quality) and efficient healthcare delivery through the use of technology, the American Recovery and Reinvestment Act of 2009 (ARRA) established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that "meaningfully use" certified electronic health record (EHR) technology by 2014. To qualify for incentives, hospitals and physicians needed to meet EHR "meaningful use" criteria during the period, as defined. The incentive payments are made over a multi-year period on a transitional schedule.

The Medical Center recognizes revenue when it determines it has complied with the minimum number of "meaningful use" objectives and other specific requirements that are applicable during the specific EHR reporting period. Based on the Medical Center's evaluation process, \$433,000 has been recognized as grant revenue in 2015, and presented as other revenue on the accompanying statement of operations. Estimated receivables at December 31, 2016 and 2015 total \$224,000 and \$605,000 and are included in other receivables on the accompanying balance sheets.

The amount of grant revenue recognized is based on management's best estimate, and the amounts are subject to change. Additionally, the awards are subject to audit by the federal government or its designee.

Subsequent Events:

The Medical Center has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 21, 2017, the date the financial statements were available to be issued.

Excess of Revenue Over Expenses:

The statements of operations include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were for the purpose of acquiring such assets), and certain adjustments to the Medical Center's actuarially determined pension liability.

Reclassifications:

The 2015 financial statements have been reclassified to conform with the presentation adopted for 2016.

2. Property and Equipment:

	2016	2015
Land and improvements	\$ 2,516,417	\$ 2,516,417
Buildings and improvements	49,021,190	48,136,100
Equipment and furnishings	24,786,223	23,673,028
Construction in progress	65,797	431,016
	<u>76,389,627</u>	<u>74,756,561</u>
Less accumulated depreciation	50,906,858	47,803,032
	<u>\$ 25,482,769</u>	<u>\$ 26,953,529</u>

Depreciation expense totaled \$3,103,826 in 2016 and \$3,028,185 in 2015.

Construction in progress includes expenditures related to facility renovations.

3. Assets Limited As To Use:

	2016	2015
Investments:		
Internally designated	\$ 9,702,161	\$ 8,750,628
Externally designated	157,932	186,130
Held by trustee for for long-term debt	1,732,072	2,197,697
	<u>11,592,165</u>	<u>11,134,455</u>
Less amount required to meet current obligations	-	465,753
	<u>11,592,165</u>	<u>10,668,702</u>
Pledges receivable	700,316	938,262
Less estimated current portion	290,316	338,262
	<u>410,000</u>	<u>600,000</u>
	<u>\$ 12,002,165</u>	<u>\$ 11,268,702</u>
Investment components:		
Cash and cash equivalents	\$ 5,078,255	\$ 5,561,520
U.S. Government securities	1,296,880	1,483,620
Common stock	2,102,102	1,811,187
Mutual funds	2,990,630	2,139,751
Corporate obligations	124,298	138,377
	<u>\$ 11,592,165</u>	<u>\$ 11,134,455</u>

The following summarizes investment return and its classification in the statements of operations and changes in net assets:

	2016	2015
Investment income:		
Dividends and interest	\$ 15,714	\$ 30,245
Net realized gains	24,815	131,110
	<u>\$ 40,529</u>	<u>\$ 161,355</u>
Change in unrealized gains and losses on investments	\$ 135,766	\$ (225,572)

The Medical Center evaluates its holdings of available for sale investments for other-than-temporary declines in fair value below the cost basis. If an investment is determined to have an other-than-temporary decline in fair value, the unrealized losses for the investment are recognized in investment income. At December 31, 2016 and 2015, there were no significant instances of gross unrealized losses that required evaluation for other-than-temporary declines in fair value.

4. Short-Term Borrowings:

	2016	2015
\$2,000,000 bank demand working capital line of credit, interest at prime plus 1/8%, secured by certain investments.	<u>\$ 1,999,669</u>	<u>\$ 1,999,669</u>

At December 31, 2016 and 2015, the Medical Center had \$585,000 of irrevocable standby letters of credit related to professional liability insurance payments. No amounts were outstanding on these letters of credit.

The borrowing agreements are subject to general review and renewal procedures.

5. Long-Term Debt:

	2016	2015
McKean County Hospital Authority Revenue Refunding Bonds, Series 2005.	\$ 13,345,000	\$ 14,490,000
Bank term loan, consistent with \$1,000,000 pledge receivable estimated repayment timing, annual principal payments of \$200,000 are due. Interest is payable quarterly at 4%.	600,000	800,000
Equipment finance loans, varying monthly installments and interest rates through December 2025, secured by related equipment.	<u>1,473,289</u>	<u>1,199,614</u>
	<u>15,418,289</u>	<u>16,489,614</u>
Less unamortized deferred financing costs	381,265	406,315
Less current portion	1,664,814	1,520,380
	<u>\$ 13,372,210</u>	<u>\$ 14,562,919</u>

The McKean County Hospital Authority Revenue Bonds, Series 2005 (the "2005 Bonds") in the original amount of \$23,330,000 bear interest at 3.50% to 5.25%, are due in graduated installments through October 1, 2030, and are secured by a pledge of and security in the gross revenues of the Medical Center.

The 2005 Bonds are insured by ACA Financial Guaranty Corporation (ACA), and the bond agreements contain various financial ratios and covenants with which the Medical Center is required to comply. These financial ratios include the maintenance of a debt service coverage ratio and days' cash on hand. At December 31, 2016 and 2015, the Medical Center did not comply with certain covenants. On June 21, 2017 and June 14, 2016, waivers were obtained for the appropriate periods, and the loans are presented at December 31, 2016 and 2015 according to original terms.

Deferred financing costs associated with the issuance of long-term debt are amortized as interest expense on a straight-line basis over the terms of the related bonds.

Aggregate maturities on net long-term debt subsequent to December 31, 2016 are:

2017	\$ 1,664,814
2018	1,710,240
2019	1,766,525
2020	1,556,253
2021	898,937
Thereafter	7,440,255
	<u>\$ 15,037,024</u>

6. Pension Plans:

The Medical Center has a noncontributory defined benefit pension plan covering substantially all employees active through March 31, 2011. The Medical Center's policy is to contribute on an annual basis an amount equal to the minimum funding standards of the Employee Retirement Income Security Act of 1974.

The following table provides a reconciliation of the changes in the projected benefit obligation and fair value of assets for years ended December 31, 2016 and 2015, and a statement of the funded status as of December 31, 2016 and 2015. The measurement dates are December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 31,972,779	\$ 29,182,435
Interest cost	1,337,361	1,147,511
Actuarial loss	652,798	2,618,871
Benefits paid	(992,373)	(976,038)
Projected benefit obligation at end of year	<u>32,970,565</u>	<u>31,972,779</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	17,034,651	17,399,842
Actual return on plan assets	807,594	(574,477)
Employer contributions	953,617	1,185,324
Benefits paid	(992,373)	(976,038)
Fair value of plan assets at end of year	<u>17,803,489</u>	<u>17,034,651</u>
Funded status of the plan	<u>\$ (15,167,076)</u>	<u>\$ (14,938,128)</u>
Accrued pension liability	<u>\$ (15,167,076)</u>	<u>\$ (14,938,128)</u>
Accumulated benefit obligation	<u>\$ 32,970,565</u>	<u>\$ 31,972,779</u>

The projected benefit obligation is the actuarial present value as of the measurement date of all benefits attributed by the pension benefit formula to employee service rendered prior to that date. The projected benefit obligation is measured using assumptions as to future compensation levels, which no longer applies to the Medical Center.

The accumulated benefit obligation is the actuarial present value of benefits (whether vested or nonvested) attributed by the pension benefit formula to employee service rendered before a specified date and based on employee service and compensation prior to that date. The accumulated benefit obligation is currently the same as the projected benefit obligation because an assumption about future compensation levels no longer applies to the Medical Center.

	<u>2016</u>	<u>2015</u>
Components of net periodic benefit cost:		
Interest cost	\$ 1,337,361	\$ 1,147,511
Expected return on plan assets	(1,293,424)	(1,336,448)
Recognized net actuarial loss	438,204	352,067
Net periodic pension cost	<u>\$ 482,141</u>	<u>\$ 163,130</u>

Amounts recognized as accumulated adjustment to unrestricted net assets at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Net loss	<u>\$ 18,590,682</u>	<u>\$ 17,657,997</u>

The following amount included in accumulated adjustment to unrestricted net assets at December 31, 2016 is expected to be recognized in expense during 2017:

Amortization of net loss \$ 470,668

Weighted average assumptions to determine benefit obligations at December 31, 2016 and 2015:

	<u>2016</u>	2015
Discount rate	4.00%	4.25%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions to determine periodic benefit cost:

	<u>2016</u>	2015
Discount rate	4.25%	4.00%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	N/A	N/A

The most recent expected long-term rate of return on assets assumption is 7.50%. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The Medical Center's pension plan weighted-average assets allocation at December 31, 2016 and 2015 and the target allocation, by asset category, are as follows:

Asset category:	Target		
	Allocation	<u>2016</u>	2015
Cash equivalents	-	3%	8%
Equity securities	40%	42%	38%
Debt securities	25%	23%	22%
Flexible capital	20%	13%	12%
Inflation hedging	15%	19%	20%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The plan's overall portfolio mix of equity securities, fixed income (debt) securities, and other investments is based upon asset allocation modeling taking into consideration historical return patterns and risk factors. The investment strategy for plan assets is to emphasize total return from capital appreciation, and dividend and interest income. The plan trustees believe the current mix of plan assets provides an appropriate level of return to achieve current assumed return plan assumptions. All of the plan's investments are actively managed.

The plan invests in two limited partnerships (inflation hedging investments) and a common collective trust (flexible capital investments) for the purpose of investing in real estate and international markets. Investments in these items are valued at fair value based on the plan's proportionate share of net assets at the valuation date, or net asset value (NAV). The plan's ownership interests are valued in good faith by the plan administrator based on the fair values of the investment interests of the underlying assets and may consider other factors such as ownership percentage, ownership rights, and distribution provisions. Limited partnership investments may only be redeemed annually with notice of 65 - 90 days.

The plan's other investments are valued based on quoted prices in active markets.

Investment assets at fair value are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The fair values of plan investment assets are as follows as of December 31, 2016 and 2015:

	<u>Based on</u>	
	<u>Quoted</u>	
	<u>Prices in</u>	
	<u>Active</u>	
	<u>Markets</u>	<u>NAV</u>
<u>2016</u>		
Cash equivalents	\$ 549,748	\$ -
Equity securities	7,510,412	-
Debt securities	4,051,266	-
Flexible capital	-	2,246,287
Inflation hedging	-	3,445,776
	<u>\$ 12,111,426</u>	<u>\$ 5,692,063</u>

	<u>Based on</u>	
	<u>Quoted</u>	
	<u>Prices in</u>	
	<u>Active</u>	
	<u>Markets</u>	<u>NAV</u>
<u>2015</u>		
Cash equivalents	\$ 1,303,615	\$ -
Equity securities	6,448,957	-
Debt securities	3,788,266	-
Flexible capital	-	1,968,975
Inflation hedging	-	3,524,838
	<u>\$ 11,540,838</u>	<u>\$ 5,493,813</u>

The Medical Center expects to contribute \$1,351,000 to its pension plan during the annual period ending December 31, 2017.

The following benefit payments are expected to be paid:

2017	\$ 1,060,000
2018	1,161,000
2019	1,272,000
2020	1,366,000
2021	1,470,000
Thereafter through 2026	<u>8,624,000</u>
	<u>\$ 14,953,000</u>

The Medical Center froze the defined benefit pension plan effective April 1, 2011 by freezing all participant benefits as of that date. An enhanced defined contribution Section 403(b) savings incentive plan replaced the pension benefits. Total expense related to this plan amounted to \$1,022,000 and \$909,000 in 2016 and 2015.

7. Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Property and equipment	\$ 74,473	\$ 90,336
Time restricted	9,891	41,165
Other purposes	15,952	6,761
	<u>\$ 100,316</u>	<u>\$ 138,262</u>

Net assets of \$60,361 and \$98,370 were released from restrictions for the years ended December 31, 2016 and 2015 primarily for property and equipment purchases.

8. Cash Flows Information:

Net cash flows from operating activities reflect cash payments for interest of \$870,174 and \$876,711 for the years ended December 31, 2016 and 2015.

Noncash investing and financing activities excluded from the statements of cash flows consists of property and equipment acquisitions through term financing arrangements of \$489,537 in 2016 and \$887,112 in 2015. Also, the 2015 statement of cash flows excludes \$294,555 included in accounts payable that was used to purchase property and equipment.

9. Insurance:

Malpractice:

The Medical Center insures its medical malpractice risk under a claims-made policy issued by a mutual insurance carrier. Management intends to continue the Medical Center's medical malpractice insurance coverage on a claims-made basis, and has no reason to believe that the Medical Center may be prevented from renewing such coverage. Coverage under this plan is limited to \$500,000 per occurrence and \$2,500,000 in the aggregate.

There are various claims asserted against the Medical Center by former patients. The claims are in various stages of processing, and some may ultimately be brought to trial. Other claims may be asserted arising from services provided to patients through December 31, 2016. In the opinion of management, ultimate liability arising from asserted and unasserted claims, if any, in excess of insurance coverage will not have a material effect on the financial statements.

Excess coverage is also provided by the Medical Care Availability and Reduction of Error Fund (the "MCare Fund") created by Pennsylvania Act No. 13 of 2002. An actuarial study has determined that the MCare Fund is underfunded, and the state has indicated that the unfunded liability will be funded through future MCare Fund assessments as claims are eventually settled and paid. No provision has been made in the financial statements for any future MCare assessments, as the Medical Center's portion of the MCare Fund unfunded liability cannot be reasonably estimated.

Workers' Compensation:

The Medical Center sponsors a program of self-insurance for workers' compensation claims up to a maximum of \$50,000 per occurrence. The Medical Center maintains a workers' compensation cost collateral in accordance with the requirements of the Commonwealth of Pennsylvania. The accrual for workers' compensation claims is based upon analysis of open claims and past claim experience. Actual results could differ from these estimates.

Health:

The Medical Center is self-insured for employee health care benefits up to a stop-loss amount of \$200,000 per employee. The Medical Center accrues a liability for employee health care by charging the statement of operations for certain known claims and reasonable estimates for incurred but not reported claims based on claims experience and premiums paid. The amount of actual losses incurred could differ materially from these estimates in the near term.

10. Commitments and Contingencies:

The Medical Center is involved in legal proceedings incidental to operations which, in the opinion of management, will not have a material adverse impact upon the financial position of the Medical Center.

The Medical Center leases certain property and equipment that does not meet the criteria for capitalization. Accordingly, related rentals are charged to operations as incurred. Total rental expense for the years ended December 31, 2016 and 2015 for operating leases was approximately \$1,864,000 and \$1,994,000. Future minimum operating lease commitments for years subsequent to December 31, 2016 are approximately:

2017	\$ 1,128,000
2018	695,000
2019	476,000
2020	355,000
2021	160,000
	<u>\$ 2,814,000</u>

11. Transactions with UAHS and OGH:

UAHS allocates expenditures for administrative services to affiliates. At December 31, 2016 and 2015, the Medical Center had amounts payable to OGH for related activities totaling \$279,788 and \$146,501. These amounts are included in accounts payable on the accompanying balance sheets.

During 2015, OGH forgave its receivables owed from the Medical Center totaling \$1,852,000. These amounts are presented as an unrestricted net assets contribution on the accompanying 2015 statements of operations and changes in net assets.

12. Functional Expenses:

	2016	2015
Health care services	\$ 53,855,418	\$ 51,738,131
General and administrative	13,487,186	12,956,947
	<u>\$ 67,342,604</u>	<u>\$ 64,695,078</u>

13. Fair Value Measurements:

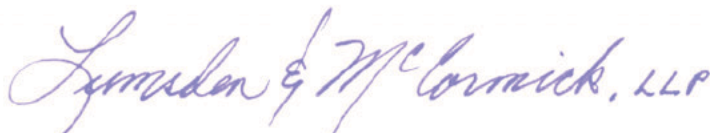
The carrying amounts of cash, accounts receivable, accounts payable and short-term borrowings are reasonable estimates of fair value because of their short maturity. Investments in marketable securities are measured at fair value on a recurring basis on the balance sheets. The fair values of all amounts at December 31, 2016 and 2015 were determined as described in Note 1.

The estimated fair value of the Medical Center's fixed rate long-term debt was \$13,802,870 and \$14,679,781 at December 31, 2016 and 2015, as compared to the carrying amounts of \$15,399,752 and \$16,489,614. The fair value of the Medical Center's long-term debt is based on estimated discounted cash flows using expected current market interest rates.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Directors
Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center

We have audited the consolidated financial statements of Bradford Hospital and Subsidiaries d/b/a Bradford Regional Medical Center as of and for the years ended December 31, 2016 and 2015, and our report thereon dated April 24, 2017, except for Note 5 as to which the date is June 21, 2017, which expressed an unmodified opinion on the financial statements, appears on page 1. Those audits were performed for the purpose of forming an opinion on the financial statements as a whole. The additional information on pages 15 through 17 is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



April 24, 2017, except for Note 5 as to which the date is June 21, 2017

BRADFORD REGIONAL MEDICAL CENTER

Additional Information
Consolidating Balance Sheet

December 31, 2016 (with comparative totals for 2015)	Hospital	Pavilion Division of Hospital	Foundation
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,103,706	\$ 100	\$ -
Assets limited as to use - current	290,316	-	-
Accounts receivable, net of estimated uncollectibles	5,461,532	1,124,401	-
Other receivables	3,147,143	427,161	-
Supplies	1,626,104	-	-
Prepaid expenses	643,069	-	-
	<u>12,271,870</u>	<u>1,551,662</u>	<u>-</u>
Property and equipment, net	24,355,125	1,049,702	77,942
Assets limited as to use	8,269,491	-	3,732,674
Other assets, net	953,248	25,516	-
	<u>\$ 45,849,734</u>	<u>\$ 2,626,880</u>	<u>\$ 3,810,616</u>
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings	\$ 1,999,669	\$ -	\$ -
Current portion of long-term debt	1,464,814	-	200,000
Accounts payable	6,267,255	-	1,245,034
Accrued expenses	4,178,901	62,420	-
Estimated third-party payor settlements	369,127	-	-
	<u>14,279,766</u>	<u>62,420</u>	<u>1,445,034</u>
Long-term debt	12,972,210	-	400,000
Accrued pension liability	15,167,076	-	-
Net assets:			
Unrestricted	3,288,412	2,564,460	1,854,921
Temporarily restricted	-	-	100,316
Permanently restricted	142,270	-	10,345
	<u>3,430,682</u>	<u>2,564,460</u>	<u>1,965,582</u>
	<u>\$ 45,849,734</u>	<u>\$ 2,626,880</u>	<u>\$ 3,810,616</u>

BHE	Reclassifications/ Eliminations	Consolidated 2016	Consolidated 2015
\$ -	\$ -	\$ 1,103,806	\$ 714,066
-	-	290,316	804,015
-	-	6,585,933	8,133,954
-	(1,245,034)	2,329,270	2,299,951
-	-	1,626,104	1,697,521
-	-	643,069	721,905
-	(1,245,034)	12,578,498	14,371,412
-	-	25,482,769	26,953,529
-	-	12,002,165	11,268,702
-	-	978,764	934,575
\$ -	\$ (1,245,034)	\$ 51,042,196	\$ 53,528,218
\$ -	\$ -	\$ 1,999,669	\$ 1,999,669
-	-	1,664,814	1,520,380
-	(1,245,034)	6,267,255	6,184,760
-	-	4,241,321	4,319,054
-	-	369,127	418,322
-	(1,245,034)	14,542,186	14,442,185
-	-	13,372,210	14,562,919
-	-	15,167,076	14,938,128
-	-	7,707,793	9,294,109
-	-	100,316	138,262
-	-	152,615	152,615
-	-	7,960,724	9,584,986
\$ -	\$ (1,245,034)	\$ 51,042,196	\$ 53,528,218

BRADFORD REGIONAL MEDICAL CENTER

Additional Information
Consolidating Statement of Operations

For the year ended December 31, 2016 (with comparative totals for 2015)	Hospital	Pavilion Division of Hospital	Foundation
Unrestricted revenue:			
Patient service revenue (net of contractual allowances and discounts)	\$ 55,974,099	\$ 7,183,932	\$ -
Less: provision for bad debts	(1,181,527)	-	-
Net patient service revenue	54,792,572	7,183,932	-
Other revenue	4,876,688	804	218,322
Total unrestricted revenue	59,669,260	7,184,736	218,322
Expenses:			
Salaries	23,767,334	3,030,894	148,883
Employee benefits	6,097,744	722,581	37,221
Purchased services	10,572,741	47,660	-
Professional fees	3,646,006	608,534	3,641
Supplies	8,155,043	417,839	54,344
Other	5,111,656	1,171,419	434,860
Depreciation and amortization	2,971,642	140,599	4,947
Interest	880,912	-	-
Total expenses	61,203,078	6,139,526	683,896
Income (loss) from operations	(1,533,818)	1,045,210	(465,574)
Other income:			
Investment income (loss)	(8,318)	-	48,847
Contributions and other, net	63,895	-	-
Total other income, net	55,577	-	48,847
Excess (deficiency) of revenue over expenses	(1,478,241)	1,045,210	(416,727)
Change in unrealized gains and losses on investments	128,023	-	7,743
Contribution - forgiveness of debt to Olean General Hospital	-	-	-
Pension liability adjustment	(932,685)	-	-
Net assets released from restrictions	-	-	60,361
Change in unrestricted net assets	\$ (2,282,903)	\$ 1,045,210	\$ (348,623)

BHE	Reclassifications/ Eliminations	Consolidated 2016	Consolidated 2015
\$	-	\$ 63,158,031	\$ 62,032,516
		(1,181,527)	(1,549,877)
		61,976,504	60,482,639
	(218,322)	4,877,492	4,296,225
	(218,322)	66,853,996	64,778,864
	(148,883)	26,798,228	26,288,385
	(37,221)	6,820,325	6,175,614
	-	10,620,401	10,900,960
	(3,641)	4,254,540	2,263,606
	(54,344)	8,572,882	8,285,656
	(434,860)	6,283,075	6,849,609
	(4,947)	3,112,241	3,043,112
	-	880,912	888,136
	(683,896)	67,342,604	64,695,078
	465,574	(488,608)	83,786
	-	40,529	161,355
	(465,574)	(401,679)	(309,608)
	(465,574)	(361,150)	(148,253)
	-	(849,758)	(64,467)
	-	135,766	(225,572)
	-	-	1,852,000
	-	(932,685)	(4,177,729)
	-	60,361	98,370
\$	\$	\$ (1,586,316)	\$ (2,517,398)

BRADFORD REGIONAL MEDICAL CENTER

Additional Information
Consolidating Statement of Changes in Net Assets

For the year ended December 31, 2016 (with comparative totals for 2015)	Hospital	Pavilion Division of Hospital	Foundation
Unrestricted net assets:			
Excess (deficiency) of revenue over expenses	\$ (1,478,241)	\$ 1,045,210	\$ (416,727)
Change in unrealized gains and losses on investments	128,023	-	7,743
Contribution - forgiveness of debt to Olean General Hospital	-	-	-
Pension liability adjustment	(932,685)	-	-
Net assets released from restrictions	-	-	60,361
Settlement of intercompany balances	3,280,854	5,565,483	(8,999,562)
Change in unrestricted net assets	997,951	6,610,693	(9,348,185)
Temporarily restricted net assets:			
Contributions received	-	-	22,415
Net assets released from restrictions	-	-	(60,361)
Change in temporarily restricted net assets	-	-	(37,946)
Change in net assets	997,951	6,610,693	(9,386,131)
Net assets - beginning	2,432,731	(4,046,233)	11,351,713
Net assets - ending	\$ 3,430,682	\$ 2,564,460	\$ 1,965,582

BHE	Reclassifications/ Eliminations	Consolidated 2016	Consolidated 2015
\$ -	\$ -	\$ (849,758)	\$ (64,467)
-	-	135,766	(225,572)
-	-	-	1,852,000
-	-	(932,685)	(4,177,729)
-	-	60,361	98,370
153,225	-	-	-
153,225	-	(1,586,316)	(2,517,398)
-	-	22,415	26,506
-	-	(60,361)	(98,370)
-	-	(37,946)	(71,864)
153,225	-	(1,624,262)	(2,589,262)
(153,225)	-	9,584,986	12,174,248
\$ -	\$ -	\$ 7,960,724	\$ 9,584,986



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

December 26, 2017

Mr. Timothy Finan
President and Chief Executive Officer
Olean General Hospital
515 Main Street
Olean, New York 14760

Re: 172084-C
Olean General Hospital
(Cattaraugus County)
Merge Bradford Regional Medical
Center located in Bradford, PA into
Olean General Hospital

Dear Mr. Finan:

The Department of Health has reviewed the documentation that was submitted to address the contingencies related to the project referenced above. As of this date, all contingencies on this project have been satisfied.

To complete/finalize the requirements for approval, you must contact the Regional Office using the "Regional Office" tab in NYSE-CON. If this project includes a Change of Ownership you **MUST** contact the Regional Office before the transfer transaction occurs to coordinate the effective date of the transaction with the change in operating certificate. Failure to do so may result in an inability to bill for services under the new provider.

The "Regional Office" tab enables entry of additional applicant contact information, electronic communications, and requests for survey dates, as applicable. If appropriate, the Regional Office will schedule an on-site visit within sixty (60) days of receiving your request.

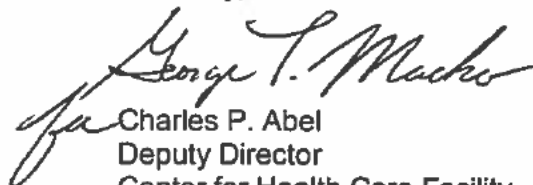
If you have questions, please contact the following Regional Office:

Dr. Greg Young
Acting Associate Commissioner
Western Regional Office in Buffalo
New York State Department of Health
584 Delaware Avenue
Buffalo, New York 14202-1295
(716) 847-4302

Certificate of Need staff are interested in your experience with the CON process for this project. Please take a short survey to let us know how we are doing. The web address to the survey is <https://www.surveymonkey.com/s/9Y6258P>

If you have additional questions or need further assistance, please contact the Bureau of Project Management at 518-402-0911, New York State Department of Health, Center for Health Care Facility Planning, Licensure and Finance, Room 1842, Corning Tower, Empire State Plaza, Albany, New York 12237.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles P. Abel". The signature is written in black ink and is positioned above the printed name.

Charles P. Abel
Deputy Director
Center for Health Care Facility
Planning, Licensure and Finance



Department
of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

December 11, 2017

Timothy Finan
President/Chief Executive Officer
Olean General Hospital
515 Main Street
Olean, New York 14760

Re: 172084 C
Olean General Hospital
(Cattaraugus County)
Merge Bradford Regional Medical Center
located in Bradford, PA into Olean General
Hospital

Dear Mr. Finan:

The Department of Health proposes to approve the above application in accordance with the full review provisions set forth in 10 NYCRR section 710.1(c)(2). Approval of this application is subject to the enclosed contingencies first being satisfied.

In addition to contingencies, the Department proposes to approve this application with the enclosed conditions. You are expected to comply with these conditions throughout the operation of this project, including any and all conditions pertaining to specified timeframes.

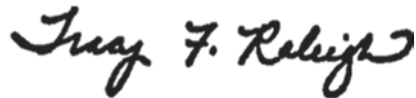
Pursuant to the provisions of 10 NYCRR Parts 86 and 710, you may not begin the construction or operation of any aspect of this project, or receive reimbursement for any associated costs, unless all required written approvals are obtained. Before beginning any aspect of this project, you must complete the following steps:

- submit written materials to satisfy the enclosed contingencies and receive written approval from the Center for Health Care Facility Planning, Licensure, and Finance indicating satisfaction of all contingencies;
- If the subject facility is currently in operation, you must develop a plan to ensure the health and safety of all patients and staff during construction. This plan must comply with all applicable sections of the National Fire Prevention Association (NFPA) 101 Life Safety Code (2000 Edition) and all applicable sections of the State Hospital Code during construction. The plan may require you to separate residents, patients, staff and essential support services from the construction site and/or provide them with an alternative means of egress. Please have the plan available to regional office staff at the time of their on-site visit.

You are responsible for ensuring that this project complies with all applicable statutes, codes, rules and regulations. Should violations be found when reviewing documents, or at the time of on-site inspections or surveys, you will be required to correct them. Additional costs incurred to address any violations will not be eligible for reimbursement without prior approval by the Department. Also, in accordance with 10 NYCRR section 710.5, any change in the scope of this project must receive prior approval from the Department and may require a new or amended application.

If you have any questions concerning this letter, please contact the Bureau of Project Management at (518) 402-0911.

Sincerely,

A handwritten signature in black ink that reads "Tracy F. Raleigh". The signature is written in a cursive style with a large, decorative flourish at the end.

Tracy F. Raleigh
Director
Center for Health Care Facility Planning,
Licensure and Finance

Enclosures

172084 C Olean General Hospital

Approval contingent upon:

1. Submission of a photocopy of the Written Consent of the Board of Directors of Olean General Hospital, acceptable to the Department. [CSL]
2. Submission of a photocopy of the Written Consent of the Board of Directors of Bradford Hospital, acceptable to the Department. [CSL]
3. Submission of a photocopy of the executed Restated Certificate of Incorporation of Olean General Hospital, acceptable to the Department. [CSL]
4. Submission of a photocopy of the executed Plan of Merger of Bradford Hospital into Olean General Hospital, acceptable to the Department. [CSL]
5. Submission of a photocopy of the executed Merger Agreement, acceptable to the Department. [CSL]
6. Submission of a photocopy of the executed Certificate of Merger of Bradford Hospital into Olean General Hospital, acceptable to the Department. [CSL]
7. Submission of a photocopy of the executed Resolution of the Board of the Directors of the Upper Allegheny Health System, Inc., acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Application Number: 172084
Facility Name: Olean General Hospital
Project Description: Merge Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital

Created By: Financial Analysis and Review on 08/31/2017

Spoke To: Jack Sieber

Date of Call: 08/31/2017

Correspondence Visible To: All

Spoke About:

A note that i had left a message to introduce myself and see if their could be a high level discussion on the project.

Left a message to call me noting what the project number is and introduced myself.

Created By: Phillip LaCombe , Financial Analysis and Review on 09/12/2017

Correspondence Type: Request for Additional Information

Recipient: Applicant,Office of Mental Health

Correspondence Visible To: All

Message:

Please provide the followijng information.

Attachments:

14 Day Olean General Hospital.docx **

Created By: Applicant on 09/14/2017

Correspondence Type: Request for Additional Information

Recipient: Financial Analysis and Review

Correspondence Visible To: All

Message:

Our response letter is attached for your review. Please let us know if additional information or clarification is needed. Thank you.

David Miller

Attachments:

OGH response to merger con 14 Day Letter Request for Additional Information.pdf **

Created By: Phillip LaCombe , Financial Analysis and Review on 09/20/2017

Correspondence Type: Request for Additional Information

Recipient: Applicant

Correspondence Visible To: All

Message:

Please submit a copy of the Bradford Hospital Certified 2015 & 2016.

Thank You

Philip laCombe

Created By: Applicant on 09/21/2017
Correspondence Type: Request for Additional Information
Recipient: Financial Analysis and Review
Correspondence Visible To: All

Message:
Attached are the 2015 & 2016 certified financial statements as requested.

Attachments:

2015 FS -BRMC Final.pdf - **

2016 FS BRMC - Final.pdf - **

Created By: Financial Analysis and Review on 10/02/2017
Spoke To: Peter Millock/Legal Attorney **Date of Call:** 10/02/2017
Correspondence Visible To: All

Spoke About:
Mr. Millock Esq. called to ask if we needed any additional information. At this time I do not need much more but would touch base if I need.

Created By: Phillip LaCombe , Financial Analysis and Review on 10/19/2017
Correspondence Type: Request for Additional Information
Recipient: Applicant
Correspondence Visible To: All

Message:
1. Bradford and Olean experienced operating loss in 2016. Please explain the reason for the loss for each facility.
2. I see the budgets up to 2019 are attached. Is this the Revenue and Cost combined which is what we require to have in NYSCON?

thank you

Philip

Created By: Applicant on 10/20/2017
Correspondence Type: Request for Additional Information
Recipient: Financial Analysis and Review
Correspondence Visible To: All

Message:
Attached is the requested information. Please let us know if anything additional is needed. Thank you.

Attachments:

Oct 19 Correspondence Reply.pdf - **



Project # 172084-C
Olean General Hospital

Program: Hospital
Purpose: Construction

County: Cattaraugus
Acknowledged: August 18, 2017

Executive Summary

Description

Olean General Hospital, Inc. (Olean, OGH), a 186-bed, voluntary not-for-profit, Article 28 acute care hospital located at 515 Main Street, Olean (Cattaraugus County), requests approval for the full asset merger of Bradford Regional Medical Center (Bradford, BRMC), a 107-bed, voluntary not-for-profit, acute care hospital located in Bradford, Pennsylvania, into OGH. Upon approval by the Public Health and Health Planning Council (PHHPC), OGH will become the successor corporate entity with an Olean division and a Bradford division. There are no bed or programmatic changes as a result of this application, and both hospitals will retain their respective State licenses.

Geographically, BRMC is located approximately three miles south of the New York State border and approximately 24 miles south of OGH. On March 31, 2009, the two hospitals entered into a Master Affiliation Agreement (MAA) with Upper Allegheny Health Systems (UAHS), whereby UAHS became the sole corporate member of OGH (active parent/co-operator establishment under CON 091090) and the sole corporate member of BRMC. The MAA empowered UAHS, acting through its Board of Directors, to approve a merger of OGH and BRMC. Upon PHHPC approval of this application, the MAA will no longer be necessary to the corporate structures and powers among UAHS, Olean and Bradford, and will be consensually terminated when the merger becomes effective. It is noted that the Board of Directors at OGH, BRMC and UAHS are all mirror Boards, which will continue after the proposed merger is finalized. There will be no change to the Board structure post

approval as the board members will remain the same.

On October 31, 2016, UAHS consummated an alignment agreement with Kaleida Health, a not-for-profit healthcare system in Western New York that provides comprehensive hospital, long-term care and home care services, whereby Kaleida Health became the sole corporate member of UAHS (grandparent to OGH). Kaleida Health will remain the sole corporate member of UAHS after approval, and UAHS will remain the active parent of OGH. BFA Attachments C and D are the organization chart of OGH and BRMC pre-merger and post-merger.

The anticipated benefits of the merger include: Medicare revenue enhancements with attainment of Sole Community Hospital status; efficiencies related to drug cost reductions under an expanded 340B program; reduction in debt principal and lower interest rate thereby lowering interest costs; and other operational expense savings due to economies of scale (combined entity audit fee and purchasing cost reductions). In addition to such direct financial benefits, liquidity is expected to improve with debt service reductions resulting in cash savings, and "extra collateral" of \$4M currently required by the BRMC Bond Insurer, which will be released for liquidity needs and capital funding.

OPCHSM Recommendation

Contingent Approval

Need Summary

There will not be any change in beds or services and there is no anticipated change in utilization at either facility.

Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary

There are no project costs associated with this application. Below is the combined budget:

	<u>Current Year</u>	<u>Year One</u>
Revenues	\$181,052,776	\$183,023,092
Expenses	<u>184,743,323</u>	<u>182,614,770</u>
Net Income	(\$3,690,547)	\$408,332

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of a photocopy of the Written Consent of the Board of Directors of Olean General Hospital, acceptable to the Department. [CSL]
2. Submission of a photocopy of the Written Consent of the Board of Directors of Bradford Hospital, acceptable to the Department. [CSL]
3. Submission of a photocopy of the executed Restated Certificate of Incorporation of Olean General Hospital, acceptable to the Department. [CSL]
4. Submission of a photocopy of the executed Plan of Merger of Bradford Hospital into Olean General Hospital, acceptable to the Department. [CSL]
5. Submission of a photocopy of the executed Merger Agreement, acceptable to the Department. [CSL]
6. Submission of a photocopy of the executed Certificate of Merger of Bradford Hospital into Olean General Hospital, acceptable to the Department. [CSL]
7. Submission of a photocopy of the executed Resolution of the Board of the Directors of the Upper Allegheny Health System, Inc., acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

December 7, 2017

Need Analysis

Analysis

SPARCS utilization data is not available for Bradford Regional Medical Center because it is located out of state in Bradford Pennsylvania. Below data is for Olean General only.

	Current Beds	Occupancy				
		2012	2013	2014	2015	2016
Med/Surg	152	34.6%	34.8%	32.3%	33.0%	28.9%
Pediatric	6	7.9%	7.1%	5.6%	6.5%	5.5%
Maternity	14	36.7%	36.9%	34.6%	33.8%	33.7%
Psychiatric	14	1.6%	72.2%	71.3%	65.8%	57.7%
Subtotal	186	31.6%	37.2%	35.1%	35.2%	31.5%

Olean General Hospital Services	
Ambulatory Surgery - Multi Specialty	Medical Services - Other Medical Specialties
Cardiac Catheterization - Adult Diagnostic	Medical Services - Primary Care
Cardiac Catheterization - Electrophysiology (EP)	Medical Social Services
Cardiac Catheterization (PCI)	Medical/Surgical
Clinical Laboratory Service	Nuclear Medicine - Diagnostic
Coronary Care	Pediatric
Dental O/P	Psychiatric
Emergency Department	Radiology - Diagnostic
Intensive Care	Renal Dialysis - Acute
Level I Perinatal Care	Renal Dialysis - Chronic - 12 stations
Lithotripsy	SAFE Center
Maternity	Swing Bed Program

Source: HFIS 2017

Conclusion

There will not be any impact on beds or services at either hospital. There are no anticipated changes in utilization due to the approval of this project.

Recommendation

From a need perspective, approval is recommended.

Program Analysis

Program Description

Upper Allegheny Health System (UAHS) is the sole member of the OGH and BRMC. UAHS's service area includes southwestern New York state and northwestern Pennsylvania.

There are no anticipated changes to beds or services at either hospital. The purpose of this transaction is to strengthen federal reimbursement improvements due to Sole Community Hospital status as well as enhancements to participation in the federal government's 340B Drug Discount Program.

Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Conclusion

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Recommendation

From a programmatic perspective, approval is recommended.

Financial Analysis

Plan of Merger

In accordance with the Plan of Merger, BRMC will merged into OGH forming a single corporate entity. There are no bed or programmatic changes to either hospital. Upon the effective date of merger, Olean's Certificate of Incorporation and By-laws will be amended and the MAA by and among UAHS, Olean and Bradford dated March 31, 2009, will terminate. UAHS will remain the sole member and active parent/co-operator of OGH. OGH will be the surviving corporate entity and the separate existence of BRMC will cease with the corporation's merger into Olean. The effective date of this Plan of Merger will be the date the Certificate is filed with the New York Secretary of State.

Operating Budget

The applicant has submitted their current year (2016) and their first-year operating, in 2017 dollars, as shown below:

<u>2016 – Current Year</u>	<u>Olean</u>	<u>BRMC</u>
Operating Revenue	\$114,198,780	\$66,853,996
Operating Expenses	<u>117,400,719</u>	<u>67,342,604</u>
Loss from operations	(\$3,201,939)	(\$ 488,608)
<u>Combined</u>	<u>Current year</u>	<u>Year One</u>
Operating Revenue	\$181,052,776	\$183,023,902
Operating Expenses	<u>184,743,323</u>	<u>182,614,770</u>
Loss from operations	(\$3,690,547)	\$ 409,132

Capability and Feasibility

There are no project costs associated with this application and no additional working capital requirements. The full asset merger of BRMC into OGH represents a corporate reorganization expected to provide revenue enhancement, cost efficiencies and opportunities for savings related to increased purchasing power, shared resources, and decreased salary and benefit costs.

BFA Attachment A is the 2015-2016 certified financial statements of Olean General Hospital. As shown, Olean had a positive working capital position and positive net asset position during 2015 and 2016, respectively. Also, Olean achieved an operating income of \$1,675,743 in 2015 and incurred an operating loss of \$3,201,939 in 2016. The loss was due to emergency room volume declining and a \$1,150,000 increase in salary and benefits. Also, some orthopedic related costs have increased. This proposed application will offset the losses by creating efficiencies in negotiating power with vendors and economies of scale with compensation and benefits through sharing staff and combining services.

BFA Attachment B is the 2015-2016 certified financial statements of Bradford Regional Medical Center. As shown, Bradford had a positive working capital position and positive net asset position during 2015 and 2016, respectively. Also, the entity achieved an operating income of \$83,786 in 2015 and incurred an operating loss of \$488,608 in 2016. The reason for the loss was higher insurance costs than anticipated and the start-up costs for hiring hospitalists 24 hours a day, 365 days a year which totaled \$524,000. To offset the loss, this proposed asset merger allows both hospitals to share in the cost and

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

From a financial perspective, approval is recommended.

Attachments

- BFA Attachment A 2015-2016 Certified Financial Statements for OGH
- BFA Attachment B 2015-2016 Certified Financial Statements for BRMC
- BFA Attachment C Organization Chart OGH and BRMC pre-merger
- BFA Attachment D Organization Chart OGH post-merger



PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

Empire State Plaza, Corning Tower, Room 1805
Albany, New York 12237

(518) 402-0964
PHHPC@health.ny.gov

December 26, 2017

Mr. Timothy Finan
President/Chief Executive Officer
Olean General Hospital
515 Main Street
Olean, New York 14760

Re: Restated Certificate of Incorporation of Olean General Hospital

Dear Mr. Finan:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health and Health Planning Council held on the 7th day of December, 2017, I hereby certify that the Public Health and Health Planning Council consents to the filing of the Restated Certificate of Incorporation of Olean General Hospital March 29, 2017.

Please email a copy of the Notice of Filing to the Operating Certificate Unit, at HFISmb@health.ny.gov

Sincerely,

A handwritten signature in cursive script that reads "Colleen M. Leonard".

Colleen M. Leonard
Executive Secretary

/cl



PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

Empire State Plaza, Corning Tower, Room 1805
Albany, New York 12237

(518) 402-0964
PHHPC@health.ny.gov

December 26, 2017

Mr. Timothy Finan
President/Chief Executive Officer
Olean General Hospital
515 Main Street
Olean, New York 14760

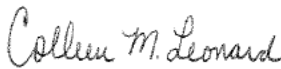
Re: Certificate of Merger of Bradford Hospital into Olean General Hospital

Dear Mr. Finan:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health and Health Planning Council held on the 7th day of December, 2017, I hereby certify that the Certificate of Merger of Bradford Hospital into Olean General Hospital, dated March 29, 2017 is approved.

Please email a copy of the Notice of Filing to the Operating Certificate Unit, at HFISmb@health.ny.gov.

Sincerely,


Colleen M. Leonard
Executive Secretary

/cl

Application Number: 172084
Facility Name: Olean General Hospital
Project Description: Merge Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital

Created By: Eric Mantey , Office of Counsel **on** 09/18/2017

Correspondence Type: Request for Additional Information

Recipient: Applicant

Correspondence Visible To: All

Message:

Please upload an executed resolution of the Board of Directors of Upper Allegheny Health System, Inc. The copy you submitted with this application as an attachment to Schedule 3 is not executed.

Created By: Applicant **on** 09/22/2017

Correspondence Type: Request for Additional Information

Recipient: Office of Counsel

Correspondence Visible To: All

Message:

Attached is executed resolution of Board of Directors

Attachments:

UAHS-Resolutions of Board Approving Merg of BRMC with Olean- Executed Copy.pdf

**

Application Number: 172084

Facility Name: Olean General Hospital

Project Description: Merge Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital

Executive Summary

Merger of Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital located in Olean, NY

NYSE-CON Project Summary

Application Number: 172084
Facility Name: Olean General Hospital
Project Description: Merge Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital

General Information

Application Type: Application - Full Review - Construction (Non-Establishment)
Project Status: Project Complete **Project Status Date:** 09/16/2019
Review Level: Full **Received Date:** 08/08/2017
Total Project Cost: \$2,000.00 **Initial Review Date:** 08/17/2017
Acknowledgement Date: 08/18/2017

Main Site Information

Facility Name: Olean General Hospital
Physical Address: 515 Main Street
 Olean, NY 14760 **Facility ID:** 66
Facility Type: Hospital

County: CATTARAUGUS **Region:** Western
Current Operator: Upper Allegheny Health System
 515 Main Street
 Olean, NY 14760 **Operating Certificate #:** 0401001H
Current Operator County:

Contact Information

Name: Timothy Finan **Title:** President/Chief Executive Officer
Email: tfinan@uahs.org **User Id:**
Phone: (716) 375-6190 **Address:** 515 Main Street
 Olean, NY 14760
Fax: (716) 375-6990

Alternate Contact Information

Name: David Miller **Email:** dwmiller@ogh.org

Other

Withdrawn Date:
SubBatch1: 10 **SubBatch2:** OZ
CON Codes:

Application Number: 172084
Facility Name: Olean General Hospital
Project Description: Merge Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital

Created By: Michele Cefferillo , Project Management on 08/09/2017

Correspondence Type: Incomplete Application Letter

Recipient: Applicant

Correspondence Visible To: All

Message:

Upon initial review, it has been determined that this application is incomplete. Please upload a completed schedule 3, 14 and 15. Please also upload any pertinent corporate documents ie the merger agreement, etc.

Please note this required information must be received within 14 days of this correspondence or your application may be considered abandoned pursuant to 10 NYCRR Section 710.10. Thank you.

Michele Cefferillo

Bureau of Project Management

Created By: Applicant on 08/17/2017

Correspondence Type: Incomplete Application Letter

Recipient: Project Management

Correspondence Visible To: All

Message:

Schedules 3, 14, 15 have been uploaded.

Application Number: 172084
Facility Name: Olean General Hospital
Project Description: Merge Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital

Created By: Brian Groski , Health Facility Planning **on** 09/22/2017

Correspondence Type: Request for Additional Information

Recipient: Applicant

Correspondence Visible To: All

Message:

Please provide any change in services or beds anticipated for Olean General hospital upon the completion of this project.

Created By: Applicant **on** 09/27/2017

Correspondence Type: Request for Additional Information

Recipient: Health Facility Planning

Correspondence Visible To: All

Message:

Attached is the response for the requested information addressing change in services or beds. Please let me know if there is additional information required. Thank you.

Dave Miller

Attachments:

Request for Information Bed Changes.pdf

**
-



Department
of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

November 7, 2017

Timothy Finan
President/Chief Executive Officer
Olean General Hospital
515 Main Street
Olean, New York 14760

Re: 172084 C
Olean General Hospital
(Cattaraugus County)
Merge Bradford Regional Medical Center located
in Bradford, PA into Olean General Hospital

Dear Mr. Finan:

Please be advised that the above captioned application has been scheduled for review by the Establishment/Project Review Committee of the Public Health and Health Planning Council on Thursday, November 16, 2017, at 10:15 a.m. at the Empire State Plaza, Concourse Level, Meeting Rooms 6, Albany. A copy of the exhibit, to be reviewed at the meeting, and the meeting schedule, can be found at www.health.state.ny.us/facilities/public_health_and_health_planning_council/.

Subsequently, the application will be considered by the Public Health and Health Planning Council on Thursday, December 7, 2017, scheduled to begin immediately following the Codes, Regulations and Legislation Committee scheduled to begin at 9:30 a.m. located at **90 Church Street, 4th Floor, Room 4 A & B, New York, New York 10007**

The above stated meetings can be accessed via webcast through the following internet address:
www.health.state.ny.us/events/webcasts

Sincerely,

Colleen M. Leonard
Executive Secretary
Public Health and Health Planning Council

NYSE-CON All Sites Information

Submission Number:	172084
Facility Name:	Olean General Hospital
Project Description:	Merge Bradford Regional Medical Center located in Bradford, PA into Olean General Hospital

Site Information

Site Name:	Olean General Hospital
Physical Address:	515 Main Street, Olean, NY 14760
County:	CATTARAUGUS



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

August 18, 2017

Mr. Timothy Finan
President/Chief Executive Officer
Olean General Hospital
515 Main Street
Olean, New York 14760

Re: 172084-C
Olean General Hospital
(Cattaraugus County)
Merge Bradford Regional Medical Center
located in Bradford, PA into Olean General
Hospital

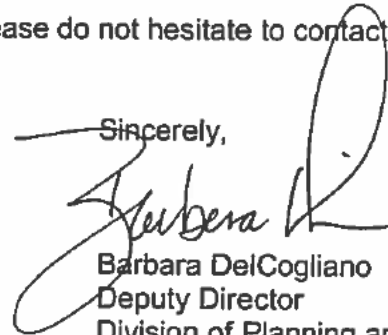
Dear Mr. Finan:

The above referenced Certificate of Need application, for which you have been designated the contact person, has been received by the Bureau of Project Management for processing and has been distributed to all necessary reviewing units and, if operating, your local health systems agency, in accordance with 10 NYCRR 710. Please refer to the enclosed Important Notice for further information with respect to this process.

The mandatory review of your project for the criteria required by the Public Health Law may determine that the proposal is not approvable. Therefore, prior to entering into any contractual commitments or commencing construction, the final determination of the Director of the Offices of Primary Care and Health Systems Management or the Public Health and Health Planning Council must be obtained.

If you have any questions regarding this project, please do not hesitate to contact me or my staff at (518) 402-0911.

Sincerely,



Barbara DelCogliano
Deputy Director
Division of Planning and Licensure

Enclosure
BD/MMC/ss

IMPORTANT NOTICE

TO: Applicants

FROM: Bureau of Project Management

SUBJECT: Additional Information Concerning the Processing of Your
CON Application

All correspondence from the Department of Health (DOH) will be directed to the contact person identified in this application. Should the contact person change during processing, written notification should be made to the Bureau of Project Management. Please identify all subsequent submissions (correspondence, plans, additional information, etc.) with the assigned project number.

You may receive requests for additional information from DOH. Please respond within the time frame noted to assure that further processing is not delayed. You may also voluntarily submit any additional information which you believe might facilitate the review of your proposal, unless specific deadlines have otherwise been established. If timely, the submission of additional information will not result in a disruption of the processing of the application unless such information represents a substantial change in the proposal, thereby revising the project. If your application is required to be presented at the Public Health and Health Planning Council, the transmission of additional information must be received sufficiently in advance of the application's presentation to enable distribution and review, since it is the desire of DOH not to defer action on applications that are scheduled for council meetings.

Questions or comments with respect to this application should be addressed to the Bureau of Project Management at (518) 402-0911.

Revised: 12/30/2010

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
BRADFORD REGIONAL MEDICAL CENTER,**

The Board of Directors of Bradford Regional Medical Center (the "Corporation") adopted the following resolutions at a duly noticed meeting of the Board at which a quorum was present on March 29, 2017.

WHEREAS, the Corporation is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania formed for the specific purposes of establishing and maintaining a general hospital in Pennsylvania; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code ("Code") Section 501(c)(3); and

WHEREAS, the Corporation, Upper Allegheny Health System ("UAHS") and Olean General Hospital ("Olean") are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the "Master Affiliation Agreement"); and

WHEREAS, in an effort to advance the respective charitable missions of Olean and the Corporation, the Board has determined that it is in the best interests of both Olean and the Corporation to join and merge the two entities, with Olean being the surviving entity (the "Merger"); and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, UAHS and Olean; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation, UAHS and Olean to terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Merger Agreement, the Plan of Merger and the Certificate of Merger, copies of which are attached hereto as Attachments A, B, and C, respectively; and it is further

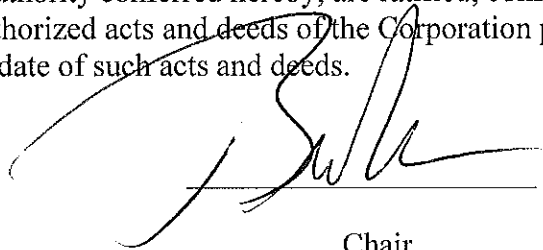
RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all

consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

Dated: March 29, 2017



A handwritten signature in black ink, appearing to be 'J. S. [unclear]', is written over a horizontal line. The signature is fluid and cursive.

Chair

**CERTIFICATE OF MERGER
OF
BRADFORD HOSPITAL
INTO
OLEAN GENERAL HOSPITAL**

Under Section 904 of the Not-for-Profit Corporation Law


The undersigned being, respectively, the President and Vice Chair of Bradford Hospital, and the Chair and Vice Chair of Olean General Hospital, certify:


1. The names of the constituent corporations are Bradford Hospital, doing business as Bradford Regional Medical Center (“Bradford”), and Olean General Hospital (“Olean”). The surviving corporation is Olean.
2. The Amended and Restated Articles of Incorporation of Bradford were filed by the Commonwealth of Pennsylvania Department of State on October 28, 2009.
3. The Certificate of Incorporation of Olean was filed by the New York Department of State on July 18, 1898, pursuant to Chapter 559 of the Laws of 1895 of the State of New York.
4. The member of Bradford and Olean is Upper Allegheny Health System, Inc. (“UAHS”).
5. The merger was approved by vote of the Bradford Board of Directors on March 29, 2017.
6. The merger was approved by vote of the Olean Board of Directors on March 29, 2017.
7. The merger was approved by vote of the UAHS Board of Directors on March 29, 2017.
8. The Board of Directors of Bradford adopted a Plan of Merger and authorized filing of a Certificate of Merger, in compliance with the applicable provisions of the laws of Pennsylvania, on February 22, 2017. The laws of Pennsylvania permit the merger herein effected.
9. The Board of Directors of Olean adopted a Plan of Merger and authorized filing of a Certificate of Merger in accordance with Section 903 of the Not-for-Profit Corporation Law (the “N-PCL”) on February 22, 2017.
10. Any charitable gift transferred after the anticipated merger of Bradford and Olean which is contained in any will or other instrument, in trust or otherwise, made before or after the consolidation, directed to or for the benefit of Bradford, shall inure to or for the benefit of and be transferred to Olean for use by Olean to support charitable purposes, consistent with Bradford’s charitable purposes, provided Olean is at the time of said disposition, an organization recognized by the Internal Revenue Service as described in Section 501(c)(3) of the Code; and so far as it is necessary for that purpose Olean shall be deemed the successor to Bradford, provided, however, that such disposition shall be devoted by the successor corporation to the purposes intended by the testator, donor or grantor, and, as far as practicable, the needs of the Bradford campus.

11. The merger shall be effective upon the date this Certificate of Merger is filed with the Secretary of State of the State of New York.

IN WITNESS WHEREOF, the undersigned have, on behalf of each constituent corporation, signed this certificate and caused it to be verified this 29th day of March, 2017.

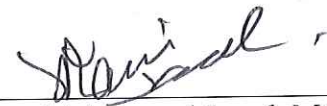
BRADFORD HOSPITAL

By: 
Name: Timothy Finan
Title: President and CEO

By: 
Name: Muhammed Javed, M.D.
Title: Vice Chair

OLEAN GENERAL HOSPITAL

By: 
Name: Brenda McGee
Title: Chair

By: 
Name: Muhammed Javed, M.D.
Title: Vice Chair

**CERTIFICATE OF MERGER
OF
BRADFORD HOSPITAL
AND
OLEAN GENERAL HOSPITAL**

Under Section 904 of the New York Not-For-Profit Corporation Law

Nixon Peabody LLP
1300 Clinton Square
Rochester, New York 14604

MERGER AGREEMENT

This Agreement, is made between Olean General Hospital (“OGH”), a New York not-for-profit corporation located in Olean, New York, and Bradford Hospital, doing business as Bradford Regional Medical Center (“BRMC”), a Pennsylvania non-profit corporation located in Bradford, Pennsylvania.

RECITALS

WHEREAS, the parties desire to merge OGH and BRMC with OGH being the surviving entity; and

WHEREAS, the parties intend that the merger between OGH and BRMC will promote quality and cost-effective health care in the full continuum of care to the members of their communities.

NOW THEREFORE, in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the parties agree as follows:

Section 1. Merger of OGH and BRMC:

This Agreement is subject to the approval of the boards of OGH, BRMC and Upper Allegheny Health System (“UAHS”), the member of both parties; by the member of UAHS, if any; and to other approvals required by law. The Certificate of Merger and Plan of Merger annexed hereto as Attachments A and B, respectively, will be filed as required in connection with the merger.

Section 2. Terms of Merger:

2.1 Subject to the terms and conditions set forth herein, the parties shall take such actions as may be necessary or desirable to achieve the merger. As of the effective date of the merger, the BRMC site or campus shall be operated as a division and campus of OGH.

2.2 An acute care hospital will continue at the BRMC site so long as that facility remains financially viable so as to allow it to continue to provide an acceptable overall level of clinical quality and patient safety.

2.2.1 “Financial viability” is defined as:

- (a) the BRMC site has a positive contribution margin of at least \$1.00 annually. “Contribution margin” is defined as the net gain/loss from operations of the BRMC site, as determined from the Pennsylvania Medical Assistance cost report for the BRMC site. It is anticipated that Pennsylvania and New York will each require separate Medicaid provider agreements and cost reports for each site; and
- (b) beginning in the fiscal year during which the merger occurs,
 - (1) if BRMC has a negative contribution margin (i) as averaged as \$250,000 a year or greater over a rolling three-year period, or (ii) in the amount of \$1,000,000 in any one fiscal year, all service offerings would potentially be subject to modification or elimination to promote forward moving financial viability; and
 - (2) Before taking any such actions, OGH will notify the Pennsylvania Office of the Attorney General (“AG”) in writing of the financial situation and OGH’s intentions as to its service offerings. Should the AG disagree with OGH’s intentions, and OGH and the AG are not able to resolve this disagreement, the AG’s remedy is to file a court action in Smethport, PA, the county seat for McKean County, to prevent OGH from taking such actions. If the AG has not taken this remedy within 45 days of OGH’s notice to the AG, OGH is free to implement its services intentions with no objection from the AG.

2.3 If services are reduced or curtailed at the BRMC site, OGH will use good faith efforts to continue to provide those health care services that meet the needs of the people in the BRMC service area, as determined by OGH’s federally required community health needs assessment.

- 2.4 Should the time ever come that the BRMC site would be closed, OGH and UAHS will work diligently to retain the highest level of ambulatory services that are financially sustainable.
- 2.5 If the BRMC site is ever closed and its facilities sold due to lack of financial sustainability, the net proceeds will be placed into the Bradford Hospital Foundation to continue to be used to support health care services in the community.
- 2.6 OGH and UAHS will continue to have significant numbers of Pennsylvania residents on their Boards of Directors.

Section 3. Effective Date:

The merger shall take effect as of a date to be mutually agreed upon by the parties (the "Effective Date"). The parties shall exchange all documents and instruments required by this Agreement.

Section 4. Contingencies:

- 4.1 Notwithstanding any other provision contained herein, this Agreement will be null and void and of no force and effect unless the following events have occurred on or before the Effective Date:
 - 4.1.1 No indication of opposition to the transactions described herein by the Attorney General of Pennsylvania, or that any such opposition has been withdrawn in writing.
 - 4.1.2 No indication of opposition to the transactions described herein by the Attorney General of New York, or that any such opposition has been withdrawn in writing.
 - 4.1.3 Approval by the New York Department of Health and the New York Public Health and Health Planning Council of the Certificate of Need requested by OGH.
 - 4.1.4 Notice to the Pennsylvania Department of Health and/or other applicable regulatory agencies of the merger, and no indication of opposition or any impediment to the merger as of the Effective Date.

- 4.1.5 No commencement of any suit by any person or entity to enjoin the transactions described herein or any such suit has been dismissed.
- 4.1.6 Approval of the transactions described herein by any and all persons required to approve the transactions pursuant to any outstanding bond and/or loan covenants of either OGH or BRMC.
- 4.1.7 Approval of the merger by the Orphan's Court of Pennsylvania, the Pennsylvania court that has jurisdiction over charitable assets.
- 4.1.8 Approval of the merger by such other persons as may be required by law, contract, or the bylaws or articles of incorporation of either party.
- 4.2 The member of UAHHS, if any, shall have approved the merger.
- 4.3 The parties may agree in writing to waive any of the above contingencies, in which case the non-occurrence of the contingency in question will not affect performance of the parties' obligations, or to extend the time limit within which the contingencies must be satisfied.
- 4.4 The parties shall diligently pursue and use their best efforts in cooperation with one another to cause all of the contingencies set forth in this Section 4 to be satisfied.

Section 5. Warranties and Representations of BRMC: As a material inducement to OGH to enter into this Agreement, BRMC hereby makes the following warranties and representations to OGH:

- 5.1 BRMC is a non-profit, non-stock corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to carry on its business as it is presently being conducted, to enter into this Agreement, and to carry out and perform the terms and provisions of this Agreement. BRMC has no subsidiaries or affiliated organizations except as has been disclosed to OGH, and has no direct or indirect interest (other than as a creditor) in the ordinary course of business either by way of stock ownership, corporate membership or otherwise, in any other firm, corporation or business enterprise.
- 5.2 BRMC is not in violation of any material term or provision of any charter, bylaw, mortgage, indenture, contract, agreement or instrument.

- 5.3 The execution and delivery of and performance and compliance with this Agreement will not result in the violation of or be in conflict with or constitute a default under any such term or provision or result in the creation of any mortgage, lien, encumbrance, or charge on any of the properties or assets of BRMC. BRMC has no reason to believe that it will not be able to obtain (without additional payment or expense) all consents and waivers necessary to avoid any such violation, conflict, default, or creation of a lien, encumbrance or charge.
- 5.4 All action required by any applicable law or otherwise has been appropriately authorized.
- 5.5 BRMC is not in default in any material respect under any of the contracts, agreements, leases, documents, or other commitments to which it is a party or otherwise bound.
- 5.6 BRMC is recognized by the Internal Revenue Service as an organization exempt from federal income taxation under Section 501(a) as described in Section 501(c)(3) of the Internal Revenue Code.
- 5.7 BRMC has maintained minute books which are up to date and in which are recorded accurately all actions taken by its Board of Directors to the extent that such actions are required by law to be approved by its Board of Directors and members.
- 5.8 BRMC is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or may in the future materially adversely affect its business, operation, prospects, properties, assets or condition, financial or otherwise.
- 5.9 BRMC has received no notice of any material violation of any law, ordinance, rule, regulation or order applicable to its operations, business or properties as presently constituted.
- 5.10 BRMC has filed or caused to be filed all federal, state and local tax returns and reports through its most recent fiscal year which are due and required to be filed and has paid or caused to be paid all taxes due from BRMC through the date of execution of this Agreement and any assessment of taxes received, except taxes or

assessments that are being contested in good faith and have been adequately reserved against.

- 5.11 Except as disclosed to OGH prior hereto.
 - 5.11.1 there is no material dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or, to the knowledge of BRMC, threatened against or related to BRMC or its properties or business; and
 - 5.11.2 BRMC is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and
 - 5.11.3 BRMC knows of no facts which would provide a basis for any such action, suit, proceeding or default.
- 5.12 Except as set forth on BRMC's audited financial statements ("the Financial Statements"), BRMC is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, any one of which involves a total funded financial obligation of \$10,000 or more.
- 5.13 BRMC has no material liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Appendices hereto or as incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements.
- 5.14 No representation or warranty by BRMC in this Agreement or in any writing attached hereto contains any untrue statement of material fact or omits to state any material fact required to make the statements herein or therein contained not misleading.

Section 6. Warranties and Representations of OGH:

As a material inducement to BRMC to enter into this Agreement and the Attached Agreements, OGH hereby makes the following warranties and representations to BRMC:

- 6.1 OGH is a not-for-profit corporation duly organized, validly existing, and in good standing under the laws of the State of New York and has all requisite corporate power and authority to carry on its business as it is presently being conducted, to enter into this Agreement, and to carry out and perform the terms and provisions of this Agreement. OGH has no direct or indirect interest (other than as a creditor) in the ordinary course of business either by way of stock ownership, corporate membership or otherwise, in any firm, corporation or business enterprise other than those already disclosed by OGH to BRMC.
- 6.2 OGH is not in violation of any material term or provision of any charter, bylaw, mortgage, indenture, contract, agreement or instrument.
- 6.3 The execution and delivery of and performance and compliance with this Agreement will not result in the violation of, or be in conflict with, or constitute a default under any such term or provision, or result in the creation of any mortgage, lien, encumbrance, or charge on any of the properties or assets of OGH. OGH has no reason to believe that it will not be able to obtain (without additional payment or expense) all consents and waivers necessary to avoid any such violation, conflict, default, or creation of a lien, encumbrance or charge.
- 6.4 All action required by any applicable law or otherwise has been appropriately authorized.
- 6.5 OGH is not in default in any material respect under any of the contracts, agreements, leases, documents, or other commitments to which it is a party or otherwise bound.
- 6.6 OGH is recognized by the Internal Revenue Service as an organization exempt from federal income taxation under Section 501(a) as described in Section 501(c)(3) of the Code.
- 6.7 OGH has maintained minute books which are up to date and in which are recorded accurately all actions material to this merger taken by its Board of Directors to the extent that such actions are required by law to be approved by Directors.
- 6.8 OGH is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or may in the future

materially adversely affect its business, operation, prospects, properties, assets or condition, financial or otherwise.

- 6.9 OGH has received no notice of any material violation of any law, ordinance, rule, regulation or order applicable to its operations, business or properties as presently constituted.
- 6.10 OGH has filed or caused to be filed all federal, state and local tax returns and reports through its most recent fiscal year which are due and required to be filed and has paid or caused to be paid all taxes due from OGH through the date of execution of this Agreement and any assessment of taxes received, except taxes or assessments that are being contested in good faith and have been adequately reserved against.
- 6.11 Except as disclosed to BRMC prior hereto:
 - 6.11.1 there is no material dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or, to the knowledge of OGH, threatened against or related to OGH or its properties or business; and
 - 6.11.2 OGH is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and
 - 6.11.3 OGH knows of no facts which would provide a basis for any such action, suit, proceeding or default.
- 6.12 Except as set forth on OGH's audited financial statements ("the Financial Statements"), OGH is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, which would materially affect this merger.
- 6.13 OGH has no material liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Appendices hereto or as

incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements.

- 6.14 No representation or warranty by OGH in this Agreement or in any writing attached hereto contains any untrue statement of material fact or omits to state any material fact required to make the statements herein or therein contained not misleading.

Section 7. Notice:

Any notice or other communication required or permitted to be given hereunder shall be given in writing by personal delivery, first class mail postage prepaid, or overnight mail delivery service or by telecopy with acknowledgment of receipt of receiving party addressed to the other party at the address set forth in this Section 7 or to such other address as the party may designate.

- 7.1 OGH: President and CEO
515 Main Street
Olean, New York 14670
- 7.2 BRMC: President and CEO
116 Interstate Parkway
Bradford, Pennsylvania 16701

Section 8. Expenses:

Except for those expenses that the parties have mutually agreed to share, each party shall bear its own expenses associated with the merger. Any costs or expenses incurred prior to the Effective Date or termination of this Agreement shall be borne by the party incurring it.

Section 9. Lease or Disposition of Property:

Neither party shall sell, contract to sell, lease, encumber, or dispose of any assets used by it in connection with its operations after the date this Agreement is executed except in the ordinary course of business.

Section 10. Insurance:

Until the Effective Date, each party will continue to insure itself, its directors and officers, and its assets against such casualties and in such amounts as are in place and in force as of the date of execution of this Agreement.

Section 11. Protection of Property:

Until the Effective Date, OGH and BRMC will keep their assets in good order and repair and will not waste or destroy said assets or any part thereof, other than use in the ordinary course of business nor use said assets in violation of any statute or ordinance.

Section 12. Access to Books and Records:

Each party and its authorized representatives shall have full access during normal business hours upon prior arrangement with the other party to all properties, books, records, contracts and documents of the other party. Each party shall furnish or cause to be furnished to the other party and its authorized representatives all information with respect to its assets or operations as the other party may reasonably request. In the event of the termination of this Agreement, all such information shall remain confidential and all copies thereof shall be returned to the party from which it originated.

Section 13. Conduct and Operation of Business:

Until the Effective Date, each party shall continue to operate its business in the same manner as it has operated in the past, subject to the terms and conditions of this Agreement.

Section 14. Risk of Loss:

Each party assumes all risk of loss, damage, or destruction of its assets and operations up to the Effective Date. In the event of any loss prior to the Effective Date that in the opinion of either party substantially impairs the value of the assets or operations of the other party, the other party shall have the right to terminate this Agreement.

Section 15. Compliance with Laws:

The merger shall be conducted according to and in full compliance with all applicable federal, state and local laws, regulations and ordinances, including but not limited to,

applicable regulations pertaining to the licensure, reimbursement, and antitrust clearance that are in effect before, during and after the Effective Date.

Section 16. Confidentiality:

Any information disclosed by either party to the other party or its representatives pursuant to this Agreement shall be held in the strictest confidence and utilized only for the purposes of assessing the appropriateness of the proposed Merger. No public disclosure of this Agreement or public comment about the Merger will be made by either party without the prior written approval of the other party, except to the extent required by law, provided that disclosure of the Merger may be made to the extent necessary to such governmental authorities and other third parties whose approval or notification of the Merger may be required, to each party's professional advisors and to each party's respective trustees, officers, Medical Staff members and employees involved in consummation of the Merger.

Section 17. No Third-Party Rights:

Nothing in the Agreement shall be construed as creating or giving rise to any rights in any third parties or any persons other than the parties hereto and the Pennsylvania Office of the Attorney General as per Section 2 hereof, except as expressly provided therein.

Section 18. Construction of Terms and Headings:

Words used in this Agreement and the Attached Agreements shall be read as the masculine, feminine or neuter gender, and as the singular or plural, as the content requires. The captions or headings are for convenience only and are not intended to limit or define the scope or effect of any provision of this Agreement.

Section 19. Assignment:

Neither party may assign its rights, duties or obligations under this Agreement without the express written consent of the other party.

Section 20. Binding on Successors in Interest:

This Agreement shall be binding on and shall inure to the benefit of the successors and assigns of the parties thereto.

Section 21. Strict Performance:

No failure by any party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise a right or remedy shall constitute a waiver. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, condition, agreement and term of this Agreement shall continue in full force and effect with respect to any other existing or subsequent breach.

Section 22. Governing Law:

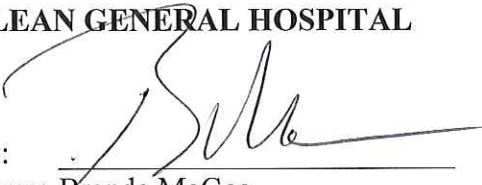
This Agreement shall be construed and enforced under and in accordance with the laws of the State of New York, except Section 2, which shall be construed and enforced under and in accordance with the laws of the Commonwealth of Pennsylvania.

Section 23. Survival of Obligations:

Any provision of this Agreement requiring performance of an obligation subsequent to the term of this Agreement shall survive from and after the closing or termination of the Agreement according to the terms of such provision.

IN WITNESS WHEREOF, as of March 29, 2017, each of the parties has caused this Merger Agreement to be duly executed.

OLEAN GENERAL HOSPITAL

By: 
Name: Brenda McGee
Title: Chair

BRADFORD HOSPITAL

By: 
Name: Timothy Finan
Title: President and CEO

Olean General Hospital
CON 172084
**“Merger of Bradford Regional Medical Center into Olean General
Hospital**

**Response to October 19, 2017 Information Request from
Mr. Philip LaCombe, Associate Fiscal Analyst**

October 20, 2017

The 2 questions raised in the above reference request are addressed below.

Q1. Bradford and Olean experienced operating losses in 2016. Please explain the reason for the loss for each facility.

Bradford Regional Medical Center reported a net loss from operations of (\$488K) in 2016. Several expense variances account for the negative results including:

1. Health insurance costs were \$251K higher than anticipated due to several large unusual cases.
2. Bradford started a Hospitalist Service in 2016 and incurred start-up costs of \$524K in 2016. The Hospitalist Service provides physician or advance practitioner coverage of the inpatient units 24 hours a day, 365 days a year. The service did not exist at Bradford prior and its start-up includes paying higher locums tenens physicians and advanced practice practitioners until permanent staff are hired.

Olean General Hospital reported a loss from operations of (\$3.2M) in 2016. Several factors lead to that loss including:

1. Net patient revenue dropped in 2016 as compared to 2015 by (\$496K) primarily related to a drop in inpatient and emergency room volume declines. These declines are related to industry trends of treating less patients in both inpatient and Emergency Room settings.
2. At the same time as revenue dropped slightly as noted above, expenses grew by \$3.9M. This growth was primarily in the following areas:
 - a. Health insurance, workers' compensation and pension benefits which on a combined basis increased \$1.15M
 - b. Purchased Services which included a large increase in Hospitalist costs due to turn-over \$866K and Agency Nurse costs due to turn-over \$462K
 - c. Supplies increased \$966K due mainly to higher implant costs on increased orthopedic business.

Q2. In the attached 2019 budgets, is the Revenue and Cost combined for Olean and Bradford?

On submitted Schedule 13 of the CON for this project the baseline numbers are Olean General Hospital and the first and third year incremental numbers are related to only Bradford Regional Medical Center- which under the OGH Company will be incremental to OGH after merger date.

To give a more complete picture of what the combined enterprise looks like after merger, I am attaching a consolidated statement which shows Olean General Hospital base line numbers and a 2017 and 2019 fully consolidated income statement. A brief cash flow analysis is also included.

<i>UAHS Consolidated Financial Statements Balance Sheets (Actual and Projected)</i>	2016 OGH	2017 Projected Consolidated	2019 Projected Consolidated
	Current Assets	28,038,791	42,442,444
Fixed Assets	50,578,814	71,499,712	62,592,514
Other Assets	59,200,993	72,928,626	72,928,626
Total Assets	137,818,598	186,870,782	183,079,249
Current Liabilities	15,457,563	28,759,549	28,759,549
Long Term Liabilities	29,771,444	55,482,368	48,134,243
Net Asset/Equity	92,589,591	102,628,865	106,185,457
Total Liabilities and Net Asset/Equity	137,818,598	186,870,782	183,079,249
<i>UAHS Consolidated Financial Statements Income Statements (Actual and Projected)</i>	2016 OGH	2017 Projected Consolidated	2019 Projected Consolidated
	Revenue		
Daily Hospital Services	28,579,502	49,460,534	51,342,758
Ambulatory Services	42,620,450	92,162,537	95,904,870
Ancillary Services	196,088,995	278,076,760	287,876,154
Total Gross Patient Care services Rendered	267,288,947	419,699,831	435,123,781
Deductions from Revenue	158,533,964	245,542,288	254,518,235
Net Patient Care Services Revenue	108,754,983	174,157,542	180,605,546
Other Operating Revenue	5,443,797	8,866,360	9,044,574
Total Operating Revenue	114,198,780	183,023,902	189,650,120
Expenses			
Salaries and Wages	44,009,877	71,401,477	74,542,768
Employees Benefits	14,760,558	19,517,092	20,983,095
Professional Fees	5,100,927	10,456,650	10,205,681
Medical & Surgical Supplies	15,008,068	22,323,701	22,242,169
Non-med., non-sug. Supplies	1,803,707	3,401,720	3,475,836
Utilities	1,482,163	2,752,164	2,891,492
Purchased Services	24,911,508	29,122,256	29,603,130
Other Direct Expenses	2,217,763	12,313,757	12,784,641
Interest	521,439	1,272,355	1,182,352
Depreciation	7,584,709	10,053,599	10,053,599
Total Expenses	117,400,719	182,614,770	187,964,763
Income (loss) from operations	(3,201,939)	409,132	1,685,357
Non Operating Revenue (Expense)	241,332	800,000	800,000
Excess of expenses over revenue	(2,960,607)	1,209,133	2,485,357
<i>UAHS Consolidated Financial Statements Cash Sources and Uses</i>	2016 OGH	2017 Projected Consolidated	2019 Projected Consolidated
	Sources		
Net Income	(2,960,607)	1,209,133	2,485,357
Depreciation	7,584,709	10,053,599	10,053,599
Operating Activities	4,624,102	11,262,731	12,538,955
Total Sources of Cash	4,624,102	11,262,731	12,538,955
Uses			
Operating Activities	1,625,147	-	-
Loan/Bond Payments (Financing Activities)	2,172,876	3,969,516	3,571,721
Fixed Assets (Investing Activities)	2,848,575	5,600,000	5,600,000
Total Uses of Cash	6,646,598	9,569,516	9,171,721
Total Cash Source (Use)	(2,022,496)	1,693,215	3,367,234

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
OLEAN GENERAL HOSPITAL, INC.**

The Board of Directors of Olean General Hospital, Inc. (the "Corporation") adopted the following resolutions at a duly noticed meeting of the Board at which a quorum was present on March 29, 2017.

WHEREAS, the Corporation is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purposes of establishing and maintaining a general hospital in Cattaraugus County, New York; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code ("Code") Section 501(c)(3); and

WHEREAS, the Corporation, Upper Allegheny Health System ("UAHS") and Bradford Hospital, doing business as Bradford Regional Medical Center ("Bradford") are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the "Master Affiliation Agreement"); and

WHEREAS, in an effort to advance the respective charitable missions of the Corporation and Bradford, the Board has determined that it is in the best interests of both the Corporation and Bradford to join and merge the two entities, with the Corporation being the surviving entity (the "Merger"); and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, UAHS and Bradford; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation, UAHS and Bradford to terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Merger Agreement, the Plan of Merger and the Certificate of Merger, copies of which are attached hereto as Attachments A, B, and C, respectively; and it is further

RESOLVED: that the Board hereby approves the Certificate of Amendment of the Restated Certificate of Incorporation of the Corporation a copy of which is attached hereto as Attachment D and the amended Bylaws of the Corporation a copy of which is attached hereto as Attachment E; and it is further

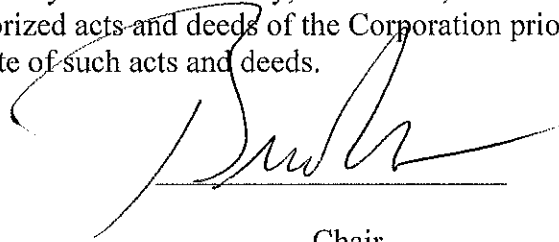
RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects

the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

Dated: March 29, 2017



A handwritten signature in black ink, appearing to be 'B. Smith', is written over a horizontal line. The signature is fluid and cursive.

Chair

**Olean General Hospital
CON 172084
“Merger of Bradford Regional Medical Center into Olean General
Hospital**

**Response to September 12, 2017 “14 day letter” from
Mr. Philip LaCombe, Associate Fiscal Analyst**

September 14, 2017

The 8 questions raised in the above reference letter are addressed below.

Q1. Organizational Charts before and after the proposed transaction: See attached charts depicting both before and after the proposed transaction (**Attachments 1 and 2**). The post-transaction chart was previously included as Attachment 3 to the CON.

Q2. Please confirm that UAHS and Bradford will upon approval, submit a resolution to dissolve the Master Affiliation Agreement: Yes it is confirmed that the Master Affiliation Agreement terminates upon approval of the transaction. See **Attachment 3**, excerpted from the UAHS Board Resolution approving the merger. This Resolution was previously included as Attachment 10 to the CON. In addition, as **Attachment 4** to this reply, please find the Resolution of the Bradford Regional Medical Center Board which agrees to the termination of the Master Affiliation Agreement as well.

Q3. Mirror Boards: Prior to the proposed merger transaction, the Board of Directors at Olean General Hospital, Bradford Regional Medical Center and Upper Allegheny Health System are all mirror Boards. After the proposed transaction, Bradford Regional Medical Center will cease to exist, however the Boards for Olean General Hospital and Upper Allegheny Health System will continue to be mirror Boards. Kaleida Health is a separate entity (and the active parent of Upper Allegheny Health System and Grandparent to Olean General Hospital). The Kaleida Health Board is NOT a mirror Board either before or after the planned transaction.

Q4. UAHS as Member: Prior to the proposed transaction, Upper Allegheny Health System is the “Member” of Olean General Hospital and Bradford Regional Medical Center. After the proposed transaction, Bradford Regional Medical Center ceases to exist, however, Upper Allegheny Health System will continue to be the “Member” of Olean General Hospital.

Q5. Kaleida Health Governance: Upper Allegheny Health System is currently the Active Parent of both Olean General Hospital and Bradford Regional Medical Center. After the proposed transaction, Bradford Regional Medical Center ceases to exist as it is merged into Olean General Hospital, however Upper Allegheny Health System remains the Active Parent of Olean General Hospital. Both before and after the proposed

transaction Kaleida Health is the Active Parent of Upper Allegheny Health System. The powers of Upper Allegheny Health System, with notations of the powers of Kaleida Health (“UAHS’ member” or “the member’s member”) are highlighted in **Attachment 5**. These provisions are contained in the Plan of Merger and were previously submitted as Attachment 7 to the CON.

Q6. Operating Certificate: Please see as **Attachment 6** a copy of the Bradford Regional Medical Center-Pennsylvania Department of Health Certificate of Licensure. Also included is **Attachment 7**, a copy of the Olean General Hospital-New York State Department of Health Operating Certificate. After the proposed transaction, each campus will have the identical approved beds as it does prior to the transaction.

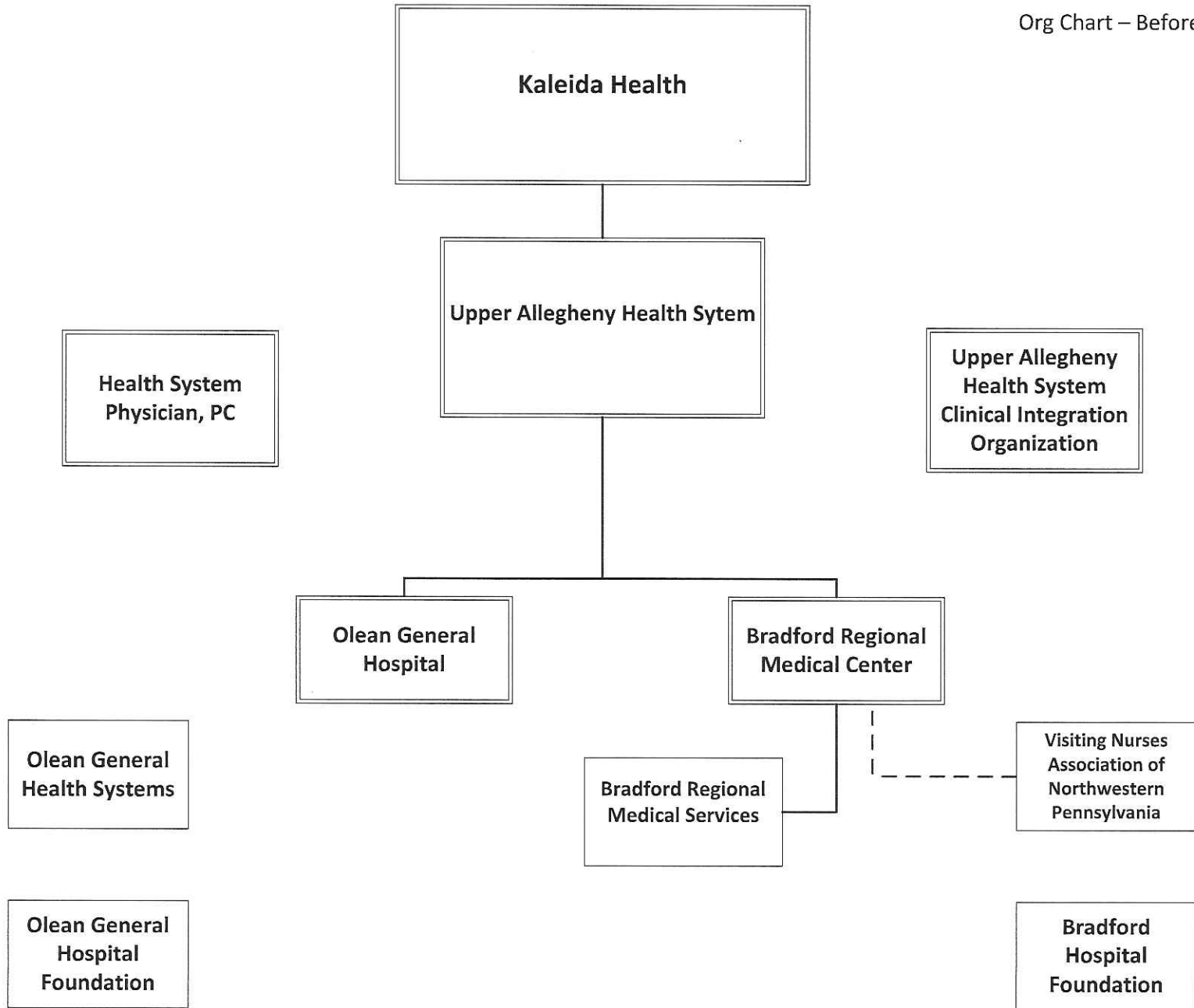
Q6. Financial Implications: Built into the financial projections on various Schedule 13 components, the following annual benefits explicitly enabled by the merger are as follows:

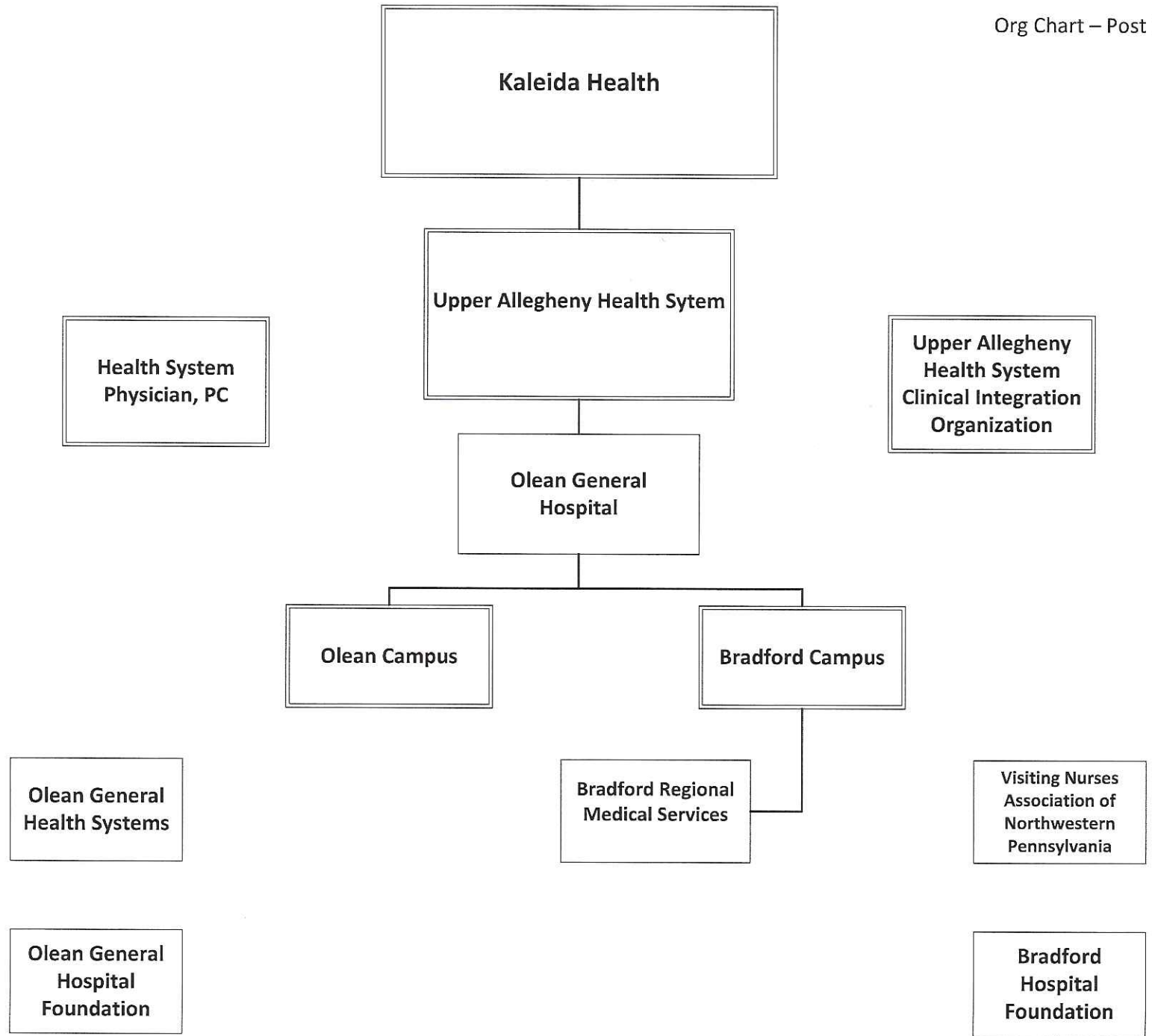
Financial Benefits of Merger:		
<u>Revenue Enhancements</u>		
- Attainment of Sole Community Hospital Status (Medicare Reimbursement)		\$ 706,000
<u>Efficiencies</u>		
-Reduction in Drug costs re: Expanded participation in 340B program		\$ 750,000
-Reduction in debt principle/lower interest rate thereby lowering interest costs		\$ 340,000
-Minor expense savings operationally (audit fees, minor economies of scale)		\$ 50,000
Total Direct Financial Benefits of Merger		\$ 1,846,000

In addition to the direct financial benefits noted above, liquidity is improved in two ways. First the debt service is reduced resulting in cash savings greater than the interest savings. Second, “extra collateral” of \$4M currently required by the Bradford Regional Medical Hospital Bond Insurer will be released for liquidity needs and capital funding.

Q7. Staffing: As is shown on **Attachment 8**, there are few incremental FTE changes as a result of the merger. The facilities, under Upper Allegheny Health System management are already managed on a virtual basis. The impetus for this merger is not staffing efficiencies as described elsewhere in the CON documents.

Q8. Active Parent Status: Based on review of 10NYCRR 405.1© with external counsel, management is confident that the organization described in this transaction is consistent with the referenced requirements.





**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
UPPER ALLEGHENY HEALTH SYSTEM, INC.**

The Board of Directors of Upper Allegheny Health System, Inc. (the "Corporation") adopted the following resolutions at a duly noticed meeting of the Board at which a quorum was present on March 29, 2017.

WHEREAS, the Corporation is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purposes of (i) providing clinical health services, and operating a health care system for the provision of such services, in Southwestern New York and Northwestern Pennsylvania, (ii) being, and exercising certain powers as, the sole member of Olean General Hospital ("Olean") and of Bradford Hospital, doing business as Bradford Regional Medical Center ("Bradford"), (iii) acting as a member of other not-for-profit corporations and as a shareholder of one or more business corporations, (iv) soliciting charitable contributions to advance and support the Corporation, and (v) taking other lawful actions that are incidental to, and consistent with, its other purposes as a not-for-profit corporation; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code ("Code") Section 501(c)(3); and

WHEREAS, Olean is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purpose of (a) establishing, operating and maintaining a general hospital in Cattaraugus County, New York, (b) promoting and carrying on scientific research related to the care of the sick and injured, (c) participating so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community, (d) soliciting, receiving and administering funds, contributions or grants, (e) exercising all rights and privileges as a member of other not-for-profit corporations and as a shareholder of business corporations, and (f) taking any and all lawful actions which are incidental to and not inconsistent with the foregoing purposes; and

WHEREAS, Olean is tax-exempt under Code Section 501(c)(3); and

WHEREAS, Bradford is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania for purposes similar to those of Olean; and

WHEREAS, Bradford is tax-exempt under Code Section 501(c)(3); and

WHEREAS, the Corporation is the sole member of both Olean and Bradford; and

WHEREAS, the Corporation, Olean and Bradford are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the "Master Affiliation Agreement"), pursuant to which the Corporation is empowered, acting through its board of directors, to approve any merger of Olean and Bradford; and

WHEREAS, in an effort to advance the respective charitable missions of Olean and Bradford the Board has determined that it is in the best interests of both Olean and Bradford to join and merge the two entities, with Olean being the surviving entity (the "Merger"); and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, Olean and Bradford; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation, Olean and Bradford to terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:⁴

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Merger Agreement, the Plan of Merger and the Certificate of Merger, copies of which are attached hereto as Attachments A, B, and C, respectively; and it is further

RESOLVED: that the Board hereby approves the Restated Certificate of Incorporation of Olean, a copy of which is attached hereto as Attachment D; the amended bylaws of Olean, a copy of which is attached hereto as Attachment E; the Certificate of Amendment of the Certificate of Incorporation of the Corporation, a copy of which is attached hereto as Attachment F; and the amended Bylaws of the Corporation, a copy of which is attached hereto and Attachment G; and it is further

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
BRADFORD REGIONAL MEDICAL CENTER,**

The Board of Directors of Bradford Regional Medical Center (the "Corporation") adopted the following resolutions at a duly noticed meeting of the Board at which a quorum was present on March 29, 2017.

WHEREAS, the Corporation is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania formed for the specific purposes of establishing and maintaining a general hospital in Pennsylvania; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code ("Code") Section 501(c)(3); and

WHEREAS, the Corporation, Upper Allegheny Health System ("UAHS") and Olean General Hospital ("Olean") are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the "Master Affiliation Agreement"); and

WHEREAS, in an effort to advance the respective charitable missions of Olean and the Corporation, the Board has determined that it is in the best interests of both Olean and the Corporation to join and merge the two entities, with Olean being the surviving entity (the "Merger"); and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, UAHS and Olean; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation, UAHS and Olean to terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Merger Agreement, the Plan of Merger and the Certificate of Merger, copies of which are attached hereto as Attachments A, B, and C, respectively; and it is further

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all

consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

Dated: March 29, 2017

Secretary

**PLAN OF MERGER
OF
BRADFORD HOSPITAL
INTO
OLEAN GENERAL HOSPITAL**

**ARTICLE I
NAMES OF CONSTITUENT CORPORATIONS AND
OF SURVIVING CORPORATION**

The names of the constituent corporations are Bradford Hospital, doing business as Bradford Regional Medical Center (“Bradford”), and Olean General Hospital (“Olean”).

**ARTICLE II
MEMBERSHIP**

1. Bradford has one (1) member: Upper Allegheny Health System, Inc. (“UAHS”).
2. Olean has one (1) member: UAHS.

**ARTICLE III
TERMS AND CONDITIONS OF PROPOSED MERGER**

1. The member of Bradford and Olean is the same, therefore, converting membership into the surviving corporation is not required.
2. The Olean By-laws shall be amended, in the form attached to this Plan of Merger, on the date the Merger becomes effective.
3. The Master Affiliation Agreement, dated March 31, 2009, by and among UAHS, Bradford and Olean shall be consensually terminated upon the effective date of the Merger.
4. The first annual meeting of the surviving corporation held after the effective date of this merger shall be the next annual meeting provided by the Olean By-laws.
5. All persons who, at the date when the Merger shall become effective, are officers and directors of Olean shall remain like officers and directors of the surviving corporation, until respective successors of the members of the Board of Directors of Olean are elected. The firm approved by Olean as its auditors for 2017 shall be the auditors of the surviving corporation for 2017.

6. The first regular meeting of the Board of Directors of Olean shall be held as soon as practicable after the effective date of the Merger and may be called in the manner provided in the By-laws of Olean for the calling of special meetings of the Board of Directors.

7. Each of Olean and Bradford shall pay its respective expenses of carrying out this Plan of Merger into effect and accomplishing the Merger.

8. When the Merger becomes effective, the separate existence of Bradford shall cease and said corporation shall be merged into Olean. Olean shall possess all the rights, privileges, powers and franchises of a public as well as of a private nature, and be subject to all the restrictions, disabilities and duties of Bradford and all property, real, personal and mixed, and all debts due to or from Bradford on whatever account, as well as all other things in action or belong to Bradford, shall be vested in Olean as the surviving corporation.

9. Olean agrees that it may be served with process in New York in an action or special proceeding for the enforcement of any liability or obligation of Bradford previously amenable to suit in Pennsylvania.

10. Olean agrees that it may be sued in Pennsylvania, in respect of any property transferred or conveyed to it, or the use made of such property, or any transaction in connection therewith.

ARTICLE IV MISCELLANEOUS PROVISIONS

1. Notwithstanding authorization by the Board of Directors of Bradford or Olean, at any time prior to the filing of a Certificate of Merger, this Plan of Merger may be abandoned by mutual consent of the Board of Directors of the constituent corporations.

2. Upon the effective date of this Plan of Merger, Olean's Certificate of Incorporation shall be amended as follows:

"FIFTH: The Corporation shall have one member: Upper Allegheny Health System, Inc. (the "Member"). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation's board members;
- Recommend Corporation chief executive officer candidates to the Corporation's board, approve the selection of the Corporation's chief executive officer, and remove the Corporation's chief executive officer;

- Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of UAHS's member;
- Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of UAHS's member;
- Approve the Corporation's business, marketing and strategic plans (with input from the Corporation), subject to the approval of UAHS's member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of UAHS's member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of UAHS's member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of UAHS's member;
- Approve the purchase or sale of physician practices, subject to the approval of UAHS's member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of UAHS's member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with a budget approved by the Corporation, subject to the approval of UAHS's member;
- Approve new clinical programs or the termination of existing clinical programs by the Corporation, subject to the approval of UAHS's member;
- Approve any management services agreement to which the Corporation is a party, and, if not already authorized by

UAHS's member or not included in a budget approved by UAHS's member, subject to the approval of UAHS's member;

- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of UAHS's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation law or regulation.”

ARTICLE V

ADOPTION AND EFFECTIVE DATE OF PLAN OF MERGER

1. This plan has been duly approved and adopted by the Board of Directors and the member of each constituent corporation.
2. The effective date of this Plan of Merger shall be the date the Certificate of Merger is filed with the New York State Secretary of State.

[signature page to follow]



Certificate of Licensure

BRADFORD REGIONAL MEDICAL CENTER
BRADFORD REGIONAL MEDICAL CENT
116 INTERSTATE PARKWAY
BRADFORD

The Pennsylvania Department of Health hereby issues this certificate of licensure to the above Hospital

OWNED BY: BRADFORD REGIONAL MEDICAL CENTER

LICENSURE NUMBER: 541201

BRADFORD REGIONAL MEDICAL CENT 107 Beds

ISSUED ON: 09/04/2015

EFFECTIVE FROM: 09/30/2015

EXPIRES ON: 09/30/2018

The maximum number of beds for this campus shall not exceed 107 beds.

This LICENSE shall expire on the above date, unless for good cause suspended or revoked sooner.

Christine C. Filipovich, MSN, RN

Christine C. Filipovich, MSN, RN
Deputy Secretary For Quality Assurance

Karen M. Murphy, PhD, RN

Karen M. Murphy, PhD, RN
Secretary of Health



NOTE: This license must be posted in a conspicuous place on the premises.

Facility Id. 66
Certificate No. 0401001H

Certified Beds - Total 186
Intensive Care 14
Maternity 14
Medical / Surgical 138
Pediatric 6
Psychiatric 14

State of New York
Department of Health
Office of Primary Care and Health Systems Management



OPERATING CERTIFICATE
Hospital

Effective Date: 06/02/2014
Expiration Date: NONE

Olean General Hospital
515 Main Street
Olean, New York 14760

Operator: Olean General Hospital Inc
Co-Operator: Upper Allegheny Health System
Operator Class: Voluntary Not for Profit Corporation

Has been granted this Operating Certificate pursuant to Article 28 of the Public Health Law for the service(s) specified.

- | | | | | |
|--------------------------------------|------------------------|--|---|-------------------------------|
| Ambulatory Surgery - Multi Specialty | CT Scanner | Cardiac Catheterization - Adult Diagnostic | Cardiac Catheterization - Percutaneous Coronary Intervention (PCI) Intensive Care | Clinical Laboratory Service |
| Coronary Care | Dental O/P | Emergency Department | Medical/Surgical | Lithotripsy |
| Magnetic Resonance Imaging | Maternity | Medical Social Services | Primary Medical Care O/P | Nuclear Medicine - Diagnostic |
| Pediatric | Pharmaceutical Service | Physical Medicine and Rehabilitation O/P | Swing Bed Program | Psychiatric |
| Radiology - Diagnostic | Renal Dialysis - Acute | Renal Dialysis - Chronic (12) | | |

Other Authorized Locations

- | | | | |
|---|--|---|---|
| Hospital Extension Clinic
Barry Street Health Center
528 North Barry Street
Olean, New York 14760 | Delevan Health Center
38 North Main Street
Delevan, New York 14042 | Holiday Park Health Center
2666 West State Street
Olean, New York 14760 | OGH Salamanca Clinic
4039 Route 219
Salamanca, New York 14779 |
|---|--|---|---|

- | | |
|--|--|
| Primary Care Extension Clinic for Pace Center
519 North Union Street
Olean, New York 14760 | The Mildred Milliman Radiation Center of
Olean General Hospital
1415 Buffalo Street
Olean, New York 14760 |
|--|--|

- School Based Hospital Extension Clinic**
Olean General Hospital School-Based Portable
Dental Equipment
515 Main Street
Olean, New York 14760

Keith W. Lewis

20140807 Deputy Director Office of Primary Care and Health Systems Management

Howard Zucker, M.D.

Acting Commissioner

This certificate must be conspicuously displayed on the premises.

Schedule of FTE's

Full Time Equivalents (in FTEs)	Bradford Regional MC			Olean General Hospital			Combined			Incremental FTE's	
	Base			Base			Base			BRMC	OGH
	2016	2018	2019	2016	2018	2019	2016	2018	2019	2019	2019
1. Management & Supervision	43.2	43.2	42.8	59	59	59	102	102	102	(0.38)	-
2. Technician & Specialist	28.1	28.1	27.9	47	47	47	76	76	75	(0.25)	-
3. Registered Nurses	105.6	105.6	104.7	207	207	207	313	313	312	(0.93)	-
4. Licensed Practical Nurses	34.7	34.7	34.4	39	39	39	73	73	73	(0.31)	-
5. Aides, Orderlies & Attendants	74.6	74.6	73.9	109	109	109	183	183	182	(0.66)	-
6. Physicians	14.3	14.3	14.2	8	8	8	23	23	23	(0.13)	-
7. PGY Physicians	-	-	-	-	-	-	-	-	-	-	-
8. Physicians' Assistants	1.1	1.1	1.0	5	5	5	6	6	6	(0.01)	-
9. Nurse Practitioners	4.2	4.2	4.2	5	5	5	9	9	9	(0.04)	-
10. Nurse Midwife	-	-	-	-	-	-	-	-	-	-	-
11. Social Workers and Psychologist**	6.3	6.3	6.3	3	3	3	10	10	9	(0.06)	-
12. Physical Therapists and PT Assistants	4.2	4.2	4.2	12	12	12	16	16	16	(0.04)	-
13. Occupational Therapists and OT Assistants	1.8	1.8	1.8	8	8	8	10	10	10	(0.02)	-
14. Speech Therapists and Speech Assistants	-	-	-	0	0	0	0	0	0	-	-
15. Other Therapists and Assistants	5.5	5.5	5.4	13	13	13	19	19	19	(0.05)	-
16. Infection Control, Environment and Food	42.4	42.4	42.0	52	52	52	95	95	94	(0.37)	-
17. Clerical & Other Administrative	91.9	91.9	91.1	171	171	171	263	263	262	(0.81)	-
18. Other (**Specify)	1.1	1.1	1.0	2	2	2	3	3	3	(0.01)	-
19. Other (**Specify)	7.4	7.4	7.3	20	20	20	27	27	27	(0.06)	-
20. Other (**Specify)	22.7	22.7	22.5	40	40	40	63	63	62	(0.20)	-
21. Total Number of Employees	489	489	485	802	802	802	1,291	1,291	1,287	(4)	-

**PLAN OF MERGER
OF
BRADFORD HOSPITAL
INTO
OLEAN GENERAL HOSPITAL**

**ARTICLE I
NAMES OF CONSTITUENT CORPORATIONS AND
OF SURVIVING CORPORATION**

The names of the constituent corporations are Bradford Hospital, doing business as Bradford Regional Medical Center (“Bradford”), and Olean General Hospital (“Olean”).

**ARTICLE II
MEMBERSHIP**

1. Bradford has one (1) member: Upper Allegheny Health System, Inc. (“UAHS”).
2. Olean has one (1) member: UAHS.

**ARTICLE III
TERMS AND CONDITIONS OF PROPOSED MERGER**

1. The member of Bradford and Olean is the same, therefore, converting membership into the surviving corporation is not required.
2. The Olean By-laws shall be amended, in the form attached to this Plan of Merger, on the date the Merger becomes effective.
3. The Master Affiliation Agreement, dated March 31, 2009, by and among UAHS, Bradford and Olean shall be consensually terminated upon the effective date of the Merger.
4. The first annual meeting of the surviving corporation held after the effective date of this merger shall be the next annual meeting provided by the Olean By-laws.
5. All persons who, at the date when the Merger shall become effective, are officers and directors of Olean shall remain like officers and directors of the surviving corporation, until respective successors of the members of the Board of Directors of Olean are elected. The firm approved by Olean as its auditors for 2017 shall be the auditors of the surviving corporation for 2017.

6. The first regular meeting of the Board of Directors of Olean shall be held as soon as practicable after the effective date of the Merger and may be called in the manner provided in the By-laws of Olean for the calling of special meetings of the Board of Directors.

7. Each of Olean and Bradford shall pay its respective expenses of carrying out this Plan of Merger into effect and accomplishing the Merger.

8. When the Merger becomes effective, the separate existence of Bradford shall cease and said corporation shall be merged into Olean. Olean shall possess all the rights, privileges, powers and franchises of a public as well as of a private nature, and be subject to all the restrictions, disabilities and duties of Bradford and all property, real, personal and mixed, and all debts due to or from Bradford on whatever account, as well as all other things in action or belong to Bradford, shall be vested in Olean as the surviving corporation.

9. Olean agrees that it may be served with process in New York in an action or special proceeding for the enforcement of any liability or obligation of Bradford previously amenable to suit in Pennsylvania.

10. Olean agrees that it may be sued in Pennsylvania, in respect of any property transferred or conveyed to it, or the use made of such property, or any transaction in connection therewith.

ARTICLE IV MISCELLANEOUS PROVISIONS

1. Notwithstanding authorization by the Board of Directors of Bradford or Olean, at any time prior to the filing of a Certificate of Merger, this Plan of Merger may be abandoned by mutual consent of the Board of Directors of the constituent corporations.

2. Upon the effective date of this Plan of Merger, Olean's Certificate of Incorporation shall be amended as follows:

"FIFTH: The Corporation shall have one member: Upper Allegheny Health System, Inc. (the "Member"). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation's board members;
- Recommend Corporation chief executive officer candidates to the Corporation's board, approve the selection of the Corporation's chief executive officer, and remove the Corporation's chief executive officer;

- Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of UAHS's member;
- Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of UAHS's member;
- Approve the Corporation's business, marketing and strategic plans (with input from the Corporation), subject to the approval of UAHS's member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of UAHS's member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of UAHS's member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of UAHS's member;
- Approve the purchase or sale of physician practices, subject to the approval of UAHS's member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of UAHS's member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with a budget approved by the Corporation, subject to the approval of UAHS's member;
- Approve new clinical programs or the termination of existing clinical programs by the Corporation, subject to the approval of UAHS's member;
- Approve any management services agreement to which the Corporation is a party, and, if not already authorized by

UAHS's member or not included in a budget approved by UAHS's member, subject to the approval of UAHS's member;

- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of UAHS's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation law or regulation.”

ARTICLE V

ADOPTION AND EFFECTIVE DATE OF PLAN OF MERGER

1. This plan has been duly approved and adopted by the Board of Directors and the member of each constituent corporation.

2. The effective date of this Plan of Merger shall be the date the Certificate of Merger is filed with the New York State Secretary of State.

[signature page to follow]


BRADFORD HOSPITAL

Dated: March 29, 2017

By: 
Name: Timothy Finan
Title: President and CEO

OLEAN GENERAL HOSPITAL

Dated: March 29, 2017

By: 
Name: Brenda McGee
Title: Chair

**Olean General Hospital
CON 172084
“Merger of Bradford Regional Medical Center into Olean General
Hospital**

**Response to September 22, 2017 “Request for additional information”
Mr. Brian Groski, Health Facility Planning**

September 27, 2017

A request was made to confirm what, if any service or bed changes would occur at Olean General Hospital as a result of the proposed Merger of BRMC into OGH.

As indicated in the CON application, and confirmed herein, there are NO service or bed changes proposed at either OGH or BRMC as a result of this proposed merger. The Hospitals serve different states with different primary insurance coverages and are 23.5 miles away from each other. The benefits of the merger include federal reimbursement improvements due to Sole Community Hospital status as well as enhancements to participation in the HRSA 340B drug discount program.

There are no service or program changes/efficiencies assumed or planned as a result of this proposed merger.

**RESTATED CERTIFICATE OF INCORPORATION
OF
OLEAN GENERAL HOSPITAL**

Under section 805 of the New York Not-for-Profit Corporation Law

The undersigned, Chair of the Board of Directors of Olean General Hospital, hereby certifies:

FIRST: The name of the Corporation is Olean General Hospital (the "Corporation"). The name under which the Corporation was formed is Olean General Hospital.

SECOND: The Certificate of Incorporation of the Corporation was filed by the Secretary of State on July 18, 1898, pursuant to Chapter 559 of the Laws of 1895 of the State of New York.

THIRD: The Corporation is a corporation as defined in Subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law ("NPCL").

FOURTH: The Certificate of Incorporation of the Corporation is amended to effect the following amendments pursuant to the NPCL:

1. Paragraph "SECOND" is amended to read in full following:

"SECOND": The Corporation is a Corporation as defined in subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law."

2. Paragraph "FOURTH", relating to the purposes of the Corporation, is hereby amended by amending subparagraph (a) thereof to read in full as follows:

"(a) To establish, operate and maintain a general hospital in Cattaraugus County, New York pursuant to Article 28 of the Public Health Law, and in Bradford, Pennsylvania".

3. Paragraph "FIFTH", relating to the powers of the Corporation member, is amended to read in full as follows:

"FIFTH": The Corporation shall have one member: Upper Allegheny Health System, Inc. (the "Member"). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation's board members;
- Recommend Corporation chief executive officer candidates to the Corporation's board, approve the selection of the Corporation's

chief executive officer, and remove the Corporation's chief executive officer;

- Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of the Member's member;
- Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member's member;
- Approve the Corporation's business, marketing and strategic plans (with input from the Corporation), subject to the approval of the Member's member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member's member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member's member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member's member;
- Approve the purchase or sale of physician practices by the Corporation, subject to the approval of the Member's member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member's member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with the Corporation's budget approved by the Member, subject to the approval of the Member's member;
- Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another campus, subject to the approval of the Member's member
- Approve any management services agreements to which the Corporation is a party, and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;

- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of the Member's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation."

4. Paragraph "SIXTH", relating to the Board of Directors, is amended to read in full as follows:

"SIXTH: So long as the Franciscan Sisters of Allegany maintain a residence for their members in the Town of Allegany, New York, or the vicinity of Olean, New York, they shall have the right to select one (1) of the sixteen (16) directors of the Corporation or alternatively provide a slate of nominees from which the Member's board may select one (1) director. If they do not exercise such right, the Member's board shall fill the position in the same manner that it fills the other Board positions."

FIFTH: The text of the Certificate of Incorporation is hereby restated, as amended to read in full as follows:

**CERTIFICATE OF INCORPORATION
OF
OLEAN GENERAL HOSPITAL**

Under section 805 of the New York Not-for-Profit Corporation Law

The undersigned, Chair of the Board of Directors of Olean General Hospital, hereby certifies:

FIRST: The name of the corporation is Olean General Hospital (the "Corporation")

SECOND: The Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law.

THIRD: The principal office of the Corporation shall be located in the City of Olean, Cattaraugus County, New York.

FOURTH: The Corporation shall have the following purposes:

- (a) To establish, operate and maintain a general hospital in Cattaraugus County, New York pursuant to Article 28 of the Public Health Law, and in Bradford, Pennsylvania;
- (b) To promote and carry on scientific research related to the care of the sick and injured in so far as, in the opinion of the Board of Directors, such research can be carried on in, or in connection with, the Corporation;
- (c) To participate so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community;
- (d) To solicit, receive and administer funds, contributions or grants from any source to be applied to charitable, educational and scientific purposes of the Corporation;
- (e) To exercise all rights and privileges as a member of one or more other not-for-profit corporations and as a shareholder of one or more business corporations; and
- (f) To take any and all actions which are incidental to and not inconsistent with the foregoing purposes of the Corporation and which are lawful for not-for-profit corporations, including, but not limited to, those powers set forth in Section 202 of the NPCL, to the extent such purposes are purposes described in Section 509(a)(1)(2) or (3) of the Internal Revenue Code of 1986, as amended (the "Code"). Nothing herein shall authorize the Corporation, directly or indirectly, to engage in or include among its purposes, any of the activities mentioned in NPCL Section 404(a) through (n),(p) through (s), (u) and (v), or Social Services Law, Section 460-a. Nothing contained in this Restated Certificate of Incorporation shall authorize the Corporation to establish, operate or maintain a home care services agency, a hospice, or a health maintenance organization or comprehensive health services plan as provided for by Articles 36, 40 and 44 respectively of the Public Health Law. Notwithstanding any other provision of this Restated Certificate of Incorporation, the Corporation is organized exclusively for charitable, educational and scientific purposes, and the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code.

No substantial part of the activities of the Corporation shall consist in carrying on propaganda or otherwise attempting to influence legislation.”

FIFTH: The Corporation shall have one member: Upper Allegheny Health System, Inc. (the “Member”). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation’s board members;
- Recommend Corporation chief executive officer candidates to the Corporation’s board, approve the selection of the Corporation’s chief executive officer, and remove the Corporation’s chief executive officer;
- Approve the adoption and amendment of the Corporation’s bylaws, subject to the approval of the Member’s member;
- Approve the Corporation’s annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member’s member;
- Approve the Corporation’s business, marketing and strategic plans (with input from the Corporation), subject to the approval of the Member’s member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member’s member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member’s member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member’s member;
- Approve the purchase or sale of physician practices by the Corporation, subject to the approval of the Member’s member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member’s member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with the Corporation’s budget approved by the Member, subject to the approval of the Member’s member;

- Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another campus, subject to the approval of the Member's member
- Approve any management services agreements to which the Corporation is a party, and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;
- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of the Member's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation.

SIXTH: So long as the Franciscan Sisters of Allegany maintain a residence for their members in the Town of Allegany, New York, or the vicinity of Olean, New York, they shall have the right to select one (1) of the sixteen (16) directors of the Corporation or alternatively provide a slate of nominees from which the Member's board may select one (1) director. If they do not exercise such right, the Member's board shall fill the position in the same manner that it fills the other Board positions.

SEVENTH: No part of the assets, income or net earnings of the Corporation shall inure to the benefit of any member, director, trustee, officer or employee of the Corporation, or to any private individual, except as reasonable compensation for services rendered in effecting the purposes of the Corporation.

EIGHTH: In the event of dissolution of the Corporation, no distribution of any of the property or assets of the Corporation shall be made to any member, director, trustee, officer or employee of the Corporation, or to any private individual, but all of such property and assets shall be distributed to accomplish the charitable, educational and scientific purposes for which the Corporation is organized or distributed to such organizations as the Board of Directors of the Corporation shall direct and which qualify under Section 501(c)(3) of the Code, or the

corresponding provision of any successor statute, subject to approval by a justice of the Supreme Court of the State of New York or any other court or judge having jurisdiction.

NINTH: The Secretary of the State of New York is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary shall mail a copy of any process against the Corporation served upon her/him is: 515 Main Street, Olean, New York 14760.

TENTH: This Restated Certificate of Incorporation of Olean General Hospital was authorized by the unanimous vote of its board of directors.

IN WITNESS WHEREOF, the undersigned, being at least eighteen (18) years of age, has subscribed and affirmed this Restated Certificate of Incorporation as true under the penalties of perjury on the date indicated next to his name:



Brenda McGee
Chair

Dated: March 29, 2017

**Schedule 1 -
Required For
All CON Applications**

**New York State Department of Health
Certificate of Need Application**

Schedule 1

General Information - All Applicants

Main Site	MAIN SITE PFI	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME	
	0066	00354632	Hospital	Olean General	
	STREET & NUMBER				
	515 Main Street				
	CITY		COUNTY		ZIP
Olean		Cattaraugus		14760	

Project Site	PROJECT SITE PFI	MEDICAID PROVIDER ID	TYPE OF FACILITY	PROJECT SITE NAME	
	0066	00354632	Hospital	Olean General	
	STREET & NUMBER				
	515 Main Street				
	CITY		COUNTY		ZIP
Olean		Cattaraugus		14760	

Operator Information	OPERATING CERTIFICATE NUMBER		TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)	
	040100H		Hospital	Olean General Hospital	
	STREET & NUMBER				
	515 Main Street				
	CITY		COUNTY		ZIP
Olean		Cattaraugus		14760	

		Title of Attachment:
Is the applicant an existing facility? If yes, attach a photocopy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	Attachment 1 - OGH Resolution of Partners.doc, Attachment 2 - BRMC Resolution of Partners.doc
	Is the applicant part of an "established article 28* network" as defined in section 401.1(j) of 10 nycrr? If yes, attach a statement that identifies the network and describes the applicant's affiliation. Attach an organizational chart, if available.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>

Type of Application: Establishment Construction Administrative Limited

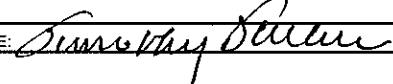
Total Project Cost: \$ 0.00

Amount of Application Fee (see Schedule 8) \$2,000.00

Acknowledgement and Attestation

I hereby certify, under penalty of perjury, that I am duly authorized to subscribe and submit this application on behalf of the applicant:

I further certify that the information contained in this application and its accompanying schedules and attachments are accurate, true and complete in all material respects. I acknowledge and agree that this application will be processed in accordance with the provisions of articles 28, 36 and 40 of the public health law and/or article 7 of the social services law, and implementing regulations, as the case may be.

SIGNATURE: 	DATE: June 5, 2017
--	--------------------

**New York State Department of Health
Certificate of Need Application**

Schedule 1

PRINT OR TYPE NAME	TITLE
Timothy Finan	President & CEO

Contacts:

Applicant should identify the operator's chief executive officer, or equivalent official, to whom all official correspondence from DOH about this application should be addressed

CHIEF EXECUTIVE	NAME AND TITLE OF CHIEF EXECUTIVE		
	Timothy Finan, President & CEO		
	STREET & NUMBER		
	515 Main Street		
	CITY	STATE	ZIP
	Olean	NY	14760
	TELEPHONE	FAX NUMBER	E-MAIL ADDRESS
716-375-6190	716-375-6990	tfinan@uahs.org	

Applicant may designate a second person to whom copies of all official correspondence from DOH about this application should be addressed. (This could be the applicant's attorney, or a consultant)

CONTACT INFORMATION	CONTACT PERSON'S COMPANY	NAME AND TITLE OF CONTACT PERSON	
	Richard Braun	Senior Vice President Finance/Chief Financial Officer	
	STREET & NUMBER		
	515 Main Street		
	CITY	STATE	ZIP
	Olean	NY	14760
	TELEPHONE	FAX NUMBER	E-MAIL ADDRESS
716-375-6190	716-375-6990	rbraun@uahs.org	

The applicant's lead attorney should be identified:

ATTORNEY	NAME		
	Peter Millock, Nixon Peabody		
	STREET & NUMBER		
	677 Broadway, 10 th Floor		
	CITY	STATE	ZIP
	Albany	NY	12207
	TELEPHONE	FAX NUMBER	E-MAIL ADDRESS
518-427-2650		pmillock@nixonpeabody.com	

If a consultant prepared the application, the consultant should be identified:

CONSULTANT	NAME		
	Jack Sieber, Freed Maxick		
	STREET & NUMBER		
	424 Main Street, Suite 800		
	CITY	STATE	ZIP
	Buffalo	NY	14202

**New York State Department of Health
Certificate of Need Application**

Schedule 1

	TELEPHONE	FAX NUMBER	E-MAIL ADDRESS
	716-332-2738		Jack.Sieber@Freedmaxick.com

New York State Department of Health Certificate of Need Application

Schedule 1

The applicant's lead accountant should be identified:

ACCOUNTANT	NAME		
	Mike Grimaldi, Lumsden and McCormick		
	STREET & NUMBER		
	Cyclorama Building, 369 Franklin Street		
	CITY	STATE	ZIP
	Buffalo	NY	14202
	TELEPHONE	FAX NUMBER	E-MAIL ADDRESS
716-856-3300		mgrimaldi@lumsdencpa.com	

Please list all Architects and Engineer contacts.

ARCHITECT and/or ENGINEER	NAME		FIRM	STREET & NUMBER
	CITY, STATE, ZIP		TELEPHONE	E-MAIL ADDRESS

ARCHITECT and/or ENGINEER	NAME		FIRM	STREET & NUMBER
	CITY, STATE, ZIP		TELEPHONE	E-MAIL ADDRESS

ARCHITECT and/or ENGINEER	NAME		FIRM	STREET & NUMBER
	CITY, STATE, ZIP		TELEPHONE	E-MAIL ADDRESS

ARCHITECT and/or ENGINEER	NAME		FIRM	STREET & NUMBER
	CITY, STATE, ZIP		TELEPHONE	E-MAIL ADDRESS

**New York State Department of Health
Certificate of Need Application**

Schedule 1

Checklist of Schedules Included in This Application

Schedule Number	Schedule Name	Required	Included
1	Required for all CON Applications	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2 (A-D)	Personal Qualifying and Disclosure Information-All Establishment Applications	<input type="checkbox"/>	<input type="checkbox"/>
3 (A-B)	CON Forms Related to Legal Issues	<input type="checkbox"/>	<input type="checkbox"/>
4 (A-B)	Legal Information for Ownership Transfers	<input type="checkbox"/>	<input type="checkbox"/>
5	CON Form Regarding Working Capital Plan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6	CON Form Regarding Architectural Submission	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7	CON Forms Regarding Environmental Issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
8 (A-B)	Project & Subproject Cost Summary	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9	CON Forms Regarding Project Financing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
10	Space & Construction Cost Distribution	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
11	Moveable Equipment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
12 (A-G)	CON Forms Specific to Adult Care Facilities	<input type="checkbox"/>	<input type="checkbox"/>
13 (A-D)	CON Forms Applicable to all Article 28 Facilities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
14 (A-D)	Additional Legal Information-Article 28	<input type="checkbox"/>	<input type="checkbox"/>
15	Additional Legal Information-Article 28-Ownership Transfers	<input type="checkbox"/>	<input type="checkbox"/>
16 (A-F)	CON Forms Specific to Hospitals-Article 28	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
17 (A-E)	CON Forms Specific to Diagnostic & Treatment Centers-Article 28	<input type="checkbox"/>	<input type="checkbox"/>
18 (A-E)	CON Forms Specific to Residential Health Care Facilities-Article 28	<input type="checkbox"/>	<input type="checkbox"/>
19 (A-B)	CON Forms Specific to Adult Day Health Care Programs	<input type="checkbox"/>	<input type="checkbox"/>
20 (A-C)	CON Forms Specific to Programs of OMH, OASAS, and OMRDD (If Applicable)	<input type="checkbox"/>	<input type="checkbox"/>
21 (A-G)	CON Forms Specific to CHHA and LTHHCP Programs-Article 36	<input type="checkbox"/>	<input type="checkbox"/>
22 (A-F)	CON Forms Specific to Hospices-Article 40	<input type="checkbox"/>	<input type="checkbox"/>
23	CON Forms Specific to All Projects Incorporating Health IT	<input type="checkbox"/>	<input type="checkbox"/>

**New York State Department of Health
Certificate of Need Application**

Schedule 1

Other Facilities Owned or Controlled by the Applicant

(Establishment Applications only)

Does the applicant or any related entity (parent, member or Subsidiary Corporation) operate or control any of the following in New York State?

FACILITY TYPE - NEW YORK STATE	FACILITY TYPE CODE	
Hospital	HOSP	Yes <input type="checkbox"/> No <input type="checkbox"/>
Nursing Home	NH	Yes <input type="checkbox"/> No <input type="checkbox"/>
Diagnostic and Treatment Center	DTC	Yes <input type="checkbox"/> No <input type="checkbox"/>
Licensed Home Care Services Agency	LHCSA	Yes <input type="checkbox"/> No <input type="checkbox"/>
Certified Home Health Agency	CHHA	Yes <input type="checkbox"/> No <input type="checkbox"/>
Hospice	HSP	Yes <input type="checkbox"/> No <input type="checkbox"/>
Adult Home	ADH	Yes <input type="checkbox"/> No <input type="checkbox"/>
Assisted Living Program	ALP	Yes <input type="checkbox"/> No <input type="checkbox"/>
Long Term Home Health Care Program	LTHHCP	Yes <input type="checkbox"/> No <input type="checkbox"/>
Enriched Housing Program	EHP	Yes <input type="checkbox"/> No <input type="checkbox"/>
Health Maintenance Organization	HMO	Yes <input type="checkbox"/> No <input type="checkbox"/>
Other	OTH	Yes <input type="checkbox"/> No <input type="checkbox"/>

For each facility or agency referenced above, enter the name, the PFI and facility type in the chart below.

	FACILITY NAME:	PFI	FACILITY TYPE
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

Attach additional sheet if necessary.

**New York State Department of Health
Certificate of Need Application**

Schedule 1

In addition to the information provided on the above chart, provide a complete list of all health care, adult care, behavioral, or mental health facilities, programs or agencies located outside New York State that are affiliated with the applicant corporation, as well as with parent, member and subsidiary corporations. For each health care entity identified, provide the full name, address, and type of services provided. In conjunction with this list, provide documentation from the regulatory agency in the state(s) where affiliations are noted, reflecting that the facilities/programs/agencies have operated in substantial compliance with applicable codes, rules and regulations for the past ten years (or for the period of the affiliation, whichever is shorter). To assist you in securing this information, a recommended form and a sample letter of inquiry are provided in Schedule 2 D.

Please list the facilities outside of New York State that are owned or controlled by the applicant:

	FACILITY NAME AND ADDRESS:	Services provided:	STATE/ COUNTRY	FACILITY TYPE
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

**WRITTEN CONSENT
OF THE
BOARD OF DIRECTORS
OF
OLEAN GENERAL HOSPITAL**

The undersigned, being all the directors of Olean General Hospital (the “Corporation”), adopt the following resolutions by written consent in lieu of a meeting pursuant to Section 614 of the New York Not-for Profit Corporation Law:

WHEREAS, the Corporation is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purpose of (a) establishing, operating and maintaining a general hospital in Cattaraugus County, New York, (b) promoting and carrying on scientific research related to the care of the sick and injured, (c) participating so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community, (d) soliciting, receiving and administering funds, contributions or grants, (e) exercising all rights and privileges as a member of other not-for-profit corporations and as a shareholder of business corporations, and (f) taking any and all lawful actions which are incidental to and not inconsistent with the foregoing purposes; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code (“Code”) Section 501(c)(3); and

WHEREAS, Bradford Hospital, doing business under the fictitious name Bradford Regional Medical Center (“Bradford”), is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania for purposes similar to those of the Corporation; and

WHEREAS, Bradford is tax-exempt under Code Section 501(c)(3); and

WHEREAS, the sole member of both the Corporation and Bradford is Upper Allegheny Health System, Inc. (the “Member”); and

WHEREAS, in an effort to advance the respective charitable missions of Olean and Bradford, the Board of Directors of the Corporation (the “Board”) has determined that it is in the best interests of the Corporation to join and merge with Bradford, with the Corporation being the surviving entity (the “Merger”); and

WHEREAS, the Corporation, UAHS and Bradford are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the “Master Affiliation Agreement”), which describes the arrangement of corporate structures and powers among the Corporation, UAHS and Bradford; and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, UAHS and Bradford; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation to consensually terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Plan of Merger, a copy of which is attached hereto as Attachment A; and it is further

RESOLVED: that the Board hereby recommends to the Member to approve the Merger; and

RESOLVED: that the following are elected to serve as the officers of the Corporation, effective upon the date the Merger is filed with New York State:

Name	Title
[•]	Chair
[•] ¹	President
[•]	Secretary
[•]	Treasurer

; and it is further

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed,

¹ Please provide names of officers.

NP Draft 04/27/2017

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and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

[Signature page to follow]

IN WITNESS WHEREOF, we have signed this instrument and direct that it be filed with the minutes of the proceedings of the Board.

Dated: _____, 2017 _____

Melissa Scholl, OSF

Dated: _____, 2017 _____

Jeff Belt

Dated: _____, 2017 _____

Thomas Buffamante

Dated: _____, 2017 _____

Martin Digel

Dated: _____, 2017 _____

Pierre Dionne, M.D.

Dated: _____, 2017 _____

Timothy Finan

Dated: _____, 2017 _____

Luis Gonzalez, M.D.

Dated: _____, 2017 _____

Muhammed Javed, M.D.

Dated: _____, 2017 _____

Brenda McGee

Dated: _____, 2017 _____

Daniel McCune

Dated: _____, 2017 _____

Lisa Fiorentino, Ph.D, R.N.

Dated: _____, 2017 _____

Jeannine Schoenecker

Dated: _____, 2017 _____

David Prince

Dated: _____, 2017 _____

Lynda Quick

Dated: _____, 2017 _____

Julie Marasco

**WRITTEN CONSENT OF
OF THE
BOARD OF DIRECTORS
OF
BRADFORD HOSPITAL**

The undersigned, being all the directors of Bradford Hospital, doing business under the fictitious name Bradford Regional Medical Center (the "Corporation"), adopt the following resolutions by written consent in lieu of a meeting in accordance with Subpart C of Title 15 of the Pennsylvania Associations Code:

WHEREAS, the Corporation is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania formed for the specific purpose of (1) establishing, supporting, managing and furnishing facilities, personnel and services to provide diagnosis, medical surgical and hospital care, extended care, outpatient care, home care and other hospital and medically related services without regard to race, creed, color, sex or national origin, (2) carrying on any such activities related to the promotion of health, which in the opinion of the Board of Directors of the Corporation (the "Board") may be justified by the facilities, personnel, funds or other requirements that are or can be made available and (3) engaging in any and all activities consistent with or in furtherance of the above purposes; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code ("Code") Section 501(c)(3); and

WHEREAS, Olean General Hospital ("Olean"), is a not-for-profit corporation organized under the laws of the State of New York for purposes similar to those of the Corporation; and

WHEREAS, Olean is tax-exempt under Code Section 501(c)(3); and

WHEREAS, the sole member of both the Corporation and Olean is Upper Allegheny Health System, Inc. (the "Member"); and

WHEREAS, in an effort to advance the respective charitable missions of Olean and Bradford, the Board has determined that it is in the best interests of the Corporation to join and merge with Olean, with Olean being the surviving entity (the "Merger"); and

WHEREAS, the Corporation, UAHS and Olean are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the "Master Affiliation Agreement"), which describes the arrangement of corporate structures and powers among the Corporation, UAHS and Olean; and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, UAHS and Olean; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation to consensually terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

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RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Plan of Merger, a copy of which is attached hereto as Attachment A; and it is further

RESOLVED: that the Board of Directors hereby recommends to the Member to approve the Merger; and

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

[Signature page to follow]

IN WITNESS WHEREOF, we have signed this instrument and direct that it be filed with the minutes of the proceedings of the Board.

Dated: _____, 2017	_____
	Melissa Scholl, OSF
Dated: _____, 2017	_____
	Jeff Belt
Dated: _____, 2017	_____
	Thomas Buffamante
Dated: _____, 2017	_____
	Martin Digel
Dated: _____, 2017	_____
	Pierre Dionne, M.D.
Dated: _____, 2017	_____
	Timothy Finan
Dated: _____, 2017	_____
	Luis Gonzalez, M.D.
Dated: _____, 2017	_____
	Muhammed Javed, M.D.
Dated: _____, 2017	_____
	Brenda McGee
Dated: _____, 2017	_____
	Daniel McCune
Dated: _____, 2017	_____
	Lisa Fiorentino, Ph.D, R.N.
Dated: _____, 2017	_____
	Jeannine Schoenecker
Dated: _____, 2017	_____
	David Prince
Dated: _____, 2017	_____
	Lynda Quick
Dated: _____, 2017	_____
	Julie Marasco

Schedule 3 CON Forms Related to Legal Issues

Contents:

- **Schedule 3A - General Instructions and Definitions For Legal Schedules (No data entry required - informational schedule only)**
- **Schedule 3B – Basic Legal Information and Documentation**

Schedule 3A: General Instructions and Definitions For Legal Schedules

This schedule applies to all Establishment and Full Construction Applicants and some Administrative Applications.

Definitions

1. "PHL" refers to the New York State Public Health Law.
2. "SSL" refers to the New York State Social Services Law.
3. "10 NYCRR" refers to Title 10 (Health) of the Official Compilation of the Codes, Rules and Regulations of the State of New York.
4. "18 NYCRR" refers to Title 18 (Social Services) of the Official Compilation of the Codes, Rules and Regulations of the State of New York.
5. "Department" refers to the New York State Department of Health.
6. "Commissioner" refers to the Commissioner of the Department.
7. "Article 28" refers to Article 28 of the PHL, which governs general hospitals, nursing homes and diagnostic and treatment centers.
8. "Article 36" refers to Article 36 of the PHL, which governs certified home health agencies and long term home health care programs.
9. "Article 40" refers to Article 40 of the PHL, which governs hospices.
10. "Article 44" refers to Article 44 of the PHL, which governs health maintenance organizations.
11. "Article 7" refers to Article 7 of the SSL, which governs adult homes, enriched housing programs and residences for adults.
12. "Facility" refers to all types of facilities, institutions, agencies or other entities regulated under Articles 7, 28, 36, 40, or 44.

General Instructions

1. Unless otherwise specifically indicated, the required paper copies of legal documentation submitted should be photocopies of fully executed original documents and **not** the originals themselves. The electronic copies of legal documents should be legible scanned images in PDF format of fully executed original documents.
2. Whenever a requested legal document has been amended, modified, or restated, all amendment(s), modification(s) and/or restatement(s) should also be submitted.
3. Attachments to legal schedules should be numbered sequentially for each particular schedule. The list of attachments should be completed for each required schedule, with either the number of the attachment or a check in the "Not Applicable" column. In instances where the "Not Applicable" option is not offered, inclusion of the documentation is mandatory.

[If you believe this submission contains information which may be exempted from disclosure pursuant to a FOIL request, you may so indicate to the NYSDOH and if so, must identify those sections of the submission. DOH will review your claim and make a determination in the event a FOIL request is received.]

Schedule 3B – Basic Legal Information and Documentation

Instructions:

1. The following applicants must complete Part I in its entirety:
 - a. All Article 7 applicants.
 - b. Article 28 applicants seeking establishment or combined establishment and construction approval.
 - c. Article 36 applicants seeking establishment approval.
 - d. Article 40 applicants seeking establishment approval.

2. The appropriate section of Part II must also be completed, depending on the applicant's type of legal entity, as follows:
 - a. Applicants that are sole proprietors must complete Section A.
 - b. Applicants that are general partnerships must complete Section B.
 - c. Applicants that are registered limited liability partnerships must complete Section C.
 - d. Applicants that are not-for-profit corporations must complete Section D.
 - e. Applicants that are business corporations must complete Section E
 - f. Applicants that are limited liability companies must complete Section F.

3. All Article 28 applicants must complete Part III in its entirety.

N.B.: Whenever a requested legal document has been amended, modified, or restated, all amendment(s), modification(s) and/or restatement(s) should also be submitted.

I. All Applicants

- A. Is the name of the facility different from the name of the applicant's legal entity?
 Yes No

If yes, submit the Certificate of Assumed Name. Attachment # .

- B. Is the applicant a natural person? Yes No

If no, type of legal entity:

- Sole Proprietor (See II.A. below)
 General Partnership (See II.B below)
 Registered Limited Liability Partnership (See II.C below)
 Not-for-Profit Corporation (See II.D below)
 Business Corporation (See II.E below)
 Limited Liability Company (See II.F below)
 Other, specify .

- C. For Article 36 applicants only: Does the applicant have any partners, members or stockholders that are not natural persons?
 Yes No

If yes, the applicant must comply with the requirements of PHL 3611.

- D. For Article 36 business corporations only: Is the corporation publicly traded?
 Yes No

If yes, submit the most recently filed Securities Exchange Commission Form 10K. Attachment # .

E. Submit documentation of how the applicant has or will obtain site control. Lease agreements for Article 28 facilities, and for hospice residences and the inpatient components of Article 40 facilities, must contain the language set forth in 10 NYCRR 600.2(d) or 790.2(d), respectively. Attachment # .

F. Are any of the directors or owners (partners, stockholders or members) of the applicant physicians who are in a position to make referrals to the facility?
 Yes No

If yes, submit a signed statement that the proposed financial/referral structure has been assessed in light of anti-kickback and self-referral laws, with the consultation of legal counsel, and it is concluded that proceeding with the proposal is appropriate. Attachment # .

G. Submit an organizational chart showing the applicant's legal structure. Attachment # .

H. Does the applicant intend to enter into any agreement(s) involving the management, administrative, billing and/or consulting services for the facility, including, but not limited to, operational policies.
 Yes No

If yes, submit the proposed agreement(s) and the remaining questions in this part I. Attachment # .

If no, skip to Part II as applicable.

I. Has the proposed management entity previously received establishment approval under either Article 7, 28, 36 or 40 of the PHL?
 Yes No

J. Enter on the following chart, the addresses of the facilities/agencies owned, operated or managed by the proposed management entity and the time period that each was owned, operated or managed by the proposed management entity. Include out-of-state entities. Attach additional sheets, if necessary. Attachment # .

Facility Name	Type of Facility	Facility Address	Time Period Owned or Managed

K. For each facility named in Question J above, documentation must be submitted reflecting its current and past compliance with the applicable regulations in the state in which it operates. This information is required for the most recent ten-year period, or for the period it was owned, operated or managed by the proposed management entity, whichever is less. See Schedule 2D for instructions on how to acquire this documentation.

- L. Has the proposed management entity been the subject of an administrative action related to the ownership, operation or management of any health care facility or agency?
 Yes No

If yes, provide further details regarding the administrative action in the space below.

- M. Are there any criminal actions pending against the proposed management entity?
 Yes No

If yes, provide further details regarding the criminal action in the space below.

- N. Are there now or have there been any civil or administrative actions initiated by either the Medicare or Medicaid programs against the proposed management entity?
 Yes No

If yes, provide further details regarding the administrative action in the space below.

II. Additional Documentation Depending on Type of Legal Entity

Submit the following legal documentation as applicable for the applicant's type of legal entity.

A. Sole Proprietors

1. Name of Individual Proprietor:

2. Certificate of Doing Business: Attachment # .

3. Schedules 2A and 2B

B. General Partnerships

1. On the following chart, list the partners, partnership interest and percentage ownership for each partner: Attach additional sheets if necessary.
 Attachment # .

Partner Name	Partnership Interest	Percentage Ownership

2. Partnership Agreement: Attachment # .
3. Certificate of Doing Business as a Partnership: Attachment # .
4. Schedules 2A and 2B for each partner

N.B. Partnership agreements for Article 28, Article 36 and Article 40 applicants must contain the language set forth in 10 NYCRR 600.1(5)(ii), 760.2 (c)(2) or 790.1 (c)(2), respectively. Refer to Schedule 12B, Part II for language that must be included in partnership agreements for Article 7 general partnerships.

C. Registered Limited Liability Partnerships

1. On the following chart, list the partners, partnership interest and percentage ownership for each partner: Attach additional sheets if necessary.
 Attachment # .

Partner Name	Partnership Interest	Percentage Ownership

2. Partnership Agreement: Attachment # .
3. Certificate of Doing Business as a Partnership: Attachment # .
4. Certificate of Registration: Attachment # .
5. Schedules 2A and 2B for each partner

N.B. Registered limited liability partnerships are not a proper entity for adult care facilities. See 600.1(5)(ii) of 10 NYCRR for language that must be included in partnership agreements for Article 28 registered limited liability partnerships.

D. Not-for-Profit Corporations

1. Does the corporation have any members? Yes No

If yes, list the names of the members below.

Upper Allegheny Health System- Sole Member

2. On the following chart, list the names of the officers and directors of the applicant corporation and indicate the position held by each. Attach additional sheets if necessary. Attachment # .

Officer/Director Name	Position Held
Brenda McGee	Board Chair
Mohammed Javed, MD	Board Vice-chair
Marty Digel	Board Treasurer
Timothy Finan	Chief Executive Officer
William Mills, MD	Chief Medical Officer
Jeff Zewe, RN	Chief Operating Officer
Jason Yaworsky	Chief Information Officer
Timothy McNamara	Chief HR Officer
Richard Braun	Chief Financial Officer

3. Certificate of Incorporation: Attachment #.
4. Bylaws: Attachment #.
5. If the applicant is not a New York corporation, Application for Authority to Do Business in New York: Attachment #.
6. Schedule 2A for each director
7. Schedule 2B for directors who contribute capital in support of the project
8. Schedule 2C for directors who do not contribute capital in support of the project

E. Business Corporations

1. On the following chart, list the stockholders, stock interest and percentage of ownership for each stockholder. Attach additional sheets if necessary. Attachment #.

Stockholder Name	Stock Interest	Percentage Ownership

2. On the following chart, list the names of the officers and directors of the applicant corporation and indicate the position held by each. Attach additional sheets if necessary. Attachment #.

Officer/Director Name	Position Held

3. Certificate of Incorporation: Attachment # .
4. Bylaws: Attachment # .
5. If the applicant is not a New York corporation, Application for Authority to Do Business in New York: Attachment # .
6. Schedule 2A for each officer, director and stockholder
7. Schedule 2B for each stockholder

N.B. Only stockholders who own ten percent or more of a certified home health agency's issued stock must submit Schedule 2B. Stockholders of all other applicants, regardless of percentage ownership, must submit Schedule 2B.

F. Limited Liability Companies

1. On the following chart, list the members, membership interest and percentage of ownership for each member. Attach additional sheets if necessary.
 Attachment # .

Member Name	Membership Interest	Percentage Ownership

2. List the managers below.

--

3. Articles of Organization: Attachment # .
4. Operating Agreement: Attachment # .
5. If the applicant is not a New York limited liability company, Application for Authority to Do Business in New York: Attachment # .

- 6. Schedule 2A for each member and manager
- 7. Schedule 2B for each member

N.B. Only members who own ten percent or more of a CHHA's membership interest must submit Schedule 2B. Members of all other applicants, regardless of percentage of ownership, must submit Schedule 2B.

III. Representative Governance

A. Ownership

- 1. Is the applicant, or any of its owners, employed by, an owner, officer, director, or manager of, or in any way affiliated with, or acting on behalf, or for the benefit of, an outside entity which will be involved with (including through a lease, contract or agreement), or benefit from, the ownership or operation of the proposed facility?
 Yes No

If yes, in the space below, identify the outside entity and the nature of the relationship.

- 2. Are there any contractual restrictions, existing or proposed, on the ability of the owners of the applicant to assign, transfer or sell their ownership interests or voting rights in the applicant? Yes No

If yes, provide copies of the existing or proposed arrangements.
Attachment # .

B. Consulting/Administrative Agreements

- 1. Does this proposal include a consulting or administrative agreement?
 Yes No

If no, skip to Section C.

If yes, attach a copy of this agreement (if not already submitted with the CON), and continue with the questions in this section.
Attachment # .

- 2. Describe in the space below the services to be provided under the agreement.

- 3. Describe in the space below the relationship between the applicant/operator and the consultant.

- 4. Who/what owns the consultant entity?

[Empty text box]

5. Who will manage the subject facility on a day-to-day business?

[Empty text box]

6. Who employs the facility manager?

[Empty text box]

7. Will there be any subcontracts or assignments with other entities?

Yes No

If yes, attach copies of the agreements. Attachment # [Empty text box].

Describe the agreements:

[Empty text box]

8. What percentage of facility revenues flow to the consultant?

[Empty text box] %

9. Is the consultant also an equipment lessor for the facility?

Yes No

10. Is the consultant a real property lessor for the facility?

Yes No

11. Who is responsible for financial decisions and by whom is this person is employed?

[Empty text box]

C. Financing

Will another entity provide financing for this CON project?

Yes No

If yes, define the lender and it relationship to the applicant and consultant.

[Empty text box]

Completed by:

Enter Name:

Richard G Braun Jr, SVP Finance and CFO

Enter Date:

August 16, 2017

SCHEDULE 3B ATTACHMENTS

Complete the section labeled "All Applicants." Then, check the box(es) that apply to your organizational structure and enter the corresponding information for each attached document. If the document is not applicable, enter "N/A" in the column labeled "Attachment Title."

DOCUMENT	ATTACHMENT TITLE	ATTACH #	ELECTRONIC FILE NAME*
ALL APPLICANTS			
Certificate of Assumed Name			
Form SEC 10K			
Documentation of Site Control	Site Control	1	
Anti-Kickback Statement	Anti Kickback Statement	2	
Organizational Chart	UAHS Organizational Chart	3	
Management Agreement			
List of Out-of-State Entities			
<input type="checkbox"/> SOLE PROPRIETORS			
Certificate of Doing Business			
<input type="checkbox"/> GENERAL PARTNERSHIPS			
List of Additional Partners			
Partnership Agreement			
Certificate of Doing Business as a Partnership			
<input type="checkbox"/> REGISTERED LIMITED LIABILITY PARTNERSHIPS			
List of Additional Partners			
Partnership Agreement			
Certificate of Doing Business as a Partnership			
Certificate of Registration			
<input type="checkbox"/> NOT-FOR-PROFIT CORPORATIONS			
List of Additional Officers & Directors	UAHS Board of Directors	4	
Certificate of Incorporation	Restated Cert. of Incorporation	5	
Bylaws	Bylaws of OGH	6	
Application for Authority to do Business in NYS			

* PDF Format Preferred

SCHEDULE 3B ATTACHMENTS (continued)

DOCUMENT	ATTACHMENT TITLE	ATTACH #	ELECTRONIC FILE NAME*
<input type="checkbox"/> BUSINESS CORPORATIONS			
List of Additional Stockholders			
List of Additional Officers & Directors			
Certificate of Incorporation			
Bylaws			
Application for Authority to do Business in NYS			
<input type="checkbox"/> LIMITED LIABILITY COMPANIES			
List of Additional Members			
Articles of Organization			
Operating Agreement			
Application for Authority to do Business in NYS			
<input type="checkbox"/> REPRESENTATIVE GOVERNANCE			
Restrictions on Ability of Applicant to Assign Ownership			
Consulting/Administrative Agreement			
Subcontracts or Assignments with Other Entities			
OTHER ATTACHMENTS (SPECIFY)			
Plan of Merger	Plan of Merger	7	
Merger Agreement	Merger Agreement	8	
Cert of Merger	Cert of Merger	9	
Resolutions of UAHS Board	Resolutions of UAHS Board	10	

* PDF Format Preferred

**Olean General Hospital
Certificate of Need
To Merge Bradford Regional Medical Center
Into Olean General Hospital**

Attachment 1. Site Control


The proposed transaction merges Bradford Regional Medical Center (BRMC), located in Bradford Pennsylvania, into Olean General Hospital, a New York Corporation. The underlying land and buildings of Bradford Regional Medical Center are already owned by BRMC and therefore site control already exists.

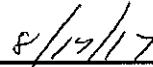
Att. 1

**Olean General Hospital
Certificate of Need
To Merge Bradford Regional Medical Center
Into Olean General Hospital**

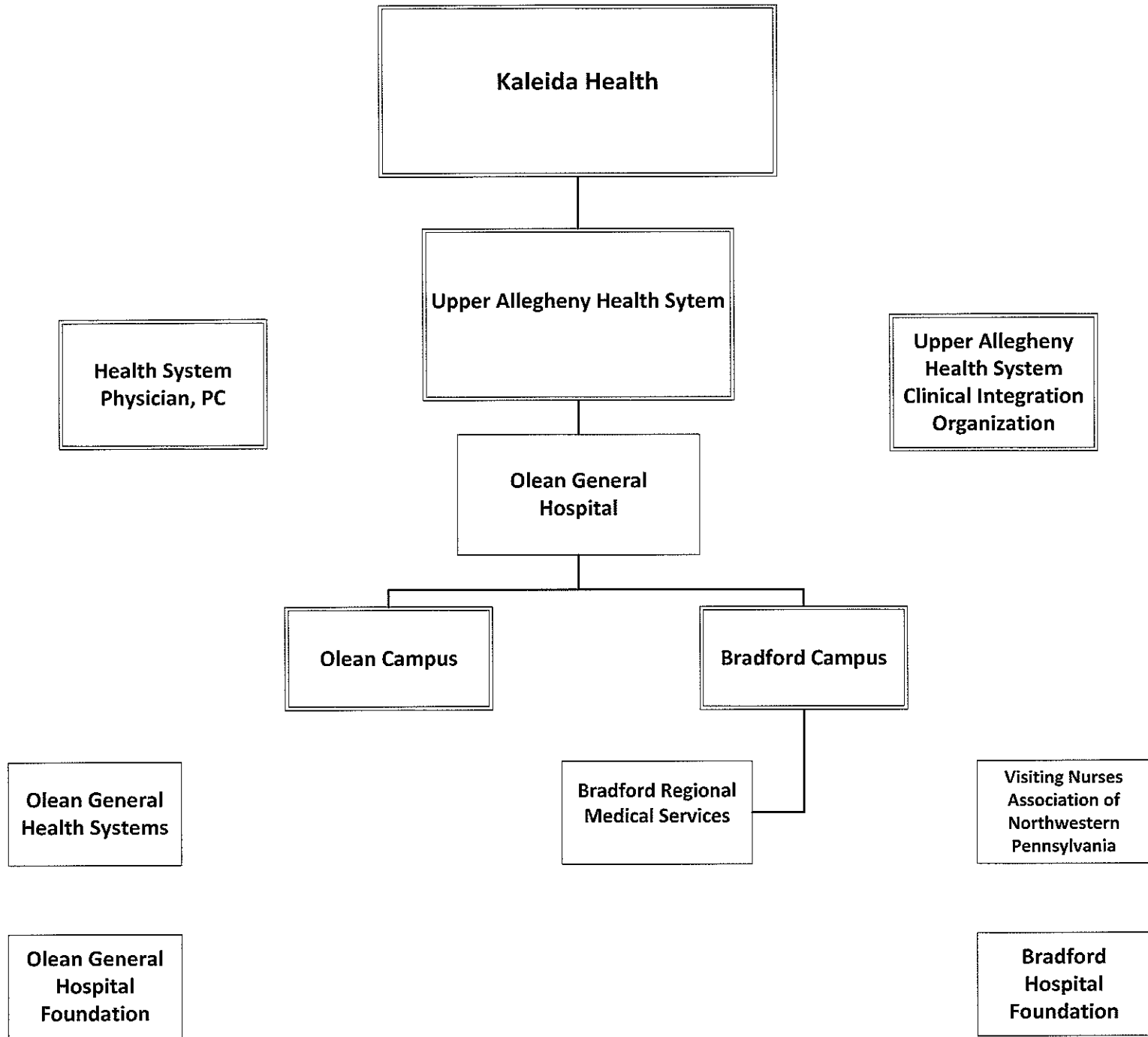
Attachment 2. Anti Kickback Statement

There are currently three physicians who are Board members of UAHS/OGH and who practice medicine in the community and who might make referrals to UAHS hospitals. The proposed financial/referral structure of the transaction has been assessed in light of anti-kickback and self-referral laws, with the consultation of legal counsel, and it has been concluded that proceeding with the proposal is appropriate.


Richard Braun Jr SVP Finance and CFO UAHS



UAHS ORGANIZATIONAL CHART



**UPPER ALLEGHENY HEALTH SYSTEM
2017 BOARD of DIRECTORS**



NAME	WORK ADDRESS	WORK PHONE
Belt, Jeff Jeff.Belt@solepoxy.com	President SolEpoxy, Inc. 211 Franklin Street Olean, NY 14760	PH: 716-372-6300 FAX: 716-372-6864
Buffamante, Thomas teb@bwbepa.com	Lincoln Park Center 130 S. Union Street Olean, NY 14760	PH: 716-372-1620 FAX: 716-372-2316
Digel, Martin J. [REDACTED]	President/CEO Hamlin Bank & Trust 333 W. Main Street/PO Box 367 Smethport, PA 16749	PH: 814-887-5555 FAX: 814-887-2478
Dionne, Pierre M.D. [REDACTED]	Center for Wound Healing & Hyperbaric Medicine 623 Main Street Olean, NY 14760	PH: 716-375-7577 FAX: 716-375-7580
Finan, Timothy tfinan@uahs.org	Upper Allegheny Health System 130 S. Union Street, Suite 300 Olean, NY 14760	PH: 716-375-6190 FAX: 716-375-6394
Fiorentino, Lisa Ph.D., RN Lmfl@pitt.edu	Director, Center for Rural Health Practice University of Pittsburgh at Bradford 300 Campus Drive Bradford, PA 16701	PH: 814-362-7646 FAX: 814-362-5044
Gonzalez, Luis M.D. luiscaul@atlanticbb.net	181 Interstate Parkway Bradford, PA 16701	PH: 814-362-4345 FAX: 814-362-1178
Javed, Muhammed M.D. [REDACTED]	[REDACTED]	PH: 716-372-4212 FAX: 716-373-9167
Marasco, Julie Julie.Marasco@northwest.com	President, Northwest Region Northwest 39 Main Street Bradford, PA 16701	PH: 716-368-5495
McCunc, Daniel dmccunc@alleghenybradford.com	President/CEO Allegheny Bradford Corporation 1522 South Avenue, P.O. Box 200 Lewis Run, PA 16738	PH: 814-362-2593 Ext. 260 FAX: 814-362-1033
McGee, Brenda bmcgee@sbu.edu	[REDACTED]	Cell: [REDACTED]
Prince, David dprince@databranch.com	Databranch, Inc. 132 N. Union Street Olean, NY 14760	PH: 716-373-4467 FAX: 716-373-5518
Quick, Lynda Lynda_Quick@caboces.org	BOCES 1825 Windfall Road Olean, NY 14760	PH: 716-376-8254 FAX: 716-376-8455
Schoenecker, Jeannine JSchoenecker@amref.com	American Refining Group President 77 North Kendall Avenue Bradford, PA	PH: 814-368-1200
Scholl, Melissa OSE [REDACTED]	Franciscan Sisters of Allegany, NY 908 West Henley Street Olean, NY 14760	PH: 716-790-9457

ATT 4

**RESTATED CERTIFICATE OF INCORPORATION
OF
OLEAN GENERAL HOSPITAL**

Under section 805 of the New York Not-for-Profit Corporation Law

The undersigned, Chair of the Board of Directors of Olean General Hospital, hereby certifies:

FIRST: The name of the Corporation is Olean General Hospital (the "Corporation"). The name under which the Corporation was formed is Olean General Hospital.

SECOND: The Certificate of Incorporation of the Corporation was filed by the Secretary of State on July 18, 1898, pursuant to Chapter 559 of the Laws of 1895 of the State of New York.

THIRD: The Corporation is a corporation as defined in Subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law ("NPCL").

FOURTH: The Certificate of Incorporation of the Corporation is amended to effect the following amendments pursuant to the NPCL:

1. Paragraph "SECOND" is amended to read in full following:

“SECOND’: The Corporation is a Corporation as defined in subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law.”

2. Paragraph "FOURTH", relating to the purposes of the Corporation, is hereby amended by amending subparagraph (a) thereof to read in full as follows:

“(a) To establish, operate and maintain a general hospital in Cattaraugus County, New York pursuant to Article 28 of the Public Health Law, and in Bradford, Pennsylvania”.

3. Paragraph "FIFTH", relating to the powers of the Corporation member, is amended to read in full as follows:

“FIFTH’: The Corporation shall have one member: Upper Allegheny Health System, Inc. (the "Member"). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation’s board members;
- Recommend Corporation chief executive officer candidates to the Corporation’s board, approve the selection of the Corporation’s

chief executive officer, and remove the Corporation's chief executive officer;

- Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of the Member's member;
- Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member's member;
- Approve the Corporation's business, marketing and strategic plans (with input from the Corporation), subject to the approval of the Member's member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member's member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member's member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member's member;
- Approve the purchase or sale of physician practices by the Corporation, subject to the approval of the Member's member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member's member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with the Corporation's budget approved by the Member, subject to the approval of the Member's member;
- Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another campus, subject to the approval of the Member's member
- Approve any management services agreements to which the Corporation is a party, and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;

- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of the Member's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation.”

4. Paragraph “SIXTH”, relating to the Board of Directors, is amended to read in full as follows:

“‘SIXTH’: So long as the Franciscan Sisters of Allegany maintain a residence for their members in the Town of Allegany, New York, or the vicinity of Olean, New York, they shall have the right to select one (1) of the sixteen (16) directors of the Corporation or alternatively provide a slate of nominees from which the Member's board may select one (1) director. If they do not exercise such right, the Member's board shall fill the position in the same manner that it fills the other Board positions.”

FIFTH: The text of the Certificate of Incorporation is hereby restated, as amended to read in full as follows:

**CERTIFICATE OF INCORPORATION
OF
OLEAN GENERAL HOSPITAL**

Under section 805 of the New York Not-for-Profit Corporation Law

The undersigned, Chair of the Board of Directors of Olean General Hospital, hereby certifies:

FIRST: The name of the corporation is Olean General Hospital (the “Corporation”)

SECOND: The Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law.

THIRD: The principal office of the Corporation shall be located in the City of Olean, Cattaraugus County, New York.

FOURTH: The Corporation shall have the following purposes:

- (a) To establish, operate and maintain a general hospital in Cattaraugus County, New York pursuant to Article 28 of the Public Health Law, and in Bradford, Pennsylvania;
- (b) To promote and carry on scientific research related to the care of the sick and injured in so far as, in the opinion of the Board of Directors, such research can be carried on in, or in connection with, the Corporation;
- (c) To participate so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community;
- (d) To solicit, receive and administer funds, contributions or grants from any source to be applied to charitable, educational and scientific purposes of the Corporation;
- (e) To exercise all rights and privileges as a member of one or more other not-for-profit corporations and as a shareholder of one or more business corporations; and
- (f) To take any and all actions which are incidental to and not inconsistent with the foregoing purposes of the Corporation and which are lawful for not-for-profit corporations, including, but not limited to, those powers set forth in Section 202 of the NPCL, to the extent such purposes are purposes described in Section 509(a)(1)(2) or (3) of the Internal Revenue Code of 1986, as amended (the "Code"). Nothing herein shall authorize the Corporation, directly or indirectly, to engage in or include among its purposes, any of the activities mentioned in NPCL Section 404(a) through (n), (p) through (s), (u) and (v), or Social Services Law, Section 460-a. Nothing contained in this Restated Certificate of Incorporation shall authorize the Corporation to establish, operate or maintain a home care services agency, a hospice, or a health maintenance organization or comprehensive health services plan as provided for by Articles 36, 40 and 44 respectively of the Public Health Law. Notwithstanding any other provision of this Restated Certificate of Incorporation, the Corporation is organized exclusively for charitable, educational and scientific purposes, and the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code.

No substantial part of the activities of the Corporation shall consist in carrying on propaganda or otherwise attempting to influence legislation.”

FIFTH: The Corporation shall have one member: Upper Allegheny Health System, Inc. (the “Member”). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation’s board members;
- Recommend Corporation chief executive officer candidates to the Corporation’s board, approve the selection of the Corporation’s chief executive officer, and remove the Corporation’s chief executive officer;
- Approve the adoption and amendment of the Corporation’s bylaws, subject to the approval of the Member’s member;
- Approve the Corporation’s annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member’s member;
- Approve the Corporation’s business, marketing and strategic plans (with input from the Corporation), subject to the approval of the Member’s member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member’s member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member’s member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member’s member;
- Approve the purchase or sale of physician practices by the Corporation, subject to the approval of the Member’s member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member’s member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with the Corporation’s budget approved by the Member, subject to the approval of the Member’s member;

- Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another campus, subject to the approval of the Member's member
- Approve any management services agreements to which the Corporation is a party, and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;
- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of the Member's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation.

SIXTH: So long as the Franciscan Sisters of Allegany maintain a residence for their members in the Town of Allegany, New York, or the vicinity of Olean, New York, they shall have the right to select one (1) of the sixteen (16) directors of the Corporation or alternatively provide a slate of nominees from which the Member's board may select one (1) director. If they do not exercise such right, the Member's board shall fill the position in the same manner that it fills the other Board positions.

SEVENTH: No part of the assets, income or net earnings of the Corporation shall inure to the benefit of any member, director, trustee, officer or employee of the Corporation, or to any private individual, except as reasonable compensation for services rendered in effecting the purposes of the Corporation.

EIGHTH: In the event of dissolution of the Corporation, no distribution of any of the property or assets of the Corporation shall be made to any member, director, trustee, officer or employee of the Corporation, or to any private individual, but all of such property and assets shall be distributed to accomplish the charitable, educational and scientific purposes for which the Corporation is organized or distributed to such organizations as the Board of Directors of the Corporation shall direct and which qualify under Section 501(c)(3) of the Code, or the

corresponding provision of any successor statute, subject to approval by a justice of the Supreme Court of the State of New York or any other court or judge having jurisdiction.

NINTH: The Secretary of the State of New York is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary shall mail a copy of any process against the Corporation served upon her/him is: 515 Main Street, Olean, New York 14760.

TENTH: This Restated Certificate of Incorporation of Olean General Hospital was authorized by the unanimous vote of its board of directors.

IN WITNESS WHEREOF, the undersigned, being at least eighteen (18) years of age, has subscribed and affirmed this Restated Certificate of Incorporation as true under the penalties of perjury on the date indicated next to his name:

Brenda McGee
Chair
Dated: March 29, 2017

**BYLAWS
OF
OLEAN GENERAL HOSPITAL**

Approved: March 29, 2017

ARTICLE I

Section 1.1 Name. The name of the corporation shall be as set forth in its Certificate of Incorporation, as may be amended from time to time. The current name of the corporation is Olean General Hospital (the "Corporation").

Section 1.2 Principal Office. The location of the principal office of the Corporation is Olean, New York.

Section 1.3 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year.

Section 1.4 Membership. The Corporation shall have one member, Upper Allegheny Health System, Inc., acting through its Board of Directors ("UAHS" or the "Member"). Any action by the Member shall be taken in accordance with the Member's By-laws.

Section 1.5 INTENTIONALLY BLANK.

Section 1.6 Sole Corporate Member. UAHS shall have the following powers with regard to the Corporation:

- (a) INTENTIONALLY BLANK;
- (b) Appoint the Corporation's board members;
- (c) Recommend Corporation chief executive officer candidates to the Corporation's board, approve the selection of the Corporation's chief executive officer, and remove the Corporation's chief executive officer;
- (d) Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of the Member's member;
- (e) Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member's member;
- (f) Approve the Corporation's business, marketing and strategic plans (with input from the Corporation);
- (g) Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member's member;
- (h) Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member's member;

- (i) Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member's member;
- (j) Approve the purchase or sale of physician practices by the Corporation;
- (k) Approve and may initiate the commencement and settlement of litigation by the Corporation, subject to the approval of the Member's member;
- (l) Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member's member;
- (m) Approve the dissolution of the Corporation;
- (n) Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with a budget approved by the Corporation, subject to the approval of the Member's member;
- (o) Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another, subject to the approval of the Member's member;
- (p) Approve any management services agreement to which the Corporation is a party and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;
- (q) Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- (r) Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- (s) Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by Member, subject to the approval of the Member's member;
- (t) Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- (u) Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation.

ARTICLE II BOARD OF DIRECTORS

Section 2.1 Management of the Corporation. The governance of the Corporation is hereby vested in the Board of Directors which shall have the full legal authority and responsibility for the conduct of the Corporation. The property, business and affairs of the Corporation shall be managed by the Board of Directors. The Directors shall act in all matters as a Board and the powers of the Board shall not reside in Directors individually.

Section 2.2 Composition of the Board of Directors. The Board of Directors of the Member shall serve as *ex officio* voting members of the Board of Directors. "Entire Board" or "entire Board of Directors" shall mean the total number of directors set forth in the By-laws of the Member.

ARTICLE III MEETINGS OF BOARD OF DIRECTORS

Section 3.1 Election Meeting. Immediately after each Election Meeting of the Member or other such special meeting of the Member, the Board shall meet for the purpose of organization and the transaction of other business at the place where said annual or special meeting was held.

Section 3.2 Regular Meetings. Regular meetings of the Board shall be held not less than once per month at such time and place as shall be designated from time to time by resolution of the Board. If the date fixed for any such regular meeting is a legal holiday under New York or Pennsylvania law, then the meeting shall be held on the next succeeding business day, not a Saturday, or at such other time as is determined by resolution of the Board. At such meetings, the Directors shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given.

Section 3.3 Special Meetings. Special meetings of the Board shall be held whenever called by three (3) or more Directors, by the Chair or the Chief Executive Officer. Notice of each such meeting shall be given to each Director by telephone, in writing (by mail or by hand delivery), by fax or by e-mail at least twenty-four (24) hours (in the case of notice by telephone, fax or e-mail) or five (5) days (in the case of written notice by mail or hand delivery) before the time at which the meeting is to be held. Every such notice shall state the date, time and place of the meeting. If notice is sent by fax or e-mail, notice is given when directed to the individual's fax number or e-mail address provided by the individual to the Corporation; provided, that notice shall not be deemed delivered if: (a) the Corporation is unable to deliver two (2) consecutive notices to the individual by e-mail or fax; or (b) the Corporation otherwise becomes aware that notice cannot be delivered to the individual by e-mail or fax.

Section 3.4 Waiver of Notice. Notice of a meeting need not be given to any Director: (a) who submits a waiver of notice either before or after the meeting; or (b) who attends the meeting without protesting the lack of notice to him prior to or at the start of the meeting. Waivers may be provided: (i) in a writing signed by the Director either in hard copy or by affixing a signature by any reasonable means (i.e., fax signature); or (ii) by e-mail that includes

information from which the recipient can reasonably determine that the transmission was authorized by the Director submitting the waiver.

Section 3.5 Place of Meetings. All meetings of the Board of Directors shall be held at such place within or outside the State of New York as shall be designated in the notice of meeting or as may be fixed by the Board of Directors.

Section 3.6 Quorum. Except as otherwise required by law or by these Bylaws, the presence of a majority of the entire Board shall constitute a quorum for the transaction of any business at any meeting. In the absence of a quorum, a majority of those present, without notice other than by announcement at the meeting, may adjourn the meeting from time to time for a period of not more than thirty (30) days at any one time until a quorum shall attend. The Secretary of the Corporation shall give notice to each Director of the adjournment at least three (3) days before the date to which the meeting was adjourned.

Section 3.7 Voting.

(a) Except as otherwise provided by law or in these Bylaws, all matters shall be decided by a vote of a majority of Directors present at the time of the vote, if a quorum is present at such time. Each Director shall be entitled to one (1) vote. Directors shall not vote by proxy.

(b) The following actions require approval by two-thirds vote of the entire Board of Directors (unless there are twenty-one or more directors, then the vote of a majority of the entire Board of Directors is required): the purchase of real property that will constitute all or substantially all of the assets of the Corporation once purchased; and the sale, lease, mortgage, exchange or other disposition of real property that constitutes all or substantially all of the Corporation's assets. Any purchase, sale, mortgage, lease, exchange or other transfer of real property that does not require Board approval as provided in this Section may be delegated for approval by a committee of the Board. Such committee shall promptly report any actions it takes to the Board no later than the next regular meeting of the Board.

(c) In addition to the items specified in these By-laws, the following items require approval of the Member: (i) amendment of the Certificate of Incorporation; and approval of the sale, transfer or other disposition of all or substantially all of the Corporation's assets.

(d) Any action required or permitted to be taken by the Board of Directors or any committee may be taken without a meeting if all members of the Board or the committee consent to the adoption of a resolution authorizing the action. The resolution and the written consents shall be filed with the minutes of the Board or committee. Consents may be provided: (i) in a writing signed by the Director or committee member either in hard copy or by affixing a signature by any reasonable means (e.g., fax signature); or (ii) by e-mail that includes information from which the recipient can reasonably determine that the transmission was authorized by the Director or committee member.

Section 3.8 Presence through Communication Equipment. Any or all Directors or any committee may participate in a meeting by means of a telephone conference, electronic video screen communication or similar communications equipment. Participation by such means shall constitute presence in person at a meeting provided that all persons participating in the meeting

can hear each other at the same time and each individual may participate in all matters before the Board or committee, including, but not limited to, proposing, objecting to and voting upon a specific action taken at the meeting.

Section 3.9 Executive Session. The Directors shall meet in executive session at the call of the Chair, the Vice Chair or of any two (2) Directors when deemed by the Chair or such Directors to be necessary or appropriate in the management of the property, business or affairs of the Corporation. The Directors, while in executive session, may, by unanimous decision of the Directors present, invite the attendance of persons who are not Directors.

ARTICLE IV DUTIES AND POWERS OF BOARD OF DIRECTORS

Section 4.1 Standard of Care; No Compensation. The Directors shall discharge their duties in good faith and with that degree of diligence, care, and skill ordinarily prudent persons would exercise under similar circumstances. A Director shall not receive compensation for services performed as a Director, but shall be entitled to reimbursement for reasonable expenses incurred in the performance of his or her duties as director.

Section 4.2 Annual Evaluation. The Board of Directors shall evaluate the Board's own process of governance and make recommendations for any necessary changes, including amendments to the Bylaws, annually. For this purpose, the Board of Directors may retain outside consultants and counsel to assist in the evaluation process.

Section 4.3 Annual Report. The Board of Directors shall present at the Annual Meeting of the Member, a report (a) certified by a firm of independent public accountants; or (b) verified by (i) the Chief Executive Officer and Treasurer or (ii) by a majority of the Board, showing in appropriate detail the following:

- (a) the assets and liabilities, including the trust funds, of the Corporation;
- (b) the principal changes in assets and liabilities, including trust funds;
- (c) the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes; and
- (d) the expenses or disbursements of the Corporation for both general and restricted purposes.

The Annual Report needs to provide the above information as of the end of the twelve-month fiscal period terminating not more than six months prior to the meeting at which the Annual Report is presented. The Annual Report shall be filed with the records of the Corporation and a copy included in the minutes of the Annual Meeting.

Section 4.4 Investment Matters. The Board of Directors shall complete the following actions with respect to oversight, management and reporting on donor restricted and investment assets:

- (a) Adopt or reaffirm a written investment policy, setting forth guidelines on investments and delegation of management and investment functions in accord with the standards of the New York Prudent Management of Institutional Funds Act ("NYPMIFA").

(b) Cause accurate accounts to be kept regarding donor restricted assets separate and apart from the accounts of other assets of the Corporation. Unless the terms of a particular gift provide otherwise, the Treasurer shall make an annual report to the Board of Directors concerning assets subject to a donor restriction and the use made of such assets and of the income thereof.

(c) Unless otherwise delegated to an investment committee, review and establish an annual spending rate for endowment funds in accordance with NYPMIFA.

ARTICLE V OFFICERS

Section 5.1 Election of Officers. The Chair, a Vice-Chair, a Secretary, and a Treasurer of the Member shall serve *ex officio* as officers of the Corporation with the same titles. The Board officers shall serve terms of two (2) years. Any two (2) or more offices may be held by the same person, except the offices of Chair, Secretary and Chief Executive Officer. No employee of the Corporation shall serve as Chair or officer with similar duties.

Section 5.2 Chair of the Board of Directors. The Chair of the Board of Directors shall exercise overall supervision of Board of Directors affairs and preside at all meetings of the Board of Directors; appoint members of special committees of the Board of Directors and their chairs with the consent of the Board of Directors; provide leadership to ensure that Board committees and directors complete their assigned responsibilities; serve as chairs of the Executive Committee of the Board of Directors and as an *ex-officio* member of all other Board committees; and direct preparation of the agenda for Board meetings. The Chair shall have power to call an executive session of the Board when determined by the Chair to be necessary or appropriate in the management of the property, business or affairs of the Corporation. The Chair of the Board shall do and perform such other duties and have and exercise such other powers as from time to time may be assigned to him/her by the Board.

Section 5.3 Vice-Chair. The vice-chair shall act as chair in the absence of the Chair, and when so acting shall have all the power and authority of the Chair.

Section 5.4 Secretary. The Secretary shall keep or cause minutes to be kept of all meetings of the Board and shall perform like duties for committees when required. The Secretary shall, in addition, have custody of the corporate seal, cause proper notice to be given of meetings of the Board, keep a current list of the Corporation's Directors and officers and their residence addresses and perform such other duties as are incidental to his/her office and as the Board may prescribe. The Secretary shall also have custody of the minute book containing the minutes of all meetings of Directors, the Executive Committee, and any other committees which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody.

Section 5.5 Treasurer. Subject to the supervision of the Board, the Treasurer shall have custody of the funds and securities of the Corporation, and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in the books of the Corporation, and

shall deposit or cause to be deposited all money and other valuable effects in the name and to the credit of the Corporation in such depository or depositories as may be designated by the Board. The Treasurer shall also perform such other duties as are incidental to his/her office and as the Board may prescribe.

Section 5.6 Resignations. Any officer or agent may resign at any time by giving written notice to the Board, the Chair, or to the Chief Executive Officer. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.7 Chief Executive Officer. The Corporation will be operated and managed on a daily basis by the chief executive officer. The chief executive officer shall report to the Board. The chief executive officer shall appoint and have the authority to remove additional corporate officers, administrators and managers to meet the Board's expectations with respect to the clinical, financial and operational performance of the Corporation. The Corporation's chief executive officer may serve as the chief executive officer of UAHS.

ARTICLE VI COMMITTEES

Section 6.1 In General. The Board shall form and shall select the chairs and members of committees. To the extent permitted by law, the Board may select persons other than Directors as non-voting members of committees of the Board and voting members of committees of the Corporation. All committees shall be chaired by a Director.

Section 6.2 Committees of the Board. Committees of the Board shall be established and the members elected by resolution of a majority of the entire Board of Directors. Only Director shall serve as voting members of Committees of the Board. Each committee of the Board shall be comprised of at least three (3) members. Committees of the Board shall be committees to which the Board shall have delegated all or part of its final decision making authority, except that no committee shall have authority as to the following matters:

- (a) The filling of vacancies in the Board or in any committee.
- (b) The fixing of compensation of the Directors for serving on the Board or on any committee.
- (c) The amendment or repeal of the By-laws, or the adoption of new By-laws.
- (d) The amendment or repeal of any resolution of the Board which by its terms, shall not be so amendable or repealable.

Section 6.3 Committees of the Corporation. The Board of Directors may designate committees of the Corporation by resolution. The resolution authorizing any such committee shall set forth its duties, its term and who may be eligible to serve. Such committees shall not be a committee of the Board and shall not exercise any of the powers of the Board or have the authority to bind the Board.

Section 6.4 Meetings; Quorum and Voting. Each standing and special committee shall hold regular meetings at least annually if not otherwise specified. A special meeting of any committee shall be called by the Secretary upon the request of the Chair of the Board, the Chief Executive Officer or a majority of the members of such committee. In order to constitute a quorum for the transaction of business at a meeting of a standing or special committee, there shall be present in person a majority of the committee members unless otherwise specifically provided in these Bylaws. The act of a majority of the committee members at a meeting at which a quorum is present shall constitute the act of the committee.

Any committee member may resign by giving written notice of such resignation to the Chair of the Board or any member may be removed from committee membership by the same authority by which he or she was appointed. In the case of a vacancy on a standing or special committee, the Board, by resolution adopted by a majority of its members, shall elect a successor for the balance of the term of such vacancy.

Section 6.5 Executive Committee. The Executive Committee shall be a committee of the Board consisting of the Chair of the Board, the Vice Chair, the Chief Executive Officer of the Member, the Treasurer, and not more than three (3) additional directors selected by the Board. The Executive Committee shall meet as needed. The presence of four (4) members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting. The authority of the Executive Committee shall be subject to the limitations set forth in Section 6.2 of this Article and the Not-for-Profit Corporation Law.

Section 6.6 Audit Committee. The Audit Committee of the Member shall serve as the Audit Committee of the Corporation if the Corporation is required to have an Audit Committee pursuant to the New York Not-for-Profit Corporation Law.

ARTICLE VII INDEMNIFICATION AND INSURANCE

Section 7.1 Authorized Indemnification. Unless clearly prohibited by law or Section 7.2 of this Article, the Corporation shall indemnify any person ("Indemnified Person") made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of the Corporation, by reason of the fact that he or she (or his or her testator or intestate), whether before or after adoption of this section, (a) is or was a Director or officer of the Corporation or (b) in addition is serving or served, in any capacity, at the request of the Corporation, including as a member of a committee of the Board of Directors of the Corporation, or as director or officer of any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement) and reasonable expenses, including attorneys' fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

Section 7.2 Prohibited Indemnification. The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the

person whose actions are the basis for the action or proceeding) establishes, or the Board of Directors in good faith determines, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Section 7.3 Advancement of Expenses. The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Corporation, pay or promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 7.2 of this Article. An Indemnified Person shall cooperate in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

Section 7.4 Indemnification of Others. Unless clearly prohibited by law or Section 7.2 of this Article, the Board of Directors may approve Corporation indemnification as set forth in Section 7.1 of this Article or advancement of expenses as set forth in Section 7.3 of this Article, to a person (or the testator or intestate of a person) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made, or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 7.5 Determination of Indemnification. Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Directors shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these by-laws. Before indemnification can occur, the Board of Directors must explicitly find that such indemnification will not violate the provisions of Section 7.2 of this Article. No Director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested Directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these Bylaws.

Section 7.6 Binding Effect. Any person entitled to indemnification under these Bylaws has a legally enforceable right to indemnification which cannot be abridged by amendment of these Bylaws with respect to any event, action or omission occurring prior to the date of such amendment.

Section 7.7 Insurance. The Corporation is not required to purchase directors' and officers' liability insurance, but the Corporation may purchase such insurance if authorized and approved by the Board of Directors. To the extent permitted by law, such insurance may insure the Corporation for any obligation it incurs as a result of this Article or operation of law and it may insure directly the directors, officers, employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

Section 7.8 Nonexclusive Rights. The provisions of this Article shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of the Corporation with any Director, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article subject in all cases to the limitations of Section 7.2 of this Article.

ARTICLE VIII MEDICAL STAFF

Section 8.1 Organizations. The Board shall cause to be created a medical staff organization, to be known as the Medical Staff of the Olean General Hospital, the membership of which shall be comprised of all allopathic and osteopathic physicians, podiatrists, and dentists who are privileged to attend patients in the Hospital. Membership in this medical staff organization shall be a prerequisite to the exercise of clinical privileges in the hospital, except as otherwise specifically provided in the medical staff bylaws.

Section 8.2 Medical Staff Bylaws, Rules and Regulations.

8.2.1 Purpose. The medical staff organization shall propose and adopt by vote written bylaws, rules, and regulations for its internal governance, which shall be effective when approved by the Board. These bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the medical staff by the Board. The bylaws, rules and regulations shall state the purposes, functions and organization of the staff and shall set forth the policies by which the medical staff exercises and accounts for its delegated authority and responsibilities.

8.2.2 Procedure. The medical staff shall have the initial responsibility to formulate, adopt, and recommend to the Board staff bylaws and amendments thereto which shall be effective when approved by the Board. Neither the Board nor the medical staff shall have the authority to unilaterally amend the Medical Staff bylaws, rules or regulations.

Section 8.3 Medical Staff Membership and Clinical Privileges.

8.3.1 Action by the Board. Final action on all matters relating to medical staff membership status, clinical privileges and corrective action shall be taken by the Board. The Board shall delegate to the medical staff the responsibility and authority to investigate and evaluate all matters relating to medical staff status, clinical privileges, and

corrective action, and shall require that the staff make recommendations thereon. In taking final action, the Board shall consider staff recommendations submitted pursuant to Section 10.3.2, provided that the Board shall act in any event if the staff fails to adopt and submit any such recommendations within the time periods required by the medical staff bylaws. Such Board action without a staff recommendation shall be based on the same kind of documented investigation and evaluation of current ability, judgment, and character as is required for staff recommendations.

8.3.2 Medical Staff Recommendations. The medical staff bylaws shall contain provisions for the staff to adopt and submit to the Board specific written recommendations on all matters of medical staff membership status, clinical privileges, and corrective action, and to support and document its recommendations in a manner that will allow the Board to take informed action.

8.3.3 Criteria for Board Action. In acting on matters of medical staff membership status, the Board shall consider the staff's recommendations, the hospital's and the community's needs and such other criteria as are set forth in the medical staff bylaws. In granting and defining the scope of clinical privileges to be exercised by each practitioner, the Board shall consider the staff's recommendations, the supporting information on which they are based and such criteria as set forth in the medical staff bylaws. No aspect of membership status nor specific clinical privileges shall be limited or denied to a practitioner on the basis of sex, race, creed, color, or national origin, or on the basis of any criteria unrelated to good patient care at the hospital, or to professional ability and judgment, or to community needs.

8.3.4 Terms and Conditions of Staff Membership and Clinical Privileges. The terms and conditions of membership status in the medical staff, and of the exercise of clinical privileges, shall be as specified in the medical staff bylaws. Members of the medical staff shall abide by the rules, regulations and bylaws of the Corporation.

8.3.5 Procedure. The procedure to be followed by the medical staff and the Board in acting on matters of membership status, clinical privileges, and corrective action shall be specified in the medical staff bylaws.

Section 8.4 Due Process Plan. The Board shall require that any action taken by the Executive Committee of the medical staff or by the Board, the effect of which is to deny, revoke, suspend, or reduce a practitioner's staff appointment, reappointment, department affiliation, staff category, admitting prerogatives or clinical privileges shall, except under circumstances for which specific provision is made in the medical staff bylaws, be accomplished in accordance with the Board-approved Due Process Plan then in effect. Such Plan shall provide for procedures to assure fair treatment and afford opportunity for the presentation of all pertinent information.

Section 8.5 Allied Health Practitioners. Final action on all matters relating to the performance of specified patient care services in the hospital by allied health practitioners shall be taken by the Board. The Board shall delegate to the medical staff the responsibility and authority to investigate and evaluate each application by an allied health practitioner for

specified services, department affiliation, and modification in the services such affiliate may perform, and shall require that the staff make recommendations thereon. In taking final action, the Board shall consider the staff recommendations, provided that the Board shall act in any event if the staff fails to adopt and submit any such recommendation within the time periods required by the medical staff bylaws. In general, allied health practitioner applications shall be submitted and processed in the same manner as are applications for medical staff memberships and clinical privileges, and allied health practitioners shall be subject to the same terms and conditions of appointment as are medical staff members; provided, however, that corrective action with regard to allied health practitioners, including termination or suspension of services authorized, shall be accomplished in accordance with usual Corporation personnel practices or an affiliate's employment agreement, if any.

Section 8.6 Admission and Care of Patients. The hospital's Admitting, Transfer and Discharge Policies shall govern the disposition of all patients. Only a member of the medical staff with admitting privileges may admit a patient to the hospital. Staff members may practice only within the scope of the privileges granted to them by the Board of Directors. Each patient's general medical condition is the responsibility of a qualified member of the medical staff.

Section 8.7 Medical Director/Chief Medical Officer. The Board shall appoint a physician, referred to as the Chief Medical Officer, who is qualified for membership on the medical staff and who shall be responsible for directing the quality directives of the medical staff. Such appointment shall be made after consultation with the medical staff, but shall be the prerogative of the Board. In making such an appointment, the Board may consider an individual who is a clinical department chairperson, an elected president of the medical staff, a medical staff committee chairperson, or any other person who meets the requirements set forth in this paragraph. The Chief Medical Officer may carry out his or her duties on either a full or part-time basis and on a salaried or nonsalaried basis as determined by the Board, and may report to the Board directly, through the President/CEO, or through whatever means is deemed appropriate by the Board.

Section 8.8 Accountability of Medical Staff and Other Professionals. The Board shall hold the medical staff and other professionals providing patient care services accountable for conducting activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in the hospital, including:

- (a) The delineation of clinical privileges for members of the medical staff commensurate with individual credentials and demonstrated ability and judgment and the assignment of patient care responsibilities to other professionals consistent with individual qualification and demonstrated ability.
- (b) The provision of continuing professional education, shaped primarily by the needs identified through the review and evaluation activities.
- (c) The prudent use of the hospital's resources through concurrent utilization review measures based on individual patient needs and on evidenced-based "best practice" standards.

- (d) The continuous monitoring of patient care practice through defined functions of the medical staff, other professional services and the hospital administration.
- (e) The retrospective review and evaluation of the quality of patient care through a valid and reliable patient care evaluation procedure. This review shall assure that all patients with the same health problem receive the same high level of care in the hospital.
- (f) Such other measures as the Board may, after receiving and considering the advice of the medical staff, other professional services and the hospital administration, deem necessary for the preservation and improvement of the quality, effectiveness, and efficiency of patient care.

ARTICLE IX MISCELLANEOUS

Section 9.1 Corporate Seal. The Corporation shall have a corporate seal in the form of a circle containing the name of the Corporation, the year of the incorporation and such other details as may be approved by the Board.

Section 9.2 Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the Board may from time to time designate.

Section 9.3 Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to negotiate and/or enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 9.4 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the Board shall from time to time determine.

Section 9.5 Adoption of Policies and Procedures. The Board of Directors or designated committee of the Board, shall adopt such rules, regulations, policies and procedures as it may deem necessary and appropriate to the operation of the Corporation, including, but not limited to, a Conflicts of Interest Policy and Whistleblower Policy; provided, however, that no rule, regulations, policy or procedure may be adopted by the Corporation that is contrary to these By-laws and applicable law as may be amended from time to time.

Section 9.6 Books and Records. There shall be kept at the office of the Corporation: (1) correct and complete books and records of account; (2) minutes of the proceedings of the Board of Directors and any standing committees of the Board; (3) a current list of the Directors and officers of the Corporation and their residence addresses; (4) a copy of these By-laws; (5) a copy of the Corporation's application for recognition of exemption with the Internal Revenue Service; and (6) copies of the past three (3) years' information returns and Form 990-T's (if any) filed with the Internal Revenue Service.

**ARTICLE X
AMENDMENTS**

Any amendment to these Bylaws shall be approved by the Board of Directors subject to the approval of the Member and the Member's member.

**PLAN OF MERGER
OF
BRADFORD HOSPITAL
INTO
OLEAN GENERAL HOSPITAL**

**ARTICLE I
NAMES OF CONSTITUENT CORPORATIONS AND
OF SURVIVING CORPORATION**

The names of the constituent corporations are Bradford Hospital, doing business as Bradford Regional Medical Center (“Bradford”), and Olean General Hospital (“Olean”).

**ARTICLE II
MEMBERSHIP**

1. Bradford has one (1) member: Upper Allegheny Health System, Inc. (“UAHS”).
2. Olean has one (1) member: UAHS.

**ARTICLE III
TERMS AND CONDITIONS OF PROPOSED MERGER**

1. The member of Bradford and Olean is the same, therefore, converting membership into the surviving corporation is not required.
2. The Olean By-laws shall be amended, in the form attached to this Plan of Merger, on the date the Merger becomes effective.
3. The Master Affiliation Agreement, dated March 31, 2009, by and among UAHS, Bradford and Olean shall be consensually terminated upon the effective date of the Merger.
4. The first annual meeting of the surviving corporation held after the effective date of this merger shall be the next annual meeting provided by the Olean By-laws.
5. All persons who, at the date when the Merger shall become effective, are officers and directors of Olean shall remain like officers and directors of the surviving corporation, until respective successors of the members of the Board of Directors of Olean are elected. The firm approved by Olean as its auditors for 2017 shall be the auditors of the surviving corporation for 2017.

6. The first regular meeting of the Board of Directors of Olean shall be held as soon as practicable after the effective date of the Merger and may be called in the manner provided in the By-laws of Olean for the calling of special meetings of the Board of Directors.

7. Each of Olean and Bradford shall pay its respective expenses of carrying out this Plan of Merger into effect and accomplishing the Merger.

8. When the Merger becomes effective, the separate existence of Bradford shall cease and said corporation shall be merged into Olean. Olean shall possess all the rights, privileges, powers and franchises of a public as well as of a private nature, and be subject to all the restrictions, disabilities and duties of Bradford and all property, real, personal and mixed, and all debts due to or from Bradford on whatever account, as well as all other things in action or belong to Bradford, shall be vested in Olean as the surviving corporation.

9. Olean agrees that it may be served with process in New York in an action or special proceeding for the enforcement of any liability or obligation of Bradford previously amenable to suit in Pennsylvania.

10. Olean agrees that it may be sued in Pennsylvania, in respect of any property transferred or conveyed to it, or the use made of such property, or any transaction in connection therewith.

ARTICLE IV MISCELLANEOUS PROVISIONS

1. Notwithstanding authorization by the Board of Directors of Bradford or Olean, at any time prior to the filing of a Certificate of Merger, this Plan of Merger may be abandoned by mutual consent of the Board of Directors of the constituent corporations.

2. Upon the effective date of this Plan of Merger, Olean's Certificate of Incorporation shall be amended as follows:

"FIFTH: The Corporation shall have one member: Upper Allegheny Health System, Inc. (the "Member"). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation's board members;
- Recommend Corporation chief executive officer candidates to the Corporation's board, approve the selection of the Corporation's chief executive officer, and remove the Corporation's chief executive officer;

- Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of UAHS's member;
- Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of UAHS's member;
- Approve the Corporation's business, marketing and strategic plans (with input from the Corporation), subject to the approval of UAHS's member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of UAHS's member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of UAHS's member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of UAHS's member;
- Approve the purchase or sale of physician practices, subject to the approval of UAHS's member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of UAHS's member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with a budget approved by the Corporation, subject to the approval of UAHS's member;
- Approve new clinical programs or the termination of existing clinical programs by the Corporation, subject to the approval of UAHS's member;
- Approve any management services agreement to which the Corporation is a party, and, if not already authorized by

UAHS's member or not included in a budget approved by UAHS's member, subject to the approval of UAHS's member;

- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of UAHS's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation law or regulation.”

ARTICLE V

ADOPTION AND EFFECTIVE DATE OF PLAN OF MERGER

1. This plan has been duly approved and adopted by the Board of Directors and the member of each constituent corporation.
2. The effective date of this Plan of Merger shall be the date the Certificate of Merger is filed with the New York State Secretary of State.

[signature page to follow]

BRADFORD HOSPITAL

Dated: March 29, 2017

By: _____
Name: Timothy Finan
Title: President and CEO

OLEAN GENERAL HOSPITAL

Dated: March 29, 2017

By: _____
Name: Brenda McGee
Title: Chair

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MERGER AGREEMENT

This Agreement, is made between Olean General Hospital (“OGH”), a New York not-for-profit corporation located in Olean, New York, and Bradford Hospital, doing business as Bradford Regional Medical Center (“BRMC”), a Pennsylvania non-profit corporation located in Bradford, Pennsylvania.

RECITALS

WHEREAS, the parties desire to merge OGH and BRMC with OGH being the surviving entity; and

WHEREAS, the parties intend that the merger between OGH and BRMC will promote quality and cost-effective health care in the full continuum of care to the members of their communities.

NOW THEREFORE, in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the parties agree as follows:

Section 1. Merger of OGH and BRMC:

This Agreement is subject to the approval of the boards of OGH, BRMC and Upper Allegheny Health System (“UAHS”), the member of both parties; by the member of UAHS, if any; and to other approvals required by law. The Certificate of Merger and Plan of Merger annexed hereto as Attachments A and B, respectively, will be filed as required in connection with the merger.

Section 2. Terms of Merger:

- 2.1 Subject to the terms and conditions set forth herein, the parties shall take such actions as may be necessary or desirable to achieve the merger. As of the effective date of the merger, the BRMC site or campus shall be operated as a division and campus of OGH.
- 2.2 An acute care hospital will continue at the BRMC site so long as that facility remains financially viable so as to allow it to continue to provide an acceptable overall level of clinical quality and patient safety.
 - 2.2.1 “Financial viability” is defined as:

- (a) the BRMC site has a positive contribution margin of at least \$1.00 annually. “Contribution margin” is defined as the net gain/loss from operations of the BRMC site, as determined from the Pennsylvania Medical Assistance cost report for the BRMC site. It is anticipated that Pennsylvania and New York will each require separate Medicaid provider agreements and cost reports for each site; and
- (b) beginning in the fiscal year during which the merger occurs,
 - (1) if BRMC has a negative contribution margin (i) as averaged as \$250,000 a year or greater over a rolling three-year period, or (ii) in the amount of \$1,000,000 in any one fiscal year, all service offerings would potentially be subject to modification or elimination to promote forward moving financial viability; and
 - (2) Before taking any such actions, OGH will notify the Pennsylvania Office of the Attorney General (“AG”) in writing of the financial situation and OGH’s intentions as to its service offerings. Should the AG disagree with OGH’s intentions, and OGH and the AG are not able to resolve this disagreement, the AG’s remedy is to file a court action in Smethport, PA, the county seat for McKean County, to prevent OGH from taking such actions. If the AG has not taken this remedy within 45 days of OGH’s notice to the AG, OGH is free to implement its services intentions with no objection from the AG.

2.3 If services are reduced or curtailed at the BRMC site, OGH will use good faith efforts to continue to provide those health care services that meet the needs of the people in the BRMC service area, as determined by OGH’s federally required community health needs assessment.

- 2.4 Should the time ever come that the BRMC site would be closed, OGH and UAHS will work diligently to retain the highest level of ambulatory services that are financially sustainable.
- 2.5 If the BRMC site is ever closed and its facilities sold due to lack of financial sustainability, the net proceeds will be placed into the Bradford Hospital Foundation to continue to be used to support health care services in the community.
- 2.6 OGH and UAHS will continue to have significant numbers of Pennsylvania residents on their Boards of Directors.

Section 3. Effective Date:

The merger shall take effect as of a date to be mutually agreed upon by the parties (the “Effective Date”). The parties shall exchange all documents and instruments required by this Agreement.

Section 4. Contingencies:

- 4.1 Notwithstanding any other provision contained herein, this Agreement will be null and void and of no force and effect unless the following events have occurred on or before the Effective Date:
 - 4.1.1 No indication of opposition to the transactions described herein by the Attorney General of Pennsylvania, or that any such opposition has been withdrawn in writing.
 - 4.1.2 No indication of opposition to the transactions described herein by the Attorney General of New York, or that any such opposition has been withdrawn in writing.
 - 4.1.3 Approval by the New York Department of Health and the New York Public Health and Health Planning Council of the Certificate of Need requested by OGH.
 - 4.1.4 Notice to the Pennsylvania Department of Health and/or other applicable regulatory agencies of the merger, and no indication of opposition or any impediment to the merger as of the Effective Date.

- 4.1.5 No commencement of any suit by any person or entity to enjoin the transactions described herein or any such suit has been dismissed.
- 4.1.6 Approval of the transactions described herein by any and all persons required to approve the transactions pursuant to any outstanding bond and/or loan covenants of either OGH or BRMC.
- 4.1.7 Approval of the merger by the Orphan's Court of Pennsylvania, the Pennsylvania court that has jurisdiction over charitable assets.
- 4.1.8 Approval of the merger by such other persons as may be required by law, contract, or the bylaws or articles of incorporation of either party.
- 4.2 The member of UAHS, if any, shall have approved the merger.
- 4.3 The parties may agree in writing to waive any of the above contingencies, in which case the non-occurrence of the contingency in question will not affect performance of the parties' obligations, or to extend the time limit within which the contingencies must be satisfied.
- 4.4 The parties shall diligently pursue and use their best efforts in cooperation with one another to cause all of the contingencies set forth in this Section 4 to be satisfied.

Section 5. Warranties and Representations of BRMC: As a material inducement to OGH to enter into this Agreement, BRMC hereby makes the following warranties and representations to OGH:

- 5.1 BRMC is a non-profit, non-stock corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to carry on its business as it is presently being conducted, to enter into this Agreement, and to carry out and perform the terms and provisions of this Agreement. BRMC has no subsidiaries or affiliated organizations except as has been disclosed to OGH, and has no direct or indirect interest (other than as a creditor) in the ordinary course of business either by way of stock ownership, corporate membership or otherwise, in any other firm, corporation or business enterprise.
- 5.2 BRMC is not in violation of any material term or provision of any charter, bylaw, mortgage, indenture, contract, agreement or instrument.

- 5.3 The execution and delivery of and performance and compliance with this Agreement will not result in the violation of or be in conflict with or constitute a default under any such term or provision or result in the creation of any mortgage, lien, encumbrance, or charge on any of the properties or assets of BRMC. BRMC has no reason to believe that it will not be able to obtain (without additional payment or expense) all consents and waivers necessary to avoid any such violation, conflict, default, or creation of a lien, encumbrance or charge.
- 5.4 All action required by any applicable law or otherwise has been appropriately authorized.
- 5.5 BRMC is not in default in any material respect under any of the contracts, agreements, leases, documents, or other commitments to which it is a party or otherwise bound.
- 5.6 BRMC is recognized by the Internal Revenue Service as an organization exempt from federal income taxation under Section 501(a) as described in Section 501(c)(3) of the Internal Revenue Code.
- 5.7 BRMC has maintained minute books which are up to date and in which are recorded accurately all actions taken by its Board of Directors to the extent that such actions are required by law to be approved by its Board of Directors and members.
- 5.8 BRMC is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or may in the future materially adversely affect its business, operation, prospects, properties, assets or condition, financial or otherwise.
- 5.9 BRMC has received no notice of any material violation of any law, ordinance, rule, regulation or order applicable to its operations, business or properties as presently constituted.
- 5.10 BRMC has filed or caused to be filed all federal, state and local tax returns and reports through its most recent fiscal year which are due and required to be filed and has paid or caused to be paid all taxes due from BRMC through the date of execution of this Agreement and any assessment of taxes received, except taxes or

assessments that are being contested in good faith and have been adequately reserved against.

- 5.11 Except as disclosed to OGH prior hereto.
 - 5.11.1 there is no material dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or, to the knowledge of BRMC, threatened against or related to BRMC or its properties or business; and
 - 5.11.2 BRMC is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and
 - 5.11.3 BRMC knows of no facts which would provide a basis for any such action, suit, proceeding or default.
- 5.12 Except as set forth on BRMC's audited financial statements ("the Financial Statements"), BRMC is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, any one of which involves a total funded financial obligation of \$10,000 or more.
- 5.13 BRMC has no material liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Appendices hereto or as incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements.
- 5.14 No representation or warranty by BRMC in this Agreement or in any writing attached hereto contains any untrue statement of material fact or omits to state any material fact required to make the statements herein or therein contained not misleading.

Section 6. Warranties and Representations of OGH:

As a material inducement to BRMC to enter into this Agreement and the Attached Agreements, OGH hereby makes the following warranties and representations to BRMC:

- 6.1 OGH is a not-for-profit corporation duly organized, validly existing, and in good standing under the laws of the State of New York and has all requisite corporate power and authority to carry on its business as it is presently being conducted, to enter into this Agreement, and to carry out and perform the terms and provisions of this Agreement. OGH has no direct or indirect interest (other than as a creditor) in the ordinary course of business either by way of stock ownership, corporate membership or otherwise, in any firm, corporation or business enterprise other than those already disclosed by OGH to BRMC.
- 6.2 OGH is not in violation of any material term or provision of any charter, bylaw, mortgage, indenture, contract, agreement or instrument.
- 6.3 The execution and delivery of and performance and compliance with this Agreement will not result in the violation of, or be in conflict with, or constitute a default under any such term or provision, or result in the creation of any mortgage, lien, encumbrance, or charge on any of the properties or assets of OGH. OGH has no reason to believe that it will not be able to obtain (without additional payment or expense) all consents and waivers necessary to avoid any such violation, conflict, default, or creation of a lien, encumbrance or charge.
- 6.4 All action required by any applicable law or otherwise has been appropriately authorized.
- 6.5 OGH is not in default in any material respect under any of the contracts, agreements, leases, documents, or other commitments to which it is a party or otherwise bound.
- 6.6 OGH is recognized by the Internal Revenue Service as an organization exempt from federal income taxation under Section 501(a) as described in Section 501(c)(3) of the Code.
- 6.7 OGH has maintained minute books which are up to date and in which are recorded accurately all actions material to this merger taken by its Board of Directors to the extent that such actions are required by law to be approved by Directors.
- 6.8 OGH is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or may in the future

materially adversely affect its business, operation, prospects, properties, assets or condition, financial or otherwise.

- 6.9 OGH has received no notice of any material violation of any law, ordinance, rule, regulation or order applicable to its operations, business or properties as presently constituted.
- 6.10 OGH has filed or caused to be filed all federal, state and local tax returns and reports through its most recent fiscal year which are due and required to be filed and has paid or caused to be paid all taxes due from OGH through the date of execution of this Agreement and any assessment of taxes received, except taxes or assessments that are being contested in good faith and have been adequately reserved against.
- 6.11 Except as disclosed to BRMC prior hereto:
 - 6.11.1 there is no material dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or, to the knowledge of OGH, threatened against or related to OGH or its properties or business; and
 - 6.11.2 OGH is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and
 - 6.11.3 OGH knows of no facts which would provide a basis for any such action, suit, proceeding or default.
- 6.12 Except as set forth on OGH's audited financial statements ("the Financial Statements"), OGH is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, which would materially affect this merger.
- 6.13 OGH has no material liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Appendices hereto or as

incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements.

- 6.14 No representation or warranty by OGH in this Agreement or in any writing attached hereto contains any untrue statement of material fact or omits to state any material fact required to make the statements herein or therein contained not misleading.

Section 7. Notice:

Any notice or other communication required or permitted to be given hereunder shall be given in writing by personal delivery, first class mail postage prepaid, or overnight mail delivery service or by telecopy with acknowledgment of receipt of receiving party addressed to the other party at the address set forth in this Section 7 or to such other address as the party may designate.

7.1 OGH: President and CEO
515 Main Street
Olean, New York 14670

7.2 BRMC: President and CEO
116 Interstate Parkway
Bradford, Pennsylvania 16701

Section 8. Expenses:

Except for those expenses that the parties have mutually agreed to share, each party shall bear its own expenses associated with the merger. Any costs or expenses incurred prior to the Effective Date or termination of this Agreement shall be borne by the party incurring it.

Section 9. Lease or Disposition of Property:

Neither party shall sell, contract to sell, lease, encumber, or dispose of any assets used by it in connection with its operations after the date this Agreement is executed except in the ordinary course of business.

Section 10. Insurance:

Until the Effective Date, each party will continue to insure itself, its directors and officers, and its assets against such casualties and in such amounts as are in place and in force as of the date of execution of this Agreement.

Section 11. Protection of Property:

Until the Effective Date, OGH and BRMC will keep their assets in good order and repair and will not waste or destroy said assets or any part thereof, other than use in the ordinary course of business nor use said assets in violation of any statute or ordinance.

Section 12. Access to Books and Records:

Each party and its authorized representatives shall have full access during normal business hours upon prior arrangement with the other party to all properties, books, records, contracts and documents of the other party. Each party shall furnish or cause to be furnished to the other party and its authorized representatives all information with respect to its assets or operations as the other party may reasonably request. In the event of the termination of this Agreement, all such information shall remain confidential and all copies thereof shall be returned to the party from which it originated.

Section 13. Conduct and Operation of Business:

Until the Effective Date, each party shall continue to operate its business in the same manner as it has operated in the past, subject to the terms and conditions of this Agreement.

Section 14. Risk of Loss:

Each party assumes all risk of loss, damage, or destruction of its assets and operations up to the Effective Date. In the event of any loss prior to the Effective Date that in the opinion of either party substantially impairs the value of the assets or operations of the other party, the other party shall have the right to terminate this Agreement.

Section 15. Compliance with Laws:

The merger shall be conducted according to and in full compliance with all applicable federal, state and local laws, regulations and ordinances, including but not limited to,

applicable regulations pertaining to the licensure, reimbursement, and antitrust clearance that are in effect before, during and after the Effective Date.

Section 16. Confidentiality:

Any information disclosed by either party to the other party or its representatives pursuant to this Agreement shall be held in the strictest confidence and utilized only for the purposes of assessing the appropriateness of the proposed Merger. No public disclosure of this Agreement or public comment about the Merger will be made by either party without the prior written approval of the other party, except to the extent required by law, provided that disclosure of the Merger may be made to the extent necessary to such governmental authorities and other third parties whose approval or notification of the Merger may be required, to each party's professional advisors and to each party's respective trustees, officers, Medical Staff members and employees involved in consummation of the Merger.

Section 17. No Third-Party Rights:

Nothing in the Agreement shall be construed as creating or giving rise to any rights in any third parties or any persons other than the parties hereto and the Pennsylvania Office of the Attorney General as per Section 2 hereof, except as expressly provided therein.

Section 18. Construction of Terms and Headings:

Words used in this Agreement and the Attached Agreements shall be read as the masculine, feminine or neuter gender, and as the singular or plural, as the content requires. The captions or headings are for convenience only and are not intended to limit or define the scope or effect of any provision of this Agreement.

Section 19. Assignment:

Neither party may assign its rights, duties or obligations under this Agreement without the express written consent of the other party.

Section 20. Binding on Successors in Interest:

This Agreement shall be binding on and shall inure to the benefit of the successors and assigns of the parties thereto.

Section 21. Strict Performance:

No failure by any party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise a right or remedy shall constitute a waiver. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, condition, agreement and term of this Agreement shall continue in full force and effect with respect to any other existing or subsequent breach.

Section 22. Governing Law:

This Agreement shall be construed and enforced under and in accordance with the laws of the State of New York, except Section 2, which shall be construed and enforced under and in accordance with the laws of the Commonwealth of Pennsylvania.

Section 23. Survival of Obligations:

Any provision of this Agreement requiring performance of an obligation subsequent to the term of this Agreement shall survive from and after the closing or termination of the Agreement according to the terms of such provision.

IN WITNESS WHEREOF, as of March 29, 2017, each of the parties has caused this Merger Agreement to be duly executed.

OLEAN GENERAL HOSPITAL

BRADFORD HOSPITAL

By: _____
Name: Brenda McGee
Title: Chair

By: _____
Name: Timothy Finan
Title: President and CEO

**CERTIFICATE OF MERGER
OF
BRADFORD HOSPITAL
INTO
OLEAN GENERAL HOSPITAL**

Under Section 904 of the Not-for-Profit Corporation Law

The undersigned being, respectively, the President and Secretary of Bradford Hospital, and the President and Secretary of Olean General Hospital, certify:

1. The names of the constituent corporations are Bradford Hospital, doing business as Bradford Regional Medical Center (“Bradford”), and Olean General Hospital (“Olean”). The surviving corporation is Olean.
2. The Amended and Restated Articles of Incorporation of Bradford were filed by the Commonwealth of Pennsylvania Department of State on October 28, 2009.
3. The Certificate of Incorporation of Olean was filed by the New York Department of State on July 18, 1898, pursuant to Chapter 559 of the Laws of 1895 of the State of New York.
4. The member of Bradford and Olean is Upper Allegheny Health System, Inc. (“UAHS”).
5. The merger was approved by vote of the Bradford Board of Directors on March 29, 2017.
6. The merger was approved by vote of the Olean Board of Directors on March 29, 2017.
7. The merger was approved by vote of the UAHS Board of Directors on March 29, 2017.
8. The Board of Directors of Bradford adopted a Plan of Merger and authorized filing of a Certificate of Merger, in compliance with the applicable provisions of the laws of Pennsylvania, on February 22, 2017. The laws of Pennsylvania permit the merger herein effected.
9. The Board of Directors of Olean adopted a Plan of Merger and authorized filing of a Certificate of Merger in accordance with Section 903 of the Not-for-Profit Corporation Law (the “N-PCL”) on February 22, 2017.
10. Any charitable gift transferred after the anticipated merger of Bradford and Olean which is contained in any will or other instrument, in trust or otherwise, made before or after the consolidation, directed to or for the benefit of Bradford, shall inure to or for the benefit of and be transferred to Olean for use by Olean to support charitable purposes, consistent with Bradford’s charitable purposes, provided Olean is at the time of said disposition, an organization recognized by the Internal Revenue Service as described in Section 501(c)(3) of the Code; and so far as it is necessary for that purpose Olean shall be deemed the successor to Bradford, provided, however, that such disposition shall be devoted by the successor corporation to the purposes intended by the testator, donor or grantor, and, as far as practicable, the needs of the Bradford campus.

11. The merger shall be effective upon the date this Certificate of Merger is filed with the Secretary of State of the State of New York.

IN WITNESS WHEREOF, the undersigned have, on behalf of each constituent corporation, signed this certificate and caused it to be verified this 29th day of March, 2017.

BRADFORD HOSPITAL

OLEAN GENERAL HOSPITAL

By: _____
Name: Timothy Finan
Title: President and CEO

By: _____
Name: Brenda McGee
Title: Chair

By: _____
Name:
Title: Secretary

By: _____
Name:
Title: Secretary

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
UPPER ALLEGHENY HEALTH SYSTEM, INC.**

The Board of Directors of Upper Allegheny Health System, Inc. (the "Corporation") adopted the following resolutions at a duly noticed meeting of the Board at which a quorum was present on March 29, 2017.

WHEREAS, the Corporation is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purposes of (i) providing clinical health services, and operating a health care system for the provision of such services, in Southwestern New York and Northwestern Pennsylvania, (ii) being, and exercising certain powers as, the sole member of Olean General Hospital ("Olean") and of Bradford Hospital, doing business as Bradford Regional Medical Center ("Bradford"), (iii) acting as a member of other not-for-profit corporations and as a shareholder of one or more business corporations, (iv) soliciting charitable contributions to advance and support the Corporation, and (v) taking other lawful actions that are incidental to, and consistent with, its other purposes as a not-for-profit corporation; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code ("Code") Section 501(c)(3); and

WHEREAS, Olean is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purpose of (a) establishing, operating and maintaining a general hospital in Cattaraugus County, New York, (b) promoting and carrying on scientific research related to the care of the sick and injured, (c) participating so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community, (d) soliciting, receiving and administering funds, contributions or grants, (e) exercising all rights and privileges as a member of other not-for-profit corporations and as a shareholder of business corporations, and (f) taking any and all lawful actions which are incidental to and not inconsistent with the foregoing purposes; and

WHEREAS, Olean is tax-exempt under Code Section 501(c)(3); and

WHEREAS, Bradford is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania for purposes similar to those of Olean; and

WHEREAS, Bradford is tax-exempt under Code Section 501(c)(3); and

WHEREAS, the Corporation is the sole member of both Olean and Bradford; and

WHEREAS, the Corporation, Olean and Bradford are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the "Master Affiliation Agreement"), pursuant to which the Corporation is empowered, acting through its board of directors, to approve any merger of Olean and Bradford; and

WHEREAS, in an effort to advance the respective charitable missions of Olean and Bradford the Board has determined that it is in the best interests of both Olean and Bradford to join and merge the two entities, with Olean being the surviving entity (the “Merger”); and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, Olean and Bradford; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation, Olean and Bradford to terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Merger Agreement, the Plan of Merger and the Certificate of Merger, copies of which are attached hereto as Attachments A, B, and C, respectively; and it is further

RESOLVED: that the Board hereby approves the Restated Certificate of Incorporation of Olean, a copy of which is attached hereto as Attachment D; the amended bylaws of Olean, a copy of which is attached hereto as Attachment E; the Certificate of Amendment of the Certificate of Incorporation of the Corporation, a copy of which is attached hereto as Attachment F; and the amended Bylaws of the Corporation, a copy of which is attached hereto and Attachment G; and it is further

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

Dated: March 29, 2017

Secretary

Schedule 5 - CON Form Regarding Working Capital Plan

Contents:

- **Schedule 5 - Working Capital Plan**

Working Capital Financing Plan

1. Working Capital Financing Plan and Pro Forma Balance Sheet:

This section should be completed in conjunction with the monthly Cash Flow. The general guidelines for working capital requirements are two months of first year expenses for changes of ownership and two months' of third year expenses for new establishments, construction projects or when the first year budget indicates a net operating loss. Any deviation from these guidelines must be supported by the monthly cash flow analysis. If working capital is required for the project, all sources of working capital must be indicated clearly. Borrowed funds are limited to 50% of total working capital requirements. If borrowed funds are a source of working capital, please summarize the terms below, and attach a letter of interest from the intended source of funds, to include an estimate of the principal, term, interest rate and payout period being considered. Also, describe and document the source(s) of working capital equity.

List Titles of Attachments related to Borrowed Funds	List Filenames of Attachments
Example: <i>First borrowed fund source</i>	Example: <i>first_bor_fund.pdf</i>
OGH Cash Flow Statement (2015 Audited)	Attachment 3 – 2015 OGH Cash Flow.doc
BRMC Cash Flow Statement (2015 Audited)	Attachment 4 – 2015 BRMC Cash Flow.doc
OGH Income Statement (2015 Audited)	Attachment 5 – 2015 OGH Income Statement.doc
BRMC Income Statement (2015 Audited)	Attachment 6 – 2015 BRMC Income Statement.doc
Projected UAHS Financial Statements	Attachment 9 – 2016 - 2019 Projected UAHS Financial Statements.doc

In the section below, briefly describe and document the source(s) of working capital equity

2. Pro Forma Balance Sheet

This section should be completed for all new establishment and change in ownership applications. On a separate attachment identified below, provide a pro forma (opening day) balance sheet. If the operation and real estate are to be owned by separate entities,

**New York State Department of Health
Certificate of Need Application**

Schedule 5

provide a pro forma balance sheet for each entity. Fully identify all assumptions used in preparation of the pro forma balance sheet. If the pro forma balance sheet(s) is submitted in conjunction with a change in ownership application, on a line-by-line basis, provide a comparison between the submitted pro forma balance sheet(s), the most recently available facility certified financial statements and the transfer agreement. Fully explain and document all assumptions.

List Titles of Attachments Related to Pro Forma Balance Sheets	List Filenames of Attachments
<i>Example: Attachment to operational balance sheet</i>	<i>Example: Operational_bal_sheet.pdf</i>
OGH Balance Sheet (2015 Audited)	Attachment 7 – 2015 OGH Balance Sheet.doc
BRMC Balance Sheet (2015 Audited)	Attachment 8 - 2015 BRMC Balance Sheet.doc
Projected UAHS Financial Statements	Attachment 9 - 2016 - 2019 Projected UAHS Financial Statements

OLEAN GENERAL HOSPITAL

Statements of Cash Flows

For the years ended December 31,	2015	2014
Operating activities:		
Change in net assets	\$ (7,774,832)	\$ (2,263,642)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	7,941,963	7,498,627
Provision for bad debts	2,989,082	4,106,218
Net realized and unrealized losses on investments	1,393,835	789,280
Loss on disposal of property and equipment	25,727	-
Contribution - forgiveness of debt from BRMC	1,852,000	-
Contribution - forgiveness of advances to physician group	3,791,654	-
Pension liability adjustment	1,113,815	4,728,509
Net depreciation of funds held in trust	2,819,171	458,732
Net change in other current assets and current liabilities:		
Accounts receivable	(4,910,000)	(4,843,880)
Other receivables	503,202	(933,705)
Supplies	(89,228)	(142,763)
Prepaid expenses	107,237	209,972
Accounts payable	(90,415)	(1,964,480)
Accrued expenses	(8,066)	1,145,470
Estimated third-party payor settlements	(501,284)	48,977
Net operating activities	9,163,861	8,837,315
Investing activities:		
Property and equipment purchases	(3,115,666)	(3,416,023)
Purchases of investments	(2,698,627)	(1,849,106)
Proceeds from sale of investments	1,845,528	2,340,694
Other assets	(1,851,347)	(1,721,765)
Net investing activities	(5,820,112)	(4,646,200)
Financing activities:		
Principal payments on long-term debt	(2,539,193)	(2,320,980)
Net change in cash and cash equivalents	804,556	1,870,135
Cash and cash equivalents - beginning	8,754,321	6,884,186
Cash and cash equivalents - ending	\$ 9,558,877	\$ 8,754,321

See accompanying notes.

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Cash Flows

For the years ended December 31,	2015	2014
Operating activities:		
Change in net assets	\$ (2,589,262)	\$ (2,005,379)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	3,068,162	3,003,404
Provision for bad debts	1,549,877	2,520,434
Contribution - forgiveness of debt to Olean General Hospital	(1,852,000)	-
Net realized and unrealized (gains) losses on investments	94,462	(119,256)
Pension liability adjustment	4,177,729	4,811,899
Net change in other current assets and current liabilities:		
Accounts receivable	112,857	(3,085,650)
Other receivables	(471,719)	(284,540)
Supplies	95,036	(121,330)
Prepaid expenses	232,182	242,281
Accounts payable	(1,166,771)	(961,477)
Accrued expenses	(1,202,451)	(2,030,035)
Estimated third-party payor settlements	(205,702)	192,741
Net operating activities	1,842,400	2,163,092
Investing activities:		
Property and equipment purchases	(963,273)	(1,470,139)
Assets limited as to use	(213,476)	726,983
Other assets	83,885	(619,560)
Net investing activities	(1,092,864)	(1,362,716)
Financing activities:		
Net short-term borrowings	-	7,669
Proceeds from issuance of long-term debt	-	1,000,000
Principal payments on long-term debt	(1,456,253)	(1,088,073)
Net financing activities	(1,456,253)	(80,404)
Net change in cash and cash equivalents	(706,717)	719,972
Cash and cash equivalents - beginning	1,420,783	700,811
Cash and cash equivalents - ending	\$ 714,066	\$ 1,420,783

See accompanying notes.

OLEAN GENERAL HOSPITAL

Statements of Operations

For the years ended December 31,	2015	2014
Unrestricted revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 112,239,069	\$ 108,804,242
Less: provision for bad debts	(2,989,082)	(4,106,218)
Net patient service revenue	109,249,987	104,698,024
Other revenue	5,920,856	5,627,192
Total unrestricted revenue	115,170,843	110,325,216
Expenses:		
Salaries	43,926,093	42,583,768
Employee benefits	13,004,633	12,049,153
Purchased services	23,248,971	22,644,246
Supplies	15,845,137	15,684,948
Other	8,220,383	7,397,302
Medical malpractice costs	822,300	915,094
Depreciation and amortization	7,941,963	7,498,627
Interest	485,620	469,319
Total expenses	113,495,100	109,242,457
Income from operations	1,675,743	1,082,759
Other income:		
Investment income	715,326	1,094,581
Contributions and other, net	222,204	491,607
Total other income, net	937,530	1,586,188
Excess of revenue over expenses	2,613,273	2,668,947
Change in unrealized gains and losses on investments	(1,600,481)	(1,531,099)
Contribution - forgiveness of debt from BRMC (Note 13)	(1,852,000)	-
Contribution - forgiveness of advances to physician group (Note 5)	(3,791,654)	-
Pension liability adjustment (Note 8)	(1,113,815)	(4,728,509)
Net assets released from restrictions for capital purposes (Note 9)	757,250	1,296,033
Change in unrestricted net assets	\$ (4,987,427)	\$ (2,294,628)

See accompanying notes.

Statements of Changes in Net Assets

For the years ended December 31,	2015	2014
Unrestricted net assets:		
Excess of revenue over expenses	\$ 2,613,273	\$ 2,668,947
Change in unrealized gains and losses on investments	(1,600,481)	(1,531,099)
Contribution - forgiveness of debt from BRMC (Note 13)	(1,852,000)	-
Contribution - forgiveness of advances to physician group (Note 5)	(3,791,654)	-
Pension liability adjustment	(1,113,815)	(4,728,509)
Net assets released from restrictions for capital purposes	757,250	1,296,033
Change in unrestricted net assets	(4,987,427)	(2,294,628)
Temporarily restricted net assets:		
Change in unrealized gains on investments	31,766	489,718
Net depreciation of funds held in trust	(2,178,126)	(615,675)
Proceeds from assets held in trust	1,543,929	1,951,553
Net assets released from restrictions	(1,543,929)	(1,951,553)
Change in temporarily restricted net assets	(2,146,360)	(125,957)
Permanently restricted net assets:		
Net appreciation (depreciation) of funds held in trust	(641,045)	156,943
Change in net assets	(7,774,832)	(2,263,642)
Net assets - beginning	101,633,972	103,897,614
Net assets - ending	\$ 93,859,140	\$ 101,633,972

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Operations

For the years ended December 31,	2015	2014
Unrestricted revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 62,032,516	\$ 69,999,932
Less: provision for bad debts	(1,549,877)	(2,520,434)
Net patient service revenue	60,482,639	67,479,498
Other revenue	4,296,225	4,220,347
Total unrestricted revenue	64,778,864	71,699,845
Expenses:		
Salaries	26,288,385	28,996,608
Employee benefits	6,175,614	6,941,196
Purchased services	10,900,960	10,634,958
Professional fees	2,263,606	2,455,661
Supplies	8,285,656	9,235,768
Other	6,849,609	7,356,380
Depreciation and amortization	3,068,162	3,003,404
Interest	863,086	997,835
Total expenses	64,695,078	69,621,810
Income from operations	83,786	2,078,035
Other income:		
Investment income	161,355	876,985
Contributions and other, net	(309,608)	80,906
Total other income, net	(148,253)	957,891
Excess (deficiency) of revenue over expenses	(64,467)	3,035,926
Change in unrealized gains and losses on investments	(225,572)	(703,509)
Contribution - forgiveness of debt to Olean General Hospital (Note 11)	1,852,000	-
Pension liability adjustment (Note 6)	(4,177,729)	(4,811,899)
Net assets released from restrictions (Note 7)	98,370	441,912
Change in unrestricted net assets	\$ (2,517,398)	\$ (2,037,570)

See accompanying notes.

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Changes in Net Assets

For the years ended December 31,	2015	2014
Unrestricted net assets:		
Excess (deficiency) of revenue over expenses	\$ (64,467)	\$ 3,035,926
Change in unrealized gains and losses on investments	(225,572)	(703,509)
Contribution - forgiveness of debt to Olean General Hospital	1,852,000	-
Pension liability adjustment	(4,177,729)	(4,811,899)
Net assets released from restrictions	98,370	441,912
Change in unrestricted net assets	(2,517,398)	(2,037,570)
Temporarily restricted net assets:		
Contributions received	26,506	474,103
Net assets released from restrictions	(98,370)	(441,912)
Change in temporarily restricted net assets	(71,864)	32,191
Change in net assets	(2,589,262)	(2,005,379)
Net assets - beginning	12,174,248	14,179,627
Net assets - ending	\$ 9,584,986	\$ 12,174,248

OLEAN GENERAL HOSPITAL

Balance Sheets

December 31,	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,558,877	\$ 8,754,321
Accounts receivable, net of estimated uncollectibles of \$15,353,000 and \$12,360,000	13,414,454	11,493,536
Other receivables	2,019,709	4,374,911
Supplies	2,332,866	2,243,638
Prepaid expenses	2,491,011	2,598,248
	<u>29,816,917</u>	<u>29,464,654</u>
Property and equipment, net (Note 2)	54,483,789	57,008,901
Investments (Note 3)	17,510,695	18,051,431
Assets held by others (Note 4)	34,970,186	37,789,357
Other assets, net (Note 5)	2,509,775	4,477,806
	<u>\$ 139,291,362</u>	<u>\$ 146,792,149</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt (Note 6)	\$ 2,097,838	\$ 2,244,364
Accounts payable	6,227,502	6,317,917
Accrued salaries and benefits	4,316,914	4,319,621
Other accrued expenses	3,040,483	2,835,524
Estimated third-party payor settlements	832,389	1,333,673
	<u>16,515,126</u>	<u>17,051,099</u>
Long-term debt (Note 6)	13,869,801	13,963,280
Accrued sick time (Note 7)	721,513	711,399
Accrued pension liability (Note 8)	14,325,782	13,432,399
Net assets:		
Unrestricted	52,513,537	57,500,964
Temporarily restricted (Note 9)	17,067,031	19,213,391
Permanently restricted (Note 9)	24,278,572	24,919,617
	<u>93,859,140</u>	<u>101,633,972</u>
	<u>\$ 139,291,362</u>	<u>\$ 146,792,149</u>

See accompanying notes.

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Balance Sheets

December 31,	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 714,066	\$ 1,420,783
Assets limited as to use - current (Note 3)	804,015	973,554
Accounts receivable, net of estimated uncollectibles of \$3,036,000 and \$1,486,000	8,133,954	9,796,688
Other receivables	2,299,951	1,828,232
Supplies	1,697,521	1,792,557
Prepaid expenses	721,905	954,087
	<u>14,371,412</u>	<u>16,765,901</u>
Property and equipment, net (Note 2)	26,953,529	27,836,774
Assets limited as to use (Note 3)	11,268,702	10,980,149
Other assets, net	<u>1,340,890</u>	<u>1,464,752</u>
	<u>\$ 53,934,533</u>	<u>\$ 57,047,576</u>
Liabilities and Net Assets		
Current liabilities:		
Short-term borrowings (Note 4)	\$ 1,999,669	\$ 1,999,669
Current portion of long-term debt (Note 5)	1,545,430	1,378,580
Accounts payable	6,184,760	8,908,976
Accrued expenses	4,319,054	4,499,311
Estimated third-party payor settlements	418,322	624,024
	<u>14,467,235</u>	<u>17,410,560</u>
Long-term debt (Note 5)	14,944,184	15,680,175
Accrued pension liability (Note 6)	14,938,128	11,782,593
Net assets:		
Unrestricted	9,294,109	11,811,507
Temporarily restricted (Note 7)	138,262	210,126
Permanently restricted (Note 7)	152,615	152,615
	<u>9,584,986</u>	<u>12,174,248</u>
	<u>\$ 53,934,533</u>	<u>\$ 57,047,576</u>

See accompanying notes.

UAHS Consolidated Financial Statements Balance Sheets (Actual and Projected)	2016 OGH	2017 Projected Consolidated	2019 Projected Consolidated
	Current Assets	28,038,791	42,442,444
Fixed Assets	50,578,814	71,499,712	62,592,514
Other Assets	59,200,993	72,928,626	72,928,626
Total Assets	137,818,598	186,870,782	183,079,249
Current Liabilities	15,457,563	28,759,549	28,759,549
Long Term Liabilities	29,771,444	55,482,368	48,134,243
Net Asset/Equity	92,589,591	102,628,865	106,185,457
Total Liabilities and Net Asset/Equity	137,818,598	186,870,782	183,079,249
UAHS Consolidated Financial Statements Income Statements (Actual and Projected)	2016 OGH	2017 Projected Consolidated	2019 Projected Consolidated
Revenue			
Daily Hospital Services	28,579,502	49,460,534	51,342,758
Ambulatory Services	42,620,450	92,162,537	95,904,870
Ancillary Services	196,088,995	278,076,760	287,876,154
Total Gross Patient Care services Rendered	267,288,947	419,699,831	435,123,781
Deductions from Revenue	158,533,964	245,542,288	254,518,235
Net Patient Care Services Revenue	108,754,983	174,157,542	180,605,546
Other Operating Revenue	5,443,797	8,866,360	9,044,574
Total Operating Revenue	114,198,780	183,023,902	189,650,120
Expenses			
Salaries and Wages	44,009,877	71,401,477	74,542,768
Employees Benefits	14,760,558	19,517,092	20,983,095
Professional Fees	5,100,927	10,456,650	10,205,681
Medical & Surgical Supplies	15,008,068	22,323,701	22,242,169
Non-med., non-sug. Supplies	1,803,707	3,401,720	3,475,836
Utilities	1,482,163	2,752,164	2,891,492
Purchased Services	24,911,508	29,122,256	29,603,130
Other Direct Expenses	2,217,763	12,313,757	12,784,641
Interest	521,439	1,272,355	1,182,352
Depreciation	7,584,709	10,053,599	10,053,599
Total Expenses	117,400,719	182,614,770	187,964,763
Income (loss) from operations	(3,201,939)	409,132	1,685,357
Non Operating Revenue (Expense)	241,332	800,000	800,000
Excess of expenses over revenue	(2,960,607)	1,209,133	2,485,357
UAHS Consolidated Financial Statements Cash Sources and Uses	2016 OGH	2017 Projected Consolidated	2019 Projected Consolidated
Sources			
Net Income	(2,960,607)	1,209,133	2,485,357
Depreciation	7,584,709	10,053,599	10,053,599
Operating Activities	4,624,102	11,262,731	12,538,955
Total Sources of Cash	4,624,102	11,262,731	12,538,955
Uses			
Operating Activities	1,625,147	-	-
Loan/Bond Payments (Financing Activities)	2,172,876	3,969,516	3,571,721
Fixed Assets (Investing Activities)	2,848,575	5,600,000	5,600,000
Total Uses of Cash	6,646,598	9,569,516	9,171,721
Total Cash Source (Use)	(2,022,496)	1,693,215	3,367,234

Schedule 6 - CON Form Regarding Architectural Submission

Contents:

- **Schedule 6 - Architectural Submission**

New York State Department of Health Certificate of Need Application

Schedule 6

Architectural Submission

This Schedule applies to projects with construction, including Articles- 28, 36 & 40, i.e., Hospitals, D&TCs, RHCFs, CHHAs, LTHHCPs and Hospices.

Instructions: Attachments should be saved or scanned as PDF documents. Most scanners will create this format. The PDF document should be assigned a unique name, so it will not be confused with any other attachment. The title of the attachment, and name of the attached PDF file should be entered in the table below.

	Example: - <i>attachment in PDF format</i>	<i>Architecture Attachment A</i>	<i>Architecture_attach_A.pdf</i>
A.	<p>Architectural narrative that delineates the project scope of the work to meet the determined program needs, including functional space.</p> <p>The following are suggestions to include in your narrative, should they pertain to your project:</p> <ul style="list-style-type: none"> • Intent/Purpose • Describe existing physical plant conditions in area of work • Identify spaces that are considered multi-function space • Changes in capacity: beds / occupants • Waiver Requests, potential life safety compliance and/or functionality issues • New innovative approaches • Article 28 space adjacent to non-Article 28 space 		
B.	Final Schematic Design drawings that complement the architectural narrative. Submit electronic (via NYSE-CON) and hardcopy drawings using DSG-01 guidelines.		
C.	Please select, complete, and submit the appropriate Certification Letter from the following link: <u>Architect's or Engineer's Letter of Certification</u>		
D.	Project involves radiation producing equipment?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	If yes, a Physicist's Report and drawings must be attached.		
E.	Flood zone location?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	If yes, please provide a FEMA BFE Certificate from the FEMA website link www.fema.gov .		

Schedule 7 - CON Forms Regarding Environmental issues

Contents:

- **Schedule 7 - Environmental Assessment**

Environmental Assessment

Part I.

The following questions help determine whether the project is "significant" from an environmental standpoint.

1.1	If this application involves establishment, will it involve more than a change of name or ownership only, or a transfer of stock or partnership or membership interests only, or the conversion of existing beds to the same or lesser number of a different level of care beds?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
1.2	Does this plan involve construction and change land use or density?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1.3	Does this plan involve construction and have a permanent effect on the environment if temporary land use is involved?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1.4	Does this plan involve construction and require work related to the disposition of asbestos?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part II.

If any question in Part I is answered "yes" the project may be significant and Part II must be completed. If all questions in Part II are answered "no" it is likely that the project is not significant.

2.1	Does the project involve physical alteration of ten acres or more?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.2	If an expansion of an existing facility, is the area physically altered by the facility expanding by more than 50% and is the total existing and proposed altered area ten acres or more?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.3	Will the project involve use of ground or surface water or discharge of wastewater to ground or surface water in excess of 2,000,000 gallons per day?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.4	If an expansion of an existing facility, will use of ground or surface water or discharge of wastewater by the facility increase by more than 50% and exceed 2,000,000 gallons per day?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.5	Will the project involve parking for 1,000 vehicles or more?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.6	If an expansion of an existing facility, will the project involve a 50% or greater increase in parking spaces and will total parking exceed 1000 vehicles?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.7	In a city, town, or village of 150,000 population or fewer, will the project entail more than 100,000 square feet of gross floor area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.8	If an expansion of an existing facility in a city, town, or village of 150,000 population or fewer, will the project expand existing floor space by more than 50% so that gross floor area exceeds 100,000 square feet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.9	In a city, town or village of more than 150,000 population, will the project entail more than 240,000 square feet of gross floor area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.10	If an expansion of an existing facility in a city, town, or village of more than 150,000 population, will the project expand existing floor space by more than 50% so that gross floor area exceeds 240,000 square feet?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

New York State Department of Health
 Certificate of Need Application

Schedule 7

2.11	In a locality without any zoning regulation about height, will the project contain any structure exceeding 100 feet above the original ground area?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.12	Is the project wholly or partially within an agricultural district certified pursuant to Agriculture and Markets Law Article 25, Section 303?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.13	Will the project significantly affect drainage flow on adjacent sites?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.14	Will the project affect any threatened or endangered plants or animal species?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.15	Will the project result in a major adverse effect on air quality?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.16	Will the project have a major effect on visual character of the community or scenic views or vistas known to be important to the community?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.17	Will the project result in major traffic problems or have a major effect on existing transportation systems?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.18	Will the project regularly cause objectionable odors, noise, glare, vibration, or electrical disturbance as a result of the project's operation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.19	Will the project have any adverse impact on health or safety?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.20	Will the project affect the existing community by directly causing a growth in permanent population of more than five percent over a one-year period or have a major negative effect on the character of the community or neighborhood?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.21	Is the project wholly or partially within, or is it contiguous to any facility or site listed on the National Register of Historic Places, or any historic building, structure, or site, or prehistoric site, that has been proposed by the Committee on the Registers for consideration by the New York State Board on Historic Preservation for recommendation to the State Historic Officer for nomination for inclusion in said National Register?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.22	Will the project cause a beneficial or adverse effect on property listed on the National or State Register of Historic Places or on property which is determined to be eligible for listing on the State Register of Historic Places by the Commissioner of Parks, Recreation, and Historic Preservation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.23	Is this project within the Coastal Zone as defined in Executive Law, Article 42? If Yes, please complete Part IV.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part III.

Must be completed if any question on Part II was answered "Yes".

3.1	Are there any other state or local agencies involved in approval of the project? If so, fill in Contact Information to Question 3.1 below .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.2	Has any other agency made an environmental review of this project? If so, give name.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.3	Is there a public controversy concerning environmental aspects of this project? If yes, briefly describe the controversy in the space below.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Contact Information to Question 3.1

Agency Name:	
Contact Name:	
Address:	
State and Zip Code:	
E-Mail Address:	
Phone Number:	
Agency Name:	
Contact Name:	
Address:	
State and Zip Code:	
E-Mail Address:	
Phone Number:	
Agency Name:	
Contact Name:	
Address:	
State and Zip Code:	
E-Mail Address:	
Phone Number:	
Agency Name:	
Contact Name:	
Address:	
State and Zip Code:	
E-Mail Address:	
Phone Number:	
Agency Name:	
Contact Name:	
Address:	
State and Zip Code:	
E-Mail Address:	
Phone Number:	

Part IV. Storm and Flood Mitigation

Please use the FEMA Flood Designations scale below as a guide to answering Part IV. Refer to Attachment A on page 5.

1.	Are you in a flood plain? If so, what classification? a. Moderate to Low Risk Area _____ b. High Risk Area _____ c. High Risk Coastal Area _____ d. Undetermined Risk Area _____	<input type="checkbox"/> <input checked="" type="checkbox"/>
2.	Are you in a designated evacuation zone? If so, which zone _____	<input type="checkbox"/> <input checked="" type="checkbox"/>
3.	Does this project reflect the post Hurricane Lee, and or Irene, and Superstorm Sandy mitigation standards? 100-Year Floodplain _____ 500-Year Floodplain _____	<input type="checkbox"/> <input checked="" type="checkbox"/>

The Elevation Certificate provides a way for a community to document compliance with the community's floodplain management ordinance.

http://www.fema.gov/media-library-data/20130726-1437-20490-3457/f_053_elevationcertificate_jan13.pdf

Attachment A - FEMA Flood Designations

Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters in these zones:

ZONE	DESCRIPTION
B and X	Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. Are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.
C and X	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.

High Risk Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones:

ZONE	DESCRIPTION
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE	The base floodplain where base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1-A30.
A1-30	These are known as numbered A Zones (e.g., A7 or A14). This is the base floodplain where the FIRM shows a BFE (old format).
AH	Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
AO	River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.
AR	Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). Mandatory flood insurance purchase requirements will apply, but rates will not exceed the rates for unnumbered A zones if the structure is built or restored in compliance with Zone AR floodplain management regulations.
A99	Areas with a 1% annual chance of flooding that will be protected by a Federal flood control system where construction has reached specified legal requirements. No depths or base flood elevations are shown within these zones.

High Risk - Coastal Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones:

ZONE	DESCRIPTION
V	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.
VE, V1 - 30	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.

Undetermined Risk Areas

ZONE	DESCRIPTION
D	Areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk.

**New York State Department of Health
 Certificate of Need Application
 Schedule 8A Summarized Project Cost and Construction Dates**

This schedule is required for all Establishment Applications and Full or Administrative Review Construction Applications.

1.) Project Cost Summary data:

	Total	Source
Project Description:		
Project Cost	\$0	Schedule 8b, column C, line 8
Total Basic Cost of Construction	\$0	Schedule 8b, column C, line 6
Total Cost of Moveable Equipment	\$0	Schedule 8b, column C, line 5.1
Cost/Per Square Foot for New Construction (calculated on Table 10)		Schedule 10
Cost/Per Square Foot for Renovation Construction		Schedule 10
Total Incremental Operating Cost (From Schedule 13C, 17C, or 19D)		Schedule 13c, 17c or 19d
Amount Financed (as \$)		Schedule 9
Percentage Financed as % of Total Cost (From Schedule 9)		Schedule 9
Depreciation Life (in years)		

2) Construction Dates

Anticipated Start Date		
Anticipated Completion Date		Schedule 8b

New York State Department of Health

Certificate of Need Application

Schedule 8B - Total Project Cost - For Projects without Subprojects.

For Article 28, 36, and 40 Establishment & Construction Requiring Full, Administrative or Limited Review
 For Limited Review, escalation amounts may be entered as "0".

Constants:	Value	Comments:
Design Contingency - New Construction	0.00%	Normally 10%
Construction Contingency - New Construction	0.00%	Normally 5%
Design Contingency - Renovation Work	0.00%	Normally 10%
Construction Contingency - Renovation Work	0.00%	Normally 10%
Anticipated Construction Start Date:		as mm/dd/yyyy
Anticipated Midpoint of Construction Date		as mm/dd/yyyy
Anticipated Completion of Construction Date		as mm/dd/yyyy
Year used to compute Current Dollars:		

Subject of attachment:	Attachment Number	Filename of attachment - PDF
For new construction and addition, at the schematic stage the design contingency will normally be 10% and the construction contingency will be 5%. If your percentages are otherwise, please explain in an attachment.		
For renovation, the design contingency will normally be 10% and the construction contingency will be 10%. If your percentages are otherwise, please explain in an attachment.		

**New York State Department of Health
 Certificate of Need Application
 Schedule 8B - Total Project Cost - For Projects without Subprojects.**

	A	B	C
Item	Project Cost in Current Dollars	Escalation amount to Mid-point of Construction	Estimated Project Costs
Source:	Schedule 10 Col .7	Computed by applicant	(A + B)
1.1 Land Acquisition	\$0		\$0
1.2 Building Acquisition	\$0		\$0
2.1 New Construction	\$0	\$0	\$0
2.2 Renovation & Demolition	\$0	\$0	\$0
2.3 Site Development	\$0	\$0	\$0
2.4 Temporary Utilities	\$0	\$0	\$0
2.5 Asbestos Abatement or Removal	\$0	\$0	\$0
3.1 Design Contingency	\$0	\$0	\$0
3.2 Construction Contingency	\$0	\$0	\$0
4.1 Fixed Equipment (NIC)	\$0	\$0	\$0
4.2 Planning Consultant Fees	\$0	\$0	\$0
4.3 Architect/Engineering Fees	\$0	\$0	\$0
4.4 Construction Manager Fees	\$0	\$0	\$0
4.5 Other Fees (Consultant, etc.)	\$0	\$0	\$0
Subtotal (Total 1.1 thru 4.5)	\$0	\$0	\$0
5.1 Movable Equipment (from Sched 11)	\$0	\$0	\$0
5.2 Telecommunications	\$0	\$0	\$0
6. Total Basic Cost of Construction (total 1.1 thru 5.2)	\$0	\$0	\$0
7.1 Financing Costs (Points etc)	\$0		\$0
7.2 Interim Interest Expense: \$ <input type="text"/> At <input type="text"/> % for <input type="text"/> months	\$0		\$0
8. Total Project Cost: w/o CON fees - Total 6 thru 7.2	\$0	\$0	\$0
Application fees:			
9.1 Application Fee. Articles 28, 36 and 40. See Web Site.	\$0		\$0
9.2 Additional Fee for projects with capital costs. Not applicable to "Establishment Only" projects. See Web Site for applicable fees. (Line 8, multiplied by the appropriate percentage.)			
Enter Multiplier ie: .25% = .0025 --> <input type="text"/> 0	\$0	\$0	\$0
10 Total Project Cost with fees	\$0	\$0	\$0

Schedule 9 – CON Forms Regarding Project Financing

Contents:

- **Schedule 9 - Proposed Plan for Project Financing**

**New York State Department of Health
Certificate of Need Application**

Schedule 9

Schedule 9 Proposed Plan for Project Financing:

I. Summary of Proposed Financial plan:

Check all that apply and fill in corresponding amounts.

	Type	Amount
<input type="checkbox"/>	A. Lease	
<input type="checkbox"/>	B. Cash	
<input type="checkbox"/>	C. Land	
<input type="checkbox"/>	D. Other	
<input type="checkbox"/>	E. Mortgage, Notes, or Bonds	
<input type="checkbox"/>	Total Project Financing (Sum A to E) (equals line 10, Column C of Sch. 8b)	

If refinancing is used, please complete area below.

<input type="checkbox"/>	Refinancing	
<input type="checkbox"/>	Total Mortgage/Notes/Bonds (Sum E) plus Refinancing:	

II. Details

A. Leases

	Not Applicable	Title of attachment
1. List each lease with corresponding cost as if purchased each leased item. Breakdown each lease by total project cost and subproject costs, if applicable.	<input checked="" type="checkbox"/>	
2. Attach a copy of the proposed lease(s).	<input checked="" type="checkbox"/>	
3. Submit an affidavit indicating any business or family relationships between principals of the landlord and tenant.	<input checked="" type="checkbox"/>	
4. If applicable, provide a copy of the lease assignment agreement and the Landlord's consent to the proposed lease assignment.	<input checked="" type="checkbox"/>	
5. If applicable, identify separately the total square footage to be occupied by the Article 28 facility and the total square footage of the building.	<input checked="" type="checkbox"/>	
6. Attach two letters from independent realtors verifying square footage rate.	<input checked="" type="checkbox"/>	
7. For all capital leases as defined by FASB Statement No. 13, "Accounting for Leases", provide the net present value of the monthly, quarterly or annual lease payments.	<input checked="" type="checkbox"/>	

**New York State Department of Health
Certificate of Need Application**

Schedule 9

B. Cash - Not required for limited review

Type	Amount
Accumulated Funds	
Sale of Existing Assets	
Gifts (fundraising program)	
Government Grants	
Other	
TOTAL CASH	

	Not Applicable	Title of attachment
1. Provide a breakdown of the sources of cash. See sample table above.	<input checked="" type="checkbox"/>	
2. Attach a copy of the latest certified financial statement and current internal financial reports to cover the balance of time to date. If applicable, address the reason(s) for any operational losses, negative working capital and/or negative equity or net asset position and explain in detail the steps implemented to improve operations.	<input checked="" type="checkbox"/>	
2a. In establishment applications for Residential Health Care Facilities, attach a copy of the latest certified financial statement and current internal financial reports to cover the balance of time to date for affiliated Residential Health Care Facilities. If applicable, address the reason(s) for any operational losses, negative working capital and/or negative equity or net asset position and explain in detail the steps implemented to improve operations.	<input checked="" type="checkbox"/>	
3. If amounts are listed in "Accumulated Funds" provide cross-reference to certified financial statement or Schedule 2b, if applicable.	<input checked="" type="checkbox"/>	
4. Attach a full and complete description of the assets to be sold, if applicable.	<input checked="" type="checkbox"/>	
5. If amounts are listed in "Gifts (fundraising program)": <ul style="list-style-type: none"> • Provide a breakdown of total amount expected, amount already raised, and any terms and conditions affixed to pledges. • If a professional fundraiser has been engaged, submit fundraiser's contract and fundraising plan. • Provide a history of recent fund drives, including amount pledged and amount collected 	<input checked="" type="checkbox"/>	
6. If amounts are listed in "Government Grants": <ul style="list-style-type: none"> • List the grant programs which are to provide the funds with corresponding amounts. Include the date the application was submitted. • Provide documentation of eligibility for the funds. • Attach the name and telephone number of the contact person at the awarding Agency(ies). 	<input checked="" type="checkbox"/>	
7. If amounts are listed in "Other" attach a description of the source of financial support and documentation of its availability.	<input checked="" type="checkbox"/>	

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Schedule 9

8. Current Department policy expects a minimum equity contribution of 10% of total project cost (Schedule 8b line 10)) for all Article 28 facilities with the exception of Residential Health Care Facilities that require 25% of total project cost (Schedule 8b, line 10).

C. Mortgage, Notes, or Bonds - Not required for limited review

1. Provide a breakdown of the terms of the mortgage. See sample table below.

	Total Project	Units
Interest		%
Term		Years
Payout Period		Years
Principal		\$

	Not Applicable	Title of attachment
2. Attach a copy of a letter of interest from the intended source of permanent financing that indicates principal, interest, term, and payout period.	<input checked="" type="checkbox"/>	
3. If New York State Dormitory Authority (DASNY) financing, then attach a copy of a letter from a mortgage banker.	<input checked="" type="checkbox"/>	
4. If the financing of this project becomes part of a larger overall financing, then a new business plan inclusive of a feasibility package for the overall financing will be required for DOH review prior to proceeding with the combined financing.	<input checked="" type="checkbox"/>	

D. Land: Not required for limited review

1. Provide details for the land including but not limited to; appraised value, historical cost, and purchase price. See sample table below.

	Total Project
Appraised Value	
Historical Cost	
Purchase Price	
Other	

	Not Applicable	Title of attachment
2. If amounts are listed in "Other", attach documentation and a description as applicable.	<input checked="" type="checkbox"/>	
3. Attach a copy of the Appraisal. Supply the appraised date and the name of the appraiser.	<input checked="" type="checkbox"/>	
4. Submit a copy of the proposed purchase/option agreement.	<input checked="" type="checkbox"/>	

**New York State Department of Health
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Schedule 9

5. Provide an affidavit indicating any and all relationships between seller and the proposed operator/owner.	<input checked="" type="checkbox"/>	
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E. Other - Not required for limited review

1. Provide listing and breakdown of other financing mechanisms.

	Total Project
Notes	
Stock	
Other	

	Not Applicable	Title of attachment
2. Attach documentation and a description of the method of financing.	<input checked="" type="checkbox"/>	

F. Refinancing - Not required for limited Review

	Not Applicable	Title of attachment
1. Provide a breakdown of the terms of the refinancing, including principal, interest rate, and term remaining.	<input checked="" type="checkbox"/>	
2. Attach a description of the mortgage to be refinanced. Provide full details of the existing debt and refinancing plan inclusive of original and current amount, term, assumption date, and refinancing fees. The term of the debt to be refunded may not exceed the remaining average useful life of originally financed assets. If existing mortgage debt will not be refinanced, provide documentation of consent from existing lien holders of the proposed financing plan.	<input checked="" type="checkbox"/>	

**New York State Department of Health
 Certificate of Need Application
 Schedule 10 - Space & Construction Cost Distribution**

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review * Codes for completing this table are found in Schedule 10 lookups sheet.(see tab below)

Indicate if this project is: New Construction: Renovation:

Location					Description of Functional Code (enter Functional code in Column D, description appears here automatically)	Functional Gross SF	Construction cost per SF	Total construction cost	Alterations, Scope of work
Sub project	Building	Floor	section	Functional Code					
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
			d		#N/A				

**New York State Department of Health
Certificate of Need Application
Schedule 10 - Space & Construction Cost Distribution**

					#N/A				
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**New York State Department of Health
 Certificate of Need Application
 Schedule 10 - Space & Construction Cost Distribution**

A		B	C	D	E	F	G	H	I
Location					Description of Functional Code (enter Functional code in Column D, description appears here automatically)	Functional Gross SF	Construction cost per SF	Total construction cost	Alterations, Scope of work
Sub project	Building	Floor	section	Functional Code					
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
Totals for Whole Project:						0	0	0	

**New York State Department of Health
 Certificate of Need Application
 Schedule 10 - Space & Construction Cost Distribution**

If additional sheets are necessary, go to the toolbar, select "Edit", select "Move or copy sheet", make sure the "create a copy" box is checked, and select this document as the destination for the copy then select "OK". An additional worksheet will be added to this spreadsheet

1. If New Construction is Involved, is it "freestanding?"	YES <input type="checkbox"/>	NO <input type="checkbox"/>
---	---------------------------------	--------------------------------

	Dense Urban	Other metropolitan or suburban	Rural
2. Check the box that best describes the location of the facilities affected by this project:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The section below must be filled out and signed by the applicant, applicant's representative, project architect, project engineer or project estimator.engineer,

SIGNATURE		DATE	
PRINT NAME		TITLE	
NAME OF FIRM			
STREET & NUMBER			
CITY	STATE	ZIP	PHONE NUMBER

**New York State Department of Health
 Certificate of Need Application
 Schedule 10 - Space & Construction Cost Distribution with Subprojects**

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *
 Codes for completing this table are found in Schedule 10 lookups sheet.(see tab below)

Indicate if this project is: New Construction: Renovation:

A		B	C	D	E	F	G	H	I
Location					Description of Functional Code (enter Functional code in Column D, description appears here automatically)	Functional Gross SF	Construction cost per SF	Total construction cost	Alterations, Scope of work
Sub project	Building	Floor	section	Functional Code					
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
			d		#N/A				
					#N/A				

New York State Department of Health

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Schedule 10 - Space & Construction Cost Distribution with Subprojects

A		B	C	D	E	F	G	H	I
Location					Description of Functional Code (enter Functional code in Column D, description appears here automatically)	Functional Gross SF	Construction cost per SF	Total construction cost	Alterations, Scope of work
Sub project	Building	Floor	section	Functional Code					
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
					#N/A				
Raw totals for whole project:						0	0	0	

**New York State Department of Health
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 Schedule 10 - Space & Construction Cost Distribution with Subprojects**

Subtotals for Sub Project 1		0		
Subtotals for Sub Project 2		0		
Subtotals for Sub Project 3		0		
Subtotals for Sub Project 4		0		
Subtotals for Sub Project 5		0		
Subtotals for Sub Project 6		0		
Subtotals for Sub Project 7		0		
Subtotals for Sub Project 8		0		
Totals for Whole Project:	0	0	0	

1. If New Construction is Involved, is it "freestanding?"	YES	NO
Sub Project 1	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 2	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 3	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 4	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 5	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 6	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 7	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 8	<input type="checkbox"/>	<input type="checkbox"/>
Totals for Whole Project:		

2. Check the box that best describes the location of the facilities affected by this project:	Dense Urban	Other metropolitan or suburban	Rural
Sub Project 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sub Project 8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals for Whole Project:			

The section below must be filled out and signed by the applicant, applicant's representative, project architect, project engineer or project estimator/engineer,

SIGNATURE			DATE
PRINT NAME		TITLE	
NAME OF FIRM			
STREET & NUMBER			
CITY	STATE	ZIP	PHONE NUMBER

New York State Department of Health

Certificate of Need Application

Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

This appendix lists the functional areas and services, beds and equipment, by facility type, which should be used in describing your proposals. They will be reflected on your operating certificate when approved. In listing these services in the applicat

HOSPITAL

FUNCTIONAL CODES	Service Description:
	BASELINE SERVICES
701	General Baseline Services (includes Anesthesia, Emergency Procedures, Nursing and Physician Services)
733	Baseline Clinical Laboratory Service
734	Baseline Dietetic
736	Baseline Medical/Surgical
741	Baseline Operating Room
742	Baseline Pharmaceutical Service
744	Baseline Recovery Room
	INPATIENT SERVICES
101	Acute Renal Dialysis
151	Alcohol Detoxification
152	Alcohol Rehabilitation
102	Ambulance
301	Audiology
201	Blood Services
103	Burn Center
104	Burn Program
203	Cardiac Catheterization - Adult
204	Cardiac Catheterization - Pediatric
205	Cardio-Pulmonary Function Analysis
206	Cleft Palate Center
105	Coronary Care
208	Cystoscopy
209	Dental
210	Diagnostic Radiology
153	Drug Detoxification
154	Drug Rehabilitation
106	Emergency Department
107	Intensive Care
213	Kidney Transplantation
214	Maternity
302	Medical Rehabilitation
108	Neonatal Continuing Care
109	Neonatal Intensive Care

New York State Department of Health

Certificate of Need Application

Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

110	Neonatal Intermediate Care
303	Occupational Therapy
215	Cardiac Surgery - Adult
216	Cardiac Surgery - Pediatric
356	Pathology Laboratory
218	Pediatric
111	Pediatric - ICU
304	Physical Therapy
112	Poison Control Center
221	Psychiatric
222	Psychiatric - Day/Night
230	Radioactive Materials - Diagnostic
231	Radioactive Materials - Therapeutic
224	Radioisotope Implantation
226	Respiratory Care
227	Respiratory Therapy
361	Self Care
362	Social Work Service
305	Speech-Language Pathology
228	Therapeutic Radiology
306	Vocational Rehabilitation
	OUTPATIENT SERVICES
491	Alcohol Rehabilitation O/P
402	Ambulatory Surgery
451	Audiology O/P
452	C.O.R.F.
423	Chronic Renal Dialysis O/P
407	Dental O/P
493	Drug Rehabilitation O/P
471	Family Planning O/P
473	Home Dialysis Training O/P
453	Medical Rehabilitation O/P
494	Methadone Maintenance O/P
454	Occupational Therapy O/P
425	Organized Outpatient Department
415	Outpatient Surgery
477	Part-Time Clinic(s)
416	Pediatric O/P
455	Physical Therapy O/P
418	Prenatal O/P
420	Psychiatric O/P
424	Respiratory Therapy O/P
479	Social Work Service O/P
457	Speech-Language Pathology O/P
429	Venereal Disease O/P

New York State Department of Health

Certificate of Need Application

Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

458	Vocational Rehabilitation O/P
	BED TYPE
151	Alcohol Detoxification
152	Alcohol Rehabilitation
103	Burns Care
105	Coronary Care
153	Drug Detoxification
154	Drug Rehabilitation
107	Intensive Care
214	Maternity
302	Medical Rehabilitation
701	Medical/Surgical
221	Psychiatric
108	Neonatal Continuing Care
109	Neonatal Intensive Care
110	Neonatal Intermediate Care
218	Pediatric
111	Pediatric ICU
220	Prisoner
226	Respiratory
361	Self Care
364	Special Use
	EQUIPMENT TYPE
501	CT Scanner
502	Cobalt Unit
503	Echo Cardiograph
504	Hyperbaric Chamber
505	Linear Accelerator
506	Megavoltage Unit
508	Ultrasound
601	Nuclear Magnetic Resonance Demonstration

RESIDENTIAL HEALTH CARE FACILITY

Use the following listing for Residential Health Care Facilities

CON

CODES

BASELINE SERVICES

702	General Baseline Services - HRF's (includes Medical Services)
703	General Baseline Services - SNF's (includes Medical Services)
731	Baseline Activities Program
734	Baseline Dietetic
737	Baseline Nursing
742	Baseline Pharmaceutical Service
746	Baseline Social Work Service

New York State Department of Health

Certificate of Need Application

Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

OPTIONAL SERVICES	
301	Audology
352	Clinical Laboratory Service
209	Dental
210	Diagnostic Radiology
474	Non-Occupant Services
303	Occupational Therapy
217	Optometry
304	Physical Therapy
357	Physician Services
219	Podiatry
223	Psychological
359	Religious Services and Counseling
227	Respiratory Therapy
305	Speech-Language Pathology
BED TYPES	
703	SRF
EQUIPMENT TYPES	
501	CT Scanner
503	ECHO Cardiograph
508	Ultrasound

DIAGNOSTIC AND TREATMENT CENTER

Use the following listing for Diagnostic and Treatment Center proposals:

CON

CODES

BASELINE SERVICES

704	General Baseline (Includes Medical Staff)
-----	---

OPTIONAL SERVICES

401	Abortion O/P
491	Alcohol Rehabilitation O/P
451	Audiology O/P
406	Clinical Laboratory Service
452	C.O.R.F.
407	Dental O/P
408	Diagnostic Radiology O/P
492	Drug Abuse Screening O/P
495	Drug Detoxification O/P
493	Drug Rehabilitation O/P
471	Family Planning O/P
472	Health Education O/P
473	Home Dialysis Training O/P
453	Medical Rehabilitation O/P

New York State Department of Health

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Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

494	Methadone Maintenance O/P
413	Multiphasic Screening O/P
475	Nursing O/P
476	Nutritional O/P
454	Occupational Therapy O/P
414	Optometry O/P
477	Part-Time Clinic(s)
416	Pediatric O/P
478	Prenatal O/P
455	Physical Therapy O/P
417	Podiatry O/P
418	Prenatal O/P
419	Primary Medical Care O/P
420	Psychiatric O/P

HOME HEALTH AGENCY

Use the following listing for Home Health Agency proposals:

CON

CODES

705	General Baseline (includes Home Health Aide and Medical Supplies, Equipment and Appliances)
738	Baseline Nursing (Contract)
739	Baseline Nursing (Direct)
	OPTIONAL SERVICES
481	Medical Social Services O/P
476	Nutritional O/P
454	Occupational Therapy O/P
455	Physical Therapy O/P
482	Personal Care
483	Physicians Services
424	Respiratory Therapy
457	Speech-Language Pathology O/P

LONG-TERM HOME HEALTH CARE PROGRAM

Use the following listing for Long-Term Home Health Care Program Proposals

CON

CODES

BASELINE SERVICES

	General Baseline Services (includes Audiology; Home Health Aide; Homemaker, Housekeeper; Medical Social Work; Medical Supplies; Equipment And Appliances; Nutritional; Occupational Therapy; Personal Care; Physical Therapy; Respiratory Therapy; and Speech-L
707	
738	Baseline Nursing (Contract)
739	Baseline Nursing (Direct)

New York State Department of Health

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Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

OPTIONAL SERVICES

357	Physician Services
707	Designated patient capacity

HOSPICE

Use the following listing for Hospice Proposals:

CON
CODES

BASELINE SERVICES

706	General Baseline Services (includes Bereavement, Home Health Aide, Homemaker, Housekeeper, Nursing, Medical Supplies, Equipment & Appliances, Nutritional, Pastoral Care, Personal Care, Physician Services and Psychological)
732	Baseline Audiology
733	Baseline Clinical Laboratory Service
735	Baseline Inpatient Services
740	Baseline Occupational Therapy
742	Baseline Pharmaceutical Service
743	Baseline Physical Therapy
745	Baseline Respiratory Therapy
746	Baseline Social Work Service
747	Baseline Speech-Language Pathology

BEDS

706	Hospice beds
-----	--------------

EXTENSION CLINIC

Use the following listing for extension clinic proposals:

CON
CODES

BASELINE SERVICES

401	Abortion O/P
491	Alcohol Rehabilitation O/P
402	Ambulatory Surgery
451	Audiology O/P
452	C.O.R.F.
423	Chronic Renal Dialysis O/P
406	Clinical Laboratory Service
407	Dental O/P
408	Diagnostic Radiology
492	Drug Abuse Screening O/P
495	Drug Detoxification O/P
493	Drug Rehab O/P
471	Family Planning O/P

New York State Department of Health

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Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

472	Health Education O/P
473	Home Dialysis Training O/P
453	Medical Rehab O/P
494	Methadone Maintenance O/P
413	Multiphasic Screening O/P
475	Nursing O/P
476	Nutritional O/P
454	Occupational Therapy O/P
414	Optometry O/P
425	Organized Outpatient Dept.
477	Part-Time Clinic(s)
416	Pediatric O/P
478	Pharmaceutical Service O/P
455	Physical Therapy O/P
417	Podiatry O/P
418	Prenatal O/P
419	Primary Medical Care O/P
420	Psychiatric O/P
421	Psychological O/P
456	Recreational Therapy O/P
424	Respiratory Therapy O/P
479	Social Work Service O/P
457	Speech-Language Pathology O/P
426	TB Respiratory
427	Therapeutic Radiology O/P
429	Venereal Disease O/P
458	Vocational Rehab O/P
480	Well Child Care O/P
	EQUIPMENT
423	Chronic Renal Dialysis Stations
502	Cobalt Unit
501	CT Scanner
503	Echo Cardiograph
505	Linear Accelerator
506	Megavoltage Unit
508	Ultrasound

NON-MEDICAL FUNCTIONAL AREAS

Use these codes for all health care facilities to describe non-medical functional areas:

CODE	NON-MEDICAL SERVICES
901	Administration (Routine)
902	General Administration
903	Admitting

New York State Department of Health

Certificate of Need Application

Space & Construction Cost Distribution - Appendix A

For Article 28, 36, and 40 Construction Projects Requiring Full, Administrative or Limited Review *

LIST OF FUNCTIONAL AREAS AND SERVICES, BEDS & EQUIPMENT BY FACILITY TYPE

904	Accounting/Financial Service
905	Administrative Personnel
906	Data Processing
907	Fund Appeal/Volunteers
908	Medical/Social Services
909	Energy Proposal
910	Telephone System
920	Public Areas
921	Cafeteria
922	Chapel/Meditation
923	Lobby/Waiting/Public Entrance
924	Coffee/Gift Shop/Flower/Canteen/Snack Bar
930	Education/Research
931	Supervising Physicians' Offices (Hospital Physicians involved in research)
932	Nursing School
933	Medical Laboratory/Auditorium
934	Research (Laboratory areas)
935	Medical Teaching (for residents and interns; Classrooms)
940	Industrial/Service Functions
941	Central Sterile and Supply
942	Laundry/Linen
943	Maintenance/Housekeeping
944	Medical Supplies/Central Services/Storage
945	Parking Structures (free-standing structures)
946	Staff Lockers
947	Tunnels, Bridges and Other Enclosed Circulation Spaces
948	Equipment Maintenance (includes Biomedical Engineering Service)
960	Building System
961	Site Work (Replant grass, signs, etc.)
962	On-site Parking, Excluding Garage Structure (parking lot)
963	Outside Utilities (water, sprinkler, lights, Outside sewer, etc.)
964	Structure, Including Finisher (Paint building, etc.)
965	Heating/Ventilation/Air Conditioning (HVAC)
966	Sanitary System (Inner plumbing and ventilation)
967	Electrical System
968	Vertical & Horizontal Mechanized Movement (elevators, cart system)
980	Other Functions
981	Private Physicians Offices
982	Housing on Call (Interns, residents, physicians)
983	Housing Other (for parents of young patients, visitors, etc.)
984	Medically Related Computer

**New York State Department of Health
Certificate of Need Application
Schedule 11 - Moveable Equipment**

For Article 28, 36, and 40 Construction Projects Requiring Full or Administrative Review *

Table I: New Equipment Description

Sub project Number	Functional Code	Description, including model, manufacturer, year of manufacture where applicable.	Number of units	Lease or purchase ?	Date of the end of the lease period	Lease Amount or Purchase Price
Total lease and purchase costs: Subproject 1						
Total lease and purchase costs: Subproject 2						
Total lease and purchase costs: Subproject 3						
Total lease and purchase costs: Subproject 4						
Total lease and purchase costs: Subproject 5						
Total lease and purchase costs: Subproject 6						
Total lease and purchase costs: Subproject 7						
Total lease and purchase costs: Subproject 8						
Total lease and purchase costs: Whole Project:						0

**New York State Department of Health
 Certificate of Need Application
 Schedule 11 - Moveable Equipment**

Table 2 - Equipment being replaced:

Sub project Number	Functional Code	Description, including model, manufacturer year of manufacturer where applicable.	Number of units	Disposition:	Estimated Current Value
Total estimated value of equipment being replaced: Subproject 1					
Total estimated value of equipment being replaced: Subproject 2					
Total estimated value of equipment being replaced: Subproject 3					
Total estimated value of equipment being replaced: Subproject 4					
Total estimated value of equipment being replaced: Subproject 5					
Total estimated value of equipment being replaced: Subproject 6					
Total estimated value of equipment being replaced: Subproject 7					
Total estimated value of equipment being replaced: Subproject 8					
Total estimated value of equipment being replaced: Whole Project:					0

Schedule 13- CON Forms Applicable to all Article 28 Facilities

Contents:

- **Schedule 13 A - Assurances**
- **Schedule 13 B - Staffing**
- **Schedule 13 C - Annual Operating Costs**
- **Schedule 13 D - Annual Operating Revenue**

**New York State Department of Health
Certificate of Need Application**

Schedule 13A

Schedule 13 A. Assurances From Article 28 Applicants

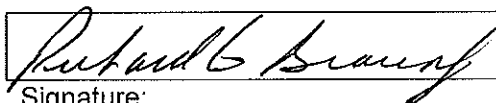
Article 28 applicants seeking combined establishment and construction or construction approval only must complete this schedule.

The undersigned, as a duly authorized representative of the applicant, hereby gives the following assurances:

- a) The applicant has or will have a fee simple or such other estate or interest in the site, including necessary easements and rights-of-way, sufficient to assure use and possession for the purpose of the construction and operation of the facility.
- b) The applicant will obtain the approval of the Commissioner of Health of all required submissions, which shall conform to the standards of construction and equipment in Subchapter C of Title 10 (Health) of the Official Compilation of Codes, Rules and Regulations of the State of New York (Title 10).
- c) The applicant will submit to the Commissioner of Health final working drawings and specifications, which shall conform to the standards of construction and equipment of Subchapter C of Title 10, prior to contracting for construction, unless otherwise provided for in Title 10.
- d) The applicant will cause the project to be completed in accordance with the application and approved plans and specifications.
- e) The applicant will provide and maintain competent and adequate architectural and/or engineering inspection at the construction site to insure that the completed work conforms to the approved plans and specifications.
- f) If the project is an addition to a facility already in existence, upon completion of construction all patients shall be removed from areas of the facility that are not in compliance with pertinent provisions of Title 10, unless a waiver is granted by the Commissioner of Health, under Title 10.
- g) The facility will be operated and maintained in accordance with the standards prescribed by law.
- h) The applicant will comply with the provisions of the Public Health Law and the applicable provisions of Title 10 with respect to the operation of all established, existing medical facilities in which the applicant has a controlling interest.
- i) The applicant understands and recognizes that any approval of this application is not to be construed as an approval of, nor does it provide assurance of, reimbursement for any costs identified in the application. Reimbursement for all cost shall be in accordance with and subject to the provisions of Part 86 of Title 10.

Date

08/08/2017



Signature:

Richard G. Braun, Jr.

Name (Please Type)

SVP Finance & CFO

Title (Please type)

**New York State Department of Health
Certificate of Need Application**

Schedule 13B

Schedule 13 B. Staffing

Table 13B - 1: See “Schedules Required for Each Type of CON” to determine when this form is required. Use the “Other” categories for providers, such as dentists, that are not mentioned in the staff categories. If a project involves multiple sites please create a staffing table for each site.

Total Project Subproject number

A		B	C	D
		Number of FTEs to the Nearest Tenth		
Staffing Categories		Current Year*	First Year incremental	Third Year incremental
1.	Management & Supervision	59.1	43.2	42.8
2.	Technician & Specialist	47.4	28.1	27.9
3.	Registered Nurses	207.3	105.6	104.7
4.	Licensed Practical Nurses	38.6	34.7	34.4
5.	Aides, Orderlies & Attendants	108.5	74.6	73.9
6.	Physicians	8.4	14.3	14.2
7.	PGY Physicians	0.0	0.0	0.0
8.	Physicians' Assistants	4.9	1.1	1.0
9.	Nurse Practitioners	5.3	4.2	4.2
10.	Nurse Midwife	0.0	0.0	0.0
11.	Social Workers and Psychologist**	3.2	6.3	6.3
12.	Physical Therapists and PT Assistants	12.2	4.2	4.2
13.	Occupational Therapists and OT Assistants	8.5	1.8	1.8
14.	Speech Therapists and Speech Assistants	0.4	0.0	0.0
15.	Other Therapists and Assistants	13.4	5.5	5.4
16.	Infection Control, Environment and Food Service	52.3	42.4	42.0
17.	Clerical & Other Administrative	170.9	91.9	91.1
18. Other	Accounting	2.1	1.0	1.0
19. Other	Pharmacy	19.6	7.4	7.3
20. Other	Dental, other Misc	39.9	22.7	22.5
21.	Total Number of Employees	802.0	489.0	484.7

*Last complete year prior to submitting application

**Use only for RHCF and D and T Center proposals

Describe how the number and mix of staff were determined:

The FTE figures above are based on the internal statistics, prorated based on 2015 cost report for Olean General.

**New York State Department of Health
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Schedule 13B

1.) All diagnostic and treatment centers should complete the following section:

Name of medical director:	
License number of the Medical Director	

	Not Applicable:	Title of Attachment	Filename of attachment
Attach a copy of the medical director's curriculum vitae.	<input type="checkbox"/>		

Acute care facility with which an affiliation agreement is being negotiated:	
In the space below, Indicate the status of those negotiations:	

Distance in miles from the proposed facility to the acute care affiliate.	
Distance in minutes of travel time from the proposed facility to the acute care affiliate.	
Name of the acute care facility, nearest the proposed facility:	
Distance in miles from the proposed facility to the nearest acute care facility:	
Distance in minutes of travel time from the proposed facility to the nearest acute care facility.	

	Not Applicable:	Title of Attachment	Filename of attachment
Attach a copy of a letter of intent or the affiliation agreement, if appropriate.	<input type="checkbox"/>		

**New York State Department of Health
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Schedule 13B

Table 13B - 2. Ambulatory surgery centers should complete the following Table:

List all practitioners -- including surgeons, Dentists and Podiatrists, who have expressed an interest in practicing at the Center.
NOTE: Attach copies of letters from each giving the number and type of procedures he or she expects to perform per year.

Practitioner's Name	License No.	Specialty (s)	Board Certified or Eligible	Expected Number of Procedures	List hospitals where Physician has Admitting Privileges:	Title and File Name of attachment
			YES <input type="checkbox"/> NO <input type="checkbox"/>			
			YES <input type="checkbox"/> NO <input type="checkbox"/>			
			YES <input type="checkbox"/> NO <input type="checkbox"/>			
			YES <input type="checkbox"/> NO <input type="checkbox"/>			
			YES <input type="checkbox"/> NO <input type="checkbox"/>			
			YES <input type="checkbox"/> NO <input type="checkbox"/>			
			YES <input type="checkbox"/> NO <input type="checkbox"/>			

**New York State Department of Health
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Schedule 13C

Schedule 13 C. Annual Operating Costs

See "Schedules Required for Each Type of CON" to determine when this form is required.

Use this schedule to summarize the first and third full year's incremental cost for the categories, which are affected by this project. The first full year is defined as the first 12 months of full operation after project completion. Project the first and third full year's total incremental costs in current year dollars. Current year costs added to first year incremental cost impact should equal total first year budget. Current year costs added to third year incremental budget should equal total third year budget. Show cost reductions in parentheses.

- Total Project
- Subproject Number

Table 13C - 1

	a	b	c
Categories	Current Year	Year 1 Incremental Cost Impact	Year 3 Incremental Cost Impact
Start date of year in question:(m/d/yyyy)	1/1/2016	1/1/2017	1/1/2019
1. Salaries and Wages	44,009,877	27,027,095	28,151,814
1a. FTEs	802.0	489.0	484.7
2. Employee Benefits	14,760,558	6,177,058	6,624,632
3. Professional Fees	5,100,927	2,659,796	2,293,129
4. Medical & Surgical Supplies	15,008,068	7,209,024	7,110,594
5. Non-med., non-surg. Supplies	1,803,707	1,585,200	1,603,139
6. Utilities	1,482,163	1,235,285	1,297,822
7. Purchased Services	24,911,508	12,117,219	12,612,256
8. Other Direct Expenses	2,217,763	5,211,055	5,322,365
9. Subtotal (total 1-8)	109,294,571	63,221,732	65,015,751
10. Interest	521,439	855,862	765,859
11. Depreciation and Rent	7,584,709	3,118,166	3,118,166
12. Total Incremental Operating Costs	117,400,719	67,195,760	68,899,776

**New York State Department of Health
Certificate of Need Application**

Schedule 13C

Table 13C - 2

	a	b	c
Inpatient Categories	Current Year	Year 1 Incremental Cost Impact	Year 3 Incremental Cost Impact
Start date of year in question:(m/d/yyyy)	1/1/2016	1/1/2017	1/1/2019
1. Salaries and Wages	18,626,562	11,674,436	11,836,295
1a. FTEs	339.4	211.2	203.8
2. Employee Benefits	6,247,199	2,668,199	2,785,295
3. Professional Fees	2,158,896	1,148,907	964,135
4. Medical & Surgical Supplies	6,351,954	3,113,960	2,989,615
5. Non-med., non-surg. Supplies	963,394	684,732	674,032
6. Utilities	627,305	533,585	545,663
7. Purchased Services	10,543,446	5,234,070	5,302,762
8. Other Direct Expenses	938,637	2,250,931	2,237,763
9. Subtotal (total 1-8)	46,257,393	27,308,820	27,335,560
10. Interest	220,692	369,692	322,002
11. Depreciation and Rent	3,210,122	1,346,901	1,311,018
12. Total Incremental Inpatient Operating Costs	49,688,207	29,025,413	28,968,580

Table 13C - 3

	a	b	c
Outpatient Categories	Current Year	Year 1 Incremental Cost Impact	Year 3 Incremental Cost Impact
Start date of year in question:(m/d/yyyy)	1/1/2016	1/1/2017	1/1/2019
1. Salaries and Wages	25,383,315	15,352,659	16,315,519
1a. FTEs	462.6	277.8	280.9
2. Employee Benefits	8,513,359	3,508,859	3,839,337
3. Professional Fees	2,942,031	1,510,889	1,328,994
4. Medical & Surgical Supplies	8,656,114	4,095,064	4,120,979
5. Non-med., non-surg. Supplies	1,040,313	900,468	929,107
6. Utilities	854,858	701,700	752,159
7. Purchased Services	14,368,062	6,883,149	7,309,494
8. Other Direct Expenses	1,279,126	2,960,124	3,084,602
9. Subtotal (total 1-8)	63,037,178	35,912,912	37,680,191
10. Interest	300,747	486,170	443,857
11. Depreciation and Rent	4,374,587	1,771,265	1,807,148
12. Total Incremental Outpatient Operating Costs	67,712,512	38,170,347	39,931,196

**New York State Department of Health
Certificate of Need Application**

Schedule 13C

	Title of Attachment	Filename of attachment
1. In an attachment, provide the basis and supporting calculations for depreciation and rent expense		
2. In an attachment, provide the basis for interest cost. Separately identify, with supporting calculations, interest attributed to mortgages and working capital		

Any approval of this application is not to be construed as an approval of any of the above indicated current or projected operating costs. Reimbursement of any such costs shall be in accordance with and subject to the provisions of Part 86 of 10 NYCRR. Approval of this application does not assure reimbursement of any of the costs indicated therein by payers under Title XIX of the Federal Social Security Act (Medicaid) or Article 43 of The State Insurance Law or by any other payers.

Schedule 13 D: Annual Operating Revenues

See "Schedules Required for Each Type of CON" to determine when this form is required. If required please submit. If no incremental budget changes, indicate n/a within incremental year one and year three.

This schedule is to be used for all proposals except (a) establishment applications for RHCs and D&TCs, and (b) RCHF and D&TC applications which will increase total year current costs by more than 10%.

One schedule must be completed for the total project and one for each of the subprojects. Indicate which one is being reported by checking the appropriate box at the top of the schedule.

Use this schedule to summarize the current year's operating revenue, and the first and third year's incremental operating revenue for the categories that are affected by this project.

Table 1. Enter the current year data in column 1. This should represent the total revenue for the last complete year before submitting the application, using audited data.

Project the first and third year's total incremental revenue in current year dollars

Current year revenues added to first year incremental revenue impact should equal total first year budget.

Current year revenues added to third year incremental revenue impact should equal total third year budget.

Revenue reductions should be shown in parentheses.

Tables 2a and 2b. Enter current year data in the appropriate block. This should represent revenue by payer for the last complete year before submitting the application, using audited data.

Indicate in the appropriate blocks incremental revenues (i.e., additional operating revenues by payer to be received during the first and third years of operation after project completion). As an attachment, provide documentation for the rates assumed for each payer. Where the project will result in a rate change, provide supporting calculations. For managed care, include rates and information from which the rates are derived, including payer, enrollees, and utilization assumptions.

The total of Inpatient and Outpatient Services at the bottom of tables' 2a and b should equal the totals given on line 10 of table 1.

Provide as an attachment to this schedule a cash flow analysis for the first year of operations after the changes proposed by the application, which identifies the amount of working capital, if any, needed to implement the project. Please complete Schedule 5, Working Capital Schedule, in conjunction with the cash flow analysis.

**New York State Department of Health
Certificate of Need Application**

Schedule 13D

Table 13D - 1

	a	b	c
Categories	Current Year	Year 1 Incremental Revenue Impact	Year 3 Incremental Revenue Impact
Start date of year in question:(m/d/yyyy)	1/1/2016	1/1/2017	1/1/2019
1. Daily Hospital Services	28,579,502	20,265,625	21,295,720
2. Ambulatory Services	42,620,451	48,624,333	51,095,891
3. Ancillary Services	196,088,995	77,765,351	81,718,137
4. Total Gross Patient Care Services Rendered	267,288,948	146,655,309	154,109,748
5. Deductions from Revenue	158,533,965	83,594,588	87,843,672
6. Net Patient Care Services Revenue	108,754,983	63,060,721	66,266,076
7. Other Operating Revenue (Identify sources)			
-Other Revenue	5,443,796	2,790,610	2,846,701
-			
-			
-			
8. Total Operating Revenue (Total 1-7)	114,198,780	65,851,331	69,112,777
9. Non-Operating Revenue	241,332	300,000	300,000
10. Total Project Revenue	114,440,112	66,151,331	69,412,777

**New York State Department of Health
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Schedule 13D

Table 13D – 3

* Various inpatient services may be reimbursed as discharges or days. Applicant should indicate which method applies to this table by choosing the appropriate checkbox.

Patient Days Patient discharges

Inpatient Services Source of Revenue		Total Current Year			First Year Incremental		Third Year Incremental			
		Patient Days or dis- charges *	Net Revenue*		Patient Days or dis- charges*	Net Revenue*		Patient Days or dis- charges*	Net Revenue*	
			%	Dollars (\$)		% based on days or discharges	Dollars-\$		% based on days or discharges	Dollars-\$
Commercial	Fee for Service	2,786	9.9%	6,994,328	1,837	13.2%	3,647,399	1,801	13.2%	3,823,855
	Managed Care	3,479	12.4%	9,439,865	1,563	11.2%	3,132,491	1,532	11.2%	3,284,037
Medicare	Fee for Service	9,914	35.4%	16,300,159	5,159	37.1%	10,119,585	5,057	37.1%	10,354,258
	Managed Care	3,954	14.1%	8,982,087	1,273	9.2%	2,547,341	1,248	9.2%	2,606,414
Medicaid	Fee for Service	3,316	11.9%	1,354,634	942	6.8%	1,808,393	923	6.8%	1,805,333
	Managed Care	4,089	14.6%	3,805,439	2,981	21.5%	5,718,367	2,921	21.5%	5,708,690
Private Pay		214	0.8%	(151,815)	140	1.0%	265,695	136	1.0%	278,666
OASAS		0	0.0%	0	0	0.0%	0	0	0.0%	0
OMH		0	0.0%	0	0	0.0%	0	0	0.0%	0
Charity Care		115	0.4%	(2)	0	0.0%	0	0	0.0%	0
Bad Debt		0	0.0%	0	0	0.0%	0	0	0.0%	0
All Other		150	0.5%	(695,676)	0	0.0%	0	0	0.0%	0
Total		28,017	100%	46,029,019	13,895	100%	27,239,271	13,618	100%	27,861,253

**New York State Department of Health
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Schedule 13D

Table 13D - 4

Outpatient Services** Source of Revenue		Total Current Year			First Year Incremental			Third Year Incremental		
		Visits	Net Revenue*		Visits	Net Revenue*		Visits	Net Revenue*	
			%	Dollars (\$)		%	Dollars (\$)		%	Dollars (\$)
Commercial	Fee for Service	35,510	20.5%	14,031,064	19,148	14.0%	5,131,142	19,148	14.0%	5,602,302
	Managed Care	25,117	14.4%	11,843,522	25,986	19.0%	6,867,677	25,986	19.0%	7,498,292
Medicare	Fee for Service	43,764	25.3%	14,313,781	53,341	39.0%	13,795,912	53,341	39.0%	14,704,445
	Managed Care	22,249	12.9%	9,685,286	13,678	10.0%	3,617,653	13,678	10.0%	3,855,895
Medicaid	Fee for Service	11,852	6.9%	1,218,802	1,368	1.0%	360,819	1,368	1.0%	375,325
	Managed Care	28,898	16.7%	9,504,139	16,412	12.0%	4,261,069	16,412	12.0%	4,432,361
Private Pay		2,451	1.4%	784,346	5,470	4.0%	1,422,954	5,470	4.0%	1,553,615
OASAS		0	0.0%	0	0	0.0%	0	0	0.0%	0
OMH		0	0.0%	0	0	0.0%	0	0	0.0%	0
Charity Care		115	0.1%	2	0	0.0%	0	0	0.0%	0
Bad Debt		0	0.0%	0	0	0.0%	0	0	0.0%	0
All Other		3,049	1.8%	1,345,022	1,368	1.0%	364,224	1,368	1.0%	382,588
Total		173,005	100%	62,725,964	136,771	100%	35,821,450	136,771	100%	38,404,823

Total of Inpatient and Outpatient Services	201,022	100%	108,754,983	150,666	100%	63,060,721	150,389	100%	66,266,076
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	Title of Attachment	Filename of attachment
1. In an attachment, provide the basis and supporting calculations for all revenues by payor.	Attachment 10	Schedule 13 D Attachment.pdf
2. In an attachment, provide the basis for charity care.		

Applicant Name	Upper Allegany Health System								
Project Name	Merger CON								
Complete the tables below:	Olean Only			Incremental BRMC					
	Baseline 2016	Inpatient	Outpatient	Projected 2017	Inpatient	Outpatient	Projected 2019	Inpatient	Outpatient
INPATIENT - Total Discharges (UNITS)									
Commercial - FFS	559			336			330		
Commercial - MC	698			286			280		
Medicare - FFS	1,989			945			926		
Medicare - MC	793			233			228		
Medicaid - FFS	665			172			169		
Medicaid - MC	820			546			535		
Private Pay	43			26			25		
Charity	23			-			-		
All Other	30			-			-		
Total by Payor	5,620			2,544			2,494		
INPATIENT - Total Patient Days (UNITS)									
Commercial - FFS	2,786	9.9%	6,994,328	1,837	13.2%	3,647,399	1,801	13.2%	3,823,855
Commercial - MC	3,479	12.4%	9,439,865	1,563	11.2%	3,132,491	1,532	11.2%	3,284,037
Medicare - FFS	9,914	35.4%	16,300,159	5,159	37.1%	10,119,585	5,057	37.1%	10,354,258
Medicare - MC	3,954	14.1%	8,982,087	1,273	9.2%	2,547,341	1,248	9.2%	2,606,414
Medicaid - FFS	3,316	11.8%	1,354,634	942	6.8%	1,808,393	923	6.8%	1,805,333
Medicaid - MC	4,089	14.6%	3,805,439	2,981	21.5%	5,718,367	2,921	21.5%	5,708,690
Private Pay	214	0.8%	(151,815)	140	1.0%	271,602	137	1.0%	284,742
Charity	115	0.4%	(2)	-	0.0%	0	-	0.0%	0
All Other	150	0.5%	(695,676)	-	0.0%	(5,907)	-	0.0%	(6,076)
Total by Payor	28,017	100%	46,029,019	13,895	100%	27,239,271	13,618	100%	27,861,253
INPATIENT - Net revenue (in \$)									
Commercial - FFS	6,994,328			3,647,399			3,823,855		
Commercial - MC	9,439,865			3,132,491			3,284,037		
Medicare - FFS	16,300,159			10,119,585			10,354,258		
Medicare - MC	8,982,087			2,547,341			2,606,414		
Medicaid - FFS	1,354,634			1,808,393			1,805,333		
Medicaid - MC	3,805,439			5,718,367			5,708,690		
Private Pay	(151,815)			271,602			284,742		
Charity	(2)			0			0		
All Other	(695,676)			(5,907)			(6,076)		
Total by Payor	46,029,019			27,239,271			27,861,253		
				6.19%			1.37%		
OUTPATIENT - Visits									
Commercial - FFS	35,510	20.5%	14,031,064	19,148	14.0%	5,131,142	19,148	14.0%	5,602,302
Commercial - MC	25,117	14.5%	11,843,522	25,986	19.0%	6,867,677	25,986	19.0%	7,498,292
Medicare - FFS	43,764	25.3%	14,313,781	53,341	39.0%	13,795,912	53,341	39.0%	14,704,445
Medicare - MC	22,249	12.9%	9,685,286	13,678	10.0%	3,617,653	13,678	10.0%	3,855,895
Medicaid - FFS	11,852	6.9%	1,218,802	1,368	1.0%	360,819	1,368	1.0%	375,325
Medicaid - MC	28,898	16.7%	9,504,139	16,412	12.0%	4,261,069	16,412	12.0%	4,432,361
Private Pay	2,451	1.4%	784,346	5,470	4.0%	1,422,954	5,470	4.0%	1,553,615
Charity	115	0.1%	2	-	0.0%	0	-	0.0%	0
All Other	3,050	1.8%	1,345,022	1,368	1.0%	364,224	1,368	1.0%	382,588
Total by Payor	173,005	100%	62,725,964	136,771	100%	35,821,451	136,771	100%	38,404,823
OUTPATIENT - Net revenue (in \$)									
Commercial - FFS	14,031,064			5,131,142			5,602,302		
Commercial - MC	11,843,522			6,867,677			7,498,292		
Medicare - FFS	14,313,781			13,795,912			14,704,445		
Medicare - MC	9,685,286			3,617,653			3,855,895		
Medicaid - FFS	1,218,802			360,819			375,325		
Medicaid - MC	9,504,139			4,261,069			4,432,361		
Private Pay	784,346			1,422,954			1,553,615		
Charity	2			0			0		
All Other	1,345,022			364,224			382,588		
Total by Payor	62,725,964			35,821,451			38,404,823		
				-1.38%			4.87%		

Schedule 14 - Additional Legal Information - Article 28

Contents:

- **Schedule 14A - Additional Legal Information - Article 28
Business Corporations and General Partnerships**
- **Schedule 14B - Additional Legal Information Article 28 Limited
Liability Companies**
- **Schedule 14C - Additional Legal Information Article 28 Not-For-
Profit Corporations**
- **Schedule 14D - Additional Legal Information Article 28 General
and Limited Liability Partnerships**

**New York State Department of Health
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Schedule 14A

Schedule 14A - Additional Legal Information - Article 28 Business Corporations

Instructions:

Article 28 applicants seeking establishment or combined establishment and construction approval that are business corporations must complete this schedule.

N.B.: Whenever a requested legal document has been amended, modified, or restated, all amendment(s), modification(s) and/or restatement(s) should also be submitted.

Business Corporations:

A. Affidavits: Attach the originals of stockholder affidavits from each stockholder including the specific information set forth in 10 NYCRR 620.1(b).

B. Stock Certificate: Attach a sample stock certificate including the specific language set forth in 10 NYCRR 620.1(a)(4).

N.B.: The Certificate of Incorporation must comply with the language requirements set forth in 10 NYCRR 620.1(a).

C. Limited Liability Corporation Stockholders: Does the applicant have any stockholders that are limited liability companies (LLCs)?

Yes No

If yes, identify each LLC-stockholder in the following table:

Name of LLC Shareholder:	Address

D. Documentation for LLC Stockholders: For each LLC-stockholder (2nd Level Stockholder), attach the following documentation:

1. A list providing the name, membership interest and percentage ownership interest in the 2nd Level Stockholder and indirect ownership percentage in the Article 28 business corporation. (Indirect ownership is determined by multiplying the percentage of ownership in each entity. For example, if A owns 10 percent of a 2nd Level Stockholder which itself owns 80 percent of an Article 28 business corporation, A owns an indirect ownership interest of eight percent in the Article 28 business corporation.) for each member;

N.B.: All members of the 2nd Level Stockholder must be natural persons.

2. A list of all managers;
3. Articles of Organization; and
4. Operating Agreement.

New York State Department of Health Certificate of Need Application

Schedule 14A

E. Articles of Organization: In addition to any other provisions required by the Limited Liability Company Law, the Articles of Organization of the 2nd Level Stockholder must include provisions to the following effect:

1. That all members of must be natural persons and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health; and
2. That notwithstanding anything to the contrary in the Articles of Organization or the Operating Agreement, transfers, assignments or other dispositions of membership interests or voting rights must be effectuated in accordance with section 2801-a(4)(c) of the Public Health Law and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health.

F. Operating Agreement: The Operating Agreement of the 2nd Level Stockholder must include provisions to the following effect:

- a. That all members must be natural persons and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health;
- b. That notwithstanding anything to the contrary in the Articles of Organization or the Operating Agreement, transfers, assignments or other dispositions of membership interests or voting rights must be effectuated in accordance with section 2801-a(4)(c) of the Public Health Law and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health; and
- c. That, if the 2nd Level Stockholder will be managed by managers who are not members, the following powers with respect to the ownership and operation of the Article 28 business corporation are reserved to the members of the 2nd Level Stockholder:
 - i. direct independent authority over the appointment or dismissal of hospital management-level employees and medical staff,
 - ii. approval of hospital operating and capital budgets and independent control of the books and records,
 - iii. adoption or approval of hospital operating policies and procedures and independent adoption of policies affecting the delivery of health care services,
 - iv. authority over the disposition of assets and authority to incur liabilities not normally associated with day-to-day operations,
 - v. approval of certificate of need applications filed by or on behalf of the hospital,
 - vi. approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law,
 - vii. approval of hospital contracts for management or for clinical services, and
 - viii. approval of settlements of administrative proceedings or litigation to which the hospital is a party, and that this provision may not be deleted, modified or amended without the prior approval of the Department of Health.

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Schedule 14A

SCHEDULE 14A CHECKLIST OF ATTACHMENTS

DOCUMENT	NA	Atta- ched	Attach- ment number	Electronic Document file name
Business Corporations:				
Stockholder affidavits	<input type="checkbox"/>	<input type="checkbox"/>		
Sample stock certificate	<input type="checkbox"/>	<input type="checkbox"/>		
Stockholder-LLCs	<input type="checkbox"/>	<input type="checkbox"/>		
List of members	<input type="checkbox"/>	<input type="checkbox"/>		
List of managers	<input type="checkbox"/>	<input type="checkbox"/>		
Articles of Organization	<input type="checkbox"/>	<input type="checkbox"/>		
Operating Agreement	<input type="checkbox"/>	<input type="checkbox"/>		

Schedule 14B Additional Legal Information Article 28 Limited Liability Companies

Instructions:

Article 28 applicants seeking establishment or combined establishment and construction approval that are *limited liability companies* must complete this Schedule in its entirety.

N.B.: Whenever a requested legal document has been amended, modified, or restated, all amendment(s), modification(s) and/or restatement(s) should also be submitted.

I. Articles of Organization

Provisions to the following effect must be included:

- A. The name of the LLC which must contain either the words "Limited Liability Company" or the abbreviations "LLC" or "L.L.C.";
- B. Designation of the Secretary of State as agent of the LLC for service of process and an address to which the Secretary of State may mail a copy of any such process;
- C. How the LLC will be managed and that neither the management structure nor the provision setting forth such structure may be deleted, modified or amended without the prior approval of the New York State Department of Health;
- D. If the LLC will be managed by managers who are not members, that the manager may not be changed without the prior approval of the New York State Department of Health;
- E. That the powers and purposes of the LLC are limited to the ownership and operation of the Article 28 facility specifically named and the location of the facility by street address, city, town, village or locality and county;

N.B.: The powers and purposes may also include the operation of an Article 36 facility, an Article 40 facility and/or an Article 44 entity if the applicant has received all appropriate approvals and certifications.

- F. The location of the principal office of the LLC, which must be the same address as the facility; and
- G. That notwithstanding anything to the contrary in the Articles of Organization or the Operating Agreement, transfers, assignments or other dispositions of New York State Department of Health membership interests or voting rights must be effectuated in accordance with section 2801-a(4)(b) of the Public Health Law.

II. Operating Agreement

Provisions to the following effect must be included:

- A. That the powers and purposes of the LLC are limited to the ownership and operation of the Article 28 facility specifically named and the location of the facility by street address, city, town, village or locality and county;
- B. That notwithstanding anything to the contrary in the Articles of Organization or the Operating Agreement, transfers, assignments or other dispositions of membership interests or voting rights must be effectuated in accordance with section 2801-a(4)(b) of the Public Health Law;
- C. How the LLC will be managed and that neither the management structure nor the provision setting forth such structure may be deleted, modified or amended without the prior approval of the Department of Health;
- D. If the LLC will be managed by managers who are not members, that the manager may not be changed without the prior approval of the Department of Health; and

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E. If the LLC will be managed by managers who are not members, that the following powers are reserved to the members:

- (i) direct independent authority over the appointment or dismissal of hospital management-level employees and medical staff;
- (ii) approval of hospital operating and capital budgets and independent control of the books and records;
- (iii) adoption or approval of hospital operating policies and procedures and independent adoption of policies affecting the delivery of health care services;
- (iv) authority over the disposition of assets and authority to incur liabilities not normally associated with day-to-day operations;
- (v) approval of certificate of need applications filed by or on behalf of the hospital;
- (vi) approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law;
- (vii) approval of hospital contracts for management or for clinical services; and
- (viii) approval of settlements of administrative proceedings or litigation to which the hospital is a party.

III. Management

Will the applicant be managed by managers who are not members?

Yes No

If yes, attach the proposed Management Agreement between the applicant and the manager, which must meet the following requirements and be approved by the Commissioner.

A. The management agreement must include provisions to the following effect:

- 1. A description of the proposed roles of the members of the Article 28 LLC during the period of the proposed management contract, which must clearly reflect retention by the members of ongoing responsibility for statutory and regulatory compliance,
- 2. A provision that clearly recognizes that the responsibilities of the members of the Article 28 LLC are in no way obviated by entering into a management agreement and that any powers not specifically delegated to the manager through the provisions of the management agreement remain with the members,
- 3. The following powers are reserved to the members of the Article 28 LLC:
 - i. direct independent authority over the appointment or dismissal of hospital management-level employees and medical staff;
 - ii. approval of hospital operating and capital budgets and independent control of the books and records;
 - iii. adoption or approval of hospital operating policies and procedures and independent adoption of policies affecting the delivery of health care services;
 - iv. authority over the disposition of assets and authority to incur liabilities not normally associated with day-to-day operations;
 - v. approval of certificate of need applications filed by or on behalf of the hospital;
 - vi. approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law;

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- vii. approval of hospital contracts for management or for clinical services; and
- viii. approval of settlements of administrative proceedings or litigation to which the hospital is a party; and that this provision may not be deleted; modified or amended without the prior approval of the Department of Health.

4. The following language:

"Notwithstanding any other provision in this contract, the facility remains responsible for ensuring that any service provided pursuant to this contract complies with all pertinent provisions of Federal, State and local statutes, rules and regulations."

- 5. A plan for assuring maintenance of the fiscal stability, the level of services provided and the quality of care rendered by the facility during the term of the management agreement, and
- 6. Retention of authority by the members of the Article 28 LLC to discharge the manager and its employees from their positions at the facility with or without cause on not more than 90 days' notice. In such event, the facility shall notify the Department in writing at the time the manager is notified. The members of the Article 28 LLC must provide a plan for the operation of the facility subsequent to the discharge of the manager and such plan must be submitted with the notification to the Department.
- 7. That the manager may not be changed and its responsibilities and obligations under the management agreement may not be subcontracted, assigned or otherwise assumed without the prior approval of the Department of Health;

B. The members of the Article 28 LLC must retain sufficient authority and control to discharge its statutory and regulatory responsibility. The following powers must be specifically reserved to the Article 28 LLC members:

- i. Direct independent authority over the appointment or dismissal of the facility's management-level employees and medical staff,
- ii. Approval of the facility's operating and capital budgets and independent control of the books and records,
- iii. Adoption or approval of the facility's operating policies and procedures and independent adoption of policies affecting the delivery of health care services,
- iv. Authority over the disposition of assets and authority to incur liabilities not normally associated with day-to-day operations,
- v. Approval of certificate of need applications filed by or on behalf of the facility,
- vi. Approval of debt necessary to finance the cost of compliance with operational or physical plant standards required by law,
- vii. Approval of the facility's contracts for management or for clinical services, and
- viii. Approval of settlements of administrative proceedings or litigation to which the facility is a party;

C. An Article 28 LLC desiring to be managed by managers who are not members must submit a proposed written management agreement to the Department at least 60 days before the intended effective date, unless a shorter period is approved in writing by the Commissioner, due to extraordinary circumstances. In addition, the Article 28 LLC shall also submit, within the same time frame, the following:

- 1. Documentation demonstrating that the proposed manager holds all necessary approvals to do business within New York,

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- 2. Documentation of the goals and objectives of the management arrangement, including a mechanism for periodic evaluation by the members of the Article 28 LLC of the effectiveness of the arrangement in meeting those goals and objectives,
- 3. Evidence of the manager's financial stability,
- 4. Information necessary to determine that the character and competence of the proposed manager, and its principals, officers and directors, are satisfactory, including evidence that all facilities it has managed within New York have provided a substantially consistent high level of care in accordance with applicable statutes and regulations, during the term of any management agreement contract or the period they held an operating certificate, and
- 5. Evidence that it is financially feasible for the facility to enter into the proposed management agreement for the term of the agreement and for a period of one year following expiration, recognizing that the costs of the agreement are subject to all applicable provisions of Part 86 of 10 NYCRR. To demonstrate evidence of financial feasibility, the facility shall submit projected operating and capital budgets for the required periods. Such budgets shall be consistent with previous certified financial statements and be subject to future audits;

D. During the period between a facility's submission of a request for initial approval of a management contract and disposition of that request, a facility may not enter into any arrangement for management contract services other than a written interim consultative agreement with the proposed manager. Any interim agreement must be consistent with these provisions and submitted to the Department no later than five days after its effective date.

E. The term of a management contract shall be limited to three years and may be renewed for additional periods not to exceed three years only when authorized by the Commissioner. The Commissioner shall approve an application for renewal provided that compliance with this section and the following provisions can be demonstrated:

- 1. That the goals and objectives of the arrangement have been met within specified time frames,
- 2. That the quality of care provided by the facility during the term of the arrangement has been maintained or has improved, and
- 3. That the level of service to meet community needs and patient access to care and services has been maintained or improved.

IV. Membership Certificates

Does the applicant intend to issue membership certificates?

Yes No

If yes, attach a sample membership certificate including the following legend:

"That notwithstanding anything to the contrary in the Articles of Organization or the Operating Agreement, transfers, assignments or other dispositions of membership interests or voting rights must be effectuated in accordance with section 2801-a(4)(b) of the Public Health Law."

V. Business Corporation Members

Does the applicant have any members which are business corporations?

Yes No

If yes:

A. Identify each business corporation-member (2nd level member) in the following table:

—

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2 nd Level Member:	Address

B. For each business corporation-member, attach the following documentation:

1. A list providing the name, stock interest and percentage ownership interest in the 2nd Level Member and indirect ownership percentage in the Article 28 LLC for each stockholder. (Indirect ownership is determined by multiplying the percentage of ownership in each entity. For example, if A owns 10 percent of a 2nd Level Member which itself owns 80 percent of an Article 28 LLC, A owns an indirect ownership interest of eight percent in the Article 28 LLC.);

N.B.: All stockholders of the 2nd Level Member must be natural persons.

2. A list providing the name and position held for each officer and director; and
3. Certificate of Incorporation. In addition to any other provisions required by the Business Corporation Law, the Certificate of Incorporation of the 2nd Level Member must include provisions to the following effect:
 - a. That all stockholders must be natural persons and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health; and
 - b. That notwithstanding anything to the contrary in the Certificate of Incorporation or the Bylaws, transfers, assignments or other dispositions of ownership interests or voting rights must be effectuated in accordance with section 2801-a(4)(b) of the Public Health Law and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health.

VI. General or Registered Limited Liability Partnership Members

Does the applicant have any members which are general or registered limited liability partnerships?

Yes No

If yes:

A. Identify each partnership-member (2nd level member) in the following table:

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2 nd Level Member:	Address

B. For each partnership-member, attach the following documentation:

- 1 A list providing the name, partnership interest and percentage ownership interest in the 2nd Level Member and indirect ownership percentage in the Article 28 LLC for each partner. (Indirect ownership is determined by multiplying the percentage of ownership in each entity. For example, if A owns 10 percent of a 2nd Level Member which itself owns 80 percent of an Article 28 LLC, A owns an indirect ownership interest of eight percent in the Article 28 LLC.); and

N.B.: All partners of the 2nd Level Member must be natural persons.

- 2 The Partnership Agreement of the 2nd Level Member must include provisions to the following effect:
 - a. That all partners must be natural persons and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health;
 - b. That transfers, assignments or other dispositions of partnership interests or voting rights must be effectuated in accordance with section 2801-a(4)(b) of the Public Health Law and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health.

VII. Not-for-Profit Corporation Members

Does the applicant have any members which are not-for-profit corporations?

Yes No

If yes:

A. Identify each not-for-profit corporation-member (2nd Level Member):

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2nd Level Member:	Address

B. For each not-for-profit corporation-member, attach the following documentation:

- 1 A list providing the name and interest or position held for each member, director, and officer;
- 2 Certificate of Incorporation; and
- 3 Bylaws.

C. Are any of the following powers reserved to any of the corporation's member(s):

Appointment or dismissal of hospital management-level employees and medical staff, except the election or removal of corporate officers.

Yes No

Member:

Approval of hospital operating and capital budgets.

Yes No

Member:

Adoption or approval of hospital operating policies and procedures.

Yes No

Member:

Approval of certificate of need applications filed by or on behalf of the hospital

Yes No

Member:

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If yes, attach documentation of approval for this application.

Approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law.

Yes No

Member:

Approval of hospital contracts for management or for clinical services.

Yes No

Member:

Approval of settlements of administrative proceedings or litigation to which the hospital is a party, except approval of settlements of litigation that exceed insurance coverage or any applicable self-insurance fund.

Yes No

Member:

N.B.: If any of the corporation's members have been or will be delegated any of these powers, the member itself must have or obtain establishment approval as an active 2nd level member. If so, submit Schedule 2A for each individual listed in item B(1) above. Directors who contribute capital in support of the project must also submit Schedule 2B. Directors who do not contribute capital in support of the project must also submit Schedule 2C.

VIII. Limited Liability Company Members

Does the applicant have any members which are also LLCs?

Yes No

If yes:

A. In the following table, identify each LLC 2nd level member :

2 nd Level Member	Address

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2 nd Level Member	Address

B. For each LLC-member, attach the following documentation:

- 1 A list providing the name, membership interest and percentage ownership interest in the 2nd Level Member and indirect ownership percentage in the Article 28 LLC. (Indirect ownership is determined by multiplying the percentage of ownership in each entity. For example, if A owns 10 percent of a 2nd Level Member which itself owns 80 percent of an Article 28 LLC, A owns an indirect ownership interest of eight percent in the Article 28 LLC.)

N.B.: All members of the 2nd Level Member must be natural persons.

- 2 A list of all managers;
- 3 Articles of Organization; and
- 4 Operating Agreement.

C. In addition to any other provisions required by the Limited Liability Company Law, the Articles of Organization of the 2nd Level Member must include provisions to the following effect:

- 1 That all members must be natural persons and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health;
- 2 That transfers, assignments or other dispositions of membership interests or voting rights must be effectuated in accordance with section 2801-a(4)(b) of the Public Health Law and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health.

D. The Operating Agreement of the 2nd Level Member must include provisions to the following effect:

- 1 That all members must be natural persons and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health,
- 2 That notwithstanding anything to the contrary in the Articles of Organization or the Operating Agreement, transfers, assignments or other dispositions of membership interests or voting rights

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must be effectuated in accordance with section 2801-a(4)(b) of the Public Health Law and that this provision may not be deleted, modified or amended without the prior approval of the New York State Department of Health; and

- 3 That, if the 2nd Level Member will be managed by managers who are not members, that the following powers with respect to the ownership and operation of the Article 28 LLC are reserved to the members of the 2nd Level Member:
- (i) direct independent authority over the appointment or dismissal of hospital management-level employees and medical staff;
 - (ii) approval of hospital operating and capital budgets and independent control of the books and records;
 - (iii) adoption or approval of hospital operating policies and procedures and independent adoption of policies affecting the delivery of health care services;
 - (iv) authority over the disposition of assets and authority to incur liabilities not normally associated with day-today operations;
 - (v) approval of certificate of need applications filed by or on behalf of the hospital;
 - (vi) (approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law;
 - (vii) approval of hospital contracts for management or for clinical services; and
 - (viii) approval of settlements of administrative proceedings or litigation to which the hospital is a party; and that this provision may not be deleted; modified or amended without the prior approval of the Department of Health.

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Schedule 14B

SCHEDULE 14B CHECKLIST OF ATTACHMENTS

DOCUMENT	NA	Attached	Attachment number	Electronic Document file name
Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>		
Sample membership certificate	<input type="checkbox"/>	<input type="checkbox"/>		
Business Corporation- Members				
Members	<input type="checkbox"/>	<input type="checkbox"/>		
List of stockholders	<input type="checkbox"/>	<input type="checkbox"/>		
List of officers and directors	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>		
Not-for-Profit Corporation- Members				
Members	<input type="checkbox"/>	<input type="checkbox"/>		
List of members	<input type="checkbox"/>	<input type="checkbox"/>		
List of officers and directors	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>		
Bylaws	<input type="checkbox"/>	<input type="checkbox"/>		
Documentation of approval for the application	<input type="checkbox"/>	<input type="checkbox"/>		
Limited Liability Company - Members				
Members	<input type="checkbox"/>	<input type="checkbox"/>		
List of members	<input type="checkbox"/>	<input type="checkbox"/>		
List of managers	<input type="checkbox"/>	<input type="checkbox"/>		
Articles of Organization	<input type="checkbox"/>	<input type="checkbox"/>		
Operating Agreement	<input type="checkbox"/>	<input type="checkbox"/>		
General or Registered Limited Liability Company - Members				
List of Partners	<input type="checkbox"/>	<input type="checkbox"/>		
Partnership Agreement	<input type="checkbox"/>	<input type="checkbox"/>		

Schedule 14c Additional Legal Information Article 28 Not-For-Profit Corporations

Instructions:

Article 28 applicants seeking establishment or combined establishment and construction approval that are *not-for-profit corporations* must complete this Schedule in its entirety.

N.B.: Whenever a requested legal document has been amended, modified, or restated, all amendment(s), modification(s) and/or restatement(s) should also be submitted.

I. Directors

A. Number of director positions set by bylaws or otherwise fixed:

(See Not-for-Profit Corporation Law 702.)

B. Number of director positions currently filled:

C. Explain how and by whom the directors will be appointed or elected:

Nominating Committeer puts forth candidates for Board consideration. Successful candidates must then be approved by the member's member (Kaleida Health).

II. Members

A. In the following table, identify each member of the applicant:

Member:	Address
Upper Allegheny Health System	130 S. Union St., Olean, NY 14760

B. For each member, attach the following documentation:

1. A list of the name and position held for each officer and director;
2. Certificate of Incorporation; and

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3. Bylaws.

III. Reserved Powers

A. Are or will any of the following powers be reserved to any of the applicant's member(s):

Appointment or dismissal of hospital management-level employees and medical staff, except the election or removal of corporate officers.

Yes No

Member:

Approval of hospital operating and capital budgets.

Yes No

Member:

Adoption or approval of hospital operating policies and procedures.

Yes No

Member:

Approval of certificate of need applications filed by or on behalf of the hospital.

Yes No

Member:

If yes, attach documentation of approval for this application.

Approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law.

Yes No

Member:

Approval of hospital contracts for management or for clinical services.

Yes No

Member:

Approval of settlements of administrative proceedings or litigation to which the hospital is a party, except approval of settlements of litigation that exceed insurance coverage or any applicable self-insurance fund.

Yes No

Member:

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N.B.: If any of the applicant's members have been or will be delegated any of these powers, the member itself must have or obtain establishment approval. If so, submit Schedule 2a for each individual listed in item B(1) above. Directors who contribute capital to the project must also submit Schedule 2b. Directors who do not contribute capital to the project must also submit Schedule 2c.

B. Do any of the applicant's members reserve the power to approve certificate of need applications to ensure that they conform to the facility's stated mission and philosophy?

Yes No

Member:

If yes, attach documentation of approval for this application.

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Schedule 14C

SCHEDULE 14C CHECKLIST OF ATTACHMENTS

DOCUMENT	NA	Atta- ched	Attach- ment number	Electronic Document file name
Members	<input type="checkbox"/>	<input type="checkbox"/>		
List of officers and directors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	
Certificate of Incorporation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2	
Bylaws	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3	

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Schedule 14D

Schedule 14D Additional Legal Information - Article 28 General or Registered Limited Liability Partnerships

Instructions:

1. The language in Section A of this schedule must be included in the Partnership Agreements for Article 28 applicants seeking establishment or combined establishment and approval that are partnerships.
2. The language in section B of this schedule must be included in the Certificate of Registration for Article 28 applicants seeking establishment or combined establishment and construction approval that are registered limited liability partnerships.

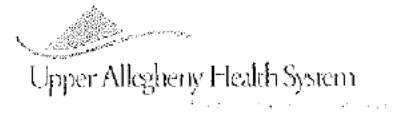
N.B.: Whenever a requested legal document has been amended, modified, or restated, all amendment(s), modification(s) and/or restatement(s) should also be submitted.

- A. Partnership Agreement – The language in section 600.1(5)(ii) of 10NYCRR must be included in its entirety for general or registered limited liability partnerships.
- B. Certificate of Registration – must include provisions to the following effect::
 1. That the powers and purposes specifically include the ownership and operation of the facility and the name of the facility; and
 2. That, notwithstanding anything to the contrary in the Certificate of Partnership agreement, transfers, assignments or other dispositions of partnership interests or voting rights must be effectuated in accordance with section 2801-4(b) of the PHL.

SCHEDULE 14D CHECKLIST OF ATTACHMENTS

DOCUMENT	NA	Attached	Attach-ment number	Electronic Document file name
Certificate of Registration	<input type="checkbox"/>	<input type="checkbox"/>		

**UPPER ALLEGHENY HEALTH SYSTEM
2017 BOARD of DIRECTORS**



NAME	WORK ADDRESS	WORK PHONE
Belt, Jeff Jeff.Belt@solepoxy.com	President SolEpoxy, Inc. 211 Franklin Street Olean, NY 14760	PH: 716-372-6300 FAX: 716-372-6864
Buffamante, Thomas teb@bwbcpa.com	Lincoln Park Center 130 S. Union Street Olean, NY 14760	PH: 716-372-1620 FAX: 716-372-2316
Digel, Martin J. [REDACTED]	President/CEO Hamlin Bank & Trust 333 W. Main Street/PO Box 367 Smethport, PA 16749	PH: 814-887-5555 FAX: 814-887-2478
Dionne, Pierre M.D. [REDACTED]	Center for Wound Healing & Hyperbaric Medicine 623 Main Street Olean, NY 14760	PH: 716-375-7577 FAX: 716-375-7580
Finan, Timothy tfinan@uahs.org	Upper Allegheny Health System 130 S. Union Street, Suite 300 Olean, NY 14760	PH: 716-375-6190 FAX: 716-375-6394
Fiorentino, Lisa Ph.D., RN Lmf1@pitt.edu	Director, Center for Rural Health Practice University of Pittsburgh at Bradford 300 Campus Drive Bradford, PA 16701	PH: 814-362-7646 FAX: 814-362-5044
Gonzalez, Luis M.D. luiscarb@atlantichb.net	181 Interstate Parkway Bradford, PA 16701	PH: 814-362-4345 FAX: 814-362-1178
Javed, Muhammed M.D. [REDACTED]	[REDACTED]	PH: 716-372-4212 FAX: 716-373-9167
Marasco, Julie Julie.Marasco@northwest.com	President, Northwest Region Northwest 39 Main Street Bradford, PA 16701	PH: 716-368-5495
McCune, Daniel dmcune@alleghenybradford.com	President/CEO Allegheny Bradford Corporation 1522 South Avenue, P.O. Box 200 Lewis Run, PA 16738	PH: 814-362-2593 Ext. 260 FAX: 814-362-1033
McGee, Brenda bmcgee@sbu.edu	[REDACTED]	Cell: [REDACTED]
Prince, David dprince@databranch.com	Databranch, Inc. 132 N. Union Street Olean, NY 14760	PH: 716-373-4467 FAX: 716-373-5518
Quick, Lynda Lynda_Quick@caboces.org	BOCES 1825 Windfall Road Olean, NY 14760	PH: 716-376-8254 FAX: 716-376-8455
Schoenecker, Jeannine JSchoenecker@amref.com	American Refining Group President 77 North Kendall Avenue Bradford, PA	PH: 814-368-1200
Scholl, Melissa OSF [REDACTED]	Franciscan Sisters of Allegany, NY 908 West Henley Street Olean, NY 14760	PH: 716-790-9457

ATT. 1

**RESTATED CERTIFICATE OF INCORPORATION
OF
OLEAN GENERAL HOSPITAL**

Under section 805 of the New York Not-for-Profit Corporation Law

The undersigned, Chair of the Board of Directors of Olean General Hospital, hereby certifies:

FIRST: The name of the Corporation is Olean General Hospital (the "Corporation"). The name under which the Corporation was formed is Olean General Hospital.

SECOND: The Certificate of Incorporation of the Corporation was filed by the Secretary of State on July 18, 1898, pursuant to Chapter 559 of the Laws of 1895 of the State of New York.

THIRD: The Corporation is a corporation as defined in Subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law ("NPCL").

FOURTH: The Certificate of Incorporation of the Corporation is amended to effect the following amendments pursuant to the NPCL:

1. Paragraph "SECOND" is amended to read in full following:

"SECOND": The Corporation is a Corporation as defined in subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law."

2. Paragraph "FOURTH", relating to the purposes of the Corporation, is hereby amended by amending subparagraph (a) thereof to read in full as follows:

"(a) To establish, operate and maintain a general hospital in Cattaraugus County, New York pursuant to Article 28 of the Public Health Law, and in Bradford, Pennsylvania".

3. Paragraph "FIFTH", relating to the powers of the Corporation member, is amended to read in full as follows:

"FIFTH": The Corporation shall have one member: Upper Allegheny Health System, Inc. (the "Member"). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation's board members;
- Recommend Corporation chief executive officer candidates to the Corporation's board, approve the selection of the Corporation's

chief executive officer, and remove the Corporation's chief executive officer;

- Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of the Member's member;
- Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member's member;
- Approve the Corporation's business, marketing and strategic plans (with input from the Corporation), subject to the approval of the Member's member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member's member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member's member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member's member;
- Approve the purchase or sale of physician practices by the Corporation, subject to the approval of the Member's member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member's member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with the Corporation's budget approved by the Member, subject to the approval of the Member's member;
- Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another campus, subject to the approval of the Member's member
- Approve any management services agreements to which the Corporation is a party, and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;

- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of the Member's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation."

4. Paragraph "SIXTH", relating to the Board of Directors, is amended to read in full as follows:

"SIXTH': So long as the Franciscan Sisters of Allegany maintain a residence for their members in the Town of Allegany, New York, or the vicinity of Olean, New York, they shall have the right to select one (1) of the sixteen (16) directors of the Corporation or alternatively provide a slate of nominees from which the Member's board may select one (1) director. If they do not exercise such right, the Member's board shall fill the position in the same manner that it fills the other Board positions."

FIFTH: The text of the Certificate of Incorporation is hereby restated, as amended to read in full as follows:

**CERTIFICATE OF INCORPORATION
OF
OLEAN GENERAL HOSPITAL**

Under section 805 of the New York Not-for-Profit Corporation Law

The undersigned, Chair of the Board of Directors of Olean General Hospital, hereby certifies:

FIRST: The name of the corporation is Olean General Hospital (the "Corporation")

SECOND: The Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law.

THIRD: The principal office of the Corporation shall be located in the City of Olean, Cattaraugus County, New York.

FOURTH: The Corporation shall have the following purposes:

- (a) To establish, operate and maintain a general hospital in Cattaraugus County, New York pursuant to Article 28 of the Public Health Law, and in Bradford, Pennsylvania;
- (b) To promote and carry on scientific research related to the care of the sick and injured in so far as, in the opinion of the Board of Directors, such research can be carried on in, or in connection with, the Corporation;
- (c) To participate so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community;
- (d) To solicit, receive and administer funds, contributions or grants from any source to be applied to charitable, educational and scientific purposes of the Corporation;
- (e) To exercise all rights and privileges as a member of one or more other not-for-profit corporations and as a shareholder of one or more business corporations; and
- (f) To take any and all actions which are incidental to and not inconsistent with the foregoing purposes of the Corporation and which are lawful for not-for-profit corporations, including, but not limited to, those powers set forth in Section 202 of the NPCL, to the extent such purposes are purposes described in Section 509(a)(1)(2) or (3) of the Internal Revenue Code of 1986, as amended (the "Code"). Nothing herein shall authorize the Corporation, directly or indirectly, to engage in or include among its purposes, any of the activities mentioned in NPCL Section 404(a) through (n),(p) through (s), (u) and (v), or Social Services Law, Section 460-a. Nothing contained in this Restated Certificate of Incorporation shall authorize the Corporation to establish, operate or maintain a home care services agency, a hospice, or a health maintenance organization or comprehensive health services plan as provided for by Articles 36, 40 and 44 respectively of the Public Health Law. Notwithstanding any other provision of this Restated Certificate of Incorporation, the Corporation is organized exclusively for charitable, educational and scientific purposes, and the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code.

No substantial part of the activities of the Corporation shall consist in carrying on propaganda or otherwise attempting to influence legislation.”

FIFTH: The Corporation shall have one member: Upper Allegheny Health System, Inc. (the “Member”). With respect to the Corporation, the Member shall have the following powers:

- Appoint the Corporation’s board members;
- Recommend Corporation chief executive officer candidates to the Corporation’s board, approve the selection of the Corporation’s chief executive officer, and remove the Corporation’s chief executive officer;
- Approve the adoption and amendment of the Corporation’s bylaws, subject to the approval of the Member’s member;
- Approve the Corporation’s annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member’s member;
- Approve the Corporation’s business, marketing and strategic plans (with input from the Corporation), subject to the approval of the Member’s member;
- Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member’s member;
- Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member’s member;
- Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member’s member;
- Approve the purchase or sale of physician practices by the Corporation, subject to the approval of the Member’s member;
- Approve and may initiate the commencement and settlement of litigation by the Corporation;
- Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member’s member;
- Approve the dissolution of the Corporation;
- Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with the Corporation’s budget approved by the Member, subject to the approval of the Member’s member;

- Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another campus, subject to the approval of the Member's member
- Approve any management services agreements to which the Corporation is a party, and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;
- Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by the Member, subject to the approval of the Member's member;
- Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation.

SIXTH: So long as the Franciscan Sisters of Allegany maintain a residence for their members in the Town of Allegany, New York, or the vicinity of Olean, New York, they shall have the right to select one (1) of the sixteen (16) directors of the Corporation or alternatively provide a slate of nominees from which the Member's board may select one (1) director. If they do not exercise such right, the Member's board shall fill the position in the same manner that it fills the other Board positions.

SEVENTH: No part of the assets, income or net earnings of the Corporation shall inure to the benefit of any member, director, trustee, officer or employee of the Corporation, or to any private individual, except as reasonable compensation for services rendered in effecting the purposes of the Corporation.

EIGHTH: In the event of dissolution of the Corporation, no distribution of any of the property or assets of the Corporation shall be made to any member, director, trustee, officer or employee of the Corporation, or to any private individual, but all of such property and assets shall be distributed to accomplish the charitable, educational and scientific purposes for which the Corporation is organized or distributed to such organizations as the Board of Directors of the Corporation shall direct and which qualify under Section 501(c)(3) of the Code, or the

corresponding provision of any successor statute, subject to approval by a justice of the Supreme Court of the State of New York or any other court or judge having jurisdiction.

NINTH: The Secretary of the State of New York is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary shall mail a copy of any process against the Corporation served upon her/him is: 515 Main Street, Olean, New York 14760.

TENTH: This Restated Certificate of Incorporation of Olean General Hospital was authorized by the unanimous vote of its board of directors.

IN WITNESS WHEREOF, the undersigned, being at least eighteen (18) years of age, has subscribed and affirmed this Restated Certificate of Incorporation as true under the penalties of perjury on the date indicated next to his name:

Brenda McGee
Chair
Dated: March 29, 2017

**BYLAWS
OF
OLEAN GENERAL HOSPITAL**

Approved: March 29, 2017

ARTICLE I

Section 1.1 Name. The name of the corporation shall be as set forth in its Certificate of Incorporation, as may be amended from time to time. The current name of the corporation is Olean General Hospital (the "Corporation").

Section 1.2 Principal Office. The location of the principal office of the Corporation is Olean, New York.

Section 1.3 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year.

Section 1.4 Membership. The Corporation shall have one member, Upper Allegheny Health System, Inc., acting through its Board of Directors ("UAHS" or the "Member"). Any action by the Member shall be taken in accordance with the Member's By-laws.

Section 1.5 INTENTIONALLY BLANK.

Section 1.6 Sole Corporate Member. UAHS shall have the following powers with regard to the Corporation:

- (a) INTENTIONALLY BLANK;
- (b) Appoint the Corporation's board members;
- (c) Recommend Corporation chief executive officer candidates to the Corporation's board, approve the selection of the Corporation's chief executive officer, and remove the Corporation's chief executive officer;
- (d) Approve the adoption and amendment of the Corporation's bylaws, subject to the approval of the Member's member;
- (e) Approve the Corporation's annual operating and capital budgets (with input from the Corporation), subject to the approval of the Member's member;
- (f) Approve the Corporation's business, marketing and strategic plans (with input from the Corporation);
- (g) Approve and may initiate the filing of certificate of need applications by the Corporation, subject to the approval of the Member's member;
- (h) Approve the sale, lease, mortgage or encumbrance of any Corporation asset with a value over \$100,000, subject to the approval of the Member's member;

- (i) Approve any merger, business consolidation, acquisition or joint venture by the Corporation, subject to the approval of the Member's member;
- (j) Approve the purchase or sale of physician practices by the Corporation;
- (k) Approve and may initiate the commencement and settlement of litigation by the Corporation, subject to the approval of the Member's member;
- (l) Approve any filing of a bankruptcy petition by the Corporation, subject to the approval of the Member's member;
- (m) Approve the dissolution of the Corporation;
- (n) Approve the incurrence of any debt by the Corporation other than vendor debt incurred in the ordinary course of business and not inconsistent with a budget approved by the Corporation, subject to the approval of the Member's member;
- (o) Approve new clinical programs or the termination of existing clinical programs by the Corporation or the transfer of a clinical program from one campus of the Corporation to another, subject to the approval of the Member's member;
- (p) Approve any management services agreement to which the Corporation is a party and, if not already authorized by the Member's member or not included in a budget approved by the Member's member, subject to the approval of the Member's member;
- (q) Initiate, negotiate and approve managed care agreements between the Corporation and a managed care organization or other payor;
- (r) Develop integrated services and mandate the Corporation's participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- (s) Allocate costs to and mandate payment of such costs by the Corporation in accordance with a cost allocation formula developed by Member, subject to the approval of the Member's member;
- (t) Require the Corporation to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- (u) Exercise any power that is not specifically and explicitly reserved to the Corporation by law or regulation.

ARTICLE II BOARD OF DIRECTORS

Section 2.1 Management of the Corporation. The governance of the Corporation is hereby vested in the Board of Directors which shall have the full legal authority and responsibility for the conduct of the Corporation. The property, business and affairs of the Corporation shall be managed by the Board of Directors. The Directors shall act in all matters as a Board and the powers of the Board shall not reside in Directors individually.

Section 2.2 Composition of the Board of Directors. The Board of Directors of the Member shall serve as *ex officio* voting members of the Board of Directors. "Entire Board" or "entire Board of Directors" shall mean the total number of directors set forth in the By-laws of the Member.

ARTICLE III MEETINGS OF BOARD OF DIRECTORS

Section 3.1 Election Meeting. Immediately after each Election Meeting of the Member or other such special meeting of the Member, the Board shall meet for the purpose of organization and the transaction of other business at the place where said annual or special meeting was held.

Section 3.2 Regular Meetings. Regular meetings of the Board shall be held not less than once per month at such time and place as shall be designated from time to time by resolution of the Board. If the date fixed for any such regular meeting is a legal holiday under New York or Pennsylvania law, then the meeting shall be held on the next succeeding business day, not a Saturday, or at such other time as is determined by resolution of the Board. At such meetings, the Directors shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given.

Section 3.3 Special Meetings. Special meetings of the Board shall be held whenever called by three (3) or more Directors, by the Chair or the Chief Executive Officer. Notice of each such meeting shall be given to each Director by telephone, in writing (by mail or by hand delivery), by fax or by e-mail at least twenty-four (24) hours (in the case of notice by telephone, fax or e-mail) or five (5) days (in the case of written notice by mail or hand delivery) before the time at which the meeting is to be held. Every such notice shall state the date, time and place of the meeting. If notice is sent by fax or e-mail, notice is given when directed to the individual's fax number or e-mail address provided by the individual to the Corporation; provided, that notice shall not be deemed delivered if: (a) the Corporation is unable to deliver two (2) consecutive notices to the individual by e-mail or fax; or (b) the Corporation otherwise becomes aware that notice cannot be delivered to the individual by e-mail or fax.

Section 3.4 Waiver of Notice. Notice of a meeting need not be given to any Director: (a) who submits a waiver of notice either before or after the meeting; or (b) who attends the meeting without protesting the lack of notice to him prior to or at the start of the meeting. Waivers may be provided: (i) in a writing signed by the Director either in hard copy or by affixing a signature by any reasonable means (i.e., fax signature); or (ii) by e-mail that includes

information from which the recipient can reasonably determine that the transmission was authorized by the Director submitting the waiver.

Section 3.5 Place of Meetings. All meetings of the Board of Directors shall be held at such place within or outside the State of New York as shall be designated in the notice of meeting or as may be fixed by the Board of Directors.

Section 3.6 Quorum. Except as otherwise required by law or by these Bylaws, the presence of a majority of the entire Board shall constitute a quorum for the transaction of any business at any meeting. In the absence of a quorum, a majority of those present, without notice other than by announcement at the meeting, may adjourn the meeting from time to time for a period of not more than thirty (30) days at any one time until a quorum shall attend. The Secretary of the Corporation shall give notice to each Director of the adjournment at least three (3) days before the date to which the meeting was adjourned.

Section 3.7 Voting.

(a) Except as otherwise provided by law or in these Bylaws, all matters shall be decided by a vote of a majority of Directors present at the time of the vote, if a quorum is present at such time. Each Director shall be entitled to one (1) vote. Directors shall not vote by proxy.

(b) The following actions require approval by two-thirds vote of the entire Board of Directors (unless there are twenty-one or more directors, then the vote of a majority of the entire Board of Directors is required): the purchase of real property that will constitute all or substantially all of the assets of the Corporation once purchased; and the sale, lease, mortgage, exchange or other disposition of real property that constitutes all or substantially all of the Corporation's assets. Any purchase, sale, mortgage, lease, exchange or other transfer of real property that does not require Board approval as provided in this Section may be delegated for approval by a committee of the Board. Such committee shall promptly report any actions it takes to the Board no later than the next regular meeting of the Board.

(c) In addition to the items specified in these By-laws, the following items require approval of the Member: (i) amendment of the Certificate of Incorporation; and approval of the sale, transfer or other disposition of all or substantially all of the Corporation's assets.

(d) Any action required or permitted to be taken by the Board of Directors or any committee may be taken without a meeting if all members of the Board or the committee consent to the adoption of a resolution authorizing the action. The resolution and the written consents shall be filed with the minutes of the Board or committee. Consents may be provided: (i) in a writing signed by the Director or committee member either in hard copy or by affixing a signature by any reasonable means (e.g., fax signature); or (ii) by e-mail that includes information from which the recipient can reasonably determine that the transmission was authorized by the Director or committee member.

Section 3.8 Presence through Communication Equipment. Any or all Directors or any committee may participate in a meeting by means of a telephone conference, electronic video screen communication or similar communications equipment. Participation by such means shall constitute presence in person at a meeting provided that all persons participating in the meeting

can hear each other at the same time and each individual may participate in all matters before the Board or committee, including, but not limited to, proposing, objecting to and voting upon a specific action taken at the meeting.

Section 3.9 Executive Session. The Directors shall meet in executive session at the call of the Chair, the Vice Chair or of any two (2) Directors when deemed by the Chair or such Directors to be necessary or appropriate in the management of the property, business or affairs of the Corporation. The Directors, while in executive session, may, by unanimous decision of the Directors present, invite the attendance of persons who are not Directors.

ARTICLE IV DUTIES AND POWERS OF BOARD OF DIRECTORS

Section 4.1 Standard of Care; No Compensation. The Directors shall discharge their duties in good faith and with that degree of diligence, care, and skill ordinarily prudent persons would exercise under similar circumstances. A Director shall not receive compensation for services performed as a Director, but shall be entitled to reimbursement for reasonable expenses incurred in the performance of his or her duties as director.

Section 4.2 Annual Evaluation. The Board of Directors shall evaluate the Board's own process of governance and make recommendations for any necessary changes, including amendments to the Bylaws, annually. For this purpose, the Board of Directors may retain outside consultants and counsel to assist in the evaluation process.

Section 4.3 Annual Report. The Board of Directors shall present at the Annual Meeting of the Member, a report (a) certified by a firm of independent public accountants; or (b) verified by (i) the Chief Executive Officer and Treasurer or (ii) by a majority of the Board, showing in appropriate detail the following:

- (a) the assets and liabilities, including the trust funds, of the Corporation;
- (b) the principal changes in assets and liabilities, including trust funds;
- (c) the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes; and
- (d) the expenses or disbursements of the Corporation for both general and restricted purposes.

The Annual Report needs to provide the above information as of the end of the twelve-month fiscal period terminating not more than six months prior to the meeting at which the Annual Report is presented. The Annual Report shall be filed with the records of the Corporation and a copy included in the minutes of the Annual Meeting.

Section 4.4 Investment Matters. The Board of Directors shall complete the following actions with respect to oversight, management and reporting on donor restricted and investment assets:

- (a) Adopt or reaffirm a written investment policy, setting forth guidelines on investments and delegation of management and investment functions in accord with the standards of the New York Prudent Management of Institutional Funds Act ("NYPMIFA").

(b) Cause accurate accounts to be kept regarding donor restricted assets separate and apart from the accounts of other assets of the Corporation. Unless the terms of a particular gift provide otherwise, the Treasurer shall make an annual report to the Board of Directors concerning assets subject to a donor restriction and the use made of such assets and of the income thereof.

(c) Unless otherwise delegated to an investment committee, review and establish an annual spending rate for endowment funds in accordance with NYPMIFA.

ARTICLE V OFFICERS

Section 5.1 Election of Officers. The Chair, a Vice-Chair, a Secretary, and a Treasurer of the Member shall serve *ex officio* as officers of the Corporation with the same titles. The Board officers shall serve terms of two (2) years. Any two (2) or more offices may be held by the same person, except the offices of Chair, Secretary and Chief Executive Officer. No employee of the Corporation shall serve as Chair or officer with similar duties.

Section 5.2 Chair of the Board of Directors. The Chair of the Board of Directors shall exercise overall supervision of Board of Directors affairs and preside at all meetings of the Board of Directors; appoint members of special committees of the Board of Directors and their chairs with the consent of the Board of Directors; provide leadership to ensure that Board committees and directors complete their assigned responsibilities; serve as chairs of the Executive Committee of the Board of Directors and as an ex-officio member of all other Board committees; and direct preparation of the agenda for Board meetings. The Chair shall have power to call an executive session of the Board when determined by the Chair to be necessary or appropriate in the management of the property, business or affairs of the Corporation. The Chair of the Board shall do and perform such other duties and have and exercise such other powers as from time to time may be assigned to him/her by the Board.

Section 5.3 Vice-Chair. The vice-chair shall act as chair in the absence of the Chair, and when so acting shall have all the power and authority of the Chair.

Section 5.4 Secretary. The Secretary shall keep or cause minutes to be kept of all meetings of the Board and shall perform like duties for committees when required. The Secretary shall, in addition, have custody of the corporate seal, cause proper notice to be given of meetings of the Board, keep a current list of the Corporation's Directors and officers and their residence addresses and perform such other duties as are incidental to his/her office and as the Board may prescribe. The Secretary shall also have custody of the minute book containing the minutes of all meetings of Directors, the Executive Committee, and any other committees which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody.

Section 5.5 Treasurer. Subject to the supervision of the Board, the Treasurer shall have custody of the funds and securities of the Corporation, and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in the books of the Corporation, and

shall deposit or cause to be deposited all money and other valuable effects in the name and to the credit of the Corporation in such depository or depositories as may be designated by the Board. The Treasurer shall also perform such other duties as are incidental to his/her office and as the Board may prescribe.

Section 5.6 Resignations. Any officer or agent may resign at any time by giving written notice to the Board, the Chair, or to the Chief Executive Officer. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.7 Chief Executive Officer. The Corporation will be operated and managed on a daily basis by the chief executive officer. The chief executive officer shall report to the Board. The chief executive officer shall appoint and have the authority to remove additional corporate officers, administrators and managers to meet the Board's expectations with respect to the clinical, financial and operational performance of the Corporation. The Corporation's chief executive officer may serve as the chief executive officer of UAHS.

ARTICLE VI COMMITTEES

Section 6.1 In General. The Board shall form and shall select the chairs and members of committees. To the extent permitted by law, the Board may select persons other than Directors as non-voting members of committees of the Board and voting members of committees of the Corporation. All committees shall be chaired by a Director.

Section 6.2 Committees of the Board. Committees of the Board shall be established and the members elected by resolution of a majority of the entire Board of Directors. Only Director shall serve as voting members of Committees of the Board. Each committee of the Board shall be comprised of at least three (3) members. Committees of the Board shall be committees to which the Board shall have delegated all or part of its final decision making authority, except that no committee shall have authority as to the following matters:

- (a) The filling of vacancies in the Board or in any committee.
- (b) The fixing of compensation of the Directors for serving on the Board or on any committee.
- (c) The amendment or repeal of the By-laws, or the adoption of new By-laws.
- (d) The amendment or repeal of any resolution of the Board which by its terms, shall not be so amendable or repealable.

Section 6.3 Committees of the Corporation. The Board of Directors may designate committees of the Corporation by resolution. The resolution authorizing any such committee shall set forth its duties, its term and who may be eligible to serve. Such committees shall not be a committee of the Board and shall not exercise any of the powers of the Board or have the authority to bind the Board.

Section 6.4 Meetings; Quorum and Voting. Each standing and special committee shall hold regular meetings at least annually if not otherwise specified. A special meeting of any committee shall be called by the Secretary upon the request of the Chair of the Board, the Chief Executive Officer or a majority of the members of such committee. In order to constitute a quorum for the transaction of business at a meeting of a standing or special committee, there shall be present in person a majority of the committee members unless otherwise specifically provided in these Bylaws. The act of a majority of the committee members at a meeting at which a quorum is present shall constitute the act of the committee.

Any committee member may resign by giving written notice of such resignation to the Chair of the Board or any member may be removed from committee membership by the same authority by which he or she was appointed. In the case of a vacancy on a standing or special committee, the Board, by resolution adopted by a majority of its members, shall elect a successor for the balance of the term of such vacancy.

Section 6.5 Executive Committee. The Executive Committee shall be a committee of the Board consisting of the Chair of the Board, the Vice Chair, the Chief Executive Officer of the Member, the Treasurer, and not more than three (3) additional directors selected by the Board. The Executive Committee shall meet as needed. The presence of four (4) members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting. The authority of the Executive Committee shall be subject to the limitations set forth in Section 6.2 of this Article and the Not-for-Profit Corporation Law.

Section 6.6 Audit Committee. The Audit Committee of the Member shall serve as the Audit Committee of the Corporation if the Corporation is required to have an Audit Committee pursuant to the New York Not-for-Profit Corporation Law.

ARTICLE VII INDEMNIFICATION AND INSURANCE

Section 7.1 Authorized Indemnification. Unless clearly prohibited by law or Section 7.2 of this Article, the Corporation shall indemnify any person ("Indemnified Person") made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of the Corporation, by reason of the fact that he or she (or his or her testator or intestate), whether before or after adoption of this section, (a) is or was a Director or officer of the Corporation or (b) in addition is serving or served, in any capacity, at the request of the Corporation, including as a member of a committee of the Board of Directors of the Corporation, or as director or officer of any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement) and reasonable expenses, including attorneys' fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

Section 7.2 Prohibited Indemnification. The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the

person whose actions are the basis for the action or proceeding) establishes, or the Board of Directors in good faith determines, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Section 7.3 Advancement of Expenses. The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Corporation, pay or promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 7.2 of this Article. An Indemnified Person shall cooperate in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

Section 7.4 Indemnification of Others. Unless clearly prohibited by law or Section 7.2 of this Article, the Board of Directors may approve Corporation indemnification as set forth in Section 7.1 of this Article or advancement of expenses as set forth in Section 7.3 of this Article, to a person (or the testator or intestate of a person) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made, or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 7.5 Determination of Indemnification. Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Directors shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these by-laws. Before indemnification can occur, the Board of Directors must explicitly find that such indemnification will not violate the provisions of Section 7.2 of this Article. No Director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested Directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these Bylaws.

Section 7.6 Binding Effect. Any person entitled to indemnification under these Bylaws has a legally enforceable right to indemnification which cannot be abridged by amendment of these Bylaws with respect to any event, action or omission occurring prior to the date of such amendment.

Section 7.7 Insurance. The Corporation is not required to purchase directors' and officers' liability insurance, but the Corporation may purchase such insurance if authorized and approved by the Board of Directors. To the extent permitted by law, such insurance may insure the Corporation for any obligation it incurs as a result of this Article or operation of law and it may insure directly the directors, officers, employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

Section 7.8 Nonexclusive Rights. The provisions of this Article shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of the Corporation with any Director, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article subject in all cases to the limitations of Section 7.2 of this Article.

ARTICLE VIII MEDICAL STAFF

Section 8.1 Organizations. The Board shall cause to be created a medical staff organization, to be known as the Medical Staff of the Olean General Hospital, the membership of which shall be comprised of all allopathic and osteopathic physicians, podiatrists, and dentists who are privileged to attend patients in the Hospital. Membership in this medical staff organization shall be a prerequisite to the exercise of clinical privileges in the hospital, except as otherwise specifically provided in the medical staff bylaws.

Section 8.2 Medical Staff Bylaws, Rules and Regulations.

8.2.1 Purpose. The medical staff organization shall propose and adopt by vote written bylaws, rules, and regulations for its internal governance, which shall be effective when approved by the Board. These bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the medical staff by the Board. The bylaws, rules and regulations shall state the purposes, functions and organization of the staff and shall set forth the policies by which the medical staff exercises and accounts for its delegated authority and responsibilities.

8.2.2 Procedure. The medical staff shall have the initial responsibility to formulate, adopt, and recommend to the Board staff bylaws and amendments thereto which shall be effective when approved by the Board. Neither the Board nor the medical staff shall have the authority to unilaterally amend the Medical Staff bylaws, rules or regulations.

Section 8.3 Medical Staff Membership and Clinical Privileges.

8.3.1 Action by the Board. Final action on all matters relating to medical staff membership status, clinical privileges and corrective action shall be taken by the Board. The Board shall delegate to the medical staff the responsibility and authority to investigate and evaluate all matters relating to medical staff status, clinical privileges, and

corrective action, and shall require that the staff make recommendations thereon. In taking final action, the Board shall consider staff recommendations submitted pursuant to Section 10.3.2, provided that the Board shall act in any event if the staff fails to adopt and submit any such recommendations within the time periods required by the medical staff bylaws. Such Board action without a staff recommendation shall be based on the same kind of documented investigation and evaluation of current ability, judgment, and character as is required for staff recommendations.

8.3.2 Medical Staff Recommendations. The medical staff bylaws shall contain provisions for the staff to adopt and submit to the Board specific written recommendations on all matters of medical staff membership status, clinical privileges, and corrective action, and to support and document its recommendations in a manner that will allow the Board to take informed action.

8.3.3 Criteria for Board Action. In acting on matters of medical staff membership status, the Board shall consider the staff's recommendations, the hospital's and the community's needs and such other criteria as are set forth in the medical staff bylaws. In granting and defining the scope of clinical privileges to be exercised by each practitioner, the Board shall consider the staff's recommendations, the supporting information on which they are based and such criteria as set forth in the medical staff bylaws. No aspect of membership status nor specific clinical privileges shall be limited or denied to a practitioner on the basis of sex, race, creed, color, or national origin, or on the basis of any criteria unrelated to good patient care at the hospital, or to professional ability and judgment, or to community needs.

8.3.4 Terms and Conditions of Staff Membership and Clinical Privileges. The terms and conditions of membership status in the medical staff, and of the exercise of clinical privileges, shall be as specified in the medical staff bylaws. Members of the medical staff shall abide by the rules, regulations and bylaws of the Corporation.

8.3.5 Procedure. The procedure to be followed by the medical staff and the Board in acting on matters of membership status, clinical privileges, and corrective action shall be specified in the medical staff bylaws.

Section 8.4 Due Process Plan. The Board shall require that any action taken by the Executive Committee of the medical staff or by the Board, the effect of which is to deny, revoke, suspend, or reduce a practitioner's staff appointment, reappointment, department affiliation, staff category, admitting prerogatives or clinical privileges shall, except under circumstances for which specific provision is made in the medical staff bylaws, be accomplished in accordance with the Board-approved Due Process Plan then in effect. Such Plan shall provide for procedures to assure fair treatment and afford opportunity for the presentation of all pertinent information.

Section 8.5 Allied Health Practitioners. Final action on all matters relating to the performance of specified patient care services in the hospital by allied health practitioners shall be taken by the Board. The Board shall delegate to the medical staff the responsibility and authority to investigate and evaluate each application by an allied health practitioner for

specified services, department affiliation, and modification in the services such affiliate may perform, and shall require that the staff make recommendations thereon. In taking final action, the Board shall consider the staff recommendations, provided that the Board shall act in any event if the staff fails to adopt and submit any such recommendation within the time periods required by the medical staff bylaws. In general, allied health practitioner applications shall be submitted and processed in the same manner as are applications for medical staff memberships and clinical privileges, and allied health practitioners shall be subject to the same terms and conditions of appointment as are medical staff members; provided, however, that corrective action with regard to allied health practitioners, including termination or suspension of services authorized, shall be accomplished in accordance with usual Corporation personnel practices or an affiliate's employment agreement, if any.

Section 8.6 Admission and Care of Patients. The hospital's Admitting, Transfer and Discharge Policies shall govern the disposition of all patients. Only a member of the medical staff with admitting privileges may admit a patient to the hospital. Staff members may practice only within the scope of the privileges granted to them by the Board of Directors. Each patient's general medical condition is the responsibility of a qualified member of the medical staff.

Section 8.7 Medical Director/Chief Medical Officer. The Board shall appoint a physician, referred to as the Chief Medical Officer, who is qualified for membership on the medical staff and who shall be responsible for directing the quality directives of the medical staff. Such appointment shall be made after consultation with the medical staff, but shall be the prerogative of the Board. In making such an appointment, the Board may consider an individual who is a clinical department chairperson, an elected president of the medical staff, a medical staff committee chairperson, or any other person who meets the requirements set forth in this paragraph. The Chief Medical Officer may carry out his or her duties on either a full or part-time basis and on a salaried or nonsalaried basis as determined by the Board, and may report to the Board directly, through the President/CEO, or through whatever means is deemed appropriate by the Board.

Section 8.8 Accountability of Medical Staff and Other Professionals. The Board shall hold the medical staff and other professionals providing patient care services accountable for conducting activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in the hospital, including:

- (a) The delineation of clinical privileges for members of the medical staff commensurate with individual credentials and demonstrated ability and judgment and the assignment of patient care responsibilities to other professionals consistent with individual qualification and demonstrated ability.
- (b) The provision of continuing professional education, shaped primarily by the needs identified through the review and evaluation activities.
- (c) The prudent use of the hospital's resources through concurrent utilization review measures based on individual patient needs and on evidenced-based "best practice" standards.

- (d) The continuous monitoring of patient care practice through defined functions of the medical staff, other professional services and the hospital administration.
- (e) The retrospective review and evaluation of the quality of patient care through a valid and reliable patient care evaluation procedure. This review shall assure that all patients with the same health problem receive the same high level of care in the hospital.
- (f) Such other measures as the Board may, after receiving and considering the advice of the medical staff, other professional services and the hospital administration, deem necessary for the preservation and improvement of the quality, effectiveness, and efficiency of patient care.

ARTICLE IX MISCELLANEOUS

Section 9.1 Corporate Seal. The Corporation shall have a corporate seal in the form of a circle containing the name of the Corporation, the year of the incorporation and such other details as may be approved by the Board.

Section 9.2 Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the Board may from time to time designate.

Section 9.3 Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to negotiate and/or enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 9.4 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the Board shall from time to time determine.

Section 9.5 Adoption of Policies and Procedures. The Board of Directors or designated committee of the Board, shall adopt such rules, regulations, policies and procedures as it may deem necessary and appropriate to the operation of the Corporation, including, but not limited to, a Conflicts of Interest Policy and Whistleblower Policy; provided, however, that no rule, regulations, policy or procedure may be adopted by the Corporation that is contrary to these By-laws and applicable law as may be amended from time to time.

Section 9.6 Books and Records. There shall be kept at the office of the Corporation: (1) correct and complete books and records of account; (2) minutes of the proceedings of the Board of Directors and any standing committees of the Board; (3) a current list of the Directors and officers of the Corporation and their residence addresses; (4) a copy of these By-laws; (5) a copy of the Corporation's application for recognition of exemption with the Internal Revenue Service; and (6) copies of the past three (3) years' information returns and Form 990-T's (if any) filed with the Internal Revenue Service.

**ARTICLE X
AMENDMENTS**

Any amendment to these Bylaws shall be approved by the Board of Directors subject to the approval of the Member and the Member's member.

Schedule 15 - Additional Legal Information - Article 28 Ownership Transfers

Contents:

- **Schedule 15 - Additional Legal Information - Article 28
Ownership Transfers**

**New York State Department of Health
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Schedule 15

**Schedule 15 - Additional Legal Information - Article 28 Ownership
Transfers**

Instructions:

Article 28 applicants seeking establishment approval for a change in ownership through an ownership interest transfer or by a change in active member must complete this schedule, depending on the applicant's type of legal entity, as follows:

1. Applicants that are general partnerships must complete Part I.
2. Applicants that are registered limited liability partnerships must complete Part II.
3. Applicants that are not-for-profit corporations seeking approval for a change in active member must complete Part III.
4. Applicants that are business corporations must complete Part IV.
5. Applicants that are limited liability companies must complete Part V.

N.B.: Whenever a requested legal document has been amended, modified, or restated, all amendment(s), modification(s) and/or restatement(s) should also be submitted.

Pursuant to section PHL 2801-a(2-a), a change in an existing Article 28 legal entity to a limited liability company or a business corporation does not require CON approval but may be approved administratively, under the following circumstances:

- (i) the Certificate of Incorporation or Articles of Organization reflect solely a change in the form of business organization approved by the Public Health Council;
- (ii) every stockholder, member, and director of the proposed entity was an owner, partner, stockholder, member, or director of the existing entity;
- (iii) the distribution of ownership interests and voting rights in the proposed entity is identical to the existing entity;
- (iv) there is no change in the operator of an Article 28 facility other than the form of business entity; and
- (v) the proposed entity has site control and all required assets to own and operate the Article 28 facility.

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Schedule 15

I. General Partnerships

N.B.: Only transfers of partnership interests of ten percent or more to a new partner require CON approval.

Transfers of less than ten percent to a new partner require only prior notice. See PHL 2801-a(4)(b).

A. Attach the following legal documentation:

1. A list providing the following information for each incoming partner: name, partnership interest, and percentage ownership being acquired;
2. Documentation of the transfer of partnership interest;
3. Partnership Agreement, including documentation that each incoming partner will be legally bound by the Agreement;
4. A list of the names, partnership interest and percentage ownership for all partners before and after the proposed transfer;
5. Certificate of Doing Business as a Partnership, as filed; and
6. Fully executed proposed Certificate of Amendment to the Certificate reflecting the change(s) in partner(s); and
7. Documentation of consent of the existing partners, if necessary; and

B. Submit Schedules 2a and 2b for each incoming partner.

II. Registered Limited Liability Partnerships

N.B.: Only transfers of partnership interests of ten percent or more to a new partner require CON approval.

Transfers of less than ten percent to a new partner require only prior notice. See PHL 2801-a(4)(b).

A. Attach the following legal documentation:

1. A list providing the following information for each incoming partner: name, partnership interest, and percentage ownership being acquired;
2. Documentation of the transfer of partnership interest;
3. Partnership Agreement, including documentation that each incoming partner will be legally bound by the Agreement;
4. Certificate of Registration;
5. A list of the names, partnership interest and percentage ownership for all partners before and after the proposed transfer;
6. Certificate of Doing Business as a Partnership, as filed;
7. Fully executed proposed Certificate of Amendment to the Certificate reflecting the change(s) in partner(s);
8. Documentation of consent of the existing partners, if necessary; and

B. Submit Schedules 2a and 2b for each incoming partner.

III. Not-for-Profit Corporations

Change in Active Member

N.B.: A change in active member requires CON approval. A member is active if it has any of the following reserved powers with respect to the Article 28 corporation:

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1. Appointment or dismissal of hospital management-level employees and medical staff, except the election or removal of corporate officers.
2. Approval of hospital operating and capital budgets.
3. Adoption or approval of hospital operating policies and procedures.
4. Approval of certificate of need applications filed by or on behalf of the hospital.
5. Approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law.
6. Approval of hospital contracts for management or for clinical services.
7. Approval of settlements of administrative proceedings or litigation to which the hospital is a party, except approval of settlements of litigation that exceed insurance coverage or any applicable self-insurance fund.

A change in a passive member does not require CON approval. If the change in passive member results in a change in officers and/or directors of the Article 28 corporation, however, such changes must be reported in the facility's annual report statement pursuant to 10 NYCRR 610.3.

A. Attach the following legal documentation:

With respect to the Article 28 corporation:

1. Certificate of Incorporation, as filed;
2. Fully executed proposed Certificate of Amendment reflecting the delegation of powers to the active member;
3. Bylaws;
4. Proposed amendments to Bylaws, if any; and
5. With respect to the proposed active member corporation:
 - a. Certificate of Incorporation, as filed;
 - b. Fully executed proposed Certificate of Amendment reflecting the delegation of active powers from the Article 28 corporation;
 - c. Bylaws;
 - d. Proposed amendments to Bylaws, if any; and
 - e. A list of names and position held for all officers and directors; and

B. Submit Schedule 2A for each individual listed in item 5e above. Directors of a not-for profit corporation who contribute capital in support of the project must also submit Schedule 2B Directors of a not-for-profit corporation who do not contribute capital in support of the project must also submit Schedule 2C.

IV. Business Corporations

N.B.: Only transfers of ten percent or more of stock interests or voting rights to a new stockholder and transfers which result in an individual, who has not yet been established, becoming an owner of ten percent or more require CON approval. Transfers of ten percent or more to an existing stockholder who has previously been approved by the Public Health Council only require prior notice. See PHL 2801-a(4)(c).

A. Attach the following legal documentation:

1. A list providing the following information for each incoming stockholder: name, stock interest, and percentage ownership being acquired;
2. Documentation of the transfer of stock;

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3. Certificate of Incorporation;
4. Bylaws;
5. A list of the names, stock interest and percentage ownership for all stockholders before and after the proposed transfer; and
6. Original of stock transfer affidavit from each incoming stockholder and each selling stockholder, including the specific information set forth in 10 NYCRR 620.3(a)(2) and (3), respectively; and

B. Submit Schedules 2A and 2B for each incoming stockholder.

V. Limited Liability Companies

N.B.: Only transfers of membership interests of ten percent or more to a new member require CON approval. Transfers of less than ten percent to a new member only require prior notice. See PHL 2801-a(4)(b).

A. Attach the following legal documentation:

1. A list providing the following information for each incoming member: name, membership interest, and percentage ownership being acquired;
2. Documentation of the transfer of membership interest;
3. Articles of Organization;
4. Operating Agreement, including documentation that each incoming member will be legally bound by it;
5. A list of the names, membership interest and percentage ownership for all members before and after the proposed transfer;
6. Documentation of consent of existing members, if necessary; and

B. Submit Schedules 2a and 2b for each incoming member.

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Checklist and Summary of Attachments to Schedule 15

DOCUMENTATION	NA	Attached	Attachment number	Electronic Document file name
I. General Partnerships				
List regarding each incoming partner	<input type="checkbox"/>	<input type="checkbox"/>		
Evidence of transfer of partnership interest	<input type="checkbox"/>	<input type="checkbox"/>		
Partnership Agreement, including documentation by incoming partner(s)	<input type="checkbox"/>	<input type="checkbox"/>		
List regarding all partners (before and after)	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Doing Business as a Partnership	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Amendment	<input type="checkbox"/>	<input type="checkbox"/>		
Consent of existing partners	<input type="checkbox"/>	<input type="checkbox"/>		
II. Registered Limited Liability Partnerships				
List regarding each incoming partner	<input type="checkbox"/>	<input type="checkbox"/>		
Evidence of transfer of partnership interest	<input type="checkbox"/>	<input type="checkbox"/>		
Partnership Agreement, including documentation by incoming partner(s)	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Registration	<input type="checkbox"/>	<input type="checkbox"/>		
List regarding all partners (before and after)	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Doing Business as a Partnership	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Amendment	<input type="checkbox"/>	<input type="checkbox"/>		
Consent of existing partners	<input type="checkbox"/>	<input type="checkbox"/>		
III. Not-for-Profit Corporations – Article 28				
Corporation	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Amendment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	
Bylaws	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2	
Amendments to Bylaws	<input type="checkbox"/>	<input type="checkbox"/>		
Not-for-Profit Corporations – Proposed Active Member Corporation				
Certificate of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>		

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DOCUMENTATION	NA	Atta- ched	Attach- ment number	Electronic Document file name
Certificate of Amendment	<input type="checkbox"/>	<input type="checkbox"/>		
Bylaws	<input type="checkbox"/>	<input type="checkbox"/>		
Amendments to Bylaws	<input type="checkbox"/>	<input type="checkbox"/>		
List of officers and directors	<input type="checkbox"/>	<input type="checkbox"/>		
IV. Business Corporations				
List regarding each incoming stockholder	<input type="checkbox"/>	<input type="checkbox"/>		
Evidence of transfer of stock	<input type="checkbox"/>	<input type="checkbox"/>		
Certificate of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>		
Bylaws	<input type="checkbox"/>	<input type="checkbox"/>		
List of all stockholders (before and after)	<input type="checkbox"/>	<input type="checkbox"/>		
Transfer affidavits	<input type="checkbox"/>	<input type="checkbox"/>		
V. Limited Liability Companies				
List regarding each incoming member	<input type="checkbox"/>	<input type="checkbox"/>		
Evidence of transfer of partnership interest	<input type="checkbox"/>	<input type="checkbox"/>		
Articles of Organization	<input type="checkbox"/>	<input type="checkbox"/>		
Operating Agreement, including documentation by incoming member(s).	<input type="checkbox"/>	<input type="checkbox"/>		
List of all members (before and after)	<input type="checkbox"/>	<input type="checkbox"/>		
Consent of existing partners	<input type="checkbox"/>	<input type="checkbox"/>		

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
UPPER ALLEGHENY HEALTH SYSTEM, INC.
Under Section 803 of the New York Not-for-Profit Corporation Law

The undersigned, the Chair of the Board of Directors of Upper Allegheny Health System, Inc., does hereby certify as follows:

FIRST: The name of the Corporation is Upper Allegheny Health System, Inc. (the "Corporation").

SECOND: The Certificate of Incorporation of the Corporation was filed by the Department of State on November 5, 2009, pursuant to the New York Not-for-Profit Corporation Law. The Certificate of Amendment of the Certificate of Incorporation was filed by the Department of State on _____, 2017.

THIRD: Paragraph (b) of Article "THIRD" of the Certificate of Incorporation of the Corporation is hereby amended to read in full as follows:

- (b) To be, and to exercise the following powers as, a member of Olean General Hospital (the "Hospital") with respect to such Hospital:
- Appoint the Hospital's board members;
 - Recommend Hospital chief executive officer candidates to the Hospital board, approve the selection of the Hospital's chief executive officer, and remove the Hospital's chief executive officer;
 - Approve the adoption and amendment of the Hospital's bylaws, subject to the approval of the Corporation's member;
 - Approve the Hospital's annual operating and capital budgets (informed by input from the Hospital), subject to the approval of the Corporation's member;

ATT 1

- Approve the Hospital's business, marketing and strategic plans (with input from the Hospital), subject to the approval of the Corporation's member;
- Approve and may initiate the filing of certificate of need applications by the Hospital, subject to the approval of the Corporation's member;
- Approve the sale, lease, mortgage or encumbrance of any Hospital asset with a value over \$100,000, subject to the approval of the Corporation's member;
- Approve any merger, business consolidation, acquisition or joint venture by the Hospital;
- Approve the purchase or sale of physician practices by the Hospital, subject to the approval of the Corporation's members;
- Approve and may initiate the commencement and settlement of litigation by the Hospital;
- Approve any filing of a bankruptcy petition by the Hospital, subject to the approval of the Corporation's member;
- Approve the dissolution of the Hospital;
- Approve the incurrence of any debt by the Hospital other than vendor debt incurred in the ordinary course of business and not inconsistent with the Hospital's budget approved by the Corporation, subject to the approval of the Corporation's member;
- Approve new clinical programs or the termination of existing clinical programs by the Hospital or the transfer of a clinical program from one Hospital campus to another, subject to the approval of the Corporation's member;
- Approve any management services agreement to which the Hospital is a party, if not already authorized by the Corporation's member or not included in a budget approved by the Corporation's member, subject to the approval of the Corporation's member;
- Initiate, negotiate and approve managed care agreements between the Hospital and a managed care organization or other payor;
- Develop integrated services and mandate Hospital participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- Allocate costs to and mandate payment of such costs by the Hospital in accordance with a cost allocation formula developed by the Corporation, subject to the approval of the Corporation's member;

- Require the Hospital to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- Exercise any power that is not specifically and explicitly reserved to the Hospital by law or regulation.

FOURTH: Paragraph (d) of Article “THIRD” of the Certificate of Incorporation of the Corporation is hereby amended to read in full as follows:

- (d) To solicit charitable contributions to advance the purposes of the Corporation, and to support the activities of its affiliates, the Hospital and its affiliates; and

FIFTH: This Certificate of Amendment of the Certificate of Incorporation of the Corporation was authorized by unanimous vote of the Board of Directors of the Corporation.

SIXTH: The New York Secretary of State is hereby designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State should mail a copy of any process against the Corporation served upon him/her is: Nixon Peabody LLP, 677 Broadway, Albany, New York, 12207.

IN WITNESS WHEREOF, the undersigned being at least eighteen years of age, has subscribed and affirmed this certificate as true under penalties of perjury on the date indicated next to her name.

Brenda McGee
Chair
Dated: March 29, 2017

**BYLAWS
OF
UPPER ALLEGHENY HEALTH SYSTEM, INC.**

Approved: March , 2017

ARTICLE I

Section 1.1 Name. The name of the corporation shall be as set forth in its Certificate of Incorporation, as may be amended from time to time. The current name of the corporation is Upper Allegheny Health System, Inc. (the "Corporation").

Section 1.2 Principal Office. The location of the principal office of the Corporation is Olean, New York.

Section 1.3 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year.

Section 1.4 Membership. The Corporation shall have one member, Kaleida Health (the "Member"). The Member and the Corporation have entered into an agreement (the "Alignment Agreement"), dated October 31, 2016. The Alignment Agreement describes the arrangement of corporate structures and powers between the Member and the Corporation. In the event of any conflict between these Bylaws and the Alignment Agreement, the Alignment Agreement shall control.

a) The Member shall have the following powers with regard to the Corporation:

- Approval and appointment of the members of the board of the Corporation;
- Appointment and removal of the chief executive officer of the Corporation;
- Approval of amendments to the certificates of incorporation and bylaws of the Corporation and Olean General Hospital ("OGH");
- Approval of the Corporation's and OGH's annual operating and capital budgets;
- Approval of sale, lease, mortgage or encumbrance of any Corporation or OGH assets in excess of \$250,000;
- Approval of any merger, business consolidation, acquisition or joint venture by the Corporation or OGH;
- Approval of any filing at the state or federal level of a bankruptcy petition, or the taking of any action regarding insolvency, by the Corporation or OGH;
- Approval of any indebtedness in excess of \$250,000 by the Corporation or OGH excluding vendor debt incurred in the ordinary course of business;

- Allocation of costs to the Corporation or OGH based upon a cost allocation formula developed jointly by the Member and the Corporation;
- Adoption of strategic plans for the Corporation;
- Approval of management agreements, in which the Corporation or OGH is a party, that have not already been authorized by the Member or are not authorized or included in Member approved budgets;
- Approval of changes in clinical services offered by the Corporation or OGH;
- Approval of certificate of need applications prepared by the Corporation or OGH; and
- Approval of settlements of administrative proceedings or litigation to which the Corporation or OGH is a party.

(b) The Corporation and, unless otherwise indicated, OGH, shall have the authority to act as follows with regard to the Member:

- Recommend to the Member the selection and removal of the members of the board of the Corporation;
- Select officers of the board of the Corporation, subject to approval by the Member;
- Recommend to the Member strategic plans for the Corporation;
- Recommend the annual operating and capital budgets of the Corporation;
- Recommend the borrowing and lending of funds by the Corporation, subject to Member approval if such debt is not vendor debt incurred in the ordinary course of business and if it is above \$250,000;
- Make material expenditures authorized in writing by the Member or included within a Member-approved budget;
- Recommend the appointment and removal of the chief executive officer of the Corporation;
- Enter into management agreements in which the Corporation or OGH is a party subject to the terms of Section 1.4(a);
- Recommend changes in clinical services offered by the Corporation or OGH; and
- Prepare certificate of need applications, subject to Member approval.

Section 1.5 INTENTIONALLY BLANK

Section 1.6 Sole Member. The Corporation is the sole member of OGH. The Corporation shall have the following powers with regard to OGH:

- (a) Appoint OGH's board members, subject to the approval of the Member;
- (b) Recommend OGH chief executive officer candidates to the OGH board, approve the selection of OGH chief executive officer, and remove OGH chief executive officer, subject to the approval of the Corporation's member;
- (c) Approve the adoption and amendment of OGH's bylaws, subject to the approval of the Member;
- (d) Approve OGH's annual operating and capital budgets (with input from OGH), subject to the approval of the Member;
- (e) Approve OGH's business, marketing and strategic plans (with input from OGH), subject to the approval of the Member;
- (f) Approve and may initiate the filing of certificate of need applications by OGH, subject to the approval of the Member;
- (g) Approve the sale, lease, mortgage or encumbrance of any OGH asset with a value over \$100,000, subject to the approval of the Member;
- (h) Approve any merger, business consolidation, acquisition or joint venture by OGH, subject to the approval of the Member;
- (i) Approve the purchase or sale of physician practices by OGH, subject to the approval of the Member;
- (j) Approve and may initiate the commencement and settlement of litigation by OGH, subject to the approval of the Member;
- (k) Approve any filing of a bankruptcy petition by OGH;
- (l) Approve the dissolution of OGH;
- (m) Approve the incurrence of any debt by OGH other than vendor debt incurred in the ordinary course of business and not inconsistent with OGH's budget approved by the Corporation;
- (n) Approve new clinical programs or the termination of existing clinical programs by OGH or the transfer of a clinical program from one OGH campus to another;

- (o) Approve any management services agreement to which OGH is a party and, if not already authorized by the Member or not included in a budget approved by the Member, subject to the approval of the Member;
- (p) Initiate, negotiate and approve managed care agreements between OGH and a managed care organization or other payor;
- (q) Develop integrated services and mandate OGH participation in such services (e.g., financial management, strategic planning, human resources, information technology, legal, quality assurance, risk management, contracting and recruitment);
- (r) Allocate costs to and mandate payment of such costs by OGH in accordance with a cost allocation formula developed by the Corporation, subject to the approval of the Member;
- (s) Require OGH to guarantee loans through a obligated group structure that will support access to capital and may include debt services; and
- (t) Exercise any power that is not specifically and explicitly reserved to OGH by law or regulation.

ARTICLE II BOARD OF DIRECTORS

Section 2.1 Management of the Corporation. The governance of the Corporation is hereby vested in the Board of Directors which shall have the full legal authority and responsibility for the conduct of the Corporation subject to the powers of the Member set forth in Section 1.4. The property, business and affairs of the Corporation shall be managed by the Board of Directors. The Directors shall act in all matters as a Board and the powers of the Board shall not reside in Directors individually.

Section 2.2 Composition of the Board of Directors.

- (a) The Board of Directors shall consist of seventeen (17) directors. At least a majority of the directors shall also be directors of the OGH's Board of Directors.
- (b) The Corporation chief executive officer shall serve as an *ex officio* voting member of the Board of Directors.
- (c) So long as the Franciscan Sisters of Allegany maintain a residence for their members in the Town of Allegany, New York, or the vicinity of Olean, New York, they shall have the right to appoint one (1) of the Elected Directors or, alternatively, provide a slate of nominees from which the Board may select and the Member may elect one (1) Elected Director. If they do not exercise such right, the Board and the Member shall fill the position in the same manner that it fills the other Elected Director positions.

- (d) Except as provided in (b) above, no director shall be an employee of the Corporation, OGH.
- (e) The Board shall include at least four (4) physicians.
- (f) As used in these Bylaws, "entire Board of Directors" means the actual number of Directors as set forth in this Section 2.2.

Section 2.3 Terms. Elected Directors shall serve three (3) year terms. Elected Directors shall be divided into three (3) classes of approximately the same size. At each annual meeting of the Member, with the recommendation of the Board, the Member shall appoint, one class of Elected Directors. Elected Directors shall serve until their successors are elected and qualified. Elected Directors shall serve a maximum of three (3) consecutive full three-year terms, after which time a director must be absent from the Board of Directors for a minimum of one (1) year before being eligible for election as an Elected Director.

Section 2.4 Qualification of Directors. The Member, in its reasonable business judgment, will seek board representation that reflects the diversity of the service areas of the OGH and includes persons with knowledge, experience, expertise and commitment which will contribute to the provision of health care services to the community and the operation of a health care system.

Section 2.5 Vacancies. In the event that a vacancy in the Board shall arise among the Elected Directors, the vacancy shall be filled by the Member. Directors elected to fill vacancies shall serve until the next Election Meeting.

Section 2.6 Resignation; Removal. Any Director may resign by delivering a written resignation to the Chair of the Board of Directors. Such resignation shall take effect upon the receipt thereof by the chair or a Vice Chair of the Board of Directors. The Board of Directors is not required to accept the resignation for the resignation to take effect. The Board of Directors may remove a Director for cause. If a person resigns or is removed from the Board of Directors, he or she shall cease to be a member of the OGH board.

ARTICLE III MEETINGS OF BOARD OF DIRECTORS

Section 3.1 Annual Meeting. Immediately after the Annual Meeting of the Member, the Board shall meet for the purpose of organization, election of officers, and the transaction of other business at the place where said annual or special meeting was held.

Section 3.2 Regular Meetings. Regular meetings of the Board shall be held at such time and place as shall be designated from time to time by resolution of the Board. If the date fixed for any such regular meeting is a legal holiday under New York or Pennsylvania law, then the meeting shall be held on the next succeeding business day, not a Saturday, or at such other time as is determined by resolution of the Board. At such meetings, the Directors shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given.

Section 3.3 Special Meetings. Special meetings of the Board shall be held whenever called by three (3) or more Directors, by the Chair or the Chief Executive Officer. Notice of each such meeting shall be given to each Director by telephone, in writing (by mail or by hand delivery), by fax or by e-mail at least twenty-four (24) hours (in the case of notice by telephone, fax or e-mail) or five (5) days (in the case of written notice by mail or hand delivery) before the time at which the meeting is to be held. Every such notice shall state the date, time and place of the meeting. If notice is sent by fax or e-mail, notice is given when directed to the individual's fax number or e-mail address provided by the individual to the Corporation; provided, that notice shall not be deemed delivered if: (a) the Corporation is unable to deliver two (2) consecutive notices to the individual by e-mail or fax; or (b) the Corporation otherwise becomes aware that notice cannot be delivered to the individual by e-mail or fax.

Section 3.4 Waiver of Notice. Notice of a meeting need not be given to any Director: (a) who submits a waiver of notice either before or after the meeting; or (b) who attends the meeting without protesting the lack of notice to him prior to or at the start of the meeting. Waivers may be provided: (i) in a writing signed by the Director either in hard copy or by affixing a signature by any reasonable means (e.g., fax signature); or (ii) by e-mail that includes information from which the recipient can reasonably determine that the transmission was authorized by the Director submitting the waiver.

Section 3.5 Place of Meetings. All meetings of the Board of Directors shall be held at such place within or outside the State of New York as shall be designated in the notice of meeting or as may be fixed by the Board of Directors.

Section 3.6 Quorum. Except as otherwise required by law or by these Bylaws, the presence of a majority of the entire Board of Directors shall constitute a quorum for the transaction of any business at any meeting. In the absence of a quorum, a majority of those present, without notice other than by announcement at the meeting, may adjourn the meeting from time to time for a period of not more than thirty (30) days at any one time until a quorum shall attend. The Secretary of the Corporation shall give notice to each Director of the adjournment at least three (3) days before the date to which the meeting was adjourned.

Section 3.7 Voting.

(a) Except as otherwise provided by law or in these Bylaws, all matters shall be decided by a vote of a majority of Directors present at the time of the vote, if a quorum is present at such time. Each Director shall be entitled to one (1) vote. Directors shall not vote by proxy.

(b) The following actions require approval by two-thirds vote of the entire Board of Directors (unless there are twenty-one or more directors, then the vote of a majority of the entire Board of Directors is required): the purchase of real property that will constitute all or substantially all of the assets of the Corporation once purchased; and the sale, lease, mortgage, exchange or other disposition of all or substantially all of the Corporation's assets (including real property). Any purchase, sale, mortgage, lease, exchange or other transfer of real property that does not require Board approval as provided in this Section may be delegated for approval by a committee of the Board. Such committee shall promptly report any actions it takes to the Board no later than the next regular meeting of the Board.

(c) The following actions (in addition to those otherwise provided in these By-laws) require approval by majority vote of the entire Board of Directors: approval of amendments to the Certificate of Incorporation; and change in the number of Directors set forth in Section 2.2 of these By-laws.

(d) Any action required or permitted to be taken by the Board of Directors or any committee may be taken without a meeting if all members of the Board or the committee consent to the adoption of a resolution authorizing the action. The resolution and the written consents shall be filed with the minutes of the Board or committee. Consents may be provided: (i) in a writing signed by the Director or committee member either in hard copy or by affixing a signature by any reasonable means (e.g., fax signature); or (ii) by e-mail that includes information from which the recipient can reasonably determine that the transmission was authorized by the Director or committee member.

Section 3.8 Presence through Communication Equipment. Any or all Directors or any committee may participate in a meeting by means of a telephone conference, electronic video screen communication or similar communications equipment. Participation by such means shall constitute presence in person at a meeting provided that all persons participating in the meeting can hear each other at the same time and each individual may participate in all matters before the Board or committee, including, but not limited to, proposing, objecting to and voting upon a specific action taken at the meeting.

Section 3.9 Executive Session. The Directors shall meet in executive session at the call of the Chair, Vice Chair or of any two (2) Directors when deemed by the Chair or such Directors to be necessary or appropriate in the management of the property, business or affairs of the Corporation. The Directors, while in executive session, may, by unanimous decision of the Directors present, invite the attendance of persons who are not Directors.

ARTICLE IV DUTIES AND POWERS OF BOARD OF DIRECTORS

Section 4.1 Standard of Care; No Compensation. The Directors shall discharge their duties in good faith and with that degree of diligence, care, and skill ordinarily prudent persons would exercise under similar circumstances. A Director shall not receive compensation for services performed as a Director, but shall be entitled to reimbursement for reasonable expenses incurred in the performance of his or her duties as director.

Section 4.2 Annual Evaluation. The Board of Directors shall evaluate the Board's own process of governance and make recommendations for any necessary changes, including amendments to the Bylaws, annually. For this purpose, the Board of Directors may retain outside consultants and counsel to assist in the evaluation process.

Section 4.3 Annual Report. The Board of Directors shall designate one meeting annually as the Annual Meeting for purposes of presenting the Annual Report. The Annual Report shall be (a) certified by a firm of independent public accountants; or (b) verified by (i) the Chief Executive Officer and Treasurer or (ii) by a majority of the Board, showing in appropriate detail the following:

- (a) the assets and liabilities, including the trust funds, of the Corporation;
- (b) the principal changes in assets and liabilities, including trust funds;
- (c) the revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes; and
- (d) the expenses or disbursements of the Corporation for both general and restricted purposes.

The Annual Report needs to provide the above information as of the end of the twelve-month fiscal period terminating not more than six months prior to the meeting at which the Annual Report is presented. The Annual Report shall be filed with the records of the Corporation and a copy included in the minutes of the Annual Meeting.

Section 4.4 Investment Matters. The Board of Directors shall complete the following actions with respect to oversight, management and reporting on donor restricted and investment assets:

- (a) Adopt or reaffirm a written investment policy, setting forth guidelines on investments and delegation of management and investment functions in accord with the standards of the New York Prudent Management of Institutional Funds Act ("NYPMIFA").
- (b) Cause accurate accounts to be kept regarding donor restricted assets separate and apart from the accounts of other assets of the Corporation. Unless the terms of a particular gift provide otherwise, the Treasurer shall make an annual report to the Board of Directors concerning assets subject to a donor restriction and the use made of such assets and of the income thereof.
- (c) Unless otherwise delegated to an investment committee, review and establish an annual spending rate for endowment funds in accordance with NYPMIFA.

ARTICLE V OFFICERS

Section 5.1 Election of Officers. The Board shall appoint, subject to the approval of the Member, a Chair, a Vice-Chair, a Secretary, and a Treasurer, and may appoint other Board officers. The Board shall recommend the appointment of the Chief Executive Officer and the Member shall appoint the Chief Executive Officer. The Board officers shall serve terms of two (2) years. Any two (2) or more offices may be held by the same person, except the offices of Chair, Secretary and Chief Executive Officer. No employee of the Corporation shall serve as Chair or officer with similar duties.

Section 5.2 Chair of the Board of Directors. The Chair of the Board of Directors shall exercise overall supervision of Board of Directors affairs and preside at all meetings of the Board of Directors; appoint members of special committees of the Board of Directors and their chairs with the consent of the Board of Directors; provide leadership to ensure that Board committees and directors complete their assigned responsibilities; serve as chairs of the Executive Committee of the Board of Directors and as an ex-officio member of all other Board committees; and direct preparation of the agenda for Board meetings. The chair shall have power to call an

executive session of the Board when determined by the chair to be necessary or appropriate in the management of the property, business or affairs of the Corporation. The Chair of the Board shall do and perform such other duties and have and exercise such other powers as from time to time may be assigned to him/her by the Board.

Section 5.3 Vice-Chair. The vice-chair shall act as chair in the absence of the chair, and when so acting shall have all the power and authority of the chair.

Section 5.4 Secretary. The Secretary shall keep or cause minutes to be kept of all meetings of the Board and shall perform like duties for committees when required. The Secretary shall, in addition, have custody of the corporate seal, cause proper notice to be given of meetings of the Board, keep a current list of the Corporation's Directors and officers and their residence addresses and perform such other duties as are incidental to his/her office and as the Board may prescribe. The Secretary shall also have custody of the minute book containing the minutes of all meetings of Directors, the Executive Committee, and any other committees which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody.

Section 5.5 Treasurer. Subject to the supervision of the Board, the Treasurer shall have custody of the funds and securities of the Corporation, and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in the books of the Corporation, and shall deposit or cause to be deposited all money and other valuable effects in the name and to the credit of the Corporation in such depository or depositories as may be designated by the Board. The Treasurer and the Chief Executive Officer shall present at the annual meeting of the Board a report in accordance with Section 519 of the Not-for-Profit Corporation Law as such section may from time to time be amended. The Treasurer shall also perform such other duties as are incidental to his/her office and as the Board may prescribe.

Section 5.6 Resignations. Any officer or agent may resign at any time by giving written notice to the Board, the Chair, or to the Chief Executive Officer. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.7 Chief Executive Officer. The Corporation will be operated and managed on a daily basis by the Chief Executive Officer. The Chief Executive Officer shall report to the Board. The Chief Executive Officer shall appoint and have the authority to remove all senior staff of the Corporation. The Corporation shall have the right, at its option from time to time, to have its corporate officers perform, on a consolidated basis, functions now performed by corporate officers at OGH. The Corporation's chief executive officer may serve as the Chief Executive Officer of OGH.

ARTICLE VI COMMITTEES

Section 6.1 In General. The Board shall form and shall select the chairs and members of at least the following committees: Executive, Finance, Audit/Compliance, Planning, Quality Assurance, Human Resources, Executive Compensation and Governance in accordance with these Bylaws. To the extent permitted by law, the Board may select persons other than Directors as non-voting members of committees of the Board and voting members of committees of the Corporation. All committees shall be chaired by a Director.

Section 6.2 Committees of the Board. Committees of the Board shall be established and the members elected by resolution of a majority of the entire Board of Directors. Only Directors shall serve as voting members of Committees of the Board. Each committee of the Board shall be comprised of at least three (3) members. Committees of the Board shall be committees to which the Board shall have delegated all or part of its final decision making authority, except that no committee shall have authority as to the following matters:

- (a) The filling of vacancies in the Board or in any committee.
- (b) The fixing of compensation of the Directors (if any) for serving on the Board or on any committee.
- (c) The amendment or repeal of the By-laws, or the adoption of new By-laws.
- (d) The amendment or repeal of any resolution of the Board which by its terms, shall not be so amendable or repealable.

Section 6.3 Committees of the Corporation. The Board of Directors may designate committees of the Corporation. The resolution authorizing any such committee shall set forth its duties, its term and who may be eligible to serve. Such committees shall not be a committee of the Board and shall not exercise any of the powers of the Board or have the authority to bind the Board.

Section 6.4 Meetings; Quorum and Voting. Each committee shall hold regular meetings at least annually if not otherwise specified. A special meeting of any committee shall be called by the Secretary upon the request of the Chair of the Board, the Chief Executive Officer or a majority of the members of such committee. In order to constitute a quorum for the transaction of business at a meeting of a committee, there shall be present in person a majority of the committee members unless otherwise specifically provided in these Bylaws. The act of a majority of the committee members at a meeting at which a quorum is present shall constitute the act of the committee.

Any committee member may resign by giving written notice of such resignation to the Chair of the Board or any member may be removed from committee membership by the same authority by which he or she was appointed. In the case of a vacancy on a committee, the Board, by resolution adopted by a majority of the entire Board, shall elect a successor for the balance of the term of such vacancy.

Section 6.5 Executive Committee. The Executive Committee shall be a committee of the Board consisting of the Chair of the Board, the Vice Chair, the Chief Executive Officer, the Treasurer, and not more than three (3) additional directors selected by the Board. The Executive Committee shall meet as needed. The presence of four (4) members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting. The authority of the Executive Committee shall be subject to the limitations set forth in Section 6.2 of this Article and the Not-for-Profit Corporation Law.

Section 6.6 Audit Committee. The Corporation shall have an Audit Committee if it is required to file an independent certified public accountant's audit report with the Attorney General pursuant to New York Executive Law Section 172-B(1). The Audit Committee shall be a committee of Board which shall be responsible for overseeing the accounting and financial reporting processes of the Corporation and the audit of the Corporation's financial statements in addition to other duties as set forth in the committee charter. The Audit Committee shall be comprised of at least three (3) directors. All committee members must be "independent Directors" as defined under the New York Not-for-Profit Corporation Law. The Board of Directors shall adopt an Audit Committee Charter to govern the operations of the Audit Committee.

ARTICLE VII INDEMNIFICATION AND INSURANCE

Section 7.1 Authorized Indemnification. Unless clearly prohibited by law or Section 7.2 of this Article, the Corporation shall indemnify any person ("Indemnified Person") made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of the Corporation, by reason of the fact that he or she (or his or her testator or intestate), whether before or after adoption of this section, (a) is or was a Director or officer of the Corporation or (b) in addition is serving or served, in any capacity, at the request of the Corporation, including as a member of a committee of the Board of Directors of the Corporation, or as director or officer of any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement) and reasonable expenses, including attorneys' fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

Section 7.2 Prohibited Indemnification. The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the person whose actions are the basis for the action or proceeding) establishes, or the Board of Directors in good faith determines, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Section 7.3 Advancement of Expenses. The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Corporation, pay or

promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 7.2 of this Article. An Indemnified Person shall cooperate in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

Section 7.4 Indemnification of Others. Unless clearly prohibited by law or Section 7.2 of this Article, the Board of Directors may approve Corporation indemnification as set forth in Section 7.1 of this Article or advancement of expenses as set forth in Section 7.3 of this Article, to a person (or the testator or intestate of a person) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made, or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 7.5 Determination of Indemnification. Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Directors shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these by-laws. Before indemnification can occur, the Board of Directors must explicitly find that such indemnification will not violate the provisions of Section 7.2 of this Article. No Director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested Directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these Bylaws.

Section 7.6 Binding Effect. Any person entitled to indemnification under these Bylaws has a legally enforceable right to indemnification which cannot be abridged by amendment of these Bylaws with respect to any event, action or omission occurring prior to the date of such amendment.

Section 7.7 Insurance. The Corporation is not required to purchase directors' and officers' liability insurance, but the Corporation may purchase such insurance if authorized and approved by the Board of Directors. To the extent permitted by law, such insurance may insure the Corporation for any obligation it incurs as a result of this Article or operation of law and it may insure directly the directors, officers, employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

Section 7.8 Nonexclusive Rights. The provisions of this Article shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of the Corporation with any Director, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article subject in all cases to the limitations of Section 7.2 of this Article.

ARTICLE VIII MISCELLANEOUS

Section 8.1 Corporate Seal. The Corporation shall have a corporate seal in the form of a circle containing the name of the Corporation, the year of the incorporation and such other details as may be approved by the Board.

Section 8.2 Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the Board may from time to time designate.

Section 8.3 Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to negotiate and/or enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 8.4 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the Board shall from time to time determine.

Section 8.5 Adoption of Policies and Procedures. The Board of Directors or designated committee of the Board, shall adopt such rules, regulations, policies and procedures as it may deem necessary and appropriate to the operation of the Corporation, including, but not limited to, a Conflicts of Interest Policy and Whistleblower Policy; provided, however, that no rule, regulations, policy or procedure may be adopted by the Corporation that is contrary to these By-laws and applicable law as may be amended from time to time.

Section 8.6 Books and Records. There shall be kept at the office of the Corporation: (1) correct and complete books and records of account; (2) minutes of the proceedings of the Board of Directors and any standing committees of the Board; (3) a current list of the Directors and officers of the Corporation and their residence addresses; (4) a copy of these By-laws; (5) a copy of the Corporation's application for recognition of exemption with the Internal Revenue Service; and (6) copies of the past three (3) years' information returns and Form 990-T's (if any) filed with the Internal Revenue Service.

ARTICLE IX AMENDMENTS

These Bylaws may be amended by the Board of Directors subject to the approval of the Member.

Schedule 16 CON Forms Specific to Hospitals Article 28

Contents:

- **Schedule 16 A - Hospital Program Information.**
- **Schedule 16 B - Hospital Community Need.**
- **Schedule 16 C - Impact of CON Application on Hospital Operating Certificate**
- **Schedule 16 D - Hospital Outpatient Departments**
- **Schedule 16 E - Hospital Utilization**
- **Schedule 16 F - Hospital Facility Access**

Schedule 16 A. Hospital Program Information

See "Schedules Required for Each Type of CON" to determine when this form is required.

Instructions: Briefly indicate how the facility intends to comply with state and federal regulations specific to the services requested, such as cardiac surgery, bone marrow transplants. For clinic services, please include the hours of service for each day of operation, name of the hospital providing back-up services (indicating the travel time and distance from the clinic) and how the facility intends to provide quality oversight including credentialing, utilization and quality assurance monitoring.

For Hospital-Based -Ambulatory Surgery Projects:
Please provide a list of ambulatory surgery categories you intend to provide.

List of Proposed Ambulatory Surgery Category

For Hospital-Based -Ambulatory Surgery Projects:
Please provide the following information:

Number and Type of Operating Rooms:

- Current:
- To be added:
- Total ORs upon Completion of the Project:

Number and Type of Procedure Rooms:

- Current:
- To be added:
- Total Procedure Rooms upon Completion of the Project:

Schedule 16 B. Community Need

See "Schedules Required for Each Type of CON" to determine when this form is required.

Public Need Summary:

Briefly summarize on this schedule why the project is needed. Use additional paper, as necessary. If the following items have been addressed in the project narrative, please cite the relevant section and pages.

1. Identify the relevant service area (e.g., Minor Civil Division(s), Census Tract(s), street boundaries, Zip Code(s), Health Professional Shortage Area (HPSA) etc.)

2. Provide a quantitative and qualitative description of the population to be served. Data may include median income, ethnicity, payor mix, etc.

3. Document the current and projected demand for the proposed service in the population you plan to serve. If the proposed service is covered by a DOH need methodology, demonstrate how the proposed service is consistent with it.

4. (a) Describe how this project responds to and reflects the needs of the residents in the community you propose to serve.

(b) Describe how this project is consistent with your facility's Community Service Implementation Plan (voluntary not-for-profit hospitals) or strategic plan (other providers).

(c) Will the proposed project serve all patients needing care regardless of their ability to pay or the source of payment? If so, please provide such a statement.

5. Describe where and how the population to be served currently receives the proposed services.

6. Describe how the proposed services will be address specific health problems prevalent in the service area, including any special experience, programs or methods that will be implemented to address these health issues.

ONLY For Applicants Seeking Permanent Life

Diagnostic and Treatment Centers seeking approval for indefinite Life MUST provide the following information:

Instructions: In the space below, please provide detailed information on the **most recent CON application** that was approved for the limited life.

- i. CON number:
- ii. Date of approval:
- iii. Number of years of limited life approved for:
- iv. OpCert number and dates:
- v. Please provide a table with information on projections by payor for year 1 and year 3 **as reported on the approved CON**. (Please identify the projections in terms of **visits or procedures**).
- vi. Please provide a table with information on actual utilization by payor for each year since the implementation of the approved CON.

Note: Please use the same category of payors for actual utilization as those used for projections in item 'v' above. Also, use the same category (i.e., **visits or procedures**) for actual utilization as those used for projections in item 'v' above.
- vii. Did you achieve those projections reported in item 'v' above?
If not, please give reasons for not meeting those projections.

**New York State Department of Health
Certificate of Need Application**

Schedule 16C

C. Impact of CON Application on Hospital Operating Certificate

Name of Active Parent:(if applicable):

Name of Facility:

Address of Facility:

Note: If the application involves an extension clinic, indicate which services should be added or removed from the certificate of the extension clinic alone, rather than for the hospital system as a whole. If multiple sites are involved, complete a separate 16C for each site.

TABLE 16C-1 AUTHORIZED BEDS

Category	Code	Current Capacity	Add	Remove	Proposed Capacity
AIDS	30		<input type="checkbox"/>	<input type="checkbox"/>	
BONE MARROW TRANSPLANT	21		<input type="checkbox"/>	<input type="checkbox"/>	
BURNS CARE	09		<input type="checkbox"/>	<input type="checkbox"/>	
CHEMICAL DEPENDENCE-DETOX *	12		<input type="checkbox"/>	<input type="checkbox"/>	
CHEMICAL DEPENDENCE-REHAB *	13		<input type="checkbox"/>	<input type="checkbox"/>	
COMA RECOVERY	26		<input type="checkbox"/>	<input type="checkbox"/>	
CORONARY CARE	03		<input type="checkbox"/>	<input type="checkbox"/>	
INTENSIVE CARE	02		<input type="checkbox"/>	<input type="checkbox"/>	
MATERNITY	05		<input type="checkbox"/>	<input type="checkbox"/>	
MEDICAL/SURGICAL	01		<input type="checkbox"/>	<input type="checkbox"/>	
NEONATAL CONTINUING CARE	27		<input type="checkbox"/>	<input type="checkbox"/>	
NEONATAL INTENSIVE CARE	28		<input type="checkbox"/>	<input type="checkbox"/>	
NEONATAL INTERMEDIATE CARE	29		<input type="checkbox"/>	<input type="checkbox"/>	
PEDIATRIC	04		<input type="checkbox"/>	<input type="checkbox"/>	
PEDIATRIC ICU	10		<input type="checkbox"/>	<input type="checkbox"/>	
PHYSICAL MEDICINE & REHABILITATION	07		<input type="checkbox"/>	<input type="checkbox"/>	
PRISONER				<input type="checkbox"/>	
PSYCHIATRIC**	08		<input type="checkbox"/>	<input type="checkbox"/>	
RESPIRATORY				<input type="checkbox"/>	
SPECIAL USE				<input type="checkbox"/>	
SWING BED PROGRAM				<input type="checkbox"/>	
TRANSITIONAL CARE	33		<input type="checkbox"/>	<input type="checkbox"/>	
TRAUMATIC BRAIN INJURY	11		<input type="checkbox"/>	<input type="checkbox"/>	
TOTAL			<input type="checkbox"/>	<input type="checkbox"/>	

*CHEMICAL DEPENDENCE: Requires additional approval by the Office of Alcohol and Substance Abuse Services (OASAS)

**PSYCHIATRIC: Requires additional approval by the Office of Mental Health (OMH)

Does the applicant have previously submitted Certificate of Need (CON) applications that have not been completed involving addition or decertification of beds?

No

Yes (Enter CON numbers to the right)

**New York State Department of Health
Certificate of Need Application**

Schedule 16C

TABLE 16C-2 LICENSED SERVICES FOR HOSPITAL CAMPUSES

LOCATION:	
<i>(Enter street address of facility)</i>	

	Current	Add	Remove	Proposed
MEDICAL SERVICES – PRIMARY CARE ⁶	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MEDICAL SERVICES – OTHER MEDICAL SPECIALTIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AMBULATORY SURGERY				
MULTI-SPECIALTY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – GASTROENTEROLOGY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – OPHTHALMOLOGY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – ORTHOPEDICS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – PAIN MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – OTHER (SPEC FY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CARDIAC CATHETERIZATION				
ADULT DIAGNOSTIC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ELECTROPHYSIOLOGY (EP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PEDIATRIC DIAGNOSTIC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PEDIATRIC INTERVENTION ELECTIVE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PERCUTANEOUS CORONARY INTERVENTION (PCI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CARDIAC SURGERY ADULT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CARDIAC SURGERY PEDIATRIC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CERTIFIED MENTAL HEALTH O/P ¹	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CHEMICAL DEPENDENCE - REHAB ²	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CHEMICAL DEPENDENCE - WITHDRAWAL O/P ²	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CLINIC PART-TIME SERVICES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COMPREHENSIVE PSYCH EMERGENCY PROGRAM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DENTAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EMERGENCY DEPARTMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPILEPSY COMPREHENSIVE SERVICES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HOME PERITONEAL DIALYSIS TRAINING & SUPPORT ⁴	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HOME HEMODIALYSIS TRAINING & SUPPORT ⁴	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LITHOTRIPSY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
METHADONE MAINTENANCE O/P ²	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RADIOLOGY-THERAPEUTIC ⁵	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RENAL DIALYSIS, ACUTE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RENAL DIALYSIS, CHRONIC [Complete the ESRD section 16C-3(a)&(b) below] ⁴	_____	_____	_____	_____

¹ A separate licensure application must be filed with the NYS Office of Mental Health in addition to this CON.

² A separate licensure application must be filed with the NYS Office of Alcoholism and Substance Abuse Services in addition to this CON.

⁴ DIALYSIS SERVICES require additional approval by Medicare

⁵ RADIOLOGY – THERAPEUTIC includes Linear Accelerators

⁶ PRIMARY CARE includes one or more of the following: Family Practice, Internal Medicine, Ob/Gyn or Pediatric

**New York State Department of Health
Certificate of Need Application**

Schedule 16C

TABLE 16C-2 LICENSED SERVICES (cont.)	Current	Add	Remove	Proposed
TRANSPLANT				
HEART - ADULT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HEART - PEDIATRIC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KIDNEY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LIVER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TRAUMATIC BRAIN INJURY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**New York State Department of Health
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Schedule 16C

TABLE 16C-3 LICENSED SERVICES FOR HOSPITAL EXTENSION CLINICS and OFF-CAMPUS EMERGENCY DEPARTMENTS

LOCATION: <small>(Enter street address of facility)</small>	MOBILE CLINIC DESIGNATION			
	Current	Add	Remove	Proposed
MEDICAL SERVICES – PRIMARY CARE ⁶	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MEDICAL SERVICES – OTHER MEDICAL SPECIALTIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AMBULATORY SURGERY				
SINGLE SPECIALTY -- GASTROENTEROLOGY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – OPHTHALMOLOGY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – ORTHOPEDICS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – PAIN MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SINGLE SPECIALTY – OTHER (SPECIFY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MULTI-SPECIALTY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CERTIFIED MENTAL HEALTH O/P ¹	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CHEMICAL DEPENDENCE - REHAB ²	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CHEMICAL DEPENDENCE - WITHDRAWAL O/P ²	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DENTAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HOME PERITONEAL DIALYSIS TRAINING & SUPPORT ⁴	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HOME HEMODIALYSIS TRAINING & SUPPORT ⁴	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LITHOTRIPSY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
METHADONE MAINTENANCE O/P ²	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RADIOLOGY-THERAPEUTIC ⁵	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RENAL DIALYSIS, CHRONIC [Complete the ESRD section 16C-3(a)&(b) below] ⁴	_____	_____	_____	_____
TRAUMATIC BRAIN INJURY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR OFF-CAMPUS EMERGENCY DEPARTMENTS ONLY⁷				
EMERGENCY DEPARTMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ A separate licensure application must be filed with the NYS Office of Mental Health in addition to this CON.

² A separate licensure application must be filed with the NYS Office of Alcoholism and Substance Abuse Services in addition to this CON.

⁴ DIALYSIS SERVICES require additional approval by Medicare

⁵ RADIOLOGY – THERAPEUTIC includes Linear Accelerators

⁶ PRIMARY CARE includes one or more of the following: Family Practice, Internal Medicine, Ob/Gyn or Pediatric

⁷ OFF-CAMPUS EMERGENCY DEPARTMENTS must meet all relevant Federal Conditions of Participation for a hospital per CMS S&C-08-08

**New York State Department of Health
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Schedule 16C

END STAGE RENAL DISEASE (ESRD)

TABLE 16C-3(a) CAPACITY	Existing	Add	Remove	Proposed
CHRONIC DIALYSIS				

If application involves dialysis service with existing capacity, complete the following table:

TABLE 16C-3(b) TREATMENTS	Last 12 mos	2 years prior	3 years prior
CHRONIC DIALYSIS			

All Chronic Dialysis applicants must provide the following information in compliance with 10 NYCRR 670.6.

1. Provide a five-year analysis of projected costs and revenues that demonstrates that the proposed dialysis services will be utilized sufficiently to be financially feasible.

2. Provide evidence that the proposed dialysis services will enhance access to dialysis by patients, including members of medically underserved groups which have traditionally experienced difficulties obtaining access to health care, such as; racial and ethnic minorities, women, disabled persons , and residents of remote rural areas.

3. Provide evidence that the hours of operation and admission policy of the facility will promote the availability of dialysis at times preferred by the patients, particularly to enable patients to continue employment.

4. Provide evidence that the facility is willing to and capable of safely serving patients.

5. Provide evidence that the proposed facility will not jeopardize the quality of care or the financial viability of existing dialysis facilities. This evidence should be derived from analysis of factors including, but not necessarily limited to current and projected referral and use patterns of both the proposed facility and existing facilities. A finding that the proposed facility will jeopardize the financial viability of one or more existing facilities will not of itself require a recommendation to of disapproval.

Mobile Clinic Site Approval Request:

One form must be submitted for each proposed mobile clinic site. Please feel free to photocopy this form as necessary. You may use attach additional sheets as necessary

Facility Name		
Proposed Site Address		
CITY	COUNTY	ZIP
Type of Facility at Site		
Name and Title of Representative at site:		
Type of Service		

Is mobile clinic in a self-contained vehicle or is equipment moved into the temporary site?

Schedule of operation

Justification for service at this site

List of current sites where these services will no longer be offered

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Schedule 16D

Schedule 16 D. Hospital Outpatient Department - Utilization projections

a	b	d	f
	Current Year Visits*	First Year Visits*	Third Year Visits*
CERTIFIABLE SERVICES			
MEDICAL SERVICES – PRIMARY CARE	9,140	23,386	23,386
MEDICAL SERVICES – OTHER MEDICAL SPECIALTIES	19,962	13,385	13,385
AMBULATORY SURGERY			
SINGLE SPECIALTY – GASTROENTEROLOGY	3,935	1,999	1,999
SINGLE SPECIALTY – OPHTHALMOLOGY			
SINGLE SPECIALTY – ORTHOPEDICS			
SINGLE SPECIALTY – PAIN MANAGEMENT			
SINGLE SPECIALTY – OTHER			
MULTI-SPECIALTY	4,791	1,751	1,751
CARDIAC CATHETERIZATION			
ADULT DIAGNOSTIC	212		
ELECTROPHYSIOLOGY			
PEDIATRIC DIAGNOSTIC			
PEDIATRIC INTERVENTION ELECTIVE			
PERCUTANEOUS CORONARY INTERVENTION (PCI)	72		
CERTIFIED MENTAL HEALTH O/P			
CHEMICAL DEPENDENCE - REHAB			
CHEMICAL DEPENDENCE - WITHDRAWAL O/P			
CLINIC PART-TIME SERVICES			
CLINIC SCHOOL-BASED SERVICES			
CLINIC SCHOOL-BASED DENTAL PROGRAM	1,006		
COMPREHENSIVE EPILEPSY CENTER			
COMPREHENSIVE PSYCH EMERGENCY PROGRAM			
DENTAL	15,865	12,601	12,601
EMERGENCY DEPARTMENT	29,230	17,770	17,770
HOME PERITONEAL DIALYSIS TRAINING & SUPPORT			
HOME HEMODIALYSIS TRAINING & SUPPORT			
LITHOTRIPSY	59	77	77
METHADONE MAINTENANCE O/P			
RADIOLOGY-THERAPEUTIC	10,248		
RENAL DIALYSIS, CHRONIC	9,069		
OTHER SERVICES			
IMAGING	34,723	30,351	30,351
THERAPIES (PT, OT, SPEECH)	34,693	35,451	35,451
Total	173,005	136,771	136,771

Note: In the case of an extension clinic, the service estimates in this table should apply to the site in question, not to the hospital or network as a whole.

*The 'Total' reported MUST be the SAME as those on Table 13D-4.

Schedule 16 E. Utilization/discharge and patient days

See "Schedules Required for Each Type of CON" to determine when this form is required

This schedule is for hospital inpatient projects only. This schedule is required if hospital discharges or patient days will be affected by $\pm 5\%$ or more, or if this utilization is created for the first time by your proposal.

Include only those areas affected by your project. Current year data, as shown in columns 1 and 2, should represent the last complete year before submitting the application. Enter the starting and ending month and year in the column heading.

Forecast the first and third years after project completion. The first year is the first twelve months of operation after project completion. Enter the starting and ending month and year being reported in the column headings.

For hospital establishment applications and major modernizations, submit a summary business plan to address operations of the facility upon project completion. All appropriate assumptions regarding market share, demand, utilization, payment source, revenue and expense levels, and related matters should be included. Also, include your strategic plan response to the escalating managed care environment. Provide a complete answer and indicate the hospital's current managed care situation, including identification of contracts and services.

Prior versions of this table referred to "incremental" changes in discharges and days. Note that the table now requires the full count of discharges and days.

Utilization/Discharge and Patient Days

Service (Beds) Classification	Current Year Start date: 1/1/2016		1st Year Start date: 1/1/2017		3rd Year Start date: 1/1/2019	
	Discharges	Patient Days	Discharges	Patient Days	Discharges	Patient Days
AIDS						
BONE MARROW TRANSPLANT						
BURNS CARE						
CHEMICAL DEPENDENCE - DETOX						
CHEMICAL DEPENDENCE - REHAB						
COMA RECOVERY						
CORONARY CARE						
INTENSIVE CARE		2128		1,150		1,127
MATERNITY	798	1,764	180	458	177	449
MED/SURG	3,797	15,805	1,702	5,192	1,668	5,088
NEONATAL CONTINUING CARE						
NEONATAL INTENSIVE CARE						
NEONATAL INTERMEDIATE CARE						
PEDIATRIC						
PEDIATRIC ICU						
PHYSICAL MEDICINE & REHABILITATION						
PRISONER						
PSYCHIATRIC	602	3,585	662	7,095	649	6,954
RESPIRATORY						
SPECIAL USE						
SWING BED PROGRAM	423	4,735				
TRANSITIONAL CARE						
TRAUMATIC BRAIN-INJURY						
OTHER (describe)						
TOTAL	5,620	28,017	2,544	13,895	2,494	13,618

Prior versions of this table referred to "incremental" changes in discharges and days. Note that the table now requires the full count of discharges and days.

Schedule 16 F. Facility Access

See "Schedules Required for Each Type of CON" to determine when this form is required.

Complete Table 1 to indicate the method of payment for inpatients and for inpatients and outpatients who were transferred to other health care facilities for the calendar year immediately preceding this application.

Start date of year for which data applies (m/c/yyyy):

Table 1. Patient Characteristics	Total Number of Inpatients	Number of Patients Transferred		
		Inpatient	OPD	ER
Payment Source				
Medicare				
Blue Cross				
Medicaid				
Title V				
Workers' Compensation				
Self Pay in Full				
Other (incl. Partial Pay)				
Free				
Commercial Insurance				
Total Patients				

Complete Table 2 to indicate the method of payment for outpatients.

Table 2. Outpatient Characteristics	Emergency Room		Outpatient Clinic		Community MH Center	
	Visits	Visits Resulting in Inpatient Admissions	Visits	Visits Resulting in Inpatient Admissions	Visits	Visits Resulting in Inpatient Admissions
Primary Payment Source						
Medicare						
Blue Cross						
Medicaid						
Title V						
Workers' Compensation						
Self Pay in Full						
Other (incl. Partial Pay)						
Free						
Commercial Insurance						
Total Patients						

A. Attach a copy of your discharge planning policy and procedures.

B. Is your facility a recipient of federal assistance under Title VI or XVI of the Public Health Service Act (Hill-Burton)?

Yes No

If yes, answer the following questions and attach the most recent report on Hill-Burton compliance from the Federal Department of Health and Human Services.

**New York State Department of Health
Certificate of Need Application**

Schedule 16F

1. Is your facility currently obligated to provide uncompensated service under the Public Health Service Act?

Yes No

If yes, provide details on how your facility has met such requirement for the last three fiscal years - including notification of the requirement in a newspaper of general circulation. Also, list any restricted trusts and endowments that were used to provide free, below-cost or charity care services to persons unable to pay.

2. With respect to all or any portion of the facility which has been constructed, modernized, or converted with Hill-Burton assistance, are the services provided therein available to all persons residing in your facility's service area without discrimination on the basis of race, color, national origin, creed, or any basis unrelated to an individual's need for the service or the availability of the needed service in the facility?

Yes No

If no, provide an explanation.

3. Does the facility have a policy or practice of admitting only those patients who are referred by physicians with staff privileges at the facility?

Yes No

4. Do Medicaid beneficiaries have full access to all of your facility's health services?

Yes No

If no, provide a list of services where access by Medicaid beneficiaries is denied or limited.

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
UPPER ALLEGHENY HEALTH SYSTEM, INC.**

The Board of Directors of Upper Allegheny Health System, Inc. (the “Corporation”) adopted the following resolutions at a duly noticed meeting of the Board at which a quorum was present on March 29, 2017.

WHEREAS, the Corporation is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purposes of (i) providing clinical health services, and operating a health care system for the provision of such services, in Southwestern New York and Northwestern Pennsylvania, (ii) being, and exercising certain powers as, the sole member of Olean General Hospital (“Olean”) and of Bradford Hospital, doing business as Bradford Regional Medical Center (“Bradford”), (iii) acting as a member of other not-for-profit corporations and as a shareholder of one or more business corporations, (iv) soliciting charitable contributions to advance and support the Corporation, and (v) taking other lawful actions that are incidental to, and consistent with, its other purposes as a not-for-profit corporation; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code (“Code”) Section 501(c)(3); and

WHEREAS, Olean is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purpose of (a) establishing, operating and maintaining a general hospital in Cattaraugus County, New York, (b) promoting and carrying on scientific research related to the care of the sick and injured, (c) participating so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community, (d) soliciting, receiving and administering funds, contributions or grants, (e) exercising all rights and privileges as a member of other not-for-profit corporations and as a shareholder of business corporations, and (f) taking any and all lawful actions which are incidental to and not inconsistent with the foregoing purposes; and

WHEREAS, Olean is tax-exempt under Code Section 501(c)(3); and

WHEREAS, Bradford is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania for purposes similar to those of Olean; and

WHEREAS, Bradford is tax-exempt under Code Section 501(c)(3); and

WHEREAS, the Corporation is the sole member of both Olean and Bradford; and

WHEREAS, the Corporation, Olean and Bradford are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the “Master Affiliation Agreement”), pursuant to which the Corporation is empowered, acting through its board of directors, to approve any merger of Olean and Bradford; and

WHEREAS, in an effort to advance the respective charitable missions of Olean and Bradford the Board has determined that it is in the best interests of both Olean and Bradford to join and merge the two entities, with Olean being the surviving entity (the "Merger"); and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, Olean and Bradford; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation, Olean and Bradford to terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Merger Agreement, the Plan of Merger and the Certificate of Merger, copies of which are attached hereto as Attachments A, B, and C, respectively; and it is further

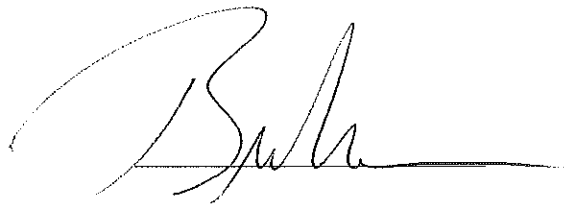
RESOLVED: that the Board hereby approves the Restated Certificate of Incorporation of Olean, a copy of which is attached hereto as Attachment D; the amended bylaws of Olean, a copy of which is attached hereto as Attachment E; the Certificate of Amendment of the Certificate of Incorporation of the Corporation, a copy of which is attached hereto as Attachment F; and the amended Bylaws of the Corporation, a copy of which is attached hereto and Attachment G; and it is further

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

Dated: March 29, 2017

A handwritten signature in black ink, appearing to be 'B. A. H.', written over a horizontal line.

Chair

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
UPPER ALLEGHENY HEALTH SYSTEM, INC.**

The Board of Directors of Upper Allegheny Health System, Inc. (the "Corporation") adopted the following resolutions at a duly noticed meeting of the Board at which a quorum was present on March 29, 2017.

WHEREAS, the Corporation is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purposes of (i) providing clinical health services, and operating a health care system for the provision of such services, in Southwestern New York and Northwestern Pennsylvania, (ii) being, and exercising certain powers as, the sole member of Olean General Hospital ("Olean") and of Bradford Hospital, doing business as Bradford Regional Medical Center ("Bradford"), (iii) acting as a member of other not-for-profit corporations and as a shareholder of one or more business corporations, (iv) soliciting charitable contributions to advance and support the Corporation, and (v) taking other lawful actions that are incidental to, and consistent with, its other purposes as a not-for-profit corporation; and

WHEREAS, the Corporation is tax-exempt under Internal Revenue Code ("Code") Section 501(c)(3); and

WHEREAS, Olean is a not-for-profit corporation organized under the laws of the State of New York formed for the specific purpose of (a) establishing, operating and maintaining a general hospital in Cattaraugus County, New York, (b) promoting and carrying on scientific research related to the care of the sick and injured, (c) participating so far as circumstances may warrant in any activity designed and carried on to promote the general health of the community, (d) soliciting, receiving and administering funds, contributions or grants, (e) exercising all rights and privileges as a member of other not-for-profit corporations and as a shareholder of business corporations, and (f) taking any and all lawful actions which are incidental to and not inconsistent with the foregoing purposes; and

WHEREAS, Olean is tax-exempt under Code Section 501(c)(3); and

WHEREAS, Bradford is a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania for purposes similar to those of Olean; and

WHEREAS, Bradford is tax-exempt under Code Section 501(c)(3); and

WHEREAS, the Corporation is the sole member of both Olean and Bradford; and

WHEREAS, the Corporation, Olean and Bradford are parties to that certain Master Affiliation Agreement, dated March 31, 2009 (the "Master Affiliation Agreement"), pursuant to which the Corporation is empowered, acting through its board of directors, to approve any merger of Olean and Bradford; and

WHEREAS, in an effort to advance the respective charitable missions of Olean and Bradford the Board has determined that it is in the best interests of both Olean and Bradford to join and merge the two entities, with Olean being the surviving entity (the “Merger”); and

WHEREAS, upon the Merger, the Master Affiliation Agreement will no longer be necessary to effect, or be accurate with regard to, the arrangement of corporate structures and powers among the Corporation, Olean and Bradford; and

WHEREAS, the Board has determined that it is advisable and in the best interests of the Corporation, Olean and Bradford to terminate the Master Affiliation Agreement when the Merger becomes effective.

NOW, THEREFORE IT IS:

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the Merger as presented to the Board in, and subject to the terms of, the Merger Agreement, the Plan of Merger and the Certificate of Merger, copies of which are attached hereto as Attachments A, B, and C, respectively; and it is further

RESOLVED: that the Board hereby approves the Restated Certificate of Incorporation of Olean, a copy of which is attached hereto as Attachment D; the amended bylaws of Olean, a copy of which is attached hereto as Attachment E; the Certificate of Amendment of the Certificate of Incorporation of the Corporation, a copy of which is attached hereto as Attachment F; and the amended Bylaws of the Corporation, a copy of which is attached hereto and Attachment G; and it is further

RESOLVED: that the Board hereby consents to, authorizes, and approves in all respects the termination of the Master Affiliation Agreement when the Merger becomes effective; and it is further

RESOLVED: that the officers of the Corporation be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to prepare all documentation, to take such action, to effect all filings and to obtain all consents, approvals, and authorizations of all third parties, regulatory authorities and other governmental authorities necessary to carry out the foregoing resolutions and to execute any such required filings or amendments or supplements to any of the foregoing; and it is further

RESOLVED: that the authority granted to the officers of the Corporation under the foregoing resolution shall be deemed to include the authority to perform such further acts and deeds as may be necessary, advisable, desirable, convenient or appropriate, in the good faith judgment of such officers, to carry out the transactions contemplated hereby and the purposes and intents of the foregoing resolutions, and all acts and deeds previously performed by the officers or counsel for the Corporation prior to the date of these resolutions that are within the authority conferred hereby, are ratified, confirmed, and approved in all respects as the authorized acts and deeds of the Corporation prior to the date of these resolutions as of the date of such acts and deeds.

Dated: March 29, 2017

Brenda L. McGuire

Chair