

August 31, 2022



HOSPITAL MERGERS, ACQUISITIONS, AND PARTNERSHIPS

CONFIDENTIAL



JUNIPER ADVISORY

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1. JUNIPER ADVISORY

introducing our firm



JUNIPER ADVISORY *overview*

▪ *Specialized strategic advisory firm*

- Focus exclusively on strategic advisory services for nonprofit health systems
- No conflicts of interest or cross-selling pressures
- Independent, privately-held
- Only experienced group with full-time, dedicated approach

▪ *Team & experience*

- Over 30 years of hospital advisory experience
- Significant experience with public hospitals
- Creative transactions - - many 'firsts'
- Leader in formation of AMC joint ventures
- Largest team in industry devoted solely to acute-care strategic advisory

▪ *Singular focus on Board-level advisory*

- Objective advice, long term viewpoint
- Development and implementation of strategic affiliation processes
- Guidance regarding strategic options, including independence

▪ *National expert on topics important to hospital Boards*

- Research publications, frequent lecturer, media resource

By the Numbers

30-year track-record
250 assignments, 42 states
125 transactions
0 attorney general challenges
50+ publications

Client profile

100% nonprofit health systems
70% hospital joining a system
\$100m to \$1.5b revenue
50% 501c3
25% public hospitals
15% faith-based
10% academic
50% premium achieved to market terms & value
50% remain independent

JUNIPER ADVISORY *team biographies*



Rex Burgdorfer
Partner
• 20 yr institutional securities
• Morgan Stanley
• Northwestern MBA



Jordan Shields
Partner
• 20 yr health system advisor
• Navigant, EY
• 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
• 20+ yr health system advisor
• BAML, Tenet
• Baylor BBA/JD, HBS



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



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



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



Alex Voss
Vice President
• Support, research
• Ariel Investments
• U Chicago, Notre Dame



Andrew Blank
Associate
• Quantitative analysis
• Rothschild & Co.
• Vanderbilt, Edwin Gardner prize



Duncan Cannon
Analyst
• Financial analysis
• Tufts endowment
• Bowdoin



Keith Loukas
Analyst
• Analysis, Research
• UnitedHealth, Optum
• St. Olaf, U of MN MHA



Angela Adams
Office Manager
• Operations, logistics
• Software development
• Northern Illinois.



Dr. Ernest Braxton
Senior Advisor
• Orthopaedics and neurosurgery
• US Ski Team physician
• US Air Force



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



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



Scott Becker
Senior Advisor
• 30 yr hospital system and managed care exec
• Conemaugh CEO
• Univ of Pittsburgh



George Brown
Senior Advisor
• Legacy Health CEO
• MD, internal & gastro
• Hampton U, BU SOM, US Army War College

EXPERIENCE ~250 advisory assignments, ~125 M&A transactions, ~42 states



RESEARCH AND PUBLICATIONS *selected articles and news coverage*

MERGERS AND ACQUISITIONS

Assessing Deals and Whether or Not to Partner

Becker's Hospital Review Annual Meeting

Demonstrating Fairness in a Market Approach to M&A

The Governance Institute

Current Trends in Hospital Mergers and Acquisitions

Healthcare Financial Management Association Magazine

Key Business and Legal Considerations in Hospital M&A

Becker's Hospital Review, American Legal Institute

Horizontal and Vertical Mergers in the Hospital Industry

McGuire Woods Healthcare Provider Conference

Continuing a Hospital's Charitable Mission Through M&A

The Governance Institute

JUNIPER ADVISORY IN THE NEWS

Healthcare Executives Expect M&A to Boost Business in 2019

Modern Healthcare

Don't Count on Stock Market to Keep Hospitals Afloat, Juniper Report Warns

Healthcare Dive

M&A: Finding the Right Match

HealthLeaders

Pandemic Loan Repayments Could be Tipping Point for Financially Unstable Hospitals

Modern Healthcare

Cash-Poor Governments with Public Hospitals

Wall Street Journal

THE BOARD'S ROLE

Governmental Hospital Business Combinations -- the

Governance Dynamic

The Governance Institute

Is Healthcare a Charity, Social Service or Business?

Community Hospital Boards Contemplate Their Role

The Governance Institute

Partnership Road Map: Navigating Successful Health System Integration

American Hospital Association

The Strategic Alignment Committee: A Response to Reform

The Governance Institute

Fiduciary Duties of Healthcare Directors

Journal of Health Law

TRANSACTIONS STRUCTURES

Public Hospitals and Partnerships

Trustee

Ownership Form and Hospital Industry Consolidation

The Governance Institute

Whole Hospital Joint Ventures between Non-Profit and For-Profit Companies

The Governance Institute

Consolidation Transactions: Will They Make a Comeback

The Governance Institute

The "New-Model" Joint Ventures: Something for Everyone?

Community Hospital 100

2. RECAP OF WEBINAR PARTS I & II



KEY THEMES FROM PART I

▪ Market Trends (US Acute Care)

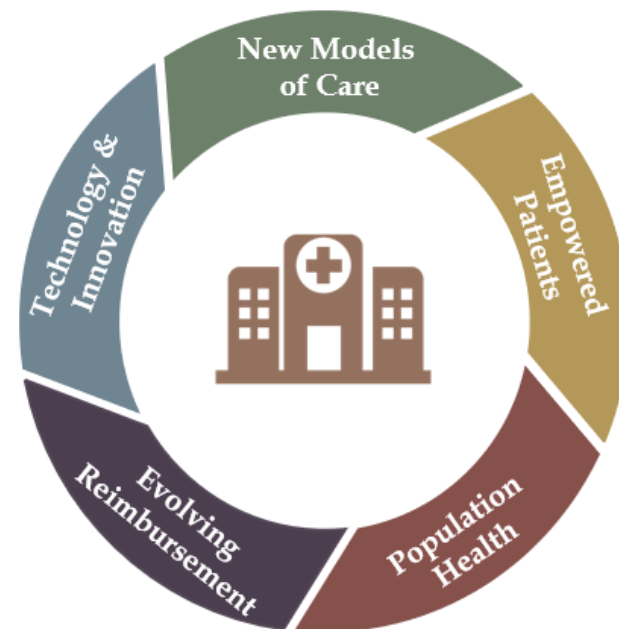
- Future of Healthcare
- Relative Concentration of Acute Care vs. Other Industries
- Financial Pressures and Realities Two-Years Post-COVID
- Publicly Traded Equity Markets Adjustment
- Over-Reliance on Investment Earnings / Other Revenue

▪ Trends in Hospital M&A

- New Landscape of NFP Ownership
 - Both scale / geographic diversification
 - Regional strong and deep networks
- Less Straight M&A, More Creative Structures
- Percentage of Hospitals in Systems Increased to 67%
- AMCs Growing in Community Hospital / PCP Space
- Terminated Merger Culprits: Antitrust and Culture

▪ Select Regional Developments

- Few Active Acquirors in State



KEY THEMES FROM PART II

▪ Economies of Scale & Scope

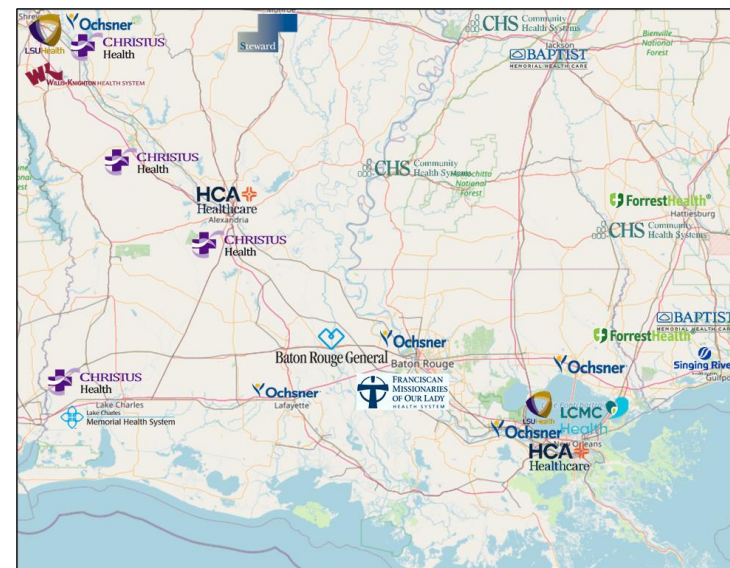
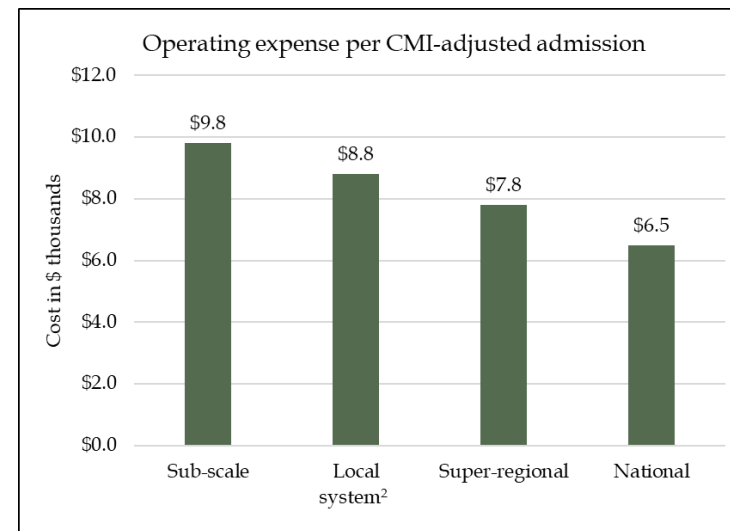
- Advantages of scale
 - Structural, operational, skill economies
 - Drawbacks: coordination and complexity, cultural fit
- Enhance quality & financial performance
- Access to capital; rating agency considerations
- Credit profile impacts of size

▪ Assessing Independence

- Benefits of partnering
 - Why are hospitals considering their options?
- Process objectives
- Advisory engagement: overview of approach
- Assessment of strategic direction
 - Role of objectives
- Credit analysis and analytical diligence

▪ Strategic Focus: Louisiana

- Demographic review
 - Economic indicators
- Regional overview
 - Louisiana and adjacent markets
- Select recent developments
 - Transaction activity



3. ASSESSMENT OF STRATEGIC DIRECTION

process overview



ADVISORY ENGAGEMENT *overview of approach*

ASSESSMENT of STRATEGIC DIRECTION			BUSINESS COMBINATION <i>if selected</i>
<i>Situation</i>	<i>Options</i>	<i>Market Input</i>	<i>Negotiation Execution</i>
<p><i>Subject Matter</i></p> <ul style="list-style-type: none"> • Market-centric, non-recurring <ul style="list-style-type: none"> - Financial markets - Business value - Debt capacity • Hospital-centric, recurring <ul style="list-style-type: none"> - Financial condition - Competitors - Physicians, payors - Strategic needs • Hospital industry <ul style="list-style-type: none"> - Structure - Regional market - Consolidation trends <p><i>Format</i></p> <ul style="list-style-type: none"> • Board sessions • Individual interviews <p><i>Outcome</i></p> <ul style="list-style-type: none"> • Understand objectives • Assessment of financial stability and ability to meet community's health needs 	<p><i>Structural alternatives</i></p> <ul style="list-style-type: none"> • Business and financial implications of each • Pros, cons, practical realities • Utilization in combinations <p><i>Potential partners</i></p> <ul style="list-style-type: none"> • Business and finance • Approach to affiliation and combinations • Personalities <p><i>Marketing design</i></p> <ul style="list-style-type: none"> • Process for evaluating indications of interest from market • Both ownership change and no ownership change 	<p><i>// Phase One Market Input</i></p> <ul style="list-style-type: none"> • Simultaneous approach to market <ul style="list-style-type: none"> - Information memo - Instruction letter - Data room • Comparison of proposals and partners <ul style="list-style-type: none"> - Ideas from market • Basis of comparison <p><i>// Decision to stop or continue</i></p> <ul style="list-style-type: none"> • Board decision concerning independence • Remain independent or continue to consider partnership • Phase two market clear • Selection of finalists 	<p><i>// Phase Two Market Clear</i></p> <ul style="list-style-type: none"> • Interaction with finalists <ul style="list-style-type: none"> - Management meetings - Reverse due diligence visits • Refined proposals • Select partner or stop • Letter of Intent • Agreement on major business, social, legal and financial terms <p><i>// Proceed to Definitive Agreements</i></p> <ul style="list-style-type: none"> • Partner's due diligence • Confirm and finalize terms in definitive agreement • Approve definitive agreement or stop • Governmental approvals • Close

// = Decision points to stop process or proceed

PROCESS LEADS TO DEFENDABLE DECISION *internal and external review*

Whether you pursue a partnership or not, how the process is conducted is important

If pursued, the partnership will be subject to external review

- Stakeholders include Federal and State regulators, patients, physicians, other clinicians, employees, executive teams, boards, community leaders, business leaders, others.
- Antitrust review does not require an ownership change and could be triggered.

State Attorney General and other potential external critics, including FTC, may ask

- Why did the organizations consider partnership alternatives?
- How did the Boards select each other's organizations to partner and pursue this structure
- Were the Boards' actions free of self-dealing and inappropriate personal gain?











Juniper's process intended to assure

- Board considered public interest and interests of affected stakeholder groups.
- Board has a record of its strategic assessment of needs and objectives.
- Financial and nonfinancial issues important to the Board were addressed.
- Boards and their advisors conducted an open, fair, comprehensive and rigorous review, including alternative partnership structures.
- Board fully advised of, and all decisions made consistent with, fiduciary responsibilities.

ALTERNATIVE MARKETING APPROACHES

TYPE	ADVANTAGES TO OWNERS	DISADVANTAGES TO OWNERS
BILATERAL NEGOTIATIONS private discussions conducted with one or more interested partner, provision of confidential information and negotiation of money and non-money terms	<ul style="list-style-type: none"> ▪ Discreet, can usually be kept confidential ▪ Simplest process ▪ Least disclosure ▪ Maximum flexibility to terminate offering without adverse consequences 	<ul style="list-style-type: none"> ▪ May not receive maximum value ▪ Risk of choosing wrong partner ▪ Limited confidence in fairness or adequacy of value ▪ Lack of competition likely to force compromise on money or non-money terms ▪ Negotiations may be protracted and absorb senior management resources ▪ Little protection from external criticism
SERIES OF BILATERAL NEGOTIATIONS one-to-one private discussions with <i>series</i> of interested partners, provision of confidential information and some negotiation of money and non-money terms	<ul style="list-style-type: none"> ▪ Fairly simple process ▪ Modest disclosure ▪ Some flexibility to terminate offering without adverse consequences 	<ul style="list-style-type: none"> ▪ Difficult to compare series of offers ▪ Extensive commitment of senior management resources to protracted series of negotiations ▪ Extended period to complete transaction ▪ Difficulty in maintaining parity of treatment and evenness of information among series of interested parties ▪ Little protection from external criticism
CONTROLLED COMPETITIVE PROCESS acknowledgement of intent to seek partner, followed by carefully designed and controlled program aimed at creating competitive environment	<ul style="list-style-type: none"> ▪ Maximizes value ▪ Enhanced perception of fairness of process, especially by external critics ▪ Expeditious completion on owners' timetable ▪ Best ability to compare offers ▪ Control over form of consideration and non-money terms ▪ Control and limitation of senior management time 	<ul style="list-style-type: none"> ▪ Less discreet, generally becomes broadly known ▪ Greater disclosure of information ▪ Some organizational uncertainty ▪ Less flexibility to terminate transaction without impairing future value ▪ Complex to manage

SUBOPTIMAL TRANSACTION OUTCOMES *the consequences of poorly designed processes*

Seller	Buyer	Outcome
		Terminated -- LOI, public announcement
		Terminated -- LOI, public announcement
		Terminated -- MOU, public announcement
		Terminated -- LOI, public announcement
  <small>East Jefferson General Hospital</small>	<i>Multiple</i>	Joint Process Terminated – consultant removed
Causes		Consequences
<p><i>Design</i></p> <ul style="list-style-type: none"> • Cultural compatibility not properly jointly vetted • Premarketing phase poorly implemented • Bilateral negotiations, lack of competition • Incomplete market considered • Inexperienced consultants • Inexperienced “buyers” and new group of “sellers” • Entered LOI before conducting detailed due diligence • Commercially unreasonable transfer of risk to seller <p><i>Systemic</i></p> <ul style="list-style-type: none"> • Little adherence to corporate (SEC) standards (TransUnion) • No institutional shareholders • AG indifferent to transfers among nonprofits 		<ul style="list-style-type: none"> • Physician and employee defections • Operating performance suffers • Lender scrutiny heightens • Competitors encroach • Market share declines • Value erodes – often by tens or hundreds of millions of \$\$ • Community loses faith in hospital

4. STRATEGIC ALTERNATIVES

overview & structural examples

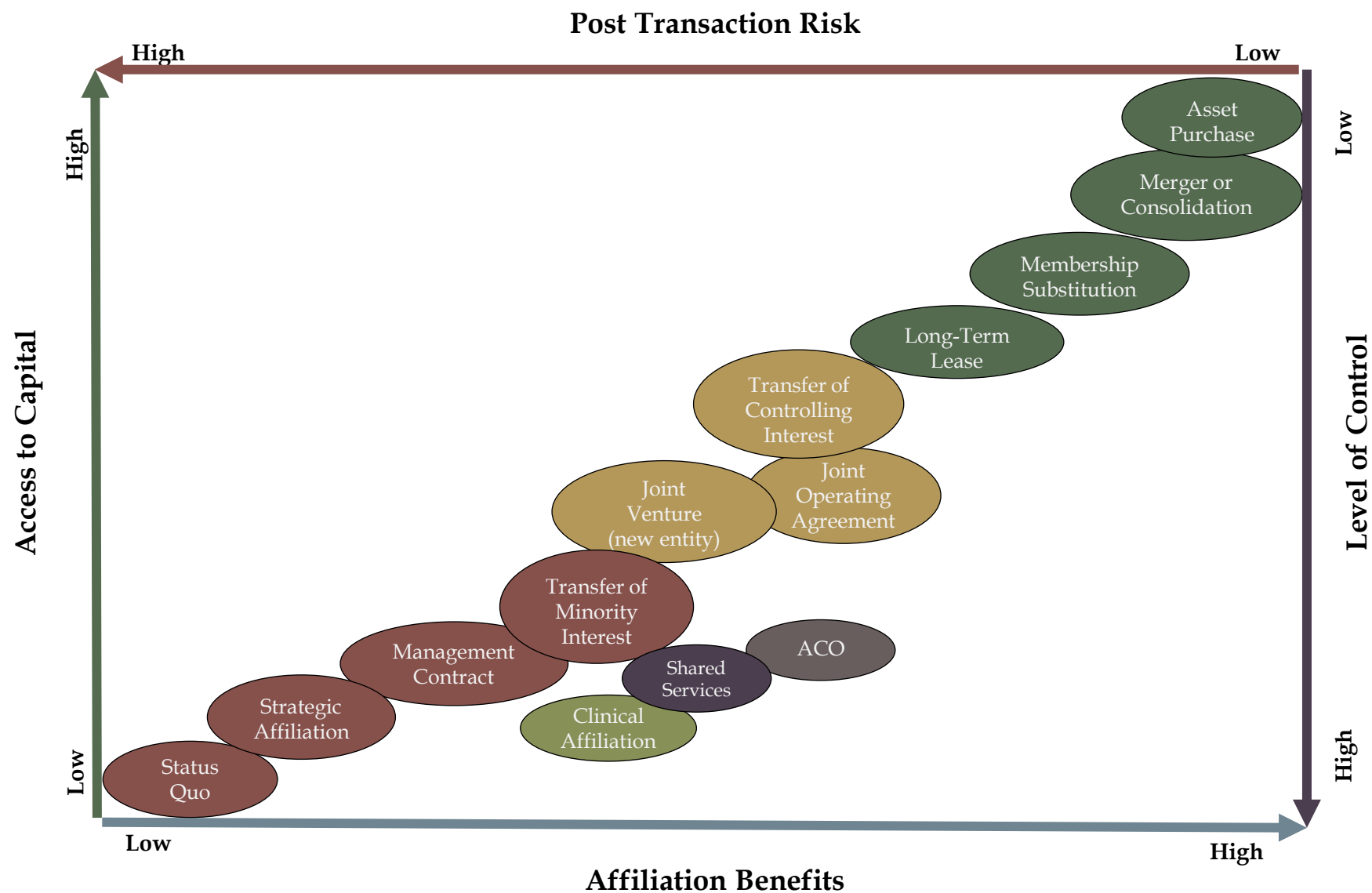


ADVISORY ENGAGEMENT *overview of approach*

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STRATEGIC TOOLBOX *continuum of strategic options*



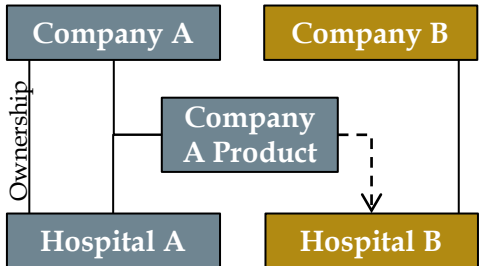
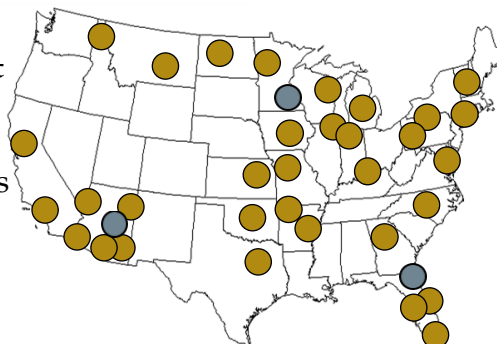
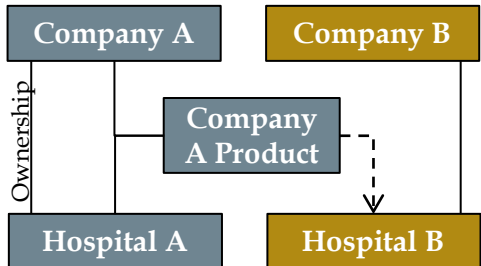
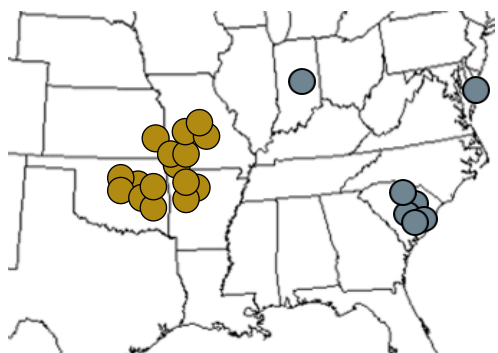
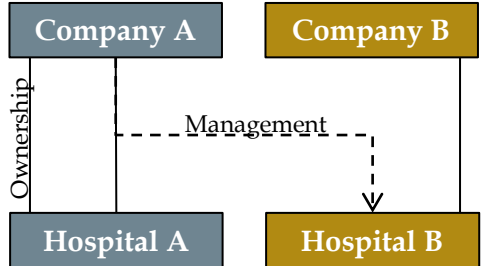
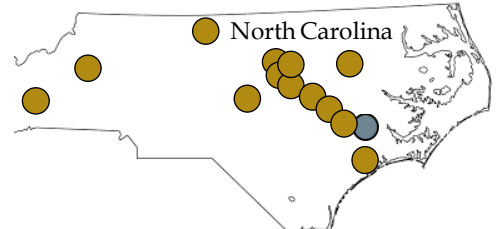
COMMON OBJECTIVES RELATIVE TO STRATEGIC STRUCTURES

no or partial change of ownership

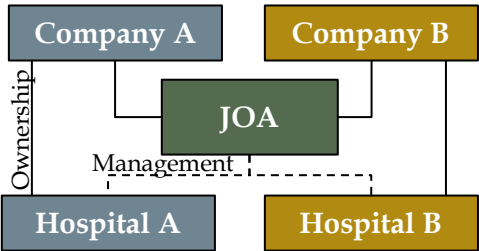
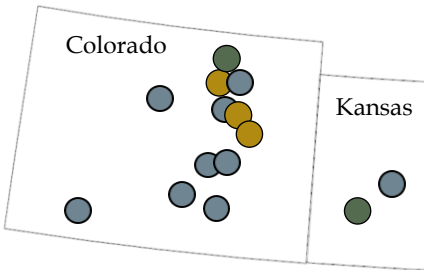
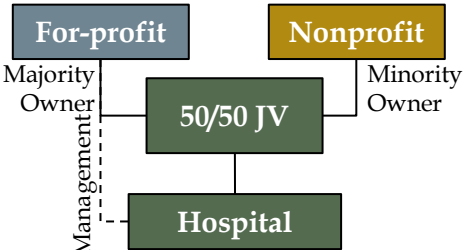
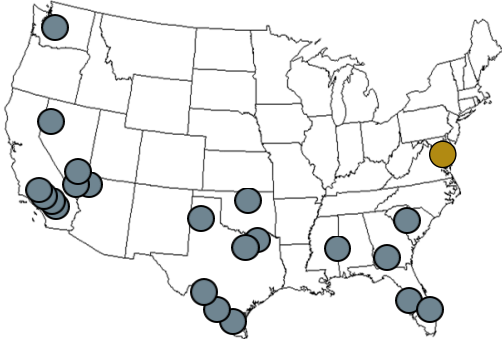
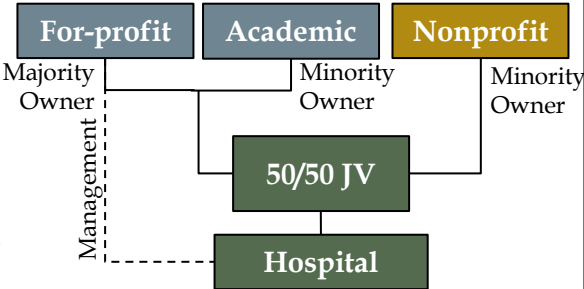

	Clinical affiliation, ACO, Teaching	Back-office affiliation, HIT	Management Agreement	Joint Operating Agreement	Seller Joint Venture
Clinical Integration					
Physician Recruitment					
Nursing Coverage					
Contracting/ Network Benefits					
Revenue Growth					
Cost Synergies					
Access to Capital					
Partnership Sustainability					
No change in ownership					
No change in control					
Potential for High Impact					



STRUCTURES *no change of ownership*

	Description	Examples
Clinical Affiliation	<ul style="list-style-type: none"> Contractual agreement between two entities to perform certain tasks or provide certain services May include branding Can extend to ACO or other integrated network Cash transaction No Δ ownership or control 	<ul style="list-style-type: none"> Cleveland Clinic Heart & Vascular Affiliations Johns Hopkins Cancer <i>Mayo Clinic Care Network</i> 
Back-Office Affiliation	<ul style="list-style-type: none"> Similar to Clinical Affiliation, but not patient facing Contractual agreement between entities to achieve partial aspects of scale HIT and GPOs particularly popular No Δ ownership or control 	<ul style="list-style-type: none"> MedAssets <i>Mercy, Riverview, McLeod and Peninsula</i> United and Boulder Community 
Management Agreement	<ul style="list-style-type: none"> Contractual agreement between two entities where one manages the other May include branding Top executives typically employed by manager May include contracting No Δ ownership, Δ control 	<ul style="list-style-type: none"> Atrium Health <i>Lenoir-UNC</i> Quorum Health Floyd Healthcare and Polk Medical Ctr 

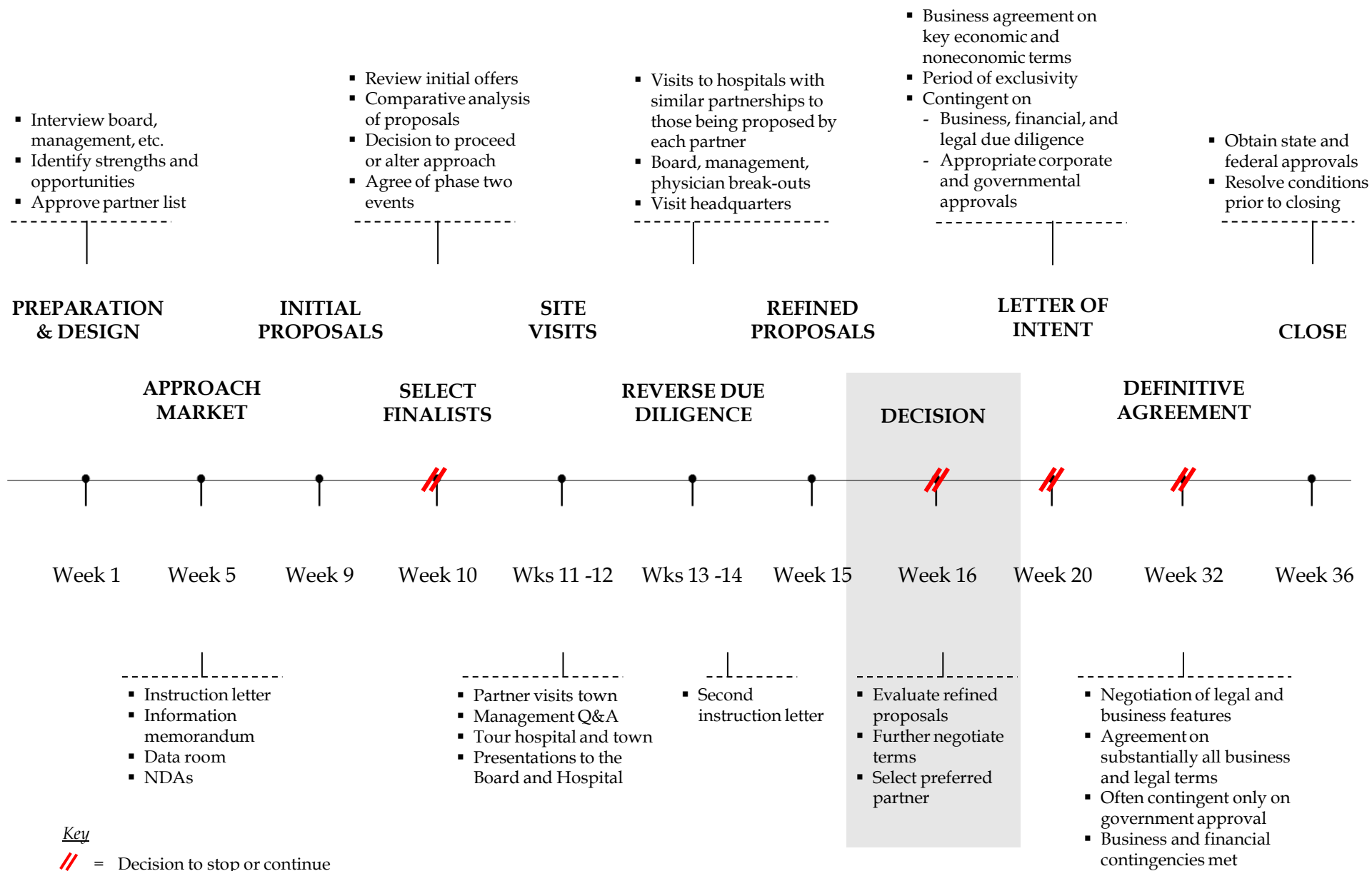
STRUCTURES *no or partial change of ownership*

	Description	Examples
Joint Operating Agreement	<ul style="list-style-type: none"> A new company manages and operates previously unaffiliated entities Parent companies reserve certain powers Cashless transaction Control Δ, ownership does not 	<ul style="list-style-type: none"> Adventist and Providence Amita Centura Exempla UCHealth 
Whole Hospital Joint Venture	<ul style="list-style-type: none"> Agreement between entities to operate one or more enterprises under common control 'Seller' retains some equity and significant governance Cash transaction Partial Δ ownership, share control 	<ul style="list-style-type: none"> HCA St. David's LifePoint Watertown UHS GWU Vanderbilt and Clarksville (from CHS) 
Buyer and Seller Joint Venture	<ul style="list-style-type: none"> Agreement between <i>three</i> or more entities to share ownership in enterprise "Buyer" is JV itself "Seller" retains some equity and significant governance Cash transaction with partial Δ ownership, share control 	<ul style="list-style-type: none"> Duke LifePoint and Wilson Medical Center Tenet, Ascension and Dignity Health 

5. EVALUATION OF PROPOSALS

assessing market input

SAMPLE TIMELINE *process overview*



TESTING OUTCOME TO PROCESS *certain key considerations*

Areas of organizational impact	'Big picture' considerations
Financial	<p><i>How will a given course of action position our organization to respond to current trends?</i></p> <ul style="list-style-type: none"> - Physician network alignment and related clinical integration initiatives - Narrow networks and exchange product participation - Focus on geographic access points and patient convenience - Payor/employer focus on value-based arrangements - Transparency in quality, patient satisfaction and pricing - Financial performance of employed and faculty practice plan physicians - Scheduled and potential reimbursement reductions due to federal or state fiscal constraints
Cultural	
Risk	
Sustainability	<p><i>What is the impact on metrics that reflect the financial health of our organization?</i></p> <ul style="list-style-type: none"> - Operating margins - Cash flow - Debt ratios - Payor mix
Governance	<p><i>What will be the reaction of stakeholders (both existing and new)?</i></p> <ul style="list-style-type: none"> - Faith-based hierarchy - Medical staff/faculty - Community - Affiliation/academic partners

HYPOTHETICAL EXAMPLE

TRANSACTION CONSIDERATION *flow of funds*

(\$ in millions)	Merger <i>via asset merger or membership substitution</i>	Outright Sale <i>via asset purchase agreement</i>
Structure		
Purchase Price	\$0	\$100 ¹
+ Liabilities assumed by buyer	94	0
+ Capital expenditure commitment ²	130	130
Aggregate Consideration	\$224	\$230
Purchase Price	0	100
+ Assets retained by seller	0	144
- Liabilities retained by seller	0	94 ³
Proceeds	\$0	\$150

Notes

1. Juniper estimate based on precedent transactions, publicly traded comparables, and recent market experience
2. Equals 10x depreciation expense
3. Excluding any defeasance costs associated with retiring a portion of bonds prior to their 10-year par call date
4. LT debt includes current portion
 - Conversion - debt retired per IRS
 - Transfer - debt can be assumed, guaranteed, or refinanced by buyer

(\$ in millions)			
Long-Term Debt	\$65 ⁴	Cash & Cash Equivalents	\$4
+ Other Long-Term Liabilities	\$29	+ Short-Term Investments	\$133
		+ Assets Limited as to Use	\$7
Liabilities Assumed/Retained	\$94	Assets Retained	\$144

Potential proceeds for charitable foundation ~\$150mm

FORMS OF CONSIDERATION *not just cash*

VALUE IS IN THE EYE OF THE BEHOLDER

1. Strategic fit
 - Cultural alignment
2. Currencies beyond price
 - Capital commitment
 - Treatment of employees, pensions, unions
 - Debt assumed
 - Service Lines / COE
3. Synergies
 - Increased scale
 - Negotiating clout with suppliers, insurers
4. Structural
 - Board seats
 - Governance rights
 - Continued autonomy

MARKET FORCES

5. Market clear deemed better measure of maximizing shareholder value that internally derived analysis
6. Certainty of execution
 - Break-up fees
 - MAC provisions
 - Risk adjustments

VALUATION *public equity market trends*

COMPARABLE PUBLICLY TRADED COMPANIES SUMMARY ¹							
Company	Share Price	Enterprise val. (\$bn) ²	TTM Rev (\$bn)	YTD Revenue Growth Rate	TTM EBITDA (\$bn)	EV / EBITDA	EV / Revenue
<i>HCA</i>	\$211.61	\$101.24	\$59.7	1.6%	\$12.6	8.06x	1.70x
<i>Tenet</i>	62.98	21.25	19.4	-0.2%	3.8	5.54x	1.09x
<i>UHS</i>	105.22	12.58	12.9	2.2%	1.8	6.82x	0.97x
<i>CHS</i>	3.25	12.25	12.5	0.8%	1.9	6.53x	0.98x
Mean						6.74x	1.19x
Median						6.67x	1.04x
25 pct						6.29x	0.98x
75 pct						7.13x	1.24x

Sources: Bloomberg, SEC Edgar

Notes:

1. Currently traded public companies whose main business is operating hospitals and similar facilities in the US include Community Health Systems, HCA, Surgery Partners, Tenet and UHS. Previously listed companies include LifePoint (LPNT), which ceased trading in 2018, due to take-private by Apollo, and Quorum which also ceased trading in 2020, due to Chapter 11 bankruptcy reorganization

2. Enterprise value is defined here as the sum of net debt, market value of equity and noncontrolling interests less investments in affiliates

HYPOTHETICAL EXAMPLE

ESTIMATE OF VALUE

PRECEDENT TRANSACTIONS

	2020	2021
Total Operating Rev	\$200.0	\$205.0
Operating EBITDA	\$10.0	\$9.0

1. Multiples of Revenue

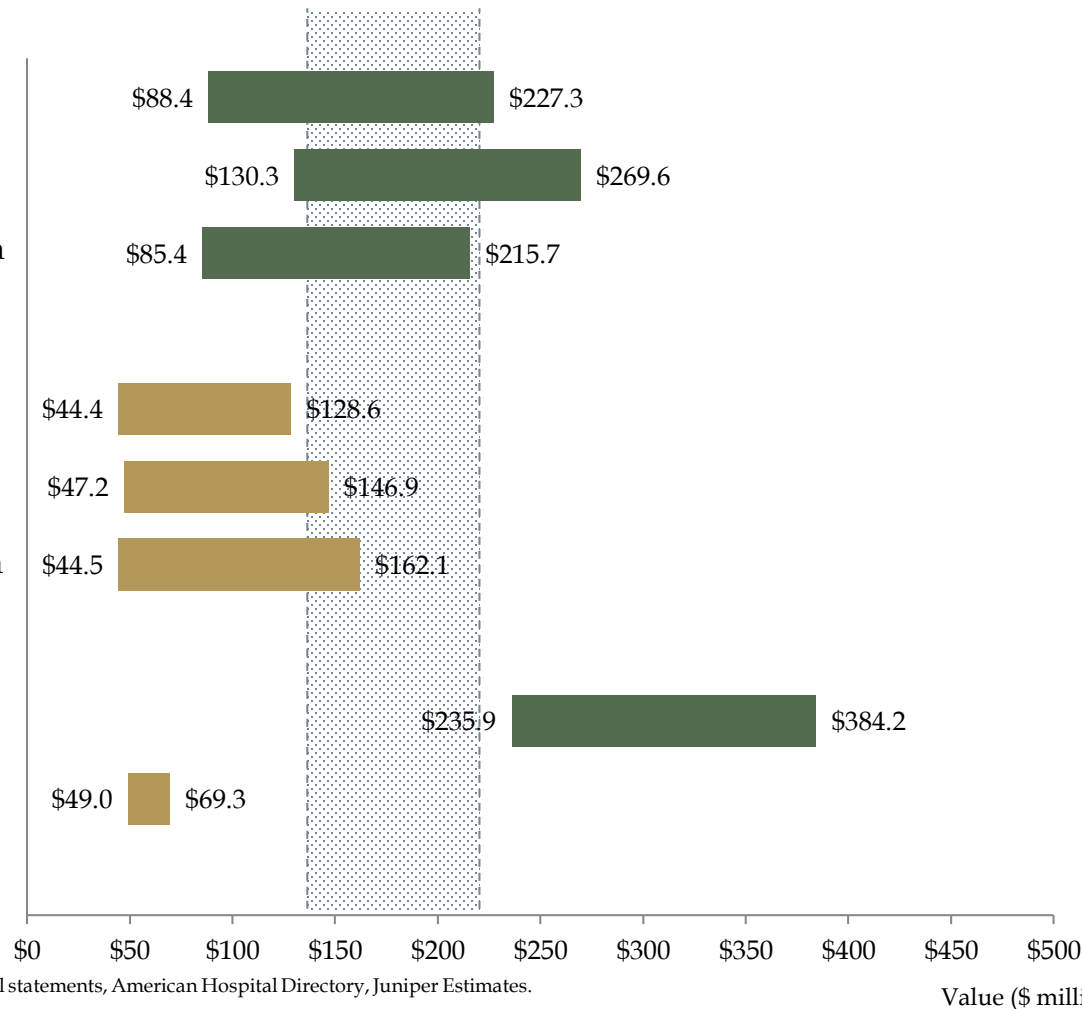
- All 2001 to Q2 2021
- Past three years
- Revenue \$100mm to \$500mm

2. Multiples of Op EBITDA

- All 2001 to Q2 2021
- Past three years
- Revenue \$100mm to \$500mm

3. Publicly Traded Comps

- Total Value / Revenue
- Total Value / Op. EBITDA



Multiple Range

25th % 75th %

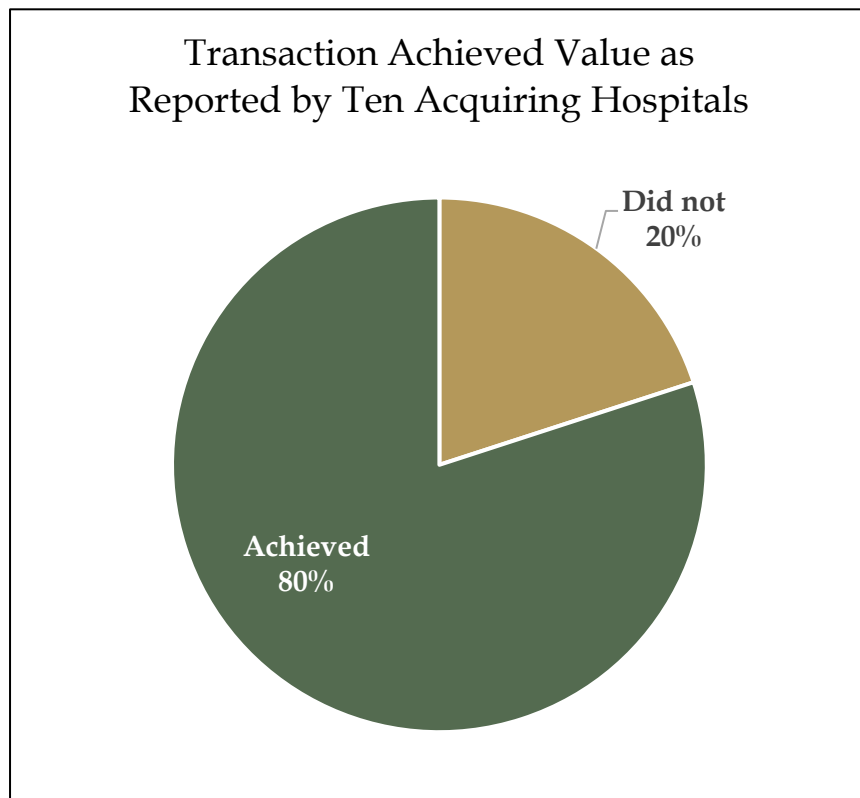
0.39x	1.01x
0.58x	1.20x
0.38x	0.96x
5.0x	14.4x
5.3x	16.5x
5.0x	18.2x
1.05x	1.71x
5.5x	7.8x

6. OVERALL PROCESS OUTCOMES

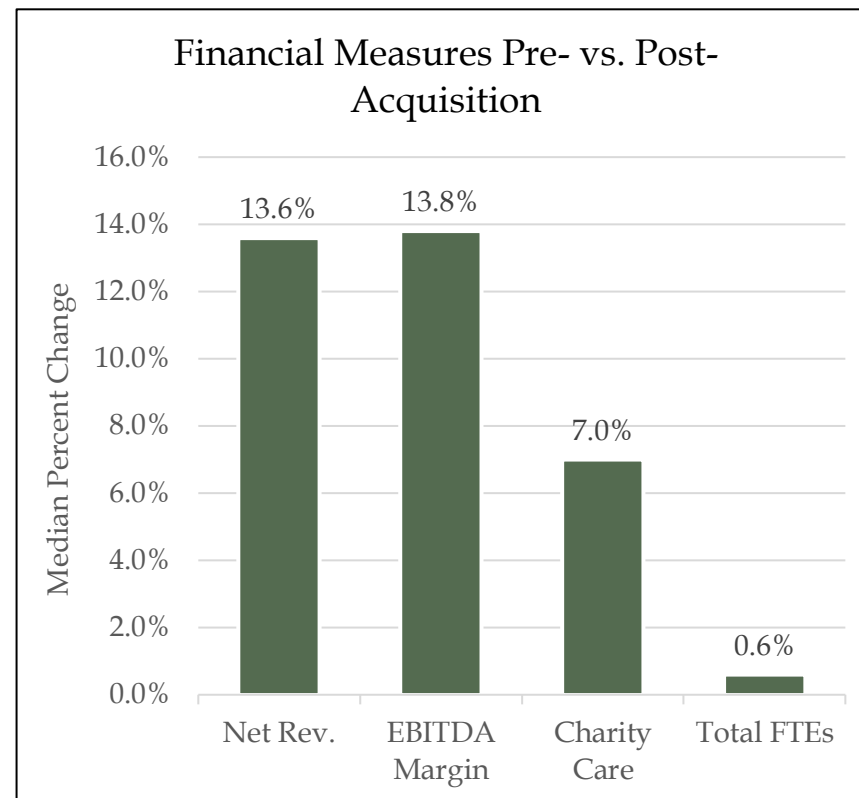
transaction examples & results



EFFECTIVENESS OF M&A



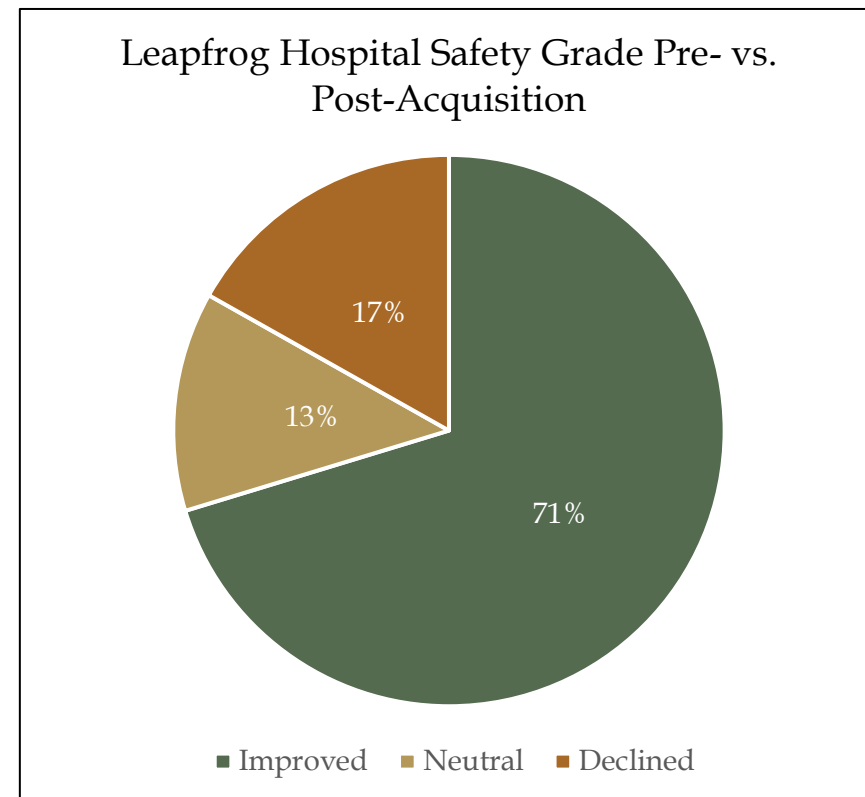
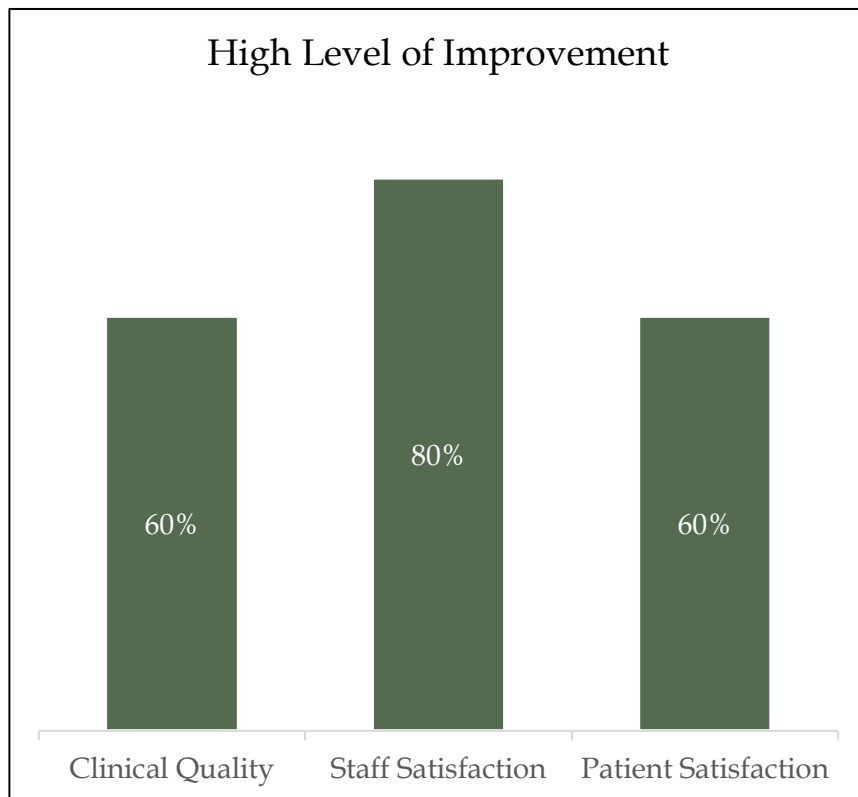
Source: Juniper BRG Study Fall 2020



Key takeaways

- **Facility Resources:** System hospitals have more ICU beds than comparable standalone facilities
- **Clinical Depth:** System hospitals treat higher acuity patients than similar standalones
- **Network Strength:** System hospitals are more likely to have ACO or CIN structures in place than standalone facilities

EFFECTIVENESS OF M&A



Source: Juniper BRG Study Fall 2020

Clinical Quality Improvements

Fewer seven-day readmissions for COPD at nine of the thirty-three reporting hospitals

Hospitals reported 16% to 23% improvement in this measure, based on the hospitals using combined data and reporting and “making this specific goal” a “priority for the ER and physician leaders at both systems.”

Fewer thirty-day readmissions for CHF at twelve of the thirty-three reporting hospitals

















Readmission rates of this type were 25% to 35% at the hospitals “being acquired”; but once becoming part of the larger entity, readmission rates improved by 10% to 20%, down to as low as 9% at one of the acquired hospitals.

Increase in discharges to home and not SNF with orders for day 1 home health visits

Six hospitals reported adding this new protocol, which helped improve patient satisfaction scores among families and reduced readmissions within seven to fourteen days of discharge, but statistics on the exact level of improvement were unknown.

OVERALL PROCESS OUTCOMES

FORM FOLLOWS FUNCTION *successful outcomes*

	 Gary, IN	 Kinston, NC	 Cincinnati, OH	 Chicago, IL	 Davenport, IA	 Vero Beach, FL
GOVERNANCE						
•Local control						
FINANCIAL	  		 		 	 
•Investment needs •Access to resources, IT •Balance sheet appearance •Creation of foundation •Pension liabilities						
COMMERCIAL	     	  	  	   	   	  
• Quality • Physician recruitment • Physician employment • Employee retention • Management retention • Regional development • Operating scale • Contracting scale						
OUTCOME	Status Quo	Management Agreement	Joint Operating Agreement Dissolution	Establish Community Hospital Division	Sustained Autonomy	Long-Term Lease

INDIAN RIVER MEDICAL CENTER Vero Beach, FL

Overview

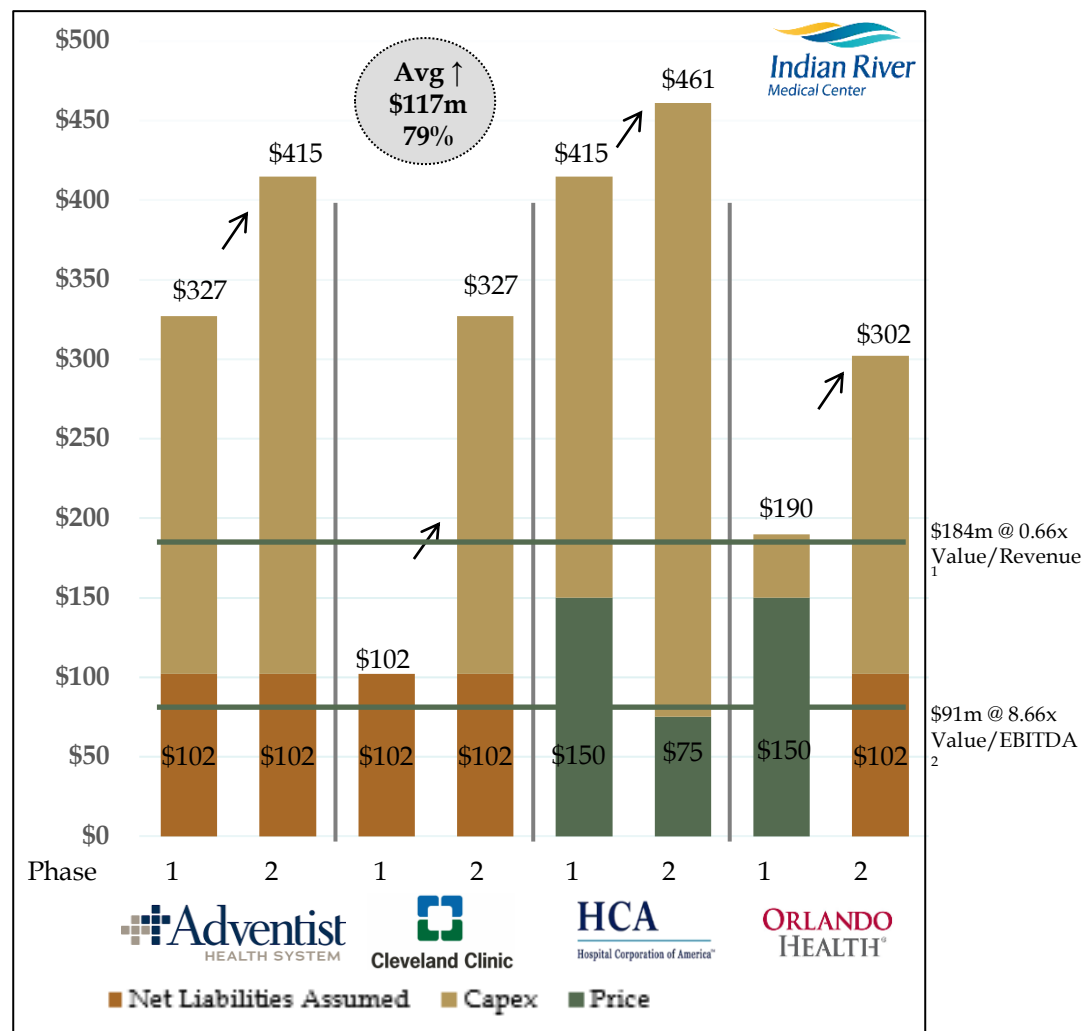
- 501(c)(3) Hospital leased real assets from Health District (HD)
- Tax revenue via HD supports indigent care
- Both operate under Florida's Sunshine Law
 - Disparate views regarding partnerships
 - Historical discord
 - Illegal for boards to communicate privately under Sunshine Law

Juniper's Role

- Designed process to achieve optimal partner and transaction outcome
- Worked to satisfy goals of both HD and Hospital
- Assuage suitor concerns regarding public process due to Sunshine Law

Outcome

- Cleveland Clinic (CCF) chosen as partner
- CCF standards and quality initiatives
- CCF assumed debt and committed to capital improvements via membership substitution with Hospital
 - Also entered into long-term lease with HD
- Vero Beach benefits from economic invigoration and improving property values



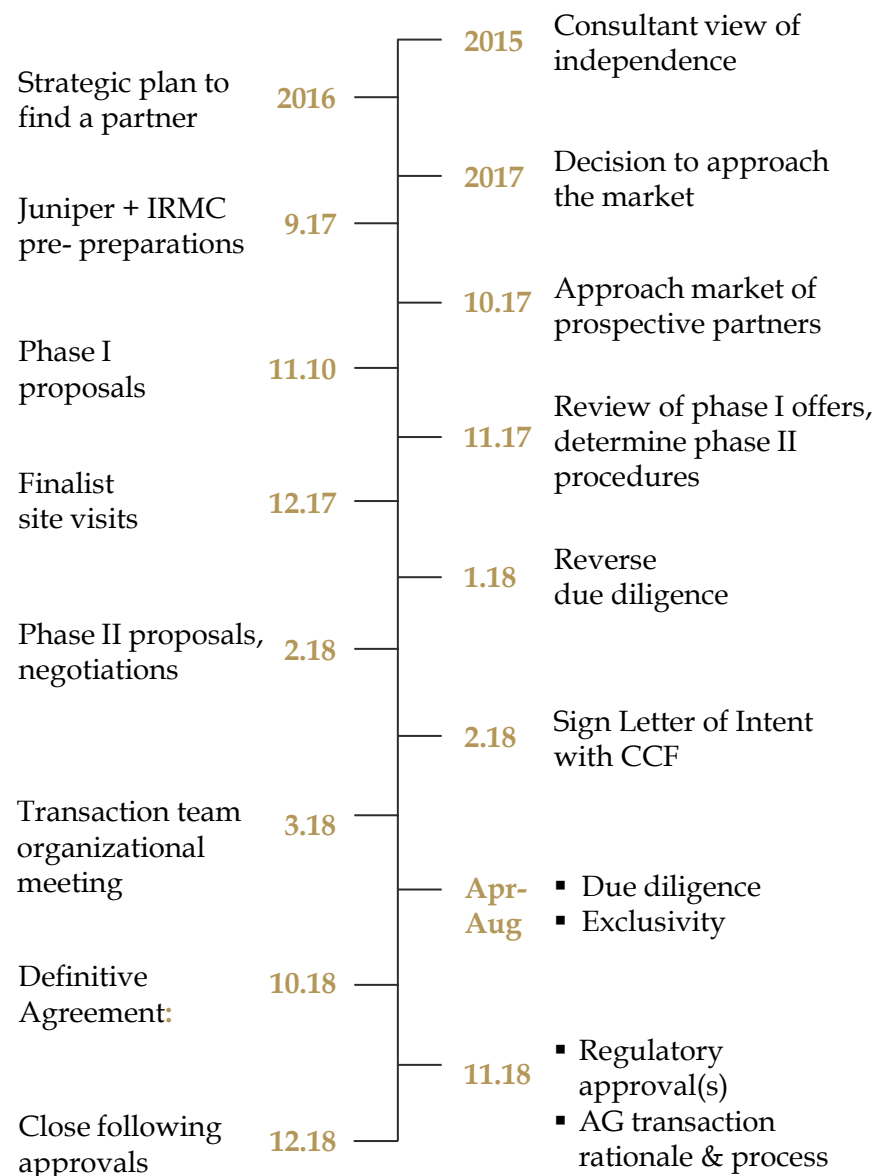
Source: Public proposals, interim financial statements, mid-points used for all ranges

Notes:

- US transaction median Value/Revenue 2001-2020
- US transaction median Value/EBITDA 2001-2020

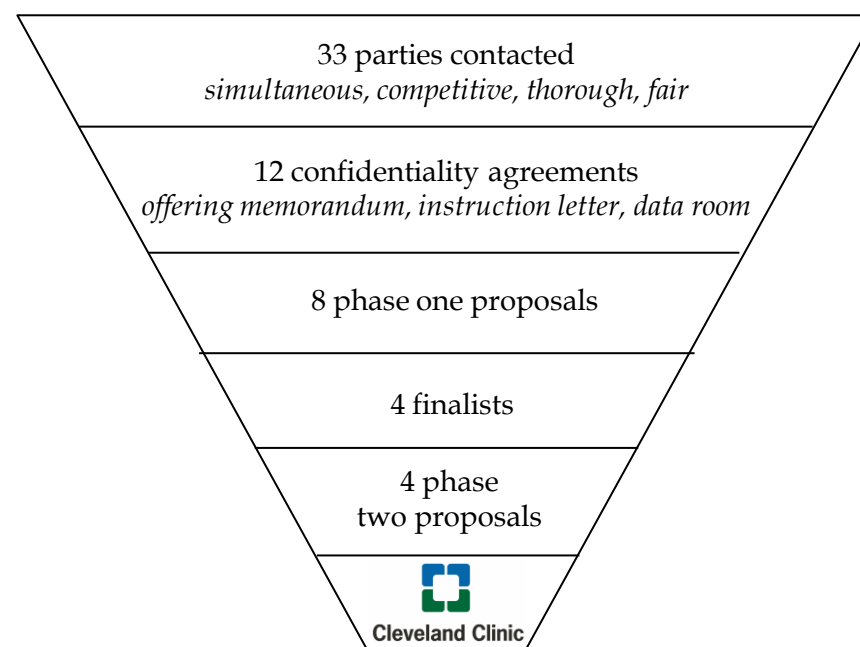
INDIAN RIVER MEDICAL CENTER Vero Beach, FL

Timeline



OVERALL PROCESS OUTCOMES

Path to Cleveland



A Roadmap to 100 Days of Integration

Published on April 18, 2019



Wael Barsoum
CEO and President, Cleveland Clinic Florida
Region. Orthopaedic Surgeon, Inve... See more

"An organization's culture cannot be just an aspiration. It needs to be a true reflection of what we do every day and the result of our actions."

- Collaboration is king
- Create cohesive teams

TCPalm.
PART OF THE USA TODAY NETWORK

4.24.19 - - Indian River County Hospital District changes poverty qualifications; more people will get free care

SANTA CLARA COUNTY *San Jose, CA*

Verity Health System

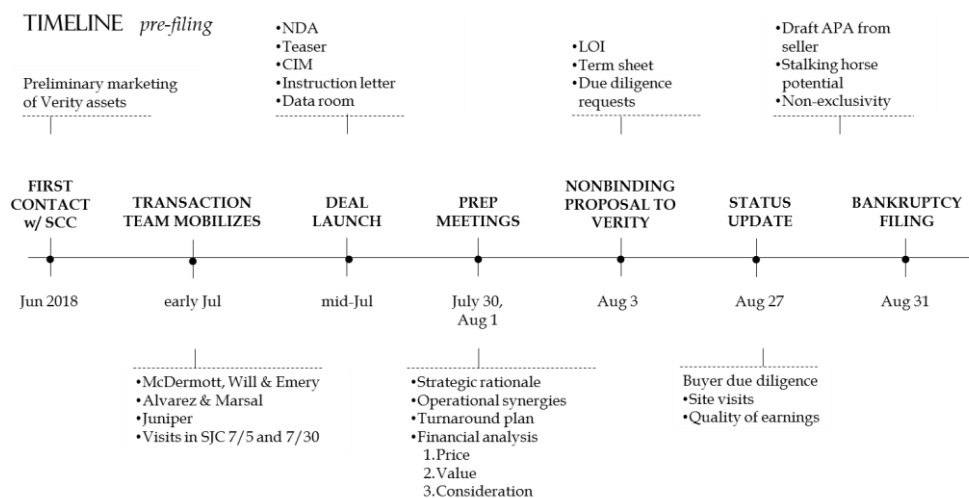
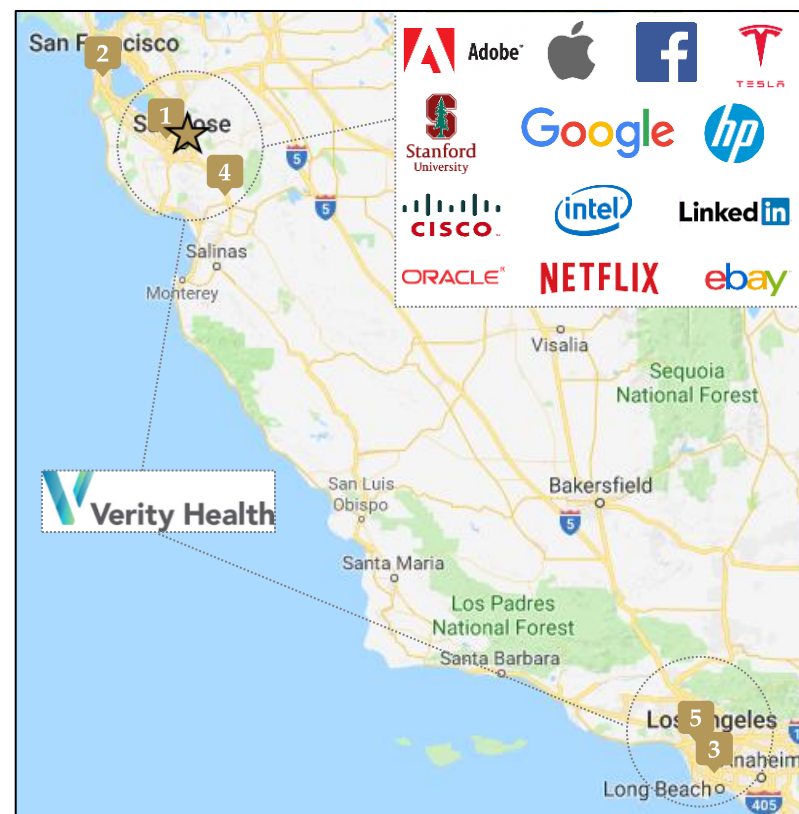
- Converted from Daughters of Charity in Dec. 2015
- Highly regulated 6-hospital, urban safety net system
- Two hospitals in Santa Clara County, two in San Mateo County, and two in Los Angeles County

Santa Clara County

- County GDP: >\$175b, 3rd highest per capita in world
- Market: Significant economic inequality and disparate payor mixes. Challenges in access to care for those in need

Transaction Rationale

- Expand geographic coverage to better serve the health care needs of County residents
- Ensure access to care for indigent patients– burden would increase if sold to another operator
- Achieve scale benefits and cost efficiencies
- Increase bed capacity in highly regulated region
- Satisfy seismic retrofit & other regulatory hurdles



OVERALL PROCESS OUTCOMES

SANTA CLARA COUNTY *San Jose, CA*

Juniper's Role

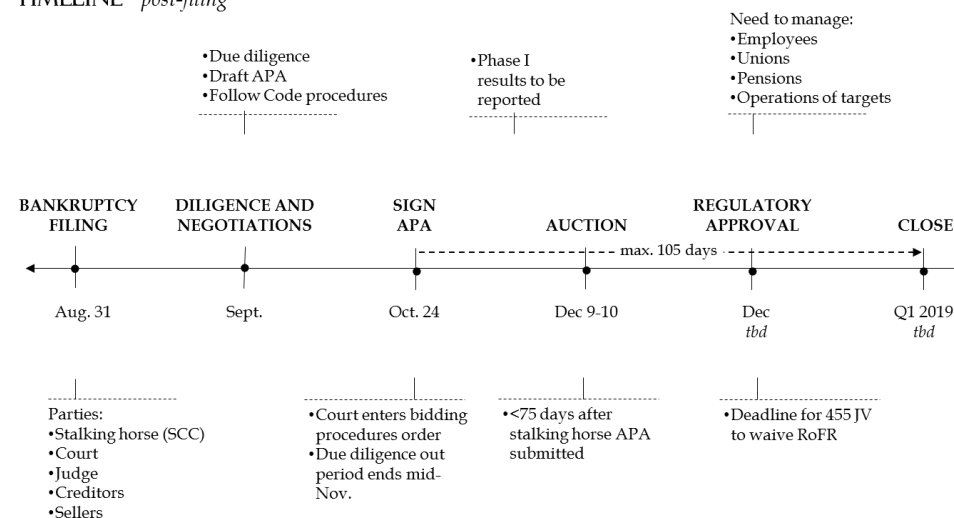
- Juniper retained by Santa Clara County to advise on the acquisition of O'Connor Hospital, St. Louis Regional Hospital, as well as the unoccupied De Paul campus
- Board mandate to increase the size and scope of the county health system's safety net activities
- Juniper's role to design tactics for buyer's M&A process: formulate value, forms of consideration, structure
- § 363 Stalking Horse Bankruptcy proceeding

Outcome

- Filed first APA and awarded stalking horse position with Bankruptcy Court on October 24, 2018
- Navigated complex pension, labor, and political issues
- Closed February 28, 2019



TIMELINE *post-filing*



OVERALL PROCESS OUTCOMES

7. APPENDIX





Brent McDonald, Managing Director – 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. He was previously 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. Prior to joining BAML, 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. Earlier in his career, Brent practiced law at Norton Rose Fulbright with an active practice in healthcare, tax, non-profit, private equity and corporate M&A law.

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.

bmcDonald@juniperadvisory.com, 214.505.4961



Adam Davis, Vice President – Adam has over ten years of healthcare experience. He previously was an Associate Director at Fitch Ratings, focusing on primarily health system, hospital and senior living credits, with a secondary concentration in higher education. Prior to joining Fitch, Adam was an Associate at Cain Brothers, an investment bank based in New York focused on healthcare underwriting and M&A.

Adam earned a BA in Government and Economics at Bowdoin College and an MBA from the Baruch College – Mt. Sinai School of Medicine program in New York.

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