

North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704  
<http://www.ncdhhs.gov/dhstr/>

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Beverly Eaves Perdue, Governor  
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief  
Phone: (919) 855-3873  
Fax: (919) 733-8139

July 6, 2012

Lisa L. Griffin  
Manager, Certificate of Need  
Novant Health, Inc.  
2085 Frontis Plaza Blvd.  
Winston-Salem, NC 27103

RE: Exempt from Review / Replacement Equipment / Temporary Lease of Modular Cardiac  
Catheterization (Cath) Lab at Novant Health's Rowan Regional Medical Center / Rowan County

Dear Ms. Griffin:

In response to your letter of June 20, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(7). Therefore, Rowan Regional Medical Center may proceed to acquire, without a certificate of need, the necessary cardiac catheterization components of the existing temporary vascular modular lab from MDI. This determination is based on your representations that once the permanent replacement cardiac cath lab is implemented and operational, the temporary modular unit will be removed from Rowan Regional Medical Center's premises.

It should be noted that this determination is binding only for the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination.

If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Gloria C. Hale, Project Analyst  
Certificate of Need Section

  
Craig R. Smith, Chief  
Certificate of Need Section

cc: Medical Facilities Planning Section, DHSR  
Construction Section, DHSR



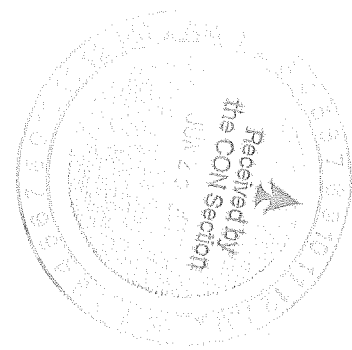


Remarkable People. Remarkable Medicine.

*Hale*

June 20, 2012

Ms. Gloria Hale, Project Analyst  
Certificate of Need (CON) Section  
NC Division of Health Service Regulation  
809 Ruggles Drive  
Raleigh, NC 27603



RE: Replacement Equipment Exemption Request – for Temporary Lease of Modular Cardiac Catheterization (Cath) Lab at Novant Health’s Rowan Regional Medical Center / Rowan County

Dear Ms. Hale:

This letter outlines Rowan Regional Medical Center’s (RRMC’s) request to temporarily replace existing fixed cardiac catheterization lab equipment with the short-term lease of a modular cardiac cath lab from Modular Devices Incorporated (MDI) while the existing cardiac cath lab in the hospital is under construction and replaced.<sup>1</sup> The existing cardiac cath lab was granted a replacement equipment exemption from CON review on April 28, 2011. While this replacement is underway, RRMC needs to continue to offer this service to patients through the temporary use of a modular cardiac cath lab. A temporary vascular modular lab from MDI is already on-site as the RRMC vascular lab replacement is nearing completion. RRMC is seeking to extend the use of the MDI temporary modular lab which will be upfitted temporarily with necessary cardiac cath components while the hospital cardiac cath lab is under construction. Once the permanent replacement cardiac cath lab is implemented, the temporary modular unit will be removed from RRMC’s premises. RRMC will only use the temporary modular cardiac cath equipment until such time as the replacement fixed cardiac cath equipment is operational.

The estimated cost to install, implement, and de-install the modular vascular lab is \$5,500 (excluding the monthly lease amount) as indicated in Attachment A. This project cost does not include sales, property, or excise taxes as RRMC is a non-profit, tax-exempt organization and is not subject to these taxes. In addition, the expense for training on the new unit for the RRMC staff is covered by the vendor as indicated in the lease agreement on page 3. Please see the lease agreement as Attachment B. Note that the project and lease costs are all operational, not capital, expenses. Both the existing equipment and the replacement equipment are comparable medical equipment as explained on the following page. This project should be approved by the Agency as exempt pursuant to N.C.G.S. Section 131E-184(a)(7).

<sup>1</sup> On October 26, 2011, our legal counsel, Denise Gunter, contacted Craig Smith by phone concerning this proposal. Mr. Smith advised that RRMC should do a short-term lease with the vendor instead of a service agreement in order to avoid and issue with N.C.G.S. §131E-176(16)s.

Pursuant to 10A NCAC 14C.0303, the proposed vascular lab/interventional radiology equipment constitutes replacement equipment because:

1. It is comparable to the equipment currently in use. It has the same technology as the equipment currently in use.
2. It is functionally similar and is used for the same diagnostic or treatment purposes as the equipment currently in use and is not used to provide a new health service.
3. The acquisition of the new equipment will not result in more than a 10 percent increase in patient charge or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.
4. The existing equipment was not purchased second-hand nor was the existing equipment leased (as a non-capital lease).
5. The replacement equipment is not capable of performing procedures that will result in the provision of a new health service or type of procedure that has not been provided with the existing equipment.

Attached for your convenience please find:

- 1) the project cost worksheet which identifies the components of the project costs (Attachment A);
- 2) a copy of the lease agreement (Attachment B);
- 3) the NC CON equipment comparison form summarizing essential information about the proposed temporary equipment lease (Attachment C);

As discussed above, the cost for installation, implementation, and de-installation of the project is \$5,500, excluding the monthly lease term payments. This is well below the \$2 million CON statutory exemption threshold for replacement equipment.

RRMC, as part of Novant Health, maintains routine monitoring of energy consumption within the facility as part of Novant Health's Energy Management procedures. Novant Health is continually striving to improve energy efficiency and consumption while maintaining quality patient care. In recognition of Policy GEN-4 of the 2012 State Medical Facilities Plan, a plan for energy efficiency and water conservation that conforms to the rules, codes, and standards implemented by the Construction of the Division of Health Service Regulation will be submitted as required upon approval of this project as exempt from certificate of need review.

Ms. Gloria Hale

June 20, 2012

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In conclusion, based on the information described above, please confirm that RRMC's temporary replacement equipment request does not constitute a "new institutional health service" set forth in N.C. GS Section 131E-176(16) and that it does fit within the replacement equipment exemption definition. Therefore, it is not subject to certificate of need review.

Please let us know as soon as possible if you need additional information to assist in your consideration of this request. Thanks you for your prompt consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Lisa L. Griffin". The signature is written in a cursive, flowing style.

Lisa L. Griffin  
Manager, Certificate of Need  
Novant Health, Inc.

Enclosures

cc: Martha Frisone, Assistant Chief, CON Section, NC DHSR  
Barbara Freedy, Director, Certificate of Need, Novant Health

*File: RRMC MDI ModularCath Lab Cover Ltr 06 20 12.doc*

# Attachment A

# PROPOSED COSTS

Project Name: **Install & De-Install Temporary Modular Cardiac Catheterization Lab**

June 18, 2012

Facility: **Rowan Regional Medical Center**

**A. Site Costs**

(1)	Full purchase price of land			\$	NA
	Acres _____ Price per Acre			\$	NA
(2)	Closing Costs			\$	NA
(3)	Site Inspection and Survey			\$	NA
(4)	Legal fees and subsoil investigation			\$	NA
(5)	Site Preparation Costs	\$			
	Fire Alarm System	\$	0.00		
	Waste Water Holding Tank	\$	0.00		
	Sidewalk Extension/Canopy/Barricades	\$	0.00		
	Cold Water Supply Line	\$	0.00		
	Signage	\$	0.00		
	Crane Rental/Services	\$	0.00		
	Footing Excavation	\$	NA		
	Footing Backfill	\$	NA		
	Termite Treatment	\$	NA		
	Sub-Total Site Preparation Costs			\$	0.00
(6)	Other (specify)			\$	0.00
(7)	<b>Sub-Total Site Costs</b>			\$	<b>0.00</b>

**B. Construction Contract**

(8)	Cost of Materials				0.00
(9)	Cost of Labor GC Labor			\$	0.00
(10)	Other -			\$	
(11)	<b>Sub-Total Construction Contract</b>			\$	<b>0.00</b>

**C. Miscellaneous Project Costs**

(12)	Building Purchase			\$	NA
(13)	Fixed Equipment Purchase/Lease			\$	NA
	Other - Removal			\$	NA
(14)	Movable Equipment Purchase/Lease			\$	NA
(15)	Furniture			\$	NA
(16)	Landscaping			\$	NA
(17)	Consult Fees				
	Architect and Engineering Fees	\$	0.00		
	Permit Fee	\$	0.00		
	DHSR Review & Inspection	\$	500.00		
	Other: (Specify)	\$	0.00		
	Sub-Total Consultant Fees			\$	500.00
(18)	Financing Costs (e.g. Bond Loan, etc)			\$	NA
(19)	Prepaid Transportation Costs			\$	5,000.00
(20)	Other: IT/Telecom			\$	0.00
(21)	<b>Sub-Total Miscellaneous</b>			\$	<b>5,500.00</b>
(22)	<b>Total Capital Cost of Project (Sum A-C above)</b>			\$	<b>5,500.00</b>

# Attachment B

## EQUIPMENT LEASE AGREEMENT

This EQUIPMENT LEASE AGREEMENT ("Agreement") is between MODULAR DEVICES, INC., an Indiana corporation, or its affiliated nominee ("Lessor"), and **Rowan Regional Medical Center, Inc.** ("Lessee").

1. LEASE - Lessor agrees to lease to Lessee, and Lessee agrees to hire from Lessor, one (1) Modular Cardiac Cath Laboratory, in an 12-foot by 48-foot shell, hereinafter called "Equipment" which is also more particularly described in EXHIBIT "A" attached hereto and by reference made a part hereof. This lease is a short term equipment lease intended for the sole purpose of allowing Lessee to have temporary cardiac cath services while its equipment is being replaced. Site preparation and installation requirements are the responsibility of Lessee, and shall include but not be limited to those items listed in a SITE REQUIREMENTS, which is more particularly described in EXHIBIT "B", page attached hereto and made a part of this Agreement.

This Agreement shall constitute a binding commitment of the parties to lease the Equipment on the terms of this Agreement and any schedules attached hereto and made a part hereof.

2. TERM - The term of this Lease shall be for four (4) months ("Original Term") and shall commence on delivery.

The estimated Equipment delivery date will be on or about July 2012. ("Commencement Date").

Upon the execution of this agreement, Lessee shall have paid to Lessor the prepaid transportation charges of \$5,000.00 along with delivery of the Agreement, which has been executed by Lessee.

This Agreement shall remain in full force and effect upon the conclusion of the Original Term unless Lessee gives Lessor at least thirty (30) days' advance written notice of its intent to let the Agreement expire at the conclusion of the Original Term. If no such written notice is provided, then the term of this Agreement shall continue indefinitely in thirty (30) day increments ("Extended Term") until canceled by Lessee with thirty (30) days advance written notice by Lessee to Lessor of Lessee's intent to cancel. All other terms and conditions of this Agreement during its Original Term will remain in full force and effect throughout the Extended Term. (As used hereafter the word "Term" shall include both the Original Term and Extended Term).

3. RENT - Rental for the Equipment will be paid in monthly rental payments of \$32,000.00 payable in advance with the first payment due and payable upon the Commencement Date. The rental payment for each subsequent month shall be due and payable in advance each month thereafter on the same calendar day as the



Commencement Date. The Lessor shall provide Lessee with a written invoice for the rent each month after the first month throughout the Term of the Agreement. Rent shall be payable at the office of Lessor or its assigns, or at such other place as Lessor may from time to time designate in writing. Lessee shall pay all applicable sales or use taxes, if any, with each payment.

If Lessee shall be in default on any payment required, default being nonpayment of rent within ten (10) days of the date due, then and in that event the Lessee shall pay Lessor an additional rental interest on the unpaid sum from its due day (without regard to any grace period) to the date of payment at the rate of 18% per annum, or the highest allowable legally mandated rate, if lower.

4. **TRANSPORT EXPENSE** - Lessee shall be responsible for prepaying transportation charges in the amount of \$5,000.00 to transport the Equipment to the location defined in Section 7.02 below. Lessor shall be responsible for all expenses incurred in transporting Equipment from Lessee's place of business to the Equipment's next destination.
5. **TITLE OF EQUIPMENT** - The Equipment is and shall at all times remain the sole and exclusive property of Lessor. The only interest Lessee shall have in the Equipment is that of a Lessee under this Agreement. Lessor and Lessee agree that regardless of the manner of affixation to real estate, the Equipment shall remain personal property and not become part of any such real estate. Lessee shall at all times keep Equipment and this Agreement free from all levies, attachments, liens, encumbrances, claims, charges or other judicial process of every kind, shall give Lessor immediate written notice thereof and shall indemnify and save Lessor harmless from any loss or damages caused thereby.

The parties do not intend this Agreement to be a conditional sales agreement, chattel mortgage, or security agreement within the meaning of any statute requiring filing or recordation.

Lessor makes no representation, express or implied, concerning the tax or accounting treatment of this Agreement.

## 6. INSPECTIONS

- 6.01. **Lessee's Inspection.** Lessee shall make necessary inspections and tests of the Equipment at Lessee's sole expense, to determine whether the equipment conforms to Lessee's specifications as pertaining to EXHIBIT "A". Lessee shall promptly notify Lessor, at the time the Equipment is inspected, of any defects in or objection to the type or condition of the Equipment. Lessor may at its option, remedy such defects or cancel this lease. This Equipment shall be presumed to conform to Lessee's specifications, and to be acceptable for all purposes of this Agreement, and shall be deemed to be in good condition without patent defects.

Lessee shall notify Lessor of any defects which are not apparent upon inspection of Equipment, as soon as such defects are noticed. Lessee's failure to notify Lessor of any defect in, or objection with respect to any item of the Equipment, shall not establish the absence of any such defect in the Equipment insofar as Lessor is concerned.

- 6.02. Lessor's Initial Inspection and Service. Upon installation and completion of SITE REQUIREMENTS (such as, electricity, water supply, drain, etc.), Lessor will inspect, test, adjust, calibrate, and make Equipment ready for clinical use in the manner for which it is intended. Lessor agrees to provide three (3) consecutive days of applications training. Additional training may be requested from Lessor at a cost of \$800.00 per day plus expenses.
- 6.03. Lessor's Right to Inspection. Lessor shall have the right to enter the premises wherever the Equipment may be located at any time during normal business hours to inspect and examine the Equipment to ensure Lessee's compliance with its obligations under this Agreement, providing such inspection does not interfere with patient treatment.

## 7. OPERATING MATTERS

- 7.01. Licensing, Registration, and Taxes. Lessee shall obtain all licensing and registration of the Equipment that is required by law. Lessee, on behalf of Lessor, shall bear, and pay and discharge when due all license and registration fees, assessments, sales, use, property, and other taxes (excluding any tax measured by Lessor's income or gross receipts), together with any penalties or interest applicable to them, now or later imposed by any state, federal, or local government on any item of the Equipment, whether they be payable by or assessed to Lessor or Lessee; provided, however, that if under local law or custom such payments may be made only by Lessor, Lessee shall promptly notify Lessor and shall reimburse Lessor, on demand, for all such payments made by Lessor. If by law any such registration or license fee or tax is billed to Lessor, Lessee at its expense will do all things required to be done by Lessor in connection with the licensing or registration procedure and the levy or assessment of any such tax, including payment. Hallway connections, utilities or any part of the Lessor and Lessee SITE REQUIREMENTS are exempted.
- 7.02. Location. The Equipment shall be located at the Lessee's place of business at Rowan Regional Medical Center, 612 Mocksville Ave, Salisbury, NC 28144, however, it may be moved with prior written consent of Lessor.

Without Lessor's prior written consent, Lessee shall not affix or attach all or any part of the Equipment to any real property. The Equipment shall remain personal property whether or not it becomes affixed or attached to real

property, or permanently rests on any real property or any improvement on real property, and Lessee agrees to obtain any waiver of landlord or mortgagee necessary to protect Lessor's interest in the Equipment.

- 7.03. Use, Maintenance, and Reports. Lessee shall use the Equipment carefully, shall comply with all laws, ordinances, and regulations relating to its use, operation, or maintenance, and shall not use the Equipment for any illegal purpose. Lessee shall put the Equipment only to the use contemplated by this Agreement and Lessee hereby confirms that the Equipment will be used only for conducting cardiac procedures.

Lessor shall effect and bear the expense of all repairs, reasonable wear and tear excepted, including maintenance, operation and replacement parts required to maintain the Equipment in good condition, except as may be excluded under Limitations of Equipment Maintenance, (7.04) below or by governmental edict or insurance requirements as discussed below. Such service must be capable of responding twenty-four (24) hours a day, seven (7) days a week and able to provide complete, satisfactory repair for completion and operation of the unit, except as may be excluded under Limitations of Equipment Maintenance, (7.04) below. Lessee agrees to maintain accurate and complete records of all said repairs and maintenance to the Equipment and to allow Lessor to inspect said records at any time during business hours of Lessee. Lessee warrants that the Equipment will be used solely for the purpose for which it was designed and manufactured, i.e., as a cardiac cath laboratory.

Lessee shall not: assign, transfer or part with possession or control of the Equipment; allow any person or party other than Lessee or Lessor's designated and approved agents to operate the Equipment; allow the Equipment to be used for any nonbusiness related activities; or, make any additions, alterations, or improvements to the Equipment without Lessor's prior written consent. Hallway connections, utilities or any part of the Lessor and Lessee SITE REQUIREMENTS are exempted. Any modifications or additions to the Equipment required by any governmental edict or insurance policy shall be promptly made by Lessee at its own expense. However, Lessee shall first notify Lessor promptly of any such required modifications or additions. Lessee shall have no authority to charge Lessor for any expenses incurred as a result of alterations, additions or improvements to the Equipment. All alterations or improvements so approved shall become the property of Lessor on expiration or earlier termination of this Agreement.

- 7.04. Limitations of Equipment Maintenance. Service, maintenance, and repairs not provided or covered by this Agreement include, but are not limited to

installation, maintenance, repair or replacement of any item not a part of the Equipment as initially delivered to Lessee by Lessor; and, damage or

maintenance made necessary due to misuse, abuse, negligence, acts of God or war, fire, flood, accident, vandalism, failure of electrical power, power surges, lightning strikes, operation of the Equipment in violation of established operational guidelines, unauthorized Equipment modification, tampering, service by anyone not authorized by Lessor, interconnection of Equipment by electrical, electronic, or mechanical means with noncompatible equipment, or by use of unauthorized, modified, or altered supply items or accessories.

If, upon Lessee's foreknowledge and consent, Lessor chooses to provide any maintenance or repair not covered by this Agreement, Lessee shall pay for such maintenance or repair at Lessors then current service rates.

- 7.05. Insurance, Loss and Damage. (a) Lessee shall maintain fire, theft, extended and comprehensive coverage equal to the full replacement value of the equipment, but not to exceed \$1,000,000. In addition, Lessee shall maintain insurance for property damage, public liability and bodily injury, as well as insurance for medical malpractice claims and worker's compensation for Lessee's employees. Lessee's insurer shall certify coverage as specified in this Agreement and provide certificates thereof Lessee's insurer will endeavor to provide at least thirty (30) days written notice of cancellation. In the event of loss or damage, including fire, theft, destruction, misuse, abuse, damage due to lightning, power spikes, and other matters found in Section 7.04 of this Agreement, the proceeds of any insurance payable shall be applied to replacement costs, restoration costs, or repair of the equipment. All such insurance shall name Lessor, and its successors and assigns, as additional insureds and loss payee, as their interests may appear. Lessee assumes the risk of loss, damage, theft, destruction, or other matters enumerated in Section 7.04 of this Agreement while such equipment is in Lessee's possession, but only if such loss as stated is not caused or contributed to by defects or deficiencies in the design, construction, or maintenance of the equipment or the negligence or misconduct of Lessor and its employees, agents or contractors.

Lessee represents and warrants (i) that it has the full power, authority, and legal right to enter into and perform under this Agreement and any attachments or exhibits hereto, and, if a corporation, that Lessee will supply Lessor with proof that all requisite corporate action has been taken; (ii) that the execution of this Agreement, any attachments or any exhibits hereto, does not and will not contravene any agreement to which Lessee is a party, including its Articles of Incorporation or By-laws, if Lessee is a corporation; (iii) that during the term of this Agreement Lessee will promptly notify Lessor of any such contravention; and, (iv) that no mortgage, deed of trust, charter, lease of other lien or security interest of any type which now covers or affects any property or interest of Lessee will attach to the Equipment.

7.06. Identification. Lessee shall affix to and maintain on the Equipment all labels and plates provided by Lessor, or conspicuously mark the Equipment with such language as Lessor may reasonably request, to the effect that the equipment is owned by Lessor and is subject to this Agreement. However, in the event local or state authority require external markings or labels or no labels such shall be the responsibility of the Lessee under the SITE REQUIREMENTS.

7.01. Locating Via Crane. If proper location of equipment on prepared site requires movement in or out by crane and/or rigging, Lessee shall be responsible for all coordination and contracting of the installation and removal including all costs and fees.

## 8. TERMINATION

8.01. Legal Compliance. This Lease Agreement may be terminated by either party upon at least ten (10) days prior written notice if a decision or opinion of the North Carolina Certificate of Need Section, required for the performance of this Agreement, is unfavorable or untimely. Additionally, in the event this Lease Agreement fails to comply in all respects to applicable federal and state laws and regulations, as such laws and regulations may from time to time be amended, then the parties agree to negotiate in good faith to modify this Lease Agreement in any manner necessary to insure compliance with applicable laws, rules and regulations. In the event the Lease Agreement cannot be modified so as to comply, the Lease Agreement will be immediately terminated.

8.02. Surrender on Termination of Lease. At the expiration or earlier termination of this Agreement, unless Lessee extends this Agreement, Lessee shall return each item of Equipment to Lessor, free of all advertising or insignia placed on it by Lessee, and in good condition, repair, and working order, ordinary wear and tear excepted. The Equipment shall be surrendered by Lessee, by notifying Lessor that the Equipment is ready to be picked up by Lessor. Lessee is liable for the restoration of the Equipment to good working condition or repair to working order. In addition, Lessee shall remain liable for any damage to Equipment to restore the Equipment to good repair and working order.

8.03. Holding Over. Any use of Equipment by Lessee beyond the Original Term set forth in Section 2, of this Agreement is considered an extension of the Original Term as defined in Section 2 ("Extended Term") on a monthly basis, and all obligations of Lessee shall continue during such Extended Term subject to the provisions of Section 2 and 3 herein. During the Extended Term, Lessor may terminate the Agreement and take possession of the Equipment on demand after forty five (45) days advance written notice to Lessee.

8.04. Removal. Lessor will remove the equipment within 30 calendar days after the date of last use of equipment. Lessee shall be responsible for payment of any remaining rent as per terms of the lease; provided Lessee will not be responsible for rent following the effective date of any written notice given under this agreement. Lessee will be responsible for removing hallway connections, ramps, and all related items prior to removal. 480 Volt, 3 Phase electrical service must remain on until the lab is removed. If craning is necessary, Lessee shall coordinate, control and contract for this service at Lessee's expense.

## 9. DEFAULT AND REMEDIES

9.01. Events of Default. Time is of-the-essence with this Agreement. Any of the following occurrences shall be an event of default under this Agreement: (i) if Lessee defaults in the payment of any sum of money to be paid under this Agreement and default continues for ten (10) days; (ii) if Lessee commits any act of bankruptcy, or any proceeding under the Bankruptcy Act is commenced by or against Lessee; (iii) if a writ of attachment or execution is levied on any item of Equipment and is not discharged within ten (10) days after that levy; (iv) if a receiver is appointed to take possession of any item of Equipment leased under this Agreement; (v) if Lessee dissolves or ceases actively to carry on business; (vi) if Lessee transfers substantially all of its assets or merges or consolidates with or is acquired by any other person or entity, without Lessor's prior written consent; (vii) if any of the representations and warranties made by Lessee in this Agreement are not true and correct in any material respect; (viii) if Lessee attempts to assign, pledge, or hypothecate any interest in this Agreement or to sublet, assign, pledge, hypothecate or lend all or part of the Equipment without Lessor's prior written consent; (ix) if any financial statement delivered to Lessor is not true and correct in any material respect; (x) if Lessor fails to deliver the Equipment free of defects and in good working order within a reasonable time; (xi) if Lessor fails to adequately maintain and keep such Equipment in good repair so long as Equipment is used in accordance with manufacturer's standards; (xii) if any of the representations and warranties made by Lessor in this Agreement are not true and correct in any material respect, or (xiii) if either party fails to fulfill any of its obligations pursuant to this Agreement.

9.02. Remedies of Lessor. On the occurrence of any event of default by Lessee, Lessor may exercise any one or more of the following remedies with respect to the Equipment under this Agreement, without further notice to or demand on Lessee:

(1) Take possession of the Equipment upon fifteen (15) day's written notice.

(2) Lease the Equipment to such persons, at reasonable rental and for such period of time (which may extend beyond the Term of the lease under this Agreement) as Lessor shall elect. Lessor shall apply the net proceeds of any such rental to payment of Lessee's obligations under this Agreement. For this purpose, "net proceeds" means the proceeds of any rental under this section minus all costs and expenses incurred in connection with the recovery, repair, storage, testing, or sale of the Equipment. Lessee shall remain liable for any deficiency, which at Lessor's option shall be paid monthly, as suffered, immediately, or at the end of the Term as damages for Lessee's default.

(3) Sell the Equipment at a public or private sale for cash or on credit at fair market value. Lessor shall apply the net proceeds of that sale to the payment of Lessee's obligations under this Agreement. For this purpose, "net proceeds" means the proceeds of any sale under this section minus all costs and expenses incurred in connection with the recovery, repair, storage, testing, or sale of the Equipment. Lessee shall remain liable for any deficiency, which Lessee shall pay within ten (10) days after the sale.

(4) Bring legal action to recover all rents or other amounts accrued then or accruing later from Lessee to Lessor under this Agreement.

(5) Pursue any other remedy Lessor may have.

9.03. Remedies of Lessee. On the occurrence of any event of default by Lessor, Lessee may exercise any one or more of the following remedies under this Agreement, without further notice to or demand on Lessor:

(1) Terminate this Lease upon fifteen (15) days written notice and notify Lessor that the Equipment is surrendered to Lessor's possession.

(2) Pursue any other remedy Lessee may have.

## 10. ASSIGNMENT

10.01. Without prior written consent, Lessor and Lessee shall not assign, transfer, sublet, pledge, hypothecate or otherwise dispose of this Lease or any interest herein. Lessee shall recognize each such assignment and covenants not to assert against the assignee any defense, counterclaim or set-off that Lessee has or may have against Lessor, and agrees to pay such rent and other payments due to become due hereunder to assignee.

11. INDEMNITY - Each party shall be responsible for its own actions or omissions under this Agreement, therefore each party agrees to defend, indemnify and hold harmless the other from and against any and all loss, claims, costs, and expenses

(including reasonable attorneys' fees) incurred as a result of the other's act or omission causing such damage.

## 12. DISCLAIMER OF WARRANTY NOTICE

LESSOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER MATTER CONCERNING THE EQUIPMENT, AND LESSEE ACCEPTS THE EQUIPMENT "AS IS".

## 13. MISCELLANEOUS PROVISIONS

- 13.01. Notices. All notices required or permitted under this Agreement may be delivered personally or mailed as first class mail to the party at the address set forth below, or at such other address as either party may designate in writing from time to time. Any such mailed notice shall be effective forty-eight (48) hours after it has been deposited in the United States mail, properly addressed, and postage prepaid.
- 13.02. Accident Reports Concerning Equipment. Lessee shall immediately notify Lessor of any accident connected with the operation or malfunctioning of any unit of the Equipment, and include in the notice the time, place, and nature of the accident, the damage caused to property, the names and addresses of persons injured and of witnesses, and such other information as may be pertinent to Lessor's investigation of the accident.
- 13.03. Nonwaiver. No waiver of obligations, conditions, or covenants shall be considered to take place unless the waiver is in writing and signed.
- 13.04. Survival of Covenants. Wherever the context permits, Lessee's covenants under this Agreement shall survive the delivery and return of the Equipment.
- 13.05. Severability. Any provision of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition of enforceability, without invalidating the remaining provisions of this Agreement, and any prohibition or unenforceability of any provision in any jurisdiction shall not invalidate the provision or render it unenforceable in any other jurisdiction.
- 13.06. Amendments. No term or provision of this Agreement may be changed, waived, discharged, or terminated orally, but only a written instrument signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.
- 13.07. Captions. Captions in this Agreement are for convenience of reference only and shall not define or limit the terms or provisions of this Agreement.
- 13.08. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of North Carolina including all matters of construction, validity, and performance.



13.09. Attorneys' Fees and Costs. The remedies provided are cumulative and may be enforced separately or concurrently. If any action is brought to enforce the obligations or rights of the parties under this Agreement, the prevailing party in that action will be entitled to all costs and expenses, including attorneys' fees, incurred in the action.

13.10. Access. If required by Section 1395x (v) (1) of Title 42 of the United States Code, until the expiration of four (4) years after the termination of the contract, Lessor will make available the books, records, and documents as required by such Section, and will insert the clause required by such Section in any subcontract with a related organization.

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IN WITNESS WHEREOF, the parties hereto have duly executed the Agreement as of the dates set forth below. For all purposes hereof, the date of the Agreement shall be the date of the Lessor's acceptance as set forth below. By execution hereof, the signer certifies that (s)he has read the entire Agreement that Lessor or its representatives have made no agreements or representations except as set forth herein and that (s)he is duly authorized to execute the Agreement on behalf of the Lessee.

ACCEPTED BY:

LESSOR:  
**MODULAR DEVICES, INC.**  
6678 Guion Road  
Indianapolis, Indiana 46268

LESSEE:  
**Rowan Regional Medical Center, Inc.**  
612 Mocksville Ave  
Salisbury, NC 28144

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Printed  
NAME: William R. Mink

Printed  
NAME: \_\_\_\_\_

TITLE: President

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_



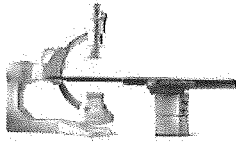
**Modular Lab 111**  
Equipment  
Overview

X-Ray: GE Advantx LC+  
Hemo: GE MacLab 7000  
Injector: Medrad Mark V Plus  
Workstation: GE Advantage

X-Ray System

**GE ADVANTX LC+ 9" II CARDIAC IMAGING SYSTEM**

**Advantx LC+ Single Plane Cardiac Cath System Provides State of the Art Medical Imaging for All Diagnostic and Interventional Cath Procedures.**



- LC+ Floor Mounted Three-Axis Positioner Design Provides Maximum Positioning Flexibility and Excellent Patient Access in All Views. With Three Motor Driven Axes, the Innovative Advantx LC+ Positioner Makes it Easy to Achieve Even the Most Complex Angulations
- Advantx 100 kW Three-Phase Power Unit
- 22cm (9in.), 17cm (6.7 in.), 11cm (4.5 in.) Fields of View Allows the Operator to Match the Field Size to the Relevant Anatomy
- MX-150 Water Cooled X-Ray Tube with 1.0, 0.5, and 0.3b Effective Focal Spots and Pulsed Fluoroscopy Provides Excellent Cardiovascular Imaging Capabilities. The Tube's 1.95 MHU Heat Capacity Along with a High Heat Dissipation Rate Minimizes the Need for Heat-cooling Delays, Even with Aggressive Techniques
- Omega IV Table with 4-Way Mechanical Float and Motorized Longitudinal 2-Way Travel Allows Easy Patient Positioning
- Smart Handle with Variable Speed
- Table Side System Control Mounted to the Table Side to Provide Fingertip Access to Common Imaging Functions
- Autopositioner Increases Productivity Through Easy Table Side Storage and Access of Commonly Used Positions. This Option Allows Nine Different Operators to Store Eight Unique Positions for a Total of Seventy-Two Stored Positions
- DLX - Cardiac Digital System is a Fully Integrated Imaging Subsystem that Meets Key Cardiovascular Imaging Demands Through Extensive Storage and Advanced Post Processing, Display and Quantitative Analysis Capabilities. The DLX-C Digital System Utilizes a UNIX Architecture and Windows-like Environment Ensuring Upgradeability and Ease of Use. The DLX-C is Capable of True Multitasking Allowing Background DICOM Transfer to Archive Devices
- DLX High Speed Combo Gateway Provides Both Cardiac DICOM ATM Output and Angio DICOM Fast Ethernet Output for Acquisitions From the DLX Digital System
- Three Flat Screen Monitors on Ceiling Mounted Overhead Suspension/Boom



## Hemodynamic Monitoring System

### GE Mac-Lab 7000 Hemodynamic Monitoring System



The Mac-Lab 7000 System improves your cath lab operation by bringing performance to hemodynamic monitoring. Increase your lab's productivity through the process efficiency and equipment reliability of the Mac-Lab 7000. The Mac-Lab 7000 is a fast and easy-to-use hemodynamic monitoring system that offers you the flexible Configurations you need to meet your lab's needs.

#### Reliability

The Mac-Lab 7000 System combines Windows® reliability and usability with standard off-the-shelf computer hardware for proven dependability. Full-disclosure data is acquired from the multi-parameter TRAM module and saved to optical disk.



#### Productivity

The network capabilities of the Mac-Lab 7000 include workstations for remote near real-time review as well as simultaneous data entry. Staff can use remote workstations to add information to the study log, or to review the case without using the main lab system. All waveform and text data flows easily to Microsoft Word® for flexible report generation.

## Contrast Injection System

### Medrad Mark V Plus Contrast Injector



The Mark V Plus Injector is designed to be easy to use, from the readability of the display and controls to the ergonomics and functionality of the injector and control panel.

#### Characteristics:

- Variable flow rate control
- Injection termination control
- Mechanical volume limit
- Pressure limit control with a minimum limit of 100 psi and a maximum limit of 1,000 psi
- Rate of pressure rise control with a minimum variation of 0.0 to 1.0 seconds
- Ground cable independent of electrical ground
- Current leakages of less than 50 micro-amps
- Disposable syringe capability
- Heater to maintain contrast temperature at approximately 37° centigrade
- Transparent pressure jacket (syringe holder)



## Image Review Workstation

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### GE Advantage Workstation



The GE Advantage workstation is one of the most widely used visualization and analysis solutions in the world. Advantage Workstation delivers fast and clinically effective post-processing solutions to help handle the increasing diagnostic and workflow needs of today's imaging departments.

#### **Powerful Simplicity**

With automated pre and post-processing, one-click access to applications, and one-touch protocols, AW improves consistency and efficiency – so that you can tackle advanced clinical challenges with speed, accuracy and confidence.

#### **Enlightening Integration**

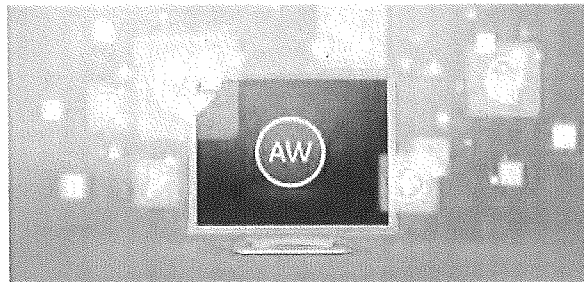
AW supports easy comparison of CT, MR, PET, SPECT and Interventional 3D images. Achieve registration and fusion of volumetric acquisitions using dedicated protocols or by doing a simple “drag-and-drop” within the AW platform.

#### **Interventional Visualization**

AW's advanced integration capabilities enable the use of multi-modality images for highly informed, real-time planning and navigation during interventional therapies.

#### **Streamlined Workflow**

Revolutionary workflow enhancements minimize clicks and maximize efficiency. AW Workstation organizes tasks and tools in a manner that corresponds directly to the ways in which physicians work, making processing virtually second nature.





# Modular Lab #111 Site Requirements Planning Guide

2012



# Modular Lab 111 Site Requirements Planning Guide

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## Summary Page

Modular Devices Inc. has more than 24 years experience assisting customers with preparing and planning for the delivery and installation of our interim Modular Cath/Vascular Labs. In our experience it is best to start planning early and we welcome the opportunity to visit customer sites in advance to assist in site selection and planning for the arrival of a mobile lab. We have a large team of Operations, Logistics, Applications and Service personnel who work with each and every customer to carefully plan and execute a successful interim lab project.

Installation of a Modular Cath/Vascular Lab requires that your site is prepared to satisfy the lab's general specifications. This guide is intended to provide an overview of the Site Requirements needed for preparing your site for delivery and installation of a Modular Lab.

### **Modular Lab 111 - Site Requirements Summary**

- Pad Site
- 480V, 3 Phase, 200A power
- Russellstoll female receptacle for power connection
- Cold water hose bib and supply hose
- Sanitary sewer drain (or holding tank) as required by local codes
- Telephone connections (all CAT 5 wiring in home run configuration at access point).
- One dedicated analog or equivalent modem line
- Data/LAN connection if required by customer
- Connection to facility at customer's discretion
- Power Quality Monitoring Test

The purpose of this document is to provide the basic information needed for site planning. For specific information not contained in this document please contact Modular Devices Inc.





## Modular Pad Requirements

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### **Pad Size and Type**

The site will require a level concrete or asphalt base to accommodate a modular lab approximately 12' x 48'. The modular lab can be placed on a hard surface, foundation, or individual piers. Please contact MDI for site planning consultation and assistance.

### **Pad Depth**

The depth of the pad is to be determined by a local contractor based on climate, soil and other conditions.

### **Required Support**

The pad must be capable of supporting a total weight of 45,000 pounds. Please contact MDI for more information.

### **Pad Levelness**

The pad must be as level as possible. If you have questions about the feasibility of your site, MDI's on-staff professionals will be happy to assist you.

### **Air Flow Requirements**

To maintain maximum capacity, lowest operating cost, satisfactory operation of ventilation packages and longest service life the following clearances for acceptable air conditioning condenser air flow should be maintained:

- HVAC unit discharging against wall or solid barrier: 15 feet

### **Attachment to Facility**

Various connection system options are available. A simple awning or tent type structure could be utilized or a connection with walls, ceiling, HVAC, etc. could be constructed to provide a more seamless transition from the hospital into the modular lab. Please contact MDI for examples of what prior customers have done to physically connect a modular lab to a hospital.

- MDI requests that customers not permanently attach any adjoining structures to the modular lab.



## Radiation Shielding

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Care should be taken when determining a site location for a modular lab. Factors such as shielding, proximity to buildings, and occupancy of surrounding buildings must be considered. MDI will provide a current physicist report with each lab. Some states/localities may require physicist reports be done locally, in which case it is the responsibility of the customer to perform a proper radiation survey/physicist report if required.

## Power Requirements

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### Electrical Service

The modular lab requires a 480 Volt, 200 Amp, three phase, wye connection with neutral and ground. The hospital is required to provide emergency power from a land-side connection or a portable generator equipped with an automatic transfer switch. This emergency power connection will ensure power is available to the modular lab in the event of a power loss or interruption. Please consult with MDI personnel for specific options.

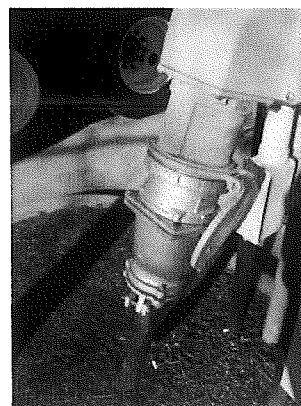
### Power Cord

MDI will provide a properly sized power cord. Our personnel will connect the modular lab to the facility's permanent power and will check to assure proper phasing.

### Land-Side Power Connection

The standard land-side connection is a Russellstoll female receptacle and box **#DF 2504 FRAB0** mounted as close as possible to the rear of the modular lab. The distance from the bottom of the receptacle to grade should not be less than 42". A service disconnect should be provided at the receptacle. If the proper female receptacle can not be obtained, MDI personnel can hard-wire the lab into the junction box.

Power Receptacle  
Angled Box and  
Receptacle Model  
**#DF 2504 FRAB0**  
(shown with male plug  
attached)





## Power Requirements (Continued)

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### **Frequency**

The frequency must be 60Hz with a maximum variation of  $\pm 0.5$ Hz.

### **Phase Balance**

The phase balance is 2% max between phases.

### **Maximum voltage variation**

The maximum voltage variation is  $\pm 5\%$  from nominal steady state (under the worst case conditions of line voltage).

### **Power Source Monitoring (Facility Only)**

NOTE: Perform a power audit first.

A power analyzer should be used to check the proposed Modular Lab facility site power for average line voltage, surges, sags, reclosures, impulses, frequency and microcuts. A period that includes two weekends should be used to simulate several days of normal use. Analysis of the data and site history of any previous power problems with other X-ray systems or computer installations should be reviewed with your power and ground representative. Verify "brown-out" (low voltage) conditions, which may occur during summer months, will not exceed the allowable range.

#### NOTE:

The electrical power source must meet the requirements of the national electric code and National Fire Protection Association for Emergency Backup Power as applied to cardiac catheterization labs. Please consult the applicable codes and the local authorities in your area for guidance. The following codes define the requirements of "Emergency Systems" for cardiac catheterization laboratories: NFPA 70 Article 517-33 (a) (8) c & NFPA99 Paragraph 3-4.2.2.2 (c)



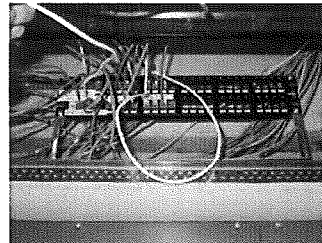
## Data, Telephone and Network Connections

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### Telephone and Data Connections

The modular lab has a number of configurable data/phone jacks throughout the lab with CAT5 cabling running from a junction box directly to each individual data/phone jack. The data/phone jacks utilize a female RJ-45/RJ-11 universal type connector. MDI recommends a minimum of two (2) phone lines for the lab.

- The customer is required to provide the network wiring from the facility to connect to the junction box in the modular lab.



(Typical Modular Lab Network Block)

### Dedicated Incoming Modem Line

The lab is pre-wired for one dedicated modem line that can be directly dialed into. This is necessary for remote access of the digital recording system

### Fire Alarm

The modular lab has an on-board fire warning system and is equipped with smoke and heat detectors throughout the entire lab. The alarm system can be wired into the supporting facility's fire alarm system through a contact block in a weatherproof junction box in the rear of the lab (accessible from the exterior). All of our modular labs come equipped with either a sprinkler system or a dry-agent fire suppression system. Please contact MDI for specific information on a particular lab's configuration.

### Code Blue

Code Blue can be handled in two different ways: Through 1) the phone system or 2) a blank electrical box mounted on the wall of the procedure room for a push-button notification system. The box contains an appropriate wire that terminates in a weatherproof junction box in the rear of the lab, where the facility can tie into their own code blue system.

- If using a push-button, the customer is responsible for providing the actual code-blue button.



## Water/Drain

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### **Water Supply Connection**

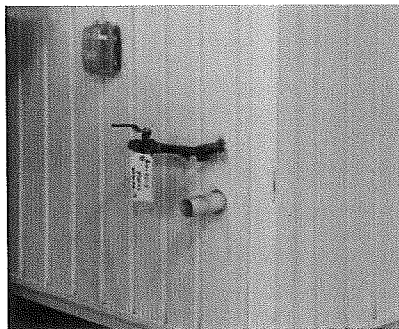
Water can be supplied to the lab via a cold water spigot with an RV grade water supply hose. The lab has an on-board hot water heater. The water is for scrubbing-in before cases and other general uses. An exterior 110V outlet is readily accessible for heat tape to wrap the supply hose.

- Customer is required to provide the water supply hose to the facility to connect to the water supply connection in the modular lab.

### **Waste Water**

The drain for the modular lab is a 1" pvc tube that has an attachment for a standard male garden hose connection. Attachments should be made with a garden or RV grade hose. An additional option is a threaded male adapter in place of the garden hose adapter. Drainage from the lab will be run-off from hand washing and general cleanup within the lab. Depending upon local requirements, waste water can be drained to a sanitary sewer or holding tank. An exterior 110V outlet is readily accessible for heat tape to wrap the drain line.

- The customer is required to provide the waste water connection and also to ensure the proper disposal of waste water - ie. holding tank, sanitary sewer, etc.



(Typical Modular Lab Water/Drain Connection)

## Regulations and Responsibilities

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### **Regulations/Ordinances/Licenses/Permits**

The Hospital is responsible for obtaining all licenses and/or permits and meeting all state and local codes necessary for operation of the modular lab. The hospital is also responsible for the connection system, pad and any costs associated with craning/rigging of the modular lab, if required.



Figure 1: Floor Plan

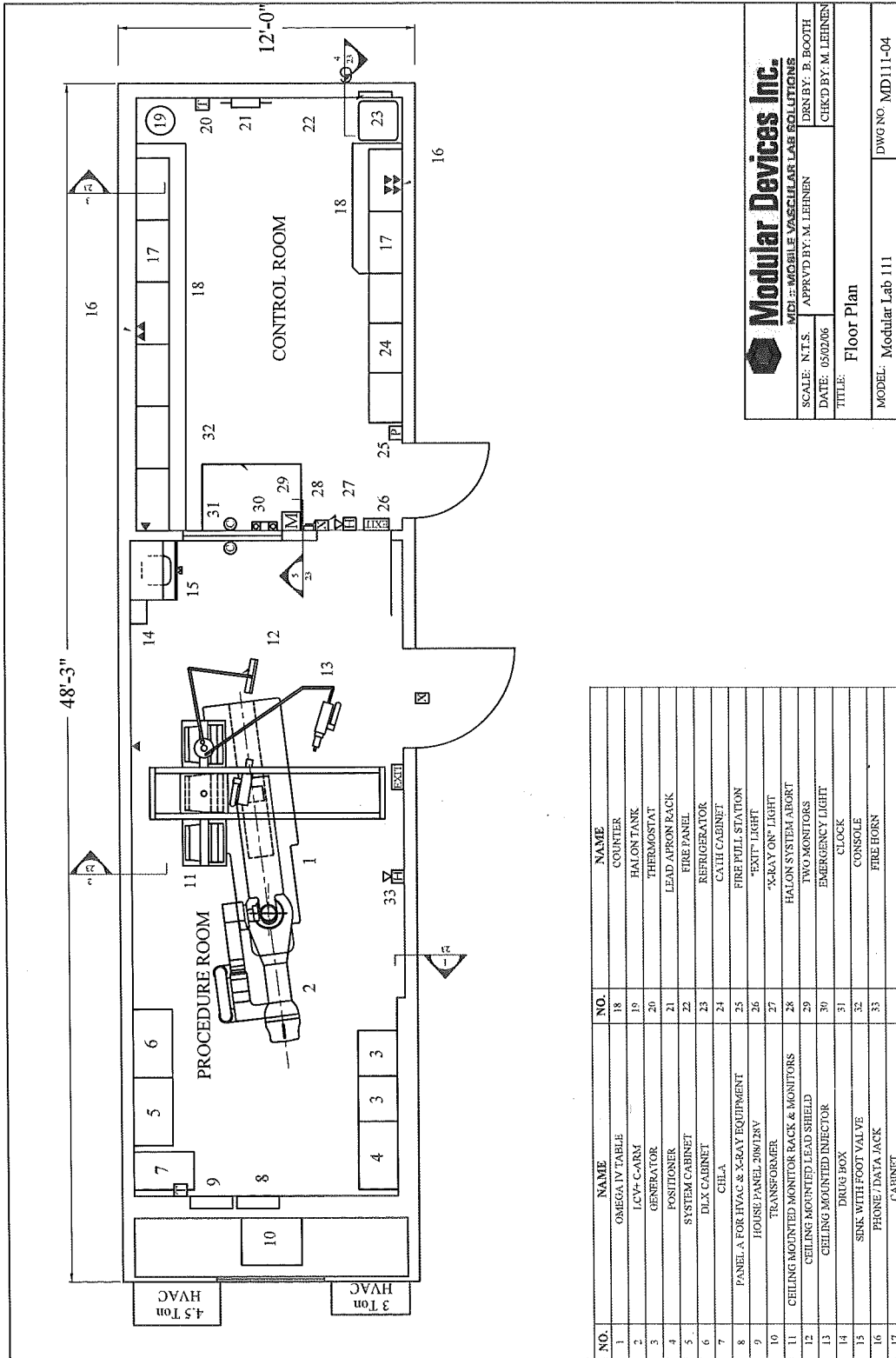




Figure 2: Interior Floor Dimensions

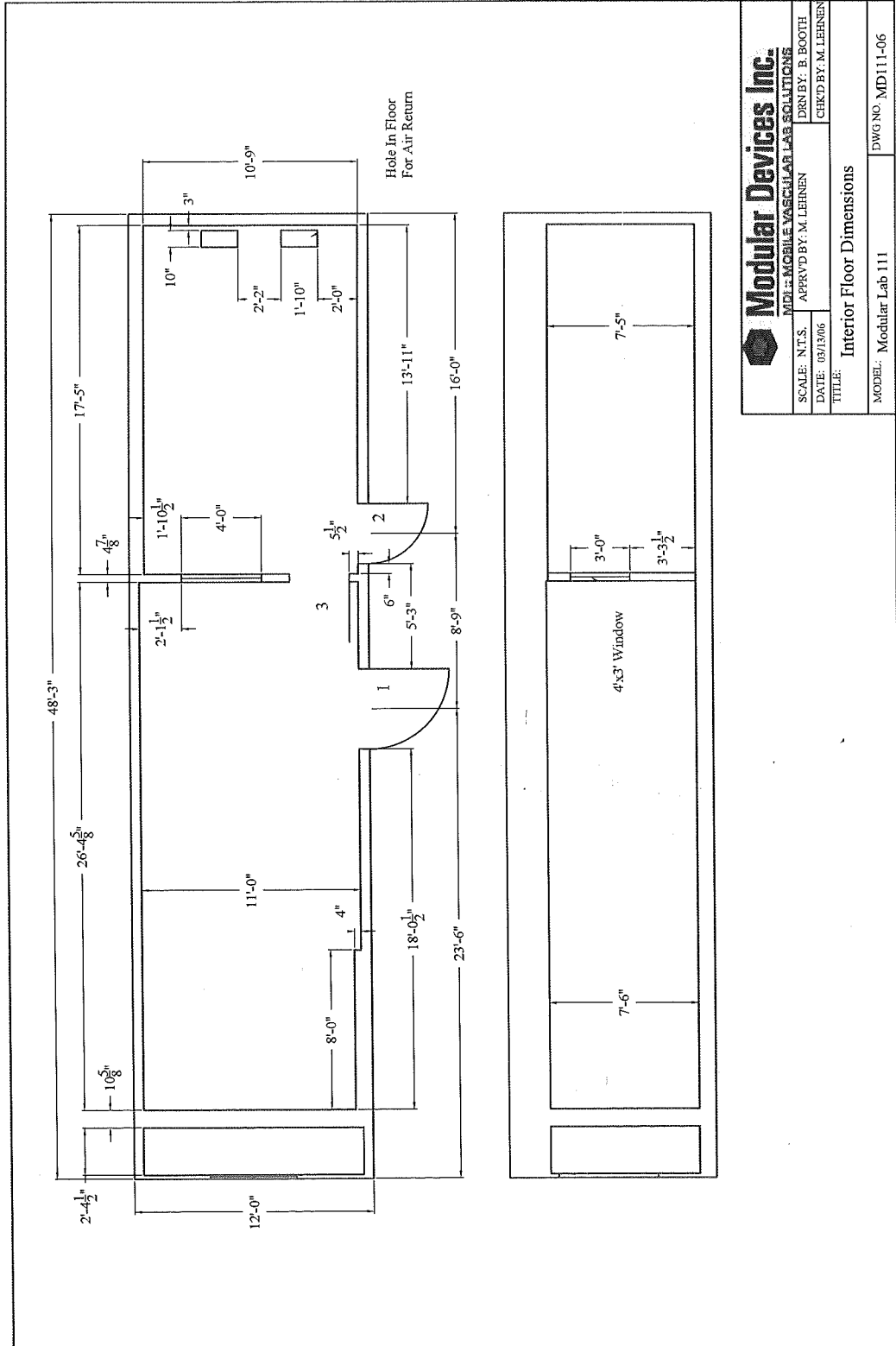




Figure 3: Exterior Elevations

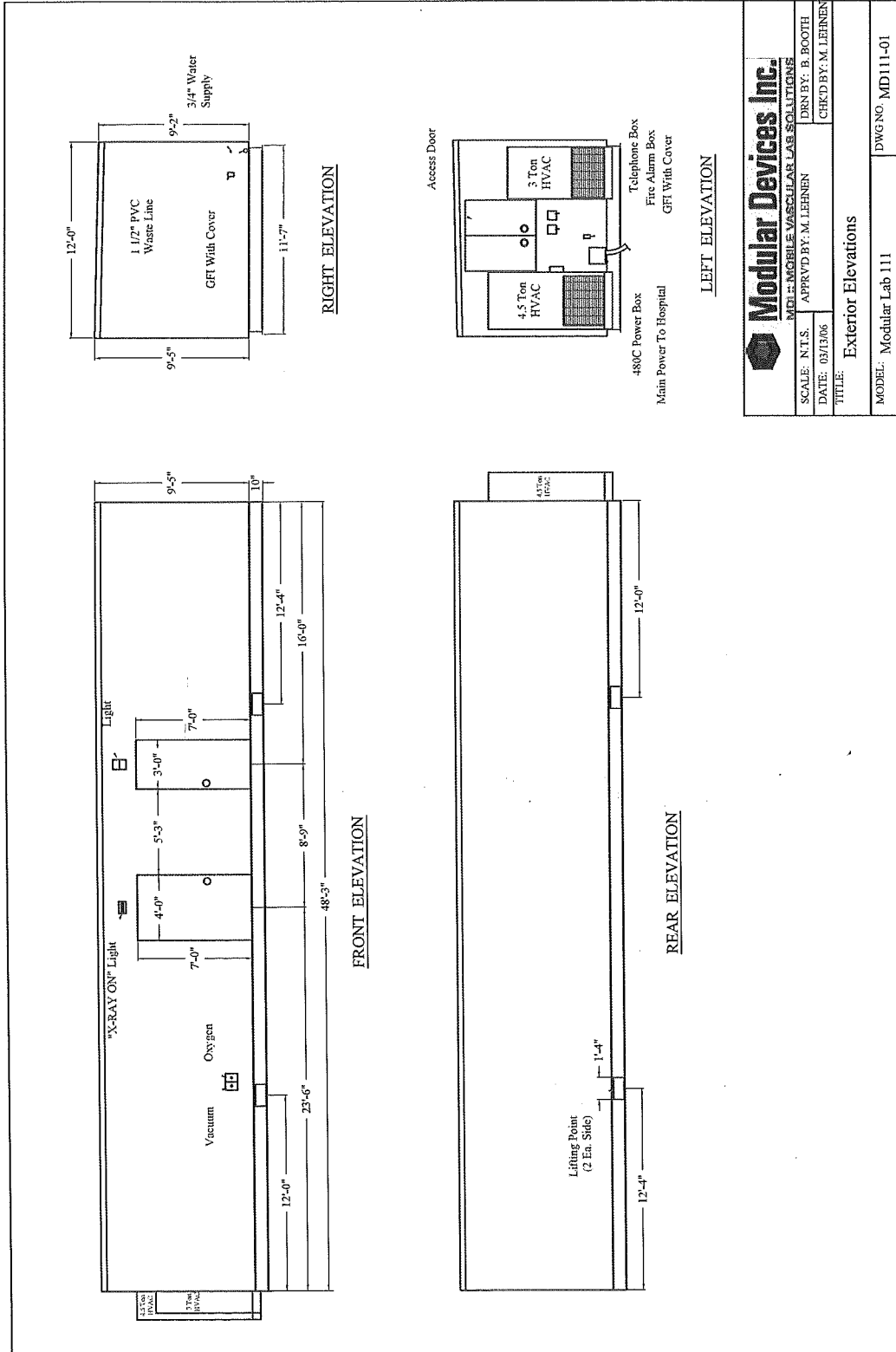
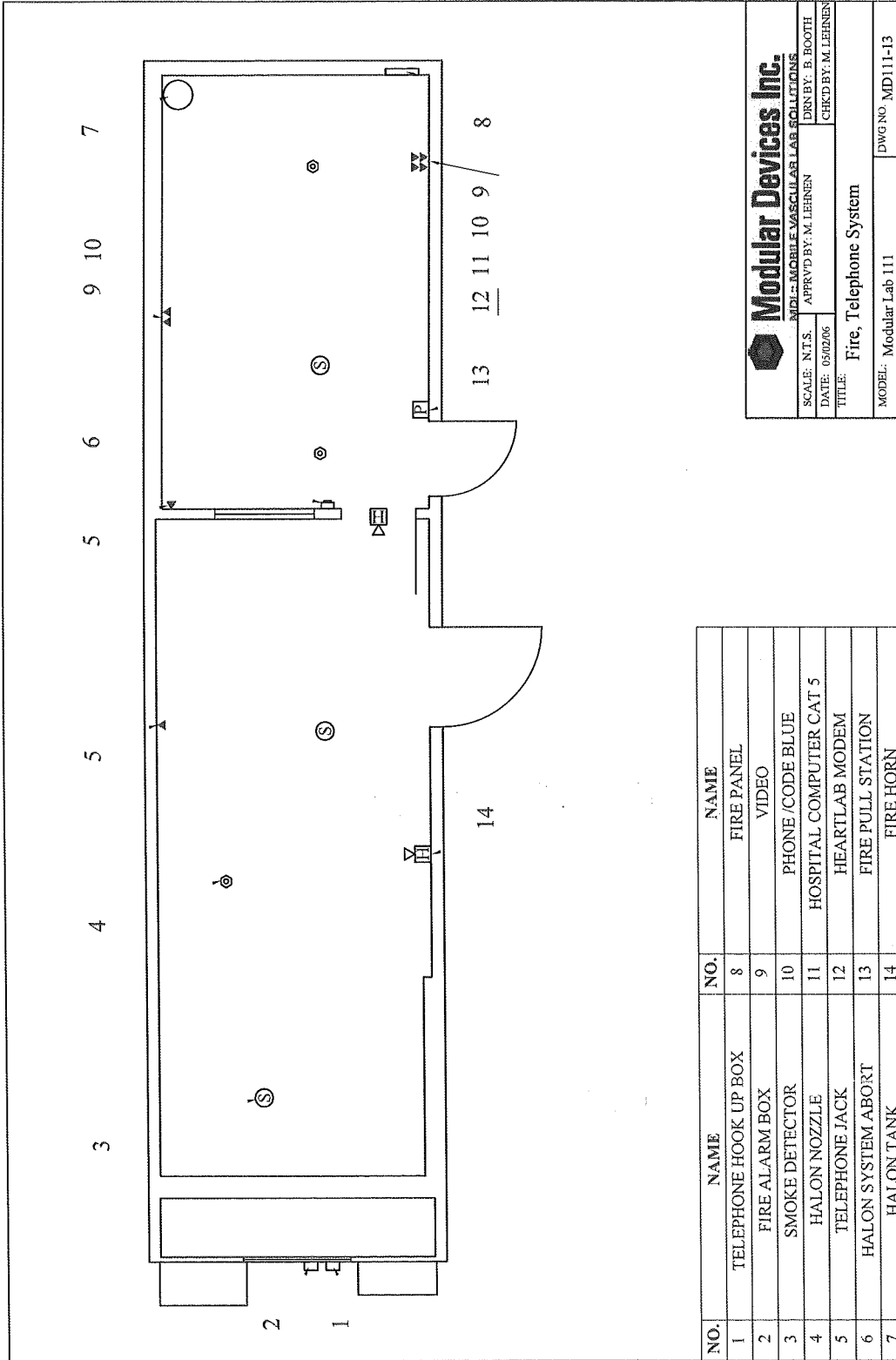






Figure 4: Fire, Telephone Systems



**Modular Devices Inc.**  
 MDI :: MOBILE VASCULAR LAB SOLUTIONS

SCALE: N.T.S.  
 DATE: 05/02/06  
 TITLE: Fire, Telephone System  
 MODEL: Modular Lab 111

APPROVED BY: M. LEHNER  
 DESIGNED BY: B. BOOTH  
 CHECKED BY: M. LEHNER  
 DWG NO. MD111-13



Figure 5: Piers Layout

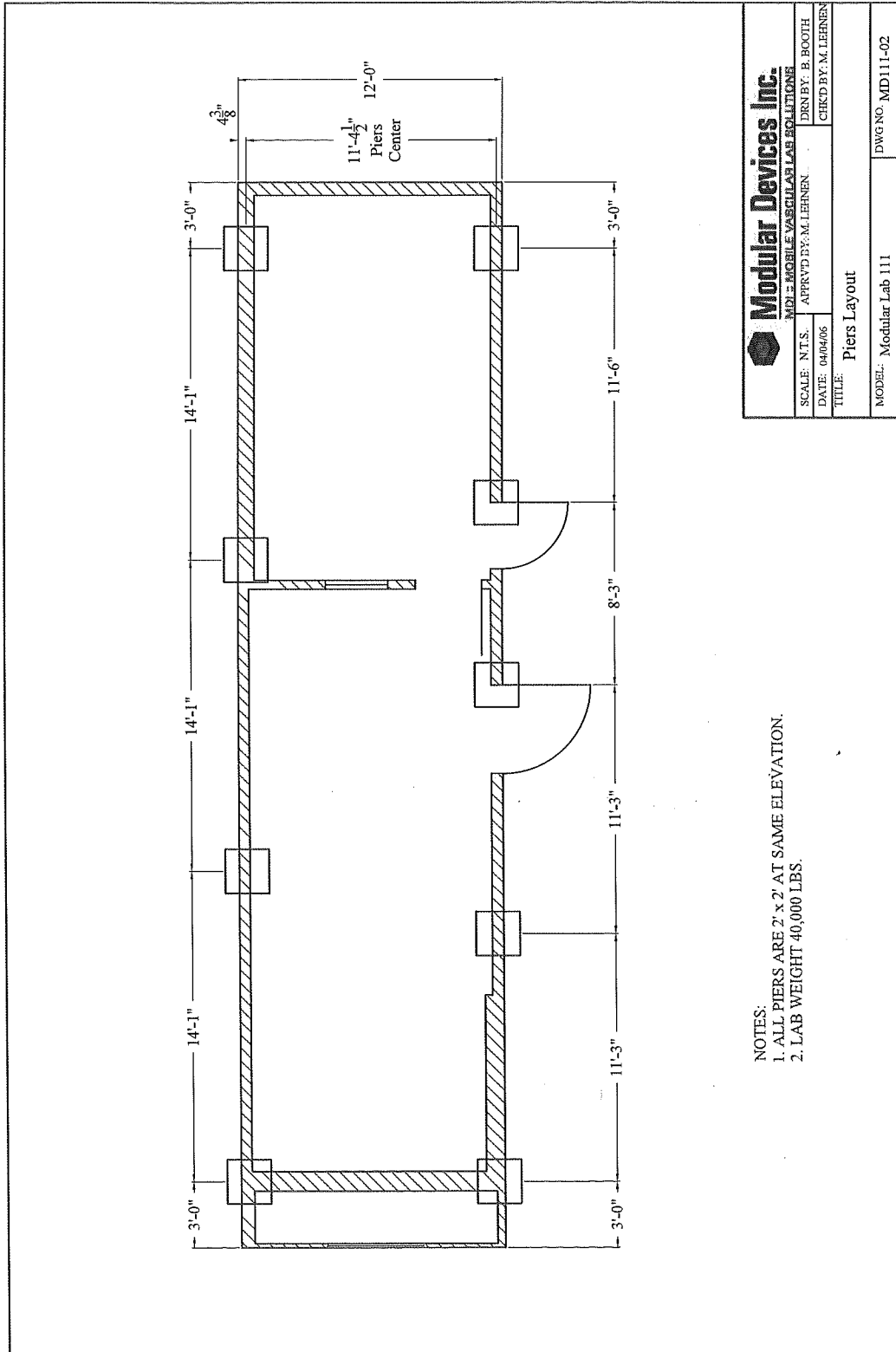
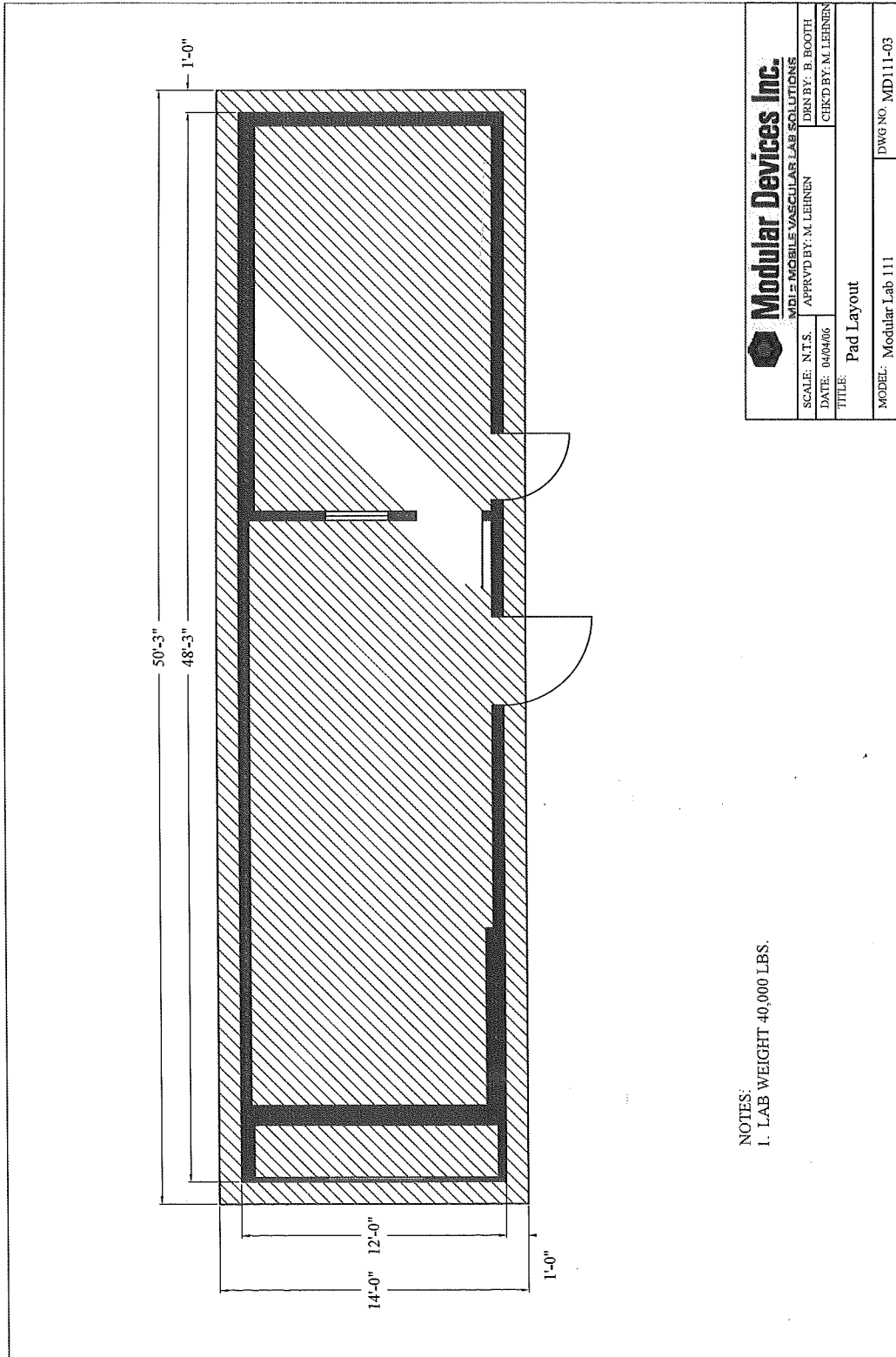




Figure 6: Pad Layout



# Attachment C

Temporary Modular Cardiac Cath Lab Equipment at Rowan Regional Medical Center (RRMC)	EXISTING EQUIPMENT	(Temporary) REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	Cardiac Cath Lab	Modular Cardiac Cath Lab
Manufacturer of Equipment	Siemens	MDI (Modular Devices, Inc.)
Model Number	Axiom Artis MP	GE Advantx LCA
Serial Number	5436	TBD
Provider's Method of Identifying Equipment (RRMC uses an internal numbering system to identify equipment.)	Internal #R07151	n/a
Specify if Mobile or Fixed	Fixed	Mobile/Modular
Mobile Trailer Serial Number/VIN #	n/a	n/a
Mobile Tractor Serial Number/VIN #	n/a	n/a
Date of Acquisition of Each Component	May 2005	n/a
Does Provider Hold Title to Equipment or Have a Capital Lease?	Hold Title	Short Term Operating Lease
Specify if Equipment Was/Is New or Used When Acquired	New	n/a
Total Cost of Project (Including Construction, etc.) <Use Attached Form for Replacement Equipment>	\$1,004,788	\$5,500
Total Cost of Equipment	\$975,842	Short Term Lease of Modular Lab
Fair Market Value of Equipment	n/a	n/a
Net Purchase Price of Equipment	n/a	n/a
Locations Where Operated	RRMC	RRMC
Number Days In Use/To be Used in N.C. Per Year	365	112 (16 weeks x 7 days) - Estimated
Percent of Change in Patient Charges (by Procedure)	None	None
Percent of Change in Per Procedure Operating Expenses (by Procedure)	None	None
Type of Procedures Currently Performed on Existing Equipment	Cardiac Catheterization	n/a
Type of Procedures New Equipment is Capable of Performing	n/a	Cardiac Catheterization