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CHICAGO, IL 60606

Confidential

March 27, 2025

Lower Florida Keys Hospital District Board
P.O. Box 5403
Key West, FL 33045

Dear Lower Florida Keys Hospital District Board:

We appreciated the opportunity to come to your Board meeting on March 4th to present Juniper Advisory's qualifications to assist the Lower Florida Keys Hospital District (District) as you assess the Lower Keys Medical Center's (LKMC) service offerings and strategies related to the lease. In this letter, we provide an overview of our firm, experience in similar settings across the country, as well as a suggested approach to the assignment.

JUNIPER OVERVIEW

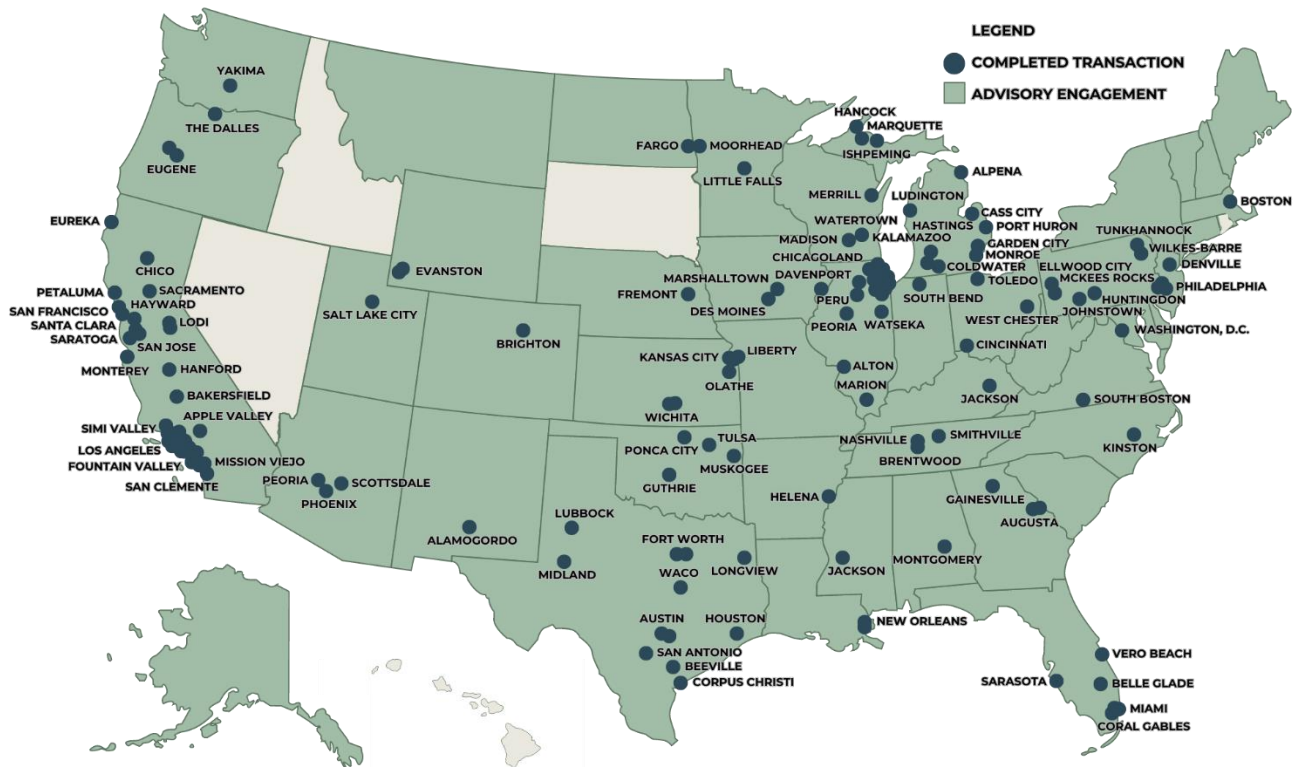
Juniper's team has been a trusted source of merger and acquisition (M&A) and other partnership advisory services to the hospital industry for over 35 years. We are the only firm that focuses exclusively on providing nonprofit health systems, including governmental, community 501(c)3 and religiously sponsored organizations, with expert advice on partnerships; we have no other businesses. Juniper is owned by its employees, which, when combined with our singular focus, results in our firm having no conflicts of interest. This ensures that our clients receive impartial, objective, and expert advice. Unlike our competitors, ***we can confirm here that we are not currently working for, have not recently worked for, are not interested in working for and have no other conflicts with potential lessees for LKMC.*** In fact, our independent advisory firm was created, in part, to avoid these conflicts inherent to our competitors and allow us to focus without distraction on assisting our clients in achieving their objectives.

We have completed more than 300 assignments in which we assisted nonprofit health systems consider various strategic options and execute superior outcomes. This includes many of the most complicated and noteworthy partnerships in the industry over the last three and a half decades. Our team developed what is now the industry standard method to evaluate partnership alternatives. We have devoted our professional lives to helping Boards, like the District, make thoughtful, well-reasoned decisions regarding the strategic futures of their organizations.

Our firm is unique in a number of ways:

- We spend *all* of our time advising nonprofit and governmental hospital systems. This is not a sideline business for us, nor does it compete for resources or senior management attention.
- We have no structural conflicts of interest (e.g., ongoing engagements with potential lessees), cross-selling pressures (e.g., integration consulting services to offer the lessee post-transaction), or shareholder expectations (e.g., a private equity parent). All of our attention is on fulfilling client objectives.
- We staff our engagements with multiple senior advisors with years of experience to provide redundancy and depth.
- We understand the vital role hospitals play in their communities. Beyond meeting healthcare needs, our clients play pivotal roles as employers, economic engines, and attractors of industry. Getting this right for the District will have decades of positive implications for the community.
- The financial outcomes we realize for our clients exceed industry benchmarks by ~50%. This translates into hundreds of millions of value to communities and tens of thousands of jobs.

In the last decade, our team has advised ~40 local government hospital systems, i.e. those sponsored by Cities, Counties, Districts, and other political subdivisions on business combinations. We have worked with elected and appointed officials across the country to navigate decision making in transparent public settings and we are intimately familiar with Florida's Sunshine Law. Below is a map of Juniper's assignments.



JUNIPER TEAM

Our firm is the largest and most experienced team in the industry in advising nonprofit hospital systems on partnerships on a full-time basis. Unlike our multi-service competitors that shift work to their junior teams once a project has been sold, Juniper relies on seasoned professionals with decades long track records of achieving superior outcomes for their clients. This work requires the focus of experienced professionals and that is what Juniper is designed to provide. Juniper’s dedicated project team would consist of Jordan Shields (Partner), Brent McDonald (Managing Director), Mike Hemsley (Senior Advisor), and Nina Leutz (Associate). In addition, Juniper meets weekly as a firm to discuss all live engagements, ensuring that clients have access to the full resources and intellectual capital of the team.



Brent McDonald, Managing Director (c. 214.505.4961) - - Brent has over 25 years of experience leading development, strategy, investment banking and legal teams to accomplish the strategic goals of national, regional, and community-based healthcare organizations. Prior to joining Juniper in 2021, he was Head of Healthcare Strategic Advisory at Bank of America Merrill Lynch, with responsibility for all not-for-profit healthcare M&A coverage at the firm. Before joining BofAML, Brent led the Acquisition & Development department at Tenet Healthcare Corporation, serving as a key member of Tenet’s executive team, advising on strategic direction and responsible for execution of the company’s strategic transactions, including leases. Earlier in his career, Brent practiced law at Norton Rose Fulbright. Brent earned a B.B.A. (Accounting) from Baylor University, a J.D. from Baylor School of Law and an LL.M. (Taxation) from New York University School of Law. He also completed the Harvard Business School Executive Education Program in Managing Healthcare Delivery.



Jordan Shields, Partner (c. 773.490.6729) - - Jordan has over 25 years of experience advising hospitals and health systems, including many of Juniper’s governmental clients, like Indian River County Hospital District in Vero Beach, Florida which entered into a lease with the Cleveland Clinic in December 2018. Prior to joining Juniper in 2011, Jordan was a member of the hospital advisory groups at Guidehouse (formerly Navigant) and Ernst & Young. Jordan holds an MBA with honors from the Kellogg School at Northwestern where he was named Outstanding Student in Health Industry Management by the faculty.

Jordan graduated magna cum laude from Bowdoin College where he earned honors for his work measuring the value of tax exemptions for not-for-profit institutions.



Michael Hemsley, Senior Advisor (c. 610.761.2555) - - Before joining Juniper, Mike was Deputy General Counsel for Trinity Health, one of the largest health systems in the US. Prior to its 2014 merger into Trinity, Mike served as General Counsel for Catholic Health East. His practice involved him deeply in the structuring and execution of over 20 corporate health system strategic corporate acquisitions, leases and divestitures. Prior to joining CHE, Mike spent more than 20 years in private practice, last as Chair of the Health Law Department at Wolf, Block. He was a principal drafter of Corporate Responsibility and Corporate Compliance and two subsequent companion publications, each sponsored by the American Health Lawyers Association and the Office of Inspector General of the U.S. Department of Health and Human Services. Mike has served as a member of the adjunct faculty at his alma mater St. Joseph's University, received a Master of Arts in Legislative Affairs from George Washington University, and his law degree from Villanova University School of Law.



Nina Leutz, Associate (c. 224.216.9623) - - Nina started her career in hospital strategy consulting working with leading healthcare providers. As an Associate at Juniper Advisory, she supports the firm's clients from end to end, including data and financial analysis as well as management presentation development. Prior to Juniper, she was a Senior Associate in the Strategy and Business Transformation group at Kaufman Hall, where she focused on assisting executives from hospitals, health systems, and health payers nationwide address complex problems in order to grow their businesses. Nina earned her Bachelor of Science degree in Science-Business from the University of Notre Dame.

Our firm's full roster of bankers will be available for this project and the depth of our team brings forth a wide range of experiences that benefit our clients.



Rex Burgdorfer
 Partner
 • 20 yr financial services
 • Morgan Stanley
 • Northwestern MBA



Jordan Shields
 Partner
 • 25 yr health system advisor
 • Navigant, E&Y
 • Bowdoin, Kellogg MBA



James Burgdorfer
 Principal
 • Corporate finance 1980
 • Hospital M&A 1992
 • AG Becker, Citigroup
 • U Michigan MBA



David Gordon
 Principal
 • 30 yr healthcare investment banker
 • Piper Jaffray, J. Nuveen
 • Notre Dame MBA



Brent McDonald
 Managing Director
 • 25+ yr health system advisor
 • BAML, Tenet
 • Baylor BBA/JD, HBS



Farley Reardon
 Managing Director
 • 25+ yr development & capital markets
 • Lifepoint VP
 • Vanderbilt MBA



Casey Webb
 Managing Director
 • 10 yr health system advisor
 • Huron
 • DePaul



Chris Benson
 Executive Director
 • 25 yr at Mayo Clinic
 • Strategic partnerships
 • U Iowa



Adam Davis
 Vice President
 • 10 yr healthcare
 • Fitch Ratings, Cain Bros., Moody's
 • Bowdoin, Mt. Sinai SoM



Ansley Geary
 Associate
 • Ernst & Young
 • UGA BBA, MAcc
 • CPA



Nina Leutz
 Associate
 • Analysis, Material Development
 • Kaufman Hall
 • Notre Dame



Joseph Cerisano
 Analyst
 • Analysis, Research
 • BGX Advisory
 • ASU, Georgetown



Alexander Norton
 Analyst
 • Analysis, Research
 • Edgewater Funds
 • University of Chicago



George Brown
 Senior Advisor
 • Legacy Health CEO
 • MultiCare COO
 • BU School of Medicine
 • US Army



Ray Grady
 Senior Advisor
 • 40 yr hospital executive
 • NorthShore, Aurora, Methodist Indiana
 • OSU



Michael Hemsley
 Senior Advisor
 • Trinity Health Deputy General Counsel
 • USciences Board
 • Villanova



John Kosanovich
 Senior Advisor
 • 20 yr Pres. & CEO at Watertown Regional MC
 • UW Madison



Karen Teitelbaum
 Senior Advisor
 • Sinai Chicago CEO
 • 30 yr hospital executive
 • Kellogg



Angela Adams
 Director of Operations
 • Operations, logistics
 • Software development
 • Northern Illinois










Setina Hinojosa
 Marketing Manager
 • Marketing
 • Communications
 • Okla. State Univ.

Projects like the one Lower Florida Keys Hospital District is considering require the close attention of a senior team. As you can tell from our bios, Juniper is intentionally top heavy, consisting of senior bankers with decades of experience. We will be intimately involved in every aspect of the project with Lower Keys Florida Hospital District from start to finish. In addition to providing skill and expertise, we will bring practical experience in how this type of business combination is best achieved. Our senior bankers would attend all meetings and carefully guide every step of the process.

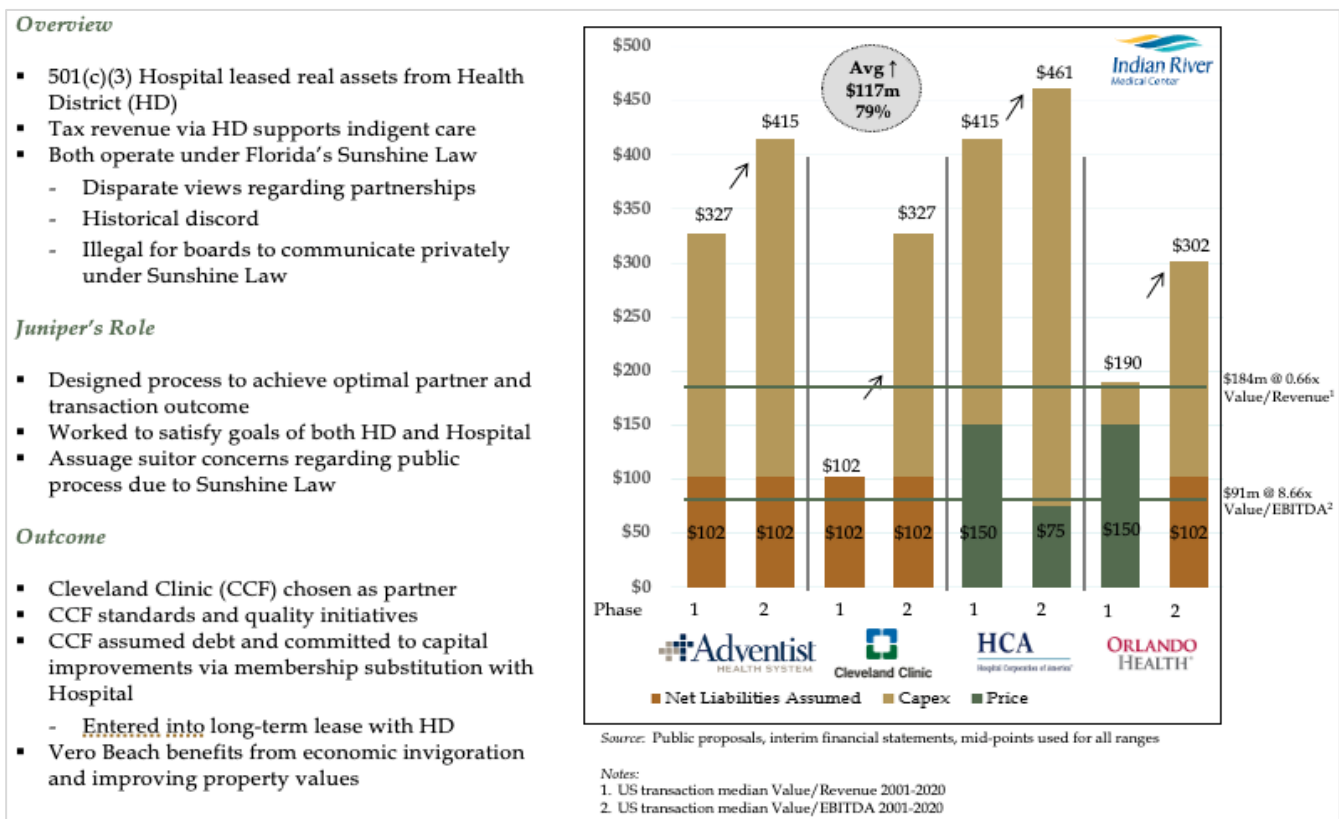
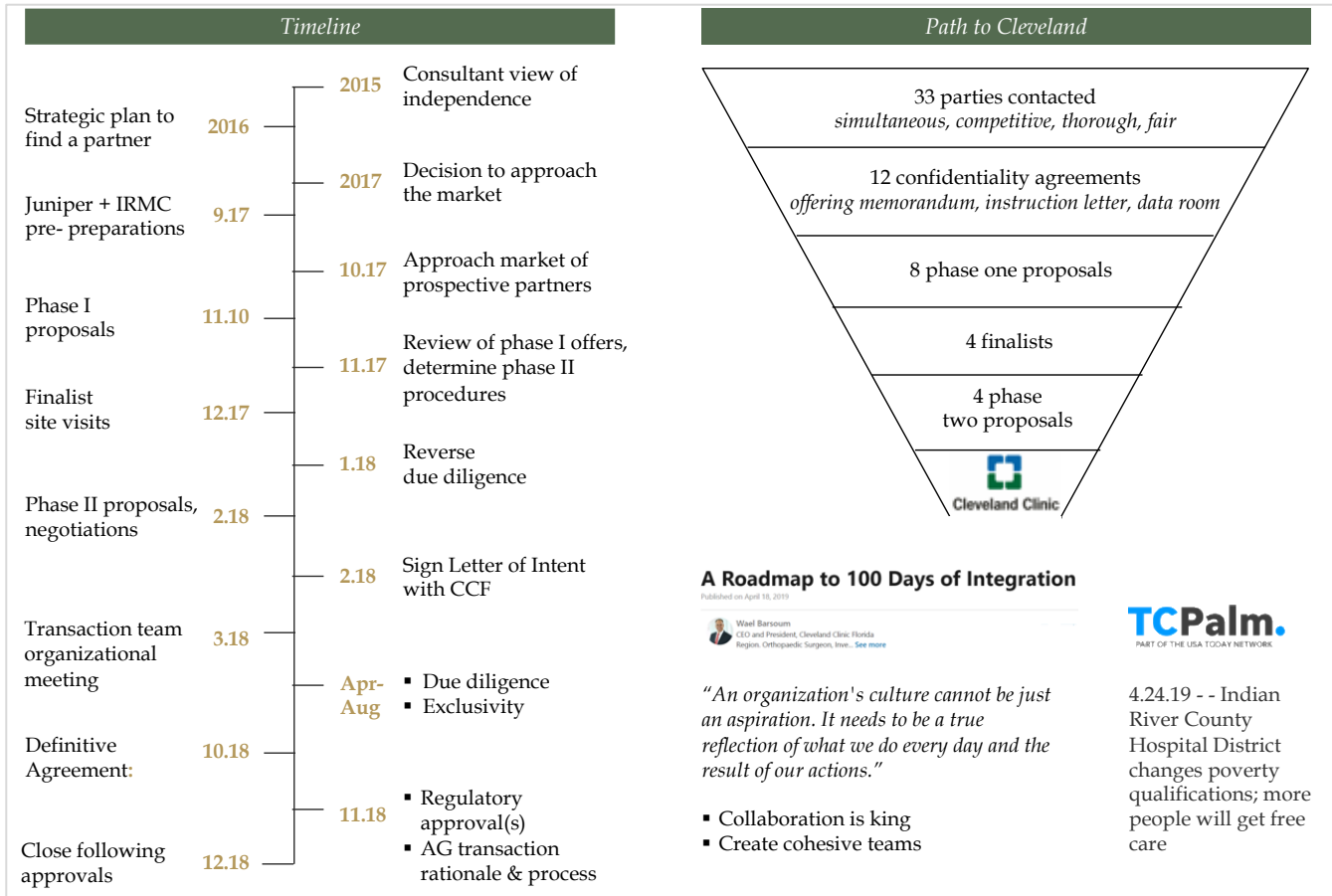
In addition to our practice experience, we also write and speak frequently on trends in the hospital industry and have published a range of articles on governmental hospital considerations, partnership processes and other topics of interest to the District. These can be found on our website: www.juniperadvisory.com. In 2020, we published the definitive guide to health system partnerships, *A Healthcare Leader's Guide to Successful Mergers & Acquisitions*, which we shared at the March 4th meeting and can be downloaded on our website and ordered from Amazon. We are faculty members of the Governance Institute and presented at their annual meeting with our client, the Indian River Medical Center, and The Cleveland Clinic. A case study of this transaction is included below.

COMPARABLE ASSIGNMENTS & REFERENCES

Below are select rural and public hospitals in comparable settings to LKMC that Juniper has advised and that can provide references.

Client	Assignment	Reference
 Indian River Medical Center Indian River County Hospital District, FL	 Cleveland Clinic <ul style="list-style-type: none"> Hired <i>after</i> the District and hospital completed initial work with Stroudwater and came to the conclusion that Juniper was best positioned to assist them in achieving their objectives. Advised District & hospital on ~\$325m lease transaction with the Cleveland Clinic 	 Marybeth Cunningham Board Chair t.772.567.4311 e. mbcharles1@aol.com
 LIBERTY HOSPITAL New Liberty District, MO Video: Press Conf. w/ KU	 THE UNIVERSITY OF KANSAS HEALTH SYSTEM Entered a ~\$400m long-term lease June 30 th despite material financial losses	 Dr. Raghu Adiga Chief Executive Officer t. 816.792.7001 e. adigaraghu@libertyhospital.org
 Blount Memorial Hospital Blount County, TN	 PRISMA HEALTH. <ul style="list-style-type: none"> Advising County & board on partnership process Analyzing phase two finalist proposals in July Proposals each total ~\$350m	photo n.a. Randy Vineyard Chief Administrative Officer (ret.) t. (865) 254-3188 e. randyanddale5474@gmail.com
 MCMC MID-COLUMBIA MEDICAL CENTER The Dalles, OR	 Adventist Health <ul style="list-style-type: none"> First rigorous competitive process in the state ~\$170m partnership in the face of acute operational distress First to navigate new regulatory environment	 Dennis Knox Former CEO t. 602.315.3779 e. knoxdm@ah.org
 Gerald Champion Regional Medical Center Alamogordo, NM Video: Describing Foundation	 CHRISTUS Health <ul style="list-style-type: none"> Proactive consideration of partnerships ~\$430m transaction that created the ~\$250m Sacramento Mountains Foundation to address issues on the US/Mexico border 	 Jim Heckert CEO Christus South NM t. 575.415.0943 e. jheckert@gcrmc.org

Indian River Hospital District's partnership with The Cleveland Clinic is a particularly relevant assignment. The below visuals pertain to the Indian River - Cleveland Clinic project. These illustrate the timing, sequence of events, and distillation that occurs in a controlled competitive process. The bar chart shows: (1) the forms of consideration, (2) the way in which proposals evolve from phase one to phase two of the process (here they increased an average of \$117 million), (3) how competition is useful to cause some of the less acquisitive or experienced lessees (e.g., Cleveland Clinic) to be commercially reasonable, and (4) that Juniper's goal is to generate outcomes (not just financial) that are as high as possible and as uniform as possible so the District can choose who they believe the best partner for the community will be.



PROJECT DESIGN

We originally understood your desire for a short-term focused engagement designed to educate the District Board in connection with its supervisory and governance authority with respect to services at LKMC. Based on discussions at the March 4, 2025 public meeting and the corresponding partner presentations, we appreciate your appropriate desire to accelerate this work and simultaneously conduct a process to identify alternatives. The following is our proposed approach to assist the District in realizing a lease transaction that best supports your full range of objectives. We have developed a suggested approach to assist the District in three phases: (1) Situational Assessment; (2) Partner Input; and (3) Transaction.

(1) Situational Assessment

During the initial phase of the project, Juniper would provide education on M&A topics including hospital industry structure, national and regional system development, competitive landscape, case studies of hospital systems similarly situated to LKMC, reimbursement and operating trends, valuation, financial and non-financial terms typical and atypical of hospital lease transactions, forms of financial consideration and other topics. We will also explore governance in hospital transactions, discussing the role of the District board under various alternatives, types of reserve powers and their implications and related governance topics.

While these topics will assist the Board in understanding models available for LKMC, it is Juniper's strong view, based on decades of experience, that the District can achieve the very best outcome by thoughtfully articulating your objectives and designing a process to generate ideas from the market to meet those objectives. In other words, while we believe that Juniper's valuation database is among the most, if not the most, sophisticated and complete in the industry and that our knowledge of what service offerings can be successfully achieved in lease negotiations is unmatched, we also believe that financial and nonfinancial value are maximized by a rigorous process that pulls alternatives from the market.

During this phase, Juniper will develop a thorough understanding of the District's objectives, needs, and preferences, including clinical, community, and financial factors.

- Develop and document the District's objectives and LKMC's needs, including clinical, community, and financial factors
- Compile preliminary clinical, market, financial, operating and other data
- Interview stakeholders (i.e., District board members, key medical staff, community members, hospital leadership)
- Perform S.W.O.T. (Strengths, Weaknesses, Opportunities, Threats) analysis of LKMC
- Obtain an informed view of existing hospital services, potential or future anticipated gaps in services, and opportunities to enhance or expand services.
- Evaluate appropriate and available data to understand community needs for hospital services, outmigration, hospital utilization, outpatient and other clinical services
- Review Juniper proprietary research as to service line commitments made by organizations that have leased or otherwise taken long-term control over hospitals similarly situated to LKMC.
- Ensure an understanding of the expectations of the Kennedy Drive Investments, Ltd. (Kennedy Drive Ltd.) owner / lessor and joint and, as part of process, determine mutually acceptable pathways forward and develop potential areas of joint agreement
- Review of current lease terms (expiring April '29) and industry shifts in standard lease terms over the last 30 years; Importantly, we have recent experience in assisting with determining the value of a long-term lease
- Develop approach for end of current lease term with CHS and work with District and counsel to mitigate issues that customarily arise at lease expiration or renewal
- Work with District to address appropriate communications for key stakeholders and District constituents

- Address other priorities established by the District to prepare for the CHS lease expiration and develop next steps to best position the District to achieve its documented objectives.
- Work collaboratively with counsel and any other professionals

The Situational Assessment phase would culminate with a baseline understanding of the current hospital lease environment and a clear set of objectives against which to measure alternatives.

(2) Partner Input

Simultaneous to our work in the Situational Assessment phase, Juniper would prepare marketing materials. We would craft an Instruction Letter directing how potential partners should express their preliminary interest and address the District's objectives, including facility needs. We would also draft an Information Memorandum outlining the opportunity that LKMC represents in the market and describing the various benefits that LKMC would provide potential partners. We would populate a data room that would provide partners with the information they will need to respond to the Instruction Letter.

We would work with the District to approve a list of potential partners – likely 20 or more organizations that Juniper would approach on the District's behalf. While the health systems that presented on March 4th represent the most-likely group of interested parties, we believe it would be a mistake to limit the organizations you consider to those parties that were approached and agreed to come earlier this month. For illustration, on Indian River's behalf, we approached 33 parties, obtained initial interest from 12 which signed confidentiality agreements and received comprehensive proposals from 8 organizations. From that group, the Indian River County Hospital District selected 4 finalists with whom to conduct further discussions. Our process is designed in a way that does not create additional work for the District, LKMC or any entity other than Juniper whether you authorize us to go to five or fifty potential partners. The worst mistake an organization can make is assuming that they know another organization's level of interest, proposed terms or partnership vision.

Potential partners would be asked to sign Confidentiality Agreements and then be provided with the Instruction Letter, Information Memorandum, and access to the data room. Organizations would be given approximately 5 weeks to respond. Juniper would compile the responses into a comparable format and present these to the District. We will encourage the District to select three to five finalists from the proposals you receive. This size group will offer a solid basis of comparison, while still being manageable as we ask you to invest more time in engaging with these finalist organizations.

(3) Transaction

Each finalist would meet with the District and to tour LKMC. Juniper would also schedule visits to each of the finalist partners for a group of District representatives and, at the District's direction, physicians or other community members. As part of due diligence, we will work with the finalists to identify hospitals as similar in size and position to LKMC as possible, and ideally ones that have entered lease agreements with those systems within the last 5 years, where legacy board members and executives are still present. These visits will include break-out sessions where District members would meet with local hospital board members and, if present, physicians would meet with representatives of the local medical staff. Our experience has been that these visits are particularly helpful for our clients to better assess differences in cultures and approaches between potential partners. Based on input from the District, we may also seek to schedule visits to the partners' "hub" facilities and/or headquarters. We have experience conducting these visits under the Florida Sunshine Law and, with counsel's guidance, can adjust the format in a way that best meets your needs and is compliant with open meeting requirements. During this period, finalists will also be asked to respond to a more detailed and directive second round Instruction Letter.

Once the District has determined which partner best meets your objectives, Juniper will assist in the negotiation of a non-binding Letter of Intent (LOI). Signing of an LOI is among the most important steps in any partnership process. While non-binding, the LOI spells out key business terms and typically grants exclusivity to the partner. In our experience, terms rarely improve after exclusivity has been granted and diligence begins. Therefore, we will work to

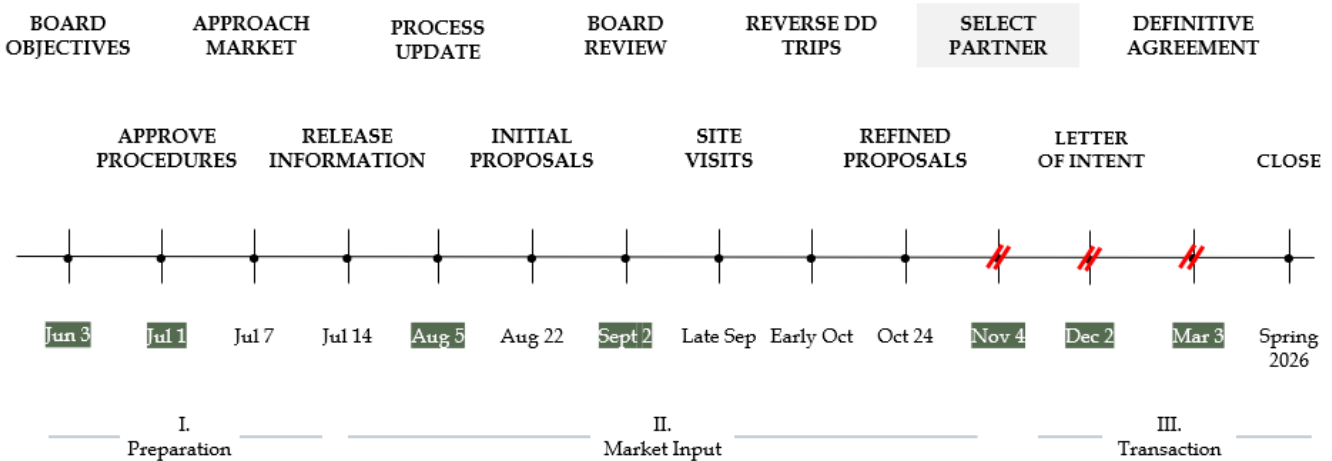
resolve the key business terms before granting exclusivity. Further, we will use the prospect of exclusivity to the District’s maximum benefit in leveraging potential partners to adjust their offers to best meet your objectives.

After the Letter of Intent has been signed, the parties would enter confirmatory due diligence. Throughout the process, Juniper would stress to potential partners that, while non-binding, their offers would be subject to confirmatory and not exploratory due diligence. We will use this moral suasion to keep the diligence process moving, limiting timing risks and the burden on LKMC to respond to ever-more-specific requests. During diligence, Juniper will assist counsel with drafting and negotiating a binding Definitive Agreement, documenting the business and legal terms of the transaction. It is typical for any contingencies to drop upon signing of the Definitive Agreement and for closing to occur once any necessary regulatory approvals have been achieved. We have a preliminary understanding of the LKMC’s specific regulatory hurdles, including antitrust concerns, as a district hospital in Florida and would work with counsel to ensure the process anticipates and addresses those requirements to minimize the risk of disruption and delays.

TIMELINE

It is important that the project progresses at a pace that is both efficient and effective. Combining the District’s objectives with Juniper’s experience will enable us to develop a detailed and organized schedule of time and events. The following draft timeline describes these major features and is built around using the first Tuesday board meeting pattern. Communications and other specialist roles, e.g., use of a board committee, would be thoughtfully incorporated. *Please note, we have modified our approach to address our understanding that the District is accelerating its evaluation and review of potential suitors.*

Preliminary: this timeline would be designed and further customized with District input



Key
 District Board Meetings = 1st Tuesday
 2025: 6/3, 7/1, 8/5, 9/2, 10/7, 11/4, 12/2; 2026: 1/6, 2/3, 3/3, 4/7, 5/5
 // = District can decide whether to move forward

COMPENSATION

Our goal in working with the District is to provide objective advice and assist you in positioning LKMC to meet the needs of your community for the next generation. Our work is practical, and our clients find Juniper’s approach to be more efficient (time and cost) and effective (superior outcomes) than that of the generalist consultants with whom we sometimes compete. *As noted, we have modified our approach to address our understanding that the District is accelerating its evaluation and review of potential suitors.*

We propose the following fee structure:

- Monthly Retainer: \$10,000 billed at engagement and monthly thereafter. The District would be free to terminate the engagement at any time, owing nothing beyond the retainers billed to that point.
- Transaction Fee: 1.0 – 2.0% of financial consideration.
 - Payable upon the closing of a successful outcome and measured as a small percentage of financial consideration anticipated to primarily consist of:
 - Binding capital commitment from partner which could include an obligation to build a replacement hospital or other contractually committed investments.
 - Present value of lease payments.
 - Our success fee would generally be paid out of proceeds at closing.
 - As a point of reference, our fee with the Indian River County Hospital District was 1.15% and IRMC is roughly three times LKMC’s size, presumably commanding higher consideration and a lower success fee percentage.
 - Importantly, we are open to reaching agreement on an appropriate floor and ceiling for this fee.

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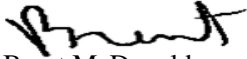
Based on the regional provider presentations made at the District’s March 4, 2025 public meeting, we believe there is substantial interest in a relationship but vastly different and, in most instances under-developed (or inappropriately contingent) commitments. Substantial work would be necessary to identify additional partners, bring along the various suitors that presented this month and ensure a long-term commitment is in place to meet the District’s needs and serve the broader Key West community over the term of a new, revised long term lease. We agree with your view that an advisor should be engaged to work in a complementary fashion alongside outside transaction counsel. We strongly believe that efforts to elicit concrete proposals, use competition to obtain the best terms and meet District objectives can be best achieved by Juniper. Importantly, we also understand how to support the District in ensuring that the various proposals are clear, concrete and understandable to all key stakeholders.

We believe Juniper is uniquely well-positioned to assist your organization and offer the following key attributes to distinguish our firm:

- a) **Depth of Senior Team:** Juniper’s experienced, senior bankers will be at your side throughout the process and available 24 / 7 to support the success of the engagement. Our team’s cell phone numbers are included with our bios above, and we will be available day and night. Unlike larger firms, we do not send in team members to pitch who then play minimal roles in the engagement. Importantly, you should be confident that you will have access to our senior bankers who are backed up by the broader firm’s experience and leadership and whom are all dedicated to this type of strategic engagement. You will have the full attention of our team to advocate for the success of the process.
- b) **No Conflicts:** Juniper focuses solely on its advisory services and does not cross sell or seek to work in any manner with the partners. We will provide independent and neutral advice with a proven track record.
- c) **Results:** We track financial and non-financial transaction outcomes for our clients, including how they perform against a range of quality, financial and service offering criteria post-closing. Our focus and rigor enable transactions we advise on to exceed market values by approximately 50%.

We are excited about the prospect of working with you on this undertaking. LKMC is a vitally important community asset, and we take our responsibility in defining and meeting your objectives very seriously. This project would be important to our firm and will receive our full attention. We are prepared to begin immediately and welcome the opportunity to discuss further.

Sincerely,



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e. bmcdonald@juniperadvisory.com



Jordan Shields
c. 773.490.6729
e. jshields@juniperadvisory.com

cc: Mr. Lewis W. Fishman, P.A.,
General Counsel