

Summary of Relationships Related to Dr. Jones and Dr. Smith

Engagement: Valuation Consulting Services

Client: 360+ bed, nonprofit, acute care hospital

Location: Southern U.S.

Subject Interest: Physician Compensation Agreements

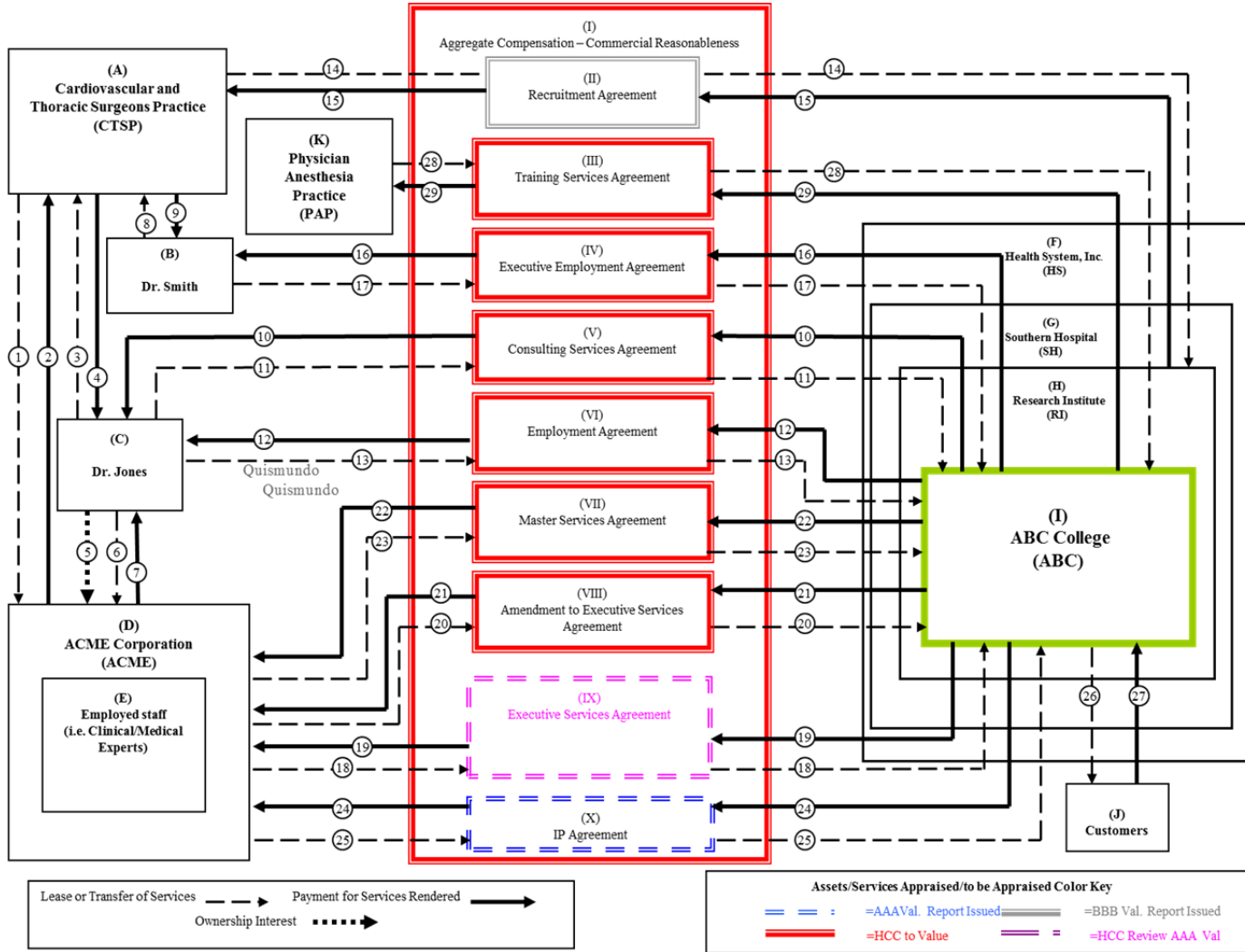
Description of Engagement:

HCC was engaged by the Client to prepare written valuation reports providing a certified opinion of value related to the *Fair Market Value* and *Commercial Reasonableness* of the proposed compensation packages to be paid by the hospital to certain physicians for the provision of physician professional clinical services, physician professional training, business development and management services utilizing advanced minimally invasive cardiology procedures.

See the following exhibits for a brief description of the prospective transaction.



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Notes (Agreements):

- V. The overall compensation paid for services rendered by Dr. Jones in Boxes V, VI, VII, VIII, and IX, must not only individually be commercially reasonable, *but must also be commercially reasonable in the aggregate.*
- VI. The Recruitment Agreement (Jones Recruitment Agreement), for the purposes of recruiting the services of Dr. Jones for employment at Southern Hospital has been completed by BBB Company, a professional healthcare consulting company
- VII. The Training Services Agreement (Anesthesiologist Training Agreement) provides services to be performed by PAP (to be defined) for ABC (to be defined) relating to the training of anesthesiologists, anesthesiologist assistants, nurse anesthesiologists and other clinical personnel related to the anesthesiology aspect of robotic cardiac surgery.
- VIII. The Executive Services Agreement (Smith Executive Services Agreement) pertains to the provision of services for Dr. Smith as Chief Website Officer of ABC, Chief Scientific Officer for Intracardiac Robotic Surgery for ABC, Website Content Development Consultant – Intracardiac for ABC, and Trainer – Intracardiac for ABC.
- IX. The Consulting Services Agreement (Jones Consulting Agreement) provides for services rendered by Dr. Jones for his role as consultant in designing and developing the business and curriculum aspects of the ABC.
- X. The Employee Agreement (Jones Employment Agreement) between ABC and Dr. Jones provides for services rendered as Trainer – Robotic Cardiac Revascularization for ABC by Dr. Jones.
- XI. The Master Services Agreement (MSA) between ABC and ACME (to be defined) for services of a Revascularization Training Program Manager to be provided by ACME to ABC. The Master Services Agreement also pertains to services rendered by Dr. Jones as Revascularization Training Program Videographer and Technical Support Manager, as well as a stipulation that ACME recruit a website platform developer to create the Revascularization Training Website.
- XII. The Amendment to Executive Services Agreement (Amendment) between ABC and ACME for executive and administrative services of Dr. Jones sets forth Dr. Jones's new role of Website Content Development Consultant – Robotic Cardiac Revascularization for ABC.
- XIII. The Executive Services Agreement (Jones Executive Services Agreement) for services related to the provision of services for Dr. Jones as President of ABC and Chief Scientific Officer for Robotic Cardiac Revascularization Surgery for ABC, has been valued by AAA, as of X/X/XX.
- XIV. The Intellectual Properties Agreement (IP Agreement) for robotic surgery related intellectual property has been valued by AAA, as of X/X/XX.

Notes (Parties):

- A. Cardiovascular and Thoracic Surgeons Practice (CTSP), based in southeastern United States, is a professional association medical practice that specializes in adult cardiac and thoracic surgery, including robotic and minimally-invasive surgeries, of which Dr. Smith is CEO.
- B. Dr. Smith is a specialist in robotically assisted Intracardiac Surgery procedures and will be a Chief Scientific Officer for Intracardiac Surgery at ABC. Dr. Smith currently practices at (CTSP).
- C. Dr. Jones is a physician currently employed at CTSP, specializing in robotically assisted totally endoscopic multi vessel coronary artery bypass surgery.
- D. ACME is a for-profit staffing company owned and organized by Dr. Jones. It was registered on XX/XX/XXXX in southeastern United States.
- E. Staff at ACME includes physicians, nurses, technicians, and other positions related to successfully staffing the ABC.
- F. Health System, Inc. (HS) is a non-profit health system. It was registered with a southern state on XX/XX/XXXX. The CEO is Mr. Williams
- G. Southern Hospital (SH) is a non-profit hospital. It was registered in a southern state on XX/XX/XXXX. The CEO is Mr. Williams.
- H. Research Institute (RI), a not-for-profit entity within Southern Hospital, is home of the newly developing ABC College.
- I. ABC College (ABC) is a newly developing division. ABC is a non-profit training institute that seeks to train surgeons around the world to perform robotic surgery through online trainings, video conferences, and live case observations. ABC will offer both comprehensive training packages (pre-evaluation, training, and post-training follow-up) as well as a la carte trainings Dr. Jones will serve as one of three Chief Scientific Officers at ABC and will oversee the training programs.



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- J. Future patients and customers of the ABC.
- K. Physician Anesthesia Practice (PAP) is a professional services corporation, founded in XXXX, which specializes in providing anesthesiology services for robotic cardiac surgery operations.

Notes (Relationships):

1. CTSP consents to make Ms. Wilson available to ACME for 50% of her time as a part of the MSA between ACME and CTSP.
2. According to the MSA, ACME will make retainer payments of \$2,325 twice per month for services rendered by Ms. Wilson commencing XX/XX/XXXX.
3. The Jones Employment Agreement states that Dr. Jones is an employee of CTSP and provides robotic cardiac revascularization surgery and professional medical services at CTSP.
4. Dr. Jones receives payment for administrative, professional, and clinical duties performed for CTSP.
5. Dr. Jones is the organizer and CEO of ACME. Dr. Jones currently practices at CTSP, according to the Jones Employment Agreement, and is being recruited by SH to be the President of ABC, as well as a Chief Scientific Officer of Cardiac Revascularization at ABC.
6. Services to be performed by Dr. Jones, under terms of several agreements with RI, both before and upon commencement of his employment at the ABC, will be handled through ACME. These services are outlined in the Jones Consulting Agreement, the Jones Employment Agreement, the MSA, the Amendment, the Jones Executive Services Agreement, and the IP Agreement.
7. Dr. Jones receives the economic benefit of ownership of ACME.
8. Dr. Smith serves as CEO of CTSP and also provides services relating to cardiothoracic surgery.
9. Dr. Smith receives payments from CTSP for services rendered to CTSP.
10. Under the terms of the Jones Consulting Agreement, Dr. Jones will receive \$30,000 as a project fee for services rendered from October X, XXXX through February X, XXXX (or the commencement of Dr. Jones's employment with CTSP, whichever is sooner) for preliminary consultation services provided to ABC under the agreement.
11. Services provided under the Jones Consulting Agreement include providing consultation for formation and development of a business model for ABC with related duties outlined in Exhibit A of the agreement.
12. The Jones Employment Agreement, Exhibit C, provides the proposed compensation fee schedule for training services to be provided by Dr. Jones. The Jones Employment Agreement also outlines the criteria for an annual bonus available to Dr. Jones. All compensation is to be based on FMV and commercial reasonableness criteria.
13. Under the terms of the Jones Employment Agreement, Dr. Jones will provide "Training Services" which are outlined in Exhibit A of the agreement.
14. Under the terms of the Jones Recruitment Agreement by and between CTSP and SH, submitted by BBB Company, clinical services provided by Dr. Jones (i.e. Robotic Cardiac Revascularization Surgery), will be provided to ABC.
15. Under the terms of the Jones Recruitment Agreement by and between CTSP and SH, submitted by BBB Company, clinical services provided by Dr. Jones (i.e. Robotic Cardiac Revascularization Surgery), will be compensated by ABC.
16. Under the terms of the Smith Executive Services Agreement, Dr. Smith will provide services of Chief Website Officer (Exhibit A), Chief Scientific Officer – Intracardiac Robotic Surgery (Exhibit A), Website Content Development Consultant – Intracardiac (Exhibit B), and Training – Intracardiac (Exhibit C) to ABC.
17. Under the terms of the Smith Executive Services Agreement, Dr. Smith will receive proposed compensation of \$100,000 per year for "Executive Services" and also by fee schedule outlined in Exhibit D of the agreement for "Consulting" and "Training Services" all based on FMV and commercial reasonableness criteria.
18. Under terms of the Jones Executive Services Agreement, Dr. Jones will provide services of President of ABC and Chief Scientific Officer – Robotic Cardiac Revascularization for ABC with specific duties outlined in Exhibit A of the Jones Executive Services Agreement.
19. Dr. Jones's proposed compensation outlined in the Jones Executive Services Agreement will be \$100,000 per year for services rendered as President of ABC and Chief Scientific Officer – Robotic Cardiac Revascularization with a signing bonus of \$150,000, all based on FMV and commercial reasonableness criteria.



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20. The Amendment changes the Jones Executive Services Agreement to include services performed by Dr. Jones, specifically Website Content Development Consultant – Robotic Cardiac Revascularization for ABC.
21. The terms of the Amendment Exhibit C, outline proposed compensation of Dr. Jones for services as Website Content Development Consultant – Robotic Cardiac Revascularization, subject to FMV and commercial reasonableness criteria.
22. Under the terms of the MSA, Dr. Jones will provide services of Revascularization Training Program Videographer and Technical Support Manager to ABC. The agreement also stipulates that ACME will contract with a third party to provide website development services for the training program of ABC.
23. ABC agrees to provide proposed compensation in the amount of \$10,900 per month for six months (renewable for additional six month terms by agreement of both parties) with quarterly bonus incentives of \$10,000, based on performance metrics, to Dr. Jones for services of Revascularization Training Program Videographer and Technical Support Manger to ABC. It is also stipulated that ABC will compensate ACME compensation is subject to FMV and commercial reasonableness criteria.
24. Under the terms of the IP Agreement, Dr. Jones will provide services as a consultant for designing and developing didactic training modules and course materials for ABC upon commencement of employment.
25. Under the terms the IP Agreement, Dr. Jones will be compensated for services as a consultant for designing and developing didactic training modules and course materials for ABC upon commencement of employment.
26. Training and additional services to be provided for customers and patients of ABC.
27. Fees for training and services to be paid to ABC.
28. Under the terms of the Anesthesiologist Training Agreement, PAP will provide specified personnel who will render “Training Services” set forth on Exhibit A of the agreement to ABC.
29. ABC will compensate PAP under the proposed fee schedule on Exhibit A of the Anesthesiologist Training Agreement, subject to FMV and commercial reasonableness criteria.

