

August 11, 2020

VIA EMAIL

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Re: Hospital Conversion Initial Application of Chamber Inc.; Ivy Holdings Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC and Change In Effective Control Application of Prospect CharterCARE RWMC, LLC d/b/a Roger Williams Medical Center, Prospect CharterCARE SJHSRI, LLC d/b/a Our Lady of Fatima Hospital, Prospect Blackstone Valley Surgicare, LLC and Prospect CharterCARE Home Health and Hospice, LLC

Dear Attorneys Rider and Lenz, Ms. Lopes and Mr. Dexter:

Please see the attached revised financial statements of Prospect CharterCARE, LLC (“PCC”) for the fiscal years ending September 30, 2019 and 2018, Bates numbers CIIH16-006535 to CIIH16-006563, Prospect CharterCARE RWMC, LLC (“RWMC”) for the fiscal years ending September 30, 2019 and 2018, Bates numbers CIIH16-006564 to CIIH16-006594, Prospect CharterCARE SJHSRI, LLC (“SJHSRI”) for the fiscal years ending September 30, 2019 and 2018, Bates numbers CIIH16-006595 to CIIH16-006629, and Prospect Medical Holdings, Inc. (“PMH”) for the fiscal years ending September 30, 2019 and 2018, Bates numbers CIIH16-006630 to CIIH16-006692. The financial statements have been revised to accurately reflect the relationship of the MPT transaction to the Rhode Island entities, properties and assets. For ease of reference, also

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attached are blacklined versions of the financial statements showing the revisions, PCC, Bates numbers CIIH16-006693 to CIIH16-006721, RWMC, Bates numbers CIIH16-006722 to CIIH16-006752, SJHSRI, Bates numbers CIIH16-006753 to CIIH16-006786, and PMH, Bates numbers CIIH16-006787 to CIIH16-006853.

As set forth therein, the revised financial statements confirm the following points consistent with the MPT transaction documents, Bates numbers C-CIIH-001317 through C-CIIH-006139, submitted on June 19, 2020 and July 14, 2020, and the MPT attestation, Bates number CIIH23-006235 to CIIH23-006236, submitted on July 23, 2020:

- Neither PCC, RWMC, SJHSRI, or any of their respective subsidiaries, are
 - (a) parties to any agreement with MPT,
 - (b) guarantors of the obligations of PMH, or any of its other subsidiaries, owed to MPT or otherwise under the various agreements with MPT and/or its affiliates, or
 - (c) have pledged any of their assets as collateral for any obligations owed to MPT or otherwise pursuant to any agreements with MPT and/or its affiliates.

This is consistent with the letter from Pilgrim Title Insurance Company confirming that there are no mortgages on the Rhode Island properties in favor of MPT and/or its affiliates.

- The cross collateralization and cross default in the MPT agreements are among the parties and the assets included therein, which *do not* include any of the hospital operating entities, properties or assets in Rhode Island, Texas or New Jersey. Accordingly, the Rhode Island entities, properties and assets are *not* subject to any cross collateralization and cross default provisions in the MPT agreements.
- The TRS Note under which MPT has advanced to PMH \$112,937,000 is not related to the value of the properties in Rhode Island. The maturity date of the TRS Note is the earlier of July 20, 2022 or, if it occurs, a sale lease-back of the properties in Rhode Island. Any sale lease-back must be pursuant to the agreement of the parties and is subject to certain conditions precedent, including, without limitation, receipt of all regulatory approvals from the State of Rhode Island necessary for the consummation of the transaction.

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We hope this information is helpful to clarify the relationship (or more correctly, the lack thereof) between the Rhode Island entities, properties and assets and the MPT transaction. If you or Moss Adams have any questions, please contact us. As always, thank you for your consideration.

Sincerely,

/s/ Patricia K. Rocha

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cc: Jacqueline Kelley, Esq.
Leslie Parker, Esq.