RECEIVED
SEP 17 2018
SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM RICHLAND COUNTY
Court of Common Pleas

Thomas A. Russo, Circuit Court Judge

Case No. 2016-CP-40-1651

Sisters of Charity Providence Hospitals, ...Respondent,

v.

Palmetto Health,.....Appellant.

RECORD ON APPEAL

Robert L. Widener
Celeste T. Jones
Jane W. Trinkley
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

Attorneys for Appellant

James G. Carpenter
The Carpenter Law Firm, P.C.
819 East North Street
Greenville, South Carolina 29601
(864) 235-1269

Attorneys for Respondent

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM RICHLAND COUNTY
Court of Common Pleas

Thomas A. Russo, Circuit Court Judge

Case No. 2016-CP-40-1651

Sisters of Charity Providence Hospitals, ...Respondent,

v.

Palmetto Health,.....Appellant.

RECORD ON APPEAL

Robert L. Widener
Celeste T. Jones
Jane W. Trinkley
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

ATTORNEYS FOR APPELLANT

James G. Carpenter
THE CARPENTER LAW FIRM, P.C.
819 East North Street
Greenville, South Carolina 29601
(864) 235-1269

ATTORNEYS FOR RESPONDENT

INDEX

Merits Order (July 2017) 0001
59(e) Order (August 2017) 013
Attorney's Fee Order (November 2017) 014
Complaint with Exhibits A and B 017
Amended Complaint 025
Answer to Amended Complaint 029
Defendant's Motion to Reconsider July 2017 Order 036
February 8, 2017 Hearing Transcript 051
- Direct Examination of Paul Duane by Mr. Carpenter 067
- Cross-Examination of Paul Duane by Ms. Jones 107
- Direct Examination of Paul Duane by Ms. Jones 108
- Re-Direct Examination of Paul Duane by Mr. Carpenter 127
- Direct Examination of David Lee by Mr. Carpenter 135
- Cross Examination of David Lee by Ms. Jones 161

Plaintiff's Trial Exhibits 179
- Ex. 1 - Palmetto Health 2014 Form 990 179
- Ex. 2 - Palmetto Health 2013 Form 990 181
- Ex. 3 - Palmetto Health 2012 Form 990 183
- Ex. 4 - Palmetto Health 2011 Form 990 185
- Ex. 5 - Palmetto Health 2010 Form 990 187
- Ex. 6 - Palmetto Health 2009 Form 990 189
- Ex. 7 - Palmetto Health 2008 Form 990 191
- Ex. 8 - Form 990 Instructions for Statement of Revenue 193
- Ex. 9 - Consolidated Financial Statements and Independent Auditors' Report September 30, 2015 and 2014 196
- Ex. 10 Consolidated Statement of Changes in Net Assets September 30, 2014 and 2013 198
- Ex. 11 Consolidated Statement of Changes in Net Assets September 30, 2013 and 2012 199
- Ex. 12 Consolidated Statement of Changes in Net Assets September 30, 2012 and 2011 200
- Ex. 13 Consolidated Statement of Changes in Net Assets September 30, 2011 and 2010 201
- Ex. 14 Consolidated Statement of Changes in Net Assets September 30, 2010 and 2009 202
- Ex. 15 Consolidated Statement of Changes in Net Assets September 30, 2009 and 2008 203
- Ex. 16 Consolidated Statement of Changes in Net Assets September 30, 2008 and 2007 204
- Ex. 17 Consolidated Statement of Changes in Net Assets September 30, 2007 and 2006 205
- Ex. 18 Consolidated Statement of Changes in Net Assets September 30, 2006 and 2005 206

Ex. 19 Palmetto Health Other Operating Revenue Breakout
Twelve Months Ending September 30, 2015 207
Ex. 20 Letter to Anthony DeFurio, April 10, 2002 209
Ex. 21 Letter to Anthony DeFurio, March 14, 2002 214

Defendant's Trial Exhibits 220
Ex. 1 Palmetto Health Corporate Documents 220
Ex. 2 Richland County Ordinance 234
Ex. 3 Baptist Healthcare Certificate of Existence 239
Ex. 4 Palmetto Health Consolidated Financial Statements and
Independent Auditors' Report, September 30, 2015 and 2014 240
Ex. 5 Reid –v- Richland County Council Order 281
Ex. 6 Grant Information 289
Ex. 7 Grant Awards 306
Ex. 8 Palmetto Healthy Start Abstract 318
Ex. 9 Palmetto Health, Richland County Payments 336
Ex. 10 Palmetto Health, Approximate Assets Placed in Service
By Fiscal Year 337
8/31/17 Email Letter from Pl. Attorney to Trial Court 338
Certificate of Counsel

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	CIVIL ACTION NO. 16-CP-40-1651
	)	
Sisters of Charity Providence Hospitals,	)	
	)	
Plaintiff,	)	**ORDER**
	)	
v.	)	
	)	
Palmetto Health,	)	
	)	
Defendant.	)	

2017 JUL 12 A 10:

THIS MATTER came before the Court for a bench trial on February 7, 2017. Present at the trial were James G. Carpenter, Esq., for Plaintiff, and Celeste Jones, Esq., for Defendant. The Court heard testimony and received documentary evidence. Based on the evidence presented, the arguments of counsel, and the applicable law, the Court makes the following findings of facts and conclusions of law:

Factual Background

On February 8, 1998, Richland Memorial Hospital merged with Baptist Health Care System of South Carolina to form Defendant Palmetto Health. The two entities continue to exist as component parts of Palmetto Health.

Plaintiff served Defendant two requests for "public records" under the South Carolina Freedom of Information Act, S.C. Code Ann. § 30-4-10 ff. ("FOIA"). Defendant refused to produce the requested public records. Plaintiff filed this civil action to enforce FOIA.

The central controversy is a mixed question of fact and law: whether Defendant is a "public body" as defined by FOIA.

> (a) "Public body" means any department of the State, a majority of directors or their representatives of departments within the executive branch of state government as outlined in Section 1-30-10, any state board, commission, agency, and authority,

> any public or governmental body or political subdivision of the State, including counties, municipalities, townships, school districts, and special purpose districts, or **any organization, corporation, or agency supported in whole or in part by public funds or expending public funds**, including committees, subcommittees, advisory committees, and the like of any such body by whatever name known, and includes any quasi-governmental body of the State and its political subdivisions, including, without limitation, bodies such as the South Carolina Public Service Authority and the South Carolina State Ports Authority. Committees of health care facilities, which are subject to this chapter, for medical staff disciplinary proceedings, quality assurance, peer review, including the medical staff credentialing process, specific medical case review, and self-evaluation, are not public bodies for the purpose of this chapter.

S.C. Code Ann. § 30-4-20(a) (emphasis added).

The central fact in controversy is whether Defendant is an "organization . . . supported in whole or in part by public funds or expending public funds." *Id.* A related factual issue is whether Defendant has a history of complying with FOIA.

Findings of Fact and Conclusions of Law

I. Defendant Is Supported by Public Funds.

Several documents demonstrate that Palmetto Health has been receiving millions of dollars in government grants each year for many years. Each year, Defendant is required to file a federal tax Form 990. The IRS Instructions for Form 990 state the following with regard to line 1.e. of Part VIII. Statement of Revenue:

> Enter the total amount of **contributions** in the form of grants or similar payments from local, state, or federal government sources, as well as foreign governments. Include grant amounts from **U.S. possessions**.
>
> Whether a payment from a **governmental unit** is labeled a "grant" or a "contract" does not determine where the payment should be reported on part VIII. Rather, a grant or other payment from a governmental unit is reported here if its primary purpose is to enable the organization to provide a service to, or maintain a facility for, the direct benefit of the public rather than to serve the direct and immediate needs of the governmental unit. In other words, the payment is recorded on line 1e if the general public receives the primary and direct benefit from the payment and any benefit to the government unit is indirect and insubstantial as compared to the public benefit.

#2 7/18

The following are examples of governmental grants and other payments that are treated as contributions and reported on line 1.e.

- Payments by a governmental unit for the construction or maintenance of a library or museum facilities open to the public.
- Payments by governmental unit to nursing homes to provide care to the residents (but not Medicare/Medicaid or similar payments made on behalf of the residents).
- Payments by governmental unit to child placement or child guidance organizations under government programs to better serve children in the community.

Id., pp. 37-38 (emphasis in original).

Defendant's Form 990, filed from 2008 to 2014, reported the following on Part VIII line 1.e., entitled "government grants (contributions):"

2008: $4,183,656.
2009: $5,910,902.
2010: $5,695,423.
2011: $4,021,062.
2012: $1,861,225.
2013: $1,728,643.
2014: $3,266,825.

In addition, the Palmetto Health Consolidated Statements of Changes in Net Assets show "contributions and grants" as follows:

2009: $7,121,000.
2010: $7,727,000.
2011: $8,648,000.
2012: $8,946,000.
2013: $9,953,000.

Defendant produced two pages of information, SCPH_001750-51, including a detailed chart of the source of government grants for the year ending September 30, 2015. It shows twenty-three separate government grants totaling $2,068,401. These pages demonstrate that these government grants are for the general benefit of the public and not for the benefit of the governmental unit. They are grants, and Defendant is an "organization, corporation, or agency supported in whole or in part by public funds or expending public funds." S.C. Code Ann. § 30-

#3 TMR

4-20(a). Accordingly, the Court finds that Defendant is supported by public funds.

II. Defendant Expends Public Funds and Manages Their Expenditure.

David F. Lee, Palmetto Health's director for financial forecasting, testified that his department provides financial record management for the expenditures of monies from governmental grants. Lee testified as follows:

1. That "[o]ne of my responsibilities was reporting -- documentation reporting of grants and other services that we do back to the funding source."[1]

2. That he and his department use a record-keeping system to "report expenditures related to this grant . . . To make sure that the grant obligations are met, . . . and the expenditures have been spent in order for us to release the funds and record them as revenue."[2]

3. That the documentation provided by his department is "a requirement of the funding. When we receive the funding, we're required to keep the documentation of those expenditures and then report them back.[3]

4. That he and his staff "oversee those expenditures to make sure they comply with the purposes of the grant."[4]

5. That "it is fair to say that [he] manage[s] and oversee[s] the financial justifications for the expenditures."[5]

6. That the Sexual Assault Nurse Examiner (or "SANE") program is a grant or program that has been going on since 1999.[6]

7. That his department would have the responsibility for all the financial paperwork, and to make sure that the financial documentation matches up to the budget and the purposes of the grant.[7]

8. That his department oversees the expenditure of the money to make sure it spent as was intended . . . "[a]nd before we request reimbursement for it[.]"[8]

9. That his office would make sure that the expenditures are in keeping with the budget

---

[1] Tr. of R., February 8, 2017, 2016-CP-40-01651 ("Tr."), page 86, lines 2-5.
[2] Tr., p. 91, lines 12-22.
[3] Tr., p. 94, lines 16-18.
[4] Tr., p. 94, lines 19-23.
[5] Tr., p. 97, lines 9-11.
[6] Tr., p. 97, line 22—p. 98, lines 1-3.
[7] Tr., p. 98, line 21—p. 99, lines 1-2.
[8] Tr., p. 103, lines 8-11.

#4 JHF

narrative and the purposes.[9]

10. That Palmetto Health has been receiving money under a grant from The Health Resources and Services Administration in the United States Department of Health and Human Services from July 1, 2001 up through May 31, 2019. They receive about $1.2 million a year.[10]

11. That if his office did not "meet obligations," Palmetto Health would, "at some point in time, need to refund the money to the government."[11]

12. That Palmetto Health also receives a grant from the Department of Veterans' Administration, equal to the expenditures they incur, to supply the Veterans' Administration and the Veterans' Hospital with residents, and his office makes sure that the documentation is there to validate those expenditures and those actions being taken.[12]

13. That Palmetto Health also receives funds from the State of South Carolina each year for the expansion of Palmetto Health's family practice residents, and his office overseas financial aspects or the accounting for the distribution of those funds, amounting to "[a]bout $800,000 a year."[13]

The Court finds that Defendant has expended and managed the expenditure of millions of dollars of public grant funds for a variety of public grantors for many years.

III. Defendant Has a History of Complying with FOIA.

Palmetto Health is a combination of Richland Memorial Hospital and Baptist Hospital. Paul Duane, Defendant's CFO of sixteen years, testified that Palmetto Health is an "alliance:" it carries out the function of Richland Memorial Hospital and the function of Baptist Hospital as a unified entity. Defendant has a history of complying with FOIA, both in requests for public records and in the open meetings law sections of FOIA.

Duane testified that for as long as he had been attending board meetings in his sixteen years as CFO, Palmetto Health has conducted its board meetings as public meetings and gives public

[9] Tr., p. 103, lines 22-25.
[10] Tr., p. 105, line 16—p. 106, line 16.
[11] Tr., p. 107, lines 1-5.
[12] Tr., p. 107, line 19—p. 108, line 9.
[13] Tr., p. 110, ll. 5 – p. 111, l. 1.

#5 TM

notice, which would be in compliance with the open meetings provisions of FOIA, S.C. Code Ann. § 30-4-60.[14] Duane testified that, from time to time, there would be a motion and a vote to go into "executive session" to discuss contracts, strategies, legal matters, and to obtain legal advice from lawyers, in accord with S.C. Code Ann. Section 30-4-70.[15] The most recent executive session was within the last quarter.[16]

Plaintiff's Exhibits 20 and 21 demonstrate that Defendant has responded to requests under FOIA in the past. Exhibits 20 and 21 are letters from March and April of 2002, in which Palmetto Health responds to FOIA requests from Plaintiff, and copies its outside counsel on the letter.[17] The Court finds that Palmetto Health properly believed itself subject to FOIA, and conducted itself accordingly.

IV. Defendant's Defenses Are Unavailing.

Defendant contends it is not a "public body" under FOIA because FOIA does not apply "to business enterprises that receive payment from public bodies in return for supplying specific goods or services on an arm's-length basis." *Weston v. Carolina Research & Dev. Found.*, 303 S.C. 398, 404, 401 S.E.2d 161, 165 (1991). The Court finds that the arm's length transaction exception does not exempt Defendant.

a. The Arms' Length Transaction Exception Does Not Apply to Defendant.

The *Weston* court explained:

> In that situation, there is an exchange of money for identifiable goods or services and access to the public body's records would show how the money was spent. However, when a block of public funds is diverted *en masse* from a public body to a related organization, or when the related organization undertakes the management of the expenditure of public funds, the only way that the public can determine with

[14] Tr., p. 46, lines 7-19.
[15] Tr., p. 47, lines 1-16.
[16] Tr., p. 48, lines 2-9
[17] Tr., p. 48, line 20—p. 56, line 23.

#6 TM

> specificity how those funds were spent is through access to the records and affairs of the organization receiving and spending the funds.

Id. Defendants contend this exception applies to them.

However, before the *Weston* Court articulated the exception, it also described four separate holdings that it found were sufficient to subject the Defendant Foundation to the application of FOIA. In what the Court called the "second transaction," the Foundation had received $16,300,000 in federal grant money "in connection with" the construction of the Swearingen Engineering Center. The Defendant Foundation had managed the expenditure of these funds in the construction of the engineering center. The Supreme Court found that, in so doing, the Foundation had "received support from public funds and [had] expended public funds." *Id.* 303 S.C. at 402, 401 S.E.2d at 163.

Just as the Foundation in *Weston* received and expended funds for the construction of an engineering center, so has Palmetto Health received and expended funds for various purposes, and is thereby subject to FOIA. In *Weston*, the Supreme Court ruled, "[e]ach of the above transactions alone would bring the Foundation within the FOIA's definition of 'public body.'" *Id.* 303 S.C. at 403, 401 S.E.2d at 164.

In *Weston*, the Defendant Foundation argued "that the grant did not support the Foundation, but that the money went towards the cost of constructing the Swearingen Engineering Center." *Id.* 303 S.C. at 402, 401 S.E.2d at 163. The Supreme Court ruled, "[T]he Foundation clearly directed the expenditure of the funds it received." *Id.*

The Defendant Foundation made a similar argument regarding the receipt of two million dollars from the City of Columbia and $3.75 million from Richland County to help develop the Koger Center. The Foundation argued that those funds were given to it "pursuant to a contractual agreement and that once the City and County transferred the property and performance of their

#7 TMP

contractual agreement, the expenditure of public funds ended." *Id.* 303 S.C. at 402, 401 S.E.2d at 164. The Supreme Court rejected this argument as well. "This argument is not persuasive. Funds from the public coffer were given to the Foundation which managed the expenditure of the funds and the development of the real estate. By these actions, the Foundation received support from and expended public funds."

The Foundation's argument in *Weston* is the same argument made by Palmetto Health. Defendant has received millions of dollars in public funds over many years and expended the public funds, thereby subjecting itself to the provisions of FOIA.

In the *Weston* case, all the transactions addressed by the Court were in the past, and yet the Supreme Court ruled that these transactions were sufficient to make the Foundation subject to FOIA in the present. Similarly, Palmetto Health has been receiving government grants since 2001, and for at least the last eight years, the evidence demonstrates that Palmetto Health has received millions of dollars each year in government grants from state and federal sources. Although Defendant contends that these grants are for a particular purpose and are not transferred *en masse*, the Court finds that the beneficiaries of these grants are the public at large, and that no benefit is going back to the granting authority. They do not amount to a *quid pro quo*. Accordingly, these are grants and not arm's-length transactions by which a private body sells goods or services to the government. The government does not benefit from these grants; the public does.

b. A Corporate Citizen May Enforce FOIA.

Defendant argues that FOIA does not allow Plaintiff, a corporate citizen, to bring a FOIA enforcement action. Defendant relies on selections from FOIA to support its argument.

The Court finds that the plain language of FOIA authorizes this action by this Plaintiff. Under FOIA, a "person" is defined as "any individual, **corporation**, partnership, firm, **organization or association**." S.C. Code Ann. § 30-4-20(b) (emphasis added). Under FOIA,

#8 THR

"**Any person** has a right to inspect or copy any public record of a public body." S.C. Code Ann. § 30-4-30(a) (emphasis added). If a "public body" refuses to provide a "public record," "**any citizen of the State** may apply to the circuit court for either or both a declaratory judgment and injunctive relief to enforce the provisions of this chapter." S.C. Code Ann. § 30-4-100(a) (emphasis added).

Defendant argues that although a corporate citizen has a right to *request* a public record, it has no right to *enforce* FOIA in court. Such a result would be absurd, and cannot be the intention of the General Assembly. Furthermore, S.C. Code Ann. Section 30-4-100(b) disposes of such a notion quite firmly: "If **any person or entity** seeking such relief prevails, **he or it** may be awarded reasonable attorney fees and other costs of litigation." The General Assembly clearly intended that corporate citizens, such as Plaintiff, could enforce FOIA.

Corporations and other organizations have used FOIA extensively, and enforced it in the courts of South Carolina. *Society of Professional Journalists v. Sexton*, 283 S.C. 563, 324 S.E.2d 313 (1984) (journalists' society); *Weston v. Carolina Research & Dev. Found.*, 303 S.C. 398, 401 S.E.2d 161 (1991) (newspaper company); *S.C. Tax Comm'n v. Gaston Copper Recycling Corp.*, 316 S.C. 163, 447 S.E.2d 843 (1994) (County Administrator); *City of Columbia v. Am. Civil Liberties Union of S.C., Inc.*, 323 S.C. 384, 475 S.E2d 747 (1996) (ACLU); *Quality Towing, Inc. v. City of Myrtle Beach*, 345 S.C. 156, 547 S.E.2d 862 (2001) (corporation that bid unsuccessfully for a public contract); *Burton v. York County Sheriff's Dep't*, 358 S.C. 339, 594 S.E.2d 888 (2004) (newspaper company); *Seago v. Horry Cnty.*, 378 S.C. 414, 663, S.E.2d 38 (2008) (electronic mapping company); *Evening Post Publ'g Co. v. Berkeley Cnty. Sch. Dist.*, 392 S.C. 76, 708 S.E.2d 745 (2011) (newspaper company); and *Perry v. Bullock*, 409 S.C. 137, 761 S.E.2d 251 (2014) (newspaper company). The South Carolina Supreme Court has never suggested that corporate citizens or other organizations were precluded from enforcing FOIA.

#9

Both the statutes and the case law of South Carolina authorize corporations to use and enforce FOIA.

c. *Disabato* Did Not Change the Law.

Finally, Defendant quoted from *Disabato v. S.C. Ass'n. of Sch. Admin.*, 404 S.C. 433, 746 S.E.2d 329 (2013), arguing that it represented a "new holding" from the Supreme Court that hospitals are exempt from FOIA, even if they met the definition of a "public body." Defendant's reliance on this case is misplaced. The plain language of FOIA provides no support for Defendant's assertion.

FOIA lists very clearly those "Matters exempt from disclosure." Under S.C. Code Section 30-4-40, the legislature provided the exclusive list of exceptions to the public disclosure requirements found at S.C. Code Section 30-4-30. There is nothing in Section 30-4-40 that says "hospitals" are exempt from FOIA. Defendants have cited no language in FOIA that exempts "hospitals" from FOIA.

Disabato addressed the policies of FOIA competing with the First Amendment rights of school administrators to be a part of a school administrators' advocacy group, supported by public funds. The Supreme Court ruled that FOIA would affect First Amendment rights only in a minor way, because FOIA applies only to "public bodies." At the end of a lengthy opinion, the Court offered a summary of the applicable rule, not a change in the law:

> The FOIA would **not** apply to a private entity that receives public funds for a **specific purpose**. For example, the FOIA would not apply to a private organization that receives public funds to operate a childcare center or healthcare clinic. **However**, the FOIA **does** apply to any private organization that is **generally supported** by public funds.

404 S.C. 433, 456, 746 S.E.2d 329, 341 (2013) (emphasis added)

Again, this "holding" is nothing more than a summary of multiple prior holdings, and may be properly called *dicta*. The remark about a "healthcare clinic" was not a holding of the Court

#10

(there was no healthcare clinic involved in the case), and it did not represent any change in policy or interpretation of FOIA. It does not mean that all hospitals are exempt from FOIA. The clause upon which Defendants rely begins with the introductory phrase, "For example." This sentence is an unremarkable articulation of the general rule that FOIA applies to an entity generally supported by public funds, or that receives public funds *en masse*, but FOIA does not apply "to a private entity that receives public funds for a specific purpose." This explanatory statement does not break any new ground, or portend any shift in the interpretation of FOIA.

> "Public body" means . . . any public or governmental body or political subdivision of the State, including counties, municipalities, townships, school districts, and special purpose districts, or **any organization, corporation, or agency supported in whole or in part by public funds or expending public funds**, including committees, subcommittees, advisory committees, and the like of any such body by whatever name known, and includes any quasi-governmental body of the State and its political subdivisions.

S.C. Code Ann. § 30-4-20(a).

To read *Disabato* as Defendant has suggested would mean that the Supreme Court, in *dicta*, intended to create a new common law exemption to FOIA that is not found in the plain language of FOIA. Further, Defendant is a hospital, not a healthcare clinic; accordingly, even if the Supreme Court had intended to create a new common law exemption to FOIA, it did not do so for hospitals.

A hospital can be a "public body" just like any other organization supported by public funds. *See Campbell v. Marion Cnty. Hosp. Dist., d/b/a the Mullins Hosp.*, 354 S.C. 274, 580 S.E.2d 163 (2003). Defendant Palmetto Health is not merely "a private organization that receives public funds to operate a childcare center or healthcare clinic." Instead, it is a combination of public and private organizations, "that is generally supported by public funds." *Id.*

[continued on the following page]

CONCLUSION

Based upon trial testimony, exhibits, and submissions of the parties, the Court finds that Defendant is a "public body." By its denial of its status as a "public body" and its failure to produce the requested "public records," Defendant violated FOIA.

WHEREFORE, the Court:

1. Declares that Defendant is a "public body" under FOIA;
2. Declares that Plaintiff's requests are deemed approved;
3. Enjoins Defendant to provide Plaintiff a copy of all requested "public records;"
4. Grants Plaintiff its attorneys' fees and costs pursuant to S.C. Code Ann. Section 30-4-100(b); and directs Plaintiff to submit an affidavit of attorneys' fees and costs.

SO ORDERED, this 5TH day of JULY, 2017

The Honorable Thomas A. Russo
Circuit Judge, Presiding

#12 TAR

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	CIVIL ACTION NO. 2016-CP-40-1651
	)	
Sisters of Charity Providence Hospitals,	)	
	)	
Plaintiff,	)	**ORDER**
	)	
v.	)	
	)	
Palmetto Health,	)	
	)	
Defendant.	)	

2017 AUG 14 A 10:54

THIS MATTER came before the Court on Defendant's Motion to Reconsider, Alter, or Amend its Order dated July 5, 2017, pursuant to Rules 52 and 59, SCRCP. Defendant requested the Court amend that Order to find that it was not subject to the requirements of FOIA and that the documents requested by Plaintiff are not subject to disclosure under FOIA. In the alternative, Defendant requested the Court to correct two "factual inaccuracies" stated in the Order.

Having considered its original Order and the briefs of both parties pursuant to SCRCP 59(f), the Court is not persuaded that it made any errors of law; instead, it appears that Defendant reiterated arguments from trial that the Court has already thoroughly considered. However, the Court does take this opportunity to issue an Amended Order to clarify two points of fact: (1) that Defendant is a related but separate entity of Richland Memorial Hospital and Baptist Healthcare System; and (2) that two separate FOIA requests were made by Plaintiff—one to Palmetto Health, one to Palmetto Health Richland a/k/a Richland Memorial Hospital—which were both denied.

AND IT IS SO ORDERED this 1st day of August, 2017.

The Honorable Thomas A. Russo
Circuit Judge, Presiding

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	CIVIL ACTION NO. 16-CP-40-01651
	)	
Sisters of Charity Providence Hospitals, Plaintiff,	)	**ORDER GRANTING PLAINTIFF'S ATTORNEY'S FEES**
v.	)	
Palmetto Health, Defendant.	)	

FILED
2017 NOV -6 PM 1:45
ANNETTE W. MCBRIDE
C.C.P. & G.S.

1. This Freedom of Information Act (FOIA) enforcement action came before the Court for a bench trial on February 7, 2017.
2. "If a person or entity seeking such [FOIA] relief prevails, he or it may be awarded reasonable attorney fees and other costs of litigation." S.C. Code Ann. § 30-4-100(b).
3. On July 5, 2017, this Court entered an Order enforcing FOIA and ruling that Plaintiff should be granted its attorney's fees and costs pursuant to S.C. Code Ann. § 30-4-100(b), directing Plaintiff to submit an affidavit of attorney's fees and costs.
4. The Plaintiff has submitted its council's affidavit as directed, claiming attorney's fees for time spent and litigation costs totaled $45,502.10 from May of 2015 through June 30, 2017.
5. At the hearing on attorney's fees held August 30, 2017, in Florence, South Carolina, Plaintiff conceded it was not owed fees for four hours and thirty minutes that it billed its client at a rate of $300-$400 per hour regarding non-spoliation letters and a FOIA request. The Court will not consider or award those fees.

[*Continued on following page*]

#1

6. The Court agrees with Defendant that Plaintiff should not have billed its client for work on a motion for partial summary judgment in January of 2017 because there was no motion for partial summary judgment in this case. The Court will not consider or award those fees.

7. As to an award for the remaining fees requested, this Court considered the following:

   a. The nature, extent, and difficulty of the case: The Court finds that the Freedom of Information Act and related matters are complex, heavily regulated, and can present numerous legal issues, thus justifying the fees charged.

   b. The time necessarily devoted to the case: The Court finds that the articulated time entries are reasonable.

   c. Professional standing of counsel: This Court is familiar with the work of the Plaintiff's attorneys, and knows them to be well-respected and experienced attorneys in this state.

   d. Contingency of compensation: Contingency of compensation is not relevant because this was not a contingency fee case.

   e. Beneficial results obtained: Plaintiff sought a declaration that Defendant was a public body and that Plaintiff should be awarded documents under FOIA; it fully prevailed on both counts.

   f. Customary legal fees for similar services: The Court also finds that the legal fees charged were appropriate and customary for similar services.

8. The Court has afforded Defendants an opportunity to object and has considered any objections.

[*Continued on following page*]

#2 THR

9. The Court finds that the requested attorney's fees and costs were reasonable and that Plaintiffs are entitled to an award of attorney's fees and costs of **$43,102.10** for work from May of 2015 through June 30, 2017.

AND IT IS SO ORDERED, this 8th day of Nov., 2017.

The Honorable Thomas A. Russo
Presiding Judge

Florence, South Carolina

#3
TAR

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	CIVIL ACTION NO. 16-CP-40-_____
	)	
Sisters of Charity Providence Hospitals, Plaintiff,	)	
v.	)	**Complaint for FOIA Enforcement**
Palmetto Health, Defendant.	)	

RICHLAND COUNTY FILED
2016 MAR 15 AM 9:40
JEANNETTE W. WAMPLER
CLERK C.P. & G.S.

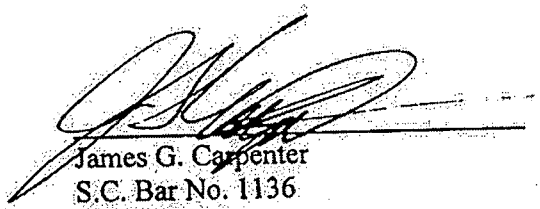
Plaintiff, complaining of the Defendant, would show unto the Court:

1. Plaintiff Sisters of Charity Providence Hospitals is a corporation, not for profit, organized and existing under the laws of the State of South Carolina and dedicated to the public good.
2. Defendant Palmetto Health is a "public body" whose principal place of business is in Richland County, South Carolina.
3. This Court has jurisdiction under the South Carolina Freedom of Information Act ("FOIA").
4. Venue is properly placed in Richland County.
5. Plaintiffs served Defendant with two FOIA requests for "public records" (Exhibits A and B), which Defendant received June 11, 2015 and July 28, 2015 (Exhibits C and D).
6. In response to the two FOIA requests, the Defendant denied that it is a "public body" under FOIA and refused to produce the requested "public records." (Exhibits E and F).
7. Upon information and belief, Defendant is a "public body" under FOIA, and by its denial of its status as a "public body" and its failure to produce the requested "public records," Defendant violated FOIA.

WHEREFORE, Plaintiffs pray the Court for an Order:

1. Declaring that Defendant is a "public body" under FOIA;
2. Declaring that Plaintiff's requests are deemed approved;
3. Enjoining Defendant to provide Plaintiff a copy of all requested "public records;"
4. Awarding the Plaintiff its attorneys' fees and costs of litigation pursuant to S.C. Code Ann. § 30-4-100(b); and
5. Granting Plaintiff such other and further relief as the Court deems just and proper.

Respectfully submitted,
THE CARPENTER LAW FIRM, P.C.



James G. Carpenter
S.C. Bar No. 1136
819 E. North Street
Greenville, SC 29601
Telephone: (864) 235-1269
Facsimile: (864) 242-5500
Attorney for Plaintiff

CARPENTER
ATTORNEYS AND COUNSELORS AT LAW

*JAMES G. CARPENTER
james.carpenter@carpenterlawfirm.net
JENNIFER J. MILLER
jennifer.miller@carpenterlawfirm.net
L. WARREN CLAYTON, III
warren.clayton@carpenterlawfirm.net
*LICENSED IN S.C. & N.C.

June 9, 2015

Charles D. Beaman, Jr., CEO
Palmetto Health
Corporate Campus
1301 Taylor Street, 9th Floor
Columbia, SC 29201

**VIA CERTIFIED MAIL –
RETURN RECEIPT REQUESTED**

CERTIFIED MAIL
RE: FOIA Request
9202 1922 9161 2902 2000 13

Re: Freedom of Information Act Request

Dear Mr. Beaman:

On behalf of my client, Sisters of Charity Providence Hospitals and pursuant to the South Carolina Freedom of Information Act, SC Code Ann. § 30-4-10 et seq., and 5 U.S.C. § 552 et seq., I respectfully request that you mail me complete copies of the following public records in your possession:

1. Any and all agreements entered into between Palmetto Health, its subsidiaries or affiliated companies (collectively "Palmetto Health") and the following physicians:

Kim J. Chillag, MD
John Clavet, MD
P. Doug DeHoll, MD
William T. Felmly, MD
David B. Fulton, MD
Wendell Holmes, Jr., MD
Jeffrey S. Hopkins, MD
Michael P. Horan, MD, MS
Christopher R. Hydorn, MD
Mark D. Locke, MD
Earl B. McFadden, Jr., MD
Pranitha Nallu, MD

PLAINTIFF'S EXHIBIT A

Frank K. Noojin, III, MD
Michael W. Peelle, MD, MHA
Mickey F. Plymale, MD
Bradley P. Presnal, MD
Ryan M. Putnam, MD
David A. Scott, MD
W. Bret Smith, DO, MS
Jacquelyn F. Van Dam, MD
W. Alaric Van Dam, MD
Mae Young, MD

(collectively going forward these individuals are referred to as the "Moore Orthopedic Physicians")

2. Any and all agreements entered into between Palmetto Health and Ryan Hall;

3. Any and all communications, whether electronic (i.e. email or texts) or otherwise, between Palmetto Health and any of the Moore Orthopedic Physicians from January 1, 2013 to the present.

(narrow)

4. Any and all communications, whether electronic (i.e. email or texts) or otherwise, between Palmetto Health and Ryan Hall from January 1, 2013 to the present.

5. Any and all communications, whether electronic (i.e. email or texts) or otherwise, between Palmetto Health and any employee of Providence Hospitals relating to the Moore Orthopedic Physicians from January 1, 2013 to the present.

6. Any and all communications in Palmetto Health's possession relating to any proposed or actual contractual relationships with the Moore Orthopedic Physicians.

7. All documents relating to any proposed or actual contractual relationships with the Moore Orthopedic Physicians.

In the event you determine that a requested document contains material or information within the statutory exemptions to mandatory disclosure, I request you review such material for discretionary disclosure. Similarly, in the event you determine a document contains material or information within the statutory exemptions to mandatory disclosure, I request, in accordance with the provisions of S.C. CODE ANN. § 30-4-40(b), you produce any and all reasonably segregable portions of such document.

If you determine that all documents responsive to any individual requested item (or portion thereof) have been disclosed or specifically identified and withheld under the claim of authority, I request specific written confirmation of such fact. In the event you determine you have no document responsive to an individual request item (or portion thereof), I request specific written confirmation of that fact.

This request constitutes notice of demand for production of all described documents. If, for any reason, you determine that you will not send us any document (or portion thereof), or that this

request will not, in whole or in part, be complied with, I request prompt notice of any action taken. In addition, I request such notice include complete identification of the withheld documents (or portions thereof) by title, author, date, nature of such material, and a thorough explanation of all legal and factual bases for your determination to deny disclosure. I request that in responding to this request you adhere to the time limitations set forth in S.C. CODE ANN. § 30-4-30(c).

I will pay the reasonable and direct costs of locating and reproducing the requested documents to the extent required by S.C. CODE ANN. § 30-4-30(b). However, I request prior notice should you determine that such costs will exceed $500.00.

Thank you for your assistance. Should you have any questions, please do not hesitate to call my office at (864) 235-1269.

Sincerely yours,
THE CARPENTER LAW FIRM, P.C.

James G. Carpenter

RECEIPT
9207 1927 9651 2900 0000 13

FROM:
James G. Carpenter
RE: FOIA Request

SEND TO:
Charles D. Beaman, Jr., CEO
Palmetto Health, Corporate Cen
1301 Taylor Street, 9th Floor
Columbia SC 29201

FEES:

Postage	0.48
Certified Fee	3.45
Return Receipt	2.80
Restricted	
TOTAL	$ 6.73

POSTMARK OR DATE

CARPENTER
ATTORNEYS AND COUNSELORS AT LAW

*JAMES G. CARPENTER
james.carpenter@carpenterlawfirm.net
JENNIFER J. MILLER
jennifer.miller@carpenterlawfirm.net
L. WARREN CLAYTON, III
warren.clayton@carpenterlawfirm.net
*LICENSED IN S.C. & N.C.

July 24, 2015

John J. Singerling III, President
Palmetto Health Richland
a/k/a Richland Memorial Hospital
5 Richland Medical Park Dr.
Columbia, SC 29203

CERTIFIED MAIL

RE: FOIA Request

9207 1927 9651 2400 0000 15

Re: Freedom of Information Act Request

Dear Mr. Singerling:

On behalf of my client, Sisters of Charity Providence Hospitals and pursuant to the South Carolina Freedom of Information Act, SC Code Ann. § 30-4-10 et seq., and 5 U.S.C. § 552 et seq., I respectfully request that you mail me complete copies of the following public records in your possession:

1. Any and all agreements entered into between Palmetto Health Richland a/k/a Richland Memorial Hospital, its subsidiaries or affiliated companies (collectively "Richland Memorial") and the following physicians:

Kim J. Chillag, MD
John Clavet, MD
P. Doug DeHoll, MD
William T. Felmly, MD
David B. Fulton, MD
Wendell Holmes, Jr., MD
Jeffrey S. Hopkins, MD
Michael P. Horan, MD, MS
Christopher R. Hydorn, MD
Mark D. Locke, MD
Earl B. McFadden, Jr., MD
Pranitha Nallu, MD
Frank K. Noojin, III, MD
Michael W. Peelle, MD, MHA

PLAINTIFF'S EXHIBIT B

Mickey F. Plymale, MD
Bradley P. Presnal, MD
Ryan M. Putnam, MD
David A. Scott, MD
W. Bret Smith, DO, MS
Jacquelyn F. Van Dam, MD
W. Alaric Van Dam, MD
Mae Young, MD

(collectively going forward these individuals are referred to as the "Moore Orthopedic Physicians")

2. Any and all agreements entered into between Richland Memorial and Ryan Hall;

3. Any and all communications, whether electronic (i.e. email or texts) or otherwise, between Richland Memorial and any of the Moore Orthopedic Physicians from January 1, 2013 to the present.

4. Any and all communications, whether electronic (i.e. email or texts) or otherwise, between Richland Memorial and Ryan Hall from January 1, 2013 to the present.

5. Any and all communications, whether electronic (i.e. email or texts) or otherwise, between Richland Memorial and any employee of Providence Hospitals relating to the Moore Orthopedic Physicians from January 1, 2013 to the present.

6. Any and all communications in Richland Memorial's possession relating to any proposed or actual contractual relationships with the Moore Orthopedic Physicians.

7. All documents relating to any proposed or actual contractual relationships with the Moore Orthopedic Physicians.

In the event you determine that a requested document contains material or information within the statutory exemptions to mandatory disclosure, I request you review such material for discretionary disclosure. Similarly, in the event you determine a document contains material or information within the statutory exemptions to mandatory disclosure, I request, in accordance with the provisions of S.C. CODE ANN. § 30-4-40(b), you produce any and all reasonably segregable portions of such document.

If you determine that all documents responsive to any individual requested item (or portion thereof) have been disclosed or specifically identified and withheld under the claim of authority, I request specific written confirmation of such fact. In the event you determine you have no document responsive to an individual request item (or portion thereof), I request specific written confirmation of that fact.

This request constitutes notice of demand for production of all described documents. If, for any reason, you determine that you will not send us any document (or portion thereof), or that this request will not, in whole or in part, be complied with, I request prompt notice of any action taken.

In addition, I request such notice include complete identification of the withheld documents (or portions thereof) by title, author, date, nature of such material, and a thorough explanation of all legal and factual bases for your determination to deny disclosure. I request that in responding to this request you adhere to the time limitations set forth in S.C. CODE ANN. § 30-4-30(c).

I will pay the reasonable and direct costs of locating and reproducing the requested documents to the extent required by S.C. CODE ANN. § 30-4-30(b). However, I request prior notice should you determine that such costs will exceed $500.00.

Thank you for your assistance. Should you have any questions, please do not hesitate to call my office at (864) 235-1269.

Sincerely yours,
THE CARPENTER LAW FIRM, P.C.

James G. Carpenter

RECEIPT
9207 1927 9651 2900 0000 15

FROM:
James G. Carpenter
RE: FOIA Request

SEND TO:
John J. Singerling III, President
Palmetto Health Richland
a/k/a Richland Memorial Hospital
5 Richland Medical Park Dr.
Columbia SC 29203

FEES:

Postage	0.48
Certified Fee	3.30
Return Receipt	2.70
Restricted	
TOTAL	$ 6.48

POSTMARK OR DATE

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	CIVIL ACTION NO. 16-CP-40-01651
	)	
Sisters of Charity Providence Hospitals, Plaintiff,	)	
	)	
v.	)	
	)	
Palmetto Health, Defendant.	)	

Amended Complaint for FOIA Enforcement

2016 MAY -6 PM 12:23
RICHLAND COUNTY
FILED

Plaintiff, complaining of the Defendant, would show unto the Court:

1. Plaintiff Sisters of Charity Providence Hospitals is a corporation, not for profit, organized and existing under the laws of the State of South Carolina and dedicated to the public good.
2. Defendant Palmetto Health is a "public body" whose principal place of business is in Richland County, South Carolina.
3. This Court has jurisdiction under the South Carolina Freedom of Information Act ("FOIA").
4. Venue is properly placed in Richland County.
5. Plaintiffs served Defendant with two FOIA requests for "public records" (Exhibits A and B), which Defendant received June 11, 2015 and July 28, 2015 (Exhibits C and D).
6. Defendant Palmetto Health Richland was originally founded in 1892 as Columbia Hospital, a public hospital, supported by public funds.
7. In 1921 Columbia Hospital was turned over to Richland County and eventually became Richland Memorial Hospital, and continued to be a public hospital, supported by public funds and by assets of the City of Columbia and Richland County.

8. In 1921 control of the hospital was turned over to the Richland County delegation, a public body. The County, a public body administered the hospital through Board of Trustees whose members the County selected for approval appointment by the Governor of the State. This method of governance remains in place today, demonstrating that the Defendant continues to be a public body.

9. The hospital's continued growth in the 1920s was financed through Richland County taxes and a $300,000 Richland County bond issue that was used to retire indebtedness, provide maintenance and meet the need for new buildings.

10. In November, 1964, Richland County voters approved a $6 million bond issue for the construction of a new hospital. Federal funds were also used to meet part of the cost of the new hospital.

11. In 1972, the Defendant hospital was renamed the Richland Memorial Hospital.

12. In the 1970s, the Medical University of South Carolina, another public body, sponsored and built a dental clinic in the hospital, with public funds.

13. In 1975 the Defendant hospital built a new ambulatory care center to accommodate full-time faculty members of the University of South Carolina School of Medicine, a public body, whose employees combine private practice with work in the Richland Memorial teaching clinics.

14. On February 8, 1998, Richland Memorial Hospital merged with Baptist Health Care System of South Carolina to form the Defendant Palmetto Health, which has continued to be a public body.

15. Today, the Defendant continues to be a regional community teaching hospital, which, upon information and belief is supported by public funds.

16. Today, the Defendant's Research Division collaborates with others state and national research institutions, and upon information and belief, is funded with grants of public funds.

17. Today, the Defendant is associated and affiliated with the University of South Carolina School of Medicine, a public body, sharing employees with the School of Medicine, which is supported by public funds.

18. Today, Richland County and the Board of Trustees of Richland Memorial Hospital lease all real and personal property of the former Richland Memorial Hospital held by the County and the Board of Trustees to the Defendant via a 35-year lease, which can be automatically extended for four, five-year periods. Upon information and belief, the lease payment is far below market rate, and in that sense, the County and the Board of Trustees of Richland Memorial Hospital continue to financially support the Defendant with public funds.

19. Today, the Defendant hospital continues to utilize and benefit from all the public funds that have been contributed to the current hospital and its corporate predecessors for more than 100 years, and the Defendant hospital continues to be a "public body" under FOIA.

20. In response to the two FOIA requests, the Defendant falsely denied that it is a "public body" under FOIA and refused to produce the requested "public records." (Exhibits E and F).

21. Defendant is a "public body" under FOIA, and by its false denial of its status as a "public body" and its failure to produce the requested "public records," Defendant violated FOIA.

WHEREFORE, Plaintiffs pray the Court for an Order:

1. Declaring that Defendant is a "public body" under FOIA;

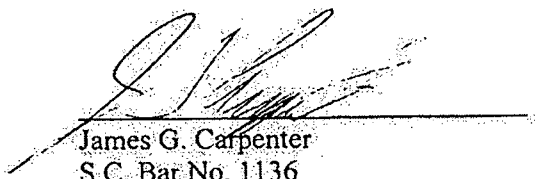
2. Declaring that Plaintiff's requests are deemed approved;

3. Enjoining Defendant to provide Plaintiff a copy of all requested "public records;"

4. Awarding the Plaintiff its attorneys' fees and costs of litigation pursuant to S.C. Code Ann. § 30-4-100(b); and

5. Granting Plaintiff such other and further relief as the Court deems just and proper.

Respectfully submitted,
THE CARPENTER LAW FIRM, P.C.



James G. Carpenter
S.C. Bar No. 1136
819 E. North Street
Greenville, SC 29601
Telephone: (864) 235-1269
Facsimile: (864) 242-5500
Attorney for Plaintiff

STATE OF SOUTH CAROLINA COUNTY OF RICHLAND	)	IN THE COURT OF COMMON PLEAS
Sisters of Charity Providence Hospitals, Plaintiff, vs. Palmetto Health, Defendant.	)	CASE NO. 16-CP-40-01651 ANSWER TO AMENDED COMPLAINT FOR FOIA ENFORCEMENT

RICHLAND COUNTY
FILED
2016 OCT 11 PM 12:09
ANNETTE W. MCBRIDE
C.C.P. & G.S.

Defendant, Palmetto Health, for its answer to the Amended Complaint for FOIA Enforcement, states and alleges the following. Every allegation not specifically admitted in this Answer is expressly denied.

1. In response to paragraph 1 of the Amended Complaint, Defendant lacks knowledge or information sufficient to form a belief as to the truth of the allegations.

2. In response to paragraph 2 of the Amended Complaint, Defendant denies that it is a "public body." Defendant admits that it is a non-profit corporation with its principal place of business located in Richland County, South Carolina.

3. Defendant denies the allegations contained in paragraph 3 of the Amended Complaint.

4. In response to paragraph 4 of the Amended Complaint, Defendant does not contest venue in Richland County, South Carolina.

5. Defendant denies the allegations in paragraph 5 of the Amended Complaint, and denies that any exhibits are attached to the Amended Complaint. In further response to paragraph 5 of the Amended Complaint, Defendant admits receipt, on June 11, 2015, of a letter from Plaintiff's counsel dated June 9, 2015, which purported to be a Freedom of Information Act (FOIA)

request to Palmetto Health. Defendant denies that the request was "served." Defendant denies receipt of a second FOIA request to Palmetto Health from Plaintiff. Defendant denies the remaining allegations of paragraph 5 of Plaintiff's Amended Complaint.

6. Defendant denies the allegations of paragraph 6 of the Amended Complaint.

7. Paragraph 7 of Plaintiff's Amended Complaint contains legal conclusions to which no response is required. Paragraph 7 also contains allegations concerning entities other than Palmetto Health, and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent paragraph 7 contains factual allegations about defendant, Palmetto Health, those allegations are denied.

8. The first and second sentences of paragraph 8 of Plaintiff's Amended Complaint contain legal conclusions to which no response is required. The first and second sentences of paragraph 8 also contain allegations concerning entities other than Palmetto Health and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent the first and second sentences of paragraph 8 of Plaintiff's Amended Complaint contain factual allegations about defendant Palmetto Health, those allegations are denied. Defendant denies the third sentence of paragraph 8 of Plaintiff's Amended Complaint.

9. Paragraph 9 of Plaintiff's Amended Complaint contains legal conclusions to which no response is required. Paragraph 9 also contains allegations concerning entities other than Palmetto Health, and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent paragraph 9 contains factual allegations about defendant, Palmetto Health, those allegations are denied.

10. Paragraph 10 of Plaintiff's Amended Complaint contains legal conclusions to which no response is required. Paragraph 10 also contains allegations concerning entities other than Palmetto Health, and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent paragraph 10 contains factual allegations about defendant, Palmetto Health, those allegations are denied.

11. Paragraph 11 of Plaintiff's Amended Complaint contains legal conclusions to which no response is required. Paragraph 11 also contains allegations concerning entities other than Palmetto Health, and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent paragraph 11 contains factual allegations about defendant, Palmetto Health, those allegations are denied.

12. Paragraph 12 of Plaintiff's Amended Complaint contains legal conclusions to which no response is required. Paragraph 12 also contains allegations concerning entities other than Palmetto Health, and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent paragraph 12 contains factual allegations about defendant, Palmetto Health, those allegations are denied.

13. Paragraph 13 of Plaintiff's Amended Complaint contains legal conclusions to which no response is required. Paragraph 13 also contains allegations concerning entities other than Palmetto Health, and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent paragraph 13 contains factual allegations about defendant, Palmetto Health, those allegations are denied.

14. Defendant denies the allegations of paragraph 14 of the Amended Complaint.

15. Defendant denies the allegations of paragraph 15 of the Amended Complaint. In further response to paragraph 15 of Plaintiff's Amended Complaint, defendant Palmetto Health

admits that it receives funds from governmental bodies "in return for providing specific goods and services on an arms length basis" as that phrase is used in Weston v. Carolina Research & Dev. Foundation, 303 S.C. 398, 404, 401 S.E.2d 161, 165 (1991). Defendant denies the remaining allegations of paragraph 15 of Plaintiff's Amended Complaint, including the allegation that Palmetto Health is supported by public funds.

16. Paragraph 16 of the Amended Complaint contains a number of undefined terms that are so vague, general and ambiguous that Defendant is unable to formulate a response. In further response to paragraph 16 of Plaintiff's Amended Complaint, defendant Palmetto Health admits that it receives funds from governmental bodies "in return for providing specific goods and services on an arms length basis" as that phrase is used in Weston v. Carolina Research & Dev. Foundation, 303 S.C. 398, 404, 401 S.E.2d 161, 165 (1991). Defendant denies the remaining allegations of paragraph 16 of Plaintiff's Amended Complaint, including the allegation that Palmetto Health is funded with grants of public funds.

17. Paragraph 17 of the Amended Complaint contains a number of undefined terms that are so vague, general and ambiguous that Defendant is unable to formulate a response. Paragraph 17 of the Amended Complaint contains legal conclusions to which no response is required. Paragraph 17 also contains allegations concerning entities other than Palmetto Health, and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent paragraph 17 contains factual allegations about defendant, Palmetto Health, those allegations are denied.

18. Defendant denies the allegations in Paragraph 18 of the Amended Complaint. Paragraph 18 of Plaintiff's Amended Complaint contains legal conclusions to which no response is required. Paragraph 18 also contains allegations concerning entities other than Palmetto Health,

and about which this Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations. To the extent the allegations of Paragraph 18 relate to or reference the provisions of a legal document to which Defendant Palmetto Health is a signatory, Defendant craves reference to the terms of the document and denies all allegations inconsistent therewith. To the extent Paragraph 18 contains other allegations about defendant, Palmetto Health, those allegations are denied.

19. Defendant denies the allegations of paragraph 19 of Plaintiff's Amended Complaint.

20. Defendant denies the allegations of paragraph 20 of Plaintiff's Amended Complaint.

21. Defendant denies the allegations of paragraph 21 of Plaintiff's Amended Complaint.

FOR A SECOND DEFENSE

22. Defendant incorporates by reference all the foregoing paragraphs as if fully set forth herein.

23. Plaintiff is not a citizen of the State of South Carolina.

24. Plaintiff lacks standing to bring the claim asserted in the Amended Complaint. Therefore, Plaintiff's claim should be dismissed pursuant to Rule 12(b)(1).

FOR A THIRD DEFENSE

25. Defendant incorporates by reference all the foregoing paragraphs as if fully set forth herein.

26. Application of FOIA to a non-profit corporation engaged in healthcare is unconstitutional.

27. Application of FOIA to a non-profit corporation's employment of physicians and other allied healthcare workers is unconstitutional.

FOR A FOURTH DEFENSE

28. Defendant incorporates by reference all the foregoing paragraphs as if fully set forth herein.

29. Plaintiff's Amended Complaint fail to state facts sufficient to constitute a cause of action against Defendant. Therefore, Plaintiff's claim should be dismissed pursuant to Rule 12(b)(6), SCRCP.

FOR A FIFTH DEFENSE

30. Defendant incorporates by reference all the foregoing paragraphs as if fully set forth herein.

31. Plaintiff's claim is barred by the doctrine of unclean hands.

CONDITIONAL COUNTERCLAIM

32. Defendant incorporates by reference all the foregoing paragraphs as if fully set forth herein.

33. In the event that the Court were to find Palmetto Health to be a public body within the meaning of S.C. Code Ann., § 30-40-20(a) (2007), then Defendant asserts this counterclaim against Plaintiff, Sisters of Charity Providence Hospital. If the Court finds Palmetto Health to be a "public body," Plaintiff is likewise a "public body" within the meaning of FOIA.

34. On April 11, 2016, Palmetto Health served Plaintiff with a request for documents pursuant to FOIA.

35. On May 2, 2016, an entity named LifePoint Health informed Palmetto Health that "effective February 1, 2016, Providence Hospital, LLC purchased Providence Hospital under an

asset purchase agreement," that "Providence Hospital, LLC is a private entity" not subject to FOIA, and that Providence Hospital, LLC "declines to comply" with Palmetto Health's FOIA request.

36. Palmetto Health received from Plaintiff no response to Palmetto Health's FOIA request to Plaintiff.

37. To the extent FOIA applies to Plaintiff, Plaintiff has violated FOIA.

WHEREFORE, having fully answered the Amended Complaint of the Plaintiff, the Defendant prays that Plaintiff's Amended Complaint be dismissed, with prejudice, and that the Plaintiff recover nothing from the Defendant, that the Defendant be awarded its fees and costs, as well as judgment against Plaintiff on its counterclaim, and for such other and further relief as the Court may deem just and proper, including attorney's fees.

Celeste T. Jones, Esquire (SC Bar #3173)
Jane W. Trinkley, Esquire (SC Bar #5633)
McNair Law Firm, P.A.
P.O. Box 11390
Columbia, SC 29211
(803) 799-9800
(803) 753-3278 (fax)
cjones@mcnair.net
jtrinkley@mcnair.net

ATTORNEYS FOR DEFENDANT

October 10, 2016
Columbia, South Carolina

STATE OF SOUTH CAROLINA COUNTY OF RICHLAND	)	IN THE COURT OF COMMON PLEAS
Sisters of Charity Providence Hospitals, Plaintiff, vs. Palmetto Health, Defendant.	)	CASE NO. 16-CP-40-01651 MOTION TO RECONSIDER, ALTER, OR AMEND

RICHLAND COUNTY FILED
2017 JUL 24 PM 2:44
JEANETTE W. McBRIDE C.C.P. & G.S.

Pursuant to Rules 52 and 59, SCRCP, Defendant (Palmetto Health) moves this Court to reconsider, alter, or amend its order entered July 12, 2017 ("the Order"), wherein this Court held that Palmetto Health must produce the documents requested by Plaintiffs pursuant to the South Carolina Freedom of Information Act ("FOIA"). This motion is made upon the grounds set forth herein and, based thereon, Palmetto Health respectfully submits that this Court should amend the Order to find that Palmetto Health is not subject to the requirements of FOIA and the documents requested by Plaintiff are not subject to disclosure under FOIA. In the alternative, Palmetto Health respectfully submits that this Court should grant the other relief requested herein, including the correction of several factual inaccuracies stated in the Order.

GROUNDS

I. Plaintiff failed to show that Palmetto Health is subject to the requirements of FOIA and that the requested documents are subject to disclosure under FOIA.

Like all statutes, the interpretation and application of FOIA is controlled by the purpose of FOIA. *N.Y. Times Co. v. Spartanburg County Sch. Dist. No. 7*, 649 S.E.2d 28, 30 (S.C. 2007) (interpreting and applying FOIA). It is axiomatic that "[t]he purpose of FOIA is to protect citizens from secret government activity." *Seago v. Horry County*, 663 S.E.2d 38, 42 (S.C. 2008); *accord Brock v. Town of Mount Pleasant*, 785 S.E.2d 198, 200 (S.C. 2016); *Campbell v. Marion County*

Hosp. Dist., 580 S.E.2d 163, 166, 169 (S.C. App. 2003). This protection from "secret government activity" is designed to promote an informed electorate and to prevent corruption, including corruption in the expenditure of public funds:

> [FOIA embodies] the principle of an open, transparent system of government, vital to maintaining an informed electorate and preventing the secret exercise of governmental power with its potential corruption.
>
> * * *
>
> [FOIA] serves the important governmental interests of providing transparency in governmental decision-making, preventing fraud and corruption, and fostering trust in government. An informed electorate is essential to a healthy democracy because members of the public cannot meaningfully cast their votes if they are ignorant of what actions the government has taken and the rationale for those actions. Furthermore, secret government activity creates fertile ground for fraud and corruption, *especially in the area of public expenditures where, without transparency, the public can be kept unaware of misappropriations and conflicts of interest.*

Disabato v. South Carolina Ass'n of Sch. Adm'rs, 746 S.E.2d 329, 332, 338 (S.C. 2013) (emphasis added). FOIA achieves all of this by providing "public access to public documents." *Seago*, 663 S.E.2d at 42.[1] Here, Plaintiff has failed to demonstrate that Palmetto Health is subject to the requirements of FOIA or that the requested documents must be produced under FOIA.

It is undisputed that Palmetto Health is not a "public body" under the general definition of that term.[2] Thus, whether FOIA reaches into Palmetto Health and the scope of that reach turns on Palmetto Health's receipt of public funds, *i.e.*, the "grants" identified in the Order. See S.C. Code Ann. § 30-4-20(a) (Rev. 2007). The mere receipt of some public funds, however, does not convert

---

[1] The General Assembly expressly stated this controlling purpose and controlling means of achieving this purpose in FOIA itself: "The General Assembly finds that it is vital in a democratic society that *public business* be performed in an open and *public manner* so that citizens shall be advised of the *performance of public officials and of the decisions that are reached in public activity and in the formulation of public policy*. Toward this end, provisions of this chapter must be construed so as to make it possible for citizens, or their representatives, *to learn and report fully the activities of their public officials* at a minimum cost or delay to the persons seeking access to *public documents* or meetings." S.C. Code Ann. 30-4-15 (Rev. 2007) (emphasis added).

[2] "Public body" is defined generally as "any department of the State, a majority of directors or their representatives of departments within the executive branch of state government as outlined in Section 1-30-10, any state board, commission, agency, and authority, any public or governmental body or political subdivision of the State, including counties, municipalities, townships, school districts, and special purpose districts . . ." S.C. Code Ann. § 30-4-20(a) (Rev. 2007).

a private entity into a public body and subject it to FOIA, as the Supreme Court expressly held in *Weston*:

> [FOIA does not] apply to business enterprises that receive payment from public bodies *in return for supplying specific goods or services on an arms-length basis.* In that situation, there is an *exchange of money for identifiable goods or services* **and** *access to the public body's records would show how the money was spent.* However, when a block of public funds is diverted en masse from a public body to a related organization, or when the related organization undertakes the management of the expenditure of public funds, *the only way that the public can determine with specificity how those funds were spent is through access to the records and affairs of the organization receiving and spending the funds.*

Weston v. Carolina Research & Dev. Found., 401 S.E.2d 161, 165 (S.C. 1991) (all emphasis added). Here, the undisputed evidence shows that Palmetto Health received the funds from public bodies in arms-length transactions under which Palmetto Health provided "specific" and "identifiable" goods and services in "exchange" for those funds. Moreover, Plaintiff made no showing that Palmetto Health is a related organization as to the grantors, nor that access to the records of the public bodies paying Palmetto Health for those goods and services would not show how the money was spent. Plaintiff also made no showing that the requested documents related to the expenditure of the public funds. Finally, the evidence in this case showed with specificity how the money was spent. Thus, if one assumes that FOIA applies to Palmetto Health, it has been fully satisfied by this evidence, because FOIA's reach into a private entity is limited to the receipt and expenditure of the public funds. FOIA "mandates that the public be provided with information regarding the expenditure of public funds." *Weston*, 401 S.E.2d at 164. In short, Plaintiff failed to make any evidentiary showing that Palmetto Health is a "public body" as that term is defined in FOIA or that the purpose of FOIA is advanced by making Palmetto Health subject to FOIA's disclosure requirements.

In *Disabato*, the Supreme Court again addressed the scope of FOIA's reach into a private entity based on the receipt of public funds, ruling that the touchstones of FOIA's scope are transparency and accountability in the expenditure of public funds, that "general support" rather than "negligible" funding subjects a private entity to FOIA, and that FOIA does not apply to a private entity that receives public funds "for a specific purpose":

> [The] the application of [FOIA] beyond traditional governmental entities is limited to statutorily defined public bodies, which are only those entities supported by public funds. [FOIA] also serves these important governmental interests when applied to such entities due to the importance of ensuring *transparency and accountability in the expenditure of public funds.* We previously recognized in *Weston* that [FOIA] is ineffectual if it does not extend to such bodies, explaining that when an entity receives public funds en masse or manages the expenditure of public funds, "the only way that the public can determine with specificity how those funds were spent is through access to the records and affairs of the organization receiving and spending the funds." If public bodies were not subject to [FOIA], governmental bodies *could subvert [FOIA] by funneling State funds to nonprofit corporations so that those corporations could act, outside the public's view, as proxies for the State.*
>
> * * *
>
> The dissent would read [FOIA] as applying to a private organization that receives *even a negligible amount of public funding for a discrete purpose.* We made clear in *Weston* that [FOIA] only applies to private entities who receive government funds en masse. [FOIA] *would not apply to a private entity that receives public funds for a specific purpose.* For example, [FOIA] would not apply to a private organization that receives public funds to operate a childcare center or healthcare clinic. However, [FOIA] does apply to any private organization that is *generally supported* by public funds.
>
> For the same reasons, we disagree with the dissent's characterization of [FOIA] as improperly imposing conditions on the recipient of funds rather than on activities. The recipient versus activities distinction is not particularly apposite here because **[FOIA] does not apply to a recipient of public funds as a condition of the receipt of the funds**. Rather, the *general support* of an entity *through public funds brings it within the class of entities to which [FOIA] applies.*

Disabato v. South Carolina Ass'n of School Adm'rs, 746 S.E.2d 329, 340, 341 (S.C. 2013) (citations omitted) (all emphasis added). Here, the undisputed evidence shows that the public funds received by Palmetto Health were "negligible," that Palmetto Health was <u>not</u> "generally

supported" by public funds, and, most importantly, that the public funds were for a "specific purpose" designated by the public body providing the funds. Moreover, Plaintiff failed to make any evidentiary showing that applying FOIA to Palmetto Health or the requested documents was necessary to ensure "transparency and accountability in the expenditure of public funds" by a private entity, which is the purpose of applying FOIA to a private entity receiving public funds. In like manner, and as noted earlier under the ruling in *Weston*, Plaintiff failed to make any evidentiary showing that access to the grantors' records would not satisfy FOIA's purpose. In any event, the evidence in this case showed with specificity how the money was spent. Thus, if one assumes that FOIA applies to Palmetto Health, it has been fully satisfied by this evidence, because FOIA's reach into a private entity is limited to the receipt and expenditure of the public funds.

II. The Order erroneously finds that Palmetto Health is subject to FOIA and must produce the requested documents under FOIA.

The Order finds that FOIA applies to Palmetto Heath and that Palmetto Health must produce the requested documents because:

A. Palmetto Health is supported by public funds (Order at Part I, pp. 2-4);

B. Palmetto Health expends public funds (Order at Part II, pp. 4-5);

C. Palmetto Health has a history of complying with FOIA (Order at Part III, pp. 5-6);

D. The "arms-length transaction exception" does not apply to Palmetto Health, because the facts here are the same as the facts in *Weston* (Order at Part IV(a), pp. 6-8); and

E. *Disabato* did not change the law. (Order IV(c), pp. 10-11).

Respectfully, as shown below, the Order is based on an erroneous interpretation of South Carolina law and overlooks the undisputed evidence in this case.

A. Palmetto Health is not generally supported by public funds, and the "public benefit" test used by the IRS for federal tax purposes is irrelevant.

The Order's novel interpretation of "public body" has no basis in the FOIA statute or the FOIA case law, because it is derived exclusively from the "public benefit" test for tax-exempt status under the Internal Revenue Code. The Internal Revenue Service's "public benefit" test addresses a concern that is wholly unrelated to the concern that prompted FOIA, and the IRS's "public benefit" concept is inconsistent with the statutory definition of "public body" in FOIA and with the Supreme Court's interpretation of that definition of "public body." Proper application of the Supreme Court's interpretation of the statutory language of FOIA, rather than the IRS's public benefit concept, requires a finding that Palmetto Health is not a public body within the meaning of FOIA.

The Order notes that Palmetto Health filed a Form 990 with the IRS regarding the "grants," and further noted that the instructions for this federal form required the listing of grants or contracts for which the recipient delivered direct benefits to the public rather than the direct and immediate needs of the granting governmental entity. The Order then reviews the Form 990's filed by Palmetto Health and concludes as follows:

> These [forms] *demonstrate* that these government grants are for the general benefit of the public and not for the benefit of the governmental unit. They are grants, and [Palmetto Health] is an "organization, corporation, or agency supported in whole or part by public funds or expending public funds." *Accordingly*, the Court finds that [Palmetto Health] is supported by public funds.

(Order at 3-4) (emphasis added). This conclusion is in error for three reasons.

First, the IRS Form 990 and attending instructions are wholly irrelevant to the issue of whether FOIA applies to Palmetto Health. The "public benefit" test is imposed by a different sovereign (the United States) for a different reason (federal tax law and policy). It has nothing to do with FOIA, nor does it purport to do so. Nothing in FOIA or the case law decided under FOIA

mentions the IRS, Form 990, the instructions for Form 990, or any version of a "public benefit" test under FOIA.

Second, the relevant and controlling questions under FOIA, as explained by the Supreme Court in *Weston* and *Disabato*, both *supra*, are these: (1) was the grant for a specific purpose and identifiable goods and services; (2) did the grant provide "general support" for Palmetto Health; and (3) is disclosure of the requested material necessary to serve FOIA's purpose of preventing secret government activity in the expenditure of public funds? As shown earlier, the answers to these questions under the undisputed evidence demonstrate that Palmetto Health is not a "public body" under FOIA and disclosure of the requested documents is not required by FOIA.

Third, following the Order would allow the Internal Revenue Service to determine which entities that are not public bodies, as defined in the FOIA statute, are nevertheless subject to FOIA. In enacting FOIA, the General Assembly did not direct a reference to the Internal Revenue Code or the IRS for any purpose. Granting the IRS authority that the General Assembly did not choose to grant violates the separation of powers doctrine. That violation is even more egregious in light of the fact that the particular authority at issue goes to a key component of FOIA.

B. The receipt of public funds, standing alone, is insufficient to make a private entity subject to FOIA.

The Order recites and summarizes the undisputed evidence that Palmetto Health received public funds and expended those funds in compliance with the specific purpose and requirements of the grants. (Order at Part II, pp. 4-5). The receipt and expenditure of public funds, standing alone, is not and cannot be the basis for making a private entity subject to FOIA. Were it so, the statute would simply state any entity receiving public funds is subject to FOIA, and the decisions in *Weston* and *Disabato* would have been one-page long, because it was undisputed in both cases (as it is here) that the private entity received and spent public funds. The relevant and controlling

questions, and the answers to those questions, are those discussed above; and they demonstrate that Palmetto Health's mere receipt of public finds, for which it delivered goods and services that were required as a condition of the receipt of those funds, does not convert Palmetto Health into a "public body" under FOIA.

C. Any past and voluntary compliance with FOIA is irrelevant to the question of whether Palmetto Health is, in fact, subject to FOIA.

The Order notes that Palmetto Health has a history of complying with FOIA and concludes that Palmetto Health believed itself to be subject to FOIA. (Order at Part III, pp. 5-6). A private entity's past voluntary compliance and belief is irrelevant to the question of whether that entity is, in fact, subject to FOIA. Were it otherwise, a private entity could avoid FOIA by refusing to comply with FOIA (even when it is applicable) and by asserting it did not believe itself to be subject to FOIA. The only and controlling inquiry is whether the private entity is subject to FOIA under the tests imposed by the South Carolina Supreme Court. As shown above, applying those tests to the undisputed evidence in this case demonstrates that Palmetto Health is not a "public body" under FOIA.

D. The funds received and expended by Palmetto Health were the results of arms-length transactions for specific purposes and, therefore, do not subject Palmetto Health to FOIA.

In Part IV(a), the Order relies on an extended, fact-specific analysis of *Weston* to reject Palmetto Health's argument that it is not subject to FOIA under *Weston*'s rule that public funds received in an arms-length transaction for supplying specific goods and services does not subject the private entity to FOIA. First and foremost, this analysis fails because the undisputed evidence in this case demonstrates the public funds received by Palmetto Health were in fact received in arms-length transactions for supplying goods and services specified by the public body providing the funding. No comparison to the facts of *Weston* can change this. Moreover, as shown below,

the Order's analysis of *Weston* overlooks or misapprehends many facts found and points made in *Weston*.

The FOIA defendant in *Weston* was the Carolina Research and Development Foundation, an eleemosynary corporation that "operate[d] exclusively for the benefit of the University of South Carolina." *Weston*, 401 S.E.2d at 162. The University of South Carolina manifestly is a "public body" under FOIA. From the outset, therefore, there was a red flag in *Weston*: the Foundation was receiving and spending public funds exclusively for the benefit of a "public body" that was subject to FOIA, *i.e.*, the University of South Carolina, but was nevertheless claiming that it (the Foundation) was not subject to FOIA. This scenario created a situation that would frustrate the purpose of FOIA, *i.e.*, public funds being spent "for" a public body and therefore "for" public purposes, but by an entity that was not subject to FOIA. There is no such "red flag" in this case. Palmetto Health does not exist for the sole benefit of a public body that is subject to FOIA.

In *Weston*, the Supreme Court analyzed four transactions that the trial court held made the Foundation subject to FOIA. The Order focuses on two of those transactions, but its analysis does not support its conclusion.

First, the Order discusses what the Supreme Court called the "second transaction." To understand the Supreme Court's ruling and the Order's analytical misuse of it, it is necessary to quote *Weston* at length:

> The second transaction involves the development of the Swearingen Engineering Center. In connection with the construction of the building, the Foundation accepted $ 16,300,000 in federal grant money and undertook to administer the expenditure of this money. [1]*This money was originally earmarked for the University, but was redirected to the Foundation after the University's General Counsel represented to the granting federal agency that the University was "acting through" the Foundation, which in turn, was acting on "behalf" of the University as its "agent". The grant was awarded to "the University of South Carolina acting through the Carolina Research and Development Foundation."* The trial judge held that by accepting these funds and managing their expenditure,

> the Foundation has received support from public funds and has expended public funds.
>
> The Foundation first argues that the grant did not support the Foundation, but that the money went towards the cost of constructing the Swearingen Engineering Center. [2]This may be true, but *due to the protective order respondents were not able to ascertain how the grant money was actually expended.* [3]Regardless, the *Foundation used University personnel on University payroll in conjunction with the construction project.* This establishes, at a minimum, partial support from public funds for the Foundation. In addition, [4]*the Foundation clearly directed the expenditure of the funds it received.*

Weston, 401 S.E.2d at 163 (*italics* and [#s] added). The facts denoted in [1] – [3] above were controlling and have no corollary in the present case. Those differences are sufficient by themselves to distinguish this case from the *Weston* decision. That distinction is furthered by fact number [4]: that the Foundation "clearly directed" the expenditure of the funds. Here, however, the undisputed evidence shows that the grantors "directed" the expenditure of the funds by imposing specific requirements and purposes on Palmetto Health's use of the funds, for which Palmetto Health had to account directly back to the grantors. Moreover, the undisputed evidence demonstrates that the public funds received by Palmetto Health were for a purpose far more specific than the construction of the Swearingen Engineering Center (a University building!) and, therefore, Palmetto Health is not subject to FOIA under the Supreme Court's subsequent ruling in *Disabato*. See n. 4 and accompanying text, *infra*.

The Order also relies on the third transaction, which again requires a quote from *Weston* on the third transaction:

> In the third transaction, the development of the Koger Center, the Foundation accepted a conveyance of real estate from the City of Columbia, a $ 2,000,000 cash grant from the City of Columbia, and a $ 3,750,000 cash grant from Richland County. The Foundation argues that these funds were given to it by the City and County pursuant to a contractual agreement and that once the City and County transferred the property in performance of their contractual agreement, the expenditure of public funds ended. This argument is not persuasive. Funds from the public coffer were given to the Foundation *which managed the expenditure of the*

> *funds and the development of the real estate. By these actions, the Foundation received support from and expended public funds.*

Weston, 401 S.E.2d at 164 (emphasis added). The Supreme Court's ruling on the third transaction is not controlling here for several reasons: (1) the Foundation received the public funds and expended them without the specific directions and accountability imposed on Palmetto Health by the grants it received; (2) the Foundation was acting for the sole benefit of the University, a "public body" that is subject to FOIA; and (3) the undisputed evidence demonstrates that the public funds received by Palmetto Health were for a purpose far more specific than the construction of the Koger Center and, therefore, Palmetto Health is not subject to FOIA under the Supreme Court's subsequent ruling in *Disabato*. See n. 4 and accompanying text, *infra*.

Here, the Order finds that Palmetto Health has received millions of dollars in state and federal grants, and then rules:

> Although Defendant [Palmetto Health] contends that these grants are for a particular purpose and are not transferred *en masse*, the Court finds that the beneficiaries of these grants are the public at large, and that no benefit is going back to the granting authority. They do not amount to a *quid pro quo*. Accordingly, these are grants and not arm's-length transactions by which a private body sells goods or services to the government. The government does not benefit from these grants; the public does.

(Order at 8). The Order's "public beneficiaries" analysis harkens back to its earlier discussed reliance on IRS Form 990 and its "public benefit" requirements. As shown earlier in Part II(A), *supra*, there is no basis in FOIA or the cases decided under FOIA for this "public beneficiaries" analysis. In like manner, nothing in FOIA or the case law supports the imposition of a quid pro quo requirement that limits the rulings in *Weston* and *Disabato* to situations of selling goods and services directly to the granting authority or providing a benefit directly to the grantor – grants are not made for such, and imposing this requirement would mean than any grant of public funds would make the recipient subject to FOIA contrary to the plain rulings in *Weston* and *Disabato*.

In any event, and as also shown earlier in Part I, Plaintiff made no showing that access to the grantors' records would not show how the money was spent, nor any showing that the requested documents related to the expenditure of the public funds. Also, the evidence in this case showed with specificity how the money was spent. Thus, if one assumes that FOIA applies to Palmetto Health, it has been fully satisfied by this evidence, because FOIA's reach into a private entity is limited to the receipt and expenditure of the public funds. *Weston*, 401 S.E.2d at 164 (FOIA "mandates that the public be provided with information regarding the expenditure of public funds."). In short, Plaintiff failed to make any evidentiary showing that Palmetto Health is a "public body" under FOIA or that the requested documents are subject to disclosure under FOIA.

E. The Supreme Court's decision in *Disabato* demonstrates that Palmetto Health and the requested documents are not subject to FOIA.

In Part IV(c), the Order rejects Palmetto Health's second argument that *Disabato* indicated that private hospitals could be exempt from FOIA.[3] In so ruling, however, the Order overlooks or misapprehends the primary arguments under *Disabato*. First, Palmetto Health is "a private entity that receives public funds for a specific purpose" and, therefore, FOIA does not apply to Palmetto Health. See *Disabato*, 746 S.E.2d at 341 (quoted in Order at p. 10). Second, Palmetto Health is not "generally supported by public funds" and, therefore, FOIA does not apply to Palmetto Health. *Id.*[4]

The Order correctly reads *Disabato* as "[articulating] the general rule that FOIA applies to an entity generally supported by public funds," but "FOIA does not apply 'to a private entity that

[3] The Order's ruling on this specific issue is clear and therefore reconsideration not sought. To the extent that this part of the Order goes beyond that specific issue in any manner, Palmetto Health seeks reconsideration for the reasons stated herein.

[4] The Order refers to the Supreme Court's opinion as "nothing more than a summary of multiple prior holdings, and may be properly called *dicta*." (Order at 10) (italics in original). Respectfully, the Supreme Court's recitation of the law in a case, even if it is a summary of prior statements of law, is not and can never be *dicta*. This is particularly true of the *Disabato* opinion, because its summary of the law was made in the majority's response to the dissent in *Disabato*, and the majority specifically noted that it was explanation of a prior case, *i.e* the *Weston* case.

receives public funds for a specific purpose.'" (Order at 11) (emphasis in Order). The Order, however, overlooks the undisputed evidence that Palmetto Health "receive[d] public funds for specific purposes," as well as the undisputed evidence that Palmetto Health is **not** "generally supported by public funds." The undisputed evidence demonstrates that, under the Order's own recitation of the law, Palmetto Health is not subject to FOIA.

As to the Supreme Court's examples of public funds received for a specific purpose that would not trigger FOIA, *i.e.* that FOIA "would not apply to a private organization that receives public funds to operate a childcare center or healthcare clinic," the specific purposes for which Palmetto Health received its public funds were far more specific than "operat[ing] a childcare center or healthcare clinic." Thus, *Disabato* demonstrates that Palmetto Health's receipt and expenditure of public funds did not and does not subject it to FOIA. Despite this, the Order erroneously concludes as follows:

> Defendant Palmetto Health is not *merely* "a private organization that receives public funds to operate a childcare center or healthcare clinic." Instead, it is a combination of public and private organizations, "that is generally supported by public funds."

(Order at 11) (citation omitted) (emphasis added). Palmetto Health agrees that it is nothing like a private organization operating a childcare center or healthcare clinic with public funds. It receives public funds for far more specific purposes, and this disproves the Order's conclusion that Palmetto Health "is generally supported by public funds." Thus, Palmetto Health is not subject to FOIA.[5]

---

[5] The Order's purpose in using the term "merely" is unclear and Palmetto Health requests an explanation of its analytical import as part of the requested reconsideration. It appears to mean that operating a childcare center or healthcare clinic are far more specific purposes than the purposes for which Palmetto Health received public funds. If this is correct, then Palmetto Health seeks reconsideration, because the undisputed evidence demonstrates that Palmetto Health received public funds for purposes far more specific than operating a childcare center or healthcare clinic and, therefore, Palmetto Health is not generally supported by the public funds, which are negligible funding sources for Palmetto Health's budget.

The Order also describes Palmetto Health as a "combination of public and private organizations." This is one of the factual mis-statements upon which Palmetto Health seeks reconsideration in Part III, *infra*. This statement is erroneous because *inter alia* the Supreme Court held to the contrary in *Taylor*, *infra*. See Part III, *infra*.

III. If this Court does not amend the Order to deny the relief requested by the Plaintiff, then the Order should be amended to correct factual inaccuracies stated in the Order.

As shown below, the Order contains several factual inaccuracies based on the undisputed evidence in this case. If this Court does not amend the order to deny the relief requested by Plaintiff, it is respectfully submitted that the Order must nevertheless be amended to correct the factual inaccuracies.

The Order finds that "Richland Memorial Hospital [Richland] *merged with* Baptist Health Care System of South Carolina [Baptist] to form Defendant Palmetto Health." (Order at 1). By definition, when one company merges with another, one company ceases to exist and becomes an indistinguishable part of the other company. That is not what happened here or even what Plaintiff contends. Plaintiff argues correctly that Palmetto Health and Richland Memorial Hospital are separate entities. It is undisputed that Richland and Baptist continue to exist and, therefore, there was no merger. In fact, it is undisputed and the Supreme Court long ago ruled that Palmetto Health was formed as a separate (i.e., third) entity of which Richland and Baptist are members. See *Taylor v. Richland Mem. Hosp.*, 495 S.E.2d 431, 432, 433 (S.C. 1998). In like manner, Richland and Baptist are not "component parts" of Palmetto Health, nor is Palmetto Health a "combination" of Richland and Baptist or a combination of public and private organizations. (See Order at 1, 5, and 11). Rather, as shown by the undisputed evidence and found by the Supreme Court in *Taylor, supra*, Palmetto Health is a separate entity of which Richland and Baptist are members as permitted by statute.

The Order finds that "Plaintiff served Defendant with two requests for 'public records' under [FOIA]." (Order at 1). This is incorrect. Palmetto Health received one request from Plaintiff. It is undisputed that the other request was directed to Richland Memorial Hospital, a completely different and separate entity that is not a defendant in this case and has no authority to

accept service on behalf of Palmetto. As noted above, Plaintiff has argued (correctly) that Richland Memorial Hospital and Palmetto Health are separate entities.

CONCLUSION

For all of the foregoing reasons, it is respectfully submitted that this Court should issue an amended order that rules in favor of Palmetto Health.

Respectfully submitted,

Celeste T. Jones, Esquire
Jane W. Trinkley, Esquire
McNair Law Firm, P.A.
P.O. Box 11390
Columbia, SC 29211
(803) 799-9800
(803) 753-3278 (fax)
cjones@mcnair.net
jtrinkley@mcnair.net
ATTORNEYS FOR DEFENDANT

July 24, 2017
Columbia, South Carolina

State of South Carolina) In the Court of Common Pleas
) Fifth Judicial Circuit
County of Richland) 2016-CP-40-01651

Sisters of Charity Providence Hospital,

Plaintiff,

Vs.

Palmetto Health,

Defendant.

Transcript of Record

February 8, 2017
Columbia, South Carolina

B e f o r e:

The Honorable Thomas J. Russo, Judge

A p p e a r a n c e s:

James Carpenter, Esquire
Attorney for Plaintiff

Celeste Jones, Esq.
Jane Trinkley, Esq.
Attorneys for the Defendant

Bonnie H. Kelly, CVR
Circuit Court Reporter

I N D E X

WITNESS/DESCRIPTION					PAGE NO.
Case Called/The Court					5
Opening Statement/Mr. Carpenter					9
Opening Statement/Ms. Jones					10
	DIRECT	CROSS	RE-DIRECT	RE-CROSS	
		PAUL DUANE			
Mr. Carpenter	17		77		
Ms. Jones		57			
		DAVID LEE			
Mr. Carpenter	85				
Ms. Jones		111			
Closing/Mr. Carpenter					117
Closing/Ms. Jones					123
Decision by the Court					127
Certificate Page					128

E X H I B I T S

NO.	DESCRIPTION	I.D.	EV.
P-1	2014 990 Document		22
P-2	2013 990 Document		26
P-3	2012 990 Document		27
P-5	2011 990 Document		27
P-4	2010 990 Document		27
P-6	2009 990 Document		27
P-7	2008 990 Document		27
P-8	IRS Rules Document		31
P-9	2015 Consolidated Financial Statement	33	38
P-10	2014 Consolidated Financial Statement	38	44
P-11	2013 Consolidated Financial Statement	38	44
P-12	2012 Consolidated Financial Statement	38	44
P-13	2011 Consolidated Financial Statement	38	44
P-14	2010 Consolidated Financial Statement	38	44
P-15	2009 Consolidated Financial Statement	38	44
P-16	2008 Consolidated Financial Statement	38	44
P-17	2007 Consolidated Financial Statement	38	44
P-18	2006 Consolidated Financial Statement	38	44
P-19	2015 Other Operating Revenue Breakout	44	45
P-20	Letter dated 4/10/02	49	55
P-21	Letter dated 3/14/02		55

EXHIBITS (continued)

D-1	Certificate of Existence, Palmetto Health	61
D-1(a)	Articles of Incorporation, dated 12/17,96	61
D-1(b)	Amended and Restated Articles of Incorporation; 12/31/16	61
D-2	Ordinance No. 044-96HR	117
D-3	Certificate of Existence, Baptist	117
D-4	Consolidated Financial Statement and Independent Auditor's Report, 9/30/15 to '14	117
D-4(a)	Other Operating Breakout ending 9/30/15	117
D-5	Reid v Richland County Council, et al, Filed 3/31/98	117
D-6	Grant Award, Regional Forensic Nurse Examiner	117
D-7	Grant Award, SANE Coordinator	117
D-8	Grant for Healthy Start	117

THE COURT: Good morning everybody.

ALL: Good morning.

THE COURT: All right. We have case 2016-CP-40-1651, *Sisters of Charity Providence Hospital vs. Palmetto Health.* Is that -- are we in the right place?

(All confirm.)

THE COURT: Okay. All right. This is obviously -- we're proceeding in -- in -- in non-jury trial. If I -- if I could -- before we get started, if I could get everybody just to introduce yourselves for me and the court reporter. We'll start there.

MR. CARPENTER: Good morning. I'm Jim Carpenter. I represent the Sisters of Charity Providence Hospital, the plaintiff.

THE COURT: All right. Mr. Carpenter.

MS. JONES: Good morning, Your Honor. I'm Celeste Jones with the McNair Firm. Jane Trinkley and I are with the McNair Firm. We represent Palmetto Health.

(Indicating) This is Mr. Matthew Fowler. He is in-house counsel with Palmetto Health, and there's two witnesses: Mr. Dave Lee and Mr. Paul Duane. They work for Palmetto Health.

(Indicating) And then this is Melissa Oaken, who's a paralegal with our firm.

THE COURT: All right. Thank y'all very much.

Typically when I handle non-jury trials, I -- I'm a little more informal as far as -- I mean, obviously, the rules apply and -- and the issues are very serious, just as if they would be in front of any judge. But without a jury present, we can be a little bit less formal, I think.

I would -- however y'all want to do it. I am more than happy to let each side make an opening statement, if you would like to proceed in that fashion. Or we can get right into the testimony.

MR. CARPENTER: Should we assume that you have read our pre-trial memoranda?

THE COURT: I -- I've read both -- I -- I got -- and I appreciate y'all sending me those yesterday. I got both sides pre-trial memoranda. I've read through them. So I -- I think I've got a fairly decent grasp of what the issues are. But I'm more than happy to -- to entertain any opening statements you'd like to make.

MR. CARPENTER: One other thing is that Ms. Jones and I met yesterday. We went over the exhibits. There won't be any -- I -- I'll let her speak, too. But as far as I understand, there -- there's no question as to the authenticity of any of the exhibits that will be proffered today. There may be some objections based on relevance.

THE COURT: Okay.

MR. CARPENTER: But we did meet yesterday and went

through that.

THE COURT: All right.

MR. CARPENTER: And we had the depositions taken of the two witnesses who are employees of Palmetto Health, and that's ---

THE COURT: Okay.

MR. CARPENTER: --- let the Court know ---

THE COURT: Have -- have those -- have those exhibits been pre-marked or --

MS. JONES: I have -- yes. They ---

THE COURT: Okay.

MS. JONES: I pre-marked mine, and I have a copy I'd like to hand up to Your Honor.

THE COURT: Okay.

MS. JONES: I referenced a few of them in my trial brief.

THE COURT: Yes, ma'am.

(Hands documents to the Court.)

MS. JONES: And that's a copy of our exhibits. And then I have another copy for, you know, the witnesses that -- that are here.

The only other thing that I referenced in my trial brief that I'd like to hand up to you are the two cases: the *Taylor* case and the -- the *Disabato* case.

THE COURT REPORTER: I'm sorry? The second one?

MS. JONES: Disabato.

THE COURT REPORTER: Can you spell it?

MS. JONES: D-i-s-a-b-a-t-o.

THE COURT REPORTER: Thank you.

MS. JONES: It is a hard word to say and sometime I call it the "Rocky D" case because it is -- you know, it is hard to say. And I -- and I could be mispronouncing it.

(Mr. Carpenter and Ms. Jones confer briefly.)

MR. CARPENTER: If we're handing up cases, Your Honor, the most relevant one, I think, is the *Weston* case, from the South Carolina Supreme Court. It dealt most comprehensively with the implication of FOIA to a -- a -- an organization that is supported by public funds. And I have copies of that here that I'd like to hand up to the Court.

THE COURT: Yes, sir.

MR. CARPENTER: And I -- and I have underlined what struck me as important. So I will give a copy to the Court and opposing counsel. And I take it you want arguments at the end of --

THE COURT: Sure. Yeah.

(Brief pause.)

THE COURT: All right. Anything -- anything else before we then proceed?

MR. CARPENTER: I'll make a brief opening statement

with the Court's permission.

THE COURT: All right.

MR. CARPENTER: Your Honor, this is a FOIA enforcement case, and the big question is whether FOIA applies; is the defendant a covered body under FOIA? And as I mentioned in my pre-trial memorandum, I think that's a little bit of a mixed question, a fact of law.

Under the South Carolina Code of the Freedom of Information Act, the -- the Court defines a public body, among other things, as (as read): "Any organization, orporation, or agencies supported in whole or in part by public funds or expending public funds."

We plan to introduce evidence, both that it's supported by public funds and that it has been expending public funds.

The Supreme Court, in the *Weston* case, added a little gloss on that and talked about managing the expenditure of public funds; and we will have evidence of the management of expending public funds as well.

But any one of those things receiving -- be -- being supported by public funds, spending public funds, or managing the expenditure of public funds is sufficient to bring an organization within the definition of a public body. And that would be the import of the evidence we will present today.

THE COURT: All right, sir. Thank you, sir. Ms. Jones.

MS. JONES: Just very briefly, Your Honor. I do think that the -- the -- there are three questions for our side. The first question is whether or not the Sisters of Charity, as a corporation, has standing under FOIA, to bring an enforcement action. Specifically, the statute says that a citizen of the state can bring an action to enforce FOIA. A citizen of the state has been -- the only -- the only case and occasion in recent history is the Pug Ravenel, Charles Ravenel case from the Supreme Court, where the Court enumerated the law that a citizen is an individual with a right to vote. The Sisters of Charity are obviously not individuals. It is a -- is a corporation, it's alleged in the complaint is a corporation, a South Carolina corporation. As such, under the clear reading of the statute in FOIA, they have no standing to bring the action.

Moving past that to the substance of the issues, the issue is when an organization, a private organization or corporation, is a public body as defined under FOIA, the code section there. There are only two cases that have gone to the Supreme Court on this issue. The first one is the -- the Weston case; and the second one most recently is the Rocky D case, the *Disabato* case.

And in both of those actions the Supreme Court clearly and unequivocally said that in order for a private, not-for-profit corporation -- which is what Palmetto Health is here -- and the -- the identity of Palmetto Health and it's status was originally questioned in this proceeding. I don't think that that's an issue at this point in time.

If you read the *Taylor* case, the *Taylor* case that I handed up to you, Judge Russo. When the Palmetto Health was formed, there was a lot of litigation. There were two class actions filed, and the *Taylor* case went to the South Carolina Supreme Court.

I also have marked as an exhibit a case that was heard here in Richland County concerning the adequacy of the consideration for the transaction. And the Supreme Court in the *Taylor* decision lays out and enumerates the corporate status of Palmetto Health, and it is a private, not-for-profit corporation.

So you look at the two cases, the one that Mr. Carpenter identified and the Rocky case that I identified for the guidance as to when a not-for-profit organization can be subject to FOIA. And what the Supreme Court has said is that receipt of public monies by a private organization does not subject that organization to FOIA, unless those public funds are received in mass, not for a specific purpose, and not for the delivery of enumerated

goods and services.

And the only testimony that Mr. Carpenter can present to this Court and that you will hear is that all of the monies received by Palmetto Health have been for specific, enumerated purposes set out by the public body. None of them have been in mass appropriations and they've all been for the delivery of healthcare related goods and services, such that none of the public funds that -- that the witnesses will testify about and that are contained in the books and records of Palmetto Health are anything except for goods and services and specific purposes, which the Supreme Court, in *Weston* and in the Rocky case, has clearly and unequivocally said does not subject the organization to FOIA. Thank you.

THE COURT: Thank you, ma'am.

MR. CARPENTER: In -- in reply to the argument she made, we put in our -- we put in our pre-trial memorandum, on page 12, a long list of cases where the Freedom of Information Act was -- was enforced by various corporations. The Supreme Court has never held that you had to be a living, breathing human being to enforce FOIA. And in fact, all these cases would indicate otherwise.

We have a Journalist Society, a newspaper company; a county administrator; and a corporation that bid unsuccessfully for a public contract. Another newspaper

company, electronic mapping company, another newspaper company, another newspaper company. These are all corporations that enforced FOIA. So you don't have to be a human being to enforce FOIA. That's -- that's fairly clear in the law.

The *Disabato* case, I have a significant disagreement with my colleague about the import of that. It's roughly 20 pages long, and for 20 pages, the Supreme Court was arguing about the First Amendment, how the First Amendment interacted with the Freedom of Information Act and not whether a body is subject to the Freedom of Information Act.

Now, at the end of it, they made a -- like one paragraph where they -- they re-summarized what their holding had been in *Weston*; but the *Disabato* case really has nothing to do -- the holding in the *Disabato* has nothing to do with the issues we're on here today.

Disabato dealt with the alleged First Amendment rights of a group of school -- or school administrators or school districts who had gathered together for lobbying purposes, and somebody wanted their records. And they argued, "Well, yes, we're supported by public funds; but if you give them our records and you let them into our meetings and our meetings become public, then that interferes with our lobbying, our -- our right to be -- the freedom of speech

in our right to freedom of association and right to speak privately and all of that. It was all about the First Amendment. Didn't have a thing to do really with the application of FOIA.

So I think the *Disabato* case really doesn't have anything to do with this. They've not made any kind of First Amendment argument in this case. So really, the only case is the *Weston* case. And if you look at the *Weston* case, there were for incidents in which the Supreme Court said that any one of those incidents would be sufficient to subject that foundation to the definition of a public body.

The second one dealt with a grant for the building of the Swearingen Engineering Center. They were given $16,000,000, and they were told to go build an engineering center. And they administered those funds and they received those funds for a specific purpose. They couldn't just do anything they wanted to with them.

And the Supreme Court said the receipt of that money and the management of the expenditure of that money subjected the Foundation to the Freedom of Information Act.

Another incident -- I think it was the third one, maybe the fourth -- had to do with receiving grants for the construction of the Koger Center here in Columbia. They got some money from the City, some money from the County, and they got a piece of ground. And the Foundation argued,

"Oh, once that money transferred, you know, that was the end of the involvement of the government. And so just because we got that money to build the Koger Center to develop, it we shouldn't be subject to FOIA."

The Supreme Court said, "No. If you got public money, even though it's for this purpose and you expended it for this purpose, that subject you to FOIA."

That is just like what we have in this case. They got money from the government over and over and over again, millions of dollars every year, going back at least nine years, probably more; and we contend that those millions of dollars a year in grants subject this organization to the Freedom of Information Act as a public body.

So that's the nub of the dispute today.

THE COURT: Okay.

MR. CARPENTER: I don't think they'll be a lot of dispute about the facts, but we need to present the facts for the Court's use.

THE COURT: Yeah.

MR. CARPENTER: (To Ms. Jones) Go ahead.

MS. JONES: I just -- one thing: The -- the -- the question I -- the second and third -- no -- the third defense that we raised in our answer challenges the constitutionality of the application of FOIA to Palmetto Health in this proceeding. That is the issue constitution

-- the constitutional limits of FOIA is what the Court addressed in the Rocky D case.

The other issue of the standing argument, Mr. Carpenter did cite a lot of cases where corporations had brought enforcement actions. But Judge Russo, none of those litigants challenged standing in any of those cases. The issue that I've raised here, which I've raised also in my answer, that is for the Court to decide, is a novel issue. It is -- noone -- no Court has been asked previously, nor have they interpreted, the FOIA enforcement statute which is the -- the exact statute is set forth in the -- in the -- I'll hand it up to you.

But noone hereto for has challenged the fact that FOIA says a citizen of the state can bring the action.

THE COURT: Okay. So you're -- you're saying that the cases that Mr. Carpenter cited, you don't -- you don't challenge the fact that those cases were heard and decided ---

MS. JONES: Right.

THE COURT: --- but the issue never was raised that they didn't have standing to do it.

MS. JONES: That's correct, Your Honor.

THE COURT: Okay.

MS. JONES: And it's Section 30-4-100(a) that says (as read): "Any citizen of the state may apply to the Circuit

Direct Examination of Paul Duane by Mr. Carpenter

Court for either a declaratory judgment or injunctive relief."

And my challenge is a novel issue for the Court's consideration.

THE COURT: All right.

MR. CARPENTER: And we would contend a corporation is a corporate citizen and has sufficient standing.

THE COURT REPORTER: I'm sorry?

MR. CARPENTER: And has sufficient standing.

THE COURT: All right. All right. Are we ready to present testimony?

MR. CARPENTER: Plaintiff calls Mr. Paul Duane.

THE COURT: All right. Mr. Duane, if you'd come around and be sworn, sir. Thank you.

PAUL DUANE, having been first duly sworn, testifies as follows:

DIRECT EXAMINATION BY MR. CARPENTER:

Q Mr. Duane, I'm Jim Carpenter. I represent the Palmetto -- the -- the Sisters of Charity Providence Hospital. And earlier, well, last month, we took your deposition in this action; is that right?

A That's correct.

Q And you are the Chief Financial Officer of Palmetto Health; is that right?

A I am.

Q Okay. And tell -- tell the Court, please, about your education.

A I am a graduate of the State University of New York. I spent four years State University in Fredonia, New York, which is south of Buffalo. I also have a Certified Public -- Certified Public Accountant with the State of New York.

Q And your CPA status is inactive at this point; is that right?

A That's -- that's correct.

Q How long have you been the CFO of Palmetto Health?

A Since September 11, 2000.

Q So six -- over 16 years.

A Correct.

Q Okay. Now, in your capacity as CFO of Palmetto Health, do you sign Palmetto Health's Form 990?

A I do.

Q Can you tell the Court what Form 990 is.

A Form 990 is our tax return.

Q And it's -- you don't actually -- do you actually pay taxes?

A No, we don't. It's required form to be submitted by the -- to the IRS.

Q All right. And you do that every year.

A We do.

Q Your -- your lawyer and I had some pretty -- instead

of putting in the whole 990, we're going to put in the important parts of it that we think are important. How long is a typical 990?

A Large enough that it's filed electronically. I don't know how many pages it is.

Q Over 100 pages easily.

A Easily, yes, sir.

Q Okay.

MR. CARPENTER: May I approach, Your Honor?

THE COURT: Yes, sir.

MS. JONES: Your Honor, the -- I think these are the first eight exhibits ---

MR. CARPENTER: Yes.

MS. JONES: --- that Mr. Carpenter has to offer. My objection to these are two fold: First -- not authenticity. It's clearly the 990 filing by Palmetto Health, and it is page -- or Section 8 out of the 990 filing. There's no question about that.

My objection is based upon relevancy and there's two bases for that: First of all, the -- the -- the FOIA statute speaks in terms of the organization's present status if it is receiving funds. That's the first thing.

These 990s go back to -- how far did you go back?

MR. CARPENTER: I -- I got 2008 to 2014.

MS. JONES: 2008 to 2014. Our objection is a temporal

one that for the temporal period here, it is not relevant to the Court's consideration. That's the first part of my relevancy objection.

The second part of my relevancy objection is that the information imparted in the 990, as set forth in the instructions -- which I think Mr. Carpenter's also going to offer into evidence -- does not indicate the nature of the government funds being received by Palmetto Health. So it's a -- it is a relevancy and foundation issue.

And -- and I would like to only make this objection once and let him complete this, if I can have a continuing objection, Your Honor.

THE COURT: All right.

MS. JONES: Thank you.

THE COURT: Mr. Carpenter, you want to respond to that?

MR. CARPENTER: Well -- yeah. The definition is in South Carolina Code annotated 30-4-20 (a), Definition of Public Body. And this emphasis on "is receiving" is simply not in the statute. It says (as read): "Any organization, corporation, or agency supported, in whole or in part, by public funds or expending public funds."

This organization has been supported by public funds probably since its inception. Testimony will indicate at least starting in the year 2000.

These documents will show that since 2008 -- I only went back, I guess, seven years. The 2015 one has not been prepared. So 2014 one is the most current. It -- it ends in fiscal year -- the fiscal year 2014 ends, I believe, September -- well, let me ask the witness.

THE COURT: Yeah.

DIRECT EXAMINATION BY MR. CARPENTER:

Q This 990 goes in a fiscal year for Palmetto Health, right?

A That's correct.

Q And when does the fiscal year end?

A September 30.

Q Of 2000 -- all right. On this one that is called "2014," with the fiscal year have ended September 30, 2014?

A That's correct.

Q Okay. And is this the most current -- is -- is the 2014 990 the most current one that has been filed?

A I believe so.

Q Okay.

THE COURT: All right.

MR. CARPENTER: May I approach the witness, Your Honor?

THE COURT: Yes, sir. Now ... all right. Go ahead.

(Mr. Carpenter hands a document to the witness.)

Q Mr. Duane, I'm handing you the first page of the 2014

990, and the section -the page that contains part Roman Numeral VIII. Is -- is that a fair statement of what I've handed you?

A Yes.

Q Okay. And is your name at the bottom of the first page, Paul K. Duane, CFO?

A Yes, it is.

Q Okay. And on the original, you would have signed that; is that right or signed it electronically?

A That is correct.

Q All right.

MR. CARPENTER: Your Honor, if we can mark this Exhibit 1.

(Marked Plaintiff's Exhibit No. 1, 2014 990, a document.)

THE COURT: And I want to note Ms. Jones's objection, and that's it a running ---

MS. JONES: Yes, Your Honor. So -- yes. The -- that's is ---

THE COURT: All of these documents he's ---

MS. JONES: Exhibits 1 through 8.

THE COURT: 1 through 8.

MS. JONES: The 990s. Yes, my objections on the -- the two basis of relevancy. The 990 doesn't set forth the purpose of the government funding.

THE COURT: Right.

MS. JONES: And the temporal objection.

THE COURT: Right. I'm going to overrule it at this point and I'm going to note those objections.

DIRECT EXAMINATION BY MR. CARPENTER:

Q All right. All right. Mr. Duane, you have in your hand Exhibit 1, which is the 2014 990; is that right?

A It's first page, yes, sir.

Q Okay. The first page and the page that includes Section VIII.

A That's correct.

Q All right. Now, at the bottom of it, we -- we noted is your typed name, Paul K. Duane, CFO, right?

A That's correct.

Q And when you signed that, there is language above that that says that you signed it under penalties of perjury; is that right?

A That's correct.

Q And do you know what that means?

A Not completely, but I'm sure it holds me accountable that the information in here is true and correct.

Q All right. Did you have a role in preparing the 990?

A I did not.

Q You signed it because you're the CFO.

A I signed it because the people who do have

responsibility and our external auditors had reviewed these documents, and I would not sign them unless I had the knowledge that the appropriate due diligence had been applied to the documents.

Q Who actually prepared the 990?

A I actually don't know a specific individual.

Q Somebody under your direction and control?

A That is correct.

Q Okay. And then it -- it was reviewed by outside auditor, a CPA firm.

A Correct.

Q Who was that?

A At the time I believe it was Dixson-Hughes-Goodman.

THE COURT REPORTER: Dixson?

THE WITNESS: Hughes.

THE COURT REPORTER: And the last name?

THE WITNESS: Goodman.

THE COURT REPORTER: Thank you.

Q If you look to the page that contains part 8, which I think is actually page 9 of the original 990; is that right?

A Section 8?

Q Yes, sir.

A By the way, Dixson-Hughes's name is at the bottom of the first page.

Q Okay.
A Prepared --
Q Good. Have they been your CPAs for quite some time?
A A number of years. We did change within the last five years, I believe. I couldn't give a specific year.
Q Okay. But in 2014, Dixson-Hughes was your CPA.
A Yes, sir.
Q Okay. Now, if you look at part 8, that's entitled "Statement of Revenue;" is that right?
A Yes, sir.
Q Okay. And on -- there -- there are lines 1(a) through (h); is that right?
A That's correct.
Q And what do those represent?
A They represent contributions, gifts, grants, and other similar modes.
Q Okay. And three of those lines have figures on them; is that right?
A They do.
Q All right. The line (d) is related organizations?
A Correct.
Q Now, in your deposition testimony, did you testified that would include the Palmetto Health Foundation?
A I testified as to what was in our financial statements.

Q Okay.
A I expect this does agree to our financial statements. So the related organization is logically is Palmetto Health Foundation.
Q Okay.
A Yes, sir.
Q Would there be others possibly, too?
A There -- there could be, but materially, it would be the Palmetto Health Foundation.
Q Okay. Line 1(e) is entitled "Government Grants ---
A Yes, sir.
Q --- contribution; is that right?
A That's correct.
Q Okay. And what is the figure that the 990 has on the line that says "Government Grants"?
A $3,266,825.00.
MR. CARPENTER: Your Honor, may I approach again?
THE COURT: Yes, sir.
Q Mr. Duane, I'd like to show you the -- what appears to be the -- a section similar to the last one from the 990 for Palmetto Health for 2013. Is that, indeed, what I have showed you?
A Yes.
Q All right. Let's mark that as Exhibit 2.
(Marked Plaintiff's Exhibit No. 2, 2013 990 form.)

THE COURT: And note Ms. Jones's objection to that document.

MS. JONES: Thank you, Your Honor.

Q And on Exhibit 2, are you also listed at the bottom as the CFO and the signatory for Palmetto Health?

A Yes, sir, I am.

Q Okay. And you signed that under penalties of perjury.

A That's correct.

Q If you look at section 8, line 1(e), Government Grants, how much is listed there as government grants?

A $1,728,643.00.

MR. CARPENTER: May I approach again, Your Honor?

THE COURT: Yes, sir.

MR. CARPENTER: For -- Your Honor, could I just show them all, the next five all at once and have them as the next sequential exhibits?

THE COURT: All right. So those will be Plaintiff's 3 through 7?

MR. CARPENTER: 7, yeah. 3 through 7.

THE COURT: 3 through 7? We'll mark those and note Ms. Jones's objection to those 3 through 7.

THE COURT REPORTER: And they're all going to be 990s?

MR. CARPENTER: Yes.

THE COURT: And they're all -- yes.

(Marked Plaintiff's Exhibits Nos. 3 through 7, 990

documents for 2012, 2011, 2010, 2009, and 2008.)

THE COURT: Just identify them as the exhibit.

MR. CARPENTER: All right.

Q All right. Mr. Duane, I'm handling -- I'm handing you Plaintiff's Exhibit 3, which is the 2012 990; Exhibit 4, which is the 2011 990; Exhibit 5, which is the 2010 990; Exhibit 6, which is 2009 990; and Exhibit 7, which is the 2008 990.

Does each of those have the appropriate first page and the page containing section 8 from the 990s for the years referenced?

A Yes, sir.

Q Okay. And are you the listed signatory for Palmetto Health at the bottom of page 1 of each of those exhibits?

A Yes, sir, I am. Title changed.

Q Title change.

A Yes.

Q Okay. Can you point -- can you point that out to me?

A Yeah. It happened in 2011. It went from being Executive Vice President and CFO to being just the CFO.

Q Okay.

A And then in 2012 -- in 2012 to 2013, the audit firm changed. Okay. It went from Grant Thornton to Dixson Hughes.

Q Okay.

THE COURT REPORTER: To what?

THE WITNESS: Dixson -- it went --

THE COURT REPORTER: Dixson Hughes. It went to ...?

THE WITNESS: Grant Thornton, T-h-o-r-t-o-n.

Q So other than a title change on your part and the changing of the CPA firm, those all represent the 990s for Palmetto Health; and they are the same, essentially, as the first two exhibits that we -- that we entered; is that right?

A That's correct.

Q Okay. And your title changed from Executive Vice President and CFO to just CFO.

A That's correct.

Q Was that a promotion or a demotion?

A It was a title change.

Q Okay. If we look at the 2012, which I believe is Exhibit 3 --

A Yes, sir.

Q -- can you tell us what is listed on the line that says "Government Grants," part 8, section -- line 1(e)?

A The dollar amount is $1,861,225.00.

Q And for the 2011 990, can you tell us what is listed on part 8, section 1(e)?

A Yes. It's $4,021,062.

Q The 2010 Form 990, can you tell us what's listed on

part 8, line 1(e), Government Grants?

A Yes. It's 5,695,423.

THE COURT REPORTER: 23?

THE WITNESS: Correct.

Q And for the 2009 Form 990, part 8, line 1(e), can you tell us how much is listed for Government Grants?

A Yes. $5,910,902.00.

Q And for the 2008 990, part 8, line 1(e), what is listed for Government Grants?

A 4,183,656.

MR. CARPENTER: And I would move those into evidence as Exhibits 1 through 7.

MS. JONES: My objections, Your Honor, are on the temporal objection regarding the time period because the FOIA requires it relates to the present tense, the language of the FOIA. The supported receipt of funds, as well as these 990s, do not set forth purpose for any of those government funds. That's all, Your Honor.

THE COURT: Okay.

MS. JONES: Those or my objections to all eight of those exhibits.

THE COURT: All right. I'm going to overrule, note your objections.

Q Now, when you sign your name to those 990s, do you try to make sure they're filled out in compliance with Federal

rules and regulations that govern the -- the reporting on 990s?

A I do.

(Mr. Carpenter and Ms. Jones confer briefly.)

(Marked Plaintiff's Exhibit No. 8, IRS Rules document.)

Q Let me show you what is -- appears to be a document from the IRS called "Instructions for Form 990." Can you look at that -- have you ever seen the instructions for the Form 990?

A Probably -- I don't think I have.

Q Okay. You're a CPA though, right?

A I am.

Q Have you filled out 990s before?

A I have never actually filled one out. No, sir, I have not.

Q But you've been CFO for Palmetto Health for 16 years?

A That's correct.

Q And you were CFO for another hospital three years before that?

A Year and a half, yes, sir.

Q Okay. Do you recognize this as Instructions for Form 990 as it purports to be?

A Yes. It says "Instructions for 990" at the bottom.

Q And the IRS publishes this, doesn't it?

A Yes, they do.

Q Okay. The pages I've handed you are a selection from those instructions, and they're selections -- pages 36, 37, and 38; is that right?

A Yes.

Q All right. If you look at the bottom of page 37, on the right side, there are instructions for filling out line 1(e), which would be of part 8, line 1(e); is that right?

A Yes, sir, it is.

Q Okay. And the instruction is (as read): "Enter the total amount of contributions in the form of grants or similar payments from local, state, and federal government sources; as well as foreign governments. Include amounts from U.S. possessions."

And then there's an explanatory paragraph, is that right, at the bottom of the column?

A There's a following paragraph.

Q All right. And it says (as read): "Whether a payment coming in is labeled a grant or a contract does not determine where the payment should be reported on line -- on part 8;" is that right?

A Yes, sir.

Q It says (as read): "Rather a grant or other payment from a government unit is reported here if it's primary purpose is to enable the organization to provide a service

to or maintain a facility for the direct benefit of the public rather than to serve the direct and immediate needs of the governmental unit;" right?

A Yes, sir.

Q Okay. (As read): "In other words, the payment is recorded on line 1(e) if the general public receives the primary and direct benefit from the payment and any benefit to the governmental unit is in direct and insubstantial as compared to the public benefit;" is that right?

A Yes, sir. That's what it says.

Q To your knowledge, were the grants that were listed on Exhibits 1 through 7, the 990s from 2014 back to 2008, in compliance with these instructions?

A My expectations is that they were.

MR. CARPENTER: Your Honor, I move Exhibit 8 into evidence.

MS. JONES: No objection.

THE COURT: Okay. Without objections, that's Plaintiff's 8.

(Plaintiff Exhibit No. 8 in evidence.)

(Mr. Carpenter and Ms. Jones confer briefly.)

MR. CARPENTER: May I approach?

THE COURT: Yes, sir.

(Marked Plaintiff's Exhibit No. 9, Consolidated Financial Statement for 2015.)

Q Mr. Duane, I've marked as Exhibit 9 what appears to be the consolidated financial statements and independent auditor's report for Palmetto Health and its subsidiaries September 30, 2015 and '14. Can you take a look at that and tell me whether that is, indeed, what that is. And specifically, I think, in your deposition we might have had an issue with the last page, which might have been connected in error because it came from the certificate of public ...

A Yes, sir. This -- this is -- the last page is not part of the audited financial statements. It is a requirement that we provide the certificate of public advantage to the Department of Health and Environmental Conservation. It somehow was attached and it would not be considered part of the audited financial statements.

Q Okay. So there's nothing wrong ---

A There's nothing wrong with it. The opinion of the auditors would not extend to that page.

Q Okay.

MR. CARPENTER: Your Honor, this is the -- another copy of Exhibit 9.

THE COURT: All right. Thank you, sir.

Q Can you -- describe for the Court what you have in your hand as Exhibit 9.

A This is the consolidated financial statements for

Palmetto Health, along with the independent auditor's opinion, for fiscal year September 30, 2015 and September 30, 2014.

Q And who prepares these documents?

A Financial statements are prepared by Palmetto Health. They are then audited by, in this case, Dixson Hughes Goodman. And they then put their opinion on our financial statements.

Q And is this a document you're required to file publicly because of the certificate of public advantage related to the hospital?

A I don't know that that's required to file publicly. We -- this would -- this is part of the 990. So the information would be on the 990. We'd make this publicly available on our website. Disclosure Dissemination -- Disclosure Dissemination website, and it's part of our bonds to keep our bonded investors informed.

Q Okay. And is important that the figures on this be accurate.

A Yes, sir.

Q And the auditors, after your offices prepare the statements, the auditors come in and provide an audit to validate the numbers you have put on -- on the document; is that right?

A That's correct.

Q All right. If you look at what is Bates Numbered 788, and it's titled at the top "Palmetto Health and Subsidiaries Consolidated Statements of Changes and Net Assets for the Years Ended September 30 and September 4 -- in 2015 and 2014," is this a document that was also a part of the consolidated financial statements prepared under your supervision?

A Yes, sir.

Q All right. On this page there's a line that says "Contributions and Grants;" is that right?

A Yes, sir, twice.

Q And one of them is for the balance as of September 30, 2015 -- 2013, I'm sorry?

A Correct.

Q And ---

A Well ---

Q --- the other is -- all right. Go ahead and tell me what it is.

A There's one number that's contributions and grants that is for the fiscal year ending September 30, 2014; and then there's another number, contributions and grants which were received for the fiscal year ending September 30, 2015.

Q Thank you. So the top line is the balance that starts the beginning of the fiscal year. The middle line, in dark

print, is where you are at the end of September, 2014, and the bottom number is where you are at the end of September, 2015.

A Yes, sir.

Q All right. So in 2013, what did you report as receiving in contributions and grants, what amount?

A In the temporally restricted and -- and also in total was 9,953,000.

Q And these figures are listed in thousands of dollars; is that right?

A That's correct.

Q Okay. And then, in 2000 -- the fiscal year 2015, down below that, what did you report as contributions and grants for that year?

A $15,583,000.00, all temporally restricted.

Q Okay. Now, what kinds of contributions and grants make up those numbers?

A They would be contributions/grants from -- from governments, as we've identified previously, from our Foundation; and other private foundation -- private fund -- funding sources.

Q So this is a compilation of grants and contributions from several sources.

A Yes, sir.

Q Okay. And by comparing these numbers to the

government grants and contributions on your Form 990s, you could make a conclusion about what came from sources other than governments; is that right?

A Yes, sir.

Q Okay.

MR. CARPENTER: Your Honor, I'd move Exhibit 9 into evidence.

MS. JONES: No objection, Your Honor.

THE COURT: Without objection, Exhibit 9.

(Plaintiff's Exhibit No. 9 in evidence.)

MR. CARPENTER: Your Honor, I have a group of exhibits that are excerpts from similar consolidated financial statements for years going back to 2005. I'd like to have the marked and hand it as a group to the witness.

THE COURT: All right.

(Marked Plaintiff's Exhibits Nos. 10 through 18, Consolidated Statements for years 2014 through 2006.)

MR. CARPENTER: Your Honor, we've marked Exhibits 10 through 18, and they are consolidated statements of changes and net assets from 2014 going back to 2006.

THE COURT: Any objection?

MS. JONES: I -- can you just tell me which ones are which, just for my numbering?

MR. CARPENTER: Yeah.

(Mr. Carpenter and Ms. Jones confer briefly.)

THE COURT: So Exhibit 10 would be 2014, and then you worked your way back?

MR. CARPENTER: Yes, sir.

(Ms. Jones and Mr. Carpenter confer.)

MR. CARPENTER: I started that way with the other exhibits, and I thought I'd ---

THE COURT: Yeah. Yeah.

MR. CARPENTER: --- stay with it.

(Mr. Carpenter and Ms. Jones confer.)

MS. JONES: Your Honor, my objections to these are the same objections that I -- that I made -- except for the 2015 one, which is the year in question -- the same objection that I made previously on the 990s. The -- the temporal objection that it is not relevant to the time period at issue here for Exhibit 11 through 18.

THE COURT: Okay.

MS. JONES: And it's not relevant because these documents, as the witness has testified and is set forth in the exhibit itself, are the changes in net assets on restricted funds.

THE COURT: All right, ma'am. All right. I'm going to overrule and -- but note your objection to exhibits -- now, that -- that objection doesn't go to Exhibit 10; is that correct? It goes to 11 through 18? Is that right?

MS. JONES: The second objection goes to Exhibit 10

because it is -- it ---

THE COURT: Because it doesn't list specifically ---

MS. JONES: --- and that's the one a relevancy that relates to it's restricted funds for changes and net assets.

THE COURT: Okay. All right.

MS. JONES: That relevancy part ---

THE COURT: Yes, ma'am.

MS. JONES: --- would go to 2010 as well, Your Honor.

THE COURT: All right. And then the -- both for 11 through 18, both grounds for ---

MS. JONES: That's correct, Your Honor.

THE COURT: For 11 through 18. Okay.

MS. JONES: Thank you.

MR. CARPENTER: May I approach the witness, Your Honor?

THE COURT: Yes, sir.

DIRECT EXAMINATION BY MR. CARPENTER:

Q Mr. Duane, I have a series of exhibits, as you probably heard, Exhibits 10 though 18. And can you look at those and verify that those are statements from Palmetto Health of the changes in net assets, starting with year 2014 and then going back to 2006.

A (Looking through exhibits) See, this one goes back to 2005.

Q Okay. Because it holds two years, right?
A Right. It's from the 2006 statements, but it has 2005 on it.
Q Okay.
A Now, I'm just going to take a quick look and see if it -- if these tie up to the 990s.
Q Oh, go ahead. That -- that would be helpful.
(Brief pause.)
A I was expecting these to tie back to the 990, but they -- they are not. One year did. The others appear not to be.
Q Can you tell us what you mean by that.
A I was expecting for 2013 -- for the government grants and contributions to agree -- agree back to our 990. There must be some reconciliation that happens before that. But they do appear to be the financial -- the excerpts from our financial statements, yes, sir.
Q Can you explain that to a couple of non-accountants what you mean by that?
A Yes, sir. I'm looking at the --
Q Can I look over your shoulder?
A -- yes, please do -- the 990 from 2013.
Q Right.
A And this is the 2013 Palmetto Health consolidated statement of changes. I was expecting this contributions

and grants to tie to what appears here (indicating) and it does not. And I -- I don't know, but I'm sure it reconciles but I don't know why it does not tie ---

THE COURT REPORTER: I'm sorry?

Q You have to speak up a little clearer for her.

A Okay. There's some type of reconciliation that must take place. There's a difference, so they don't tie up directly.

Q So ---

MS. JONES: Paul, put the microphone closer to your mouth, please.

(Brief pause.)

A I apologize. I'll try to get better.

Q So you would expect the --

A Yes, sir. I went back and checked on '14 from this number. And I don't know. I could not -- I could not explain why they don't reconcile. There's -- I'm sure there's a reason.

Q Okay.

A I shouldn't have brought that up.

Q Just creating a problem for yourself, aren't you?

A That's right. So it ties here to the financial statements.

Q All right. And what you're pointing to, if we can explain for the record, is part 8 on the 2014 990, for the

total contributions gifts and grants and other similar amounts, $15,583,000.00, matches the figure on the consolidated statement of changes and net assets for that same fiscal year, 2014, which is $15,583,000.00; is that right?

A That's correct.

Q And then on 2014 --

A That was 2014.

Q I'm sorry, yes. In 2013, you have a total on the 990 of all contributions of $10,427,000.00 and $852.00; but on the consolidated statement of changes, the figure is $9,953,000.00, which is some kind of discrepancy, which you're at a loss to explain; is that right?

A It probably reconciles, but there's a reason for it.

Q And -- and in general terms, what's stated on the consolidated financial statement includes the government contributions, in addition to other things. But you would expect that total to match not line 1(d) but line 1(h) which is the total. And you, at this point, are unable to explain why.

A Correct.

Q But for our purposes, the important point is that Palmetto Health received several million dollars a year in government grants.

A That's correct.

Q Okay.

MR. CARPENTER: Your Honor, I'd move those Consolidated Financial Statement into evidence, which will be exhibits ...

THE COURT REPORTER: 9 through 18.

MR. CARPENTER: ... 9 through 18.

THE COURT: All right. And I'm going to allow those over -- I'm going to note Defense -- Defense's objections to 10 through 18. And I'm going to overrule and allow those ...

(Plaintiff's Exhibits 9 through 18 in evidence.)

MR. CARPENTER: I have another exhibit to mark.

(Marked Plaintiff's Exhibit No. 19, 2015 Other Operating Revenue Breakout document.)

DIRECT EXAMINATION BY MR. CARPENTER:

Q Mr. Duane, we've marked as Exhibit 19 documents produced from your lawyer to us Bates Numbered 1750 and 1751. Can you look at those and tell us what they are, please?

A Yes. This is an analysis of the other operating revenue from September 30 -- the year ending September 30, 2015.

Q Okay.

A And one -- the first page enumerates the total of the other operating revenue. And then the second page takes an

individual line and breaks that down by individual grant or other funding source.

Q All right. So the second page of Exhibit 19 is a detailed listing of the grants that make up the number at the top of the first page, the $2,068,000.00; is that right?

A That is correct.

Q And those list the grants and the -- the source of the grants and the purpose of the grants and the amount of the grants.

A That's correct. This -- that's correct.

Q All right.

MR. CARPENTER: Your Honor, we'd move Exhibit 19 into evidence.

MS. JONES: I have no objection to the document, Your Honor. I think the document speaks for itself. I do object to the characterization of the second page or the last page as grants. It's grants and other agreements. That's my only objection.

THE COURT: All right. I'm going to allow it and note the objection as to the characterization of page 2.

(Plaintiff's Exhibit 19 in evidence.)

Q Mr. Duane, you've been CFO for 16 years for Palmetto Health?

A That's correct.

Q Okay. And have you attended board meetings of Palmetto Health?

A I have.

Q All right. Have you attended board meetings the whole time you've been there as CFO?

A I have.

Q Okay. Now, have these board meetings been open to the public?

A They -- they have. There's a public session.

Q Okay. And how long have they been open to the -- for how many years has the board been meeting in public?

A I don't know. It was that way when I came.

Q Okay. And does -- did -- did Palmetto Health give public notice of the board meetings?

A Yes.

Q And you've been to pretty much all the board meetings since you've been there as CFO.

A I cannot say all of them, but substantially all of them.

Q Now, on occasion, as the board gone into what's called "executive session"?

A Yes, sir.

Q Okay. And how would that happen that they would go into executive session? What process would they go through?

A There would be a motion to move into executive session, and the board would move to move into executive session.

Q They would vote to go into executive session?

A I believe so.

Q All right.

A Yes, sir.

Q And what would be the purposes for going into executive session?

A For dis -- discuss issues around contracts, strategies, legal matters ...

Q To obtain legal advice?

A I -- legal advice -- just updates on where they were in legal matters.

Q Reports from your lawyers?

A In-house counsel, yes, sir.

Q Now, are the board meeting still public?

A I don't think the process has changed. I don't they -- they've -- break it out into a separate public and executive session. Now, if you look at the agendas, it's all one. But there's still and executive session on the agenda.

Q All right. Are the -- are the board meetings open to the public these days?

A I -- I -- I believe so. I don't think anything's

changed in that regard.

Q And -- and do -- do -- does the board still going to executive session on occasion?

A It does.

Q What was the most recent time it went into executive session?

A Within the last quarter. I was -- they didn't meet in January, so it was probably in the December meeting. It's a routine part of their -- their process.

Q And they make a motion to go into executive session.

A Yes, sir.

Q Do they actually physically move or do they excuse people from the room?

A People are excused from the room.

Q Okay. And who remains in there?

A Board members and those who have been asked to stay.

Q And does the board still give public notice of its meetings?

A I don't know.

Q Now, from time to time, Palmetto Health has received requests for under the Freedom of Information Act; is that right?

A Correct.

Q And have you helped in making a response to any of these requests under the Freedom of Information Act?

A My responsibility would have been to gather data as requested by -- by our attorneys internally.

MR. CARPENTER: Approach the witness, Your Honor?

THE COURT: Yes, sir.

Q I have a letter dated April 10, 2002, that's from Palmetto Health, addressed to a member of the -- office of the Sisters of Charity Providence Hospital; and it's entitled "Response to freedom of information act request."

MR. CARPENTER: We will mark this says Exhibit 20.

(Marked Plaintiff's Exhibit No. 20, letter.)

Q Show you what we've been marked -- what we marked as Exhibit 20. Can you tell me what that is?

A This is a letter to Mr. Anthony DeFurio.

THE COURT REPORTER: Can you spell that?

THE WITNESS: Capital D, small E, capital F, u-r-i-o.

A I -- I would just be reading the letter. I'm not sure what it's --

Q Okay. And it -- it -- that doesn't -- the "RE" at the top of the letter is (as read): "Response for freedom of information act request;" is that right?

A That's correct.

Q And if you look at the -- at the end of the letter, their two people copied their; is that right? (As read) "CC" ---

MS. JONES: Your Honor, I have and objection. The

witness does not recognize the document. The witnesses said he -- he doesn't know anything about the document. He'd just be reading the letter. So I object to it on the basis of no foundation.

I do not question the authenticity of the letter, but I do question the -- the -- ability to ---

THE COURT: Any questions for this witness?

MS. JONES: Yeah. For this witness.

MR. CARPENTER: Okay. I'll -- I'll try to stick within his confidence, Your Honor.

THE COURT: All right. I -- I'm going to -- I'm going to sustain the objection as far as any questioning of this witness. I mean, obviously, you can -- you can ask him, "Do you recognize this as a letter?"

As far as any of the details regarding the letter, if this is the first time he seen it, I don't know that ---

MR. CARPENTER: I -- I -- I wasn't -- I wasn't going there.

THE COURT: Okay.

MR. CARPENTER: I've got limited questions for him, and --

THE COURT: Sure.

MR. CARPENTER: We would -- we would tender this is a statement of a party opponent, a statement against interest as well, from Palmetto Health. It is -- it is a positive

request to a FOIA request, and we think it's admissible under that basis and there's no question as to authenticity.

But I would point out just a few things within that scope.

THE COURT: All right. I -- I'm going to let you do -- you -- your objection is to his line of questioning this witness because this witness has no information ---

MS. JONES: Right, Your Honor.

THE COURT: --- regarding it.

MS. JONES: And I also object to it because it is, you know, an admission in 2002 is not relevant to the proceeding now. And the -- it -- it -- it constitutes hearsay.

MR. CARPENTER: But by definition of the rule, if it's a statement of a party opponent, it is not hearsay. So it's a -- it's admissible, and it's admissible for the truth of the matter asserted. It's a statement of the party opponent; it's -- it's an admission against interest as well. It's -- it's a statement where they're positive in responding to a FOIA request in producing documents.

So I -- I ---

THE COURT: All right. I'm --

MR. CARPENTER: --- I move it into evidence.

THE COURT: I'm going to overrule the objection as --

as to the -- the admissibility on -- on that basis.

But as far as any questioning for this witness, will just have to -- to deal with those, Ms. Jones.

MS. JONES: Just in brief response of the hearsay objection, the -- the hearsay rule, as I understand it, Your Honor, which is incorporated in my hearsay objection, is that it has to be against the party's interest at the time it was stated, not at a subsequent time. And that -- I -- I just want to be sure to make that clear for the record --

THE COURT: Okay.

MS. JONES: -- because what happened in 2002, you know, 15 years ago, is not relevant to this proceeding.

And the case law, which we handed up to Your Honor, under the Rocky D case and the -- the -- the FOIA statute, has changed since then. And so it's not relevant to these proceedings.

THE COURT: Okay. Let me -- and let me -- just so that will have some understanding as we go forward, I'll give an example: If -- if we -- if we were in front of a jury right now, your earlier objections to -- to all of those and -- and their -- their relevancy, based upon the FOIA statute, what it says, and the fact that it identifies documents that are relevant to this -- this issue at -- at hand, first, is the historically ---

MS. JONES: Correct.

THE COURT: --- things.

Obviously, I -- I haven't had -- what I would do if we had a jury here, I -- I'd probably take a brief recess and I'd look into that.

MS. JONES: Yes, sir.

THE COURT: And -- and if I agreed with you, I'd keep it out. And if I didn't, I'd overrule.

I'm kind of allowing it in right now. I'm going to have to go back as we're non-jury. So I'm going to have to go back and first -- 'cause I'm making my notes -- look at your objection as -- as it relates to -- to the FOIA definition. And if I agree with you, then -- then I'm going to -- for purposes of my decision, I'm going to set these documents aside a deal with the ones that -- that are relevant.

Do I make myself -- do you see what I'm saying?

MR. CARPENTER: I understand.

MS. JONES: I understand ---

THE COURT: I typically wouldn't just allow everything in and -- and I'm not -- I'm not saying that when -- when I have a chance to actually look at -- at these objections and the rules that you're citing or the statutes that you're citing, I may end up agreeing with you, Ms. Jones, and not consider, you know, Exhibits 10 through 18.

MS. JONES: I understand, Your Honor, that you're taking it, you know, subject to your review and your conclusion at the end.

THE COURT: Yeah. But I do -- I do want the record to reflect your objections. So I appreciate you and want you to continue making them. And -- and I'll certainly be clear, whatever ruling I make, what I considered and didn't consider. Okay.

MS. JONES: Thank you, Your Honor.

THE COURT: So at this time -- now we -- do we have -- I got two letters here. Are they 20 and 21 as far as being marked?

MR. CARPENTER: I marked the first one.

THE COURT REPORTER: I haven't marked 21 yet, just 20.

THE COURT: Okay. These are both dated -- are these the same letter?

MR. CARPENTER: No. One of them is March and one of them --

THE COURT: One is March and one of them is April. No. I got two Aprils.

MR. CARPENTER: I -- then I gave you the wrong one. I've got a March and I've got an April.

THE COURT: These are both April. So let me give you back an April.

MR. CARPENTER: There we go.

THE COURT: And you have March marked as Exhibit 20; is that correct?

(All talk simultaneously.)

MR. CARPENTER: April is 20; March is 21. But I haven't marked it yet, but I'm getting ready to.

THE COURT: I understand. Okay. I just want to make sure I have them marked right.

MS. JONES: For the record, I have the same objections to 20 and 21 ---

THE COURT: And 21.

MS. JONES: --- and I think the way this will -- he testified in his deposition -- and he's going to show it to him in a minute -- he also is not able to testifies to the contents of Exhibit 21.

THE COURT: Yes, ma'am.

(Marked Plaintiff's Exhibit No. 21, letter.)

(Plaintiff's Exhibits Nos. 20 and 21 in evidence.)

DIRECT EXAMINATION BY MR. CARPENTER:

Q All right. Let -- let me hand you what we've marked as Exhibit 21, which appears to be a letter dated March 14, 2002. Are you familiar with that letter?

A I am not.

Q But it also appears to be a letter from Palmetto Health to the Sisters of Charity, in response to a freedom of information act request; is that right?

A It appears to be -- the RE line (as read): "Response to freedom of information act," and it's addressed to Anthony DeFurio, who's the Senior Vice President and Chief Financial Officer at Sisters of Charity Providence Hospitals.

Q And both of these letters are from Judy Cotchett Smith; is that right??

THE COURT REPORTER: Judy what?

MR. CARPENTER: Cochet; C-o-t-c-h-e-t-t, Smith.

THE COURT REPORTER: Thank you.

Q Direct -- Director of Corporate Communications; is that right?

A That's correct.

Q Is she still in that position?

A She is not.

Q Okay. Then you knew her when she was here in 2002, right?

A I did.

Q Okay. And both the letters are cc'd to Craig Garner, Jr. and Elizabeth Crum; is that right?

A That's correct.

Q And those our lawyers with the McNair Law Firm.

A They are.

MR. CARPENTER: And I'd move Exhibits 20 and 21 into evidence.

Cross-Examination of Paul Duane by Ms. Jones

THE COURT: All right.

MS. JONES: Same objections, Your Honor.

THE COURT: Correct. Note those objections. I'm going to allow it in.

MR. CARPENTER: If I could have a minute to gather my thoughts, I think I'm close to the end of this examination.

THE COURT: Yes, sir.

(Brief pause.)

MR. CARPENTER: Your Honor, I believe those are all the questions I have for this witness.

THE COURT: All right. Ms. Jones.

MS. JONES: Thank you, Your Honor.

CROSS-EXAMINATION BY MS. JONES:

Q Mr. Duane, I'm going to hand you a group of documents that have been pre-marked as the Defendant's exhibits.

MS. JONES: Your Honor, for the Court, this is the notebook that I handed up to you.

THE COURT: Yes, ma'am.

MS. JONES: I am going to proceed at this point in time with my direct examination of Mr. Duane so that he can be excused when he's done here.

THE COURT: All right. That's fine. Thank you.

MS. JONES: All right.

DIRECT EXAMINATION BY MS. JONES:

Q Mr. Duane, if you would, please, reintroduce yourself

Direct Examination of Paul Duane by Ms. Jones

to the Court. And if you would, would you please tell Judge Russo what your work history is since you finished college and became a CPA.

A Okay. I -- as I said, I finished from State University of New York in Fredonia. I then went to work for Blue Cross and Blue Shield plan in Rochester, New York, where I spent the better part of year and a half working as a Medicare auditor.

I then spent the better part of year, year and a half, working as something called a "Blue Cross Rate Analyst," at which time I was recruited to the public accounting firm of Ernst and Ernst, which became Ernst and Whinney, then Ernst and Young, a very prominent, world -- worldwide public accounting firm.

During that time, I spent -- I got a balance of experience. A very heavily amount of my time was spent in healthcare industry, doing both audit and consulting work.

From there, after almost 7 years there, I was recruited to become the Comptroller of Rochester General Hospital, at hospital very similar to Richland Memorial Hospital here in -- in South Carolina. And then, the organization started growing. I was within a year -- slightly more after that, I was made vice president of finance. And then the system continued to grow, adding hospitals, nursing homes, etc.

And I worked my way up through the ranks there. Became the treasurer, and then eventually the Chief Financial Officer of -- of the organization. And then in 2000, I was recruited to come to sunny South Carolina, so I did.

Q Mr. Duane, currently your chief financial officer at Palmetto Health?

A Yes, I am.

Q And would you please tell the Court what your responsibilities are and the scope of -- of the -- of the employees that work under your direction and control at Palmetto Health.

A I'm responsible for the core financial functions that you'd expect. So all the accounting, managed care contracting, accounts payable, payroll, budgeting, treasury -- treasury services. I'm also responsible for the information technology areas, the health information management areas, and I also have responsibilities for supporting the operations of the hospitals from a business and financial support operation.

And spend a good deal of my time now -- working on mergers, acquisitions, and strategic transactions and strategic thinking for the corporation.

Q And how many people at them at Palmetto Health in the organization today report to you directly or indirectly?

A I would say, plus or minus, 1000 people.

Q And if you would, please, I want to start with what's been marked as Defendants Exhibit 1, at Tab 1 in the notebook.

It's a document that's entitled "The Certificate of Existence, Non-profit Corporation." And if you would, please, identify that document for the Court.

A This is the State of South Carolina, Office of the Secretary of State, Mark Hammond's office, a certificate of existence for a not -- non-profit corporation.

Q For what corporation?

A For Palmetto Health.

Q And if you would please, if you would also identify what's been marked as Exhibit 1(a).

A If I have the right -- the right tab here, it's the Articles of Incorporation for -- it's -- it's labeled here as "BR Health System." That's the name that was used for Palmetto Health as they're going through the process of establishing the organization.

Q And Exhibit 1(b), if you can identify that.

A This is the amended and restated articles of incorporation for Palmetto Health.

Q And that's when the name was changed from BR Health Services to Palmetto Health.

A That's correct.

MS. JONES: Your Honor, we would offer exhibits 1, 1(a), and 1(b) into evidence.

THE COURT: All right. Any objection?

MR. CARPENTER: No, sir.

THE COURT: Without objection.

(Defendant's Exhibits 1, 1(a), and 1(b) in evidence.)

CROSS-EXAMINATION BY MS. JONES:

Q Would you please turn to what's been marked as Exhibit 2.

A Yes, ma'am. Got it. Yes.

Q Okay. Mr. Duane, when Palmetto Health was formed or B.R. Health Systems was formed, you weren't working at Palmetto Health; is that correct?

A I was not working at Palmetto Health, no.

Q But when you came to Palmetto Health, did you become aware of the existence of this ordinance that's been marked as Defendant's Exhibit 2, from Richland County, when the Palmetto Health organization was formed?

A I got to look through this a little bit more.

Q Please.

A What --

MR. CARPENTER: Your Honor, if he doesn't know anything about this document, I'd have the same objection she did about those letters that he just wasn't familiar with. I don't think he can testify about them if he

doesn't have any familiarity about it.

THE COURT: Well -- well, let him look through it and let him tell us ---

MS. JONES: And I can -- I -- I can turn around and go back into it another way. But it's -- it's -- it's -- it's an entry way into the -- the evidence that this witness does have knowledge of concerning the payments to Richland County.

THE COURT: Okay.

A This -- this appears to be the -- the document that authorizes the Richland Memorial Hospital Board to enter into contract negotiations with the Baptist Health System of South Carolina.

(Brief pause.)

MS. JONES: Your Honor, on two phases, I'd asked the court to take judicial notice. This is a public document and admissible under rule of 1001 or 6. 1,005, excuse me, Your Honor. So it's admissible on that basis and it is the ordinance that was passed by Richland County at the time the Palmetto Health organization was formed.

THE COURT: All right.

MS. JONES: So I'd offer it on that basis as well.

THE COURT: All right. I'm going to overrule and allow it.

(Defendant's Exhibit No. 2 in evidence.)

CROSS-EXAMINATION BY MS. JONES:

Q If you would, Mr. Duane, would you turn to tab 4, which is -- has been pre-marked as Defendant's Exhibit 4.

MS. JONES: And actually, Your Honor, this is another copy of Plaintiff's Exhibit --

THE COURT: Okay. Nine.

MS. JONES: -- 9. That's correct.

THE COURT: Yeah.

MS. JONES: The audit financial statement.

CROSS-EXAMINATION BY MS. JONES:

Q Can you identify that document?

A Yes. These are the audited financials -- the consolidated financial statements, with auditor's report, for the years ended September 30, 2015, and September 30, 2014.

MS. JONES: And Your Honor, I'd like to offer that into evidence at this point in time.

THE COURT: All right. That's Defense 3?

MS. JONES: It would be Exhibit 4. I skipped 3.

THE COURT: Okay.

MS. JONES: I'm gonna come back to 3.

THE COURT: All right. Well, we'll mark that as 4. I assume there's no objections since it's in?

MR. CARPENTER: No objection.

THE COURT: All right.

CROSS-EXAMINATION BY MS. JONES:

Q And the last document I would like for you to identify at this point in time, Mr. Duane, is at -- is at Tab 5 in the notebook.

A Yes.

Q And can you identify Exhibit 5?

A Yes. This is -- this is a representation from, I believe, suit that took place where the representative from the County is expressing the consideration that was paid for Palmetto -- to -- by Palmetto Health back to the County when Palmetto Health was first formed.

MS. JONES: Your Honor, this order, which is the Reid order from 1998, it is a public document. Again, it is admissible under Rule 1005. And page 6 of this order sets forth a consideration that the Palmetto Health is paying for or is obligated to pay for in consideration of the ground lease of the property where the Richland Memorial Hospital was located. And we would offer it into evidence and ask the Court to take public notice of it.

My purpose and offering it, Your Honor, is to question Mr. Duane concerning those obligations and whether or not they have been met over the course of the existence of the Palmetto Health alliance.

MR. CARPENTER: Your Honor, we -- we object to it. That's -- neither party here was a party to this case. It

was a circuit court decision back in 1998. Has nothing to do with the facts of this case, and is attempting to inject an issue which the plaintiff so far has not offered any evidence on.

And finally, I don't think that Mr. Duane -- because he wasn't even in Columbia at -- at that time -- knows anything about this and has any basis to testify about the contents of this order.

But I think if she's going to object to my offering something from 2006 as being irrelevant and way too far back, here we have something from eight years earlier, which is far more irrelevant than what I've offered.

THE COURT: Well, I don't know. Let -- let me just say that I don't know that it -- it -- I mean, it may seem irrelevant at the moment, but I believe there's been some allegation in your pleadings that -- to support that they didn't pay -- and correct me if I'm wrong -- something about they didn't pay fair market value for -- for this and this is evidence that goes toward that.

So it may not be relevant at this moment because you haven't addressed it; but I -- I'm giving some leeway because I think, you know, the -- Ms. Jones is kind of on her direct with -- because I think we're trying to let this witness be excused when he's done. And so ---

MS. JONES: Your Honor ---

THE COURT: --- rather than her wait in -- to her -- in her case and -- and call him back in, or wait til you address it, I -- I just -- I -- I think that's where she's going with it.

MR. CARPENTER: Just as long as I made my record, my -- my objection, Your Honor.

MS. JONES: Your Honor, my position is this: If -- if the plaintiff is withdrawing their challenge to the adequacy of the consideration for the lease, then I can forgo all of that.

But if -- if -- if that is still at issue in the case, then I need to make my record and elicit the testimony concerning the adequacy of the consideration.

And I do have two arguments in that regard. One of them's a legal argument about the preclusive effect of this final order, which was a class action; and the second one is factual based, which Mr. Duane can testify to.

MR. CARPENTER: It -- it is true that, in our pleadings, we didn't allege -- make an allegation about the inadequacy of the consideration.

At this point, I think were going to have evidence of -- focus on the fact that they've been receiving millions of dollars in grants for the last 10 or 15 years, and been spending millions of dollars in grants and managing the expenditure of millions of dollars in grants, all of which

is overwhelming evidence they're subject to FOIA. And I don't plan to put on evidence about this issue.

THE COURT: Okay. So you're going to waive the issue--

MR. CARPENTER: Yes.

THE COURT: -- regarding the insufficiency of the lease. Okay.

MS. JONES: If he's waived the issue, there's no need for me. But if ---

THE COURT: All right.

MS. JONES: --- that's the -- that's the point of this testimony, Your Honor.

THE COURT: I know it was.

MS. JONES: This order and -- and the testimony that Mr. Duane would --

THE COURT: Right.

MS. JONES: -- would ---

THE COURT: And -- and -- and I -- I -- I thought that's were you were going based on my reading of your -- your memoranda. But apparently that -- that's not an issue any longer and so we can -- we can move on.

MS. JONES: Okay.

THE COURT: And I'll sustain the objection it's irrelevant at this point. Okay. So that's with regards to Exhibit 5.

And Ms. Jones, can I just assume that we're gonna -- -- as we proceed, tab numbers are gonna correlate with your exhibit numbers?

MS. JONES: That's correct, Your Honor.

THE COURT: Okay. So Exhibit 5 is -- is --

MS. JONES: I -- I mean, I would like to proffer for the record what we have previously marked as Plaintiff's [sic] Exhibit 9 and 10, which were two documents that -- and I understand the Court's ruling and the waiver of this issue, but the Exhibit 9 is a summary of the payments that Palmetto Health has made to Richland County and on behalf of Richland County over the years. And Exhibit 10 are the assets placed in service by fiscal year.

But in light of the waiver, I would just proffer those and we don't need to go into them.

THE COURT: All right.

MR. CARPENTER: Of course, I would object under relevance ---

THE COURT: Yes, sir. All right.

MS. JONES: If you'll just give me a moment, Your Honor, we --

(Brief pause.)

CROSS-EXAMINATION BY MS. JONES:

Q Okay. Mr. Duane, we will -- we're almost done here. If you would, please, sir, turn back to Exhibit 4, the

audited financial statements. And I would direct your attention, in Exhibit 4, to page 5 of that audited financial statement. It's Bates Numbered 1207. Do you see that?

A Yes, I do.

Q Okay. That is the sheet that you are asked about on cross examination by Mr. Carpenter, correct?

A That's correct. It's the consolidated statement of changes and net assets for 2015 and 2014.

Q And what I'd like for you to explain to the judge is what that means, the consolidated statement of changes in net assets.

A Okay. Net assets are, in essence, the value of our corporation, and based on our various funding sources or gifts that we receive -- grants, whatever -- we show and report, line by line, how our net assets have changed.

So it starts with the beginning of the year, it shows all that activity during the year as -- starts at September 30, 2013, at the top of the page, the first bolded. Rolls forward to the September 30, 2014, and does the same thing. So it's a two-year roll forward of the net assets of Palmetto Health.

Q And if you would, the prior page in the audited financial statements, page 4, the consolidated statement of operations, would you please explained to the judge what is

reflected in that information on page 4.

A Yes. In the -- in the aggregate, it is the revenue and expenses of Palmetto Health for the two years that have been discussed under -- in the financial statements, 2014 and 2015.

Q Okay. What's the difference in the information on page 4 and page 5?

A I mean, page -- page 4 -- I'm sorry -- page 5 is -- can be money that we have received, but we have not expended it for the purposes that we've -- we received the money for. On page 4, this is where we -- when we do expend the money for the purposes that is assigned to or restricted to. We would then bring that money into both revenues and the expenses.

Q So -- so page 4 is the actual revenues that are recognized in that year.

A Correct.

Q And page 5 are restricted funds that have not been moved into revenue.

A Correct. We have not -- that have not -- we've not spent any money of yet. So we receive the money, we set it up and recognize it that we received it by the statement with asset value; but there's no implications in our operating performance, or profitability if you will, until we actually expend the money.

THE COURT: Okay. So these are the monies that have not been expended on page 5.

THE WITNESS: Page 5 shows the total amount that has been received on one line, and then you can see down below that, for example, in 2014, the contributions and grants are 15,583,000; and that's all restricted of course. And then you can see the bottom line and that says "net assets released from restrictions for use in operations," so it -- it shows the numbers aggregate, the total amount received, then the amount released. And then the amount released would go back over into the P and L.

Q And in regards to the restricted funds that were released during this year that relate to the -- the revenues, could you look at what's been marked as Defendant's Exhibit 4(a), which I think the plaintiff also marked into evidence as Exhibit 19, as Plaintiff's Exhibit 19. You see that?

A Yes. In -- in my copy of 4(a), I have an extra copy of the financial statements. There's the -- what Mr. Carpenter brought forward before on the operating revenue analysis, and then there's the detail which ---

Q Okay. So this operating revenue analysis ---

A Yes, ma'am.

Q --- that is Plaintiff's Exhibit 19 ---

A Yes.

Q --- Defendant's Exhibit 4(a), that is what's actually been taken into revenue from the restricted funds.

A And other sources, that's correct.

Q And other sources.

A That's correct.

Q And if you would, please, the -- the -- the document that's Bates Numbered 1751 --

A Yes, ma'am.

Q -- the breakout, does that list out all of the monies taken in 2015 in your revenue operations for that year that are from a government source?

A For -- yes, government grants. Yes.

Q And in regards to those -- those funds, does it list in the summary -- was this document prepared under your direction?

A Yes, ma'am, it was.

Q The description of the restrictions that are set forth on there, that information -- explain to the judge what that information is.

A We received these -- these monies for specific purposes and it's very limited what the goods and services are that we can buy for these. So this describes the restricted purpose by which we -- for which we can use these funds.

Q Does Palmetto Health currently or has it ever, to your

knowledge, received any unrestricted funds from any government source?

A No.

Q And the $2,000,000 -- $2,068,401.00 that Palmetto Health took as revenue in 2015 from these restricted funds, did Palmetto Health have to provide the designated goods and services enumerated in this -- in this exhibit in order to receive those funds or to take them into revenue?

A We -- we would have had to have provided specific documentation around the -- as you can well imagine, they're fairly strict around the accounting and documentation of -- these monies were spent for the purposes to which they were intended. So invoices, payroll records, whatever the grantor requires.

Q And in 2015, what was the overall revenues of Palmetto Health?

A 1,267,014,000.

Q And of that $1,267,000.00 in overall revenue, this $2 million that's reflected in Defendant's 4(a) and Plaintiff's 19 -- exhibit 19, that is the -- the total that came from these government funding sources reflected, correct?

A Correct.

Q Okay. And what is the percentage of this government funding breakout in comparison to the total revenue of

Palmetto Health for the same period?

A Can I -- can I round?

Q Yes.

A It'd be -- certainly -- approximately .15 percent.

Q Okay. And that approximate .15 percent of the total revenue of Palmetto Health in 2015, what affect or what amount is that to the net income of Pamela Health?

A Okay. So to net income, it would be zero because the -- the revenues minus expenses gives you net income. So we can only take into income the amount -- for an amount where we have expenses that are equal to it.

Now, we may have spent more money on it than that, but we can only bring that in. So it would either be zero or less than zero for those -- for those in the net income as a percent.

Q Is -- I'm sorry. Is the amount of government funding, the $2,000,000.00, in comparison to the 1.267 billion, is that a -- is -- is that significant to the operations of Palmetto Health at all?

A It's de minimis. It's very small. It doesn't provide any cash flow for us. It's -- it -- it's -- it's not material.

Q And it makes no contribution to the organization's net income; is that correct?

A That's correct. It doesn't impact us in being able to

continue our mission or not continue our mission. It's just very -- if we lose this funding, we would stop doing these services, doing these programs, and Palmetto Health would continue serving the community.

Q So if the government organizations that provide funding for these clinical studies -- and actually there are two grants on here. There are only two grants on the list, correct?

A Correct. The rest -- a lot of them are clinical studies. This one ---

Q The SANE grant and the Healthy Start grant are the only two government grants.

A There's the HRSA cooperative agreement also, isn't it? Oh. That's in DHEC.

Q That's ---

A That's a government grant, yeah.

Q So those -- those two grants, if those fundings -- if the government decided not to fund those particular endeavors, would Palmetto Health stop doing those programs?

A That would be a decision we'd have to make at that point in time. If we determine -- the people that makes the determinations of our organization felt they were imperative to the community to continue them, we would have to find a way to fund them. But if -- if not, we would terminate the services.

MS. JONES: I do have one other document that I want to -- Your Honor, I'd offer what I've marked and ask him about as Defendant's Exhibit 4. I -- I don't think I offered that.

THE COURT: Any objections 4(a)?

MR. CARPENTER: No, Your Honor.

THE COURT: All right. Without objection.

(Defendant's Exhibit 4(a) in evidence.)

Q And one final question, Mr. Duane. If you could turn to what -- to tab 3 in there and what's been previously marked as Defendant's Exhibit 3.

A Yes.

Q Can you identify that document?

A This is -- again it's a certificate of existence for non-for-profit corporation. But this one is for the Baptist Healthcare System of South Carolina, also executed by Mark Hammond.

MS. JONES: Your Honor, we would offer Defendant's Exhibit 3.

MR. CARPENTER: Objection, relevance. I don't know what the Baptist one has to do with this case.

MS. JONES: Your Honor, it's a public document. Again, what it has to do with the case is the -- and -- and maybe this has been withdrawn, too -- but it has to do with the allegation that there was a merger of Richland Memorial

Re-Direct Examination of Paul Duane by Mr. Carpenter

Hospital with the Baptist Healthcare system. The Baptist Healthcare System, under -- under operation of law statute, no merger could have taken place because Baptist Healthcare System is a not-for-profit, and it continues to exist to this day. And that's the relevancy of that document.

THE COURT: All right. I'm going to allow it.

(Defendant's Exhibit No. 3 in evidence.)

MS. JONES: That's all the questions I have, Mr. Duane. Thank you.

THE WITNESS: Thank you.

THE COURT: Mr. Carpenter, any further questions?

MR. CARPENTER: Yes. A couple of things.

RE-DIRECT EXAMINATION BY MR. CARPENTER:

Q Ms. Jones asked you about a page in Exhibit 4(a), Defendant's Exhibit 4(a), page number 1751. Do you have that there in front of you?

A 4(a)...

Q The one with the ---

A Yes, I do. Yes.

Q She may have misspoke, but she said there were only two grants on there. Is -- is -- did you agree with her that there are only two grants on there?

A No. There's a series of grants and awards on here. I think they're reference for the same grant from the South Carolina Department of Public Safety and then the Healthy

Start Grant from the US Department of Health and Human Services.

Q Now, there is one -- there -- there -- right below that is the HSR -- HRSA Cooperation -- Cooperative grant from DHEC, right?

A Yes.

Q That's for $290,000.

A 290,000.

Q Now, the next one, the perinatal systems is from -- from DHEC for maternal and child health bureau. Is that not a grant to provide for child care -- pre-natal services for -- for -- for women and children from disadvantaged backgrounds?

A Yes.

Q So that would be a grant as well, right?

A Yes, or award. I'm not sure the legal distinction --

Q Okay.

A -- related to that.

Q And would these -- would these grants fit the definition of -- in the IRS regulation that I asked you about earlier, it's primary purpose is to enable the organization to provide service to or maintain a facility for the direct benefit of the public, rather than to serve the direct and immediate needs of the governmental unit. Would these -- would these meet that definition?

MS. JONES: Your Honor, I'm going to object because he's asking this witness for a legal conclusion. That's inappropriate, and he's also mischaracterizing the document.

THE COURT: Which document?

MS. JONES: Of -- of what constitutes a grant, is a term of art, and what constitutes an agreement. And he's asking this witness for a legal conclusion and there's no foundation for it and the witness can't respond to -- that -- that's for the Court to decide.

MR. CARPENTER: Well, number one, the grant was the witness's term over and over again. Number two ---

THE COURT: Now, when you say "mischaracterize the document," you're referring to 4(a) ---

MS. JONES: Yes.

THE COURT: --- Bates Number 1751.

MS. JONES: Yes, Your Honor.

THE COURT: And that -- that's where ---

MS. JONES: Your Honor, we ---

THE COURT: Go ahead.

MS. JONES: There -- there are agreements for goods and services that are listed here that are enumerated in the description of the restrictions. And then there are two documents that are, according to the face of the documents, entitled "grants." But they haven't been

offered into evidence yet, but I suspect that they will be at some point in time.

MR. CARPENTER: Your Honor, the witness keeps calling them grants and that's what they are. And No. 2, this figure, this $2,000,000 figure, is reflected on the 990 that he signed, under oath, under the -- under the -- under the line "government grants." And I'm asking him did these meet the definition of the IRS regulations for the document that he signed.

MS. JONES: The 990 is grants and contributions. It is not just grants. I don't -- I don't know that they're -- I think we're making a lot of to do about something that is not significant. The question that counsel has asked in discovery and of these witnesses relates to grants. And I want the record to be clear that there are agreements for goods and services, and then there are two, for this fiscal year -- well, actually three grant documents: Two of them are reflected here, the same grant, and the Healthy Start grant. The others are not enumerated in the body of the documents as grants. And I just want the record to be clear. I don't think it makes a lick of difference to the Court's analysis ---

THE COURT: Well, I was going to say, aren't we just talking about ---

MR. CARPENTER: Support. In the language of the

statute: "Are they supported, in whole or in part, by public funds." That's -- that's the issue.

THE COURT: All right. Right. But -- but I guess what I'm saying is: Does it make a difference from a legal basis whether they're supported by 2 grants or 4 grants or 8 grants or 15?

MR. CARPENTER: Well, it's piling onto some degree, I grant you.

THE COURT: It's a matter of degree and -- and -- and you're either complying with the law or you're not.

MR. CARPENTER: That's right.

THE COURT: So --

MR. CARPENTER: That's right.

THE COURT: -- we're just really talking matter of degree here.

MR. CARPENTER: Right.

MS. JONES: Yeah. I think the operative -- the operative inquiry is not whether or not a document is enumerated a grant, but whether or not the document requires the recipient to deliver specific goods and services in exchange for taking the money into revenue.

That's what I think the operative inquiry is under the case law for the Court.

MR. CARPENTER: And I disagree with that ---

THE COURT: Correct.

MR. CARPENTER: --- because this is -- that exception was written so that somebody who sells a hammer to the government doesn't become subject to FOIA; or a toilet seat or a car.

But when you take government money and you spend it for the public, like these rules say, that's getting a grant, spending the grant money, and -- and administrating a grant. And all of that subjects you to the Freedom of Information. And that's ---

THE COURT: Okay.

MR. CARPENTER: --- that's where I'm going with that. And I was asking him whether these items listed here, on 1751, meet the definition, in the IRS regulations, where the benefit goes to the public at large and not back to the granting agency.

THE COURT: And -- and the objection is that he's not in a position to give a legal opinion.

MS. JONES: Correct.

MR. CARPENTER: But he's in a position to sign, under oath, a document that says this is what you put in here, and he put it in there. And I'm asking him to confirm that they meet this definition.

MS. JONES: He -- he has --

MR. CARPENTER: He's the CFO.

MS. JONES: He has confirmed that the document speaks

for itself. He is not required to offer a legal opinion about the -- the application of the document. That's for the Court to decide.

MR. CARPENTER: But he's an accountant, he's a CPA, he's a CFO. He can testify to this matter.

THE COURT: I -- I'm going to sustain the objection.

MR. CARPENTER: All right.

THE COURT: Any further questions?

MS. JONES: None. Oh, I'm sorry.

MR. CARPENTER: Just -- just give me a second.

THE COURT: Go ahead, Mr. Carpenter. Take a -- take a few minutes if you need it.

(Brief pause.)

MR. CARPENTER: I think that's it for this witness, Your Honor.

THE COURT: All right. Thank you very much, Mr. Duane. Any objection to him being excused?

MR. CARPENTER: No.

THE COURT: All right, sir.

(The witness exits the stand.)

THE COURT: All right. We'll -- we'll take a few minutes. We'll take a short break. We'll be in recess for a few minutes.

(Off the record at 11:23 a.m.)

(Back on the record at 11:40 a.m.)

MR. CARPENTER: I had agreed that since we were both going to introduce the same exhibits -- the next three exhibits -- and you already have hers, we would just use hers that are in the notebook --

THE COURT: Okay.

MR. CARPENTER: -- and we will call them what she has them, Defendant's 6, 7, and 8.

THE COURT: All right.

MR. CARPENTER: But I will use them as though they were mine.

THE COURT: Okay.

MR. CARPENTER: Or they'll be joint exhibits or whatever.

THE COURT: So in -- in the book here, Exhibits -- or Tab 6, 7, and 8 --

MS. JONES: Yes.

THE COURT: Okay. So we'll -- we'll just -- we'll make those joint exhibits. Well, I tell you, let's just make then Defense exhibit --

MR. CARPENTER: I agree.

THE COURT: -- 6, 7, and 8.

MS. JONES: And we agree to their admissibility.

THE COURT: And -- and there's no objection to the admissibility.

MS. JONES: Correct.

Direct Examination of David Lee by Mr. Carpenter

THE COURT: Okay. Great. Thank you, folks.

MR. CARPENTER: Plaintiff calls David Lee.

THE COURT: All right. Mr. Lee, if you'd, please, come around and be sworn, sir.

DAVID LEE, having been first duly sworn, testifies as follows:

COURT CLERK: State your name for the record.

THE WITNESS: David Lee, spelled L-e-e.

DIRECT EXAMINATION BY MR. CARPENTER:

Q Mr. Lee, tell us where you work, please.

A I work for Palmetto Health.

Q And what do you do for them?

A I am the Director of Financial Forecasting, which is a series of financial reportings and stuff in the finance office.

Q And on your day-to-day work, what kind of things do you do for Palmetto Health?

A I am over the -- preparation of monitoring of the organization's budget. I do reporting for patient care services for governmental entities -- I mean, governmental organizations like Medicare, Medicaid, and Tri-Care. I'm responsible for the Decision Report System of our hospital, which is a cost accounting system used in finance. I'm also over, we call the "CDM," which is the Charge Description Master, which is a price file of our services

that we perform, as well as the coding related to those. And then, during fiscal year '15, prior to that, one of my responsibilities was reporting -- documentation reporting of grants and other services that we do back to the funding source.

Q Okay. Now, you said that in 2015, that was your responsibility.

A Right.

Q Was that a new responsibility for you in 2015?

A I had it prior, all the way up to '15, and then when '15 -- '16 came along, because of our expanding growth of Palmetto Health, that -- those services or those responsibilities got moved to a different individual.

Q Okay. And how long have you handled the kind of financial record keeping related to grants prior to '15?

A Obtained that -- that responsibility I believe in 2007.

Q So for roughly eight years ---

A Yes.

Q --- you -- you participated -- you conducted that kind of work for Palmetto Health.

A And a staff would -- would have reported to me as well, yes.

Q All right. How long have you been with Palmetto Health?

A A total of 23 years. So I came as a Richland Memorial employee prior to the formation of Palmetto Health, and I've stayed since then.

Q And the 23 includes the time with Richland Memorial and with Palmetto Health.

A That's correct, yes.

Q Okay. And how many people report to you?a

A I have 17 people reporting to me right now.

Q Now, in your deposition, we talked about three groups of documents that related to governmental funding for different purposes. Do you recall that?

A Yes.

Q Do you have the white notebook in front of you, which is the exhibit notebook?

A Yes, I do.

Q Okay. Your attorney and I have stipulated that the exhibits -- Defense Exhibits 6, 7, and 8 are authentic and admissible. And I want to ask you about them in order, in some detail.

A Okay.

Q Do you have Exhibit 6 in front of you there?

A Yes, I do.

Q All right.

(Brief pause.)

Q Please tell us what Exhibit 6 is.

A It is a document or a funding from the Department of Public Safety, related to the Women Against -- I mean, Violence Against Women Act, which is a regional forensic nurse examiner program.

Q Okay. And the -- what is the source of this funding?

A The funding comes from the South Carolina Department of Public Safety.

Q All right. And the first page of Exhibit 6 is a letter from the South Carolina Department of Public Safety to James Raymond; is that right?

A That is correct. Yes.

Q And who is he?

A He is our Chief Medical Officer with the organization.

Q Is -- is he the highest ranking official that helps secure government funding?

A His areas of responsibility would be -- yes. He does research in -- in grant fundings.

Q Okay. And if you look at page 2, can you tell me what page 2 of Exhibit 6 is?

A This again is referring to the same fund source. But it's -- the way they initially funded this award were in two pieces. This particular page refers to the period of time between 10/1/14 and 11/30/14.

The State typically has fundings that are delayed for a variety of reasons.

Q Okay. So this is a two -- page 2 of Exhibit 6 relates to funding for a two-month period; is that correct?

A That is correct. Yes.

Q Okay. And what is the purpose of this funding or grant?

A It is for a regional forensic nurse examiner program, which is an educational program as well as to teach nurses to gather information related to violent activities -- I mean, from the -- from a -- gather information from patients coming into the hospital that's used in the -- in the -- against the apprehension and -- and prosecution of -- of criminal activity.

Q So in other words, typically, if a woman had been assaulted ---

A Uh-huh.

Q --- or battered in some way, this is a program that would help train nurses to not only treat the lady, but in the same time, gather forensic evidence that might be useful to law enforcement.

A Yeah. There would be -- it would be the gathering of data, but there would also be education given to the nurses to console the -- the victim and things like that.

Q All right. Look at page 3 of Exhibit 6, which is Bates Numbered 1706.

A Yes, sir.

Q It has dates at the top: Grant period December 1, 2014 to September 30, 2015; is that right?
A Yes.
Q Can you explain how that relates to the previous page?
A It's the continuation of the funding for this program.
Q Okay.
A For two periods to a total of 12 periods -- or 12 months in this case.
Q Okay. And you said you'd been in that office and dealing with these grants since 2008 or '7?
A '8, I believe.
Q '8.
A Yes.
Q And has this -- has this regional forensic nurse examiner program been existing prior to the 2014 ---
A Yeah.
Q --- 2015 period we're looking at here?
A Yes.
Q About how long had it been in existence?
A I'd have to go back and look, but I would guess at least five years previous to this period.
Q And the funding amount for the period, on page 3, December 1, 2014/September 30, 2015 is what amount?
A 83,092.
Q Okay. And that would be cumulative to the award on

the previous page.

A That would be correct. Yes.

Q Can you tell us what page -- the next two pages are -- they -- they appear to be some kind of screen shot or something? Is that right?

A Yes. This would be screen shots from the system that we have to utilize in order to report our spending from.

Q Can you describe that system that you utilize?

A My -- I personally don't access the system. Two of -- one of my staff does, at that point in time, would be doing it. And she would enter the information and the documentations, and report expenditures related to this grant.

Q Okay. And this is a lady who works for you.

A That's correct, yes.

Q She operates this system, which is a record keeping system?

A Yes.

Q What is the purpose of keeping the records?

A To make sure that the grant obligations are met, and the -- and the expenditures have been spent in order for us to release the funds and record them as revenue.

Q Okay. So she enters financial information into this program.

A That's correct, yes.

Q Where does she get that information?
A If it was related to payroll, she would pull a payroll record that indicate the individual worked for us. If there were expenditures related to supplies or things like that, she'd be pulling invoices that documented those expenses were paid ---
Q When you say ---
A --- by ---
Q --- "pulling invoices," does she actually go around and find them or -- and -- and pull them out, or people bring them to her? How's that work?
A Our -- our documentation trail begins with the department. So this particular grant would be assigned to a department number. In our general accounting record keeping, that department number records expenses as -- during the month.
Q Do you know what department these expenditures would -
-
A We have about a thousand departments in our ---
Q You don't have the all memorized?
A No, sir. I do not.
Q Okay.
A We would have a department assigned to this funding source.
Q All right. So the department -- the -- the department

that is carrying out the functions of this grant would generate receipts or evidences of expenditures, that sort of thing? Is that what you're ---

A That's correct. And those would be paid by our accounts payable system, which is our basic check writing system; or they would be, you know, the payroll system. So yeah, they would be authorized or given the authority to approve expenditures. Yes.

Q Is -- is that accounts payable system something that's in your department?

A No.

Q All right.

A It's -- it's under a general accounting department.

Q Okay. Do you -- and then, does it go through accounts payable and then comes to you or vice versa?

A We would actually go to the accounts payable area and access -- again, when the expenses are recorded in our general ledger, that gives us the indication that dollars have been spent related to this grant.

Q So they would have already been through accounts payable.

A That's correct. And would have been entered in our general ledger system, yes.

Q And are they -- they're -- they're coded some place so that somebody knows that expenditure relates to this grant?

A Yes. Because of the department it's -- the expense has been assigned to.

Q Okay. And who does the coding of the expenditures?

A I would imagine it would be the director of whoever's authorized to expend these funds to this department.

Q The director of the department --

A Yes.

Q -- carrying out the functions. All right.

So as we look at the -- the two pages in front of us, can you tell me specifically what they are?

A Again, this would be a screen shot of the system that the state -- or in this case, the Department of Public Safety wants us to use the document those expenditures.

Q All right. Why is it necessary for you to take the kind of care that you do to document these expenditures?

A It's a requirement of the funding. When we receive the funding, we're required to keep the documentation of those expenditures and then report them back.

Q Did you oversee those expenditures to make sure they comply with the purposes of the grant?

A Yeah. My staff would then view the actual expenditures by looking at the invoices to make sure they comply with the grant -- in this case, the grant obligation. So there are situations where the expenditures may not get approved.

Q Okay. Can you tell me what the rest of the pages of Exhibit 6 are? If you can start with the Bates Numbered 1709 and just go through and tell us what the are and give us an education of what this document is.

A On page 1709, again, it's some general information about the grant number and the -- I guess it's the -- and then down below is the period of time it covers.

And then in section 4, it is the project summary, which is basically what the grant is -- it's been given to us for and our obligation to perform these.

Q Now, this -- this project summary says (as read): "To not only continue the regional forensic nurse examiner program, but also to enhance the program by providing ongoing SANE forensic training to nurses in South Carolina," and so on.

So this is a -- a benefit that is distributed to the -- to the public in general as opposed to going back to the Department of Public Safety; is that right?

A I'm not clear about what your question is.

Q All right. Maybe I need to do a little better. Who gets the benefit of the actions taken pursuant to this grant?

A I would think the victims of -- of the crimes and to help litigate that situation. And in this case, there are other hospitals that would be -- would get the benefit of

having those nurses trained in those areas so that there would be similar type educational information at those hospitals as well.

Q The public, in general, get the benefit; is that a fair statement?

A I would think these hospitals would get it, and then the -- down from that point, then the actual victims would get the benefit. Yes.

Q And law enforcement?

A And law enforcement as well. Yes.

Q Okay. Can you tell us what page 1710 is?

A Again, this is -- again, a general information page. It talks about, in this case, Palmetto Health Richland as being the agency. Some information about our address.

Again, some additional information about our phone numbers and stuff. And then it goes into the different categories of the grantor, the agency match, and the total.

And then just additional information about the percentage and things like that.

Q The next page is 1711. That appears to have different categories of expenditures; is that right?

A Yes. This is, for lack of a better word, the budget for the grant. So these are the kind of dollars that have been approved and what they've been approved for.

Q And what does your office have to do in relation to

these entries here?

A We would have to support the fact that we spent an amount on the actual FTE, or the person, which in this case would be the -- a nurse -- the examiner.

And then, the additional expenditures for FICA, retirement, workers comp, unemployment, and -- and those type items are paid by us; and therefore, are being requested be funded.

Q So is it fair to say you manage and oversee the financial justifications for the expenditures?

A That is correct. Yes.

Q If you look over at page -- Bates Numbered 1717, there's a narrative there. Do you see that?

A Yes, sir.

Q All right. And is this narrative related to the -- the funding that we've been talking about?

A Yes, sir. These are stipulations that we must follow in order to get the funding.

Q All right. Let's turn back to 1716, the beginning called "Program Narrative."

A Yes, sir.

Q And the opening paragraph there says (as read): "In 1999, the Sexual Assault Nurse Examiner, or SANE, program was established by Palmetto Health Richland due to the problem facing many victims of sexual assault" and so on.

So this pro -- this program has been going on since 1999; is that right?

A It would appear to be, yes, sir.

Q Okay. And has -- to your knowledge, has Palmetto Health been receiving funding since the origin of the program?

A Based on this documentation, I would say, yes.

Q Now, at the bottom full paragraph on page 1717, it says (as read): "We are requesting funding for an additional FNE." Do you know who that would be, what an FNE would be?

A It's a forensic nurse examiner.

Q Okay. So you're trying to get more funding to provide more training for a forensic nurse examiner; is that right?

A That is correct, yes, sir.

Q Do you know who prepares this narrative?

A No, sir. I do not.

Q Is it anybody in your department?

A I'm not -- I wouldn't be sure who prepares it. No, sir.

Q Okay. But you're -- you're department would have the responsibility for all the financial paperwork, to make sure that the paperwork, the financial documentation, matches up to the budget and the purposes of the grant; is that a fair summary?

A Our documentation would match up the -- the funding request. Yes, sir.

Q Okay. Let's turn to Exhibit 7.

A Okay.

Q Can you tell me what Exhibit 7 relates to?

A This is the sexual assault nurse examiner program.

Q And that is a program a little different than the one we just looked at?

A It's for the most part the same. This is to handle a coordinator for that program.

Q Okay. That would be to -- to pay the salary of someone who coordinated the training? Is that what you testified ---

A Because of the expanding program, they felt like they needed a coordinator that would be dedicated to organize a variety of things: From the organization of the nurses and which nurses are deployed, and things like that, as far -- and -- and also additionally, the other expenditures that relate to, you know, educational materials and things like that. So this is a requesting -- or they're funding a coordinator to try to organize all that.

Q Now, the -- the grant award, which is page 1 or Exhibit 7, has the caption (as read): "The South Carolina Department of Public Safety;" is that right?

A That is correct. Yes, sir.

Q All right. Now, the opening paragraph of the grant award -- which is page 1721 -- says (as read): "In accordance with the provisions of crime act of 1984 ..." and the Federal citation. So do you know whether these monies that are for this particular grant originate with a Federal source?

A I would not know. I know that our -- our request for funding goes back through the the Department of Safe -- Public Safety.

Q Okay. And with this grant award, Palmetto Health is receiving $50,149.00; is that right?

A Yes. For the period 10/1/2014 to 6/30/2015.

Q All right. Now, there's another letter, which is page 2 of the exhibit -- Bates Number 1722 -- can you tell me what that is?

A It looks like it's the funding from the Department of Public Safety for the victim's of crime act -- victim's of crime act program, sexual assault nurse examiner coordinator.

Q So this is the cover letter for the grant award, I guess.

A That is correct. Yes, sir.

Q Okay. And that's addressed to Dr. Raymond, again, right?

A Yes, sir.

Q Okay. Now, that letter is dated September 30, 2014, right?

A That is correct. Yes, sir.

Q Now, the next letter is June 11, 2015; is that right?

A That is correct.

Q And what is the nature of that letter?

A It appears they've extended our previous grant for an additional 90 days.

Q Okay. Do you know how long Palmetto Health has been receiving this kind of grant?

A Again, I'd have to go back and check my documentation, but I would imagine many -- a -- a few years.

Q A number of years?

A Yes. Again, I can't be sure.

Q Okay. Now, the next page, 1724, is called "The Grant Award Adjustment." Can you tell me what that is?

A This is the actual funding award for the final 90 days of -- of this award. So it covers the period 7/1/15 to 9/30/15. It is the additional 90-day extension of that previous coordinator funding.

Q Okay. The previous one expired --

A June 30. Yes, sir. This is the continuation of that to the end of the -- of the fiscal year.

Q All right. Page 1725, the next page in Exhibit 7, again, is a screen shot; is that right?

A That is correct. It would be similar to the other screen shots for this particular award.

Q And that reflects the -- the lady in your office that enters the data that she gets from the department carrying out the purposes of the grant.

A That is correct.

Q What is the next page, 1726?

A It is similar to the other pages. It goes through the -- similar information. But it -- it again, in the middle section, section 4, says a different project summary because it is for funding or a coordinator position to continue -- I mean, continue to operate a mobile team for forensic nurses.

Q And it's called "the victims of crime act grant application." That's at the top, right?

A Yes, sir.

Q Now, on the next page, there appears to be columns of budget categories. One column entitled "Grantor;" one column entitled "Agency Match;" and then one column entitled "Total." Can you tell us what those represent?

A These would be the -- the dollars that are initially awarded at a Federal level, and then our appropriate match, in this case.

Q And the match would come from Palmetto Health.

A That is correct. Yes.

Q Okay. So this grant is jointly funded between the government and Palmetto Health.

A Or some governmental entity, yes, sir.

Q Okay. Page 1728, is -- is that a breakdown of the different component parts of how the money was spent for the grant?

A How the money's been awarded to be spent. Yes, sir.

Q Okay. And your department oversees the expenditure of the money to make sure it's spent as -- as was intended.

A That's correct. And before we request reimbursement for it, yes.

Q Now, the budget narrative starts on 1729 and goes on for about three pages. Can you tell me the -- what is the purpose of the budget narrative?

A It's to lay out what they feel like are the obligations of the organization that's been awarded the funds and what their main mission is to be; in other words, what they're charged to do and -- far as their responsibilities. Yes, sir.

Q Okay. This would -- this would come from the grantor?

A That would be correct, yes.

Q And then you all would make -- your office would make sure that the expenditures are in keeping with the budget narrative and the purposes ---

A That is correct. Yes, sir.

Q Let's turn to Exhibit 8.
A Okay.
Q And this one's entitled "Palmetto Healthy Start." Are you familiar with this one?
A Yes, sir. I am.
Q Tell me what Palmetto Healthy Start is.
A It is a program focusing on high-risk mothers that are pregnant at the time. So their pre-delivery protocols and processes are -- are monitored and kept up with through social -- social workers and things like that. And then for a year after birth, the similar activities are kept up.

So it would be a program that we'd reach out to mothers that are pregnant, high-risk mothers that are pregnant, educate them, make sure they got to their pre-natal appointments. Those kind of things like that. And then post-delivery, make sure that they had the -- access to resources and to physicians they needed post-delivery for a year.

Q Trying to be sure that we have healthy babies.
A That's correct. That's the focus of the -- of the pre-natal review. Yes, sir.
Q Okay. And -- and -- and in general terms, who would be these high-risk mothers?
A Would be anybody that was earmarked at -- at risk, based on some health issue or in this case, these are

actually focused toward African-American infants, is what it's focused on. So ---

Q So would it also be toward young mothers?

A Yes. It would be for young mothers as well.

Q Okay. Teenage mothers who -- who need to be educated about how to take care of a baby?

A Or any other high-risk mothers, yes, sir.

Q Okay.

A In this case it's the African-American population that we're focusing on.

Q And the public in general would be the real beneficiary of the expenditure of these funds; is that right?

A I would think the mothers and the babies would be, but yes.

Q Okay. Now, what is the source of these funds?

A This comes from a -- this case, it looks like a grant, a Federal grant that it's funded by. HRSA, which is the Department of Health and Human Services.

Q And the Health Resources and Services Administration in HHS, right?

A Yes. Under Department of Health and Human Services, Health Resources and Services Administration, yes.

Q You could read that without your glasses?

A Not -- I can -- I can't see you very well, but I can

read it without my glasses.

(Courtroom laughter.)

Q All right. I'm glad I got mine.

All right. How long has Palmetto Health been receiving money under this HRSA grant?

A Based on Line -- I'm sorry. I'm on the second page. Bates page 1734. Based on line 6 or bullet point 6, we've received these funds from 7/1/2001 up until this case, 5/31/2019.

Q Almost 20 years, right?

A Yes, sir.

Q And how much a year does Palmetto Health get on this grant?

A You can see in -- in Block 13 -- again, this is only showing you periods 15, 16, 17, 18. It's about -- the award's about a million two a year. But again, depending on our expenditures, what we'd record as revenue may differ from those -- during those years.

Q And would your -- would your office have a role in trying to maximize revenues by demonstrating appropriate expenditures?

A We would ensure that the expenditures related to these obligations and this requirement are identified and requested for funding. I don't know we'd ever try to get additional funds for these. No, sir.

Q Well, I mean, if you all didn't do your job properly, Palmetto Health might not get the full million two, right?
A That is correct. If we don't meet obligations, we, at some point in time, need to refund the money to the government. Yes.
Q If -- if you don't meet the obligations or if you don't prove that you met the obligations, right?
A That would be correct. Yes, sir.
Q Your office is all about proving that you met the obligations.
A And expended the funds. Yes, sir.
Q Okay. Now, this process, under your supervision, that we've described for these three grants, would that process be similar with relation to any governmental grant or funding for any particular project for Palmetto Health?
A If we were awarded other dollars from other sources, we would have obligations; and our department would also meet those obligations by documenting it also. Yes, sir.
Q What are some other funds that Palmetto Health receives from governmental sources that are not reflected in the three projects we just discussed?
A An example of one would be we are given a lot of funds from the Department of -- the VA. Okay.
Q Veteran's Administration.
A Veteran's Administration. And that is to supply the

Veteran's Administration and the Veteran's Hospital with residents and help out with the medical -- the professional medical care at the hospital.

Q And you received funds for that, right?

A Again, equal to the expenditures we incur. Yes, sir.

Q Okay. And your office would be the office that makes sure that the documentation is there to validate those expenditures and those actions being taken, right?

A That would be correct. Yes, sir.

Q All right. What other sources of revenue does Palmetto Health receive from governments?

A We would have other type arrangements for different services. An example might be we have funding for a terrorist situation where we -- we -- we have in our -- in our responsibility being able to react from a medical standpoint in preparedness for disasters and/or terrorist activity.

Q Tell me about that. I never heard of that one.

A We get funding to have protocols in place so when there is a terrorist activity and it involves injured patients, that those are handled through our hospital. So we have a lot of preparedness education, awareness, and things like that in order to be prepared in case that event occurred.

Q Training programs.

A Training programs, awareness in our emergency rooms that there may be an influx of a large number of patients, those kind of things like that. Yes.

Q And that's probably by the U.S. government I would guess.

A Yes.

Q Okay. What other funding programs do you get from governmental sources?

A A number of probably smaller kind of activities that we may be responsible for, but again, they would all be funding sources with an obligation to expend the funds. And so ---

Q Okay.

A --- we get a -- like I say, we get a number of fundings from private institutions, like the Duke Endowment, and things like that. So there's a lot of different activity through my department -- or my department at the time, that involved funding sources and then documentation needed from us.

Q Well, let me ask you this: Does the same lady who does all these entries -- data entry and -- and record securing for the government programs, does she also do them for the private sources or there's somebody else for that?

A No. I have -- they're -- they both are working these areas, but they may -- you know, either one may have

governmental as well as --

Q They both do both.

A Absolutely. They both occupy a similar job. Yes, sir.

Q Okay. In your deposition, you mentioned that the State of South Carolina pays for residency programs for family practice doctors. Is that another source of funding that Palmetto Health gets that your office ---

A Yes. We receive funds from the State every year to help us in our development -- expansion of our family practice residents. And so those dollars, again, are tied to the fact that we hired the residents and we are employing the faculty to teach the residents that are in family medicine.

Q And you oversee the financial aspects of the -- the -- the -- basically the accounting for the distribution of those funds; is that right?

A That is correct. Yes.

Q Okay. Are there other projects for which you receive government funding?

A I have to go back and look. I'd say we -- we receive a number of funding sources and --

Q Let -- let me drop back to the residency program. How much a year do you get for the residency program, doctors in family practice.

Cross-Examination of David Lee by Ms Jones

A About $800,000 a year.

MR. CARPENTER: Your Honor, this might have been taken care of by the stipulation, but if it's not, I move Defendant's Exhibit 6, 7, and 8 into evidence.

THE COURT: They are in evidence. Yes.

MR. CARPENTER: Okay.

(Brief pause.)

Q Now, this last one that we talked about, Exhibit 8, this Palmetto Healthy Start program, there's nothing -- there -- there's no tangible piece of equipment or tool or anything that goes back to the funding source in exchange for the money, is there?

A No, sir. There's -- there's no capital obligation made for this -- this award.

Q And---and there's -- there's nothing that you're selling to Department of Health and Human Services in exchange for this money.

A No, sir.

Q Okay.

MR. CARPENTER: Your Honor, I think that is all the questions I have for this witness.

THE COURT: All right. Ms. Jones.

CROSS-EXAMINATION BY MS. JONES:

Q Mr. Lee, in regards to all three of these exhibits, Defendant's Exhibits 6, 7, and 8, the two SANE awards and

the one Healthy Start award, I think you testified -- but I just want to make it clear for the record -- that Palmetto Health's obligations are to perform the work that is set forth in these grants.

A Yes, ma'am.

Q And when the work has been performed by the personnel at Palmetto Health, then the grant reimburses Palmetto Health for those expenses.

A That is correct. Yes.

Q And that's true for the whole course, all of those -- the governmental funding that we're talking about.

A Yes, ma'am.

Q So you have to meet the obligations, the hospital has to meet the obligations in the patient education, in the training, in the forensic examination of the victims; and even going to court and testifying in order for the funds to then reimburse Palmetto Health for doing those things.

A Yes, ma'am.

Q And the monies that are in these budgets, how those monies can be spent are directed by the grantor.

A That is correct. Yes.

Q And your department accounts for it.

A That is correct. And request the funding, yes.

Q To ensure that the money is spent as the grantor directed.

A Yes, ma'am.
Q And I don't -- you know, the document speaks for itself, but if you go to Exhibit 6 and turn to page 1717.
A Okay.
Q All right. This -- some of the services that are enumerated here are set forth in this document. The same nurses have to travel to the hospitals where the victims are located.
A Yeah. There are six hospitals that we're responsible for. Hospitals -- six hospitals in six counties. Yes, ma'am.
Q And they have to travel to those hospitals if there is a victim at the hospital.
A That is correct.
Q And perform the examinations using the examination kits.
A Yes.
Q And you have to purchase those examination kits.
A Yes, ma'am.
Q Okay. And then the -- the evidence that is gathered is turned over to law enforcement.
A Yes, sir. Yes, ma'am.
Q And -- and then if there is a proceeding, the nurse examiner has to go to court and testify.
A Yes, ma'am.

Q Okay. And when those things happen, when -- when those services are performed by the nurse examiner, Palmetto Health employs that nurse examiner, right?
A Yes, ma'am.
Q And you pay her or him.
A Yes, ma'am.
Q And -- and you reimburse the mileage for traveling.
A Yes.
Q And Palmetto Health buys the forensic examination kits and has them on hand.
A Yes, ma'am.
Q And when -- when that's done, then these grant programs reimburse you.
A That is correct. Yes, ma'am.
Q And that's true for Exhibit 6, that same award; as well as the nursing examiner coordinator that's in Exhibit 7.
A Yes, ma'am.
Q Okay. And the duties and responsibilities of the nurse examiner coordinator are also set forth in that grant document.
A Yes, ma'am.
Q In Exhibit 7. And actually, in Exhibit 7, the -- if you turn to page 1727 -- and you -- this was pointed out a little bit earlier -- there is a match of funds that

Palmetto Health provides --

A Yes.

Q -- for this individual.

A Uh-huh.

Q And Palmetto Health, again, has to hire and pay these people to -- to perform these duties.

A Yeah. To be available to perform the duties. Yes, ma'am.

Q There's also, on page 1730, a list of other items, such as the office supplies, the computer, the computer drives, the educational materials, the live clinical models, the -- the training programs that the SANE coordinator is required to attend, the cell phone, the printed materials, all of those things -- Palmetto Health purchases all those things and then the grant reimburse Palmetto Health.

A That is correct. Yes, ma'am.

Q Okay. And if you turn to Exhibit 8, the HRSA grant, the Healthy Start, the high-risk mother's grant, the outreach employees that recruit the high-risk mothers to participate in this program, Palmetto Health employs those people, correct?

A That is correct. Yes.

Q Pays their salaries and benefits.

A That is correct.

Q And they have to, under this grant, provide the case management to the pregnant women, and they have to do the screenings that are required under grant documents and the health education to try to help these ladies have healthy children.

A That is correct.

Q And again, you're reimbursed for those expenses under this grant.

A Yes, ma'am.

Q Does Palmetto Health now, currently, or has it ever to your knowledge, received any unrestricted government monies?

A No.

Q And in order for Palmetto Health to receive any funds, under any of the government documents, they have to perform the services as directed under these documents.

A And expend the expenses. Yes, ma'am.

MS. JONES: That's all the questions I have. Thank you.

THE COURT: All right. Anything further for this witness?

MR. CARPENTER: No.

THE COURT: All right. Thank you very much, sir. You may step down.

(The witness complies.)

THE COURT: All right. Anything further then, as far as presentation of witnesses, anything?

MR. CARPENTER: I -- I -- I don't have anything more on presentation of evidence. I -- I would like to make some concluding remarks ---

THE COURT: Sure.

MR. CARPENTER: --- at the appropriate time.

THE COURT: And I'm going to allow both of you to do that. I just want to make sure we got all of the testimony and everything in, exhibits in.

MS. JONES: All the exhibits are in and that is the conclusion of the testimony for Palmetto Health as well, Your Honor.

THE COURT: Okay. All right.

(Brief pause.)

THE COURT: All right. Mr. Carpenter, I'll be more than happy to hear from you, sir.

MR. CARPENTER: I'd like to use the *Weston* case as the basic foundation for my closing remarks.

THE COURT: Yes, sir.

MR. CARPENTER: And I submitted a copy of it to the Court with certain highlighted portions as the trial was developed. And I've come to understand the defendant's position that some how the receipt of funds over the past 10 or 15 or 20 years don't count. That got me thinking

about how does the Weston case apply to that argument.

MR. CARPENTER: If you look at the Weston case, the second page of the printout towards the bottom of the right column, the Court says (as read): "Respondent's claim to the four transactions involved in the foundation demonstrate that the Foundation is supported by public funds, and has expended public funds," which would be the present perfect, but basically the past. I -- I'm remembering my grammatical lessons.

But we're talking about something that happened in the past, has expended. The Wade Hampton Hotel was a students's residents hall owned by the University of South Carolina. When the University sold the Wade Hampton Hotel, the Foundation received $2,000,000.

They're talking about this like it happened some time ago. They don't give us dates here, but they do talk about it in the past.

If you look at the top of the next column, third line (as read): "These funds were transferred to the Foundation in consideration for the sale of public real estate."

Last line of that paragraph (as read): The Foundation accepted the support of public funds." This is all in the past tense.

That was the first incident that the Court said that alone would be sufficient to bring the Foundation within

the definition of public body. Presently, to make them presently subject to FOIA.

You look at the second transaction, which is Headnote 2 on the third page of the print out. The Swearingen Engineering Center: The Foundation accepted $16,300,000 of Federal money, and undertook to administer the expenditure of this money. This happened in the past. This didn't happen overnight. When you spend $16,000,000 to build an engineering center, that happens over the course of several years. And this all happened in the past.

But the Court says at the bottom of it (as read): "A trial judge held that by accepting these funds and managing their expenditure, the Foundation has received support from public funds and has expended public funds."

And there again, the Court said that alone would be sufficient to bring them within the definition of a public body under FOIA.

The next paragraph (as read): "The money went toward the cost of construction of the Swearingen Engineering Center." The bottom left paragraph (as read): "The Foundation clearly directed the expenditure of the funds it received."

I'm sure that money was given to them so they could build an engineering center. And they took it and they built an engineering center. That means they were

expending public funds and they were accepting and utilizing a grant and managing the expenditure of the funds.

The Court said (as read): "All that makes them a public body under FOIA."

The third transaction at the bottom, the first column on page 3, the development of the Koger Center, the Foundation accepted -- past tense -- a conveyance of real estate. $2,000,000 cash grant from the City, $3.75 million cash grant from Richland County.

Now, the Foundation made an argument similar to the one that the defendants are making here. The Foundation argues that each of these funds were given to it by the City and County pursuant to a contractual agreement. Once the City and County transferred the property in performance of their contractual agreement, the expenditure of public funds ended. Oh, that was -- that was in the past. That was long ago. So that doesn't make it subject to FOIA.

Supreme Court held otherwise (as read): "This argument is not persuasive. Funds from the public -- were given to -- were given to the Foundation which managed the expenditure -- past tense -- of the funds; and the development of the real estate -- developing real estate takes time. And when you're expending $5 million/$6 million, it takes time."

The Supreme Court said (as read): "By these actions, the Foundation received" -- past tense -- "support from and expended" -- past tense -- "public funds." The Court looks back at the past to say presently this is a public body.

Then in the middle of the right column, which is the -- which is the conclusion of the Court's analysis from having looked at these four separate incidents (as read): "Each of the above transactions alone would bring the Foundation within the FOIA's definition of public body. Taken together they lead to the unavoidable conclusion that the Foundation is a public body."

And then the Foundation argued, "Well, we're a private organization," similar to what the defendants have argued today.

But the Supreme Court says (as read): "If you try to make this public/private distinction, you're going to destroy the words of the statute. The General Assembly wrote the statute to be broad and have a broad application. The Supreme Court says (as read): "The Foundation's argument that the FOIA applies only to governmental in ways would re-write the statutory definition of public body by deleting the phrase " .... or any organization, corporation, or agency supported in full or in part by public funds or expending public funds."

The argument they made is a fine argument, it's just

contrary to law. And that's the same way the defendant's argue in this case. They're making a fine argument. Maybe they can take it to General Assembly. But the way the statute is written now, if they're supported in whole or in part by public funds, they are a public body and are subject to FOIA.

At the bottom of that page, the Supreme Court summed it up (as read): "The unambiguous language of the FOIA mandates that the receipt of support, in whole or in part, of public funds brings a corporation within the definition of a public body."

Now, on the very last page, they talk about an arm's-length transaction. But that's not what we have here. I asked the witnesses, on more than one occasion, did the granting authority get something in return for the grant; and the answer is "no." They weren't buying a hammer, they weren't buying a toilet seat; they weren't buying an automobile. They were taking money and giving it to this hospital, for this hospital to distribute for the benefit of the public good. That's the way the grants work, and if you have a public grant that grant public funds and you receive it or you expend it or you manage it's expenditure, under the *Weston* case, you're subject to FOIA.

And I think that the evidence in this case is overwhelming. They received millions of dollars a year, at

least as far back as 2008, and then Mr. Lee testified that that grant that got them about 1.2 million a year went all the way back to -- I forgot whether it's 2000 or 2001. But for more than 15 years they've been receiving these grants and they've been administering them and they've been expending the grant money. And that's continued up to the present. That particular grant continues on to 2019. The others that we were looking at in the joint Exhibits 4, 5, and 6 appear to be continuing grants that continue to go. And the most recent statement of the 990s shows that -- and fiscal year that ended September 13, 2014, they -- they had more than $2,000,000 in public money granted to them that they received, expended, and managed the expenditure of.

But I think the evidence is overwhelming, and under the language of the statute, the defendant is a public body and must respond positively to the request for public records under the Freedom of Information Act.

THE COURT: All right. Thank you, Mr. Carpenter. Ms Jones.

MS. JONES: Thank you, Your Honor. I think that the -- you know, the Sisters of Charity have brought this action and it's related to a series of cases that they've actually brought. And Mr. Carpenter has done as much as can be done with the facts that are before you.

The *Weston* case -- if -- if the Foundation had

received that money and the Foundation had turned around and -- and their employees had built the Swearengin Center, it would have changed it.

The whole purpose of FOIA -- the whole purpose of FOIA is so the public will know where their money -- the public money's going. That's the whole purpose of it.

If you look, every single solitary FOIA case talks about that being the fundamental purpose. So in the *Weston* case, first and foremost, the constitutional limitations of FOIA was never raised. That issue was never raised until the Rocky D case came along.

And in the Rocky case, and -- and -- and Judge Russo, that's a 3-to-2 decision. It was 3 to 2. The dissent in that case, Justice Pleicones and Justice Finnye said (as read): "The application of FOIA to any private entity is unconstitutional." The majority disagreed and they said, "We disagree and we disagree because we're interpreting FOIA -- as we began the *Weston* case and as they made it clearer in the Rocky D case -- that FOIA does not apply -- only applies to a private company, a private organization that receives government funds in mass.

And they talk about what they mean by "in mass." And they said that it does not apply to organizations unless they receive general, in-mass funding. And this is from a constitutional standpoint for the private organization.

There is no evidence in this record that any unrestricted general funds from any governmental agency is now or ever has been received by Palmetto Health.

The Court went on -- the majority opinion in addressing the dissents declaration that application of FOIA to a private organization is unconstitutional said FOIA does not apply, you know, we -- we respect the dissents concern. But FOIA doesn't apply unless it's general in-mass government appropriations to a private organization. It doesn't apply for goods and services.

Mr. Carpenter wants to limit it to just goods, to just a hammer. He ignores "and services."

They also said it doesn't apply to government funds that go to a private organization for a specific purpose: Goods and services, specific purpose; or for funding to a private organization that is de minimis. The Court specifically said it doesn't apply to government funds to a private organization if it's for goods and services, a specific purpose, or is a de minimis amount of money to that organization.

The only testimony that you have heard in this courtroom and the only testimony that's in this record is that every dime Palmetto Health has ever received is less than -- I mean, it's .15 percent of the 1 almost $2,000,000,000 in revenue that Palmetto Health generates

every year; that all of the funds are restricted. That they are only for specific goods and services, for which Palmetto Health is reimbursed after they deliver. After they care for those expectant mothers. After they tend to those sexual assault victims. After they train and pay the residents that are being trained that the -- that the State wants to support.

All those monies, 100 percent of them, are outside the realm of the constitutional limitations of FOIA.

The Supreme Court -- if you look at the -- the Rocky case -- and they answered it all here. It says -- and I quote -- (as read): "While we respect the dissents concern about the scope of the FOIA'S application, we believe the dissent overlooks the limited application of the FOIA to non-governmental entities.

The dissent would read the FOIA as applying to a private organization that receives even a negligible amount of public funding for a discreet purpose. We made clear in Weston that the FOIA only applies to private entities who receive government funds in mass.

The FOIA would not apply to a public entity that receives public funds for a specific purpose. For example: The FOIA would not apply to a private organization that receives public funds, to operate a child-care center or health-care clinic.

The specific example set forth in the majority's opinion -- and this 3 to 2 decision, said it doesn't apply to a healthcare facility, a healthcare clinic. I don't think the Supreme Court could have more clearly or directly in 2003 -- I mean, in 2013. The Rocky Case was decided pin 2013. They could not have more clearly or directly, given instruction to the trial courts and the private entities of the citizen of the State of South Carolina about constitutional limitations of the FOIA. And in this case, it simply does not apply. Under the facts in this case, Palmetto Health is not a public body for FOIA purposes. Thank you, Your Honor.

THE COURT: Thank you, ma'am.

All right. I appreciate the homework that you've given me. I am going to take the matter under advisement. I want to go over everything that you've submitted. And I would anticipate having a decision for you probably early next week. I've -- I've got a couple of matters that -- I have to deal with some other stuff this week that will probably take up the majority of my time. But I will -- I'll give them this, and have a response for you early next week then. Okay.

MR. CARPENTER: Thank you.

THE COURT: Thank you, folks. I really appreciate everyone's patience.

-- END OF TRANSCRIPT OF RECORD --

CERTIFICATE

I, the undersigned Bonnie H. Kelly, Official Court Reporter for the Fifth Judicial Circuit of the State of South Carolina, do hereby certify that the foregoing is a true, accurate, and complete excerpt of transcript of record of all the proceedings had and evidence introduced in the hearing of the captioned cause, relative to appeal, in the Fifth Circuit Court for Richland County, South Carolina, on the 8th day of February, 2017.

I do further certify that I am neither of kin, counsel, nor interest in any party hereto.

e/Bonnie H. Kelly

Bonnie H. Kelly, CVR

Official Court Reporter

Columbia, South Carolina

May 30, 2017

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493225030336

Form 990

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990

Department of the Treasury
Internal Revenue Service

OMB No. 1545-0047

2014

Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 10-01-2014 , and ending 09-30-2015

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
PALMETTO HEALTH

Doing business as

Number and street (or P.O. box if mail is not delivered to street address): 293 GREYSTONE BOULEVARD NO 2ND FL
Room/suite

City or town, state or province, country, and ZIP or foreign postal code
COLUMBIA, SC 29210

D Employer identification number
58-2296052

E Telephone number
(803) 296-2100

G Gross receipts $ 1,551,846,655

F Name and address of principal officer:
CHARLES D BEAMAN JR
293 GREYSTONE BOULEVARD NO 2ND FL
COLUMBIA, SC 29210

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☑ 501(c)(3) ☐ 501(c)( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.PALMETTOHEALTH.ORG

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1996

M State of legal domicile: SC

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
PALMETTO HEALTH IS COMMITTED TO IMPROVING THE PHYSICAL, EMOTIONAL, AND SPIRITUAL HEALTH OF ALL INDIVIDUALS AND COMMUNITIES WE SERVE, TO PROVIDING CARE WITH EXCELLENCE AND COMPASSION, AND, TO WORKING WITH OTHERS WHO SHARE OUR FUNDAMENTAL COMMITMENT TO IMPROVING THE HUMAN CONDITION

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14
5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	11,167
6	Total number of volunteers (estimate if necessary)	6	711
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	9,558,655
b	Net unrelated business taxable income from Form 990-T, line 34	7b	133,495

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	10,427,852	15,583,000
9	Program service revenue (Part VIII, line 2g)	1,339,166,082	1,468,971,569
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	18,856,198	27,035,730
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	43,021,507	26,486,020
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,411,473,639	1,538,076,319
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,337,298	1,716,730
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	631,672,288	684,607,396
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	764,761,366	806,533,251
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	1,397,790,952	1,492,857,377
19	Revenue less expenses. Subtract line 18 from line 12	13,682,687	45,218,942

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,732,101,707	1,768,647,660
21	Total liabilities (Part X, line 26)	901,893,602	940,811,811
22	Net assets or fund balances. Subtract line 21 from line 20	830,208,105	827,835,849

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including my knowledge and belief, it is true, correct, and complete. Declaration of prepar preparer has any knowledge

Sign Here

Signature of officer

PAUL K DUANE CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: AMY BIDDY
Preparer's signature: AMY BIDDY

Firm's name ▶ DIXON HUGHES GOODMAN LLP

Firm's address ▶ 500 RIDGEFIELD COURT
ASHEVILLE, NC 28806

May the IRS discuss this return with the preparer shown above? (see instructi

For Paperwork Reduction Act Notice, see the separate instructions.

PLAINTIFF'S EXHIBIT 1 BK

PENGAD 800-631-6989

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	3,649,058			
	e Government grants (contributions)	1e	3,260,825			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	8,667,117			
	g Noncash contributions included in lines 1a-1f $					
	h Total. Add lines 1a-1f		15,583,000			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	621300	1,426,126,334	1,426,126,334		
	b PALMETTO SENIOR CARE	623000	15,948,841	15,948,841		
	c PHARMACY	446110	14,889,336			14,889,336
	d BAPTIST EASLEY FEE	900099	7,658,509	7,658,509		
	e REFERENCE LABORATORY	621500	4,348,549		4,348,549	
	f All other program service revenue					
	g Total. Add lines 2a-2f		1,468,971,569			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		29,255,705			29,255,705
	4 Income from investment of tax-exempt bond proceeds		95,471			95,471
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross rents	5,407,552				
	b Less rental expenses	11,456,890				
	c Rental income or (loss)	-6,049,338				
	d Net rental income or (loss)		-6,049,338			-6,049,338
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses		2,315,446			
	c Gain or (loss)		-2,315,446			
	d Net gain or (loss)		-2,315,446			-2,315,446
	8a Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities See Part IV, line 19 a					
	b Less direct expenses b					
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances a					
	b Less cost of goods sold b					
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code				
	11a MISCELLANEOUS REVENUE	900099	19,670,156		5,210,106	14,460,052
	b REBATES	900099	6,259,476			6,259,476
	c CAFETERIA	900099	5,948,078			5,948,078
	d All other revenue		457,646			457,646
	e Total. Add lines 11a-11d		32,335,356			
	12 Total revenue. See instructions		1,536,076,359	1,449,733,684	9,558,655	63,200,980

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493225030005

Form **990**

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning 10-01-2013 , 2013, and ending 09-30-2014

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization: PALMETTO HEALTH

Doing Business As:

Number and street (or P.O. box if mail is not delivered to street address): 293 GREYSTONE BOULEVARD NO 2ND FL

Room/suite:

City or town, state or province, country, and ZIP or foreign postal code: COLUMBIA, SC 29210

D Employer identification number: 58-2296052

E Telephone number: (803) 296-2100

G Gross receipts $ 1,420,970,002

F Name and address of principal officer:
CHARLES D BEAMAN JR
293 GREYSTONE BOULEVARD NO 2ND FL
COLUMBIA, SC 29210

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.PALMETTOHEALTH.ORG

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1996

M State of legal domicile: SC

PLAINTIFF'S EXHIBIT 84 2

PEIGOD 000-631-8888

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
PALMETTO HEALTH IS COMMITTED TO IMPROVING THE PHYSICAL, EMOTIONAL, AND SPIRITUAL HEALTH OF ALL INDIVIDUALS AND COMMUNITIES WE SERVE, TO PROVIDING CARE WITH EXCELLENCE AND COMPASSION, AND, TO WORKING WITH OTHERS WHO SHARE OUR FUNDAMENTAL COMMITMENT TO IMPROVING THE HUMAN CONDITION

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3 Number of voting members of the governing body (Part VI, line 1a)	3	16
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	10,624
6 Total number of volunteers (estimate if necessary)	6	534
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	9,486,441
b Net unrelated business taxable income from Form 990-T, line 34	7b	20,832

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	11,519,353	10,427,852
	9 Program service revenue (Part VIII, line 2g)	1,090,084,801	1,339,166,082
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	36,737,607	36,522,880
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-3,204,057	25,356,817
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,135,137,704	1,411,473,639
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,690,474	1,337,298
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	595,933,879	631,672,288
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	485,355,653	764,781,366
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	1,085,980,006	1,397,790,952
	19 Revenue less expenses. Subtract line 18 from line 12	49,157,698	13,682,687

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	1,660,519,828	1,732,101,207
	21 Total liabilities (Part X, line 26)	827,129,288	901,893,002
	22 Net assets or fund balances. Subtract line 21 from line 20	833,390,540	830,208,105

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

******
Signature of officer

2015-08-13
Date

PAUL K DUANE CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: AMY BIDDY	Preparer's signature	Date	Check ☐ if self-employed; PTIN P00645691
Firm's name ▶ DIXON HUGHES GOODMAN LLP			Firm's EIN ▶ 56-0747981
Firm's address ▶ 500 RIDGEFIELD COURT ASHEVILLE, NC 28806			Phone no. (828) 254-2254

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	4,179,295			
	e	Government grants (contributions)	1e	1,728,643			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,519,914			
	g	Noncash contributions included in lines 1a-1f: $					
	h	Total. Add lines 1a-1f		10,427,852			
Program Service Revenue			Business Code				
	2a	NET PATIENT REVENUE	621300	1,299,229,732	1,299,229,732		
	b	PALMETTO SENIOR CARE	623000	16,001,468	16,001,468		
	c	PHARMACY	446110	11,814,082			11,814,082
	d	BAPTIST EASLEY FEE	900099	7,636,950	7,636,950		
	e	REFERENCE LABORATORY	621500	4,483,850		4,483,850	
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		1,339,166,082			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		18,667,302			18,667,302
	4	Income from investment of tax-exempt bond proceeds		190,896			190,896
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	6,355,328				
	b	Less: rental expenses	9,496,363				
	c	Rental income or (loss)	-3,141,035				
	d	Net rental income or (loss)		-3,141,035			-3,141,035
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	17,595,717 / 68,973				
	b	Less: cost or other basis and sales expenses	0 / 0				
	c	Gain or (loss)	17,595,717 / 68,973				
	d	Net gain or (loss)		17,664,690			17,664,690
	8a	Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less: cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	MISCELLANEOUS REVENUE	900099	19,103,051		5,002,591	14,101,260
	b	CAFETERIA	900099	5,327,709			5,327,709
	c	REBATES	900099	3,611,443			3,611,443
	d	All other revenue		454,849			454,849
	e	Total. Add lines 11a-11d		28,497,052			
	12	Total revenue. See instructions		1,411,473,639	1,322,868,150	9,486,441	68,091,196

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493226030324

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
Palmetto Health

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 293 GREYSTONE BOULEVARD Suite 2nd fl

Room/suite

City or town, state or country, and ZIP + 4
COLUMBIA, SC 29210

D Employer identification number
58-2390052

E Telephone number
(803) 296-2100

G Gross receipts $ 1,144,219,230

F Name and address of principal officer
CHARLES D BEAMAN JR
293 GREYSTONE BOULEVARD
COLUMBIA, SC 29210

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW PALMETTOHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1996

M State of legal domicile SC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PALMETTO HEALTH IS CENTRAL SOUTH CAROLINA'S LARGEST AND MOST COMPREHENSIVE NOT-FOR-PROFIT HEALTH SYSTEM AND IS COMMITTED TO IMPROVING THE HEALTH OF INDIVIDUALS AND COMMUNITIES WE SERVE

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	12
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	10,414
6	Total number of volunteers (estimate if necessary)	6	655
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	11,386,003
b	Net unrelated business taxable income from Form 990-T, line 34	7b	100,964

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	11,532,954	11,519,353
9	Program service revenue (Part VIII, line 2g)	1,256,821,839	1,090,084,801
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	23,914,633	36,737,607
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-3,040,049	-3,204,057
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,289,229,377	1,135,137,704
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	5,328,322	4,690,474
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	569,669,979	595,933,679
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	683,231,854	485,355,853
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,258,450,155	1,085,980,006
19	Revenue less expenses Subtract line 18 from line 12	30,779,222	49,157,698

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,577,327,393	1,660,519,828
21	Total liabilities (Part X, line 26)	820,279,539	827,129,288
22	Net assets or fund balances Subtract line 21 from line 20	757,047,854	833,390,540

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including my knowledge and belief, it is true, correct, and complete Declaration of prepar preparer has any knowledge

Sign Here

******
Signature of officer

PAM K QUINN CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name MICHELE N MELCHIOR | Preparer's signature

Firm's name ▶ Grant Thornton LLP

Firm's address ▶ 201 S COLLEGE ST STE 2500
CHARLOTTE, NC 28244

May the IRS discuss this return with the preparer shown above? (see instructio

For Paperwork Reduction Act Notice, see the separate instructions.

PLAINTIFF'S EXHIBIT 81 (3)

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII . . . . . ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	3,084,430			
	e Government grants (contributions)	1e	1,861,225			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	6,573,698			
	g Noncash contributions included in lines 1a-1f $		15,000			
	h Total. Add lines 1a-1f		11,519,353			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	621300	1,014,322,411	1,014,322,411		
	b PALMETTO SENIOR CARE	623000	18,562,434	18,562,434		
	c PHARMACY	446110	10,775,599			10,775,599
	d REFERENCE LABORATORY	561000	10,011,881		10,011,881	
	e BAPTIST EASLEY FEE	900099	7,580,108	7,580,108		
	f All other program service revenue		28,832,368	21,938,015	1,374,722	5,519,431
	g Total. Add lines 2a-2f		1,090,084,801			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		12,775,783			12,775,783
	4 Income from investment of tax-exempt bond proceeds		525,025			525,025
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross rents	5,877,469				
	b Less rental expenses	9,081,526				
	c Rental income or (loss)	-3,204,057	0			
	d Net rental income or (loss)		-3,204,057			-3,204,057
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	23,436,799				
	b Less cost or other basis and sales expenses					
	c Gain or (loss)	23,436,799				
	d Net gain or (loss)		23,436,799			23,436,799
	8a Gross income from fundraising events (not including $ ____ of contributions reported on line 1c) See Part IV, line 18	a				
	b Less direct expenses	b				
	c Net income or (loss) from fundraising events		0			
	9a Gross income from gaming activities See Part IV, line 19	a				
	b Less direct expenses	b				
	c Net income or (loss) from gaming activities		0			
	10a Gross sales of inventory, less returns and allowances	a				
	b Less cost of goods sold	b				
	c Net income or (loss) from sales of inventory		0			
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d		0			
	12 Total revenue. See instructions		1,139,137,704	1,062,403,768	11,386,603	49,826,560

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493225016393

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No. 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization: Palmetto Health

Doing Business As:

Number and street (or P.O. box if mail is not delivered to street address): 293 GREYSTONE BOULEVARD

Room/suite:

City or town, state or country, and ZIP + 4: COLUMBIA, SC 29210

D Employer identification number: 58-2296057

E Telephone number: (803) 296-2100

G Gross receipts $ 1,298,339,580

F Name and address of principal officer:
CHARLES D BEAMAN JR
293 GREYSTONE BOULEVARD
COLUMBIA, SC 29210

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.PALMETTOHEALTH.ORG

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1996

M State of legal domicile: SC

PLAINTIFF'S EXHIBIT 84 (4)

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
PALMETTO HEALTH IS CENTRAL SOUTH CAROLINA'S LARGEST AND MOST COMPREHENSIVE NOT-FOR-PROFIT HEALTH SYSTEM AND IS COMMITTED TO IMPROVING THE HEALTH OF INDIVIDUALS AND COMMUNITIES WE SERVE

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	12
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	10,238
6	Total number of volunteers (estimate if necessary)	509
7a	Total unrelated business revenue from Part VIII, column (C), line 12	9,106,433
b	Net unrelated business taxable income from Form 990-T, line 34	30,229

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	10,927,009	11,532,954
9	Program service revenue (Part VIII, line 2g)	1,243,073,112	1,256,821,639
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	30,177,614	23,914,633
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-1,053,779	-3,040,049
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,283,118,956	1,289,229,377
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,768,180	5,328,322
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	560,671,418	569,889,979
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	672,828,173	683,231,854
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	1,238,267,771	1,258,450,155
19	Revenue less expenses. Subtract line 18 from line 12	44,851,185	30,779,222

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,475,374,000	1,577,327,393
21	Total liabilities (Part X, line 26)	811,232,855	820,279,539
22	Net assets or fund balances. Subtract line 21 from line 20	664,141,145	757,047,854

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer — Date: 2013-06-06

PAUL E THARP EXECUTIVE VP & CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: MICHELE H MELCHIOR	Date	Check ☐ if self-employed	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4: Grant Thornton LLP, 201 S COLLEGE ST STE 2500, CHARLOTTE, NC 28244			EIN ▶ Phone no. ▶ (704) 632-3500

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	3,557,521			
	e Government grants (contributions)	1e	4,021,662			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	3,954,371			
	g Noncash contributions included in lines 1a-1f: $ 7,500					
	h Total. Add lines 1a-1f	▶	11,532,954			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	621300	1,190,401,308	1,190,401,308		
	b PALMETTO SENIOR CARE	623000	17,735,660	17,735,660		
	c PHARMACY	446110	8,124,137			8,124,137
	d REFERENCE LABORATORY	621500	7,971,399		7,971,399	
	e BAPTIST EASLEY FEE	561000	6,990,081	6,990,081		
	f All other program service revenue		25,599,254	18,844,431	1,135,034	5,619,789
	g Total. Add lines 2a-2f	▶	1,256,821,839			
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)	▶	14,333,791			14,333,791
	4 Income from investment of tax-exempt bond proceeds	▶	357,842			357,842
	5 Royalties	▶	0			
		(i) Real	(ii) Personal			
	6a Gross rents	6,070,154				
	b Less rental expenses	9,110,203				
	c Rental income or (loss)	-3,040,049				
	d Net rental income or (loss)	▶	-3,040,049			-3,040,049
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	9,223,000				
	b Less: cost or other basis and sales expenses					
	c Gain or (loss)	9,223,000				
	d Net gain or (loss)	▶	9,223,000			9,223,000
	8a Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events	▶	0			
	9a Gross income from gaming activities See Part IV, line 19 a					
	b Less direct expenses b					
	c Net income or (loss) from gaming activities	▶	0			
	10a Gross sales of inventory, less returns and allowances a					
	b Less cost of goods sold b					
	c Net income or (loss) from sales of inventory	▶	0			
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d	▶	0			
	12 Total revenue. See instructions	▶	1,289,229,377	1,233,971,480	9,106,433	34,618,510

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493227033512

Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization: Palmetto Health

Doing Business As:

Number and street (or P O box if mail is not delivered to street address): 293 Greystone Boulevard Ste 600 | Room/suite:

City or town, state or country, and ZIP + 4: Columbia, SC 29210

D Employer identification number: 58-2296052

E Telephone number: (803) 296-2100

G Gross receipts $ 1,290,395,904

F Name and address of principal officer:
Charles D Beaman JR
293 Greystone Boulevard
Columbia, SC 29210

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW PALMETTOHEALTH ORG

K Form of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1996

M State of legal domicile: SC

PLAINTIFF'S EXHIBIT 81

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
Palmetto Health is central South Carolina's largest and most comprehensive not-for-profit health system and is committed to improving the health of individuals and communities we serve

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	3	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	11,144
6	Total number of volunteers (estimate if necessary)	6	353
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	10,353,307
b	Net unrelated business taxable income from Form 990-T, line 34	7b	310,399

		Prior Year	Current Year
Revenue 8	Contributions and grants (Part VIII, line 1h)	11,683,437	10,927,009
9	Program service revenue (Part VIII, line 2g)	1,252,101,150	1,243,073,112
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	30,552,420	30,172,614
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-1,433,366	-1,053,779
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,292,903,641	1,283,118,956
Expenses 13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	9,156,285	4,768,180
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	566,618,899	560,671,418
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	652,420,385	672,030,173
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,228,395,569	1,238,267,771
19	Revenue less expenses Subtract line 18 from line 12	64,508,072	44,851,185

		Beginning of Current Year	End of Year
Net Assets or Fund Balances 20	Total assets (Part X, line 16)	1,442,121,218	1,475,374,000
21	Total liabilities (Part X, line 26)	772,892,196	811,232,855
22	Net assets or fund balances Subtract line 21 from line 20	669,229,022	664,141,145

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

******
Signature of officer

2011-08-14
Date

Paul K Duane Executive VP & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶ ☐	PTIN
Firm's name ▶ Grant Thornton LLP				Firm's EIN ▶
Firm's address ▶ 201 S COLLEGE ST STE 3500 CHARLOTTE, NC 28244				Phone no ▶ (704) 632-3500

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	3,947,135			
	e Government grants (contributions)	1e	5,695,423			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1,284,451			
	g Noncash contributions included in lines 1a-1f $		234,854			
	h Total. Add lines 1a-1f		10,927,009			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	621300	1,169,728,456	1,169,728,456		
	b BAPTIST EASLEY FEE	561000	21,191,849	21,191,849		
	c PALMETTO SENIOR CARE	623000	16,786,500	16,786,500		
	d REFERENCE LABORATORY	621500	9,186,413		9,186,413	
	e PHARMACY	446110	7,936,307			7,936,307
	f All other program service revenue		16,243,587	9,565,439	1,166,894	5,511,254
	g Total. Add lines 2a-2f		1,243,073,112			
	3 Investment income (including dividends, interest and other similar amounts)		14,126,612			14,126,612
	4 Income from investment of tax-exempt bond proceeds		0			
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	8,223,169				
	b Less rental expenses	7,276,948				
	c Rental income or (loss)	1,053,779				
	d Net rental income or (loss)		1,053,779			1,053,779
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	15,906,000	140,002			
	b Less: cost or other basis and sales expenses					
	c Gain or (loss)	15,906,000	140,002			
	d Net gain or (loss)		16,046,002			16,046,002
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events		0			
	9a Gross income from gaming activities See Part IV, line 19 a					
	b Less direct expenses b					
	c Net income or (loss) from gaming activities		0			
	10a Gross sales of inventory, less returns and allowances a					
	b Less cost of goods sold b					
	c Net income or (loss) from sales of inventory		0			
	Miscellaneous Revenue	Business Code				
	11a _____					
	b _____					
	c _____					
	d All other revenue					
	e Total. Add lines 11a-11d		0			
	12 Total revenue. See instructions		1,283,318,950	1,219,272,244	10,353,307	42,566,396

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493227034172

Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or Tax year beginning 10-01-2009 and ending 09-30-2010

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☑ Amended return
- ☐ Application pending

Please use IRS label or print or type. See specific instructions.

C Name of organization
PALMETTO HEALTH

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 293 GREYSTONE BLVD 2ND FLOOR

Room/suite

City or town, state or country, and ZIP + 4
COLUMBIA, SC 29210

D Employer identification number
58-2296052

E Telephone number
(803) 296-2100

G Gross receipts $ 1,305,937,789

F Name and address of principal officer
CHARLES D BEAMAN JR
293 GREYSTONE BOULEVARD
COLUMBIA, SC 29210

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW PALMETTOHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1996

M State of legal domicile

PENGAD 800-631-6989

PLAINTIFF'S EXHIBIT 6

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
5	Total number of employees (Part V, line 2a)	5	10,713
6	Total number of volunteers (estimate if necessary)	6	331
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	10,807,473
b	Net unrelated business taxable income from Form 990-T, line 34	7b	93,974

Activities & Governance

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	13,983,069	11,683,437
9	Program service revenue (Part VIII, line 2g)	1,254,600,887	1,252,101,150
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,375,919	30,552,420
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-500,334	-1,433,366
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,269,459,541	1,292,903,641

Revenue

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,472,064	9,156,285
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	543,117,597	566,818,699
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	700,412,068	652,420,385
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,245,001,729	1,228,395,569
19	Revenue less expenses Subtract line 18 from line 12	24,457,812	64,508,072

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,342,033,292	1,442,111,218
21	Total liabilities (Part X, line 26)	748,687,007	772,882,196
22	Net assets or fund balances Subtract line 21 from line 20	593,346,285	669,229,022

Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

******
Signature of officer

2012-08-14
Date

PAUL K DUANE EXECUTIVE VP C F O
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶		Date	Check if self-employed ▶ ☐
Preparer's identifying number (see instructions)			
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶	Grant Thornton LLP 201 S COLLEGE ST STE 2500 CHARLOTTE, NC 28244		EIN ▶ Phone no ▶ (704) 632-3500

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	4,006,283			
	e Government grants (contributions)	1e	5,910,902			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1,766,252			
	g Noncash contributions included in lines 1a-1f: $					
	h Total. Add lines 1a-1f		11,683,437			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	621,300	1,139,061,037	1,139,061,037		
	b BAPTIST CASLEY FEE	561,000	59,421,261	59,421,261		
	c PALMETTO SENIOR CARE	623,000	19,530,116	19,530,116		
	d REFERENCE LABORATORY	621,500	9,774,263		9,774,263	
	e PHARMACY	446,110	7,095,193			7,095,193
	f All other program service revenue		17,219,280	10,996,516	1,114,563	5,108,201
	g Total. Add lines 2a-2f		1,252,101,150			
	3 Investment income (including dividends, interest and other similar amounts)		13,644,353			13,644,353
	4 Income from investment of tax-exempt bond proceeds		515,675			515,675
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	6,800,259				
	b Less rental expenses	8,233,625				
	c Rental income or (loss)	-1,433,366				
	d Net rental income or (loss)			-1,433,366	-1,353	-1,432,013
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		21,162,915			
	b Less: cost or other basis and sales expenses	78,972	4,691,551			
	c Gain or (loss)	-78,972	16,471,364			
	d Net gain or (loss)			16,392,392		16,392,392
Other Revenue	8a Gross income from fundraising events (not including $ ____ of contributions reported on line 1c) See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events			0		
	9a Gross income from gaming activities See Part IV, line 19	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities			0		
	10a Gross sales of inventory, less returns and allowances	a				
	b Less: cost of goods sold	b				
	c Net income or (loss) from sales of inventory			0		
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d		0			
	12 Total revenue. See instructions		1,292,903,641	1,229,008,930	10,887,473	41,323,801

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493225007160

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No. 1545-0047

2008

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning 10-01-2008 and ending 09-30-2009

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Termination
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
PALMETTO HEALTH

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
293 GREYSTONE BLVD 2ND FLOOR

City or town, state or country, and ZIP + 4
COLUMBIA, SC 29210

D Employer identification number
58-2296052

E Telephone number
(803) 296-2100

G Gross receipts $ 1,298,894,943

F Name and address of Principal Officer
CHARLES D BEAMAN JR
293 GREYSTONE BOULEVARD
COLUMBIA, SC 29210

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
(If "No," attach a list. See instructions)

H(c) Group Exemption Number ▶

I Tax-exempt status: ☑ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Web site: ▶ WWW.PALMETTOHEALTH.ORG

K Type of organization: ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1996 | M State of legal domicile: SC

PLAINTIFF'S EXHIBIT 17 BK

PKR040 800-631-6989

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its assets

3	Number of voting members of the governing body (Part VI, line 1a)	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	10
5	Total number of employees (Part V, line 2a)	10,739
6	Total number of volunteers (estimate if necessary)	649
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	8,959,192
b	Net unrelated business taxable income from Form 990-T, line 34	-613,923

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	20,604,784	13,983,069
9	Program service revenue (Part VIII, line 2g)	1,167,818,714	1,254,600,887
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,534,193	1,375,919
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-688,522	-500,334
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,201,269,169	1,269,459,541

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	184,000	1,472,064
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	494,311,034	543,117,597
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	(Total fundraising expenses, Part IX, column (D), line 25) 0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	680,709,355	700,412,068
18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	1,175,204,389	1,245,001,729
19	Revenue less expenses. Subtract line 18 from line 12	26,064,780	24,457,812

Net Assets or Fund Balances

		Beginning of Year	End of Year
20	Total assets (Part X, line 16)	1,269,357,141	1,342,033,292
21	Total liabilities (Part X, line 26)	712,058,961	748,687,007
22	Net assets or fund balances. Subtract line 21 from line 20	557,298,180	593,346,285

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Please Sign Here

******
Signature of officer

2010-08-10
Date

PAUL K DUANE EXECUTIVE V P C F O
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: MICHELE N MELCHIOR	Date	Check if self-employed ▶ ☐	Preparer's PTIN (See Gen Inst)
Firm's name (or yours if self-employed), address, and ZIP + 4: GRANT THORNTON LLP, 201 S COLLEGE ST STE 2500, CHARLOTTE, NC 28244			EIN ▶
			Phone no ▶ (704) 632-3500

May the IRS discuss this return with the preparer shown above? (See instructions) ☑ Yes ☐ No

Part VIII Statement of Revenue

			(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a 38,685				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d 5,684,583				
	e Government grants (contributions)	1e 4,183,656				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 5,075,945				
	g Noncash contributions included in lines 1a-1f: $					
	h Total (Add lines 1a-1f)		13,983,869			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	623,110	1,196,508,701	1,196,508,701		
	b PALMETTO SENIOR CARE	623,930	21,371,245	21,371,245		
	c LABORATORY REVENUE	621,500	7,774,424		7,774,424	
	d PHARMACY	446,110	7,285,800			7,285,690
	e CAFETERIA	722,100	5,454,190		84,907	5,369,283
	f All other program service revenue		16,206,433	15,090,244	1,116,189	
	g Total. Add lines 2a-2f ▶ $ 1,254,600,887					
Other Revenue	3 Investment income (including dividends, interest other similar amounts)		16,546,561			16,546,561
	4 Income from investment of tax-exempt bond proceeds		1,338,302			1,338,302
	5 Royalties		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	7,525,310				
	b Less: rental expenses	8,025,644				
	c Rental income or (loss)	-500,334				
	d Net rental income or (loss)		-500,334		-16,328	-484,006
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	0	4,900,814			
	b Less: cost or other basis and sales expenses	13,626,444	7,761,314			
	c Gain or (loss)	-13,626,444	-2,860,500			
	d Net gain or (loss)		16,506,944			16,506,944
	8a Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds $15,000	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events		0			
	9a Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds $15,000	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities		0			
	10a Gross sales of inventory, less returns and allowances	a				
	b Less: cost of goods sold	b				
	c Net income or (loss) from sales of inventory		0			
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d		$ 0			
	12 Total Revenue. Add lines 1h, 2c, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		1,769,459,541	1,232,970,194	8,959,192	13,547,086

Section B. Five Highest Compensated Independent Contractors

Complete this table for the five highest compensated **independent contractors** that received more than $100,000 in compensation for services, whether professional or other services, from the organization. Independent contractors include organizations as well as individuals and can include professional fundraisers, law firms, accounting firms, publishing companies, **management companies**, and investment management companies. Don't report public utilities or insurance providers as independent contractors. See Pub. 1779, Independent Contractor or Employee, and Pub. 15-A, Employer's Supplemental Tax Guide, for distinguishing **employees** from independent contractors.

Column (C). Enter the amount the organization paid, whether reported on Form 1099-MISC, box 7, or paid under the parties' agreement or applicable state law, for the calendar year ending with or within the organization's tax year.

For a short year return in which there is no calendar year that ends with or within the short year, don't report any information in columns (A) through (C), unless the return is a final return. If the return is a final return, report the compensation paid to the independent contractor(s) under the parties' agreement during the short year or the compensation that is reportable compensation on Form 1099 for the short year, whether or not Form 1099 has been filed yet to report such compensation.

Compensation includes fees and similar payments to independent contractors but not reimbursement of expenses unless incidental to providing the service. However, for this purpose, the organization must report gross payments to the **independent contractor** that include expenses and fees if the expenses aren't separately reported to the organization.

TIP *Form 1099-MISC may be required to be issued for payments to an independent contractor, with compensation reported in box 7.*

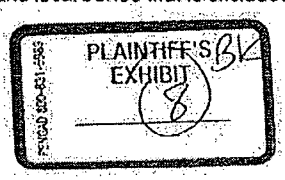
Part VIII. Statement of Revenue

Check the box in the heading of Part VIII if Schedule O (Form 990 or 990-EZ) contains any information pertaining to this part.

Column (A).
All organizations must complete column (A), reporting their **gross receipts** for all sources of revenue. All organizations (except section 527 political organizations) must complete columns (B) through (D), which must add up to the amount in column (A) for each line in Part VIII. Refer to specific instructions in this part for completing each column.

TIP *If the organization enters an amount in column (A) for lines 2a through 2e or lines 11a through 11c, it must also enter a corresponding business activity code from* Business Activity Codes. *If none of the listed codes, or other 6-digit codes listed on the NAICS website at NAICS 2012 Census chart, accurately describe the activity, enter "900099." Use of these codes does not imply that the business activity is unrelated to the organization's exempt purpose.*

Column (B).
In column (B), report all revenue from activities substantially related to the organization's exempt purposes. Use of revenue for the organization's exempt purposes does not make the activity that produced the income (for example, fundraising activity) substantially related to the organization's exempt purposes. Also report here any revenue that is excludable from gross income other than by section 512, 513, or 514, such as interest on state and local bonds that is excluded from tax by section 103.



Column (C).
In column (C), report any **unrelated business** revenue received by the organization during the tax year from an **unrelated trade or business**, unless that revenue is reportable in Part VIII, column (D). See Pub. 598 and Instructions for Form 990-T for more information.

TIP *A section 501(c)(3) organization that is an S corporation shareholder must treat all allocations of income from the S corporation as unrelated business income. Gain on the disposition of stock is also treated as unrelated business income. See section 512(e).*

Column (D).
In column (D), report any revenue excludable from **unrelated business income** by section 512, 513, or 514. Examples of such revenue include receipts from the sale of donated merchandise, interest (unless debt-financed), and receipts from **bingo** games.

Neither Form 5500 nor DOL Forms LM-2 or LM-3 should be substituted for the Form 990, Parts VIII or IX.

Line 1. In General

On lines 1a through 1f, report cash and noncash amounts received as voluntary **contributions**, gifts, grants or other similar amounts from the general public, **governmental units**, foundations, and other exempt organizations. The general public includes individuals, corporations, trusts, estates, and other entities. Voluntary contributions are payments, or the part of any payment, for which the payer (donor) does not receive full retail value (**fair market value**) from the recipient (donee) organization. Contributions are reported on line 1 regardless of whether they are deductible by the contributor. The noncash portion of contributions reported on lines 1a through 1f is also reported on line 1g.

Report gross amounts of contributions collected in the organization's name by fundraisers.

Report all expenses of raising contributions in Part IX, column (D), *Fundraising expenses*. The organization must enter on Part IX, line 11e, fees for **professional fundraising services** relating to the gross amounts of contributions collected in the organization's name by professional fundraisers.

Report on line 1 assets contributed to the organization by another entity in the course of the entity's liquidation, dissolution, or termination.

Report the value of **noncash contributions** at the time of the donation. For example, report the FMV of a donated car at the time the car was received as a donation.

Don't net losses from uncollectible pledges from prior years, refunds of contributions and service revenue from prior years, or reversal of grant expenses from prior years on line 1. Rather, report any such items as "Other changes in net assets or fund balances" on Part XI, line 9, and explain in Schedule O.

The organization must report any contributions of **conservation easements** and other **qualified conservation contributions** consistently with how it reports revenue from such contributions in its books, records, and financial statements.

Reporting on line 1 according to SFAS 116 (ASC 958) generally is acceptable (though not required) for Form 990 purposes, but the value of donated services or use of materials, equipment, or facilities may not be reported. An organization that receives a grant to be paid in future years should, according to SFAS 116 (ASC 958), report the grant's present value on line 1. Accruals of present value increments to the unpaid grant should be reported on line 1 in future years.

Contributions don't include:

- Grants, fees or other support from **governmental units**, foundations, or other exempt organizations that represent a payment for a service, facility, or product that primarily gives some economic or physical benefit to the payer.
- The portion of any fundraising solicitation representing payment for goods, services, or anything else at retail value.
- Unreimbursed expenses of **officers, employees,** or volunteers. (See the explanations of charitable contributions and employee business expenses in Pub. 526 and Pub. 463, respectively.)
- Payments received from employers for welfare benefits under plans described in sections 501(c)(9), (17), and (18). Report these amounts on line 2, *Program Service Revenue*.
- Donations of services such as the value of donated advertising space, broadcast air time (including donated public service announcements), or discounts on services or donations of use of materials, equipment, or facilities, even though reporting donated services and facilities as items of revenue and expense is called for in certain circumstances by generally accepted accounting principles. The optional reporting of donated services and facilities is discussed in the instructions for Form 990, Part III.

Example 1. A hotel in a city's entertainment district donates 100 "right to use" certificates covering 15 hotel rooms a night to disaster relief organization B. B then uses these certificates as emergency housing in furtherance of its exempt purposes. B should not report the value of this contribution on line 1 (or on any other line in Part VIII), because this is a donation of services and use of facilities to B. Similarly, if B were to auction off the certificates as part of a fundraising event, B should not report the value of the contributed certificates on line 1 (or on any other line in Part VIII). Rather, it should report gross income from the auction on Part VIII, line 8a.

Example 2. Organization C purchases 100 "right to use" certificates (as described in Example 1) from the hotel, then contributes them to disaster relief organization B and designates that they be used for disaster relief purposes. B should report the FMV of these certificates on line 1. If B were to auction off the certificates as part of a fundraising event, then use the proceeds for disaster relief purposes, B should report the gross income from the auction on Part VIII, line 8a, report the FMV of the contributed certificates in line 8b, and report the difference between lines 8a and 8b on line 8c.

Line 1a. Enter on line 1a the total amount of **contributions** received indirectly from the public through solicitation campaigns conducted by federated fundraising agencies and similar fundraising organizations (such as from a United Way organization). Federated fundraising agencies normally conduct fundraising campaigns within a single metropolitan area or some part of a particular state, and allocate part of the net proceeds to each participating organization on the basis of the donors' individual designations and other factors.

TIP *Federated fundraising agencies must, like all other filers, identify the sources of contributions made to them on lines 1a through 1g.*

Line 1b. Report on line 1b membership dues and assessments that represent **contributions** from the public rather than payments for benefits received or payments from affiliated organizations.

Example. M is an organization whose primary purpose is to support the local symphony orchestra. Members have the privilege of purchasing subscriptions to the symphony's annual concert series before they go on sale to the general public, but must pay the same price as any other member of the public. They also are entitled to attend a number of rehearsals each season without charge. Under these circumstances, M's receipts from members are contributions reported on line 1b. Membership dues that aren't contributions because they compare reasonably with available benefits are reported on line 2, *Program Service Revenue*.

Membership dues can consist of both contributions and payment for goods and services. In that case, the portion of the membership dues that is a payment for goods or services should be reported on line 2, *Program Service Revenue*. The portion that exceeds the FMV of the goods or services provided should be reported on line 1b.

The portion of membership dues attributable to certain membership benefits that are considered to be insubstantial (for example, low-cost articles, free or discounted admission to the organization's activities, discounts on purchases from the organization's gift shop, free or discounted parking) may be reported as contributions on line 1, rather than as payments for goods or services on line 2. See Pub. 1771, for more information on insubstantial membership benefits that need not be valued or reported.

Line 1c. Enter the total amount of **contributions** received from **fundraising events**, which includes, but isn't limited to, dinners, auctions, and other events conducted for the sole or primary purpose of raising funds for the organization's exempt activities. Report contributions received from **gaming** activities on line 1f, not on line 1c.

Example. An organization holds a dinner, charging $400 per person for the meal. The dinner has a retail value of $160. A person who purchases a ticket is really purchasing the dinner for $160 and making a contribution of $240. The contribution of $240, which is the difference between the buyer's payment and the retail value of the dinner, would be reported on line 1c and again on line 8a (within the parentheses). The revenue received ($160 retail value of the dinner) would be reported in the right-hand column on line 8a.

If a contributor gives more than $160, that person would be making a contribution of the difference between the dinner's retail value of $160 and the amount actually given. Rev. Rul. 67-246, 1967-2 C.B. 104, as distinguished by Rev. Rul. 74-348, 1974-2 C.B. 80, explains this principle in detail. See also the instructions for lines 8a through 8c and Pub. 526, Charitable Contributions.

Organizations that report more than $15,000 total on lines 1c and 8a must also answer "Yes" on Part IV, line 18, and complete Part II of Schedule G (Form 990 or 990-EZ).

Line 1d. Enter on line 1d amounts contributed to the organization by **related organizations**. Don't report amounts reportable on line 1a.

Line 1e. Enter the total amount of **contributions** in the form of grants or similar payments from local, state, or federal government sources, as well as foreign governments. Include grant amounts from **U.S. possessions**.

Whether a payment from a **governmental unit** is labeled a "grant" or a "contract" does not determine where the payment should be reported in Part VIII. Rather, a grant or other payment from a governmental unit is reported here if its primary purpose is to enable the organization to provide a service to, or maintain a facility for, the direct benefit of the public rather than to serve the direct and immediate needs of the governmental unit. In other words, the payment is recorded on line 1e if the general public receives the primary and direct benefit from the payment and any benefit to the governmental unit is indirect and insubstantial as compared to the public benefit.

The following are examples of governmental grants and other payments that are treated as contributions and reported on line 1e.

- Payments by a governmental unit for the construction or maintenance of library or museum facilities open to the public.
- Payments by a governmental unit to nursing homes to provide care to their residents (but not Medicare/Medicaid or similar payments made on behalf of the residents).
- Payments by a governmental unit to child placement or child guidance organizations under government programs to better serve children in the community.

Line 1f. Enter all other **contributions**, gifts, and similar amounts the organization received from sources not reported separately on lines 1a through 1e. This amount includes contributions from **donor advised funds** (unless the **sponsoring organization** is a **related organization**) and from **gaming** activities.

Line 1g. Enter on line 1g the value of **noncash contributions** included on lines 1a through 1f. If this amount exceeds $25,000, the organization must answer "Yes" on Part IV, line 29, and complete and attach Schedule M (Form 990).

Noncash contributions are anything other than cash, checks, money orders, credit card charges, wire transfers, and other transfers and deposits to a cash account of the organization. Value noncash donated items, like cars and **securities**, as of the time of their receipt, even if they were sold immediately after they were received.

Example. A charity receives a gift of stock from an unrelated donor. The stock is delivered to the charity's broker, who sells it on the same day and remits the sales proceeds, net of commissions, to the charity. The value of the stock at the time of the contribution must be reported on line 1f and also on line 1g. The sale of the stock, and the related sales expenses (including the amount reported on lines 1f and 1g), must be reported on lines 7a through 7d.

TIP *Museums and other organizations that elect not to capitalize their collections (according to SFAS 116 (ASC 958-360-25) should not report an amount on line 1g for works of art and other collection items donated to them).*

For more information on **noncash contributions**, see the Instructions for Schedule M (Form 990).

Line 1h. Enter on line 1h the total of lines 1a through 1f (but not line 1g).

TIP *The organization may also need to attach Schedule B (Form 990, 990-EZ, or 990-PF) to report certain contributors and their contributions. See the Instructions for Schedule B (Form 990, 990-EZ, or 990-PF) for more information.*

Line 2. On lines 2a through 2e, enter the organization's five largest sources of program service revenue. Program services are primarily those that form the basis of an organization's exemption from tax. For a more detailed description of program service revenue, refer to the instructions for Part IX, column (B).

On line 2f, enter the total received from all other sources of program service revenue not listed individually on lines 2a through 2e. On line 2g, enter the total of column (A), lines 2a through 2f.

Program service revenue. Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefited that government agency directly rather than benefiting the public as a whole. Program service revenue also includes tuition received by a school, revenue from admissions to a concert or other performing arts event or to a museum; royalties received as author of an educational publication distributed by a commercial publisher; interest income on loans a credit union makes to its members; payments received by a section 501(c)(9) organization from participants or employers of participants for health and welfare benefits coverage; insurance premiums received by a fraternal beneficiary society; and registration fees received in connection with a meeting or convention.

Program-related investments. Program service revenue also includes income from **program-related investments.** These investments are made primarily to accomplish an exempt purpose of the investing organization rather than to produce income. Examples are scholarship loans and low interest loans to charitable organizations, indigents, or victims of a disaster.

Rental income from an exempt function is another example of program-related investment income. For purposes of this return, report all rental income from an affiliated organization on line 2.

Unrelated trade or business activities. Unrelated trade or business activities (not including any **fundraising events** or **fundraising activities**) that generate fees for services can also be program service activities. A social club, for example, should report as program service revenue the fees it charges both members and nonmembers for the use of its tennis courts and golf course.

Sales of inventory items by hospitals, colleges, and universities. Books and records maintained according to generally accepted accounting principles for hospitals, colleges, and universities are more specialized than books and records maintained according to those accounting principles for other types or organizations that file Form 990. Accordingly, **hospitals**, colleges, and universities can report, as program service revenue on line 2, sales of inventory items otherwise reportable on line 10a. In that event, enter the applicable cost of goods sold as program service expense in column (B) of Part IX. No other organizations should report sales of inventory items on line 2.

Common Types of Program Service Revenue:

- Medicare and Medicaid payments, and other government payments made to pay or reimburse the organization for medical services provided to individuals who qualify under a government program for the services provided, and who select the service provider. See Rev. Rul. 83-153, 1983-2 C.B. 48.
- Payments for medical services by patients and their guarantors, and
- Fees and contracts from government agencies for a service, facility, or product that primarily benefited the government agencies.

Example 1. A payment by a governmental agency to a medical clinic to provide vaccinations to the general public is a contribution reported on line 1e. A payment by a governmental agency to a medical clinic to provide vaccinations to employees of the agency is program service revenue reported on line 2.

Example 2. A payment by a governmental agency to an organization to provide job training and placement for disabled individuals is a contribution reported on line 1e. A payment by a governmental agency to the same organization to operate the agency's internal mail delivery system is program service revenue reported on line 2.

- Income from program-related investments. Report interest, dividends, and other revenues from those investments made primarily to accomplish the organization's exempt purposes rather than to produce income. Examples of program-related investments include student loans and notes receivable from other exempt organizations that borrowed the funds to pursue the filing organization's exempt function.
- Membership dues and assessments received that compare reasonably with the membership benefits provided by the organization. Organizations described in section 501(c)(5), (6),

Consolidated Financial Statements and Independent Auditors' Report

Palmetto Health and Subsidiaries

September 30, 2015 and 2014



Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2015 and 2014

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2013	$ 799,524	$ 26,133	$ 7,734	$ 833,391
Revenue and gains greater than expenses and losses	1,535	-	-	1,535
Increase in interest in Affiliated Foundations	159	2,030	185	2,374
Net adjustment for defined benefit plans	(1,285)	-	-	(1,285)
Contributions and grants	-	9,953	-	9,953
Net assets released from restrictions used for capital	22	(22)	-	-
Net assets released from restrictions used for operations	-	(10,712)	-	(10,712)
Increase in net assets	431	1,249	185	1,865
Balance as of September 30, 2014	799,955	27,382	7,919	835,256
Revenue and gains less than expenses and losses	(6,771)	-	-	(6,771)
(Decrease) increase in interest in Affiliated Foundations	(899)	(2,240)	2,473	(666)
Subsidiary equity transaction	(419)	-	-	(419)
Net adjustment for defined benefit plans	1,261	-	-	1,261
Contributions and grants	-	15,583	-	15,583
Net assets released from restrictions used for capital	166	(166)	-	-
Net assets released from restrictions used for operations	-	(11,765)	-	(11,765)
(Decrease) increase in net assets	(6,662)	1,412	2,473	(2,777)
Balance as of September 30, 2015	$ 793,293	$ 28,794	$ 10,392	$ 832,479

The accompanying notes are integral to these consolidated financial statements.

PalmettoHealth.SCPH_001207

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2014 and 2013

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2012	$ 725,393	$ 24,395	$ 7,259	$ 757,047
Revenue and gains over expenses and losses	69,699	-	-	69,699
(Decrease) increase in interest in Affiliated Foundations	(174)	1,021	475	1,322
Net adjustment for defined benefit plans	3,741	-	-	3,741
Subsidiary equity transaction	158	-	-	158
Contributions and grants	-	8,946	-	8,946
Net assets released from restrictions used for capital	707	(707)	-	-
Net assets released from restrictions used for operations	-	(7,522)	-	(7,522)
Increase in net assets	74,131	1,738	475	76,344
Balance as of September 30, 2013	799,524	26,133	7,734	833,391
Revenue and gains over expenses and losses	1,535	-	-	1,535
Increase in interest in Affiliated Foundations	159	2,030	185	2,374
Net adjustment for defined benefit plans	(1,285)	-	-	(1,285)
Contributions and grants	-	9,953	-	9,953
Net assets released from restrictions used for capital	22	(22)	-	-
Net assets released from restrictions used for operations	-	(10,712)	-	(10,712)
Increase in net assets	431	1,249	185	1,865
Balance as of September 30, 2014	$ 799,955	$ 27,382	$ 7,919	$ 835,256



The accompanying notes are an integral part of these consolidated financial statements.

PalmettoHealth.SCPH_001167

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2013 and 2012
(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2011	$ 636,171	$ 21,280	$ 6,690	$ 664,141
Revenue and gains over expenses and losses	86,488	-	-	86,488
(Decrease) increase in interest in Affiliated Foundations	(75)	2,042	569	2,536
Net adjustment for defined benefit plans	1,874	-	-	1,874
Contributions and grants	-	8,648	-	8,648
Net assets released from restrictions used for capital	935	(935)	-	-
Net assets released from restrictions used for operations	-	(6,640)	-	(6,640)
Increase in net assets	89,222	3,115	569	92,906
Balance as of September 30, 2012	725,393	24,395	7,259	757,047
Revenue and gains over expenses and losses	69,699	-	-	69,699
(Decrease) increase in interest in Affiliated Foundations	(174)	1,021	475	1,322
Net adjustment for defined benefit plans	3,741	-	-	3,741
Subsidiary equity transaction	158	-	-	158
Contributions and grants	-	8,946	-	8,946
Net assets released from restrictions used for capital	707	(707)	-	-
Net assets released from restrictions used for operations	-	(7,522)	-	(7,522)
Increase in net assets	74,131	1,738	475	76,344
Balance as of September 30, 2013	$ 799,524	$ 26,133	$ 7,734	$ 833,391



The accompanying notes are an integral part of these consolidated financial statements.

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2012 and 2011

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2010	$ 641,970	$ 20,623	$ 6,636	$ 669,229
Revenue and gains under expenses and losses	(2,094)	-	-	(2,094)
(Decrease) increase in interest in Affiliated Foundations	(1,631)	(756)	54	(2,333)
Net adjustment for defined benefit plans	(3,235)	-	-	(3,235)
Contributions and grants	-	7,727	-	7,727
Net assets released from restrictions used for capital	1,161	(1,161)	-	-
Net assets released from restrictions used for operations	-	(5,153)	-	(5,153)
(Decrease) increase in net assets	(5,799)	657	54	(5,088)
Balance as of September 30, 2011	636,171	21,280	6,690	664,141
Revenue and gains over expenses and losses	86,488	-	-	86,488
(Decrease) increase in interest in Affiliated Foundations	(75)	2,042	569	2,536
Net adjustment for defined benefit plans	1,874	-	-	1,874
Contributions and grants	-	8,648	-	8,648
Net assets released from restrictions used for capital	935	(935)	-	-
Net assets released from restrictions used for operations	-	(6,640)	-	(6,640)
Increase in net assets	89,222	3,115	569	92,906
Balance as of September 30, 2012	$ 725,393	$ 24,395	$ 7,259	$ 757,047



The accompanying notes are an integral part of these consolidated financial statements.

PalmettoHealth.SCPH_001086

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2011 and 2010

(dollars in thousands)

	Unrestricted Restated	Temporarily Restricted	Permanently Restricted	Total Restated
Balance as of September 30, 2009	$ 565,026	$ 21,688	$ 6,632	$ 593,346
Revenue and gains over expenses and losses	72,508	-	-	72,508
(Decrease) increase in interest in Affiliated Foundations	(1,285)	(2,110)	4	(3,391)
Net adjustment for defined benefit plans	3,735	-	-	3,735
Contributions and grants	-	7,121	-	7,121
Net assets released from restrictions used for capital	1,986	(1,986)	-	-
Net assets released from restrictions used for operations	-	(4,090)	-	(4,090)
Increase (decrease) in net assets	76,944	(1,065)	4	75,883
Balance as of September 30, 2010	641,970	20,623	6,636	669,229
Revenue and gains (under)over expenses and losses	(2,094)	-	-	(2,094)
(Decrease) increase in interest in Affiliated Foundations	(1,631)	(756)	54	(2,333)
Net adjustment for defined benefit plans	(3,235)	-	-	(3,235)
Contributions and grants	-	7,727	-	7,727
Net assets released from restrictions used for capital	1,161	(1,161)	-	-
Net assets released from restrictions used for operations	-	(5,153)	-	(5,153)
(Decrease) increase in net assets	(5,799)	657	54	(5,088)
Balance as of September 30, 2011	$ 636,171	$ 21,280	$ 6,690	$ 664,141



The accompanying notes are an integral part of these consolidated financial statements.

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2010 and 2009

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2008	$ 528,489	$ 22,182	$ 6,627	$ 557,298
Revenue and gains over expenses and losses	34,016	-	-	34,016
(Decrease) increase in interest in Affiliated Foundations	(2,717)	(1,857)	5	(4,569)
Net adjustment for defined benefit plans	1,209	-	-	1,209
Contributions and grants	-	8,771	-	8,771
Net assets released from restrictions used for capital	4,029	(4,029)	-	-
Net assets released from restrictions used for operations	-	(3,379)	-	(3,379)
Increase (decrease) in net assets	36,537	(494)	5	36,048
Balance as of September 30, 2009	565,026	21,688	6,632	593,346
Revenue and gains over expenses and losses restated	72,508	-	-	72,508
(Decrease) increase in interest in Affiliated Foundations	(1,285)	(2,110)	4	(3,391)
Net adjustment for defined benefit plans	3,735	-	-	3,735
Contributions and grants	-	7,121	-	7,121
Net assets released from restrictions used for capital	1,986	(1,986)	-	-
Net assets released from restrictions used for operations	-	(4,090)	-	(4,090)
Increase (decrease) in net assets	76,944	(1,065)	4	75,883
Balance as of September 30, 2010 restated	$ 641,970	$ 20,623	$ 6,636	$ 669,229



The accompanying notes are an integral part of these consolidated financial statements.

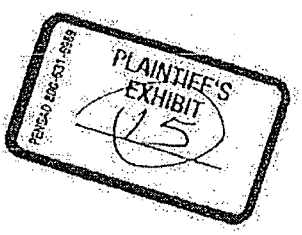
PalmettoHealth.SCPH_001007

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2009 and 2008

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanately Restricted	Total
Balance as of September 30, 2007	$ 581,658	$ 26,649	$ 6,620	$ 614,927
Revenue and gains under expenses and losses	(43,066)	-	-	(43,066)
Net change in unrealized losses on available-for-sale investments	(17,612)	-	-	(17,612)
Net change in unrealized gain on derivative financial instrument	1,338	-	-	1,338
(Decrease) increase in interest in Affiliated Foundations	(4,456)	(5,682)	7	(10,131)
Net adjustment for defined benefit plans	1,177	-	-	1,177
Contributions and grants	251	15,147	-	15,398
Net assets released from restrictions used for capital	9,199	(9,199)	-	-
Net assets released from restrictions used for operations	-	(4,733)	-	(4,733)
(Decrease) increase in net assets	(53,169)	(4,467)	7	(57,629)
Balance as of September 30, 2008	528,489	22,182	6,627	557,298
Revenue and gains over expenses and losses	34,016	-	-	34,016
(Decrease) increase in interest in Affiliated Foundations	(2,717)	(1,857)	5	(4,569)
Net adjustment for defined benefit plans	1,209	-	-	1,209
Contributions and grants	-	8,771	-	8,771
Net assets released from restrictions used for capital	4,029	(4,029)	-	-
Net assets released from restrictions used for operations	-	(3,379)	-	(3,379)
Increase (decrease) in net assets	36,537	(494)	5	36,048
Balance as of September 30, 2009	$ 565,026	$ 21,688	$ 6,632	$ 593,346



The accompanying notes are an integral part of these consolidated financial statements.

PalmettoHealth.SCPH_000966

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2008 and 2007

(dollars in thousands)



	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2006	$535,723	$25,332	$6,389	$567,444
Revenue and gains over expenses and losses	41,228	-	-	41,228
Net change in unrealized gains on available-for-sale investments	9,699	-	-	9,699
Net change in unrealized gain on derivative financial instrument	232	-	-	232
Increase in Interest in Affiliated Foundations	1,255	1,239	231	2,725
Cumulative effect of change in accounting principle	(11,453)	-	-	(11,453)
Contributions and grants	1,357	5,363	-	6,720
Net assets released from restrictions used for capital	3,617	(3,617)	-	-
Net assets released from restrictions used for operations	-	(1,668)	-	(1,668)
Increase in net assets	45,935	1,317	231	47,483
Balance as of September 30, 2007	581,658	26,649	6,620	614,927
Revenue and gains under expenses and losses	(43,066)	-	-	(43,066)
Net change in unrealized losses on available-for-sale investments	(17,612)	-	-	(17,612)
Net change in unrealized gain on derivative financial instrument	1,338	-	-	1,338
(Decrease) increase in Interest in Affiliated Foundations	(4,456)	(5,682)	7	(10,131)
Net adjustment for defined benefit plans	1,177	-	-	1,177
Contributions and grants	251	15,147	-	15,398
Net assets released from restrictions used for capital	9,199	(9,199)		-
Net assets released from restrictions used for operations	-	(4,733)	-	(4,733)
(Decrease) increase in net assets	(53,169)	(4,467)	7	(57,629)
Balance as of September 30, 2008	$528,489	$22,182	$6,627	$557,298

The accompanying notes are an integral part of these consolidated financial statements.

PalmettoHealth.SCPH_000927

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2007 and 2006
(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2005	$520,558	$20,027	$6,524	$547,109
Revenue and gains over expenses and losses	7,787	0	0	7,787
Net realized gains on investments	4,109	0	0	4,109
Unrealized gain on derivative financial instrument	2,030	0	0	2,030
Increase (decrease) in interest in Affiliated Foundations	2,344	5,487	(135)	7,696
Cumulative effect of change in accounting principle	(1,105)	0	0	(1,105)
Contributions and grants	0	362	0	362
Net assets released from restrictions used for operations	0	(544)	0	(544)
Increase (decrease) in net assets	15,165	5,305	(135)	20,335
Balance as of September 30, 2006	535,723	25,332	6,389	567,444
Revenue and gains over expenses and losses	41,228	0	0	41,228
Net realized gains on investments	9,699	0	0	9,699
Unrealized gain on derivative financial instrument	232	0	0	232
Increase in interest in Affiliated Foundations	1,255	1,239	231	2,725
Cumulative effect of change in accounting principle	(11,453)	0	0	(11,453)
Contributions and grants	1,357	5,363	0	6,720
Net assets released from restrictions used for capital	3,617	(3,617)	0	0
Net assets released from restrictions used for operations	0	(1,668)	0	(1,668)
Increase in net assets	45,935	1,317	231	47,483
Balance as of September 30, 2007	$581,658	$26,649	$6,620	$614,927



The accompanying notes are an integral part of these consolidated financial statements.

PalmettoHealth.SCPH_000891

PALMETTO HEALTH ALLIANCE AND SUBSIDIARIES

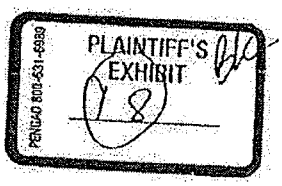
Consolidated Statements of Changes in Net Assets

Years ended September 30, 2006 and 2005

(Dollars in thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Balance at September 30, 2004	$ 525,802	18,488	7,015	551,305
Revenue and gains under expenses and losses	(8,005)	—	—	(8,005)
Net unrealized losses on investments	(139)	—	—	(139)
Unrealized gain on derivative financial instrument	760	—	—	760
Increase (decrease) in interest in Affiliated Foundations	2,140	1,507	(491)	3,156
Contributions and grants	—	3,797	—	3,797
Net assets released from restrictions used for operations	—	(3,765)	—	(3,765)
(Decrease) increase in net assets	(5,244)	1,539	(491)	(4,196)
Balance at September 30, 2005	520,558	20,027	6,524	547,109
Revenue and gains over expenses and losses	7,787	—	—	7,787
Net unrealized gains on investments	4,109	—	—	4,109
Unrealized gain on derivative financial instrument	2,030	—	—	2,030
Increase (decrease) in interest in Affiliated Foundations	2,344	5,487	(135)	7,696
Cumulative effect of accounting change	(1,105)	—	—	(1,105)
Contributions and grants	—	362	—	362
Net assets released from restrictions used for operations	—	(544)	—	(544)
Increase (decrease) in net assets	15,165	5,305	(135)	20,335
Balance at September 30, 2006	$ 535,723	25,332	6,389	567,444

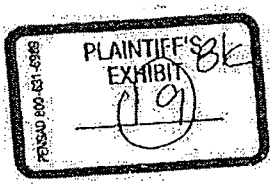
See accompanying notes to consolidated financial statements.



PalmettoHealth.SCPH_000855

Palmetto Health
Other Operating Revenue Breakout
For the Twelve Months Ending September 30, 2015
(dollars in thousands)

Governmental Funding	$ 2,068
Private Funding	1,606
Foundation	3,649
Other	84,026
Total Operating Revenue	$ 91,349

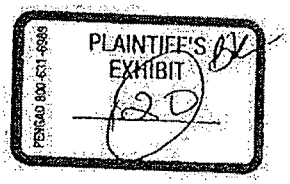


PalmettoHealth.SCPH_001750

Palmetto Health
Other Operating Revenue Breakout - Governmental Funding
For the Twelve Months Ending September 30, 2015

Account Description	Funding Source	Description of Restriction	Amount
SANE	SC Department of Public Safety	Funds Regional FNE Program which cares for victims of sexual assault and intimate partner violence.	$ 157,986 *
Healthy Start	US Department of Health & Human Services	Eliminate disparities in perinatal health by offering case management services on an on-going basis to both high and low risk participants first time and repeated pregnancies for the low income populations.	1,112,176
HRSA Cooperative Agreement	DHEC	Emergency Preparedness	290,608
Perinatal Systems	SC Department of Health & Environmental Control, Maternal & Child Health Bureau	Ensures appropriate and adequate care to high risk mothers and babies through education, consultation and data collection for 16 County Midlands Perinatal Region.	182,775
SCBA Project	SCBA (South Carolina Bioengineering Alliance)	Improving value on the inpatient medical ward: measuring the impact of a new team-based hospital care model (Accountable Care Unit) on quality and avoidable costs	49,463
Medical Informatics Admin	SCDHEC	Develop & integrate the SC PMP data into Palmetto Health's HER system	30,000
CH Wellness Program	MUSC	Docs Adopt School Health Initiative	21,724
IRB #2012-099RobertsNIH	University of South Carolina	Clinical Study	28,504
Pro#00031657AndroulakisAstraZe	University of South Carolina	Clinical Study	25,636
Craniofacial Clinic	SCDHEC	Craniofacial Services for Children	22,686
DHEC Health Trauma Program	SCDHEC	Training to areas in SC about DMEP	22,627
IRB2011-07 SenAlthersys	University of South Carolina	Clinical Study	22,250
IRB 2010-121 SenLundbeck	USC	Drug study	20,401
GERIATRIC GEC	University of South Carolina	Collaborate with the PSGEC to develop and implement an inter- disciplinary program and develop web-based courses for the USC Certificate in Gerontology program	19,438
Pro#00030623GilpaldoActelion	University of South Carolina	Clinical Study	9,500
IRB #2010-058SenEMMES	University of South Carolina	Platelet-Oriented Inhibition of New TIA	8,235
Pro#32103SenGenetech	University of South Carolina	Clinical Study	8,220
Pro32859-COGNursingFellow-With	University of South Carolina	Clinical Study	7,500
Pro#26898HewittZoll	University of South Carolina	Clinical Study	6,800
Pro#26707SenUSC	University of South Carolina	Clinical Study	6,744
IRB 2010-100 AlbrechtGSK	University of South Carolina	Clinical Study	6,619
Pro37358-MIGRAINE-USC-Sen	University of South Carolina	Clinical Study	4,332
IRB 2011-007 SenNINDS	NINDS (National Institute of Neorological Disorders and Stroke)	Clinical Study	4,175
		Total Governmental Funding	$ 2,068,401

* *Previously provided*



PALMETTO HEALTH
ALLIANCE

April 10, 2002
VIA HAND DELIVERY

Anthony C. DeFurio
Senior Vice President and CFO
Sisters of Charity Providence Hospitals
2345 Forest Drive
Columbia, SC 29204

Re: Response to Freedom of Information Act Request

Dear Mr. DeFurio:

This letter acknowledges receipt, on March 21, 2002, of your letter to me (the "March Letter") dated March 20, 2002 seeking information and documents under the South Carolina Freedom of Information Act, S. C. Code Ann. §§30-4-10 et seq. (the "Act"). The March Letter modified and supplemented two letters dated February 20, 2002 (collectively, the "February Letters") addressed to Palmetto Health Alliance and Palmetto Richland Memorial Hospital. Palmetto Health Alliance d/b/a Palmetto Health ("PH") is a South Carolina non-profit public benefit corporation exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Palmetto Richland Memorial Hospital ("Palmetto Richland") is an unincorporated operating division of PH and not an individual legal entity. Therefore, to the extent that the March Letter incorporates requests in the February Letters to Palmetto Richland, this letter serves as the joint response of Palmetto Health and Palmetto Richland and provides their opinions as to the availability of the documents and information you requested.

In the March Letter, you asked for an exemption log relating to documents not produced in response to the February Letters. No such document exists.

The balance of this letter is organized to conform with the March Letter.

Response No. 1. The March Letter stated, among other things, "produce the unredacted Term Sheet . . . ."

Reply. The redacted portion of the Term Sheet identifies topics that are to be negotiated, planning information, and competitive information. As such, it is exempt from disclosure pursuant to the Act as a trade secret and/or a document incidental to a proposed contractual relationship.



Response No. 2. The March Letter stated, among other things, "identify the specific exemption under which Palmetto claims that contracts with physicians for medical directorships, patient services, and educational services are exempt from disclosure pursuant to the FOIA."

Reply. These contracts contain competitive information and other trade secrets. In addition, in light of Providence Hospital's announcement that it may require members of its medical staff to terminate contractual relations they may have with other hospitals, these contracts contain information of a personal nature where the public disclosure thereof would constitute an unreasonable invasion of personal privacy.

Response No. 3. The March Letter modified and limited your request no. 3 in the February Letters and also stated "identify the documents in Palmetto's possession that are responsive to [request no. 3 in the February Letters] and state the specific exemption which you believe is applicable."

Reply. Request no. 3 of the February Letters, as now modified, requests "Copies of all correspondence regarding Palmetto Health Heart & Vascular Hospital between Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center and any member, officer and/or employee of Columbia Heart Clinic." Please see the documents produced in response to request no. 1 of the February Letters, along with Reply to Response No. 1 above.

Response No. 4. The March Letter stated "identify the documents in Palmetto's possession that are responsive to [request no. 4 in the February Letters] and state the specific exemption which you believe is applicable."

Reply. Request no. 4 in the February Letters requested "Copies of all correspondence regarding Palmetto Health Heart & Vascular Hospital between Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center and physician or physician practice. [sic]" PH's documents requested by request no. 4 in the February Letters and not exempt from disclosure under the Act were identified and produced in response to request no. 1 of the February Letters. In addition, see the Reply to Response No. 1 above.

Response No. 5. The March Letter limited your request no. 5 in the February Letters by deleting any request for confidential patient information. In addition, the March Letter stated "[W]ith regards to the agreements with Kaplan, McLaughlin and Diaz, and other indicated consultants, please specify the exemption which you believe applies to the requested documents."

Reply: As now limited, request no. 5 in the February Letters requested "Copies of all documents and other written information relating to the development and operation of the Palmetto Health Heart & Vascular Hospital." No written contract exists with Kaplan, McLaughlin & Diaz directly. The contracts with the consultants providing the studies and reports produced in response to request no. 5 of the February Letters contain competitive information and other trade secrets.

See also contract dated April 2, 2002 (with attachments); the building permit (with related documents) dated April 2, 2002; the demolition permit (with related documents) dated April 9, 2002; the letter dated April 9, 2002 from Palmetto Health to Shannon Cantwell; two letters dated April 9, 2002 from DHEC to Cam McCulloch; and the letter dated April 9, 2002 from Palmetto Health to Leon Frishman; all of which are attached hereto at Tab 1.

Response No. 6. The March Letter asked "identify the documents in Palmetto's possession that are responsive to [request no. 6 in the February Letters] and state the specific exemption which you believe is applicable."

Reply. Request no. 6 in the February Letters sought "Copies of all documents and other written information relating to the development of the medical office building and diagnostic laboratories related to Palmetto Health [Heart] & Vascular Hospital, including letters to any member, officer and/or employee of Columbia Heart Clinic, or any other cardiologist, cardiovascular surgeon, cardiovascular anesthesiologist, or physician practice which is comprised of such physicians."

In its response to that request, PH identified a contract with Edens & Avant, which had completed its performance in approximately June 2001. That document specifies topics that are currently being negotiated with a third party and, as such, is incidental to a proposed contractual relationship. In addition, see Reply to Response No. 3 above.

Response No. 7. The March Letter stated, among other things, "provide all documentation between Palmetto and Edens & Avant related to Palmetto Health Heart & Vascular Hospital . . . ."

Reply. As stated in the reply to the February Letters, no such document exists. The contract with Edens & Avant referenced in response to request no. 6 in the February Letters involves "the medical office building . . . related to the Palmetto Health Heart & Vascular Hospital" as designated in that request no. 6 and does not involve the Palmetto Health Heart & Vascular Hospital.

Response No. 8. The March Letter stated, among other things, "state, specifically, which documents [sought in request no. 8 in the February Letters] exist, and, if you are not disclosing these documents, the specific exemption which you believe to be applicable to the requested documents."

Reply. Request no. 8 in the February Letters requested "Copies of all documents and other written information exchanged between Palmetto Health Alliance, Richland Memorial Hospital, Baptist Medical Center, Edens & Avant and/or any other consultant related to the development of the Palmetto Health Heart & Vascular Hospital." With respect to consultants other than Edens & Avant, this request duplicates request no. 5 in the February Letters, as limited by the March Letter, which requested "Copies of all documents and other written information relating to the development and operation of the Palmetto Health Heart & Vascular Hospital." To the extent PH has documents requested by request no. 8 in the February Letters that were exchanged with consultants other than Edens & Avant and are not exempt from disclosure under the Act, they were identified and provided in response to request no. 5 in the February Letters. See also Reply to Response No. 5 above.

With respect to Edens & Avant, this request duplicates request no. 7 in the February Letters, which requested "Copies of all documents and other written information related to the relationship between Palmetto Health Alliance, Richland Memorial Hospital, or Baptist Medical Center and Edens & Avant as it relates to the development of the Palmetto Health Heart & Vascular Hospital." See response to request no. 7 in the February Letters. See also Reply to Response No. 7 above.

Response No. 11. The March Letter modified request no. 11 in the February Letters by stating, among other things, "produce these documents [i.e., invoices or other financial documents indicating the amount of money spent on consultants and other money spent on the Palmetto Health Heart & Vascular Hospital] or provide an aggregate figure representing the amount of money spent by Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center on the development of the Palmetto Health Heart & Vascular Hospital."

Reply. Palmetto Health has spent approximately $1.35 million, since June 1998, on consultants and otherwise on the development of the Palmetto Health Heart & Vascular Hospital.

Response No. 12. The March Letter asked, among other things, "indicate the specific exemption which you believe to be applicable to the requested documents [sought in request no. 12 in the February Letters]."

Reply. Request no. 12 in the February Letters requested "Copies of all documents relating to projections for, goals for and methods of increasing volumes of patients or cases or procedures relating to cardiology, diagnostic cardiac catheterizations, therapeutic

cardiac catheterizations, and/or cardiovascular surgeries at Palmetto Health Alliance, Richland Memorial Hospital, Baptist Medical Center [and/or Palmetto Health Heart & Vascular Hospital]." This request duplicates request no. 5 in the February Letters which, as limited by the March Letter, requested "Copies of all documents and other written information relating to the development and operation of the Palmetto Health Heart & Vascular Hospital." As stated in the responses to the February Letters, to the extent Palmetto Health has documents requested by request no. 12 in the February Letters and that are not exempt from disclosure under the Act, such documents were identified and produced in response to request no. 5 in the February Letters. See also Reply to Response No. 5 above.

PH hereby waives its rights, under section 30-4-10(b) of the Act, to collect a fee for searching for and making copies of the documents produced herewith. Such waiver is a matter of professional courtesy, rather than a representation that furnishing the documents produced herewith benefits the general public. Such waiver shall also not preclude PH from assessing any statutorily allowed fee in connection with any future request for documents under the Act.

Very truly yours,

Judy Cotchett Smith
Director of Corporate Communications

cc: M. Craig Garner, Jr., Esquire
M. Elizabeth Crum, Esquire

PALMETTO HEALTH
ALLIANCE

March 14, 2002

VIA HAND DELIVERY



Anthony C. DeFurio
Sr. VP & Chief Financial Officer
Sisters of Charity Providence Hospitals
2435 Forest Drive
Columbia, SC 29204

RE: Response to Freedom of Information Act Request

Dear Mr. DeFurio:

This letter acknowledges receipt, on February 21, 2002, of your two letters (one addressed to the Chief Executive Officer of Palmetto Health Alliance and one addressed to the Chief Executive Officer of Palmetto Richland Memorial Hospital) dated February 20, 2002, seeking information under the South Carolina Freedom of Information Act, S. C. Code Ann. §§30-4-10 et seq. (the "Act"). Palmetto Health Alliance d/b/a Palmetto Health ("PH") is a South Carolina non-profit public benefit corporation exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Palmetto Richland Memorial Hospital ("Palmetto Richland") is an unincorporated operating division of PH and not an individual legal entity. Therefore, this letter serves as the joint response of Palmetto Health and Palmetto Richland to your letter and provides their opinions as to the availability of the documents you requested.

For many years before the formation of PH, the two health systems that created PH have had missions to and have worked to provide top quality health care, including cardiac care, in the Midlands. The planned Palmetto Health Heart & Vascular Hospital is a step in that continuing mission and is described in the Certificate of Need application PH filed with the South Carolina Department of Health and Environmental Control (the "DHEC") in March 1999. PH remains in negotiation on this project and, as a result, much of the documentation requested is exempt from disclosure.

In addition, you have asked for certain documents that the Act characterizes as trade secrets or that contain feasibility, planning, or marketing studies or evaluations, or other materials which contain references to potential customers, competitive information, or evaluations, or other information which is a trade secret under the Act; or are documents of or documents incidental to proposed contractual relationships; or are documents that contain information of a personal nature where the public disclosure thereof would constitute an unreasonable invasion of personal privacy; or are correspondence or work products of legal counsel or other materials that would violate attorney-client relationships; or are specifically exempted from disclosure by statute or

law. Those documents, or portions of those documents, are exempt from disclosure under the Act and are not provided pursuant to relevant sections of the Act.

Below you will find each of the twelve requests made in your correspondence addressed to PH's Chief Executive Officer. The opinion and responses of PH and Palmetto Richland, as related to each request, immediately follow the specific request. Please note that while your two letters were similar in terms of the requested information, I noted some differences in the requests; however, they were minor in effect and, with only one exception, did not affect the substance of the requested documents. I have bracketed the differences between the requests. I have not bracketed the differences related to the sequencing and manner of referring to the Palmetto Health facilities.

Request No. 1

"Copies of all contracts or agreements between Palmetto Health Alliance, Palmetto Richland Memorial Hospital, ('Richland Memorial Hospital') and/or Palmetto Baptist Medical Center ('Baptist Medical Center') and any member, officer and/or employee of Columbia Heart Clinic."

Response No. 1

We are furnishing partially redacted versions of the requested documents at Tab 1. Portions of the documents have been redacted to separate material that is exempt from disclosure pursuant to the Act.

See also response to request number two.

Request No. 2

"Copies of all contracts or agreements between Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center and any cardiologist, cardiovascular surgeon, cardiovascular anesthesiologist, or physician practice which is comprised of such physicians."

Response No. 2

See documents produced in response to request number one.

Palmetto Health, like Providence Hospital, is a party to contracts and/or agreements for medical directorships and to reimburse physicians for patient services. In addition, PH is a party to contracts or agreements to compensate physicians for educational services. The contents of such contracts and agreements are exempt from disclosure pursuant to the Act.

Providence Hospital is reported to have announced that it will be requiring members of its medical staff to disclose contractual relationships that such physicians may have with other hospitals, so Providence Hospital can determine if such relationships create a conflict of interest between Providence Hospital and the particular physician. As such, it is more appropriate for Providence Hospital to seek this information directly from its medical staff.

Request No. 3

"Copies of all correspondence [regarding Palmetto Health Heart & Vascular Hospital] between Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center and any member, officer and/or employee of Columbia Heart Clinic."

Response No. 3

See responses to requests number one and two. Except for the documents produced in response to request number one, the correspondence you seek in this request is exempt from disclosure. If you are seeking correspondence unrelated to the Palmetto Health Heart & Vascular Hospital, please inform me in writing of the specific documents you seek.

In addition, we note that you did not limit this request to any particular time period, and the breadth of your wording would include routine correspondence like messages to the general medical staff.

Request No. 4

"Copies of all correspondence regarding Palmetto Health Heart & Vascular Hospital between Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center and physician or physician practice. [sic]"

Response No. 4

See response to request number three. All additional requested correspondence is exempt from disclosure pursuant to the Act.

Request No. 5

"Copies of all documents and other written information relating to the development and operation of the Palmetto Health Heart & Vascular Hospital, including letters to patients."

Response No. 5

We are furnishing to you at Tabs 1 and 2 requested documents that are not exempt from disclosure pursuant to the Act. Portions of some of the furnished documents have been redacted to separate material that is exempt from disclosure pursuant to the Act.

PH has entered into agreements with Kaplan McLaughlin & Diaz for architectural services for various potential projects, including the Palmetto Health Heart & Vascular Hospital. PH also engaged the indicated consultants to provide the studies and reports represented by the documents attached at Tab 2. The contents of all such documents are exempt from disclosure under the Act.

The documents produced herewith include a copy of all or part of DHEC's file relating to the Certificate of Need application referenced earlier in this letter. That application has been available for public review since approximately March 1999. Additional documents relating to that application are or may be available for public inspection at DHEC, and PH understands that those documents have been examined by Providence Hospital or its representatives from time to time.

We have not produced documents in response to your specific request for correspondence between a hospital and its patients. Palmetto Health is very sensitive to the rights of patients to privacy and confidentiality with respect to their medical records and related information. Such correspondence may be exempt from disclosure under the Act by virtue of the Social Security Act or other applicable federal or state laws or regulations.

We also note that you did not limit this request to any particular time period.

Request No. 6

"Copies of all documents and other written information relating to the development of the medical office building and diagnostic laboratories related to Palmetto Health [Heart] & Vascular Hospital, including letters to any member, officer and/or employee of Columbia Heart Clinic, or any other cardiologist, cardiovascular surgeon, cardiovascular anesthesiologist, or physician practice which is comprised of such physicians."

Response No. 6

See response to request number three.

PH entered into a contract with Edens & Avant for advice regarding the development of the medical office building planned to be near the Palmetto Health Heart

& Vascular Hospital, and Edens & Avant completed its performance under that contract approximately June 2001. Such document is exempt from disclosure under the Act.

Request No. 7

"Copies of all documents and other written information related to the relationship between Palmetto Health Alliance, Richland Memorial Hospital, or Baptist Medical Center and Edens & Avant as it relates to the development of the Palmetto Health Heart & Vascular Hospital."

Response No. 7

No such document exists.

Request No. 8

"Copies of all documents and other written information exchanged between Palmetto Health Alliance, Richland Memorial Hospital, Baptist Medical Center, Edens & Avant and/or any other consultant related to the development of the Palmetto Health Heart & Vascular Hospital."

Response No. 8

See responses to requests number five and seven.

Request No. 9

"Copies of all statistical analyses or studies related to other cardiovascular matters or issues addressed by Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center within the last five (5) years."

Response No. 9

See response to request number five.

Request No. 10

"Copies of all statistical analyses or studies related to other cardiovascular matters or issues addressed by Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center within the last five (5) years."

Response No. 10

See response to request number five.

Request No. 11

"Please provide the amount of money spent by Palmetto Health Alliance, Richland Memorial Hospital, and/or Baptist Medical Center on the development of the [Palmetto Health] Heart & Vascular Hospital."

Response No. 11

No such document exists.

Request No. 12

"Copies of all documents relating to projections for, goals for and methods of increasing volumes of patients or cases or procedures relating to cardiology, diagnostic cardiac catheterizations, therapeutic cardiac catheterizations, and/or cardiovascular surgeries at Palmetto Health Alliance, Richland Memorial Hospital, Baptist Medical Center [and/or Palmetto Health Heart & Vascular Hospital]."

Response No. 12

See response to request number five.

PH hereby waives its right, under section 30-4-30(b) of the Act, to collect a fee for searching for and making copies of the documents produced herewith. Such waiver is a matter of professional courtesy, rather than a representation that furnishing the documents produced herewith benefits the general public. Such waiver shall also not preclude PH from assessing any statutorily allowed fee in connection with any future request for documents under the Act.

Very truly yours,

Judy Cotchett Smith
Director of Corporate Communications

cc: M. Craig Garner, Jr., Esquire
M. Elizabeth Crum, Esquire

The State of South Carolina

Office of Secretary of State Mark Hammond

Certificate of Existence, Nonprofit Corporation

I, Mark Hammond, Secretary of State of South Carolina Hereby Certify that:

PALMETTO HEALTH,

a nonprofit corporation duly organized under the laws of the State of South Carolina on December 17th, 1996, has as of the date hereof filed as a nonprofit corporation for religious, educational, social, fraternal, charitable, or other eleemosynary purpose, and has paid all fees, taxes and penalties owed to the State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to S.C. Code Ann. §33-31-1421, and that the nonprofit corporation has not filed articles of dissolution as of the date hereof.

Given under my Hand and the Great Seal of the State of South Carolina this 2nd day of December, 2016.

Mark Hammond

Mark Hammond, Secretary of State

DEFENDANT'S EXHIBIT

PalmettoHealth.SCPH_001764

CERTIFIED TO BE A TRUE AND CORRECT COPY AS TAKEN FROM AND COMPARED WITH THE ORIGINAL ON FILE IN THIS OFFICE

Sep 06 2016

REFERENCE ID: 1609061444476

STATE OF SOUTH CAROLINA
SECRETARY OF STATE
JIM MILES
NONPROFIT CORPORATION
ARTICLES OF INCORPORATION

Jim Miles
SECRETARY OF STATE
FILED
DEC 17, 1996
AM
1 6 9 10 11 12 1 2 3 4 5 0

1. The name of the nonprofit corporation is HR HEALTH SYSTEM, INC.

2. The initial registered office of the nonprofit corporation is

71 Health Place, Two Interstate Financial Plaza
Street Address
Greenville Greenville SC 29601
City County State Zip Code

The name of the registered agent of the nonprofit corporation at that office is CT Corporation System.

3. Check (a), (b), or (c) whichever is applicable. Check only one box.

a. [X] The nonprofit corporation is a public benefit corporation.

b. [ ] The nonprofit corporation is a religious corporation.

c. [ ] The nonprofit corporation is a mutual benefit corporation.

4. Check (a) or (b), whichever is applicable:

a. [X] This corporation will have members.

b. [ ] This corporation will not have members.

5. The address of the principal office of the nonprofit corporation is Taylor at Marion St.
Street & Address

Columbia Richland SC 29220
City, County, State, Zip Code

6. If this nonprofit corporation is either a public benefit or religious corporation (box a. or b. of 3.) is checked), complete either (a) or (b), whichever is applicable, to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation.

a. [ ] Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the court of common pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

b. [X] Upon dissolution of the corporation, consistent with law, the remaining assets of the corporation shall be distributed to: SEE ATTACHED

7. If the corporation is a mutual benefit corporation (box 'c' of 3.) is checked), complete either (a) or (b), whichever is applicable, to describe how the (remaining) assets of the corporation will be distributed upon dissolution of the corporation.

NOT APPLICABLE

a. [ ] Upon dissolution of the mutual benefit corporation the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.

b. [ ] Upon dissolution of the mutual benefit corporation the (remaining) assets, consistent with law, shall be distributed to:

8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See § 33-31-202(c) of the 1976 South Carolina Code, the applicable comments thereto, and the instructions to this form): SEE ATTACHED

96-031714BC

DEFENDANT'S EXHIBIT A

PalmettoHealth.SCPH_001239

CERTIFIED TO BE A TRUE AND CORRECT COPY AS TAKEN FROM AND COMPARED WITH THE ORIGINAL ON FILE IN THIS OFFICE

Sep 06 2016
REFERENCE ID: 1609061444576

9. The name and address (with zip code) of each incorporator is as follows (only one is required):

Name — Address (with zip code)

Lester P. Branham, Jr., P. O. Box 520, Lake City, SC 29560

James H. Suddeth, Jr., Keenan Insurance and Financial Services, 2442 Devine St., Columbia, SC 29205

Charles D. Beaman, Jr., Baptist Healthcare System of SC, Taylor at Marion St., Columbia, SC 29220

Kester S. Freeman, Jr., Richland Memorial Hospital, 7 Richland Medical Park, Columbia, SC 29203

10. Each original director of the nonprofit corporation must sign the articles but only if the directors are named in these articles:

SEE ATTACHED

11. Each incorporator must sign the articles.

LESTER P. BRANHAM, JR. — Signature of Incorporator

JAMES H. SUDDETH, JR. — Signature of Incorporator

CHARLES D. BEAMAN, JR. — Signature of Incorporator

KESTER S. FREEMAN, JR. — Signature of Incorporator

FILING INSTRUCTIONS

1. Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed.

2. If space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form, or prepare this using a computer disk which will allow for expansion of space on the form.

3. This form must be accompanied by the filing fee of $25.00 payable to the Secretary of State.

Form Approved by South Carolina Secretary of State Jim Miles June, 1996

PalmettoHealth.SCPH_001240

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH ORIGINAL ON FILE IN THIS OFFICE
Sep 06 2016
REFERENCE ID: 1609061444475

ATTACHMENT TO ITEM 6:

In the event of dissolution and final liquidation, the assets of the Corporation shall be applied and distributed as follows: All liabilities and obligations of the Corporation shall be paid, satisfied, and discharged, or provisions shall be made thereof; and all remaining assets of every nature and description (the "Remaining Assets") shall be distributed to the Members in proportion to each Member's contribution to the Corporation at its formation, if each Member is then in existence and qualifies either (i) as a governmental entity, and, in such case, the distribution to be made thereto is for a public purpose; or (ii) as an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1976, as amended (the "Code") (in either case, a "Qualifying Member"); provided, however, that if either Member is either not then in existence or is not a Qualifying Member, then the Remaining Assets shall be distributed to the Qualifying Member in proportion to its contribution to the Corporation, with the remaining amounts to be distributed, as determined by the Board, to (i) a state or local government or governments, for a public purpose; and/or (ii) an exempt organization or organizations under section 501(c)(3) of the Code; provided, however, that if both Members are either not then in existence or are not Qualifying Members, then the Remaining Assets of the Corporation shall be distributed, as determined by the Board (i) to a state or local government or governments, for a public purpose; and/or (ii) to an exempt organization or organizations under section 501(c)(3) of the Code.

ATTACHMENT TO ITEM 8:

A. The Corporation shall have two classes of members: the Class B Member and the Class B Member (collectively, the "Members"). The authority and privileges of the Class B and Class B Members shall be the same. All authority not specifically reserved to the Members in these Articles of Incorporation or the Bylaws of the Corporation is reserved exclusively to the Board of the Corporation to the full extent permitted by the South Carolina Nonprofit Corporation Act (the "Act").

B. The procedures for amending these Articles of Incorporation and the Bylaws of the Corporation shall be set forth in the Bylaws, and such procedures may only be amended upon the approval of both Class B and Class B Members.

C. The Corporation is a public benefit corporation which is organized exclusively for, and at all times will be operated exclusively for, charitable, educational, or scientific or such other purposes as may qualify it as exempt from Federal income tax under section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue law). More specifically, such purposes include:

(1) developing, operating and maintaining a vertically, horizontally, and geographically integrated health care delivery system, and any other business or activity incidental or necessary thereto;

(2) providing hospital facilities and health care services for inpatient medical care of the sick and injured (including obstetrical care), and establishing and maintaining institutions with permanent facilities that include inpatient beds and medical services, to provide diagnostic and treatment for patients, and associated services such as, but not limited to, extended care, outpatient care and home care;

(3) establishing, developing, sponsoring, promoting and/or conducting educational programs, scientific research, treatment facilities, hospitals, consulting and management services, human services programs, public services and programs, and other charitable activities devoted to promoting, improving and protecting the health and welfare of all persons, including providing opportunities to restore, reclaim, or aid persons suffering from physical, mental or emotional disabilities, providing access to community resources aimed at promoting life and health, and providing assistance to persons with the aim of leading full and meaningful lives through the Corporation and entities formally affiliated with the Corporation;

(4) working with a variety of community organizations to promote and improve the modalities of delivery and the availability of preventive care throughout the region, and assuring the availability of high quality clinical services and professional practitioners, and enhancing the cost-effectiveness and/or efficiency of such services and practitioners; and

(5) conducting other activities permitted under the Act and which are consistent with recognition as a tax-exempt entity under section 501(c)(3) of the Code.

D. The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise. Except as otherwise provided by law, no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Articles of Incorporation. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, nor shall the Corporation participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

E. The affairs and business of the Corporation shall be managed and conducted by the Board, and the Board shall have all powers otherwise belonging to Members under the Act, except for those powers the Act does not allow to be delegated to directors and the rights granted to the Corporation's Members by paragraph A. of this Attachment to Item 8. The qualification, election, number, tenure, powers, and duties of the members of the Board shall be as provided in the Bylaws. The names of the persons who are to serve as initial directors of the Corporation until the first annual meeting of the Members and until their successors have been duly elected, designated or appointed and qualified are listed in the Attachment to Item 10 below and the consent of such individuals to serve as directors of the Corporation is evidenced by their signature set forth beside their name.

No director of the Corporation shall be personally liable for monetary damages for breach of any duty to the Corporation or Members; however, this provision shall not eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the Corporation or its Members, (ii) for acts or omissions not in good faith or which involve

PalmettoHealth.SCPH_001241

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

Sep 06 2016

REFERENCE ID: 160906144476

intentional misconduct or a knowing violation of law; (iii) for any transaction from which a director derived an improper personal benefit; or (iv) under Sections 33-31-831 through 33-31-833 of the Act, as amended from time to time.

ATTACHMENT TO ITEM 10

LESTER L. BATES, JR.	Signature of director (Class of 1998)
WILLIAM J. COGHILL, JR.	Signature of director (Class of 1998)
U. X. CHILLIS, JR., M.D.	Signature of director (Class of 1998)
JASPER SALMOND	Signature of director (Class of 1998)
JAMES O. VASARHELYI	Signature of director (Class of 1998)
BEVERLY BRANDIS	Signature of director (Class of 1999)
LESTER P. BRANHAM, JR.	Signature of director (Class of 1999)
PERCIVAL L. EVERETT, D.D.S.	Signature of director (Class of 1999)
JEAN S. HOPKINS, R.N.	Signature of director (Class of 1999)
DAILY V. LONGAKER, M.D.	Signature of director (Class of 1999)
DARNET A. BARNES	Signature of director (Class of 2000)
HILTON KIMPSON	Signature of director (Class of 2000)
JAMES U. SUDDETH, JR.	Signature of director (Class of 2000)
CHARLES D. BEAMAN, JR.	Signature of director
KESTER S. FREEMAN, JR.	Signature of director

COLA\3132464\2 - 1

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 09 2016
REFERENCE ID: 1609061444476

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

NONPROFIT CORPORATION
ARTICLES OF AMENDMENT

TYPE OR PRINT CLEARLY WITH BLACK INK

Pursuant to the provisions of Section 33-31-1005 of the 1976 South Carolina Code of Laws, as amended, the applicant delivers to the Secretary of State these Articles of Amendment

1. The name of the nonprofit corporation is Palmetto Health Alliance

2. Date incorporated: December 17, 1996

3. Specify (a) the text of every amendment adopted, and (b) list when each amendment was adopted

   (a) Article 1 of the corporation's Articles of Incorporation, as amended to date, is amended to read as follows

   "1 The name of the corporation is Palmetto Health "

   (b) The amendment was adopted on June 8, 2004

4. ( ) By checking this paragraph #4 the applicant represents that (a) approval of the amendment by the members was not required, (b) the amendment was approved by a sufficient vote of the board of directors or the incorporators. (Do not check this paragraph #4 if member vote was required or if the required vote of directors or incorporators was not obtained.)

5. If the approval of the members was required to adopt the amendment(s), provide the following information

   (a) Designation (Classes of Membership)
   2 classes

   (b) Number of memberships outstanding
   2

   (c) Number of votes entitled to be cast by each class entitled to vote separately on the amendment
   one vote per member

   (d) Number of votes of each class indisputably voting on the amendment
   one

070126-0137 FILED: 01/28/2007
PALMETTO HEALTH
Filing Fee: $10.00 ORIG
Mark Hammond South Carolina Secretary of State

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

Sep 05 2016
REFERENCE ID: 1609061444476

(e) Complete one of the following as appropriate

(i) Total number of votes cast for and against the amendment by each class entitled to vote separately 2 for, 0 against

(ii) Total number of undisputed votes cast for the amendment by each class which was sufficient for approval for that class 2 for, 0 against

6 [ ] By checking this paragraph #6 the applicant represents that approval of the amendment by some person or persons other than the members, the board, or the incorporators is required pursuant to Section 33-31-1030 of the 1976 South Carolina Code of Laws, as amended, and that the approval was obtained (Do not mark paragraph #6 if either of these statements is not true)

7 If the amendment provides for an exchange, reclassification, or cancellation of memberships, provisions for implementing the amendment must be set forth here if provisions are not contained in the amendment itself

8 [ ] If this corporation is converting from either a public benefit or religious corporation into a mutual benefit corporation, mark this paragraph #8 which certifies that a notice, including a copy of the proposed amendment, was delivered to the South Carolina Attorney General at least twenty days before the consummation of the amendment

Date 1-25, 2007

Palmetto Health Alliance
Name of Corporation

Signature of Officer

Charles D. Beaman, Jr.
Type or Print Name and Office
President & CEO

FILING INSTRUCTIONS

1 Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed

2 If space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form, or prepare this using a computer disk which will allow for expansion of space on the form

3 This form must be accompanied by the filing fee of $10 00 payable to the Secretary of State

Return to: Secretary of State
P O Box 11350
Columbia, SC 29211

2

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 06 2015
REFERENCE ID: 1606061444474

STATE OF SOUTH CAROLINA SECRETARY OF STATE

NONPROFIT CORPORATION
AMENDED AND RESTATED ARTICLES OF INCORPORATION

WHEREAS, Palmetto Health (the "Corporation") was formed by filing Articles of Incorporation with South Carolina Secretary of State on December 17, 1996, which were subsequently amended; and

WHEREAS, the corporation has determined to amend further its Articles of Incorporation and has restated herein its Articles of Incorporation so as to include all such amendments in a single document.

Pursuant to S.C. Code of Laws §§33-31-202 & 1006, the corporation submits the following information:

1. The current name of the nonprofit corporation is PALMETTO HEALTH.

2. The former names of the corporation are DR Health System, Inc. and Palmetto Health Alliance.

3. The corporation was incorporated on December 17, 1996.

4. Check "a", "b", or "c" whichever is applicable. Check only one box.
   a. [x] The nonprofit corporation is a public benefit corporation.
   b. [ ] The nonprofit corporation is a religious corporation.
   c. [ ] The nonprofit corporation is a mutual benefit corporation.

5. Check "a" or "b", whichever is applicable.
   a. [x] This corporation will have members.
   b. [ ] This corporation will not have members.

6. The address of the principal office of the nonprofit corporation is Taylor at Marion Street, Columbia, SC 29220, Richland County.

7. If this nonprofit corporation is either a public benefit or religious corporation complete either "a" or "b", whichever is applicable, to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation.

   a. [ ] Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future Federal tax code, or shall be distributed to the Federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

   b. [X] Upon dissolution of the corporation, consistent with law, the remaining assets of the

161731-0144
PALMETTO HEALTH
FILED: 12/31/2016
Filing Fee: 510.00 ORIG
South Carolina Secretary of State

COLUMBIA 12161244v1

Mark Hammond

DEFENDANT'S EXHIBIT 1B

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 06 2016
REFERENCE ID: 1609061444476

corporation shall be distributed as follows:

All liabilities and obligations of the corporation shall be paid, satisfied, and discharged, or provisions shall be made therefor; and all remaining assets of every nature and description (the "Remaining Assets") shall be distributed to the Members in proportion to each Member's transfer balance (as such term is defined in that certain Letter of Agreement dated as of February 9, 1998) as of the end of the fiscal year preceding such dissolution, if each Member is then in existence and qualifies either (i) as a governmental entity, and, in such case, the distribution to be made thereto is for a public purpose; or (ii) as an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1976, as amended (the "Code") (in either case, a "Qualifying Member"); provided, however, that if any Member is either not then in existence or is not a Qualifying Member, then the Remaining Assets shall be distributed either (a) to the remaining Qualifying Members in proportion to their respective transfer balances as of the end of the fiscal year preceding such distribution, or (b) as determined by the Board to (i) one or more state or local governments, for a public purpose, and/or (ii) one or more exempt organizations under section 501(c)(3) of the Code; provided, however, that if all Members are either not then in existence or are not Qualifying Members, then the Remaining Assets of the corporation shall be distributed, as determined by the Board to (iii) the Federal government or one or more state or local governments, for a public purpose, and/or (iv) one or more exempt organizations under section 501(c)(3) of the Code.

8. If the corporation is a mutual benefit corporation complete either "a" or "b", whichever is applicable, to describe how the (remaining) assets of the corporation will be distributed upon dissolution of the corporation.

NOT APPLICABLE

a. [ ] Upon dissolution of the mutual benefit corporation, the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.

b. [ ] Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to: _____

9. [ ] If this corporation is converting from either a public benefit or religious corporation into a mutual benefit corporation, mark this paragraph #8 which certifies that a notice, including a copy of the proposed amendment, was delivered to the South Carolina Attorney General at least twenty days before the consummation of the amendment. NOT APPLICABLE

10. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See §33-31-202(c) of the 1976 South Carolina Code, the applicable comments thereto, and the instructions to this form).

A. The corporation shall have three classes of members: the Class D Member, the Class R Member, and the Class T Member (collectively, the "Members"). The authority and privileges of the Class R and Class D Members shall be the same, and the Class T Member shall have the authority and privileges as described in the corporation's Bylaws. All authority not specifically reserved to the Members in these Articles of Incorporation or the Bylaws of the corporation is reserved exclusively to the Board of the corporation to the full extent permitted by the South Carolina Nonprofit Corporation Act (the "Act").

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 06 2016
REFERENCE ID: 160906145646

B. The procedures for amending these Articles of Incorporation and the Bylaws of the corporation shall be set forth in the Bylaws, and such procedures may only be amended upon the approval of both Class R and Class B Members and, in the instances described in the Bylaws, by the Class T Member.

C. The corporation is a public benefit corporation which is organized exclusively for, and at all times will be operated exclusively for, charitable, educational, or scientific or such other purposes as may qualify it as exempt from Federal income tax under section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue law). More specifically, such purposes include:

(1) developing, operating and maintaining a vertically, horizontally, and geographically integrated health care delivery system, and any other business or activity incidental or necessary thereto;

(2) providing hospital facilities and health care services for inpatient medical care of the sick and injured (including obstetrical care), and establishing and maintaining institutions with permanent facilities that include inpatient beds and medical services, to provide diagnosis and treatment for patients, and associated services such as, but not limited to, extended care, outpatient care and home care;

(3) establishing, developing, sponsoring, promoting and/or conducting educational programs, scientific research, treatment facilities, hospitals, consulting and management services, human services programs, public services and programs, and other charitable activities devoted to promoting, improving and protecting the health and welfare of all persons, including providing opportunities to restore, reclaim, or aid persons suffering from physical, mental or emotional disabilities, providing access to community resources aimed at promoting life and health, and providing assistance to persons with the aim of leading full and meaningful lives through the corporation and entities formally affiliated with the corporation;

(4) working with a variety of community organizations to promote and improve the modalities of delivery and the availability of preventive care throughout the region, and assuring the availability of high quality clinical services and professional practitioners, and enhancing the cost-effectiveness and/or efficiency of such services and practitioners; and

(5) conducting other activities permitted under the Act and which are consistent with recognition as a tax-exempt entity under section 501(c)(3) of the Code.

D. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise. Except as otherwise provided by law, no part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private person, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Articles of Incorporation. No substantial part of the activities of the corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, nor shall the corporation participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 06 2016
REFERENCE ID: LE090614444476

Exhibit A

James B. Wheeler, the Chair of the Board of Directors of Palmetto Health, and Charles D. Bowman, Jr., the Chief Executive Officer of Palmetto Health, were authorized to execute these Restated Articles of Incorporation by the Board of Directors of Palmetto Health pursuant to the Resolutions of the Board of Directors of Palmetto Health unanimously approved on September 8, 2015.

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 06 2016
REFERENCE ID: 160906144476

B. The affairs and business of the corporation shall be managed and conducted by the Board, and the Board shall have all powers otherwise belonging to Members under the Act, except for those powers the Act does not allow to be delegated to directors and the rights granted to the corporation's Members by paragraph A of this Item 8. The qualification, election, number, tenure, powers, and duties of the members of the Board shall be as provided in the Bylaws.

No director of the corporation shall be personally liable for monetary damages for breach of any duty to the corporation or Members; however, this provision shall not eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the corporation or its Members; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for any transaction from which a director derived an improper personal benefit; or (iv) under Sections 33-31-831 through 33-31-833 of the Act, as amended from time to time.

11. Each director of the corporation must sign the restated articles of incorporation.

Name	Signature of Director
Charles D. Bowman Jr.	Charles D. Bowman Jr.
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director
Name	Signature of Director

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 05 2016
REFERENCE ID: 1609061444476

Name of Corporation: PALMETTO HEALTH

Certificate Accompanying the Restated Articles of Incorporation

11. Check either Box A or B.

[ ] A. The attached restated articles of incorporation do not contain any amendments to the corporation's articles of incorporation. The restated articles have been approved by the board of directors or members as required.

[ ] B. The attached restated articles of incorporation contain one or more amendments to the corporation's articles of incorporation and the amendments have been approved as required (Check Box I, II or III below depending on the type of approval that was required).

[ ] I. By checking this paragraph, the applicant represents that (a) approval of the amendment by the members was not required and (b) the amendment was approved by a sufficient vote of the board of directors. (Do not check this paragraph I if member vote was required or if the required vote of directors was not obtained.)

[ ] II. By checking this paragraph, the applicant represents that the approval of the members was required to adopt the amendment(s). If you check Box II you must complete the information below.

(a) Designation (Classes of Membership)

_____

(b) Number of memberships outstanding

_____

(c) Number of votes entitled to be cast by each class entitled to vote separately on the amendment:

_____

(d) Number of votes of each class indisputably voting on the amendment:

_____

_____

(e) Complete one of the following as appropriate:

(I) Total number of votes cast for and against the amendment by each class entitled to vote separately:

_____

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE
Sep 06 2016
REFERENCE ID: 1609061444476

Name of Corporation: PALMETTO HEALTH

(ii) Total number of undisputed votes cast for the amendment by each class which was sufficient for approval for that class:

[ ] iii. By checking this paragraph, the applicant represents that approval of the reinstatement by some person or persons other than the members, the board, or the incorporators is required pursuant to S.C. Code of Laws §33-31-1030, and that the approval was obtained. (Do not mark paragraph iii if neither of these statements is true.)

Specify (a) the text of every amendment adopted and (b) the date each amendment was adopted. Please attach additional pages if the space on this form is not sufficient.

12. If the amendment provides for an exchange, reclassification, or cancellation of memberships, provisions for implementing the amendment must be set forth here if provisions are not contained in the amendment itself:

13. Unless a delayed date is specified, this application shall be filed upon acceptance for filing by the Secretary of State (See S.C. Code of Laws §33-31-123(b)).

Date Dec. 22, 2015

Palmetto Health
Name of Corporation

Charles D. Brennan, Jr.
Signature of Officer

Charles D. Brennan, Jr. CEO
Type or Print Name and Office

STATE OF SOUTH CAROLINA
COUNTY COUNCIL FOR RICHLAND COUNTY
ORDINANCE NO. 044-96HR

ORDINANCE

AN ORDINANCE AUTHORIZING THE BOARD OF TRUSTEES OF RICHLAND MEMORIAL HOSPITAL (THE "BOARD") TO ENTER INTO A JOINT OPERATING AGREEMENT WITH BAPTIST HEALTHCARE SYSTEM OF SOUTH CAROLINA, INC., PROVIDING FOR THE FORMATION AND GOVERNANCE OF A NON-PROFIT CORPORATION (THE "ALLIANCE") TO OPERATE, MANAGE, MAINTAIN AND IMPROVE HEALTH CARE FACILITIES IN RICHLAND COUNTY (THE "COUNTY"); AUTHORIZING THE RICHLAND COUNTY COUNCIL (THE "COUNTY COUNCIL") TO LEASE CERTAIN REAL PROPERTY OWNED BY THE COUNTY TO THE ALLIANCE; AUTHORIZING THE BOARD TO LEASE CERTAIN REAL PROPERTY OF THE BOARD TO THE ALLIANCE; AUTHORIZING THE COUNTY COUNCIL AND BOARD TO TRANSFER CERTAIN PERSONAL PROPERTY TO THE ALLIANCE; AMENDING THE METHOD BY WHICH MEMBERS OF THE BOARD ARE APPOINTED; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT AMONG THE COUNTY, THE BOARD AND THE ALLIANCE AND OTHER DOCUMENTS; AND OTHER MATTERS RELATING THERETO.

RECITALS

1. The Columbia Hospital of Richland County deeded its real property, including hospital facilities, located at the southwestern corner of Hampton Street and Harden Street and all of its personal property to Richland County (the "County") on October 3, 1921. Act No. 863 of 1922 designated the Board of Trustees of the Columbia Hospital of Richland County as the fiscal agents of said hospital, with power and authority by themselves, their agents and servants, to conduct, operate, manage, maintain and improve said Columbia Hospital of Richland County. Act No. 540 of 1947, Act No. 638 of 1951 and Act No. 502 of 1959 appointed the Board of Trustees of the Columbia Hospital of Richland County as the fiscal agents and servants to conduct, operate, manage, maintain and improve the Columbia Hospital of Richland County.

2. Act No. 1346 of 1964 authorized Richland County to issue up to $6,000,000 of general obligation bonds to construct new public hospital facilities for Richland County upon approval of the voters in the County. The voters authorized the sale of such bonds at the election. The Columbia Hospital of Richland County entered into a contract with John C.B. Smith on July 21, 1965, to purchase 50 acres of land between Sunset Drive and Colonial Drive in the City of Columbia (the "Contract of Sale"). The Contract of Sale was assigned to the County and such property was acquired by the County on January 15, 1968.

3. In Act No. 845 of 1967, the General Assembly authorized an additional $14,000,000 of general obligation bonds for the purpose of providing public hospital facilities for the County upon approval of the voters. Such bonds were also duly approved by a favorable vote of the electors. Act No. 1945 of 1972 stated that the hospital facilities, owned by the County, shall be governed and operated pursuant to the terms of such Act No. 1945; that the governing body for all county-owned hospital facilities in the County shall be the Board of Trustees of the Richland Memorial Hospital; that the Board of Trustees of the Columbia Hospital of Richland County, as constituted, shall constitute the initial board for the Richland Memorial Hospital, and all authority and responsibilities of the Columbia Hospital Board were devolved upon the Board; and that the hospital facility located on Harden Street extension in the City of Columbia was designated the Richland Memorial Hospital (the "Hospital" or "RMH"). Act No. 1945 of 1972 also authorized the Board to accept donations of property and further provided: "Prior to disposition of any real property given under this program, the Board shall first receive the approval of County Council of Richland County."

4. Section 4(14) of Act No. 379 of 1973 empowers counties to enter into lease agreements with any hospital or public agency whereby the county may lease hospital facilities to such hospital or public agency.

5. On May 17, 1981, the County received title to 4.63 acres by deed from the Board of School Commissioners, School District Number One, Richland County for such purposes as are determined by the Board. The Board, as the fiscal agent of County-owned hospital facilities, has purchased other real property in the name of Richland Memorial Hospital. The acute care, tertiary hospital system, operated under the name Richland Memorial Hospital, is hereinafter referred to as the "RMH System".

CERTIFIED TRUE COPY
ATTEST: Marion D. Anne Rich
TITLE: Deputy Clerk of Court
DATE: August 26, 1996

DEFENDANT'S EXHIBIT 2

6. S.C. Code §§ 4-9-30(2) and 4-9-130(6) expressly give county councils the authority to sell, lease or contract to sell or lease real property owned by such counties.

7. The Board and the Baptist Healthcare System of South Carolina, Inc. ("Baptist") intend to create a South Carolina non-profit corporation (the "Alliance"), pursuant to the South Carolina Non-Profit Corporation Act of 1994, as amended.

8. Representatives of the Board met with representatives of Baptist late in calendar year 1995 to discuss the possibility of a combination of the operations of the Board and Baptist. As a result of such negotiations, pursuant to resolutions of the Board and of the governing body of Baptist duly adopted, the Board and Baptist executed a Term Sheet dated March 5, 1996, outlining the proposed Alliance and have undertaken to refine the terms of such Alliance.

9. The Board and Baptist intend to form the Alliance, as a South Carolina non-profit corporation, to manage the assets of the Board and Baptist, to assume the liabilities of the Board and of Baptist and to consolidate the operations of the healthcare facilities and services provided by each pursuant to the terms of a Pre-Incorporation and Joint Operating Agreement among the Board and Baptist (as amended or supplemented from time to time in accordance with its terms, the "Operating Agreement").

10. As a part of the implementation of such combination, the Board has requested the County to lease to the Alliance the real property owned by the County and currently occupied by the RMH System (the "County Realty Assets") pursuant to a Lease Agreement among the County, the Alliance and the Board (the "Lease"). Pursuant to the Lease, the Board will also lease to the Alliance all the real property occupied by the RMH System title to which is in the name of the Board or RMH (the "Board Realty Assets"). The County will also convey to the Board any interest it has in any personalty, including cash, accounts, contract rights, equipment, furniture, inventory and supplies, used or acquired by the Board in the conduct of the affairs of the RMH System (the "County Personalty"). The Board will then convey to the Alliance certain personalty, including cash, accounts, contract rights, equipment, furniture, inventory and supplies, used or acquired in the conduct of the affairs of the RMH System (the "RMH Personalty") except certain funds to be retained to meet the Board's or RMH's obligations under certain programs.

11. Baptist will also lease all of its real property to the Alliance and will assign, convey and transfer all of its real and personal property, including cash, accounts, contract rights, equipment, furniture, inventory and supplies used or acquired in the conduct of the affairs of the Baptist System (as defined hereafter) to the Alliance.

12. In order to implement the combination of the RMH System and the healthcare facilities of Baptist (the "Baptist System") the Board has requested the County Council of Richland County, South Carolina (the "County Council") adopt this Ordinance.

NOW, THEREFORE, BE IT ORDAINED by the County Council as follows:

A. FINDINGS.

The County Council hereby finds and determines as follows:

1. The Board is the duly organized fiscal agent of the County for purposes of operating hospital facilities of the County under South Carolina law. Pursuant to Act 502 of 1959, as amended, the members of the Board are appointed by the Governor upon the recommendation of the County Council. The Board is not a political subdivision of the State of South Carolina.

2. The Board is charged with the responsibility for the conduct, operation, management, maintenance and improvement of the hospital facilities of the County. The mission of the Board includes the strategic planning for the delivery of health care services of the RMH System to residents of the County.

3. The Board has determined that the health and welfare of the residents of the County, their access to health care, and the efficient and cost-effective utilization of modern medical and hospital facilities will be promoted by: (a) the formation of the Alliance, (b) the lease of the County Realty Assets and the Board Realty Assets to the Alliance under the Lease, (c) the transfer of County Personalty and a portion of the RMH Personalty to the Alliance, and (d) the joint

operation of the healthcare facilities of the RMH System and of the Baptist System under the Operating Agreement. Such determinations are hereby adopted by the County Council.

4. The Alliance will constitute a "hospital agency" within the meaning of Act No. 379 of 1973, as amended.

5. The lease of the County Realty Assets and the Board Realty Assets to the Alliance under the Lease and the conveyance of the County Personalty and the RMH Personalty will serve a valid public purpose by expanding access to hospital and medical care, enhancing the delivery of healthcare services in Richland County, improving efficiencies and reducing unnecessary duplication of healthcare resources thereby promoting the availability of modern, effective and affordable healthcare to the residents of Richland County.

6. The County Council is authorized to assume the direct appointment of the members of the Board pursuant to Section 4-9-30(6) and 4-9-170 of the Code of Laws of South Carolina (1976), as amended.

7. The Board, as fiscal agent of the County and not as a separate legal entity, was duly authorized to acquire and accept title to the "Related Premises" (as such term is defined in the Lease) and has full power and, together with the authorization provided by this Ordinance, full authority to lease the Related Premises to the Alliance. The acquisition of the Related Premises by the Board is hereby ratified and approved by the County Council.

8. The County Council has undertaken a fiscal impact study to determine the financial impact of the transaction on the County and other governmental units in Richland County and hereby determines that the amounts to be paid under the Lease, together with the obligations of the County and of the Board to be assumed and performed by the Alliance thereunder (including, but not limited to, the obligation to provide indigent care), are fair and reasonable and represent adequate consideration for the leasing of the County Realty Assets and of the Board Realty Assets to the Alliance, for the transfer of the County Personalty to the Board, and for the transfer of the RMH Personalty to the Alliance.

B. Authorization of Combination, Execution and Delivery of the Operating Agreement and Other Documents Listed Therein.

1. The formation of the Alliance, the leasing of the County Realty Assets and of the Board Realty Assets to the Alliance, the conveyance of the County Personalty and a portion of the RMH Personalty to the Alliance and the execution and delivery of the Operating Agreement and the exhibits attached thereto by the Board are hereby authorized, ratified and approved with such changes, insertions and omissions, as may be approved, the executing representative of the Board, upon advice of counsel, said execution being conclusive evidence of such approval. The Articles of Incorporation and Bylaws of the Alliance as submitted to this meeting and appended hereto as Exhibit A and B, respectively and made a part of this Ordinance as though set forth in full herein, be and the same are hereby ratified and approved. The appropriate representatives of the Board are hereby authorized to execute and deliver the Articles and Bylaws with such changes, insertions and omissions, as may be approved by the executing representative of the Board, upon advice of counsel, said execution being conclusive evidence of such approval.

2. The Operating Agreement as submitted to this meeting and appended hereto as Exhibit C and made a part of this Ordinance as though set forth in full herein, be and the same hereby is approved. The appropriate representatives of the Board are hereby authorized to execute and deliver the Operating Agreement with such changes, insertions and omissions as may be approved by the executing representative of the Board, upon advice of counsel, said execution being conclusive evidence of such approval.

3. The form of the Lease, as submitted to this meeting and appended hereto as Exhibit D and made a part of this Ordinance as though set forth in full herein, be and the same hereby is approved. The Chairperson or Vice Chairperson of the County Council and the appropriate representative of the Board are each hereby severally authorized to execute and deliver the Lease with such changes, insertions and omissions as may be approved by the Chairperson or Vice Chairperson upon advice of counsel, said execution being conclusive evidence of such approval;

PalmettoHealth.SCPH_001775

and the Clerk or Assistant Clerk of the County Council are each hereby severally authorized to affix the official seal of the County to the Lease and to attest the same.

4. The form of the Richland Acknowledgement, as submitted to this meeting and appended hereto as Exhibit E and made a part of this Ordinance as though set forth herein, be and the same is hereby approved. The appropriate representatives of the Board are hereby authorized to execute and deliver the Richland Acknowledgement with such changes, insertions and omissions as may be approved by the executing representative of the Board, upon advice of counsel, said execution being conclusive evidence of such approval.

5. The form of the County Acknowledgement, as submitted to this meeting and appended hereto as Exhibit F and made a part of this Ordinance as though set forth herein, be and the same is hereby approved. The Chairperson or Vice-Chairperson of the County Council are hereby authorized to execute and deliver the County Acknowledgment with such changes, insertions and omissions as may be approved by the Chairperson or Vice-Chairperson upon advice of counsel, said execution being conclusive evidence of such approval; and the Clerk or Assistant Clerk of the County Council are each hereby severally authorized to affix the official seal of the County to the County Acknowledgement and to attest the same.

C. APPOINTMENT OF MEMBERS OF THE BOARD; RATIFICATION OF CURRENT BOARD; RECOGNITION OF AUTHORITY OF BOARD.

1. The County Council, pursuant to Sections 4-9-30, 4-9-80 and 4-9-170 of the Code of Laws of South Carolina (1976), as amended, hereby makes provision for superseding certain provisions of Act 502 of 1959 of the General Assembly, as previously amended by Act No. 430 of 1975 and amends County Council Ordinance Article VII, Section 2-326(d), so that the members of the Board, upon the expiration of their current terms (which current terms are not affected hereby) shall be appointed directly by resolution of the County Council. The Board shall consist of 14 members and the chief and vice chief of staff shall serve *ex officio*. Each member shall be appointed for a term of four years and may be removed by adoption of a resolution of the County Council finding cause for removal. No member shall serve more than two consecutive terms, provided that after two consecutive terms, a person may be eligible for one additional full term following an interval of one year. The County Council further ratifies and confirms the appointment of the members of the present Board with the terms currently provided therefor.

2. The County Council hereby confirms that the Board is the fiscal agent of the County and the governing body for all County owned hospital facilities. The County Council hereby acknowledges that the Board is operating within the scope of its authority in providing for the continuation of County owned hospital facilities through the Alliance.

D. GENERAL AUTHORIZATION.

1. The Chairperson or the Vice Chairperson of the County Council and the Clerk or any Assistant Clerk of the County Council, and any other proper officer of the County, and the appropriate officers of the Board are each fully empowered and authorized to take such further action and to execute and deliver such additional documents or certificates as may be reasonably requested to create the Alliance, effect the combination of the healthcare facilities of the Board and of Baptist, lease the County Realty Assets and Board Realty Assets, convey and transfer the County Personalty to the Board, and convey and transfer the RMH Personalty to the Alliance, in accordance with the terms and conditions herein set forth, and the transactions contemplated hereby, and the action of such officers or any of them in executing and delivering any of such documents, in such form as they shall approve, with the advice of counsel, is hereby fully authorized, ratified and approved.

2. The Board, as the duly constituted fiscal agent of the County for the purpose of operating hospital facilities in the County, is hereby authorized to enter into contracts, accept conveyances of real property in the name of the County, accept conveyances of personal property in the name of the Board or RMH, sue and be sued in its own name, and borrow money and give such security for the repayment thereof as the Board deems prudent (provided, however, that neither the full faith, the general credit nor the taxing power of the County may be pledged by the Board to the payment of any of its debts), all as are determined by the Board to be necessary or proper for the accomplishment of the Board's statutory purposes or in the ordinary conduct of the health

care services provided by the Board; and all such actions of the Board previously taken are hereby ratified and confirmed. Notwithstanding the foregoing, however, prior to taking any extraordinary action as the Class R Member of the Alliance pursuant to Section 1.2.3 of the By-Laws of the Alliance (or any successor provision), the Board shall make a report of the proposed action to the County Council and receive advice and consultation of the County Council and provided further, that the Board, as the Class R Member of the Alliance, shall not be authorized to approve any merger, consolidation, sale or lease of all or substantially all of the assets of the Alliance or any dissolution of the Alliance without the prior consent of the County expressed by resolution of the County Council.

E. PROVISIONS INTENDED TO BE SEVERABLE.

The provisions of this Ordinance are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

F. GENERAL REPEALER; EFFECTIVE DATE.

All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this ordinance shall take effect and be in full force from and after its passage and approval.

Passed and approved this _ day of July, 1996.

RICHLAND COUNTY, SOUTH CAROLINA

(SEAL) BY: _____

Chairperson, County Council of Richland County, South Carolina

ATTEST:

_____
Clerk, County Council of Richland County, South Carolina

Attachments:

EXHIBIT A	-	Articles of Incorporation of the Alliance
EXHIBIT B	-	Bylaws of the Alliance
EXHIBIT C	-	Form of Operating Agreement
EXHIBIT D	-	Form of Lease
EXHIBIT E	-	Richland Acknowledgement
EXHIBIT F	-	County Acknowledgement

PalmettoHealth.SCPH_001777

The State of South Carolina

Office of Secretary of State Mark Hammond

Certificate of Existence, Nonprofit Corporation

I, Mark Hammond, Secretary of State of South Carolina Hereby Certify that:

BAPTIST HEALTHCARE SYSTEM OF SOUTH CAROLINA, INC., a nonprofit corporation duly organized under the laws of the State of South Carolina on February 19th, 1913, has as of the date hereof filed as a nonprofit corporation for religious, educational, social, fraternal, charitable, or other eleemosynary purpose, and has paid all fees, taxes and penalties owed to the State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to S.C. Code Ann. §33-31-1421, and that the nonprofit corporation has not filed articles of dissolution as of the date hereof.

Given under my Hand and the Great Seal of the State of South Carolina this 22nd day of November, 2016.

Mark Hammond

Mark Hammond, Secretary of State

DEFENDANT'S EXHIBIT 3

PalmettoHealth.SCPH_001763

Consolidated Financial Statements and Independent Auditors' Report

Palmetto Health and Subsidiaries

September 30, 2015 and 2014



PalmettoHealth:SCPH_001201

Palmetto Health and Subsidiaries

Table of Contents

Independent Auditors' Report 1-2

Consolidated Financial Statements:

- Consolidated Balance Sheets 3
- Consolidated Statements of Operations 4
- Consolidated Statements of Changes in Net Assets 5
- Consolidated Statements of Cash Flows 6-7

Notes to Consolidated Financial Statements 8-36

DHG
DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

To the Board of Directors of
Palmetto Health and Subsidiaries

We have audited the accompanying consolidated financial statements of Palmetto Health and Subsidiaries ("Palmetto Health"), comprised of the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Palmetto Health's preparation and fair presentation of the consolidated 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 Palmetto Health's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

DHG
DIXON HUGHES GOODMAN LLP

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Palmetto Health and Subsidiaries as of September 30, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Dixon Hughes Goodman LLP

Greenville, South Carolina
December 1, 2015

PalmettoHealth.SCPH_001204

Palmetto Health and Subsidiaries

Consolidated Balance Sheets
September 30, 2015 and 2014
(dollars in thousands)

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 47,533	$ 34,283
Assets limited as to use	24,414	26,649
Patient accounts receivable, net	237,048	214,445
Other receivables	13,067	20,386
Inventories	22,270	20,114
Other current assets	13,027	11,827
Total current assets	357,359	327,704
Assets limited as to use	752,493	750,900
Property and equipment, net	599,900	594,117
Other assets	63,579	63,998
	$ 1,773,331	$ 1,736,719
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	$ 19,903	$ 21,858
Current portion of capital lease obligations	829	794
Accounts payable	50,236	37,777
Accrued salaries and benefits	73,286	60,636
Other current liabilities	24,610	19,405
Total current liabilities	168,864	140,470
Long-term debt, net	662,769	672,372
Capital lease obligations, net	19,128	19,957
Other noncurrent liabilities	90,091	68,664
Total liabilities	940,852	901,463
Commitments and contingencies		
Net assets:		
Unrestricted	793,293	799,955
Temporarily restricted	28,794	27,382
Permanently restricted	10,392	7,919
Total net assets	832,479	835,256
	$ 1,773,331	$ 1,736,719

The accompanying notes are integral to these consolidated financial statements.

PalmettoHealth.SCPH_001205

Palmetto Health and Subsidiaries

Consolidated Statements of Operations
For the Years Ended September 30, 2015 and 2014

(dollars in thousands)

	2015	2014
Unrestricted revenue, gains and other support:		
Net patient service revenue	$ 1,426,127	$ 1,299,230
Provision for uncollectible accounts	(250,458)	(236,251)
Net patient service revenue less provision for uncollectible accounts	1,175,669	1,062,979
Other revenue	91,345	86,612
Total unrestricted revenue, gains and other support	1,267,014	1,149,591
Expenses:		
Salaries and benefits	679,379	626,575
Supplies and other expenses	475,819	450,727
Depreciation and amortization	67,700	60,572
Interest expense	26,943	27,362
Total expenses	1,249,841	1,165,236
Operating income (loss)	17,173	(15,645)
Nonoperating (expenses) income:		
Investment income, net	26,923	36,263
Start up costs		(4,434)
COPA – Community health improvement projects	(4,410)	(1,618)
Total nonoperating income	22,513	30,211
Revenue and gains greater than expenses and losses before net change in unrealized (loss) gain on derivative financial instruments and trading investments and loss on debt extinguishment	39,686	14,566
Net change in unrealized loss on derivative financial instruments	(21,528)	(18,605)
Net change in unrealized (loss) gain on trading investments	(24,499)	5,574
Loss on debt extinguishment	(430)	-
Revenue and gains (loss) greater than expenses and losses	(6,771)	1,535
(Decrease) increase in interest in Affiliated Foundations	(899)	159
Subsidiary equity transaction	(419)	-
Capital contributions expended and received	166	22
Net adjustment for defined benefit plans	1,261	(1,285)
(Decrease) increase in unrestricted net assets	$ (6,662)	$ 431

The accompanying notes are integral to these consolidated financial statements.

PalmettoHealth.SCPH_001206

Palmetto Health and Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2015 and 2014

(dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of September 30, 2013	$ 799,524	$ 26,133	$ 7,734	$ 833,391
Revenue and gains greater than expenses and losses	1,535	-	-	1,535
Increase in interest in Affiliated Foundations	159	2,030	185	2,374
Net adjustment for defined benefit plans	(1,285)	-	-	(1,285)
Contributions and grants	-	9,953	-	9,953
Net assets released from restrictions used for capital	22	(22)	-	-
Net assets released from restrictions used for operations	-	(10,712)	-	(10,712)
Increase in net assets	431	1,249	185	1,865
Balance as of September 30, 2014	799,955	27,382	7,919	835,256
Revenue and gains less than expenses and losses	(6,771)	-	-	(6,771)
(Decrease) increase in interest in Affiliated Foundations	(899)	(2,240)	2,473	(666)
Subsidiary equity transaction	(419)	-	-	(419)
Net adjustment for defined benefit plans	1,261	-	-	1,261
Contributions and grants	-	15,583	-	15,583
Net assets released from restrictions used for capital	166	(166)	-	-
Net assets released from restrictions used for operations	-	(11,765)	-	(11,765)
(Decrease) increase in net assets	(6,662)	1,412	2,473	(2,777)
Balance as of September 30, 2015	$ 793,293	$ 28,794	$ 10,392	$ 832,479

The accompanying notes are integral to these consolidated financial statements.

PalmettoHealth.SCPH_001207

Palmetto Health and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended September 30, 2015 and 2014
(dollars in thousands)

	2015	2014
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (2,777)	$ 1,865
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Change in interest in Affiliated Foundations	666	(2,374)
Gain on equity method investments	(486)	(280)
Net change in unrealized loss on derivative financial instruments	21,528	18,605
Depreciation and amortization	67,700	60,572
Provision for uncollectible accounts	250,458	236,251
Gain on the disposal of property and equipment	(464)	(25)
Loss on extinguishment of debt	430	-
Net adjustment for defined benefit plans	(1,261)	1,285
Changes in operating assets and liabilities:		
Patient accounts receivable	(273,061)	(246,045)
Other receivables	7,319	11,026
Accounts payable and accrued salaries and benefits	25,109	(7,100)
Other assets	239	(1,795)
Other liabilities	6,365	(2,586)
Other, net	(9,789)	(5,034)
Net cash provided by operating activities before trading investments	91,976	64,365
Trading investments	642	(17,331)
Net cash provided by operating activities	92,618	47,034
Cash flows from investing activities:		
Additions to property and equipment	(66,705)	(99,776)
Proceeds from sale of property and equipment	464	156
Net cash used in investing activities	(66,241)	(99,620)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	28,247	86,820
Long-term debt payments	(40,580)	(22,637)
Capital lease obligation payments	(794)	(813)
Net cash (used in) provided by financing activities	(13,127)	63,370
Net increase in cash and cash equivalents	13,250	10,784
Cash and cash equivalents, beginning of year	34,283	23,499
Cash and cash equivalents, end of year	$ 47,533	$ 34,283

(continued)

The accompanying notes are integral to these consolidated financial statements.

PalmettoHealth.SCPH_001208

Palmetto Health and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended September 30, 2015 and 2014
(dollars in thousands)

	2015	2014
Supplemental information – Cash paid during the year for interest	$ 30,759	$ 31,312
Noncash investing and financing activities:		
Accrued capital expenditures	$ 6,147	$ 2,291

The accompanying notes are integral to these consolidated financial statements.

Note 1 - Description of Organization and Summary of Significant Accounting Policies

Organization and Business

In 1998, Richland Memorial Hospital (Richland) and Baptist Healthcare System of South Carolina, Inc. (Baptist) formed Palmetto Health through the execution of a joint operating agreement. Palmetto Health is composed of substantially all of the assets and liabilities of Richland and Baptist. In mid-March 2014 Palmetto Health opened Palmetto Health Baptist Parkridge Hospital (Parkridge Hospital). Palmetto Health is organized as a South Carolina nonprofit public benefit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The governance of Palmetto Health consists of a 16-member board of directors, with six directors appointed by Richland, six by Baptist, three by the board of Palmetto Health, and the Palmetto Health Chief Executive Officer who serves as an ex officio voting member of the Board. Both Richland and Baptist elect at least one director each who is a licensed physician or dentist, and the Chair of the Board of Trustees of each is a director without term limit. Palmetto Health also includes its for-profit, wholly owned subsidiaries HealthSource, Inc. and Premier Practice Management-Carolina, Inc. (PPM). Palmetto Health and its Subsidiaries are referred to herein as "Palmetto Health."

Principles of Consolidation

The consolidated financial statements include all accounts of Palmetto Health. All significant intercompany balances and transactions have been eliminated in consolidation. Investments in affiliates that Palmetto Health does not control are accounted for either at cost or using the equity method.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions.

Significant estimates include, but are not limited to, accounts receivable allowances, third-party payer receivables and payables, useful lives assigned to capital assets, professional liability and other self-insurance accruals, and pension and other post-retirement plan assumptions.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates associated with these programs will change by a material amount in the near term.

Costs of Borrowing

Deferred financing costs and bond discounts are amortized over the period related obligations are outstanding using the effective interest method.

Interest costs incurred on borrowed funds during the period of construction of capital assets, net of investment earnings on related trusteed funds, are capitalized as a component of the cost of acquiring those assets when significant.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Palmetto Health maintains bank accounts at financial institutions which are insured from loss by the Federal Depository Insurance Corporation (FDIC). At September 30, 2015, $1,500 is subject to FDIC coverage, while the remaining $46,033 is in excess of the FDIC limit of $250 per institution. Management selects high-quality financial institutions for deposit maintenance and Palmetto Health has never experienced a loss in its FDIC-uninsured deposits.

Other Receivables

Other receivables include amounts due to and from the Medicare and Medicaid programs for settlement of cost report filings and funding associated with the State of South Carolina disproportionate share program ("the DSH program"). Palmetto Health recognizes revenue monthly based on the provisions of the DSH program, which follows the state fiscal year of July 1 through June 30. Therefore, included in other receivables is an accrual for the estimated funds earned from the program that have not yet been collected during the periods reported.

Inventories

Inventories, consisting principally of medical supplies and pharmaceuticals, are determined using the first-in, first-out (FIFO) method and are stated at the lower of cost or market.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors, primarily for future capital improvements, over which the Board retains control and may, at its discretion, use for other purposes. Amounts required to meet associated current liabilities have been classified as current assets.

Assets limited as to use are comprised of cash and investments. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the accompanying consolidated balance sheets. Interest and dividend income and realized gains and losses are reported as nonoperating gains or losses in the accompanying consolidated statements of operations, except for investment income on funds held by trustee, which is included in other revenue. Investment income and realized gains or losses on investments of donor-restricted funds are also included in other revenue unless the income or loss is restricted by donors, in which case the investment income is recorded directly to temporarily or permanently restricted net assets in accordance with donor wishes.

Palmetto Health has designated and reported its entire investment portfolio as a trading portfolio – as defined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, "Investments – Debt and Equity Securities." All changes in unrealized gains and losses on investments are included within revenue and gains greater (less) than expenses and losses ("the performance indicator").

Property and Equipment

All property and equipment transferred from Richland and Baptist, either by long-term lease in the case of real property or by conveyance of title in the case of personal property, has been recorded at the historical book values of Richland and Baptist. Although the title to the real property noted above has been retained by Richland and Baptist, the operating rights of the real property and improvements thereon have been conveyed to Palmetto Health. In addition, under the leases of real property, improvements on or to leased real property are covered under the lease. Real property under the leases cannot be sold without the prior consent of Richland and Baptist.

Property and equipment is stated at cost or, if donated, at fair value at time of donation. Additions and improvements are capitalized and depreciated over the estimated remaining useful lives of the related assets, primarily using the straight-line method.

A summary of estimated useful lives follows:

Buildings and improvements	5 to 40 years
Land improvements	3 to 8 years
Equipment and furniture	3 to 20 years

Other Noncurrent Liabilities

Other noncurrent liabilities include the fair value of derivatives in a liability position with maturities due in more than one year (see Note 12), deferred revenue, certain compensation accruals, and professional and general liability accruals. Deferred revenue represents third-party payer reimbursement received but unearned as of the consolidated balance sheet date.

Donor-restricted Gifts

Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted net assets 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 purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions. To the extent that restricted resources from multiple donors are available for the same purpose, Palmetto Health expends such gifts on a FIFO basis.

Operating Income (Loss)

The following items are excluded from operating income: nonoperating (expenses) income, net change in unrealized loss on derivative financial instruments, net change in unrealized (loss) gain on trading investments and loss on debt extinguishment. Nonoperating income (expenses) includes net investment income, start-up costs, and the Certificate of Public Advantage (COPA) commitment. The change in unrestricted net assets includes (decrease) increase in interest in Affiliated Foundations, contributions received and expended for capital purposes, subsidiary equity transaction and net adjustment for defined benefit plans.

Revenue and Gains Greater (Less) Than Expenses and Losses

Changes in unrestricted net assets are excluded from the performance indicator consistent with relevant accounting principles and industry practice (see Operating Income (Loss) above for description of items included in changes in unrestricted net assets).

Unrestricted Revenue, Gains and Other Support

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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.

Other revenue includes certain capitated arrangements, contributions from donors, grants, rental income, rebates, equity investee income, Baptist Easley Hospital (BEH) service contract revenue (see Notes 8 and 17), and certain investment income and other miscellaneous income.

Charity Care

Palmetto Health provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Charity care is provided primarily to residents of Palmetto Health's primary service area (Richland, Lexington, and Fairfield counties) who meet asset limits and have income less than 100% of the Federal Poverty Guidelines. Because Palmetto Health does not pursue the collection of amounts determined to qualify as charity care, such amounts are not reported as net patient service revenue. Palmetto Health determines its estimated costs of providing charity care based on a calculation that applies the ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on Palmetto Health's total operating expenses (less bad debt expense) divided by gross patient service revenue.

Palmetto Health maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policies.

Income Taxes

Palmetto Health qualifies as an organization exempt from federal and state income taxes on related income under Internal Revenue Code Section 501(c)(3). Palmetto Health has two taxable subsidiaries, Healthsource, Inc. and PPM. As of September 30, 2015, Palmetto Health has determined that it does not have any material unrecognized tax benefits or obligations nor is income tax accounting significant with respect to taxable subsidiaries. Fiscal years ending on or after September 30, 2012 remain subject to examination by federal and state tax authorities.

Derivative Instruments

Palmetto Health strategically enters into interest rate protection agreements to mitigate changes in interest rates on variable rate borrowings. The notional amounts of such agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to loss. None of these agreements are used for speculative or trading purposes.

Palmetto Health recognizes all derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at their fair value.

None of Palmetto Health's derivative instruments are designated as hedging instruments, and therefore net unrealized gains and losses arising from related fair value changes are excluded from operating income (loss).

All of Palmetto Health's derivative instruments involve elements of credit and market risk. The counterparty to the financial instruments is a major financial institution, which was rated A- by Standard & Poor's and Baa1 by Moody's Investors Service as of September 30, 2015. Palmetto Health monitors its positions with and the credit quality of the counterparty to these financial instruments. Palmetto Health does not anticipate nonperformance by the counterparty.

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment, identifiable intangibles and goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds the fair value of the asset. If applicable, assets to be disposed of are separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and no longer depreciated. The assets and liabilities of a disposal group classified as held-for-sale are presented separately in the appropriate asset and liability sections of the consolidated balance sheets. Based on management's assessments, none of Palmetto Health's long-lived assets were impaired at either September 30, 2015 or 2014.

Commitments and Contingencies

Liabilities for loss contingencies, including costs arising from claims, assessments, litigation, fines and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Palmetto Health has been limited by donors to a specific time period or purpose. Permanently restricted net assets, generally representing specified endowments, have been restricted by donors to be maintained by Palmetto Health in perpetuity. Temporarily restricted net assets are generally available to fund designated capital expenditures and specific health care programs of Palmetto Health, which include the Children's Hospital, Cancer Programs, Hospice and Camp Kemo.

Asset Retirement Obligations

The fair value of a liability for legal obligations associated with asset retirements is recorded in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statement of operations. Such liabilities are not significant to the consolidated financial statements at either September 30, 2015 or 2014.

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying consolidated balance sheets for cash and cash equivalents, patient accounts receivable, other receivables, other current assets, accounts payable, accrued salaries and benefits, and other current liabilities, approximate fair value due to the relatively short maturity of the respective instruments or because there is no ready market for such instruments.

Functional Expenses

Palmetto Health does not present expense information by functional classification because its resources and activities are primarily related to providing health care services. Further, since Palmetto Health receives substantially all of its resources from providing health care services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

Recently Issued Accounting Standards

On November 11, 2015, the FASB voted to proceed with a new accounting standard that would require the inclusion of lease obligations on the balance sheets of companies and other organizations subject to the standard. The final Accounting Standards Update is expected to be published in early 2016. The FASB decided that for private conduit municipal debt issuers (a definition that includes Palmetto Health), the standard will be effective for annual periods beginning after December 15, 2018. Early adoption will be permitted for all companies and organizations upon issuance of the standard. Palmetto Health has not determined any impacts on the consolidated financial statements that might result from application of this new standard.

ASU 2015-03 was issued to simplify the presentation of debt issuance costs, requiring that such costs as treated as a direct deduction to the carrying amount of the related debt liability, consistent with debt discounts. The guidance is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. Palmetto Health early adopted and there was no effect on results of operations, cash flows or financial position as a result of such guidance.

Note 2 - Joint Operating Agreement and Certificate of Public Advantage ("COPA")

The State of South Carolina issued a COPA in connection with the Joint Operating Agreement arising from Palmetto Health's formation. Among other conditions, the COPA requires Palmetto Health to:

- Provide an annual report to the South Carolina Department of Health and Environmental Control (DHEC).
- Generally provide 10% of revenue and gains greater than expenses and losses to fund public health initiatives and community outreach programs. These terms will be re-evaluated should revenue and gains greater than expenses and losses as a percent of gross revenue escalate or decline to a point where Palmetto Health's commitment to public health and other community benefits becomes unbalanced as it relates to Palmetto Health's profitability or to a point where there is little or no commitment.
- Report on the nature, sources and amount of operational savings and capital cost reductions from avoided capital expenditures.
- Provide a single level of care to patients without regard to ability to pay and continue to provide indigent/charity care.
- Provide patients with access to competing facilities for those services not offered by Palmetto Health facilities.
- Maintain mission statements that are substantially similar to those of Baptist and Richland.

Unexpended funds totaling $5,049 and $4,053 at September 30, 2015 and 2014, respectively, were included in other current liabilities in the accompanying consolidated balance sheets pending expenditure in accordance with COPA requirements. Compliance with COPA restrictions is the responsibility of Palmetto Health management and is subject to monitoring by DHEC. At September 30, 2015 and 2014, respectively, Board designated funds of $6,767 and $8,817 were set aside by Palmetto Health in a separate bank account equal to accrued but unexpended funds disclosed above plus an estimate of one year's future COPA obligation.

Note 3 - Net Patient Service Revenue and Patient Accounts Receivable

Palmetto Health has agreements with third-party payers that provide for payments to Palmetto Health at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare

Inpatient acute care and most outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services, and certain defined capital and medical education costs related to Medicare beneficiaries are paid based on formula/cost reimbursement methodologies. Additionally, Medicare program reimbursement is increasingly subject to adjustment for Palmetto Health's demonstrated delivery of defined "value" across multiple domains, including experience related to certain readmissions and hospital-acquired conditions. While Palmetto Health's historical performance in this area has not subjected Palmetto Health to extraordinary penalties, it is the current intent of the Medicare program to require that future reimbursement be increasingly subject to potential penalties or other payment model change associated with delivery of value to the program, the impact of which on the consolidated financial statements is not currently determinable.

PalmettoHealth.SCPH_001216

Palmetto Health is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after the submission of annual cost reports by Palmetto Health and audits thereof by the Medicare fiscal intermediary. The Medicare cost reports of Palmetto Health have been audited and final settled by the Medicare fiscal intermediary through the fiscal years ended September 30, 2009 for Baptist and through September 30, 2011 for Richland. No final settlements have yet occurred for Parkridge Hospital. Net revenue from the Medicare program approximated 26% and 27% of Palmetto Health's net patient service revenue in fiscal years 2015 and 2014, respectively.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries through September 30, 2012 were reimbursed on an interim basis at either a prospectively determined rate per discharge or specific rate for each inpatient day and then final settled at cost, while outpatient services were reimbursed on a fee schedule and then final settled at cost. For the fiscal year ended September 30, 2013 and forward all Medicaid services are reimbursed on a prospective basis. The Medicaid cost reports of Palmetto Health have been audited and final settled by Medicaid through the fiscal year ending September 30, 2007 for both Richland and Baptist, while there have been no final settlements for Parkridge Hospital. Additionally, the fiscal year ending September 30, 2010 Medicaid cost reports have been audited and final settled for Richland and Baptist as part of the Medicaid program's implementation of hospital specific prospective payment rates effective for the fiscal year ending September 30, 2013. Net revenue from the Medicaid program approximated 17% of Palmetto Health's net patient service revenue for both the fiscal years ended September 30, 2015 and 2014.

State Medicaid funding (and, especially, Medicaid disproportionate share program funding) is a vital source of revenue for Palmetto Health. Palmetto Health recognized net revenue from its participation in the South Carolina Medicaid disproportionate share program totaling approximately $16,469 and $13,500 in fiscal years 2015 and 2014, respectively. There can be no assurance that Palmetto Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified. Any material reduction in such funding would have a correspondingly material adverse effect on Palmetto Health's financial position and results of operations.

Other

Palmetto Health has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, Medicaid managed care organizations and preferred provider organizations. The basis for payment to Palmetto Health under these agreements is primarily prospectively determined rates per discharge and prospectively determined daily rates.

During the years ended September 30, 2015 and 2014, Palmetto Health recognized changes in the prior year third party settlement estimates that resulted in an increase of approximately $2,415 and $680 in net patient service revenues, respectively.

For the year ended September 30, 2015, Palmetto Health recorded net revenue of $4,300 for participating in the "Rural Floor" appeal to the Centers for Medicare and Medicaid Services (CMS). CMS understated the standardized amounts required by the Budget Neutrality Adjustment included in the 1997 Balanced Budget Act, which resulted in DRG underpayments from 1998 through 2011. As a result, many healthcare providers across the nation filed appeals and reached agreement with CMS on related settlements.

In addition, for the year ended September 30, 2015, Palmetto Health recognized revenue of $3,827 as a result of a settlement from CMS related to the Recovery Audit program, a Department of Health and Human Services program that utilizes Recovery Auditors to identify certain Medicare overpayments and underpayments to health care providers. On August 29, 2014, in order to lower its backlog of contentious payment disputes, CMS offered to pay acute-care and critical-access hospitals 68% of inpatient-status claims lingering at various stages within the Office of Medicare Hearings and Appeals; in return, providers were required to withdraw their appeals.

Net patient service revenue is comprised of the following:

	2015	2014
Revenue at established charges	$ 4,390,431	$ 4,130,245
Contractual adjustments	(2,787,918)	(2,663,092)
Charity care	(192,855)	(181,423)
Disproportionate share funding (also see Note 5)	16,469	13,500
Net patient service revenue	$ 1,426,127	$ 1,299,230

The estimated cost for Palmetto Health of providing charity services was $56,518 and $51,152 for the years ended September 30, 2015 and 2014, respectively.

The following table summarizes Palmetto Health's net patient service revenue by payer source:

	2015	2014
Medicare	26%	27%
Medicaid	17%	17%
Commercial/managed care/other third-party payers	50%	49%
Self-pay	3%	3%
All other	4%	4%
	100%	100%

Palmetto Health grants credit to its patients, most of whom are local residents. Palmetto Health generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e.g., Medicare, Medicaid, preferred provider arrangements and commercial insurance policies). The mix of net receivables from patients and third-party payers follows:

	2015	2014
Medicare	23%	24%
Medicaid	14%	13%
Commercial/managed care/other third-party payors	50%	46%
Self-pay	13%	17%
	100%	100%

PalmettoHealth.SCPH_001218

Palmetto Health maintains two distinct portfolios of patient accounts receivable. One portfolio is largely comprised of billings to third-party payers and related account apportionment due from insured patients (collectively, "active accounts"). The other portfolio consists of early-out self-pay accounts and other troubled accounts requiring more focused collections attention (collectively, "collection accounts"). The composition of patient accounts receivable follows:

	2015	2014
Active accounts	$ 282,081	$ 241,197
Less – Allowance for uncollectible accounts	(73,196)	(59,507)
Net active accounts	208,885	181,690
Collection accounts	323,360	308,393
Less – Allowance for uncollectible accounts	(295,197)	(275,638)
Net collection accounts	28,163	32,755
Patient accounts receivable, net	$ 237,048	$ 214,445

In evaluating the collectability of accounts receivable, Palmetto Health analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowances and provisions for uncollectible accounts, as well as performing a detail review of high dollar accounts on a case by case basis. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts.

For receivables associated with services provided to patients who have third-party coverage, Palmetto Health analyzes contractually due amounts and provides both an allowance and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments which remain unpaid, or for payers who are known to be having 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 a portion of the services provided), Palmetto Health records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients do not pay the portion of their bills 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 against the allowance for uncollectible accounts.

Palmetto Health's allowance for uncollectible accounts for self-pay patients was 88.7% and 86.2% of self-pay accounts receivable at September 30, 2015 and September 30, 2014, respectively. Effective January 1, 2014, Palmetto Health changed its charity care and uninsured discount policies to align with new requirements of the Affordable Care Act. Charity is now limited primarily to patients that are less than 100% of Federal Poverty Guidelines, live in Palmetto Health's primary service area (Richland, Lexington or Fairfield counties), and who are not eligible for any other coverage including that offered through the Health Insurance Marketplace. Self-pay patients not eligible for charity care are provided a 20% discount from gross charges. Palmetto Health has not changed its charity care or uninsured discount policies during fiscal 2015. Palmetto Health does not maintain a material allowance for uncollectible accounts from third-party payers, nor did it have significant write-offs from third-party payers.

PalmettoHealth.SCPH_001219

Note 4 - Other Revenue

Other revenue includes a capitated arrangement for Palmetto Senior Care, whereby member premiums received are based on a per-member, per-month basis, regardless of the related utilization. Revenue recorded in connection with this arrangement was $16,507 and $16,506 for the years ended September 30, 2015 and 2014, respectively.

Note 5 - Other Receivables

Components of other receivables follow at September 30:

	2015	2014
Settlement amounts due from third-party payers	$ 750	$ 1,957
Amounts due from South Carolina Medicaid disproportionate share program	1,458	9,428
Amounts due from graduate medical education arrangements	451	430
Interest receivable	1,103	1,257
Grant receivables	950	504
Due from BEH (see Note 17)	1,466	1,342
Other	6,889	5,468
	$ 13,067	$ 20,386

Note 6 - Assets Limited as to Use

The composition of Palmetto Health's assets limited as to use follows:

September 30, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
By board primarily for capital improvements:				
U.S. Treasury and government agencies	$ 23,227	$ 1,400	$ (766)	$ 23,861
Cash and short-term investments	16,720	-	-	16,720
Mutual funds	349,606	9,554	(12,102)	347,058
Common stocks and options	67,331	14,351	(4,773)	76,909
Corporate bonds, mortgage and asset-backed securities, and other	160,148	4,183	(4,759)	159,572
Alternative investments	67,872	16,340	(152)	84,060
	684,904	45,828	(22,552)	708,180
By trustee primarily under indenture agreements:				
U.S. Treasury and government agencies	39,386	18	(300)	39,104
Cash and short-term investment	13,786	-	-	13,786
Corporate bonds, mortgage and asset-backed securities, and other	15,939	-	(102)	15,837
	69,111	18	(402)	68,727
	$ 754,015	$ 45,846	$ (22,954)	$ 776,907

September 30, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
By board primarily for capital improvements:				
U.S. Treasury and government agencies	$ 33,459	$ 428	$ (626)	$ 33,261
Cash and short-term investments	47,812	43	-	47,855
Mutual funds	304,409	21,451	(5,139)	320,721
Common stocks and options	60,857	14,893	(1,433)	74,317
Corporate bonds, mortgage and asset-backed securities, and other	157,230	4,437	(1,309)	160,358
Alternative investments	73,483	15,452	(117)	88,518
	677,250	56,704	(8,924)	725,030
By trustee primarily under indenture agreements:				
U.S. Treasury and government agencies	29,770	1	(244)	29,527
Cash and short-term investment	2,788	-	-	2,788
Corporate bonds, mortgage and asset-backed securities, and other	20,350	-	(146)	20,204
	52,908	1	(390)	52,519
	$ 730,158	$ 56,705	$ (9,314)	$ 777,549

The composition of net investment income follows as of the year ended September 30:

	2015	2014
In other revenue – interest income	$ 96	$ 191
In nonoperating (expenses) income:		
Interest and dividend income	$ 29,256	$ 18,667
Realized (losses) gains, net	(2,333)	17,596
	$ 26,923	$ 36,263

Note 7 - Property and Equipment

The components of property and equipment follow as of September 30:

	2015	2014
Land and improvements	$ 52,979	$ 52,597
Buildings and improvements	685,650	662,283
Equipment and furniture	753,739	711,727
	1,492,368	1,426,607
Accumulated depreciation	(913,539)	(848,187)
Construction-in-progress	21,071	15,697
Property and equipment, net	$ 599,900	$ 594,117

Depreciation expense was $67,068 and $59,943 for the years ended September 30, 2015 and 2014, respectively.

Interest cost capitalized, net of interest earned on the related trusteed project funds, was $0 and $857 for the years ended September 30, 2015 and 2014, respectively. At September 30, 2015, Palmetto Health had committed to expend an additional $20,866 for the construction of various projects and purchase of other miscellaneous equipment over the next several years.

Note 8 - Other Assets

The components of other assets follow as of September 30:

	2015	2014
Interest in net assets of Affiliated Foundations (Note 17)	$ 29,026	$ 29,692
Cash surrender value, prepaids, deposits and other receivables	14,113	12,372
Notes receivable, net – Foundation and RCHCA	1,415	1,883
Investment in affiliates	28,675	28,534
Other	3,377	3,344
	76,606	75,825
Less – Current portion	(13,027)	(11,827)
Other assets, noncurrent	$ 63,579	$ 63,998

The following investments in affiliates are reported using the equity method of accounting:

Name of Investee	Ownership Percentage	2015	2014
BEH	50.00%	$ 25,220	$ 24,841
Carolina Home Therapeutics	49.00%	2,174	2,085
Hospital Services, Inc	26.47%	855	843
Initiant	20.00%	25	-
Radiation Oncology, LLC	51.00%	401	765
		$ 28,675	$ 28,534

BEH operates as a nonprofit entity consisting of two equal members: Palmetto Health and Greenville Health Corporation (GHC). The Board is appointed equally by Palmetto Health and GHC or an affiliate of GHC. Palmetto Health accounts for its investment in BEH under the equity method of accounting. See Note 17 for further discussion on services rendered to BEH by Palmetto Health.

Palmetto Health does not control any of the above affiliate organizations.

A summary of combined unaudited financial information of the above mentioned affiliates as of and for the years ended September 30, 2015 and 2014 follows:

	2015	2014
Revenues	$ 140,705	$ 136,230
Net income	6,214	4,222
Assets	87,218	84,410
Equity	60,394	60,132

Note 9 - Operating Leases

Palmetto Health leases certain business space and equipment under non-cancelable operating leases. Rental expense totaled approximately $23,222 and $25,610 for the years ended September 30, 2015 and 2014, respectively. Future minimum rental payments, reduced by minimum sublease rentals, required under non-cancelable leases that have remaining lease terms in excess of one year as of September 30, 2015, follow:

For the year ended:	
2016	$ 15,722
2017	9,981
2018	6,330
2019	3,513
2020	3,183
Thereafter	49,396
	$ 88,125

Note 10 – Other Liabilities

The composition of other liabilities follows as of September 30:

	2015	2014
Fair value of derivatives (see Note 12)	$ 62,541	$ 41,013
Accrued medical malpractice losses (see Note 14)	13,390	12,178
Workers compensation liability (see Note 14)	5,063	5,107
Deferred compensation liability (see Note 15)	5,865	5,347
Post-retirement benefit obligation (see Note 16)	11,397	12,387
Settlement amounts due to third parties	3,131	-
Payable to Medicare	-	867
Funds restricted for COPA program (see Note 2)	5,049	4,053
Accrued interest	4,511	4,792
Asset retirement obligation	1,142	1,162
Other	2,612	1,163
	114,701	88,069
Less – Current portion	(24,610)	(19,405)
Other liabilities, noncurrent	$ 90,091	$ 68,664

Note 11 - Long-term Debt

Long-term debt of Palmetto Health consists of the following as of September 30:

	2015	2014
Bonds payable:		
2014 Series current interest paying serial bonds, payable annually beginning in 2023 and maturing on various dates through August 1, 2032 in varying amounts, with a mandatory tender on December 1, 2020, and with monthly interest at 67% of SIFMA plus 1.20% (1.33% as of September 30, 2015)	$ 18,085	$ -
2013 Series current interest paying serial bonds, payable annually and maturing on various dates through August 1, 2030, in varying amounts with interest rates ranging from 2.50% to 5.25%	120,270	129,845
2011 Series current interest paying serial bonds, payable annually and maturing on various dates through August 1, 2039, in varying amounts with interest rates ranging from 3.00% to 6.50%	83,000	83,720
2010 Series A current interest paying serial bonds, payable annually beginning in August 2014, maturing on various dates through December 31, 2043, with a mandatory tender on August 3, 2020, and quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.34% (1.47% and 1.45% at September 30, 2015 and 2014,respectively) and interest on the undrawn balance 0.25%	64,743	66,148
2010 Series B current interest paying serial bonds, payable annually beginning in August 2014, maturing on various dates through December 31, 2043, with a mandatory tender on August 3, 2020, and quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.34% (1.47% and 1.45% at September 30, 2015 and 2014, respectively) and interest on the undrawn balance 0.25%	45,560	46,550
2010 Series C current interest paying serial bonds, payable annually beginning in August 2014, maturing on various dates through December 31, 2043, with a mandatory tender on August 3, 2020, and quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.34% (1.47% and 1.45% at September 30, 2015 and 2014, respectively) and interest on the undrawn balance 0.25%	9,590	9,800
2010 Series D current interest paying serial bonds, payable annually beginning in August 2014, maturing on various dates through December 31, 2043, with a mandatory tender on August 3, 2020, and quarterly interest on the drawn balance at 67% of one month LIBOR plus 1.34% (1.47% and 1.45% at September 30, 2015 and 2014, respectively) and interest on the undrawn balance 0.50%	72,577	64,340
2009 Series current interest paying serial bonds, payable annually and maturing on various dates through August 1, 2039, in varying amounts with interest rates ranging from 3.00% to 5.90%	91,985	112,940
2005 Series A current interest paying bonds, payable annually and maturing on August 1, 2035, in varying amounts with interest rates ranging from 3.25% to 5.00% (4.87% and 4.98% at September 30, 2015 and 2014, respectively)	189,600	194,400
Less – Unamortized premiums, discounts and issuance costs	(12,738)	(13,513)
	682,672	694,230
Less – Current portion	(19,903)	(21,858)
	$ 662,769	$ 672,372

Future maturities of long-term debt follow:

	Maturities	Net Amortization of Premiums, Discounts and Issuance Costs	Payments
2016	$ 19,903	$ 667	$ 20,570
2017	17,067	703	17,770
2018	17,914	681	18,595
2019	18,822	668	19,490
2020	19,727	638	20,365
Thereafter	589,239	9,381	598,620
	$ 682,672	$ 12,738	$ 695,410

The estimated fair value of Palmetto Health's long-term debt as of September 30, 2015 and 2014 was approximately $749,313 and $754,920, respectively. Fair values are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities.

In December 2014, Palmetto Health issued the 2014 Series bonds for $18,085. The bonds were issued to refinance the same amount of 2009 bonds that Palmetto Health purchased in August 2014 pursuant to call in accordance with their terms.

Palmetto Health's historical bond transaction activity is generally consistent with capital financing strategies and related capital requirements evidenced by most larger not-for-profit U.S. health systems. The bonds described above were all issued under the August 1, 2003 Master Trust Indenture and related amendments and supplements issued thereafter ("the MTI"). Per the MTI definitions, Palmetto Health is the sole member of the Obligated Group and Parkridge LLC is not part of the Obligated Group.

Borrowings under the MTI are subject to certain financial covenants, restrictions on indebtedness, financial guarantees, and business combinations, and other terms which are usual and customary for such agreements.

Palmetto Health's bonds payable are collateralized by the Obligated Group's pledged assets and all revenues, receipts and income derived in connection with the ownership and operation of the Obligated Group's property and equipment.

Note 12 - Derivative Financial Instruments

Palmetto Health has entered into interest rate swap agreements, some of which contain interest rate caps and call features. These instruments, which are not designated as accounting hedges, have notional amounts tied to bond issuance principal balances.

When the total fair value of certain swaps exceeds a liability of $15,000, Palmetto Health is required to provide collateralization for the excess. The collateralization can take the form of cash held in safekeeping by a third-party bank or by liens on investments in treasuries or government sponsored entities owned by Palmetto Health. As of September 30, 2015 and 2014, there was $37,075 and $22,189, respectively, set aside for such collateral, reported in assets limited as to use. The amount required changes on a weekly basis.

The $62,541 and $41,013 net fair value of all the derivative instruments at September 30, 2015 and September 30, 2014 is recorded in other liabilities in the accompanying consolidated financial statements. The following is a summary of the fair value of the instruments outstanding, excluding any net settlement differential receivable/payable, at September 30, 2015 and September 30, 2014:

At September 30, 2015							
Type	Notional Amount	Effective Date	Maturity Date	Rate Paid	Rate Received	Decrease in Interest Expense	Swap Fair Value Asset (Liability)
Basis swap	$ 144,000	8/1/03	5/9/18	0.170%	0.610%	$ (1,738)	$ 3,901
Basis swap	275,000	9/9/05	9/14/15	0.170%	0.500%	(1,722)	6,433
Fixed payor	3,350	4/1/16	12/1/43	3.725%	42.600%	-	(8,448)
Fixed payor	142,000	4/1/16	12/1/43	3.474%	0.133%	-	(54,985)
Fixed payor	46,250	4/1/16	7/26/35	3.540%	0.426%	-	(9,442)
Totals for derivative instruments						$ (3,460)	$ (62,541)

At September 30, 2014							
Type	Notional Amount	Effective Date	Maturity Date	Rate Paid	Rate Received	Decrease in Interest Expense	Swap Fair Value Asset (Liability)
Basis swap	$ 144,000	8/1/03	5/9/18	0.186%	0.790%	$ (1,688)	$ 5,954
Basis swap	275,000	9/9/05	9/14/15	0.150%	0.510%	(1,645)	(2,036)
Fixed payor	3,350	4/1/16	12/1/43	3.725%	0.416%	-	(5,166)
Fixed payor	142,000	4/1/16	12/1/43	3.474%	0.122%	-	(33,816)
Fixed payor	46,250	4/1/16	7/26/35	3.540%	0.416%	-	(5,949)
Totals for derivative instruments						$ (3,333)	$ (41,013)

Note 13 - Capital Lease Obligations

Capital Lease Obligation to Richland County

Concurrent with the transfer of substantially all Richland net assets to Palmetto Health, the operating rights of associated real property and improvements thereon were also conveyed to Palmetto Health via lease. In exchange for an annual lease payment (including a fixed portion and other expenses assumed by Palmetto Health from Richland County), Richland County and Richland leased to Palmetto Health all of the real property recorded on the Richland property records as of the date Palmetto Health was formed. Real property includes all land, buildings and the building systems. The terms of the leases include a 35-year period with three five-year options, of which all three have been exercised. Upon completion of the 35-year original lease period at December 31, 2033, the remaining lease payments will be treated as an operating lease and such payments are therefore included in the operating lease disclosure in Note 9.

The lease payment to the County includes a fixed payment of $1,693 per year. The 35 years of annual payments of $1,693 have been discounted using a 5.5% interest rate to their present value and recorded as a capital lease obligation. In addition, Palmetto Health reimburses Richland County an amount from operations equal to the County's annual responsibility for the Medically Indigent Assistance Program (MLAP) as determined by the State of South Carolina.

Capital Lease Obligations to Third Parties

Palmetto Health also has capital lease obligations with other third parties for equipment.

Maturities on the long-term capital lease obligations for the next five years and the aggregate are as follows:

For the year ended:	Related Party	Third Parties	Total
2016	$ 1,693	$ 204	$ 1,897
2017	1,693	204	1,897
2018	1,693	153	1,846
2019	1,693	-	1,693
2020	1,693	-	1,693
Thereafter	22,432	-	22,432
Total minimum payments	30,897	561	31,458
Amount representing interest	(11,484)	(17)	(11,501)
Obligations under capital leases	19,413	544	19,957
Obligations due within one year	(635)	(194)	(829)
Long-term obligations under capital leases	$ 18,778	$ 350	$ 19,128

Assets under capital lease are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Such amortization is included in depreciation and amortization in the consolidated financial statements.

The gross amount of assets under capital lease and accumulated amortization at September 30, 2015 and 2014 is summarized as follows:

	2015			2014		
	Related Party	Third Parties	Total	Related Party	Third Parties	Total
Gross amount of assets under capital lease	$ 26,447	$ 964	$ 27,411	$ 26,447	$ 964	$ 27,411
Less: Accumulated amortization	(7,034)	(420)	(7,454)	(6,429)	(231)	(6,660)
	$ 19,413	$ 544	$ 19,957	$ 20,018	$ 733	$ 20,751

Note 14 - Insurance Coverage and Litigation

Medical Malpractice Claims

Palmetto Health purchases professional medical liability insurance coverage for medical malpractice claims. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. Palmetto Health uses independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued malpractice losses totaling $13,390 and $12,178, discounted at 3%, are included in other liabilities as of September 30, 2015 and 2014, respectively, and, in management's opinion, provide an adequate reserve for related loss contingencies.

Palmetto Health's self-insured retention is funded through a multi-provider, cell-based captive insurance arrangement. Palmetto Health participates as a voting member of the captive, but does not control the related corporation. Premiums for primary, primary excess and contingent excess coverage amounted to $1,383 and $1,347 for the years ended September 30, 2015 and 2014, respectively. Palmetto Health has a per-claim self-insured retention of $600 and an unlimited annual aggregate self-insured retention (based on potential multiple claims at the per-claim self-insured retention) for the years ended September 30, 2015 and 2014. Additionally, Palmetto Health is contingently liable for up to 100% of cumulative premiums incurred for primary coverage, or $38,825 at September 30, 2015 (the Potential Premium Assessment). As of September 30, 2015, management believes the likelihood of any Potential Premium Assessment is not probable, hence, no related amounts have been accrued at September 30, 2015. Palmetto Health has provided a letter of credit with a commercial bank in a maximum amount of approximately $5,863 (expiring January 2016) to secure a portion of the maximum obligation for the Potential Premium Assessment. Management anticipates an updated renewal of this facility under substantially the same terms and conditions at expiration.

Workers' Compensation and Employee Health

Palmetto Health is self-insured for workers' compensation claims and has a stop-loss insurance policy for claims in excess of $750. Palmetto Health has provided a letter of credit with a commercial bank in a maximum amount of $3,850 (expiring October 2016) related to the self-insurance of workers' compensation. Palmetto Health is also self-insured for its employee group health insurance. Palmetto Health has recorded estimated accruals in other current liabilities and other liabilities totaling $5,063 and $5,107 at September 30, 2015 and 2014, respectively, for the self-insurance portion of these arrangements and maintains customary excess coverages with commercial insurers for exposures above self-insured retentions.

Litigation

As a not-for-profit corporation, Palmetto Health is the beneficiary of certain liability caps established under South Carolina Charitable Immunity statutes. The laws of the State limit damage recoveries for medical services rendered by the facility or the facility's employees to $300 per claim with a maximum of $600 per occurrence, with liability caps for employed physicians at $1,200 per occurrence. From time to time, Palmetto Health is involved in litigation and regulatory investigations arising in the normal course of business. Based on consultation with legal counsel and given available insurance coverages and related accruals, management believes that these matters will be resolved without a material adverse effect on Palmetto Health's financial position or results of operations.

Note 15 - Retirement Plans

Palmetto Health Retirement Savings Plan (Savings Plan) is a defined contribution retirement plan. Employees are eligible to participate in the pretax salary reduction portion of the Savings Plan beginning with the first payroll after employment. Employees are eligible for the Palmetto Health match after the completion of 12 months of service in which the employee works 1,000 hours and after reaching the age of 21. Palmetto Health matches up to 140% of employee contributions up to 3.5% of the employee's eligible compensation. The ultimate level of this employer match is based on years of service. Benefits are vested 20% annually beginning with the second year of employment with employees becoming fully vested after six years. The Savings Plan credits all previous years of vesting service with Baptist and Richland from the date of hire.

With the formation of Palmetto Health, certain Richland employees remained Richland employees and Richland entered into an arrangement with Palmetto Health whereby those employees were then leased to Palmetto Health. Those employees continue to participate in the State of South Carolina Retirement System. The plan requires contributions by employers who elect or are required to participate in the plan. Richland has funded all contributions required by the plan. Information specific to the portion of the South Carolina Retirement System's assets and vested and non-vested benefits applicable to Richland employees is not available.

Palmetto Health expensed $12,119 and $11,807 related to the above retirement plans in fiscal years 2015 and 2014, respectively.

Palmetto Health has an unfunded defined benefit supplemental executive retirement plan for certain members of senior management. The participants become eligible to receive benefit payments in the month coinciding with the later of their respective 62nd or 65th birthdays, dependent upon the participant, or 36 months of participation.

The changes in the associated benefit obligation follow as of and for the years ended September 30:

	2015	2014
Benefit obligation at beginning of year	$ 5,347	$ 3,924
Service Cost	296	232
Interest cost	222	183
Actuarial loss	-	763
Amendments	-	245
Total benefit obligation, end of year	$ 5,865	$ 5,347
Amounts recognized in unrestricted net assets consist of:		
Unrecognized actuarial loss	$ (193)	$ (193)
Unrecognized prior service cost	(1,274)	(1,671)
	$ (1,467)	$ (1,864)

The components of net periodic benefit cost and other pension accounting follow as of and for the years ended September 30:

	2015	2015
Service cost	$ 296	$ 232
Interest cost	222	183
Amortization of prior service cost	397	336
Amortization of actuarial gain	-	(15)
Net periodic postretirement benefit cost	915	736
Settlement	-	-
Total benefit cost	915	736
Adjustment to liability recognized in unrestricted net assets consist of:		
Net actuarial gain	-	778
Prior service cost	(397)	(336)
	(397)	442
Total benefit cost and other charges recognized in unrestricted net assets	$ 518	$ 1,178
Amounts expected to be recognized in net periodic benefit costs in the following year:		
Unrecognized actuarial loss	397	397
Unrecognized prior service cost	-	-
	$ 397	$ 397

The weighted average discount rates used to determine benefit obligations at both September 30, 2015 and 2014 was 4.15%. The rate of compensation increase used to determine benefit obligations at both September 30, 2015 and 2014 was 4.0%.

PalmettoHealth.SCPH_001231

Note 16 - Postretirement Benefits Plan

Palmetto Health currently provides defined unfunded health care and drug benefits for certain retired employees. Additionally, certain active employees are eligible for future benefits. Employees who retire with Palmetto Health on and after October 1, 2004, pay the full cost of retiree medical coverage. Palmetto Health has elected to record the unrecognized transition obligation as an operating expense on a prospective basis as part of the future annual benefit cost. The changes in the associated benefit obligation follow as of and for the years ended September 30:

	2015	2014
Benefit obligation at beginning of year	$ 12,387	$ 11,484
Service cost	-	56
Interest cost	449	496
Actuarial loss (gain)	(262)	1,200
Benefits paid	(1,177)	(923)
Medicare Part D	-	74
Total benefit obligation, end of year	11,397	12,387
Amounts recognized in the unrestricted net assets consist of:		
Unrecognized actuarial (loss) gain	(134)	(396)
Unrecognized prior service credit	322	373
Unrecognized net transition obligation	(1,684)	(2,337)
	$ (1,496)	$ (2,360)

The components of net periodic postretirement benefit cost and other related accounting follow as of and for the years ended September 30:

	2015	2014
Service cost at end of period	$ -	$ 56
Interest cost on accumulated postretirement benefit obligation	449	496
Amortization of transition obligation	653	653
Amortization of unrecognized prior service cost	(51)	(51)
Net periodic postretirement benefit cost	1,051	1,154
Adjustment to liability recognized in unrestricted net assets consist of:		
Net actuarial loss (gain)	(262)	1,200
Prior service credit	51	51
Net transition obligation	(653)	(653)
	(864)	598
Total benefit cost and other charges recognized in unrestricted net assets	$ 187	$ 1,752
Amounts expected to be recognized in net periodic benefit costs in the following year:		
Unrecognized actuarial loss	653	653
Unrecognized prior service cost	(51)	(51)
	$ 602	$ 602

PalmettoHealth SCPH_001232

The weighted average discount rates used to determine benefit obligations and net cost at both September 30, 2015 and 2014 was 4.15%.

Information associated with health care cost trend rate assumptions follows as of and for the years ended September 30:

	2015	2014
Health care cost trend rate assumptions:		
Current health care cost trend rate	8.00%	8.00%
Ultimate health care cost trend rate	5.00%	5.00%
Ultimate trend rate is reached in year	2021	2019

	1% Decrease		1% Increase	
	2015	2014	2015	2014
Sensitivity to the assumed health care cost trend rates:				
Effect on total of service and interest cost components	$ (42)	$ (66)	$ 50	$ 80
Effect on postretirement benefit obligation	(1,086)	(1,285)	1,263	1,515

The benefits expected to be paid, net of Medicare Part D Subsidy, in each of the years 2016 to 2020 are $793, $803, $811, $815 and $792, respectively. The aggregate benefits expected to be paid in the five years from 2021 to 2025 are $3,821. The expected benefits are based on the same assumptions used to measure Palmetto Health's benefit obligation at September 30, 2015.

Note 17 - Related Parties

Related-party Obligations with Richland County, Richland and Baptist

The total payments by Palmetto Health to Richland under the employee lease agreement described in Note 16 above totaled $6,038 and $7,271 for the years ended September 30, 2015 and 2014, respectively. Palmetto Health deposits with Richland an amount equal to two payrolls for leased employees, which totals $553 and $670 for the years ended September 30, 2015 and 2014, respectively. The deposit is included in other current assets in the accompanying consolidated financial statements.

Concurrent with the transfer of substantially all net assets to Palmetto Health, the operating rights of associated real property and improvements thereon were conveyed to Palmetto Health through the leases described above in Note 13. In exchange for an annual lease payment (including a fixed portion and other expenses assumed by Palmetto Health from Richland County), Richland County and Richland leased to Palmetto Health all of the real property recorded on the Richland property records as of the date Palmetto Health was formed. Real property includes all land, buildings and the building systems.

In addition, Palmetto Health reimburses Richland County an amount from operations equal to the County's annual responsibility for the Medically Indigent Assistance Program (MIAP) as determined by the State of South Carolina.

Palmetto Health is also committed to provide an annual payment from operations to cover certain governance costs of Richland and Baptist. The payment is calculated using a base of $250, subject to adjustment based upon the Consumer Price Index and other expenses, as defined, for an original term of 35 years with three five-year renewal options, of which two have been exercised. Expense of $733 and $727 for the years ended September 30, 2015 and 2014, respectively, was recorded associated with these payments and is included in supplies and other expense in the accompanying consolidated statements of operations.

Palmetto Health provides certain services to BEH for a contractually-defined fee. Approximately $7,659 and $7,637 in other revenue was recognized for the years ended September 30, 2015 and 2014, respectively, with respect to the related service contract and a sublease (see Note 5 for related receivable).

Related-party Obligations with Foundation

Palmetto Health is affiliated with the Foundation. During the years ended September 30, 2015 and 2014, Palmetto Health received $5,637 and $3,701, respectively, in contributions from the Affiliated Foundation and Palmetto Health recorded $1,350 and $1,330 in operating expenses of the Affiliated Foundation, respectively.

The Foundation was established through the merger of the Baptist Medical Center Columbia Foundation into the Richland Memorial Hospital Foundation for the sole purpose of supporting the mission, purposes and activities of Palmetto Health and its related organizations. The directors of the Foundation include certain officers and board members of Palmetto Health, as well as other community leaders. The Foundation is constituted so as to attract support and contributions directly or indirectly from persons in the community in which it operates and was not formed for pecuniary profit or financial gain.

Palmetto Health follows ASC 958, "Not-for-profit Entities," in accounting for contributions and funds held by the Foundation for the benefit of Palmetto Health. The following table sets forth selected unaudited financial information of the Foundation at Septrember 30, 2015 and 2014:

	2015	2014
Assets	$ 31,490	$ 32,493
Liabilities	2,464	2,801
Unrestricted net assets	2,237	3,136
Temporary and permanently restricted net assets	26,789	26,556

Note 18 - Fair Value Measurements

ASC 820, "Fair Value Measurements and Disclosures," establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. That hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Palmetto Health has the ability to access.

Level 2 – Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability; and

Inputs that are derived principally from, or corroborated by, observable market data by correlation other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one fair value to another. In such instances, the transfer is reported at the beginning of the reporting period. For the fiscal years ended September 30, 2015 and 2014, there were no transfers in or out of Levels 1, 2, or 3.

The following tables set forth the level, within the fair value hierarchy, of Palmetto Health's financial instruments at fair value as of September 30, 2015 and September 30, 2014:

At September 30, 2015	Level 1	Level 2	Level 3	Total
U.S. Treasury and government agencies	$ 62,965	$ -	$ -	$ 62,965
Cash and short-term investments	30,506	-	-	30,506
Mutual funds	347,058	-	-	347,058
Common stocks and options	76,909	-	-	76,909
Corporate bonds, mortgage and asset backed securities, and other	-	175,409	-	175,409
Alternative investments	-	-	84,060	84,060
Assets at fair value	$ 517,438	$ 175,409	$ 84,060	$ 776,907
Derivative instruments, net - swaps	$ -	$ (62,541)	$ -	$ (62,541)
Liabilities at fair value	$ -	$ (62,541)	$ -	$ (62,541)

At September 30, 2014	Level 1	Level 2	Level 3	Total
U.S. Treasury and government agencies	$ 62,788	$ -	$ -	$ 62,788
Cash and short-term investments	50,643	-	-	50,643
Mutual funds	320,721	-	-	320,721
Common stocks and options	74,317	-	-	74,317
Corporate bonds, mortgage and asset backed securities, and other	-	180,562	-	180,562
Alternative investments	-	-	88,518	88,518
Assets at fair value	$ 508,469	$ 180,562	$ 88,518	$ 777,549
Derivative instruments, net - swaps	$ -	$ (41,013)	$ -	$ (41,013)
Liabilities at fair value	$ -	$ (41,013)	$ -	$ (41,013)

The table below sets forth a summary of changes in the fair value of Palmetto Health's Level 3 financial instruments for the years ended September 30, 2015 and 2014:

	2015	2014
Balance, beginning of year	$ 88,518	$ 79,549
Purchases	-	2,501
Unrealized gain	1,155	6,468
Settlements, net	(5,613)	-
Balance, end of year	$ 84,060	$ 88,518

Palmetto Health estimates the fair value of debt securities based on fair values determined by independent vendors. The vendors compile prices from various sources and may apply matrix pricing for similar bonds where no price is observable in an actively traded market. If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued.

Palmetto Health estimates the fair value of alternative investments using the reported net asset value as a practical expedient for fair value. The use of net asset value as a practical expedient for fair value is permitted under generally accepted accounting principles (GAAP) for investments in entities that meet the description of an investment company and whose underlying investments are measured at fair value. The table below is a summary of the alternative investments held by Palmetto Health as of September 30, 2015 and 2014:

	2015	2014	Unfunded	Redemption Notice Period
Equity long/short hedge fund of funds	$ 10,457	$ 8,220	None	written notification by 9/15 for redemption at 12/31 of each year
Global macro hedge fund of funds	-	7,370	None	106 days
US macro hedge fund of funds	147	473	None	N/A - currently liquidating
Diversified multi-strategy fund of funds	73,456	72,455	None	5-90 days
Balance, end of year	$ 84,060	$ 88,518		

The Equity long/short hedge fund of funds oversees various managers which seek to earn attractive returns by generally focusing on investments in global equities, both long and short, but may also use other securities and instruments deemed appropriate by the investment manager to carry out the overall objective of the fund. The investment manager has broad and flexible investment authority and may trade in any type of security, issuer, or group of related issuers, country, region, etc., believed to help the fund achieve its investment objectives.

The Global macro hedge fund of funds oversees various managers whose investment objective is to seek risk-adjusted returns while preserving capital during difficult market periods, through exposure to the financial, metal, energy, agricultural, currency and other markets, in addition to diversify its portfolio through investment in a range of funds or managed accounts seeking to implement trading strategies in numerous U.S. and international currency, futures, options, forward and other derivative markets.

The Diversified multistrategy fund of funds oversees various managers which seek diversification by investment strategy. Strategy sectors include, among others, CTA/Managed Futures, Distressed, Equity Long/Short High Hedge, Equity Long/Short Opportunistic, Event Driven, Macro, Mergers/Risk Arbitrage, Mortgage Arbitrage, Multi Strategy, Other Directional, Relative Value, and Statistical Arbitrage.

The fair values of interest rate swaps are obtained from third party advisors, overseen by management, and are based primarily on Level 2 inputs. Management also considers the creditworthiness of Palmetto Health and its counterparties in estimating the fair value of interest rate swaps, and the effect of any potential credit valuation adjustments was not significant to the fair value measurements as of September 30, 2015 or 2014.

Note 19 - Subsequent Events

Palmetto Health evaluated subsequent events through December 1, 2015, the date at which the consolidated financial statements were issued. No subsequent events requiring recognition in the consolidated financial statements as of December 1, 2015 were identified by Palmetto Health. Subsequent events identified for disclosure are described below:

- During the first week of October 2015, an historic flood event impacted Palmetto Health's primary service area. While Palmetto Health's primary operating facilities were not materially damaged, provision of certain services was interrupted due to damage to community infrastructure. Palmetto Health carries substantial business interruption and physical damage insurance for such events, and is in the process of evaluating its insurance claims. No reliable estimates of potential recoveries, if any, are available as of the date of issuance of these consolidated financial statements. Palmetto Health resumed normal operations within 10 days of the event.

- On October 16, 2015, Palmetto Health agreed to acquire substantially all of the assets and assume certain liabilities of Tuomey (doing business as Tuomey Healthcare System) and Tuomey Medical Professionals (collectively, "Tuomey"). Tuomey is a not-for-profit integrated delivery system serving Sumter, Lee, and Clarendon counties in South Carolina, with a 266-bed medical center located in Sumter, South Carolina (approximately 45 miles from Palmetto Health's primary service locations in Columbia, South Carolina) and generating approximately $200 million in annual operating revenues.

  The purchase transaction is expected to be effective January 1, 2016. As part of the transaction, a wholly-owned subsidiary of Palmetto Health will assume substantially all the assets and liabilities of Tuomey. The new subsidiary will become part of Palmetto Health's obligated group and, while the transaction related plan of finance is not final, Palmetto Health expects to incur as much as $120 million in debt to meet obligations related to the transaction.

  In connection with a legal settlement with the Department of Justice, Tuomey has a five-year Corporate Integrity Agreement (CIA) effective October 16, 2015. The CIA will be transferred to the new Palmetto Health subsidiary effective January 1, 2016. The CIA will not extend to Palmetto Health operations outside the new subsidiary.

  The transaction will be accounted for as a purchase under relevant GAAP, and as such the purchase price of the transaction will be allocated to the acquired assets and liabilities based on respective fair values, with any residual recognized as goodwill or as a contribution to Palmetto Health. Analysis of the financial accounting for the transaction is ongoing and therefore such matters are not finally determined as of the date of issuance of these consolidated financial statements.

Note 20 – Other Matters

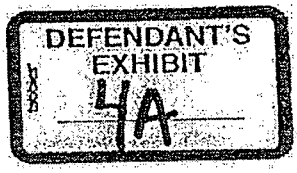
Palmetto Health and the University of South Carolina School of Medicine Educational Trust have formed a new 501(c)(3) entity in order to integrate patient operations to the betterment of both parties. Several key members of management, including the Executive Dean/CEO have been hired and numerous clinical integration committees are being formed. The new entity is expected to be operational sometime in fiscal 2016.

Palmetto Health and Subsidiaries

Consolidated Statements of Operations
For the Years Ended September 30, 2015 and 2014
(dollars in thousands)

	2015	2014
Unrestricted revenue, gains and other support:		
Net patient service revenue	$ 1,426,127	$ 1,299,230
Provision for uncollectible amounts	(250,458)	(236,251)
Net patient service revenue less provision for uncollectible accounts	1,175,669	1,062,979
Other revenue	91,345	86,612
Total unrestricted revenue, gains and other support	1,267,014	1,149,591
Expenses:		
Salaries and benefits	679,379	626,575
Supplies and other expenses	475,819	450,727
Depreciation and amortization	67,700	60,572
Interest expense	26,943	27,362
Total expenses	1,249,841	1,165,236
Operating income (loss)	17,173	(15,645)
Nonoperating (expenses) income:		
Investment income, net	26,923	36,263
Stand up costs	-	(4,434)
COPA – Community health improvement project	(4,410)	(1,611)
Total nonoperating income	22,513	30,218
Revenue and gains greater than expenses and losses before net change in unrealized (loss) gain on derivative financial instruments and trading investments and loss on debt extinguishment	39,686	14,566
Net change in unrealized loss on derivative financial instruments	(21,528)	(18,605)
Net change in unrealized (loss) gain on trading investments	(24,499)	5,573
Loss on debt extinguishment	(430)	-
Revenue and gains (less) greater than expenses and losses	(6,771)	1,535
(Decrease) increase in interest in Affiliated Foundations	(899)	159
Subsidiary equity transaction	(419)	-
Capital contributions expended and received	166	22
Net adjustment for defined benefit plans	1,261	(1,285)
(Decrease) increase in unrestricted net assets	$ (6,662)	$ 431

The accompanying notes are integral to these consolidated financial statements.
Page 4



PalmettoHealth.SCPH_000787

Palmetto Health
Other Operating Revenue Breakout
For the Twelve Months Ending September 30, 2015
(dollars in thousands)

Governmental Funding	$	2,068
Private Funding		1,606
Foundation		3,649
Other		84,026
Total Operating Revenue	$	91,349

Palmetto Health
Other Operating Revenue Breakout - Governmental Funding
For the Twelve Months Ending September 30, 2015

Account Description	Funding Source	Description of Restriction	Amount
SANE	SC Department of Public Safety	Funds Regional FNE Program which cares for victims of sexual assault and intimate partner violence.	$ 157,986 *
Healthy Start	US Department of Health & Human Services	Eliminate disparities in perinatal health by offering case management services on an on-going basis to both high and low risk participants first time and repeated pregnancies for the low income populations.	1,112,176
HRSA Cooperative Agreement	DHEC	Emergency Preparedness	290,608
Perinatal Systems	SC Department of Health & Environmental Control; Maternal & Child Health Bureau	Ensures appropriate and adequate care to high risk mothers and babies through education, consultation and data collection for 16 County Midlands Perinatal Region.	182,775
SCBA Project	SCBA (South Carolina Bioengineering Alliance)	Improving value on the inpatient medical ward: measuring the impact of a new team-based hospital care model (Accountable Care Unit) on quality and avoidable costs	49,463
Medical Informatics Admin	SCDHEC	Develop & Integrate the SC PMP data into Palmetto Health's HER system	30,000
CH Wellness Program	MUSC	Docs Adopt School Health Initiative	21,724
IRB #2012-099RobertsNIH	University of South Carolina	Clinical Study	28,504
Pro#00031657AndioulakisAstraZe	University of South Carolina	Clinical Study	25,636
Craniofacial Clinic	SCDHEC	Craniofacial Services for Children	22,686
DHEC Health Trauma Program	SCDHEC	Training to areas in SC about DMEP	22,627
IRB2011-07 SenAthersys	University of South Carolina	Clinical Study	22,250
IRB 2010-121 SenLundbeck	USC	Drug study	20,401
GERIATRIC GEC	University of South Carolina	Collaborate with the PSGEC to develop and implement an inter- disciplinary program and develop web-based courses for the USC Certificate in Gerontology program.	19,438
Pro#00030623GripaldoActelion	University of South Carolina	Clinical Study	9,500
IRB #2010-058SenEMMES	University of South Carolina	Platelet-Oriented Inhibition of New TIA	8,235
Pro#32103SenGenotech	University of South Carolina	Clinical Study	8,220
Pro32659-COGNursingFellow-With	University of South Carolina	Clinical Study	7,500
Pro#26098HewittZoll	University of South Carolina	Clinical Study	6,800
Pro#26707SenUSC	University of South Carolina	Clinical Study	6,744
IRB 2010-100 AlbrechtGSK	University of South Carolina	Clinical Study	6,619
Pro37358-MIGRAINE-USC-Sen	University of South Carolina	Clinical Study	4,332
IRB 2011-007 SenNINDS	NINDS (National Institute of Neorological Disorders and Stroke)	Clinical Study	4,175
		Total Governmental Funding	$ 2,068,401

* *Previously provided*

PalmettoHealth.SCPH_001751

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

IN THE COURT OF COMMON PLEAS
CASE NO: 96-CP-40-0504

Albert L. Reid, individually and as representative of a class of persons similarly situated,

Plaintiff,

vs.

Richland County Council and the Board of Trustees of Richland Memorial Hospital,

Defendants

ORDER

This matter came before me on Wednesday, February 11, 1996, on Plaintiff's Motion for a Temporary Injunction, "pendente lite," enjoining the Defendants, Richland County Council ("Council") and the Board of Trustees of Richland Memorial Hospital ("RMH or Board"), from transferring their assets to the BR Health System, Inc., n/k/a Palmetto Health Alliance ("System or Alliance"). This Court had previously issued an oral Temporary Restraining Order ("TRO") conditioned upon Plaintiff posting a $10,000 bond, on Monday, February 9, 1996, at 11:05 a.m. to give the Court an opportunity to review the facts, legal memorandum and documentary evidence submitted by the parties.

Based upon that review and after hearing arguments of counsel for both sides, it is the opinion of this Court that the TRO be dismissed and that Plaintiff's Motion for a Temporary Injunction is denied.

DEFENDANT'S EXHIBIT 5

PalmettoHealth SCPH_001765

OK 30

The facts presented indicate that the Plaintiff's request for relief is moot. An injunction cannot restrain an act which has already been completed. Kalmanovitz v. G. Heileman Brewing Co., Inc., 595 F.Supp. 1385 (D.Del. 1984) aff'd 769 F.2d 152 (3rd Cir. 1985); Brady v. City of Homedale, 944 P.2d 704 (Idaho 1997); Fulton v. City of Morganton, 132 S.E.2d 687 (N.C. 1963); Key v. Carol Douglas Sch. Dist. No. 40, 738 P.2d 1389 (Or. 1987); Jackson v. Jernigan, 216 N.C. 401, 5 S.E.2d 148 (N.C. 1939); and Nicholson v. State Education Assistance Authority, 275 N.C. 499, 168 S.E.2d 401 (1969).

Based upon the Affidavit of Douglas A. Hastings, Esquire, an attorney with Epstein Becker & Green, P.C., the escrow agent for the Defendants and Baptist Healthcare System of South Carolina, Inc. ("Baptist")[1] (pursuant to that certain Document Escrow Agreement dated April 28, 1997), the Affidavit of Frederick A. Crawford, Esquire, attorney for the Board of Trustees of Richland Memorial Hospital, and oral representations (in Court) by legal counsel for the Defendants, I find that all executed agreements required to be delivered to consummate the Joint Operating Agreement ("JOA") were delivered to Epstein Becker and Green, P.C., as escrow agent, prior to 8:45 a.m. on February 9, 1998.

I further find, based upon the Affidavit of Douglas A. Hastings, Esquire, and his certification on the Closing Memorandum Agreement, that Epstein Becker & Green, P.C., had received, as escrow agent, written confirmation from Baptist and RMH as of 8:45 a.m.,

---

[1] Baptist was a party to the Joint Operating Agreement dated July 10, 1996, along with Richland Memorial Hospital and the Board of Trustees of Richland Memorial Hospital (collectively "RMH"); however, Baptist was not a party to this action. Similarly, the System was not named as a party to this lawsuit.

2

February 9, 1998, that all conditions precedent to Closing [of the JOA] had been satisfied, or waived.

I further find that Douglas A. Hastings, Esquire, as a representative of the escrow agent, delivered all executed closing documents, including Leases, Acknowledgments and other closing documents, to the System on or about 8:45 a.m. on February 9, 1998.

Since notice of the 10:30 a.m. hearing on the Plaintiff's Motion for a Temporary Restraining Order and this Court's TRO were not given to the Defendants or issued until after the Closing was completed and consummated, the Plaintiff's Motion for a Temporary Injunction is moot, and an injunction should not be issued.

Plaintiff argued that the Defendants' assets were being transferred for inadequate consideration. Specifically, he raised two issues. First, the Richland County Council abused its discretion on July 9, 1996, in approving, without adequate consideration, Ordinance No. 044-96HR (the "Ordinance") which authorized the County and RMH to execute and implement the JOA. Secondly, the Plaintiff argued that the issue of adequate consideration was not raised before the South Carolina Supreme Court in Taylor v. Richland Memorial Hospital and Baptist Healthcare System of South Carolina, Inc., (Opinion No. 24739 filed January 12, 1998).

This Court disagrees. In paragraph A.8 of the Ordinance, the Richland County Council made a specific finding, after undertaking a fiscal impact study, that the amounts to be paid under the Lease, together with the obligations of the County and of RMH to be assumed and performed by the System were "fair and reasonable and represent adequate consideration" for the Lease of real property and the transfer of personalty to the System.

JHP

The County Council has undertaken a fiscal impact study to determine the financial impact of the transaction on the County and other governmental units in Richland County and thereby determine that the amounts to be paid under the Lease, together with the obligations of the County and of the Board to be assumed and performed by the Alliance thereunder (including, but not limited to, the obligation to provide indigent care) are fair and reasonable and represent adequate consideration for the leasing of the County Realty Assets and the Board Realty Assets to the Alliance, for the transfer of the County Personalty to the Board, and for the transfer of the RMH Personalty to the Alliance.

It is well-settled in this State that Courts should not interfere with public bodies in the exercise of their discretionary powers regarding disposition of property in the absence of illegality, fraud, or clear abuse of authority. This is particularly true with regard to the issue of adequacy of consideration. Courts are reluctant to interfere with decisions of governmental entities concerning adequate consideration without some illegality, such as lack of authority to enter into the transaction, or fraudulent activity. Courts give substantial deference to the determinations of public bodies regarding sufficiency of consideration given those bodies' authority and unique ability to weigh both the monetary and non-monetary public benefits to determine whether a particular transaction involves sufficient consideration and is thus in the public interest. See e.g. Babb v. Green, 222 S.C. 534, 73 S.E.2d 699 (1952).

In the Babb case, the central issue was adequacy of consideration. The Plaintiff brought a taxpayer's suit to determine whether a municipality could covey a municipal water system to a water district at a price which the Plaintiff alleged was less than the intrinsic value of the system. The Supreme Court recognized that the sale was for a sum

of money "admittedly less than the value of the property sold." The Court nonetheless upheld the sale, stating that it would not interfere with or restrain the municipality's discretionary decision regarding the disposition of its property. The Court recognized the importance of the public benefit of assuring an adequate supply of water and noted other public benefits such as fire prevention and industrial development. Given these public benefits, the Court refused to enjoin the transaction, stating the following:

> Now, it is well-settled principle that a court of equity will not attempt to control the discretionary powers conferred upon trustees, or more specifically will not interfere at the suit of a taxpayer to restrain the authorities of a municipal corporation from the exercise of their discretionary power with regard to the control or disposition of property of the municipality, in the absence of illegality, fraud or clear abuse of authority. [Citation omitted].

See also, Truesdale v. City of Columbia, 203 S.C. 333, 27 S.E.2d 455 (1943); O'Dowd v. Waters, Mayor et al, 130 S.C. 232, 125 S.E. 644; Hassloop v. City Council of Charleston, 123 S.C. 272, 115 S.E. 596 (1923); and Green v. City of Rock Hill, 149 S.C. 234, 149 S.E. 234 (1929).

With regard to Plaintiff's second argument that the issue of consideration had not been presented to the South Carolina Supreme Court in Taylor, supra, I take judicial notice of the fact that the Plaintiff's attorney in the present case also filed an Amicus Curiae Brief ("Brief") with the South Carolina Supreme Court in Taylor, supra. I also note, with particularity, that on pages 5-6 of said Brief, the Plaintiff's attorney specifically raised the issue of "adequacy of consideration."

OK — 74

I also find from the record and the Affidavit of T. Carey McSwain, County Administrator for Richland County, that the System has promised numerous financial and public benefits as consideration for the asset transfers, including, but not limited to: (a) capital expenditure savings of over $71,000,000.00 during the first five (5) years of System operation; (b) unlimited provision of indigent care over the term of the transaction; (c) no price increase for hospital services for five (5) years; (d) an obligation to provide at least ten (10%) percent of the System's profits, annually, to support South Carolina Department of Health and Environmental Control ("DHEC") approved public health programs (including a minimum of $15,000,000.00 over the first five (5) years of the System's operation); and (e) approximately $3,700,000.00 in payments to Richland County, annually.

Additionally, the Defendants have preserved local control of their hospital assets and agreed to subject the System's operations to DHEC review every two (2) years as a condition of receiving a Certificate of Public Advantage.

Based thereon, I find that the Defendants have received adequate consideration for the asset transfers contemplated in the JOA.

In order to grant a temporary injunction, the Court must consider:

(a) whether the Applicant has made a strong showing that it is likely to succeed on the merits of the appeal;

(b) whether the Applicant will be irreparably injured absent injunctive relief;

(c) whether granting the injunctive relief will substantially injure other interested parties; and

(d) where the public interest lies.

Hilton v. Braunskill, 481 U.S. 770, 107 S. Ct. 2113, 95 L. Ed. 2d 724 (1987).

The seminal federal case regarding injunctions in the Fourth Circuit Court of Appeals is Blackwelder Furniture Company v. Seilig Manufacturing Company, Inc., 550 F.2d 189 (4th Cir. 1977).[2] In Blackwelder, the Fourth Circuit recognized that the first step in a Rule 65 situation is for the Court to "balance the 'likelihood' of irreparable harm to the Plaintiff against the 'likelihood' of harm to the Defendant." Id. At 195. If, upon application of this balance-of-hardship test, the Court finds a decided imbalance of hardship in Plaintiff's favor, it is enough that grave or serious questions going to the merits are presented by the Plaintiff. If the balance of hardship is struck in Defendants' favor, then Plaintiff must show a likelihood of success on the merits. In all cases, the public interest must be considered. Id. When a party attempts to enjoin the acts of a government entity or its agency, as is the case here, the public interest is obviously one of the primary factors to be considered. "For the standards of the public interest, not the requirements of private litigation, measure the propriety and need for injunctive relief in these cases." Hecht Co. v. Bowles, 321 U.S. 321, 331, 64 S. Ct. 587, 592 (1944). In this case, the balance of hardship is decidedly in favor of the RMH Board and the County. The Plaintiff cannot show a likelihood of success on the merits, and an injunction would cause substantial harm to the public.

Additionally, since this is an equitable action, the doctrine of laches applies. The Defendants have provided this Court with a copy of a portion of the Plaintiff's remarks before DHEC, at a public hearing on the Defendants' request for a Certificate of Public

---

[2] The SCRCP 65, excepting additions not applicable here, is substantially the federal rule.

not OK — 76

Advantage, on March 10, 1997. It is clear from that transcript that Plaintiff raised the issue of adequacy of consideration and has had ample opportunity to institute legal action, prior to February 5, 1998, to challenge the adequacy of consideration. Having waited, however, to the last business day before the parties closed, I find Plaintiff's motions to be barred by the doctrine of laches. Black v. Edisto, 308 S.C. 435, 412 S.E.2d 431 (S.C. App. 1991), cert. denied.

Accordingly, the TRO is dismissed, and Plaintiff's Motion for a Temporary Injunction is denied.

AND IT IS SO ORDERED.

March 30, 1998
Nunc pro tunc

The Honorable Larry R. Patterson

February 11, 1998

Columbia, South Carolina

8

South Carolina Department of Public Safety

Office of Highway Safety and Justice Programs

September 30, 2014

James Raymond, M.D.
Chief Medical Officer
Palmetto Health Richland
1301 Taylor Street, Suite 9A
Columbia, South Carolina 29201-2942

RE: Violence Against Women Act Grant No. 1K12044 and 1K14012
Regional Forensic Nurse Examiner Program

Dear Dr. Raymond:

I am pleased to provide you with grant awards approved by this office in the amount of $99,711 for the above-referenced grant project. In order to complete the contract for these awards, it is necessary for you, as the Official Authorized to Sign, to return the original grant awards with original signatures within 30 days from the date of this award. The signed originals should be sent to:

Mr. Johnny Price, Fiscal Tech
S.C. Department of Public Safety, Accounting-Grants
Post Office Box 1993, Building D, Floor 1
Blythewood, South Carolina 29016-1993

Copies of the grant *Request for Financial Payment/Quarterly Fiscal Report Forms* can be found on our website at www.scdps.gov/ohsjp/oag.asp. The *Programmatic Progress Report Form* also can be found in the Office of Highway Safety and Justice Program's Grants Management Information System (GMIS). The due dates and periods covered for programmatic progress reports are indicated on the GMIS version of the *Programmatic Progress Report Form*. The Office on Violence Against Women requires a VAWA Measuring Effectiveness Initiative report for each calendar year that the grant award spans. Information on this report is also available in GMIS. Please contact B.J. Nelson, Victim Services Program Manager, at 803-896-8712, if you have any questions regarding these awards.

Sincerely,

Phil Riley
Director

Enclosures

c: Ms. Allison Turnley
VAWA Official File

10311 Wilson Blvd. Blythewood, SC - US Mail: P.O. Box 1993 Blythewood, SC 29016

DEFENDANT'S EXHIBIT 6

PalmettoHealth.SCPH_001704

SOUTH CAROLINA DEPARTMENT OF PUBLIC SAFETY
OFFICE OF HIGHWAY SAFETY AND JUSTICE PROGRAMS
POST OFFICE BOX 1993
BLYTHEWOOD, SOUTH CAROLINA 29016

GRANT AWARD

10/1 - 11/30

Subgrantee: Palmetto Health Richland
Grant Title: Regional Forensic Nurse Examiner Program
Grant Period: 10/01/14 - 11/30/14
Amount of Award: $16,619
Date of Award: October 1, 2014
Grant No.: 1K12041

In accordance with the provisions of Title I of the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. 3701, et seq, as amended, CFDA No. 16.588, and on the basis of the application submitted, the South Carolina Department of Public Safety hereby awards to the foregoing Subgrantee a grant in the federal amount shown above, for the projects specified in the application and within the purposes and categories authorized for S.T.O.P Violence Against Women grants.

This grant is subject to the terms and conditions set forth in the application and to the special conditions attached to the grant award. By accepting this grant award, the subgrantee certifies that the federal and state conditions are fully understood by the subgrantee and the subgrantee will comply with said conditions, including the applicable provisions of VAWA, the Program Guidelines, and the requirements of the OJP Financial Program, effective edition. The VAWA Program Guidelines may be downloaded at http://www.ncjrs.gov/pdfs1/ovc/vawa.pdf. The OJP Financial Guide may be downloaded at http://ojp.gov/financialguide/index.html

Payment of Funds: Grant funds will be disbursed to subgrantees (according to the project budget) upon receipt of evidence that funds have been invoiced and products received or that funds have been expended; i.e., invoices, contracts, itemized expenses, etc.

The grant shall become effective, as of the date of award, upon return to Accounting - Grants of an originally signed copy of this form signed by the Official Authorized to Sign in the space provided below, in blue ink. This award must be accepted within thirty (30) days from the date above, and such reports required by the South Carolina Department of Public Safety must be submitted to Accounting - Grants in accordance with regulations.

ACCEPTANCE FOR THE SUBGRANTEE

James Raymond 10/8/14
Signature of Official Authorized to Sign
James Raymond

ACCEPTANCE FOR THE SFA

Ed Harmon, Justice Programs Administrator
Office of Highway Safety and Justice Programs

Phil Riley, Director
Office of Highway Safety and Justice Programs

GRANT AWARD DATA: THIS AWARD IS SUBJECT TO SPECIAL CONDITIONS ATTACHED AND THE TERMS AND CONDITIONS CONTAINED IN THE APPLICATION PAGES.

PalmettoHealth.SCPH_001705

SOUTH CAROLINA DEPARTMENT OF PUBLIC SAFETY
OFFICE OF HIGHWAY SAFETY AND JUSTICE PROGRAMS
POST OFFICE BOX 1993
BLYTHEWOOD, SOUTH CAROLINA 29016

GRANT AWARD

Subgrantee: Palmetto Health Richland
Grant Title: Regional Forensic Nurse Examiner Program
Grant Period: 12/01/14 – 09/30/15
Amount of Award: $83,092
Date of Award: October 1, 2014
Grant No: 1K14012

In accordance with the provisions of Title I of the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. 3701, et seq, as amended, CFDA No. 16.588, and on the basis of the application submitted, the South Carolina Department of Public Safety hereby awards to the foregoing Subgrantee a grant in the federal amount shown above, for the projects specified in the application and within the purposes and categories authorized for S.T.O.P Violence Against Women grants.

This grant is subject to the terms and conditions set forth in the application and to the special conditions attached to the grant award. By accepting this grant award, the subgrantee certifies that the federal and state conditions are fully understood by the subgrantee and the subgrantee will comply with said conditions, including the applicable provisions of VAWA, the Program Guidelines, and the requirements of the OJP Financial Program, effective edition. The VAWA Program Guidelines may be downloaded at http://www.ncdsv.org/ohsjp/vocg/vawa.asp. The OJP Financial Guide may be downloaded at http://ojp.gov/financialguide/index.htm

Payment of Funds: Grant funds will be disbursed to subgrantees (according to the project budget) upon receipt of evidence that funds have been invoiced and products received or that funds have been expended; i.e., invoices, contracts, itemized expenses, etc.

The grant shall become effective, as of the date of award, upon return to Accounting - Grants of an originally signed copy of this form signed by the Official Authorized to Sign in the space provided below, in blue ink. This award must be accepted within thirty (30) days from the date above, and such reports required by the South Carolina Department of Public Safety must be submitted to Accounting - Grants in accordance with regulations.

ACCEPTANCE FOR THE SUBGRANTEE

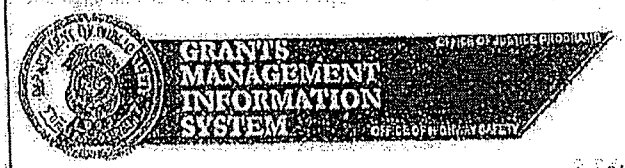
10/8/14
Signature of Official Authorized to Sign
James Raymond

ACCEPTANCE FOR THE SPA

Ed Harrison, Justice Programs Administrator
Office of Highway Safety and Justice Programs

Phil Riley, Director
Office of Highway Safety and Justice Programs

GRANT AWARD DATA: THIS AWARD IS SUBJECT TO SPECIAL CONDITIONS ATTACHED AND THE TERMS AND CONDITIONS CONTAINED IN THE APPLICATION PAGES.



Violence Against Women Act (VAWA) 2014

Grant Number:	1K14012
Application Number:	AK14084
Version:	Revision 1 — Create Revision
County:	RICHLAND
Begin Date:	10/1/2014
Ending Date:	9/30/2016
Project Title:	Regional Forensic Nurse Examiner Program
Submitted Date:	12/23/2014 11:15:00 AM
Award Date:	10/1/2014
Awarded Amount:	$83,092
Required Match:	
Attachments:	0

Review Application | View RFCs | Training Requests - 0 | Progress Reports

1/5/2015

https://www.sdgrantinc.com/gmis/cs/WorkFlow.aspx?grantID=16388

GRANTS MANAGEMENT INFORMATION SYSTEM

Office of Justice Programs

Violence Against Women Act (VAWA) 2014

Grant Number:	1K12044
Application Number:	AK14049
Version:	Revision 1 [Create Revision]
County:	RICHLAND
Begin Date:	10/1/2014
Ending Date:	9/30/2015
Project Title:	Regional Forensic Nurse Examiner Program
Submitted Date:	10/31/2014 10:46:00 AM
Award Date:	10/1/2014
Awarded Amount:	$16,819
Required Match:	
Attachments:	0

[Review Application] [View RFRs] [Training Requests - 0] [Progress Reports]

STATE OF SOUTH CAROLINA
DEPARTMENT OF PUBLIC SAFETY
S.T.O.P. VIOLENCE AGAINST WOMEN ACT GRANT APPLICATION

Grant #: 11K14012

App #: AK14084

To Be Completed by Project Director

Section 1

County Name: 40 - RICHLAND

Other county/counties this project will serve: Lexington, Kershaw, Saluda, McCormick, Edgefield

Section 2

Grant Period: 2014-2015

Begin: 10/1/2014

End: 9/30/2015

Section 3

Project Title: Regional Forensic Nurse Examiner Program

Section 4

Project Summary (max. 300 characters): To not only continue the Regional Forensic Nurse Examiner Program, but also to enhance the program by providing ongoing SANE/Forensic training to nurses in South Carolina. This training will enable rural hospitals to have SANE trained nurses provide a comprehensive medical legal examination to victims of sexual assault or intimate partner violence.

Section 5

Type of Application

a.

b. Year of Funds: Other

Other (Specify): Six

c. Reimbursable

Section 6

a. Organization Type: Private, Non-Profit Organization

Other (Specify):

b. U. S. Congressional District: 06

Section 7

Agency DUNS number: (fedgov.dnb.com/webform) 009903035853

Has your agency registered with Central Contractor Registration (CCR)? Yes.
(www.sam.gov)

For Central Contractor Registration (CCR) handbook click here.

* This data is not required to submit this application but will become necessary for federal reporting requirements if this project is awarded.

FEIN: 582286052

Agency Name: Palmetto Health Richland

Address: 5 Medical Park

City: Columbia

State: South Carolina

(Please use the Name/Address above instead of this field) Name and Address of Implementing Agency:

10 Digit Zip: 29203-6863

(Area) Phone #: (803)434-6628

(Area) Fax #: (803)434-6806

COMPLETE PAGES 2&3 BEFORE COMPLETING THIS SECTION

Section 8

BUDGET

a. BUDGET CATEGORIES	GRANTOR	AGENCY MATCH	TOTAL
Personnel	$83,092	$0	$169,728
Contractual Services	$0	$0	$0
Travel	$0	$0	$0
Equipment	$0	$0	$0
Renovation/Construction	N/A	N/A	N/A
Other	$0	$0	$0
TOTAL:	$83,092	$0	$83,092
b. PERCENTAGE IN-KIND	70%	30%	100%

b. PERCENTAGE - IN-KIND

70%
30%

PERCENTAGE - CASH

75%
25%

Section 9

APPROPRIATION OF NON-GRANTOR MATCHING FUNDS:

Other (Explain):

WHOLE DOLLARS ONLY

BUDGET DESCRIPTION

Page 2

MATCHING FUNDS CATEGORIES	GRANTOR	CASH	IN-KIND	TOTAL
PERSONNEL				
SALARIES				
Position Title	% of Time On Project	Quantity		

Forensic Nurse Examiner	80	2	$70,656	$0	$0	$70,656
			$0	$0	$0	$0
		TOTAL SALARIES:	$70,656	$0	$0	$70,656

EMPLOYER CONTRIBUTIONS (Fringe Benefits)

Social Security & Medicare (FICA)	$10,387	$0	$0	$10,387
Retirement	$2,827	$0	$0	$6,789
Worker's Compensation Insurance	$2,173	$0	$0	$2,173
Unemployment Insurance (on first $7,000 only)	$217	$0	$0	$217
Health Insurance	$3,301	$0	$0	$3,301
Dental Insurance	$0	$0	$0	$0
Pre-Retirement Death Benefit	$28	$0	$0	$68
Accident Death Benefit (Police Officers)	$0	$0	$0	$0
Other Employer Contributions (Itemize)	$961	$0	$0	$961
TOTAL EMPLOYER CONTRIBUTIONS:	$12,436	$0	$0	$12,436
TOTAL PERSONNEL:	$83,092	$0	$0	$83,092

CONTRACTUAL SERVICES:

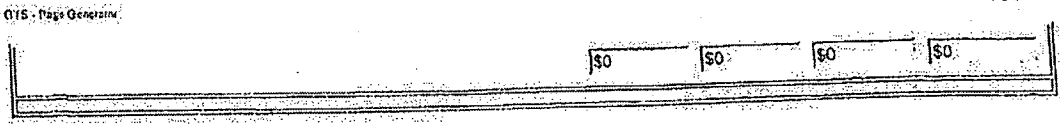
(Itemize - DO NOT include professional fees for doctors, psychologists, etc.)

	$0	$0	$0	$0
	$0	$0	$0	$0
TOTAL CONTRACTUAL SERVICES	$0	$0	$0	$0

TRAVEL:

(Itemize-Include mileage, airline cost, lodging, per diem, parking, car rental)

	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
	$0	$0	$0	$0
TOTAL TRAVEL:				


$0
$0
$0
$0

USE WHOLE DOLLARS ONLY

BUDGET DESCRIPTION

Page 3

CATEGORIES	MATCHING FUNDS GRANTOR CASH	IN-KIND	TOTAL
EQUIPMENT ($1,000 or more per Unit): (Itemize - DO NOT USE BRAND NAME - Also, DO NOT include leased or rented items)			
ITEM / QUANTITY			
	$0	$0	$0
TOTAL EQUIPMENT:	$0	$0	$0
RENOVATIONS/CONSTRUCTION: (Describe)			
	$0	$0	$0
TOTAL RENOVATIONS/CONSTRUCTIONS:	$0	$0	$0
Other (Itemize)			
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
	$0	$0	$0
TOTAL OTHER:	$0	$0	$0

Page 4

BUDGET NARRATIVE

List items under each Budget Category heading. Explain exactly how each item in your budget (both grantor and match) will be utilized. It is important that the necessity of these items, as they relate to the operation of the project, be established. Dollar amounts DO NOT have to be provided.

PERSONNEL:

Two Forensic Nurse Examiners will provide direct services 36-40 hours per week.
- Pay for the VAWA grant is calculated at 80% since approximately 20% of the patient population are children ages 11 and under.
- Remaining time will be utilized attending SART meetings, court time, attending training, chart review, administrative duties, etc.
- Pay is calculated at $33/hour which is the median salary for an experienced RN working a night shift position.

Fringe contributions were calculated using Palmetto Health Richland standard of 22%.

Page 6

BUDGET NARRATIVE (Continued)

Page 6

GRANT NO. 1K14012

ACCEPTANCE OF AUDIT REQUIREMENTS

PLEASE NOTE: State Agencies whose annual audit is covered by the State Auditor's office do not have to complete this form.

We agree to have an audit conducted in compliance with OMB Circular A-133 or A-128, whichever is applicable. If a compliance audit is not required, at the end of each audit period we will certify in writing that we have not expended the amount of federal funds that would require a compliance audit ($300,000). If required, we will forward for review and clearance, a copy, of the completed audit(s), including the management letter, if applicable, to:

Stephan Fulmer, Manager
Accounting - Grants
S.C. Department of Public Safety
P.O. Box 1993
Blythewood, SC 29016

The following is information on the next organization-wide audit which will include this agency: (Use your Agency's fiscal year)

1. *Audit Period: Beginning 10/01/14 Ending 09/30/15

2. Audit will be submitted to Accounting - Grants by: 06/30/2016 (Date)

NOTE: The audit or written certification must be submitted to Accounting - Grants, S.C. Department of Public Safety, no later than the ninth month after the end of the audit period.

Additionally, we will notify our auditor of the above audit requirements prior to performance of the audit for the period listed above. We will also ensure that, if required, the entire grant period will be covered by a compliance audit which in some cases will mean more than one audit must be submitted. We will advise the auditor to cite specifically that the audit was done in accordance with OMB Circular A-128 or OMB A-133 or in compliance with generally accepted accounting principles in accordance with the Government Auditing Standards, whichever is applicable.

Any information regarding the OMB Circular audit requirements will be furnished by Accounting - Grants, S.C. Department of Public Safety, upon request.

*NOTE: The Audit Period is the organization's fiscal or calendar year to be audited.

Failure to complete this form will result in your grant award being delayed and/or cancelled.

Page 7

PROGRAM NARRATIVE

1. ORGANIZATION DESCRIPTION: Describe your organizational activities. A copy of your organizational chart, organizational structure, agency/program brochure, relevant job descriptions, etc. must be submitted. All organizations must justify and document how they currently/or plan to provide effective services to victims. For an existing program, describe your past success with victims. If your organization is new, provide information that your organization is structured and well organized in both fiscal and programmatic areas.

TYPE OF IMPLEMENTING AGENCY: Private, Non-Profit

In 1999, the Sexual Assault Nurse Examiner (SANE) program was established at Palmetto Health Richland due to the problem facing many victims of sexual assault: inadequate medical care and lack of proper forensic examinations. Since its inception, the SANE program has examined and/or assisted over 2,000 victims of sexual assault or intimate partner violence.

Since 2005 the SANE program has had a full-time coordinator. The SANE Coordinator develops policies, maintains a call schedule, completes case reviews, supervises the SANE staff and provides education to the community and to medical providers. The SANE coordinator reports to the Director of the Emergency Department, Allison Turnley.

To further enhance the SANE program, a Regional Forensic Nurse Examiner (RFNE) program was established in

January 2010. The RFNE not only provided coverage 24/7/365, but also provided mobile services to five additional hospitals. Prior to the RFNE, the SANE program relied on part-time/as needed SANE nurses; this model resulted in sporadic SANE coverage and, unfortunately, there were many times that a victim of a sexual assault received substandard medical-legal care.

Since January 2010, the RFNE Program, a mobile SANE program, has been serving a total of six hospitals in six counties contained within Judicial Circuits 5 and 11.

To provide effective service for victims of sexual assault/abuse or intimate partner violence:

- FNE covers a 12 or 24 hour shift.
- The FNE is notified by a centralized Communications Center of a Forensic Evaluation Consult.
- FNE travels to facility where victim presented.
- Greets the patient and explains her role as an FNE.
- After obtaining consent, FNE proceeds with the comprehensive forensic evaluation. Based on this evaluation, a medical examination with or without evidence collection is conducted.
- After the examination, the FNE will offer/provide STI screening, STI prophylaxis, and emergency contraception as indicated.
- A safety plan is discussed; additional agencies will be notified as needed if there is a concern regarding the patient's safety i.e., Sistercare.
- Intimate partner violence victims also receive a danger assessment and safety plan prior to discharge.
- Comprehensive discharge instructions are provided to the patient.
- SOVA forms are filed directly by the RFNE Program so the victim does not receive a hospital bill for treatment related to the sexual assault and evidence collection.

A total of six, full-time SANE's are needed to operate a 24/7/365 mobile program. A collaborative effort is needed to fund this program:
- The SANE Coordinator position is funded by both VOCA grant monies and Palmetto Health Richland.
- Lexington Hospital has donated funds that are equivalent to one RN position.
- Palmetto Health Richland supports two RN positions for the RFNE team.
- Two positions are funded by 2009 VAWA fund at 80% of salaries due to approximately 20% of the victims are 12 years of age or younger.
- Children's Hospital donated funds equivalent to 20% of the salaries of the two FNE positions funded by VAWA so that children can be cared for but also abide by VAWA guidelines.
- Kershaw County Medical Center has donated funds equivalent to 50% of one FNE salary.
- As of March 2014, Providence Hospital elected not to extend the MOU with RFNE Program; therefore, funding of one FNE position from Providence is no longer available.

Medical issues are discussed with:
- Dr. Allison Harvey – Medical Director of the Adolescent/Adult program.
- Dr. Olga Rose – Board Certified child abuse pediatrician. She provides guidelines and case consults for victims of sexual abuse that are 17 and under. Meetings are held bi-monthly for case reviews and educational opportunities.

Past successes with victims can be described twofold: Patient surveys consistently praise the care provided them by the RFNE program. Secondly, the vast majority of cases that go to court result in a conviction or plea. Expert testimony from the RFNE's as well as consistent and accurate evidence collection contribute to the success in convictions. Pleas often ensue following presentation of evidence and testimony of the RFNE.

We are requesting funding for an additional FNE. The primary role of this FNE would be to function in an Educator role by coordinating and providing direct training based on the International Association of Forensic Nurses (IAFN) 2013 Sexual Assault Nurse Examiner (SANE) Education guidelines to nurses in South Carolina who care for victims of sexual violence. In addition, since many communities in South Carolina do not have access to or the ability to support SANE programs the FNE educator would also train health care providers/medical professionals without SANE Programs. We feel that if we can provide coordinated didactic and clinical training with continued educational support and technical assistance we will have much better success at sustaining SANE programs and supporting those who provide this service.

Page 6

PROGRAM NARRATIVE

II. INTERAGENCY COORDINATION: Outline exactly how your agency promotes interagency coordination in public or private efforts to aid victims of crime. Document your involvement in victims of crime organizations, task forces, coordinating

groups, etc. Also, define any procedures your organization has implemented or plans to assist victims seeking assistance through the victim's compensation fund and other related organizations or victim services. If your project is funded, you will be required to submit a Memorandum of Agreement. This document must be customized for your region and signed by all agencies listed on this page. Information in this section must provide documentation showing that tribal, territorial, state, or local prosecution, law enforcement, and courts have consulted with tribal, territorial, state or local victim services programs during the course of developing their grant applications in order to ensure that proposed activities and equipment acquisitions are designed to promote the safety, confidentiality, and economic independence of victims of domestic violence, sexual assault, stalking and dating violence." 42 U.S.C. § 3796gg-(d) (4).

The FNE medical forensic evaluation is but one component of the complex needs of a victim of a sexual assault or of intimate partner violence. The FNE works within a collaborative, multidisciplinary network of professionals to develop a plan of care for the patient - from the initial outcry, the medical-legal exam, the judicial process and finally, the long term psychological and medical well-being of the victim.

The multidisciplinary professionals that often work with the SANE are other responders in the community. This community strives to respond in a manner that is timely, victim-centered, and compassionate which ultimately provides the best outcome for the patient.

The Regional Forensic Nurse Examiner Program coordinates or collaborates with the following agencies:

SART TEAMS:

• Richland County Sexual Assault Response Team (RCSART). The RCSART is comprised of other agencies including, but not limited to, Sexual Trauma Services, multiple law enforcement agencies within Richland County, and college advocates which provide services to victims of sexual assault. We meet monthly to address any issues in order to provide the best possible outcome for victims of sexual assault. Brigitte de Guzman, with the RFNE Program, will serve as Secretary for 18 months beginning in May 2014.

• Lexington County Sexual Assault Response Team: RFNE Program has been an active participant since 2009.

• Kershaw County SART: RFNE Program has been an active participant since April 2012. An updated MOU is scheduled to be signed in 2014.

• Edgefield/McCormick/Saluda SART: Due to lack of participation, this SART program was not sustainable. Furthermore, Edgefield County Hospital elected not to extend the MOU with the RFNE Program.

AGENCIES THAT PROVIDE SERVICES FOR ABUSED WOMEN AND/OR CHILDREN:

• Sexual Trauma Services of the Midlands (STSM): The FNE ensures that an STSM advocate is notified when an FNE is consulted for a sexual assault/abuse evaluation. The advocate provides hospital accompaniment and non-judgmental support to both the victims and/or the families of victims. STSM provides free and confidential crisis intervention, advocacy and support services to child, adolescent and adult survivors of sexual assault and abuse in Richland, Lexington, Newberry and Sumter counties and education about sexual trauma issues.

• Assessment and Resource Center (ARC): The FNE notifies the ARC of a referral for each pediatric victim of sexual abuse/assault that resides in a county other than Lexington County. The ARC collaborates with investigators from many disciplines as they discharge their duties in evaluating allegations of child maltreatment and neglect. Medical examinations, forensic interviews and mental health services are provided at the center.

- Dickerson Center: The Dickerson Center for Children provides comprehensive assessments and treatment services to physically and sexually abused children ages 0-18 years throughout the Midlands of South Carolina. Medical examinations, forensic interviews and mental health services are provided at the center. The FNE notifies the Dickerson Center of a referral for each pediatric victim of sexual abuse/assault that resides in Lexington County.

- S.C. Department of Social Services (DSS): As a mandated reporter, the FNE notifies DSS if it is suspected that either a child or a vulnerable adult has been a victim of sexual abuse or a sexual assault (or any other incidental finding of abuse) by a parent or primary caregiver who resides in the same household. DSS is required by state law to identify children and vulnerable adults who have been or who may be abused or neglected by their parents, guardians, caretakers or other relatives. DSS provides services to help children remain safely in their own homes when possible or to be placed in foster care when the home cannot be made safe and to help vulnerable/elderly adults to have their needs met in the least restrictive environment.

- Sistercare: a local domestic violence agency that serves Kershaw, Richland and Lexington counties. The RFNE partners with this program to provide not only a safe haven for those patients who are victims of domestic violence, but also as a resource for counseling, court advocacy, etc.

- Family Resource Center: serves Kershaw County. The Family Resource Center is called for each patient that we evaluate at Kershaw County Medical Center so that an advocate can not only stay while the patient is at the hospital, but also to offer services that may help patient obtain the best possible outcome.
- If the patient resides in an outlying county, the FNE will contact any possible resource for the patient that would be beneficial for the patient's well-being post-assault.

- LGBTQ IVP Task Force: The SANE Coordinator attends a monthly meeting to keep apprised of the services needed for this underserved population.

OTHER AGENCIES:

- The RFNE team continues to provide community education to colleges, universities, armed forces, victim advocates and nursing associations.

- RFNE Program works with the South Carolina State Office of Victim Assistance (SOVA) and hospital billing to ensure that no victim is charged for services related to their sexual assault. The RFNE completes the SOVA billing statement and medical release form and forwards to hospital billing while maintaining confidentiality.

- Volunteers from the local advocacy groups are called for each sexual assault patient. These volunteers provide invaluable services by providing comfort, support and information regarding the services that are available to them through their respective agency. Advocacy from USC Sexual Health and Wellness, Shaw Air Force, Fort Jackson Family Support, SC National Guard Sexual Assault Prevention & Response Office (S.A.P.R.O.), and the Family Resource Center are utilized depending upon the patient's needs. The FNE staff provides a presentation to STS community volunteer advocates at each quarterly training.

- The FNE team works closely with prosecution to provide the best possible legal outcome. The FNE is able to offer expert witness testimony. Cases have been tried using SANE expertise in Richland, Lexington, Newberry, and Kershaw counties. The SANE program has noted that a large majority of cases do not proceed to trial but plead once defense has knowledge of

SANE documentation, photographs and expertise. This process is not only helping to save the state of South Carolina valuable time and money that would be spent taking cases to a trial, but also allows the victim to avoid testifying in a possible lengthy trial.

- Community law enforcement agencies have come to depend upon the FNE's services for victims of sexual assault. Investigators utilize the SANE's ability to gather an accurate history of the assault along with the best possible evidence collection. Nurses are also available to consult with law enforcement on interpretation of findings and injuries. By expanding the FNE program to include forensic evidence in IPV cases, law enforcement and solicitors handling Criminal Domestic Violence cases will obtain crucial evidence to make their case and, in some cases, provide additional evidence needed to increase the charges and obtain higher sentencing without having to go to trial. One of the program's FNE's, Temple Hart, participated in an educational video produced by the SC Criminal Justice Academy on the topic of evidence collection, to better educate new officers in the processes of evidence collection. It is projected that this video has exceeded 10,000 law enforcement viewers.

- The medical community of Richland County uses the FNE program for referral and information. Often a victim will report to his/ her personal MD seeking medical attention. This Physician is aware of the FNE program and is comforted by knowing their patient will receive appropriate care. Physicians in the Emergency room also depend upon our expertise, and will consult a FNE for cases that may not fall into our realm of FNE program clients due to time frame or patient cooperation issues.

- The RFNE program/Palmetto Health have collaborated with the Infectious Disease Clinic at the Medical University of SC, SOVA, and the USC Medical Infectious Disease Clinic to develop a pilot program for the purpose of screening of sexual assault patients identified to be at a high risk for HIV exposure, provision of post exposure prophylaxis, and referral to infectious disease clinic follow-up. If successful, it is SOVA's intent to eventually assist in the provision of these services statewide. The pilot is targeted to begin in May or June of 2014.

SOUTH CAROLINA DEPARTMENT OF PUBLIC SAFETY
OFFICE OF HIGHWAY SAFETY AND JUSTICE PROGRAMS
POST OFFICE BOX 1993
BLYTHEWOOD, SOUTH CAROLINA 29016

GRANT AWARD

Subgrantee:	Palmetto Health		
Grant Title	Sexual Assault Nurse Examiner (SANE) Coordinator		
Grant Period:	10/1/2014 - 06/30/2015	Date of Award:	October 1, 2014
Amount of Award:	$50,349	Grant No.:	IV14310

In accordance with the provisions of the Victims of Crime Act of 1984, 42 U.S.C. 10601, et seq. CFDA No. 16.575, and on the basis of the application submitted, the South Carolina Department of Public Safety hereby awards to the foregoing Subgrantee a grant in the federal amount shown above, for the projects specified in the application and within the purposes and categories authorized for Victims of Crime Act funds.

This grant is subject to the terms and conditions set forth in the application and to the special conditions attached to the grant award. By accepting this grant award the subgrantee certifies that the federal and state conditions are fully understood by the subgrantee and will be complied with, including the applicable provisions of VOCA, the Program Guidelines, and the requirements of the OJP Financial Guide, effective edition. The VOCA Program Guidelines may be downloaded at www.ojp.usdoj.gov/ovc/grants/vocaguidelines.htm. The OJP Financial Guide may be downloaded at www.ojp.usdoj.gov/finguide/index.htm.

Payment of Funds: Grant funds will be disbursed to subgrantees (according to the project budget) upon receipt of evidence that funds have been invoiced and products received or that funds have been expended; i.e. invoices, contracts, itemized expenses, etc. A copy of the Budget Detail Page of the grant application has been attached for the subgrantee's use in completing the request for payment form.

The grant shall become effective, as of the date of award, upon return to Accounting - Grants of an originally signed copy of this form signed by the Official Authorized to Sign in the space provided below, in blue ink. This award must be accepted within thirty (30) days from the date above, and such quarterly progress reports and other reports required by the South Carolina Department of Public Safety must be submitted to Accounting - Grants in accordance with regulations.

ACCEPTANCE FOR THE SUBGRANTEE

Signature of Official Authorized to Sign
James Raymond

ACCEPTANCE FOR THE SEA

Ed Harmon, Justice Programs Administrator
Office of Highway Safety and Justice Programs

Phil Riley, Director
Office of Highway Safety and Justice Programs

GRANT AWARD DATA: THIS AWARD IS SUBJECT TO SPECIAL CONDITIONS ATTACHED AND THE TERMS AND CONDITIONS CONTAINED IN THE APPLICATION PAGES.

DEFENDANT'S EXHIBIT 7

Palmetto Health SCPH_001721

South Carolina Department of Public Safety

Office of Highway Safety and Justice Programs

September 30, 2014

James Raymond, M.D.
Chief Medical Officer
Palmetto Health
1301 Taylor Street
Columbia, South Carolina 29201-2963

RE: Victims of Crime Act Program Grant No. 1V14010
Sexual Assault Nurse Examiner (SANE) Coordinator

Dear Dr. Raymond:

I am pleased to provide you with a grant award approved by this office in the amount of $50,149 for the above-referenced grant project. In order to complete the contract for this award, it is necessary for you, as the Official Authorized to Sign, to return the original grant award with an original signature within 30 days from the date of this award. The signed original should be sent to:

Ms. Daphne B. Shook, Senior Accountant
S.C. Department of Public Safety, Accounting-Grants
Post Office Box 1993, Building D, Floor 1
Blythewood, South Carolina 29016-1993

Copies of the grant *Request for Financial Payment/Quarterly Fiscal Report Forms* can be found on our website at www.scdps.gov/ohsjp/ocja.asp. The financial reports should be completed no later than 30 days after the end of each grant. The *Programmatic Progress Report Form* also can be found in the Office of Highway Safety and Justice Programs Grants Management Information System (GMIS). The due dates and periods covered for programmatic progress reports are indicated on the GMIS version of the *Programmatic Progress Report Form*. Please contact D.J. Nelson, VOCA Program Manager, at 803-896-8712, if you have any questions regarding this award.

Sincerely,

Phil Riley
Director

Enclosures:

c: Mrs. Allison Twinley
VOCA Official File

South Carolina Department of Public Safety

Office of Highway Safety and Justice Programs

June 11, 2015

James Raymond, M.D.
Chief Medical Officer
Palmetto Health
1301 Taylor Street
Columbia, South Carolina 29201-2963

RE: Victims of Crime Act Program Grant No. 1V14010
Sexual Assault Nurse Examiner (SANE) Coordinator

Dear Dr. Raymond:

I am pleased to advise you that the South Carolina Department of Public Safety, Office of Highway Safety and Justice Programs (OHSJP), is extending your Victims of Crime Act (VOCA) grant for an additional three months. Included in this packet is a Grant Award Adjustment, which will extend your current level of grant funding an additional 90 days.

Traditionally, VOCA grant projects awarded through the South Carolina Department of Public Safety have commenced on July 1st and concluded on June 30th. However, delays in federal awards to the states have consistently put our department and, more importantly, your subgrants in a tenious position. The Office of Highway Safety and Justice Programs cannot issue a subgrant until we receive our federal award, and these federal awards were often arriving within days of when your subgrants would expire. Consequently, victims of crime staff throughout the state were unsure of their continued tenure, and agency executives were unable to plan the VOCA portion of their budget.

In order to alleviate this condition, the new grant period for all victim services grants administered through the OHSJP will be from October 1st through September 30th. The 90-day extension on your current grant will avoid a gap in service for those subgrantees who receive a continuation award in 2015.

Please revise your grant budget to reflect the salary, fringe benefits, and operating expense increases in the Grants Management Information System (GMIS), using the budget page overview included in your packet. Your grant number for the project above will remain the same. The Grant Award Adjustment form, signed in blue ink, should be returned to our office no later than June 26, 2015. Support documentation to assist you in the process is attached to this letter. If you have any questions, please contact your program coordinator or Ms. B.J. Nelson at 803-896-8712 or bjnelson@sodps.gov. Thank you for your attention to this matter.

Sincerely,

Phil Riley
Director

Enclosures

cc: Mrs. Allison Turnley

10311 Wilson Blvd. Blythewood, SC - US Mail: P.O. Box 1993 Blythewood, SC 29016

SOUTH CAROLINA DEPARTMENT OF PUBLIC SAFETY
OFFICE OF HIGHWAY SAFETY AND JUSTICE PROGRAMS
POST OFFICE BOX 1993
BLYTHEWOOD, SOUTH CAROLINA 29016

GRANT AWARD ADJUSTMENT

Subgrantee:	Palmetto Health Richland		
Grant Title:	Sexual Assault Nurse Examiner (SANE) Coordinator		
Grant Period:	7/1/2015 - 9/30/2015	Date of Award:	July 1, 2015
Amount of Award:	$15,444	Grant No.:	IV14010

In accordance with the provisions of the Victims of Crime Act of 1984, 42 U.S.C. 10601, et seq. CFDA No. 16.575, and on the basis of the application submitted, the South Carolina South Carolina Department of Public Safety hereby awards to the foregoing Subgrantee a grant in the federal amount shown above, for the projects specified in the application and within the purposes and categories authorized for Victims of Crime Act grants.

This grant is subject to the terms and conditions set forth in the application and to the special conditions attached to the grant award. By accepting this grant award the subgrantee certifies that the federal and state conditions are fully understood by the subgrantee and will be complied with, including the applicable provisions of VOCA, the Program Guidelines, and the requirements of the OJP Financial Guide, effective edition. The VOCA Program Guidelines may be downloaded at www.ojp.usdoj.gov/ovc/send/guides/vocaguide.htm. The OJP Financial Guide may be downloaded at www.ojp.usdoj.gov/financialguide/index.htm.

Payment of Funds: Grant funds will be disbursed to subgrantees (according to the project budget) upon receipt of evidence that funds have been invoiced and products received or that funds have been expended, i.e., invoices, contracts, itemized expenses, etc. A copy of the Budget Detail Page of the grant application has been attached for the subgrantee's use in completing the request for payment forms.

The grant shall become effective, as of the date of award, upon return to Accounting - Grants of an originally signed copy of this form signed by the Official Authorized to Sign in the space provided below, in blue ink. This award must be accepted within fifteen (15) days from the date of the letter, and such quarterly progress reports and other reports required by the South Carolina South Carolina Department of Public Safety must be submitted to Accounting - Grants in accordance with regulations.

ACCEPTANCE FOR THE SUBGRANTEE

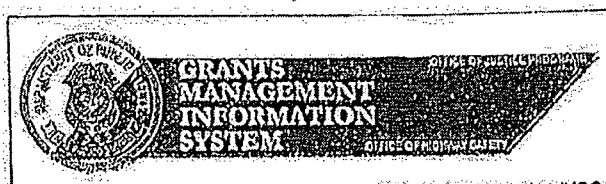
Signature of Official Authorized to Sign
James Raymond

ACCEPTANCE FOR THE SEA

Ed Harmon, Justice Programs Administrator
Office of Highway Safety and Justice Programs

Phil Riley, Director
Office of Highway Safety and Justice Programs

GRANT AWARD DATA: THIS AWARD IS SUBJECT TO SPECIAL CONDITIONS ATTACHED AND THE TERMS AND CONDITIONS CONTAINED IN THE APPLICATION PAGES.



Victims Of Crime Act (VOCA) 2014

Grant Number:
Application Number: AV14102
Version: Original — Create Revision
County: RICHLAND
Begin Date: 7/1/2014
Ending Date: 6/30/2015
Project Title: Sexual Assault Nurse Examiner (SANE) Coordinator

Submitted Date: 2/26/2014 11:15:00 AM

Attachments: 0

Review Application | Progress Reports

STATE OF SOUTH CAROLINA
DEPARTMENT OF PUBLIC SAFETY
VICTIMS OF CRIME ACT GRANT APPLICATION

Grant #:

App # AV14102

To Be Completed by Project Director

Section 1

County Name: 40 - RICHLAND

Other county/counties this project will serve: Lexington, Kershaw

Section 2

Grant Period: Jul 1, 2014-June 30, 2015

Begin: 7/1/2014

End: 6/30/2015

Section 3

Project Title: Sexual Assault Nurse Examiner (SANE) Coordinator

Section 4

Project Summary (max. 300 characters): Request continuation funding for the coordinator position in order to be able to continue to operate a mobile team of forensic nurses who perform medical/forensic evaluations on victims of sexual assault and intimate partner violence at medical facilities in Judicial Circuits 5 & 11.

Section 5

Type of Application

a. Continuation

b. Year of Funds: Other

Other (Specify): 10th

c. Reimbursable

Section 6

a. Organization Type: Private, Non-Profit Organization

Other (Specify):

b. U. S. Congressional District: 06

Section 7

Agency DUNS number* (www.dunandbradstreet.com): 009035853

Has your agency registered with Central Contractor Registration (CCR)?: Yes

(www.sam.gov)

For Central Contractor Registration (CCR) handbook click here.

* This data is not required to submit this application but will become necessary for federal reporting requirements if this project is awarded.

FEIN: 57-0703054

Agency Name: Palmetto Health Richland
Address: 5 Medical Park
City: Columbia
State: South Carolina

(Please use the Name/Address above instead of this field) Name and Address of Implementing Agency:

10 Digit Zip: 29203-6863
(Area) Phone #: 803-434-2845
(Area) Fax #: 803-434-6806

COMPLETE PAGES 2&3 BEFORE COMPLETING THIS SECTION

Section 8
BUDGET
Use whole dollars only (For example: $1,500 not $1,500.00)

a. BUDGET CATEGORIES	GRANTOR	AGENCY MATCH	TOTAL
Personnel	$52,580	$13,144	$65,724
Contractual Services	$31,600	$7,900	$39,500
Travel	$4,962	$1,240	$6,202
Equipment	$0	$0	$0
Renovation/Construction	N/A	N/A	N/A
Other	$13,516	$3,379	$16,895
TOTAL:	$102,658	$25,663	$128,321
b. PERCENTAGE	80%	20%	100%

Section 9
APPROPRIATION OF NON-GRANTOR MATCHING FUNDS: Other
Other (Explain):

WHOLE DOLLARS ONLY — BUDGET DESCRIPTION — Page 2

MATCHING FUNDS CATEGORIES			GRANTOR	CASH	IN-KIND	TOTAL
PERSONNEL						
SALARIES Position Title	% of Time On Project	Quantity				
SANE Coordinator	70		$43,098	$10,774	$0	$53,872
		TOTAL SALARIES:	$43,098	$10,774	$0	$53,872
EMPLOYER CONTRIBUTIONS (Fringe Benefits)						
Social Security & Medicare (FICA)						

	$3,297	$822	$0	$4,119
Retirement	$2,155	$539	$0	$2,694
Worker's Compensation Insurance	$690	$172	$0	$862
Unemployment Insurance (on first $7,000 only)	$9	$2	$0	$11
Health Insurance	$2,517	$629	$0	$3,146
Dental Insurance	$0	$0	$0	$0
Pre-Retirement Death Benefit	$22	$5	$0	$27
Accident Death Benefit (Police Officers)	$0	$0	$0	$0
Other Employer Contributions (Itemize)	$782	$201	$0	$993
TOTAL EMPLOYER CONTRIBUTIONS:	$9,482	$2,370	$0	$11,852
TOTAL PERSONNEL:	$52,580	$13,144	$0	$65,724

CONTRACTUAL SERVICES:

(Itemize - DO NOT include professional fees for doctors, psychologists, etc.)

Data Base Consultant	$2,000	$500	$0	$2,500
Forensic Pediatric Consultant	$20,000	$5,000	$0	$25,000
Forensic Adult Consultant	$9,600	$2,400	$0	$12,000
TOTAL CONTRACTUAL SERVICES	$31,600	$7,900	$0	$39,500

TRAVEL:

(Itemize-Include mileage, airline cost, lodging, per diem, parking, car rental)

Baggage Fees	$160	$40	$0	$200
Ground Transportation	$96	$24	$0	$120
Parking	$96	$24	$0	$120
Car Rental	$480	$120	$0	$600
Per Diem	$410	$102	$0	$512
Lodging	$1,600	$400	$0	$2,000
Airfare	$1,600	$400	$0	$2,000
Mileage	$520	$130	$0	$650
TOTAL TRAVEL:	$4,962	$1,240	$0	$6,202

USE WHOLE DOLLARS ONLY

BUDGET DESCRIPTION

Page 3

MATCHING FUNDS

CATEGORIES	GRANTOR CASH	IN-KIND	TOTAL

EQUIPMENT ($1,000 or more per Unit):

(Itemize - DO NOT USE BRAND NAME. Also, DO NOT include leased or rented items)

ITEM QUANTITY

	$0	$0	$0	$0
TOTAL EQUIPMENT:	$0	$0	$0	$0

RENOVATIONS/CONSTRUCTION: (Describe)

TOTAL RENOVATIONS/CONSTRUCTIONS:	N/A	N/A	N/A	N/A

Other (Itemize):

IAFN Membership renewals	$890	$223	$0	$1,113
IAFN Certification Renewals	$1,400	$350	$0	$1,750
Educational Materials	$800	$200	$0	$1,000
Fees paid to live models for training clinicals	$1,760	$440	$0	$2,200
Printed Materials/Training Brochures	$800	$200	$0	$1,000
Cell Phone Service	$346	$86	$0	$432
Training Registration	$1,600	$400	$0	$2,000
Office Supplies	$1,600	$400	$0	$2,000
Evidence Collection Equipment and Supplies	$2,720	$680	$0	$3,400
Medication Cart	$1,200	$300	$0	$1,500
Toys for Pediatric patients	$400	$100	$0	$500
TOTAL OTHER:	$13,516	$3,379	$0	$16,895

Page 4

BUDGET NARRATIVE

List items under each Budget Category heading. Explain exactly how each item in your budget (both grantor and match) will be utilized. It is important that the necessity of these items, as they relate to the operation of the project, be established. Dollar amounts DO NOT have to be provided.

Personnel:
SANE Coordinator: One full time coordinator, who oversees the mobile Forensic Nurse Examiner Program to cover medical facilities (7) included in Judicial Circuits 5 & 11 devoting 70% of time. Employer contributions: Amount is equivalent to 22% of the salary. This is an estimate used by PHR Benefits for estimating payroll deductions computation. Other employer contributions include, pretax benefits which may or may not be used by the person hired to be used for critical employer contributions to long-term disability, short-term disability, and life insurance.

Consultants:
Database Consultant: Continued updates, changes, and additions are ongoing requirements with a growing program. Database improvements on an ongoing basis are needed to accommodate the ongoing changes in patient management and record keeping. Changes to the DB are needed to parallel the changes made by SLED to the paper forensic report. In addition, more sophisticated reports are needed to provide data to other agencies and in grant reports.
Forensic Pediatrician Consultant: Utilization of a pediatric expert is key in providing non-biased expert case by case review of the management of the growing population of pediatric patients evaluated in this program. In addition, consultant services are needed in some complicated cases where the added input and extensive knowledge base of an expert in this field is key in optimal decision making for management of these cases.
Forensic Adult Consultant: The utilization of a pediatric expert in the case review and evaluation of the pediatric population has proven to be so beneficial in outcome, the same management needs to be applied to the adult population as well. Again, a non-biased expert utilized for case by case review with staff results in optimal learning and growth for the RENE staff as well as for the most optimal management of adult patients, especially in the case of extensive injuries and other complications to be identified.

Travel:
Mileage: SANE Coordinator and FNE staff will be reimbursed the state rate of 0.555 cents per mile while attending or facilitating local trainings.
Airfare: Costs of airfare to attend conferences and/or trainings for SANE Coordinator and staff.
Per Diem: Costs of meals for SANE Coordinator and staff while traveling to attend conferences and/or trainings.
Lodging: Costs for lodging while attending conferences and facilitating trainings for SANE Coordinator and staff.
Car rental: Costs of car rentals when attending conferences and/or trainings.
Parking: Costs of airport parking and other paid parking fees while attending conferences and/or trainings.
Ground transportation: Costs to cover cab fares, airport shuttles, road tolls, and subway fares, while traveling to educational opportunities.
Baggage Fees: Costs of baggage fees/charges while attending conferences and/or trainings.

Other:
Office Supplies: To include standard office supplies such as pens, pencils, push pins, post its notes,paper, paper clips, binder clips, binders, envelopes,staples, printable paper labels, notebooks, printable cardstock, file folders, file labels, dividers, computer printer and photocopier ink cartridges, blank CD's (to copy forensic photographs when subpoenaed by solicitor for Court), photography paper and folders.

Computer Flash/Jump Drives-password protected:
Hospital IT security has mandated that all flash drives used within hospital system will require a security password. Password protected drives need to be purchased. All staff take a part in outreach education and will need flash drives to provide outreach presentations and internal staff trainings. Additional staff usage includes using flash drives as a means of transporting patient information between sites in an encrypted protected environment.

Educational Materials: To include videos, books, journals and posters. Additional materials would include training manuals, training videos/DVD's, anatomical models used for demonstration, practice, and testing purposes.

Live Clinical Models: IAFN (International Association of Forensic Nurses) stipulates that clinical trainings provided at PHR as part of the IAFN endorsed clinical training must include exams to be performed on live clinical patients. Clinical models will have to be contracted by Palmetto Health and receive monetary compensation as an incentive to serve as clinical patient for training purposes.

Training Registration: To cover training registration costs for SANE Coordinator and staff.

Cell phone: Cell phone service for SANE Coordinator for one year. Cell phone service for SANE Coordinator to allow for continual communication with other FNE staff, law enforcement, advocates, ER Communications Center Staff.

Printed Material: Brochures,decision trees, informational cards, printed information to give to school staff (guidance counselors, nurses, school resource officers etc) physician offices, urgent care facilities etc on how to contact the Regional Forensic Nurse Examiner Program and guidelines for referral to our program.
Hospital in-house printing services are utilized when possible. Additional brochures for the purpose of providing information related to clinical trainings for nurses are planned.

IAFN certifications/Re-certifications: Certification fees for FNE's to take SANE-A (adult) and SANE-P (pediatric) examinations. Some of the certifications are also up for recertification for SANE-A or SANE P.

IAFN Membership renewal: Renewal fees for the FNE's to remain as members of the IAFN. Membership provides educational opportunities, discounts on conferences, and provides a network opportunity to contact other SANEs with questions and share information.

Medication Cart: With renovation underway to an area on the first floor of the main hospital, we will have a medication room. Regulatory requirements include having a locked means of medication storage. The locked mechanism medication cart will fulfill this requirement.

Forensic Supplies/Equipment:
Additional supplies are needed for the examination, collection, drying, and storage of forensic evidence. Supplies include rulers, disposable scissors,portable specimen lights, toluidine blue dye swabs, evidence

collection swabs, tape, labels, and storage bags; portable UV lights and goggles for visualization of body fluids; Digital camera, macrolens, battery, case, and charger replacement for photographic evidence collection; rolling storage cart for transport of evidence collection supplies and equipment to and from cites.

Toys for Pediatric Patients
Toys need to be purchased to continue the practice of offering pediatric patients a small, inexpensive toy. The toys offer distraction, help dispel fear, and entertain the children while caregivers are interviewed. Whatever toys are available at the discounts stores at time of purchase are selected but typically include coloring books, crayons, books, dolls, cars, etc.

Page 6

BUDGET NARRATIVE (Continued)

Abstract

Project Title: Palmetto Healthy Start
Applicant Name: Palmetto Health
Address: 223 Stoneridge Dr. Suite B, Columbia, SC 29210
Project Director Name: Kimberly R. Alston
Contact Phone Numbers: 803-296-7786 (Voice), 803-296-3790 (Fax)
E-Mail Address: Kimberly.alston@palmettohealth.org
Web Site Address: *http://www.palmettohealth.org/healthystart*

The African-American infant mortality rate in Lexington and Sumter counties of South Carolina was 11.5/1,000 in 2007-2009. African- Americans also experience low rate of women receiving adequate prenatal care, and high rate of low birth weight. Health care delivery for minority women and infants within these counties is limited, fragmented, and inconsistent.

Palmetto Healthy Start (PHS) has been funded by the Maternal and Child Health Bureau of the Health Resources and Services Administration since 1997. PHS currently serves Richland, Fairfield, Lexington and Sumter counties in South Carolina. PHS has well-established experience team, policies, procedures and management systems for serving underserved women and infants.

PHS proposes to provide the five approaches of Healthy Start services to Lexington and Sumter counties using the strategies developed based on its experience acquired since inception in 1997. The target population is African- American pregnant and interconceptional women, infants and fathers in Lexington and Sumter counties.

The overall goal is to reduce disparities in infant mortality and adverse perinatal outcomes in the target population, and to accomplishe the benchmarks. Specifically, PHS will:

- Serve 800 or more African- American women and infants, including at least 400 pregnant women annually;
- Increase the proportion of PHS participants with health insurance by 90%;
- Increase the proportion of PHS participants who engage in safe sleep behaviors to 80% ;
- Screening for perinatal depression and providing counseling and referrals for participating women and;
- Increase the % of active members participating on the CAN

PHS directly employs outreach who recruit eligible women and infants, as well as, conduct health education activities for PHS program and community participants. The Community Advocates work to generate awareness of PHS service in the community and to foster the work of the Community Action Network (CAN) in Lexington and Sumter Counties. The Resource Mothers provide case management to pregnant and interconceptional women according to protocols based on the risk level of mother or infant. The Resource Mothers are supported by licensed social workers on staff in their efforts to meet the needs of high risk clients, including screening for depression, referral for care, and health education. Key personnel include the Program Director, the Direct Care and the Community Development Program Manager. Together they oversee the work of the department, coordinate the development and implementation of CAN activities, respond to opportunities to develop educational initiatives to further HS goals in the community, develop collaborative relationships to extend the range of care and services available to HS participants, and seek to expand options for program sustainability. PHS has a collaborative relationship with the State Title V agency, local offices of the SC DHEC, local prenatal care providers and other organizations for referrals for services such as family planning and WIC, as well as other services for participants.

DEFENDANT'S EXHIBIT 8

Abstract

Project Title: Palmetto Healthy Start
Applicant Name: Palmetto Health
Address: 223 Stoneridge Dr. Suite B, Columbia, SC 29210
Project Director Name: Kimberly R. Alston
Contact Phone Numbers: 803-296-2786 (Voice), 803-296-3790 (Fax)
E-Mail Address: Kimberly.alston@palmettohealth.org
Web Site Address: *http://www.palmettohealth.org/healthystart*

The African-American infant mortality rate in Lexington and Sumter counties of South Carolina was 11.5/1,000 in 2007-2009. African- Americans also experience low rate of women receiving adequate prenatal care, and high rate of low birth weight. Health care delivery for minority women and infants within these counties is limited, fragmented, and inconsistent.

Palmetto Healthy Start (PHS) has been funded by the Maternal and Child Health Bureau of the Health Resources and Services Administration since 1997. PHS currently serves Richland, Fairfield, Lexington and Sumter counties in South Carolina. PHS has well-established experience team, policies, procedures and management systems for serving underserved women and infants.

PHS proposes to provide the five approaches of Healthy Start services to Lexington and Sumter counties using the strategies developed based on its experience acquired since inception in 1997. The target population is African- American pregnant and interconceptional women, infants and fathers in Lexington and Sumter counties.

The overall goal is to reduce disparities in infant mortality and adverse perinatal outcomes in the target population, and to accomplishe the benchmarks. Specifically, PHS will:

- Serve 800 or more African- American women and infants, including at least 400 pregnant women annually;
- Increase the proportion of PHS participants with health insurance by 90%;
- Increase the proportion of PHS participants who engage in safe sleep behaviors to 80%;
- Screening for perinatal depression and providing counseling and referrals for participating women and;
- Increase the % of active members participating on the CAN

PHS directly employs outreach who recruit eligible women and infants, as well as, conduct health education activities for PHS program and community participants. The Community Advocates work to generate awareness of PHS service in the community and to foster the work of the Community Action Network (CAN) in Lexington and Sumter Counties. The Resource Mothers provide case management to pregnant and interconceptional women according to protocols based on the risk level of mother or infant. The Resource Mothers are supported by licensed social workers on staff in their efforts to meet the needs of high-risk clients, including screening for depression, referral for care, and health education. Key personnel include the Program Director, the Direct Care and the Community Development Program Manager. Together they oversee the work of the department, coordinate the development and implementation of CAN activities, respond to opportunities to develop educational initiatives to further HS goals in the community, develop collaborative relationships to extend the range of care and services available to HS participants, and seek to expand options for program sustainability. PHS has a collaborative relationship with the State Title V agency, local offices of the SC DHEC, local prenatal care providers and other organizations for referrals for services such as family planning and WIC, as well as other services for participants.

1. DATE ISSUED: 03/16/2015

2. PROGRAM CFDA: 93.926

3. SUPERSEDES AWARD NOTICE dated: 05/27/2014

4A. AWARD NO.: 5 H49MC00072-14-01

4B. GRANT NO.: H49MC00072

5. FORMER GRANT NO.:

6. PROJECT PERIOD: FROM: 07/01/2001 THROUGH: 05/31/2019

7. BUDGET PERIOD: FROM: 06/01/2014 THROUGH: 05/31/2015

HRSA

NOTICE OF AWARD
AUTHORIZATION (Legislation/Regulation)
Public Health Service Act, Section 751
Public Health Service Act, Title III, Part D, Section 330H ; 42 U.S.C. 254c-8
Public Health Service Act, Title III, Part D, § 330H (42 U.S.C. 254c-8), as amended by the Healthy Start Reauthorization Act of 2007 (P.L. 110-339)

8. TITLE OF PROJECT (OR PROGRAM): ELIMINATING DISPARITIES IN PERINATAL HEALTH

9. GRANTEE NAME AND ADDRESS:
PALMETTO HEALTH ALLIANCE
PO BOX 2266
Columbia, SC 29202-2266
DUNS NUMBER:
099035653

10. DIRECTOR: (PROGRAM DIRECTOR/PRINCIPAL INVESTIGATOR)
Kimberly R Alston
PALMETTO HEALTH ALLIANCE
223 Stoneridge Dr
Columbia, SC 29210-8008

11. APPROVED BUDGET: (Excludes Direct Assistance)
[X] Grant Funds Only
[ ] Total project costs including grant funds and all other financial participation

a. Salaries and Wages:	$596,370.00
b. Fringe Benefits:	$131,201.00
c. Total Personnel Costs:	$727,571.00
d. Consultant Costs:	$0.00
e. Equipment:	$0.00
f. Supplies:	$6,605.00
g. Travel:	$19,555.00
h. Construction/Alteration and Renovation:	$0.00
i. Other:	$86,269.00
j. Consortium/Contractual Costs:	$193,808.00
k. Trainee Related Expenses:	$0.00
l. Trainee Stipends:	$0.00
m. Trainee Tuition and Fees:	$0.00
n. Trainee Travel:	$0.00
o. TOTAL DIRECT COSTS:	$946,829.00
p. INDIRECT COSTS (Rate: % of S&W/TADC):	$0.00
q. TOTAL APPROVED BUDGET:	$946,829.00
i. Less Non-Federal Share:	$0.00
ii. Federal Share:	$946,829.00

12. AWARD COMPUTATION FOR FINANCIAL ASSISTANCE:

a. Authorized Financial Assistance This Period	$946,829.00
b. Less Unobligated Balance from Prior Budget Periods:	
i. Additional Authority	$0.00
ii. Offset	$0.00
c. Unawarded Balance of Current Year's Funds	$0.00
d. Less Cumulative Prior Awards(s) This Budget Period	$852,693.00
e. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	$94,136.00

13. RECOMMENDED FUTURE SUPPORT: (Subject to the availability of funds and satisfactory progress of project)

YEAR	TOTAL COSTS
15	$1,200,000.00
16	$1,200,000.00
17	$1,200,000.00
18	$1,200,000.00

14. APPROVED DIRECT ASSISTANCE BUDGET: (In lieu of cash)

a. Amount of Direct Assistance	$0.00
b. Less Unawarded Balance of Current Year's Funds	$0.00
c. Less Cumulative Prior Awards(s) This Budget Period	$0.00
d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION	$0.00

15. PROGRAM INCOME SUBJECT TO 45 CFR 75.307 SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES: [A]
A=Addition B=Deduction C=Cost Sharing or Matching D=Other
Estimated Program Income: $0.00

16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY HRSA, IS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:

REMARKS: (Other Terms and Conditions Attached [X] Yes [ ] No)
Prior Approval Request Tracking Number: PA-00043501 Prior Approval Request Type: Carryover
Electronically signed by Stephanie Young , Grants Management Officer on : 03/16/2015

17. OGD CLASS: 41.51 18. CRS-EIN: 1502266057A2 19. FUTURE RECOMMENDED FUNDING: $0.00

FY-CAN	CFDA	DOCUMENT NO.	AMT. FIN. ASST.	AMT. DIR. ASST.	SUB PROGRAM CODE	SUB ACCOUNT CODE
13 - 3608020	93.926	14H49MC00072	$94,136.00	$0.00	N/A	14-HIS-EQUITY

Page 1

HRSA Electronic Handbooks (EHBs) Registration Requirements

The Project Director of the grant (listed on this NoA) and the Authorizing Official of the grantee organization are required to register (if not already registered) within HRSA's Electronic Handbooks (EHBs). Registration within HRSA EHBs is required only once for each user for each organization they represent. To complete the registration quickly and efficiently we recommend that you note the 10-digit grant number from box 4b of this NoA. After you have completed the initial registration steps (i.e., created an individual account and associated it with the correct grantee organization record), be sure to add this grant to your portfolio. This registration in HRSA EHBs is required for submission of noncompeting continuation applications. In addition, you can also use HRSA EHBs to perform other activities such as updating addresses, updating email addresses and submitting certain deliverables electronically. Visit https://grants.hrsa.gov/webexternal/login.asp to use the system. Additional help is available online and/or from the HRSA Call Center at 877-Go4-HRSA/877-464-4772.

Terms and Conditions

Failure to comply with the special remarks and condition(s) may result in a draw down restriction being placed on your Payment Management System account or denial of future funding.

Grant Specific Term(s)

1. This revised Notice of Award deobligates $34,136 under the new Document No.14H49MC18133 as carryover. These funds will support fiscal year 2013-14 closeout activities consistent with PA-00043501 submitted by Kimberly Alston on 1/15/2015.

   The following was disapproved: Direct Personnel Costs for the PD ($13,304), System Cogd ($10,600), and Comm Dev PM ($17,812).

   Also, "Fringe" has been adjusted to support the total approved personnel.

   Total excluded--$50,894

All prior terms and conditions remain in effect unless specifically removed.

Contacts

NoA Email Address(es):

Name	Role	Email
Kimberly R Alston	Program Director	kimberly.alston@palmettohealth.org
Charles D Beaman	Authorizing Official	charles.beaman@palmettohealth.org

Note: NoA emailed to these address(es)

Program Contact:

For assistance on programmatic issues, please contact John McGovern at:
HRSA/MCHB/DPSWH
6600 Fishers Ln
Rockville, MD, 20852-1750
Email: jmcgovern@hrsa.gov
Phone: (301) 443-5805

Division of Grants Management Operations:

For assistance on grant administration issues, please contact Tonya Randall at:
MailStop Code: 10W09A
HRSA/OFAM/DGMO/GSFB
6600 Fishers Ln
Rockville, MD, 20857-1750
Email: trandall@hrsa.gov
Phone: (301) 594-4259
Fax: (301) 443-6343

PalmettoHealth.SCPH_001735

1. DATE ISSUED: 06/27/2014	2. PROGRAM CFDA: 93.926
3. SUPERSEDES AWARD NOTICE dated:	
4a. AWARD NO.: 2 H49MC00072-14-00	4b. GRANT NO.: 1H49MC00072
5. FORMER GRANT NO.:	
6. PROJECT PERIOD: FROM: 07/01/2001 THROUGH: 06/31/2019	
7. BUDGET PERIOD: FROM: 06/01/2014 THROUGH: 05/31/2015	

HRSA

NOTICE OF AWARD
AUTHORIZATION (Legislation/Regulation)
Public Health Service Act, Section 751
Public Health Service Act, Title III, Part D, Section 330H, 42 U.S.C. 254c-8
Public Health Service Act, Title III, Part D, § 330H (42 U.S.C. 254c-8), as amended by the Healthy Start Reauthorization Act of 2007 (P.L. 110-339)

8. TITLE OF PROJECT (OR PROGRAM): ELIMINATING DISPARITIES IN PERINATAL HEALTH

9. GRANTEE NAME AND ADDRESS: PALMETTO HEALTH ALLIANCE PO BOX 2266 Columbia, SC 29202-2266 DUNS NUMBER: 099035053	10. DIRECTOR: (PROGRAM DIRECTOR/PRINCIPAL INVESTIGATOR) Gabrielle R Alston PALMETTO HEALTH ALLIANCE 223 Stoneridge Dr Columbia, SC 29210-8009

11. APPROVED BUDGET: (Exclude Direct Assistance)
[X] Grant Funds Only
[ ] Total project costs including grant funds and all other financial participation

a. Salaries and Wages:	$562,005.00
b. Fringe Benefits:	$123,041.00
c. Total Personnel Costs:	$685,046.00
d. Consultant Costs:	$0.00
e. Equipment:	$0.00
f. Supplies:	$7,108.00
g. Travel:	$19,051.00
h. Construction/Alteration and Renovation:	$0.00
i. Other:	$65,782.00
j. Consortium/Contractual Costs:	$75,106.00
k. Trainee Related Expenses:	$0.00
l. Trainee Stipends:	$0.00
m. Trainee Tuition and Fees:	$0.00
n. Trainee Travel	$0.00
o. TOTAL DIRECT COSTS:	$852,693.00
p. INDIRECT COSTS (Rate: % of S&W/TADC)	$0.00
q. TOTAL APPROVED BUDGET:	$852,693.00
i. Less Non-Federal Share:	$0.00
ii. Federal Share:	$852,693.00

12. AWARD COMPUTATION FOR FINANCIAL ASSISTANCE:

a. Authorized Financial Assistance This Period	$852,693.00
b. Less Unobligated Balance from Prior Budget Periods	
i. Additional Authority	$0.00
ii. Offset	$0.00
c. Unawarded Balance of Current Year's Funds	$0.00
d. Less Cumulative Prior Awards(s) This Budget Period	$0.00
e. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	$852,693.00

13. RECOMMENDED FUTURE SUPPORT: (Subject to the availability of funds and satisfactory progress of project)

YEAR	TOTAL COSTS
16	$1,200,000.00
16	$1,200,000.00
17	$1,200,000.00
18	$1,200,000.00

14. APPROVED DIRECT ASSISTANCE BUDGET: (In lieu of cash)

a. Amount of Direct Assistance	$0.00
b. Less Unawarded Balance of Current Years Funds	$0.00
c. Less Cumulative Prior Awards(s) This Budget Period	$0.00
d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION	$0.00

15. PROGRAM INCOME SUBJECT TO 45 CFR Part 74.24 OR 45 CFR 92.25 SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES: [A]
A=Addition B=Deduction C=Cost Sharing or Matching D=Other
Estimated Program Income: $0.00

16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY HRSA, IS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:
a. The grant program legislation cited above. b. The grant program regulation cited above. c. This award notice including terms and conditions, if any, noted below under REMARKS. d. 45 CFR Part 74 or 45 CFR Part 92 as applicable, in effect on the date of this award. e. Federal administrative requirements, cost principles and audit requirements applicable to this grant. In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged when funds are drawn or otherwise obtained from the grant payment system.

REMARKS: (Other Terms and Conditions Attached [X] Yes [ ] No)

Electronically signed by Dorothy Reiley , Grants Management Officer on 06/27/2014

17. OBJ. CLASS: 41.51 | 18. CFDA CIN: 1582298052A2 | 19. FUTURE RECOMMENDED FUNDING: $0.00

FY-CAN	CFDA	DOCUMENT NO.	AMT. FIN. ASST.	AMT. DIR. ASST.	SUB PROGRAM CODE	SUB ACCOUNT CODE
14 - 3000020	93.926	14H49MC00072	$761,585.00	$0.00		14HIS-ERED
12 - 3000020	93.926	14H49MC00072	$91,108.00	$0.00	N/A	14HIS-ERED

PalmettoHealth.SCPH_001736

HRSA Electronic Handbooks (EHBs) Registration Requirements

The Project Director of the grant (listed on this NoA) and the Authorizing Official of the grantee organization are required to register (if not already registered) within HRSA's Electronic Handbooks (EHBs). Registration within HRSA EHBs is required only once for each user for each organization they represent. To complete the registration quickly and efficiently we recommend that you note the 10-digit grant number from box 4b of this NoA. After you have completed the initial registration steps (i.e., created an individual account and associated it with the correct grantee organization record), be sure to add this grant to your portfolio. This registration in HRSA EHBs is required for submission of noncompeting continuation applications. In addition, you can also use HRSA EHBs to perform other activities such as updating addresses, updating email addresses and submitting certain deliverables electronically. Visit https://grants.hrsa.gov/webextornal/login.asp to use the system. Additional help is available online and/or from the HRSA Call Center at 877-Go4-HRSA/877-464-4772.

Terms and Conditions

Failure to comply with the special remarks and condition(s) may result in a draw down restriction being placed on your Payment Management System account or denial of future funding.

Grant Specific Term(s)

1. This action reflects a new document number. Please refer to this number when contacting the Payment Management System or submitting drawdown requests. Reporting on the FFR (Federal Financial Report) SF 425-Federal Cash Transaction Report (FCTR) should reflect this number for all disbursements related to this project period.
2. HRSA will reserve the right to reduce base awards for grantees that consistently maintain a large unobligated balance.
3. HRSA reserves the right to reduce funding if, after receiving Technical Assistance the grantee does not fulfill the requirements as outlined in the FOA – i.e.,: Benchmarks, number of pregnant women and total participants served.
4. **Grantees are required to participate in the National Evaluation of Healthy Start Programs** and respond to request for information from the Division and its supporting MS performance project.
6. Grantees must use the data system developed by the Division of Healthy Start and Perinatal Services.
6. All post-award requests, such as significant budget revisions or a change in scope, must be submitted as a Prior Approval action via the Electronic Handbooks (EHBs) and approved by HRSA prior to implementation. Grantees under "Expanded Authority," as noted in the Remarks section of the Notice of Award, have different prior approval requirements. See "Prior-Approval Requirements" in the DHHS Grants Policy Statement: http://www.hhs.gov/asfr/ogapa/aboutog/hhsgps107.pdf
7. The funds for this award are sub-accounted in the Payment Management System (PMS) and will be in a P type (sub accounted) account. This type of account allows recipients to specifically identify the individual grant for which they are drawing funds and will assist HRSA in monitoring the award. If your organization previously received a grant under this program, it was in a G type (cash pooled) account designated by a PMS Account Number ending in 0 or 01. Now that this grant is sub accounted the PMS Account Number will be changed to reflect either P or P1. For example, if the prior year grant was in payee account number 2AAG it will now be in 2AAP. Similarly, if the prior year grant was in payee account 2AAG1, the grant will be in payee account 2AAP1. The P sub account number and the sub account code (provided on page 1 of this Notice of Award) are both needed when requesting grant funds.
   You may use your existing PMS username and password to check your organizations P account access. If you do not have access, complete a PMS Access Form (PMS/FFR Form) found at: http://www.dpm.psc.gov/grant_recipient/grantee_forms.aspx and send it to the fax number indicated on the bottom of the form. If you have any questions about accessing PMS, contact the PMS Liaison Accountant as identified at: http://www.dpm.psc.gov/contacts/dpm_contact_list/dpm_contact_list.aspx.
8. The requirements of 48 CFR section 3.908 (found at http://www.ecfr.gov) implementing section 828 of the National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) entitled "Pilot Program for Enhancement of Contractor Employee Whistleblower Protections" apply to this award. This notice requires that grantees inform their employees in writing of employee whistleblower rights and protections under 41 U.S.C. 4712 in the predominant native language of the workforce. The statute at 41 U.S.C. 4712 can be found at http://uscode.house.gov/browse.xhtml. (regarding 48 CFR section 3.908, note that use of the term "contract," "contractor," "subcontract," or "subcontractor" for the purpose of this term, should read as "grant," "grantee," "subgrant," or "subgrantee").
9. This Notice of Award is issued to provide funding for nine months, and has been reduced accordingly. Rebudgeting of grant funds within approved categories 25% or less, does not require prior approval.

Program Specific Term(s)

1. The management Team, including key personnel, must reflect the cultural diversity of the Community to be served.
2. Each project is expected to establish a plan to recover, to the maximum extent feasible, third party revenues to which it is entitled for services provided; garner all other available Federal, state, local, and private funds; and charge beneficiaries according to their ability to pay for

PalmettoHealth.SCPH_001737

services without creating a barrier to those services. Where third-party payors, including Government agencies, are authorized or are under legal obligation to pay all or a portion of charges for health care services, all such sources must be billed for covered services, and every effort must be made to obtain payment. Each service provider receiving Federal funds, either directly or indirectly, must have a procedure to identify all persons served who are eligible for third-party reimbursement."

3. All MCHB discretionary grant projects are expected to incorporate a carefully designed and well-planned evaluation protocol capable of demonstrating and documenting measurable progress toward achieving the stated goals. The measurement of progress toward goals should focus on systems, health and performance indicators, rather than solely on the intermediate process measures.
4. In accordance with the requirements of the "Government Performance and Results Act (GPRA) of 1993" (Public Law 103-62), MCHB has established measurable goals for Federal programs that can be reported as part of the budgetary process, thus linking funding decisions with performance. Performance measures and data elements for all MCHB-funded grant programs including Healthy Start have been finalized. As previously communicated all Healthy Start projects are expected to participate in the MCHB reporting requirements system.
5. Healthy Start funds may not be used for entertainment costs. Trips and/or activities for Healthy Start clients must relate to both the goal of reducing infant mortality and the approved project objectives.
6. Fund raising costs are unallowable. Healthy Start funds, e.g., staff salary, contract personnel, consultants or costs for items to be sold or raffled, may not be used for fund raising activities.
7. The replacement of, or significant change in the responsibilities of senior project staff, including the project director, project manager, and chief financial officer, must have prior approval from the Grants Management Officer. The grantee must obtain prior approval from the awarding office for changes in scope, direction, type of service delivery or training, and rebudgeting of Healthy Start funds.

Standard Term(s)

1. Recipients must comply with all terms and conditions outlined in their grant award, including grant policy terms and conditions outlined in applicable Department of Health and Human Services (HHS) Grants Policy Statements, and requirements imposed by program statutes and regulations and HHS grant administration regulations, as applicable, as well as any requirements or limitations in any applicable appropriations acts.
2. All discretionary awards issued by HRSA on or after October 1, 2006, are subject to the HHS Grants Policy Statement (HHS GPS) unless otherwise noted in the Notice of Award (NoA). Parts I through III of the HHS GPS are currently available at http://www.hhs.gov/asfr/ogapa/aboutog/hhsgps107.pdf. Please note that the Terms and Conditions explicitly noted in the award and the HHS GPS are in effect.
3. The HHS Appropriations Act requires that when issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving Federal funds, including but not limited to State and local governments, shall clearly state the percentage of the total costs of the program or project which will be financed with Federal money, the dollar amount of Federal funds for the project or program, and percentage and a dollar amount of the total costs of the project or program that will be financed by nongovernmental sources.
4. Recipients and sub-recipients of Federal funds are subject to the strictures of the Medicare and Medicaid anti-kickback statute (42 U.S.C. 1320a - 7b(b) and should be cognizant of the risk of criminal and administrative liability under this statute, specifically under 42 U.S.C. 1320 7b(b) Illegal remunerations which states, in part, that whoever knowingly and willfully: (A) Solicits or receives (or offers or pays) any remuneration (including kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind, in return for referring (or to induce such person to refer) an individual to a person for the furnishing or arranging for the furnishing of any item or service, OR (B) In return for purchasing, leasing, ordering, or recommending purchasing, leasing, or ordering, or to purchase, lease, or order, any goods, facility, services, or item ....For which payment may be made in whole or in part under subchapter XIII of this chapter or a State health care program, shall be guilty of a felony and upon conviction thereof, shall be fined not more than $25,000 or imprisoned for not more than five years, or both.
5. Items that require prior approval from the awarding office as indicated in 45 CFR Part 74.25 [Note: 74.25 (d) HRSA has not waived cost-related or administrative prior approvals for recipients unless specifically stated on this Notice of Award] or 45 CFR Part 92.30 must be submitted in writing to the Grants Management Officer (GMO). Only responses to prior approval requests signed by the GMO are considered valid. Grantees who take action on the basis of responses from other officials do so at their own risk. Such responses will not be considered binding by or upon the HRSA.
   In addition to the prior approval requirements identified in Part 74.25, HRSA requires grantees to seek prior approval for significant rebudgeting of project costs. Significant rebudgeting occurs when, under a grant where the Federal share exceeds $100,000, cumulative transfers among direct cost budget categories for the current budget period exceed 25 percent of the total approved budget (inclusive of direct and indirect costs and Federal funds and required matching or cost sharing) for that budget period or $250,000, whichever is less. For example, under a grant in which the Federal share for a budget period is $200,000, if the total approved budget is $300,000, cumulative changes within that budget period exceeding $75,000 would require prior approval). For recipients subject to 45 CFR Part 92, this requirement is in lieu of that in 45 CFR 92.30(c)(1)(ii) which permits an agency to require prior approval for specified cumulative transfers

PalmettoHealth.SCPH_001738

within a grantee's approved budget. [Note, even if a grantee's proposed rebudgeting of costs falls below the significant rebudgeting threshold identified above, grantees are still required to request prior approval, if some or all of the rebudgeting reflects either a change in scope, a proposed purchase of a unit of equipment exceeding $25,000 (if not included in the approved application) or other prior approval action identified in Parts 74.25 and 92.30 unless HRSA has specifically exempted the grantee from the requirement(s).]

6. Payments under this award will be made available through the DHHS Payment Management System (PMS). PMS is administered by the DMsion of Payment Management, Financial Management Services, Program Support Center, which will forward instructions for obtaining payments. Inquiries regarding payments should be directed to: ONE-DHHS Help Desk for PMS Support at 1-877-614-5533 or PMSSupport@psc.hhs.gov. For additional information please visit the Division of Payment Management Website at www.DPM.PSC.GOV.

7. The DHHS Inspector General maintains a toll-free hotline for receiving information concerning fraud, waste, or abuse under grants and cooperative agreements. Such reports are kept confidential and callers may decline to give their names if they choose to remain anonymous. Contact: Office of Inspector General, Department of Health and Human Services, Attention: HOTLINE, 330 Independence Avenue Southwest, Cohen Building, Room 5140, Washington, D. C. 20201, Email: Hilps@os.dhhs.gov or Telephone: 1-800-447-8477 (1-800-HHS-TIPS).

8. Submit audits, if required, in accordance with OMB Circular A-133, to: Federal Audit Clearinghouse Bureau of the Census 1201 East 10th Street Jefferson, IN 47132 PHONE: (310) 457-1551, (800)253-0696 toll free http://harvester.census.gov/sac/facconta.htm

9. EO 13166, August 11, 2000, requires recipients receiving Federal financial assistance to take steps to ensure that people with limited English proficiency can meaningfully access health and social services. A program of language assistance should provide for effective communication between the service provider and the person with limited English proficiency to facilitate participation in, and meaningful access to, services. The obligations of recipients are explained on the OCR website at http://www.hhs.gov/ocr/lep/revisedlep.html.

10. This award is subject to the requirements of Section 106 (g) of the Trafficking Victims Protection Act of 2000,as amended (22 U.S.C. 7104). For the full text of the award term, go to http://www.hrsa.gov/grants/ratlicking.htm. If you are unable to access this link, please contact the Grants Management Specialist identified in this Notice of Award to obtain a copy of the Term.

11. The Consolidated Appropriations Act, 2012 (P.L. 112-74) enacted December 23, 2011, limits the salary amount that may be awarded and charged to HRSA grants and cooperative agreements. HRSA funds may not be used to pay the salary of an individual at a rate in excess of $181,500 (the Executive Level II salary of the Federal Executive Pay scale). This amount reflects an individual's base salary exclusive of fringe and any income that an individual may be permitted to earn outside of the duties to the applicant organization. This salary limitation also applies to subawards/subcontracts for substantive work under a HRSA grant or cooperative agreement. The salary limitation does not apply to payments made to consultants under this award although, as with all costs, these payments must meet the test of reasonableness and be consistent with institutional policy. Your award amount will not necessarily be recalculated to adjust for necessary reductions in salaries included in your proposal. However, none of the funds in this award shall be used to pay the salary of an individual at a rate in excess of the salary limitation. It is important to note that an individual's base salary, per se, is NOT constrained by the legislative provision for a limitation of salary. The rate limitation simply limits the amount that may be awarded and charged to HRSA grants and cooperative agreements.]

12. To serve persons most in need and to comply with Federal law, services must be widely accessible. Services must not discriminate on the basis of age, disability, sex, race, color, national origin or religion. The HHS Office for Civil Rights provides guidance to grant and cooperative agreement recipients on complying with civil rights laws that prohibit discrimination on these bases. Please see http://www.hhs.gov/ocr/civilrights/understanding/index.html. HHS also provides specific guidance for recipients on meeting their legal obligation under Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin in programs and activities that receive Federal financial assistance (P. L. 88-352, as amended and 45 CFR Part 80). In some instances a recipient's failure to provide language assistance services may have the effect of discriminating against persons on the basis of their national origin. Please see http://www.hhs.gov/ocr/civilrights/resources/laws/revisedlep.html to learn more about the Title VI requirement for grant and cooperative agreement recipients to take reasonable steps to provide meaningful access to their programs and activities by persons with limited English proficiency.

13. Important Notice: The Central Contractor registry (CCR) has been replaced. The General Services Administration has moved the CCR to the System for Award Management (SAM) on July 30, 2012. To learn more about SAM please visit https://www.sam.gov.

It is incumbent that you, as the recipient, maintain the accuracy/currency of your information in the SAM at all times during which your entity has an active award or an application or plan under consideration by HRSA, unless your entity is exempt from this requirement under 2 CFR 25.110. Additionally, this term requires your entity to review and update the information at least annually after the initial registration, and more frequently if required by changes in your information. This requirement flows down to subrecipients. Note: SAM information must be updated at least every 12 months to remain active (for both grantees and sub-recipients). Grants.gov will reject submissions from applicants with expired registrations. It is advisable that you do not wait until the last minute to register in SAM or update your information. According to the SAM Quick Guide for Grantees (https://www.sam.gov/samtranscript/SAM_Quick_Guide_Grants_Registrations-v1.6.pdf), an entity's registration will become active after 3-5 days. Therefore, check for active registration well before the application deadline.

Reporting Requirement(s)

1. Due Date: Within 90 Days of Award Issue Date

PalmettoHealth.SCPH_001739

The grantee must submit a Performance Report. This report should include completing the financial forms, project abstract, grant summary and performance measures. The performance report must be submitted using the Electronic Handbook (EHB).

2. Due Date: 12/01/2014

Complete a Final Report (Impact Summary) for the Five year project period. The impact summary should follow the developed format and summarize the project's impact, overall progress and accomplishments of the budget period and project period objectives and the Performance Measures. The format will be sent under separate cover.

3. Due Date: Annually (Budget Period) Beginning: Budget Start Date Ending: Budget End Date, due Quarter End Date after 90 days of reporting period.

The grantee must submit an annual Federal Financial Report (FFR). The report should reflect cumulative reporting within the project period and must be submitted using the Electronic Handbooks (EHBs). The FFR due dates have been aligned with the Payment Management System quarterly report due dates, and will be due 90, 120, or 150 days after the budget period end date. Please refer to the chart below for the specific due date for your FFR:

- Budget Period ends August – October: FFR due January 30
- Budget Period ends November – January: FFR due April 30
- Budget Period ends February – April: FFR due July 30
- Budget Period ends May – July: FFR due October 30

Failure to comply with these reporting requirements will result in deferral or additional restrictions of future funding decisions.

Contacts

NoA Email Address(es):

Name	Role	Email
Kimberly R Alston	Program Director, Point of Contact	kimberly.alston@palmettohealth.org
Charles D Beaman	Authorizing Official	charles.beaman@palmettohealth.org

Note: NoA emailed to these address(es)

Program Contact:

For assistance on programmatic issues, please contact John McGovern at:
HRSA/MCHB/DPSWH
5600 Fishers Ln
Rockville, MD, 20852-1750
Email: jmcgovern@hrsa.gov
Phone: (301) 443-5805

Division of Grants Management Operations:

For assistance on grant administration issues, please contact Tonya Rendall at:
MailStop Code: 11-03
HRSA/OFAM/DGMO/GSFB
5600 Fishers Ln
Rockville, MD, 20852-1750
Email: trendall@hrsa.gov
Phone: (301) 594-4259
Fax: (301) 443-6343

PalmettoHealth.SCPH_001741

1. DATE ISSUED: 05/18/2015 | 2. PROGRAM CFDA: 93.926

3. SUPERSEDES AWARD NOTICE dated:

4a. AWARD NO.: 5 H49HC00072-15-00 | 4b. GRANT NO.: H49HC00072 | 5. FORMER GRANT NO.:

6. PROJECT PERIOD: FROM: 07/01/2001 THROUGH: 06/31/2019

7. BUDGET PERIOD: FROM: 06/01/2015 THROUGH: 06/31/2016

HRSA

NOTICE OF AWARD

AUTHORIZATION (Legislation/Regulation)

Public Health Service Act, Section 751

Public Health Service Act, Title III, Part D, Section 330I ; 42 U.SC 254c-6

Public Health Service Act, Title III, Part D, § 330H (42 U.S.C. 254c-6), as amended by the Healthy Start Reauthorization Act of 2007 (P.L. 110-339)

8. TITLE OF PROJECT (OR PROGRAM): ELIMINATING DISPARITIES IN PERINATAL HEALTH

9. GRANTEE NAME AND ADDRESS:
PALMETTO HEALTH ALLIANCE
PO BOX 2266
Columbia, SC 29202-2266
DUNS NUMBER:
000035653

10. DIRECTOR: (PROGRAM DIRECTOR/PRINCIPAL INVESTIGATOR)
Kimberly R Alston
PALMETTO HEALTH ALLIANCE
223 Stoneridge Dr
Columbia, SC 29210-8000

11. APPROVED BUDGET: (Excludes Direct Assistance)
(X) Grant Funds Only
[ ] Total project costs including grant funds and all other financial participation

a. Salaries and Wages:	$659,094.00
b. Fringe Benefits:	$145,001.00
c. Total Personnel Costs:	$804,095.00
d. Consultant Costs:	$0.00
e. Equipment:	$0.00
f. Supplies:	$8,333.00
g. Travel:	$22,342.00
h. Construction/Alteration and Renovation:	$0.00
i. Other:	$77,147.00
j. Consortium/Contractual Costs:	$88,083.00
k. Trainee Related Expenses:	$0.00
l. Trainee Stipends:	$0.00
m. Trainee Tuition and Fees:	$0.00
n. Trainee Travel:	$0.00
o. TOTAL DIRECT COSTS:	$1,000,000.00
p. INDIRECT COSTS (Rate: % of SAWITADC):	$0.00
q. TOTAL APPROVED BUDGET:	$1,000,000.00
r. Less Non-Federal Share:	$0.00
s. Federal Share:	$1,000,000.00

12. AWARD COMPUTATION FOR FINANCIAL ASSISTANCE:

a. Authorized Financial Assistance This Period	$1,000,000.00
b. Less Unobligated Balance from Prior Budget Periods	
i. Additional Authority	$0.00
ii. Offset	$0.00
c. Unawarded Balance of Current Year's Funds	$0.00
d. Less Cumulative Prior Awards(s) This Budget Period	$0.00
e. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	$1,000,000.00

13. RECOMMENDED FUTURE SUPPORT: (Subject to the availability of funds and satisfactory progress of project)

YEAR	TOTAL COSTS
16	$1,200,000.00
17	$1,200,000.00
18	$1,200,000.00

14. APPROVED DIRECT ASSISTANCE BUDGET: (In lieu of cash)

a. Amount of Direct Assistance	$0.00
b. Less Unawarded Balance of Current Year's Funds	$0.00
c. Less Cumulative Prior Awards(s) This Budget Period	$0.00
d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION	$0.00

15. PROGRAM INCOME SUBJECT TO 45 CFR 75.307 SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES: (A)
A=Addition B=Deduction C=Cost Sharing or Matching D=Other

Estimated Program Income: $0.00

16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY HRSA, IS OR THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:

REMARKS: (Other Terms and Conditions Attached [X] Yes [ ] No)

Electronically signed by Shonda Gosnell , Grants Management Officer on : 05/18/2015

17. OBJ. CLASS: 41.40,41.51 | 18. CHE-CR: 1582206002A2 | 19. FUTURE RECOMMENDED FUNDING: $0.00

FY-CAN	CFDA	DOCUMENT NO.	AMT. FIN. ASST.	AMT. DIR. ASST.	SUB PROGRAM CODE	SUB ACCOUNT CODE
15 - 3808020	93.926	1H49HC00072	$860,221.00	$0.00		14-HS-ERED
16 - 3808070	93.926	1H49HC00072	$139,779.00	$0.00	N/A	14-HS-ERED

Page 1

HRSA Electronic Handbooks (EHBs) Registration Requirements

The Project Director of the grant (listed on this NoA) and the Authorizing Official of the grantee organization are required to register (if not already registered) within HRSA's Electronic Handbooks (EHBs). Registration within HRSA EHBs is required only once for each user for each organization they represent. To complete the registration quickly and efficiently we recommend that you note the 10 digit grant number from box 4b of this NoA. After you have completed the initial registration steps (i.e., created an individual account and associated it with the correct grantee organization record), be sure to add this grant to your portfolio. This registration in HRSA EHBs is required for submission of noncompeting continuation applications. In addition, you can also use HRSA EHBs to perform other activities such as updating addresses, updating email addresses and submitting certain deliverables electronically. Visit https://grants3.hrsa.gov/2010/WebEPSExternal/Interface/common/accesscontrol/login.aspx to use the system. Additional help is available online and/or from the HRSA Call Center at 877-Go4-HRSA/877-464-4772.

Terms and Conditions

Failure to comply with the remarks, terms, conditions, or reporting requirements may result in a draw down restriction being placed on your Payment Management System account or denial of future funding.

Grant Specific Term(s)

1. Each project is expected to establish a plan to recover, to the maximum extent feasible, third party revenues to which it is entitled for services provided; garner all other available Federal, state, local, and private funds; and charge beneficiaries according to their ability to pay for services without creating a barrier to those services. Where third-party payors, including Government agencies, are authorized or are under legal obligation to pay all or a portion of charges for health care services, "all such sources must be billed for covered services, and every effort must be made to obtain payment. Each service provider receiving Federal funds, either directly or indirectly, must have a procedure to identify all persons served who are eligible for third-party reimbursement."
2. Healthy Start funds may not be used for entertainment costs. Trips and/or activities for Healthy Start clients must relate to both the goal of reducing infant mortality and the approved project objectives.
3. The replacement of, or significant change in the responsibilities of senior project staff, including the project director, project manager, and chief financial officer, must have prior approval from the Grants Management Officer. The grantee must obtain prior approval from the awarding office for changes in scope, direction, type of service delivery or training, and rebudgeting of Healthy Start funds.
4. grantees must use the data system developed by the Division of HS and Perinatal services
5. grantees are required to participate in the national evaluation of HS Programs and respond to requests for information from the Division and supporting HS performance project.
6. The funds for this award are sub-accounted in the Payment Management System (PMS) and will be in a P type (sub accounted) account. This type of account allows recipients to specifically identify the individual grant for which they are drawing funds and will assist HRSA in monitoring the award. If your organization previously received a grant under this program, it was in a G type (cash pooled) account designated by a PMS Account Number ending in G or G1. Now that this grant is sub accounted the PMS Account Number will be changed to reflect either P or P1. For example, if the prior year grant was in payee account number 2AAG it will now be in 2AAP. Similarly, if the prior year grant was in payee account 2AAG1, the grant will be in payee account 2AAP1. The P sub account number and the sub account code (provided on page 1 of this Notice of Award) are both needed when requesting grant funds.

   You may use your existing PMS username and password to check your organizations P account access. If you do not have access, complete a PMS Access Form (PMS/FFR Form) found at: http://www.dpm.psc.gov/grant_recipient/grantee_forms.aspx and send it to the fax number indicated on the bottom of the form. If you have any questions about accessing PMS, contact the PMS Liaison Accountant as identified at: http://www.dpm.psc.gov/contacts/contacts.aspx?explorer.eventarg...
7. This Notice of Award is issued based on HRSA's approval of the Non-Competing Continuation (NCC) Progress Report. All post-award requests, such as significant budget revisions or a change in scope, must be submitted as a Prior Approval action via the Electronic Handbooks (EHBs) and approved by HRSA prior to implementation. Grantees under "Expanded Authority," as noted in the Remarks section of the Notice of Award, have different prior approval requirements. See "Prior-Approval Requirements" in the DHHS Grants Policy Statement:
   http://www.hhs.gov/asfr/ogapa/aboutog/nhsgps107.pdf
8. Effective December 26, 2014, all references to OMB Circulars for the administrative and audit requirements and the cost principles that govern Federal monies associated with this award are superseded by the Uniform Guidance 2 CFR 200 as codified by HHS at 45 CFR 75.
9. The requirements of 48 CFR section 3.908 (found at http://www.ecfr.gov) implementing section 828 of the National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) entitled "Pilot Program for Enhancement of Contractor Employee Whistleblower Protections" apply to this award. This notice requires that grantees inform their employees in writing of employee whistleblower rights and protections under 41 U.S.C. 4712 in the predominant native language of the workforce. The

PalmettoHealth.SCPH_001743

details of 41 U.S.C. 4712 can be found at http://uscode.house.gov/browse.xhtml; (regarding 48 CFR section 9.406, note that use of the term "contract," "contractor," "subcontract," or "subcontractor" for the purpose of this term, should read as "grant," "grantee," "subgrant," or "subgrantee").

10. HRSA will reserve the right to reduce base awards for grantees that consistently maintain a large unobligated balance
11. HRSA reserves the right to reduce funding if, after receiving TA the grantee does not fulfill the requirements as outlined in the FFOA- i.e....Benchmarks, number of pregnant women and teotal participants served
12. Grantees are to budget for up to 3 persons each to attend mandatory regional meetings and the Healthy Start convention.
13. This Notice of Award (NoA) is issued to provide funding for ten months, and has been reduced accordingly. Rebudgeting of grant funds within approved categories 25% or less, does not require prior approval.
14. This Notice of Grant Award provides the offset of an unobligated balance in the amount of $138,779 from the 06/01/2013-05/31/2014 budget period into the current budget period. Please be advised that if the final resolution of the audit determines that the unobligated balance of Federal funds is incorrect, HRSA is not obligated to make additional Federal funds available to cover the shortfall.

Program Specific Term(s)

1. The management Team, including key personnel, must reflect the cultural diversity of the Community to be served.
2. All MCHB discretionary grant projects are expected to incorporate a carefully designed and well-planned evaluation protocol capable of demonstrating and documenting measurable progress toward achieving the stated goals. The measurement of progress toward goals should focus on systems, health and performance indicators, rather than solely on the intermediate process measures.
3. In accordance with the requirements of the "Government Performance and Results Act (GPRA) of 1993" (Public Law 103-62), MCHB has established measurable goals for Federal programs that can be reported as part of the budgetary process, thus linking funding decisions with performance. Performance measures and data elements for all MCHB-funded grant programs including Healthy Start have been finalized. As previously communicated all Healthy Start projects are expected to participate in the MCHB reporting requirements system.
4. Fund raising costs are unallowable. Healthy Start funds, e.g., staff salary, contract personnel, consultants or costs for items to be sold or raffled, may not be used for fund raising activities.

Standard Term(s)

1. Recipients must comply with all terms and conditions outlined in their grant award, including grant policy terms and conditions outlined in applicable Department of Health and Human Services (HHS) Grants Policy Statement, and requirements imposed by program statutes and regulations and HHS grant administration regulations, as applicable; as well as any requirements or limitations in any applicable appropriations acts.
2. All discretionary awards issued by HRSA on or after October 1, 2006, are subject to the HHS Grants Policy Statement (HHS GPS) unless otherwise noted in the Notice of Award (NoA). Parts I through III of the HHS GPS are currently available at http://www.hhs.gov/asfr/ogapa/aboutog/hhsgps107.pdf. Please note that the Terms and Conditions explicitly noted in the award and the HHS GPS are in effect.
3. HRSA requires grantees to use the following acknowledgement and disclaimer on all products produced by HRSA grant funds:

   "This project is/was supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under grant number and title for grant amount (specify grant number, title, total award amount and percentage financed with nongovernmental sources). This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by HRSA, HHS or the U.S. Government."

   Grantees are required to use this language when issuing statements, press releases, requests for proposals, bid solicitations, and other HRSA supported publications and forums describing projects or programs funded in whole or in part with HRSA funding. Examples of HRSA-supported publications include, but are not limited to, manuals, toolkits, resource guides, case studies and issues briefs.

4. Recipients and sub-recipients of Federal funds are subject to the strictures of the Medicare and Medicaid anti-kickback statute (42 U.S.C. 1320a - 7b(b) and should be cognizant of the risk of criminal and administrative liability under this statute, specifically under 42 U.S.C. 1320 7b(b) Illegal remunerations which states, in part, that whoever knowingly and willfully: (A) Solicits or receives (or offers or pays) any remuneration (including kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind, in return for referring (or to induce such person to refer) an individual to a person for the furnishing or arranging for the furnishing of any item or service, OR (B) In return for purchasing, leasing, ordering, or recommending purchasing, leasing, or ordering, or to purchase, lease, or order, any goods, facility, services, or item ....For which payment may be made in whole or in part under subchapter XIII of this chapter or a State health care program, shall be guilty of a felony and upon conviction thereof, shall be fined not more than $25,000 or imprisoned for not more than five years, or

both.

5. Items that require prior approval from the awarding office as indicated in 45 CFR Part 75 [Note: 75 (d) HRSA has not waived cost-related or administrative prior approvals for recipients unless specifically stated on this Notice of Award] or 45 CFR Part 75 must be submitted in writing to the Grants Management Officer (GMO). Only responses to prior approval requests signed by the GMO are considered valid. Grantees who take action on the basis of responses from other officials do so at their own risk. Such responses will not be considered binding by or upon the HRSA.
In addition to the prior approval requirements identified in Part 75, HRSA requires grantees to seek prior approval for significant rebudgeting of project costs. Significant rebudgeting occurs when, under a grant where the Federal share exceeds $100,000, cumulative transfers among direct cost budget categories for the current budget period exceed 25 percent of the total approved budget (inclusive of direct and indirect costs and Federal funds and required matching or cost sharing) for that budget period or $250,000, whichever is less. For example, under a grant in which the Federal share for a budget period is $200,000, if the total approved budget is $300,000, cumulative changes within that budget period exceeding $75,000 would require prior approval). For recipients subject to 45 CFR Part 75, this requirement is in lieu of that in 45 CFR 75 which permits an agency to require prior approval for specified cumulative transfers within a grantee's approved budget. [Note, even if a grantee's proposed rebudgeting of costs falls below the significant rebudgeting threshold identified above, grantees are still required to request prior approval, if some or all of the rebudgeting reflects either a change in scope, a proposed purchase of a unit of equipment exceeding $25,000 (if not included in the approved application) or other prior approval action identified in Part 75 unless HRSA has specifically exempted the grantee from the requirement(s).]
6. Payments under this award will be made available through the DHHS Payment Management System (PMS). PMS is administered by the Division of Payment Management, Financial Management Services, Program Support Center, which will forward instructions for obtaining payments. Inquiries regarding payments should be directed to: ONE-DHHS Help Desk for PMS Support at 1-877-614-5533 or PMSSupport@psc.hhs.gov. For additional information please visit the Division of Payment Management Website at www.DPM.PSC.GOV.
7. The DHHS Inspector General maintains a toll-free hotline for receiving information concerning fraud, waste, or abuse under grants and cooperative agreements. Such reports are kept confidential and callers may decline to give their names if they choose to remain anonymous. Contact: Office of Inspector General, Department of Health and Human Services, Attention: HOTLINE, 330 Independence Avenue Southwest, Cohen Building, Room 5140, Washington, D. C. 20201; Email: Hlips@os.dhhs.gov or Telephone: 1-800-447-8477 (1-800-HHS-TIPS).
8. Submit audits, if required, in accordance with 45 CFR Part 75, to: Federal Audit Clearinghouse Bureau of the Census 1201 East 10th Street Jefferson, IN 47132 PHONE: (310) 457-1551(310) 457-1551, (800)253-0696(800)253-0698 toll free http://harvester.census.gov/sac/facconla.htm
9. EO 13166, August 11, 2000, requires recipients receiving Federal financial assistance to take steps to ensure that people with limited English proficiency can meaningfully access health and social services. A program of language assistance should provide for effective communication between the service provider and the person with limited English proficiency to facilitate participation in, and meaningful access to, services. The obligations of recipients are explained on the OCR website at http://www.hhs.gov/ocr/lep/revisedlep.html.
10. This award is subject to the requirements of Section 106 (g) of the Trafficking Victims Protection Act of 2000,as amended (22 U.S.C. 7104). For the full text of the award term, go to http://www.hrsa.gov/grants/ualfdcking.htm. If you are unable to access this link, please contact the Grants Management Specialist identified in this Notice of Award to obtain a copy of the Term.
11. The Consolidated Appropriations and Further Continuing Appropriations 2013 (P.L. 113-235) enacted December 16, 2014, limits the salary amount that may be awarded and charged to HRSA grants and cooperative agreements. HRSA funds may not be used to pay the salary of an individual at a rate in excess of $183,300 - The Executive Level II of the Federal Executive Pay Scale salary is currently set at $183,300, effective January 11, 2015. This amount reflects an individual's base salary exclusive of fringe and any income that an individual may be permitted to earn outside of the duties to the applicant organization. This salary limitation also applies to subawards/subcontracts for substantive work under a HRSA grant or cooperative agreement. The salary limitation does not apply to payments made to consultants under this award although, as with all costs, those payments must meet the test of reasonableness and be consistent with institutional policy. Your award amount will not necessarily be recalculated to adjust for necessary reductions in salaries included in your proposal. However, none of the funds in this award shall be used to pay the salary of an individual at a rate in excess of the salary limitation. [It is important to note that an individual's base salary, per se, is NOT constrained by the legislative provision for a limitation of salary. The rate limitation simply limits the amount that may be awarded and charged to HRSA grants and cooperative agreements.]
12. To serve persons most in need and to comply with Federal law, services must be widely accessible. Services must not discriminate on the basis of age, disability, sex, race, color, national origin or religion. The HHS Office for Civil Rights provides guidance to grant and cooperative agreement recipients on complying with civil rights laws that prohibit discrimination on these bases. Please see http://www.hhs.gov/ocr/civilrights/understanding/index.html. HHS also provides specific guidance for recipients on meeting their legal obligation under Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin in programs and activities that receive Federal financial assistance (P.L. 88-352, as amended and 45 CFR Part 75). In some instances a recipient's failure to provide language assistance services may have the effect of discriminating against persons on the basis of their national origin. Please see http://www.hhs.gov/ocr/civilrights/resources/laws/revisedlep.html to learn more about the Title VI requirement

PalmettoHealth.SCPH_001745

for grant and cooperative agreement recipients to take reasonable steps to provide meaningful access to their programs and activities by persons with limited English proficiency.

13. Important Notice: The Central Contractor registry (CCR) has been replaced. The General Services Administration has moved the CCR to the System for Award Management (SAM) on July 30, 2012. To learn more about SAM please visit https://www.sam.gov.

It is incumbent that you, as the recipient, maintain the accuracy/currency of your information in the SAM at all times during which your entity has an active award or an application or plan under consideration by HRSA, unless your entity is exempt from this requirement under 2 CFR 25.110. Additionally, this term requires your entity to review and update the information at least annually after the initial registration, and more frequently if required by changes in your information. This requirement flows down to subrecipients. Note: SAM information must be updated at least every 12 months to remain active (for both grantees and sub-recipients). Grants.gov will reject submissions from applicants with expired registrations. It is advisable that you do not wait until the last minute to register in SAM or update your information. According to the SAM Quick Guide for Grantees (https://www.sam.gov/sam/transcript/SAM_Quick_Guide_Grants_Registrations-v1.6.pdf), an entity's registration will become active after 3-5 days. Therefore, check for active registration well before the application deadline.

Reporting Requirement(s)

1. Due Date: Within 90 Days of Award Issue Date
   The grantee must submit a Performance Report within 90 days after receipt of the NoA. This report should include completing the financial forms, project abstract, grant summary and performance measures. The performance report must be submitted using the Electronic Handbook (EHB).
2. Due Date: Annually (Budget Period) Beginning: Budget Start Date Ending: Budget End Date, due Quarter End Date after 30 days of reporting period.
   The grantee must submit an annual Federal Financial Report (FFR). The report should reflect cumulative reporting within the project period and must be submitted using the Electronic Handbooks (EHBs). The FFR due dates have been aligned with the Payment Management System quarterly report due dates, and will be due 90, 120, or 150 days after the budget period end date. Please refer to the chart below for the specific due date for your FFR:
   - Budget Period ends August – October: FFR due January 30
   - Budget Period ends November – January: FFR due April 30
   - Budget Period ends February – April: FFR due July 30
   - Budget Period ends May – July: FFR due October 30

Failure to comply with these reporting requirements will result in deferral or additional restrictions of future funding decisions.

Contacts

NoA Email Address(es):

Name	Role	Email
Charles D Beaman	Authorizing Official	charles.beaman@palmettohealth.org
Kimberly R Alston	Program Director	kimberly.alston@palmettohealth.org

Note: NoA emailed to these address(es)

Program Contact:

For assistance on programmatic issues, please contact John McGovern at:
HRSA/MCHB/DPSWH
5600 Fishers Ln
Rockville, MD, 20852-1750
Email: jmcgovern@hrsa.gov
Phone: (301) 443-5805

Division of Grants Management Operations:

For assistance on grant administration issues, please contact Tonya Randall at:
MailStop Code: 10W00A
HRSA/OFAM/DGMO/GSFB
5600 Fishers Ln
Rockville, MD, 20857-1750
Email: trandall@hrsa.gov
Phone: (301) 594-4259
Fax: (301) 443-6343

PalmettoHealth.SCPH_001747

1. DATE ISSUED: 08/01/2015 | 2. PROGRAM CFDA: 93.926

3. SUPERSEDES AWARD NOTICE dated: 05/18/2016

4a. AWARD NO.: 6H49HC00072-15-01 | 4b. GRANT NO.: 6H49HC00072 | 5. FORMER GRANT NO.:

6. PROJECT PERIOD: FROM: 07/01/2001 THROUGH: 06/31/2019

7. BUDGET PERIOD: FROM: 06/01/2015 THROUGH: 05/31/2016

8. TITLE OF PROJECT (OR PROGRAM): ELIMINATING DISPARITIES IN PERINATAL HEALTH

9. GRANTEE NAME AND ADDRESS:
PALMETTO HEALTH ALLIANCE
PO BOX 2266
Columbia, SC 29202-2266
DUNS NUMBER:
000035053

10. DIRECTOR: (PROGRAM DIRECTOR/PRINCIPAL INVESTIGATOR)
Kimberly R Alston
PALMETTO HEALTH ALLIANCE
223 Stoneridge Dr
Columbia, SC 29210-8000

11. APPROVED BUDGET: (Excludes Direct Assistance)
[X] Grant Funds Only
[ ] Total project costs including grant funds and all other financial participation

a. Salaries and Wages:	$659,094.00
b. Fringe Benefits:	$145,001.00
c. Total Personnel Costs:	$804,095.00
d. Consultant Costs:	$0.00
e. Equipment:	$0.00
f. Supplies:	$8,333.00
g. Travel:	$22,342.00
h. Construction/Alteration and Renovation:	$0.00
i. Other:	$142,591.00
j. Consortium/Contractual Costs:	$88,083.00
k. Trainee Related Expenses:	$0.00
l. Trainee Stipends:	$0.00
m. Trainee Tuition and Fees:	$0.00
n. Trainee Travel:	$0.00
o. TOTAL DIRECT COSTS:	$1,065,434.00
p. INDIRECT COSTS (Rate: % of S&W/TADC)	$0.00
q. TOTAL APPROVED BUDGET:	$1,065,434.00
i. Less Non-Federal Share:	$0.00
ii. Federal Share:	$1,065,434.00

12. AWARD COMPUTATION FOR FINANCIAL ASSISTANCE:

a. Authorized Financial Assistance This Period	$1,065,434.00
b. Less Unobligated Balance from Prior Budget Periods	
i. Additional Authority	$0.00
ii. Offset	$0.00
c. Unawarded Balance of Current Year's Funds	$0.00
d. Less Cumulative Prior Awards(s) This Budget Period	$1,000,000.00
e. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION	$65,434.00

13. RECOMMENDED FUTURE SUPPORT: (Subject to the availability of funds and satisfactory progress of project)

YEAR	TOTAL COSTS
16	$1,200,000.00
17	$1,200,000.00
18	$1,200,000.00

14. APPROVED DIRECT ASSISTANCE BUDGET: (In lieu of cash)

a. Amount of Direct Assistance	$0.00
b. Less Unawarded Balance of Current Year's Funds	$0.00
c. Less Cumulative Prior Awards(s) This Budget Period	$0.00
d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION	$0.00

15. PROGRAM INCOME SUBJECT TO 45 CFR 75.307 SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES: [A]
A=Addition B=Deduction C=Cost Sharing or Matching D=Other
Estimated Program Income: $0.00

16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, HRSA, IS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:
a. The grant program legislation listed above. b. The grant program regulation cited above. c. This award notice including terms and conditions, if any, noted below under REMARKS. d. 45 CFR Part 75 as applicable. In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system.

REMARKS: (Other Terms and Conditions Attached [X] Yes [ ] No)

Electronically signed by Stephanie Young, Grants Management Officer, on: 08/01/2015

17. OBJ. CLASS: 41.51 | 18. CRS-EIN: 1509220052A2 | 19. FUTURE RECOMMENDED FUNDING: $0.00

FY-CAN	CFDA	DOCUMENT NO.	AMT. FIN. ASST.	AMT. DIR. ASST.	SUB PROGRAM CODE	SUB ACCOUNT CODE
15 3B9B020	93.926	14H49HC00072	$65,434.00	$0.00		14-HIS-EREG

Page 1

HRSA Electronic Handbooks (EHBs) Registration Requirements

The Project Director of the grant (listed on this NoA) and the Authorizing Official of the grantee organization are required to register (if not already registered) within HRSA's Electronic Handbooks (EHBs). Registration within HRSA EHBs is required only once for each user for each organization they represent. To complete the registration quickly and efficiently we recommend that you note the 10-digit grant number from box 4b of this NoA. After you have completed the initial registration steps (i.e. created an individual account and associated it with the correct grantee organization record), be sure to add this grant to your portfolio. This registration in HRSA EHBs is required for submission of noncompeting continuation applications. In addition, you can also use HRSA EHBs to perform other activities such as updating addresses, updating email addresses and submitting certain deliverables electronically. Visit https://grants3.hrsa.gov/2010/WebEPSExternal/Interface/common/accesscontrol/login.aspx to use the system. Additional help is available online and/or from the HRSA Call Center at 877-Go4-HRSA/877-464-4772.

Terms and Conditions

Failure to comply with the remarks, terms, conditions, or reporting requirements may result in a draw down restriction being placed on your Payment Management System account or denial of future funding.

Grant Specific Term(s)

1. This Notice of Award (NoA) is issued to partially restore funding to Healthy Start grantees. These supplemental funds appear in the "Other" category.

   Rebudgeting of 25% or less of grant funds within approved categories does not require prior approval.

All prior terms and conditions remain in effect unless specifically removed.

Contacts

NoA Email Address(es):

Name	Role	Email
Kimberly R Alston	Program Director	kimberly.alston@palmettohealth.org

Note: NoA emailed to these address(es)

Program Contact:

For assistance on programmatic issues, please contact John McGovern at:
HRSA/MCHB/DPSWH
5600 Fishers Ln
Rockville, MD, 20852-1750
Email: jmcgovern@hrsa.gov
Phone: (301) 443-5605

Division of Grants Management Operations:

For assistance on grant administration issues, please contact Tonya Randall at:
MailStop Code: 10W09A
HRSA/OFAM/DGMO/GSFB
5600 Fishers Ln
Rockville, MD, 20857-1750
Email: trandall@hrsa.gov
Phone: (301) 594-4269
Fax: (301) 443-6343

PalmettoHealth.SCPH_001749

Palmetto Health
Richland County Payments

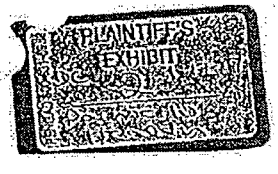
	Richland Debt Service	MIAP	Lease Payment	Total
1998	$ 650,098	1,029,000	250,000	
1999	1,356,515	1,079,000	250,000	
2000	1,534,395	1,137,000	263,758	
2001	1,693,000	1,074,000	268,436	
2002	1,693,000	1,071,000	276,413	
2003	1,693,000	1,186,000	279,510	
2004	1,693,000	1,365,000	286,342	
2005	1,693,000	1,477,000	295,019	
2006	1,693,000	1,385,000	304,378	
2007	1,693,000	1,354,000	309,986	
2008	1,693,000	1,420,000	326,590	
2009	1,693,000	1,518,000	328,569	
2010	1,693,000	1,591,501	332,182	
2011	1,693,000	1,690,011	338,728	3721,739
2012	1,693,000	1,703,224	349,210	
2013	1,693,000	1,619,636	354,781	
2014	1,693,000	1,289,896	363,357	3,346,253
2015	1,693,000	997,098	366,727	3,056,825
2016	1,693,000	985,441	363,232	3,041,673
	$ 30,629,008	$ 24,971,807	$ 5,907,218	$ 61,508,033

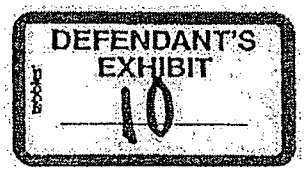
PLAINTIFF'S EXHIBIT

DEFENDANT'S EXHIBIT 9

Palmetto Health Richland
Approximate Assets Placed in Service by Fiscal Year

	System	Richland	Corporate	Richland plus 60% Corporate
2016	$ 73,385,566.20	$ 26,126,809.71	$ 25,868,308.78	$ 41,647,794.98
2015	65,911,319.80	22,089,800.83	25,052,189.79	37,121,114.70
2014	217,210,757.73	16,798,873.52	18,383,019.03	27,828,684.94
2013	47,751,955.50	16,040,646.81	15,877,718.74	25,567,278.05
2012	46,577,342.61	19,243,325.14	15,703,938.71	28,665,688.37
2011	63,032,851.77	32,471,115.83	15,179,793.67	41,578,992.03
2010	47,140,370.33	14,738,291.97	10,913,298.32	21,286,270.96
2009	54,351,194.57	18,389,323.79	7,418,580.27	22,840,471.95
2008	96,642,280.69	51,223,313.39	11,741,854.32	58,268,425.98
2007	58,678,974.71	24,672,782.42	19,895,010.51	36,609,788.73
2006	134,965,014.89	107,779,005.14	11,539,377.67	114,702,631.74
2005	50,366,584.95	18,832,922.26	16,942,359.12	28,998,337.73
2004	72,165,457.01	17,999,125.01	26,065,211.25	33,638,251.76
2003	46,058,614.22	19,332,920.33	13,525,255.45	27,448,073.60
2002	35,610,840.69	11,820,635.88	13,625,347.38	19,995,844.31
2001	33,533,288.90	12,011,155.18	6,713,733.59	16,039,395.33
2000	18,740,864.47	10,440,870.79	5,299,723.55	13,620,704.92
1999	84,748,230.59	61,234,840.25	10,605,048.99	67,597,869.64
Feb - Sept 1998	44,809,789.26	33,213,470.91	6,950,502.74	37,383,772.55
	$ 1,291,681,298.89	$ 534,459,229.16	$ 281,268,811.12	$ 703,220,515.83





Gibson, Lisa

From:	James Carpenter <james.carpenter@carpenterlawfirm.net>
Sent:	Thursday, August 31, 2017 12:42 PM
To:	Trinkley, Jane; 'Russo, Thomas A. Law Clerk (Emily Nellermoe)'; 'Russo, Thomas A.'
Cc:	Jones, Celeste; Gibson, Lisa; Oken, Melissa
Subject:	RE: Sisters of Charity Providence Hospitals vs. Palmetto Health / C/A No. 2016-CP-40-01651
Attachments:	Whitman v National Manufacture And Stores Corp.docx; 18-9-150 Deposit or surety when judgment requires delivery of documents or per.docx
Categories:	DM, #1638067 : 027045 : 00135 : MOKEN

Judge and counsel,

I attach the case and statute.

Jim Carpenter

From: James Carpenter [mailto:james.carpenter@carpenterlawfirm.net]
Sent: Thursday, August 31, 2017 12:35 PM
To: 'Trinkley, Jane' <JTrinkley@MCNAIR.NET>; 'Russo, Thomas A. Law Clerk (Emily Nellermoe)' <TRussoLC@sccourts.org>; 'Russo, Thomas A.' <TRussoJ@sccourts.org>
Cc: 'Jones, Celeste' <CJones@MCNAIR.NET>; 'Gibson, Lisa' <LGibson@MCNAIR.NET>; 'Oken, Melissa' <MOken@mcnair.net>
Subject: RE: Sisters of Charity Providence Hospitals vs. Palmetto Health / C/A No. 2016-CP-40-01651

Dear Judge Russo,

We write to respond to the arguments of opposing counsel regarding the purpose and effect of S.C. Code Ann. § 18-9-150, which requires a surety, pending appeal. We respectfully submit that opposing counsel is wrong, and the Court is right in applying that statute to the current circumstances.

Opposing counsel cited no case law in support of her arguments. We respectfully suggest that a case with very similar facts demonstrates the correctness of the Court's ruling. *Whitman v. National Manufacture & Stores Corporation*, 175 S.C. 464, 179 S.E. 478 (1935). The Plaintiff, Whitman, worked as a manager of a retail store. His annual compensation appear to be $300 plus additional compensation dependent upon the operating results of the store. The Defendant store kept those records. The store refused to share the operating records with the Plaintiff to enable him to calculate the amount he had earned. The Plaintiff filed a Summons (Complaint not served) and moved for discovery of the relevant records. (This was under Code Pleading, prior to the adoption of the South Carolina Rules of Civil Procedure.)

The Defendant made a special appearance contesting the jurisdiction of the Court and demanding a copy of the Complaint. Plaintiff replied that he needed the business records of the store in order to properly draft his Complaint.

The Court granted the motion for discovery, and the Defendant filed Notice of Appeal, still reserving its rights under its special appearance. The Defendant argued that the order to produce the records should be stayed pending appeal. The Circuit Court granted the stay but required a surety of $1,000 pursuant to Section 786 of the 1932 Code.

Plaintiff attaches both *Whitman v. National Manufacture & Stores Corporation*, 175 S.C. 464, 179 S.E. 478 (1935), and S.C. Code Ann. § 18-9-150, with the important portions underlined. *Whitman* clearly demonstrates that this Court was correct in requiring a surety to make sure that the Defendant Palmetto Health will preserve the "public records" and will obey the ruling of the appellate court to produce them.

As to the amount of the bond, the court in *Whitman* required a bond in approximately three times the amount of money in controversy ($1,000 on a claim of just over $300). In the case at bar, as demonstrated by arguments of counsel for Palmetto Health in the hearing yesterday, the documents at issue in the FOIA case are the heart and core of proof in the Antitrust action, pending at the United States Court of Appeals for the Fourth Circuit. The amount in controversy in that case is about $50 million. If this Court were to follow the lead of the *Whitman* court, that would require a bond of $150 million.

Although that may sound like a lot of money, when compared to the worth of Palmetto Health, it is not an overly large amount. In the trial, Mr. Paul Duane, CFO for Palmetto Health, testified that Palmetto Health revenues for 2015 were $1,267,014,000 (Transcript of Trial, p. 73). Accordingly, a $150 million dollar bond would reflect a little over 10% of Defendant's annual revenue. The Court should also consider that Palmetto Health has announced a joinder with Greenville Health System, which is larger than Palmetto Health, meaning annual revenues would more than double, reducing the relative amount of the bond to about 5% of annual revenue. Nevertheless, Plaintiff is satisfied that a $150,000,000 bond would probably be a sufficient amount to assure the continued existence of these public records during the pendency of the appeal and their proper production after the appeal, pursuant to S.C. Code Ann. § 18-9-150.

Respectfully submitted,

Jim Carpenter

The Carpenter Law Firm, P.C.
819 East North Street
Greenville, SC 29601
Telephone: (864) 235-1269
Facsimile: (864) 331-3083
Mobile: (864) 380-4880
www.carpenterlawfirm.net



WHEN IT'S WORTH FIGHTING FOR!

From: Trinkley, Jane [mailto:JTrinkley@MCNAIR.NET]
Sent: Tuesday, August 29, 2017 1:18 PM
To: Russo, Thomas A. Law Clerk (Emily Nellermoe) <TRussoLC@sccourts.org>; Russo, Thomas A. <TRussoJ@sccourts.org>
Cc: james.carpenter@carpenterlawfirm.net; Jones, Celeste <CJones@MCNAIR.NET>; Gibson, Lisa <LGibson@MCNAIR.NET>; Oken, Melissa <MOken@mcnair.net>
Subject: RE: Sisters of Charity Providence Hospitals vs. Palmetto Health / C/A No. 2016-CP-40-01651

Dear Judge Russo and Ms. Nellermoe:

We wish to follow up regarding the Order granting the stay. Section 18-9-150, S.C. Code Ann., which addresses the "delivery" of original documents, is not applicable to the FOIA and cases decided under FOIA.

FOIA is limited to the production and copying of public records, as defined in the statute. The definition of "public record" states in part: "Records such as . . . medical records, hospital medical staff reports, . . . and other records which by law are required to be closed to the public are not considered to be made open to the public under the provisions of this act; . . . ." The right to inspect public documents is further limited by § 30-4-40. See § 30-4-30(a).

FOIA also requires the requesting party to pay the costs of locating and making records available and payment of a deposit may be required before searching or making copies of the records. Section 30-4-30(b) provides as follows:

> Right to inspect or copy public records; fees; notification as to public availability of records; presumption upon failure to give notice; records to be available when requestor appears in person.
>
> (a) Any person has a right to inspect or copy any public record of a public body, except as otherwise provided by Section 30-4-40, in accordance with reasonable rules concerning time and place of access.
>
> (b) The public body may establish and collect fees not to exceed the actual cost of searching for or making copies of records. Fees charged by a public body must be uniform for copies of the same record or document. . . . Nothing in this chapter prevents the custodian of the public records from charging a reasonable hourly rate for making records available to the public nor requiring a reasonable deposit of these costs before searching for or making copies of the records.

S.C. Code Ann. § 30-4-30(b). Plaintiff committed to this payment in its request. The cost is estimated to be in excess of $37,000 and must be paid in advance of the date searches for any responsive records.

Items 1, 2 and 7 of the Plaintiff's FOIA request in this case dated June 9, 2015 (attached hereto), request the agreements with the Moore Orthopedic physicians, individually and collectively, and with Ryan Hall. Those documents will be copied onto a disk and held by counsel or as directed by the Court.

Items 3, 4, 5 and 6 of the FOIA request encompass expansive data / ESI searches and impend on medical records, medical staff records, hospital medical staff reports, privileged communications and work product of legal counsel, trade secrets, information of a personal nature and documents incidental to proposed contractual arrangements, as well as matters specifically exempted from disclosure by law or statute. Such records are not public records and by law are not to be made open to the public under §§ 30-4-20(c), 30-4-30(a) and 30-4-40. Moreover, the cost of any searches for and collection, segregation and review of these excluded records must be paid in advance by Plaintiff.

Clearly, § 18-9-150 is not applicable to the FOIA. This statute applies to the ownership and delivery of personal property and original documents of intrinsic value awarded to a prevailing party (such as a deed, stock certificate, or title to a vehicle). The purpose of § 18-9-150 is to ensure that the original document and its intrinsic value will remain available after the appeal so that the respondent may receive ownership of the original document (and its value) after successfully defending the appellant's appeal. FOIA does not transfer the ownership of a record or any original document, nor do the documents at issue here have any intrinsic value that needs to be protected during the pendency of the appeal. Thus, § 18-9-150 is not applicable in this case.

Further, a litigation hold covering the documents subject to the Amended Order has been in place during the pendency of this matter and in the related federal antitrust action currently on appeal to the Fourth Circuit. Assuming, arguendo, that § 18-9-150 were applicable to this matter, the existing litigation hold satisfies the purpose of § 18-9-150, under the circumstances here.

We respectfully ask the Court to consider this information as to the Order granting the stay. Your consideration is sincerely appreciated.

Respectfully yours, Jane

Jane W. Trinkley
Shareholder
jtrinkley@mcnair.net

McNair Law Firm, P.A.
Columbia Office 1221 Main Street | Suite 1800 | Columbia, SC 29201
803 799 9800 Main | 803 753 3278 Fax
Mailing Post Office Box 11390 | Columbia, SC 29211
VCard | Bio URL | Website

From: Russo, Thomas A. Law Clerk (Emily Nellermoe) [mailto:TRussoLC@sccourts.org]
Sent: Monday, August 28, 2017 10:30 AM
To: Trinkley, Jane <JTrinkley@MCNAIR.NET>; Russo, Thomas A. <TRussoJ@sccourts.org>
Cc: james.carpenter@carpenterlawfirm.net; Jones, Celeste <CJones@MCNAIR.NET>; Gibson, Lisa <LGibson@MCNAIR.NET>; Oken, Melissa <MOken@mcnair.net>
Subject: RE: Sisters of Charity Providence Hospitals vs. Palmetto Health / C/A No. 2016-CP-40-01651

Good Morning, Everyone:

I spoke to Judge Russo about this issue, and he wants the proposed order to include the language from 18-9-150 and for the parties to comply with such.

Ms. Trinkley, if you wouldn't mind, please resubmit the proposed order once more in accordance with Judge Russo's instructions.

Thanks,

Emily

Emily M. Nellermoe
Law Clerk to the Honorable Thomas A. Russo
12th Judicial Circuit
180 N. Irby Street, MSC-O
Florence, South Carolina 29501
(843) 665-3020
trussolc@sccourts.org

From: Trinkley, Jane [mailto:JTrinkley@MCNAIR.NET]
Sent: Thursday, August 17, 2017 2:16 PM
To: Russo, Thomas A. Law Clerk (Emily Nellermoe) <TRussoLC@sccourts.org>; Russo, Thomas A. <TRussoJ@sccourts.org>
Cc: james.carpenter@carpenterlawfirm.net; Jones, Celeste <CJones@MCNAIR.NET>; Gibson, Lisa <LGibson@MCNAIR.NET>; Oken, Melissa <MOken@mcnair.net>
Subject: Sisters of Charity Providence Hospitals vs. Palmetto Health / C/A No. 2016-CP-40-01651

Dear Judge Russo and Ms. Nellermoe,
Please find attached, in WORD format, the proposed order you requested, with a copy via this email to Mr. Carpenter.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that this Record on Appeal contains all material proposed to be included by any of the parties and not any other material. I also certify that this Record is in compliance with the August 13, 2007 order of the South Carolina Supreme Court.

Robert L. Widener
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800
ATTORNEYS FOR APPELLANT

August 27, 2018