

BAPTIST MEDICAL CENTER

800 Prudential Drive · Jacksonville, Florida 32207 · 904/393-2000

William C. Mason, FACHE
President and Chief Executive Officer

January 12, 1994

Harvey Granger
*Vice President and
General Counsel*
904/393-2934

By Hand Delivery

Mr. T. J. Greeson
Nassau County
Board of County Commissioners
Post Office Box 1010
Fernandina Beach, FL 32034

RE: Nassau General Hospital

Dear Jerry:

Thank you for your fax of the 5-page letter agreement showing Mr. Crawford's execution on behalf of the Board of County Commissioners. In accordance with your request, enclosed are two originals of the letter signed by Mr. Mason on behalf of Baptist Health System, Inc. Please have Mr. Crawford sign these two originals and return one of them to us for our files.

We certainly do appreciate your cooperation in this matter.

Very truly yours,



Harvey Granger

HG:pc

BAPTIST MEDICAL CENTER

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William C. Mason, FACHE
President and Chief Executive Officer

January 10, 1994

Mr. T. J. Greeson
Ex-Officio Clerk
Nassau County
Board of County Commissioners
Post Office Box 1010
Fernandina Beach, FL 32034

RE: Nassau General Hospital

Dear Mr. Greeson:

This is to follow-up on the meeting our staff had with you and Jimmy L. Higginbotham on Tuesday, January 4, concerning the issues of indigent care funding and the land currently owned by Nassau General Hospital ("NGH") that the County has requested be donated to it. We understand that these issues will be considered by the County Commission at its meeting tonight. We are hopeful that these issues can be resolved at tonight's meeting so that the proposed acquisition of NGH and related assets by Baptist Health System, Inc. ("BHS"), can be consummated. Accordingly, we propose the following:

I. TRANSFER OF TITLE TO CERTAIN LAND CURRENTLY OWNED BY THE BOARD OF TRUSTEES OF NGH

As you know, BHS has made a proposal to the NGH Board of Trustees to acquire NGH and related assets for which BHS would (i) assume NGH's liabilities including approximately \$2.8 million of capital indebtedness and (ii) commit to make \$5.5 million of capital improvements to NGH over a three-year period. BHS has made this significant commitment with the understanding that it would receive title to all of the assets now owned by the NGH Board of Trustees, including all of the 18 undeveloped acres adjacent to the hospital campus on 18th Street and a .91 acre parcel and dwelling on 14th Street. We recognize, however, that the NGH Board has made commitments in the past to provide sites for the County to relocate the public health unit and a rescue unit. Accordingly, BHS proposes as follows:

Mr. T. J. Greeson
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1. Subject to the approval of the NGH Board of Trustees, title to the .91 acre parcel on 14th Street, which includes a one-story dwelling, would be transferred promptly to the County.
2. Promptly after title to the hospital campus and the contiguous 18 undeveloped acres is transferred to BHS, BHS would donate to the County a four-acre parcel to be located on the southerly end of such property. The identification of the 4 acres to be so donated to the County will be finalized after a survey of such acreage is made by BHS and agreed upon by the County. The donation of this acreage to the County is subject to the receipt of consent from the holder of the mortgage that encumbers the property.
3. With regard to the four-acre parcel to be donated to the County, BHS would retain a right of first refusal so that, upon the County's receipt of an offer by a third party to purchase all or any portion of such property, BHS could purchase the property for the lesser of (a) \$10,000/acre or (b) the price offered by the third party. The deed that will evidence the transfer by BHS to the County of title to the donated 4 acres will include provisions for requiring (i) BHS's consent to the County's use of said property and (ii) BHS's approval of the design of improvements to be constructed thereon, but such provisions will not prohibit the use of the property for a rescue unit or community hall.
4. BHS also will grant to the County a 60-ft. wide non-exclusive easement for purposes of providing access from Nectarine Street to the donated acreage. The identification of the exact location of this easement will be finalized after a survey of such easement is made by BHS and accepted by the County. The grant of such non-exclusive easement to the County is also subject to receipt of consent by the holder of the mortgage that encumbers the property. The County would bear the costs of constructing and maintaining any driveway or road to the donated acreage. The design of such driveway or road would be subject to the approval of BHS.
5. The County will be permitted to continue to occupy and use the current location of the rescue unit on the NGH campus for a period of 18-24 months from the date of closing before such unit is moved to the donated four-acre site or another location.

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6. BHS also commits to consider future land needs of the County at such time as they arise, provided that requested land has not already been allocated by BHS for expansion of health-related services.

II. INDIGENT CARE FUNDING

We are mindful of the County's desire to terminate the financial support that is now being received by NGH in the form of tax millage. By law, this tax millage cannot be levied specifically for the benefit of the hospital after the hospital is acquired by a private entity. Nevertheless, the loss of all of the County's financial support (in the form of tax millage or other support) at this time would cause the hospital to incur an annual decrease in revenue of approximately \$1,000,000 for Fiscal Year 1994-95 and subsequent years. This decrease would occur at the very time that BHS would be fulfilling its commitments to upgrade the facilities and equipment at the hospital. Accordingly, we are requesting the County to enter into an indigent care agreement with BHS pursuant to which BHS would provide hospital services to the indigent residents of Nassau County and BHS would be paid by the County for such services, for a limited time period, as follows:

1. BHS would agree to provide hospital services at NGH to the indigent residents of Nassau County through September 30, 1994, with no specific reimbursement therefor by the County.
2. For services provided at NGH during Fiscal Year 1994-95, which commences on October 1, 1994, the County will reimburse BHS for such services but such payment will be based upon BHS's costs incurred in providing such services, as determined using the Medicare/Medicaid cost reporting procedures. Payments for services provided during the 1994-95 fiscal year (October 1, 1994-September 30, 1995) would be guaranteed not to exceed \$485,000. Interim payments equal to 1/4 of the guaranteed maximum annual payment would be made on or before January 1, 1995, April 1, 1995, July 1, 1995 and October 1, 1995.
3. The services to be provided by BHS under the agreement are not contemplated to include those primary care services that are now provided to the indigent by the County's public health department.

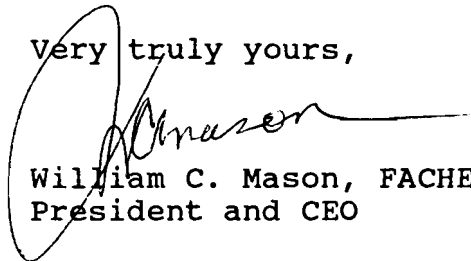
Mr. T. J. Greeson
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4. Indigent patients will be so classified via direct assignment by the County or via financial screening by BHS. Specific documentation standards for residency and income verification will be mutually agreed upon by the County and the Hospital.
5. BHS will utilize a sliding scale for indigent care service that begins with 100% of the federal poverty level or below and ends at 200% of the federal poverty level. No indigent care service will be claimed by BHS under the agreement with the County for any patient whose family income exceeds 200% of the federal poverty level.
6. BHS will submit a County indigent care cost report no later than 120 days after the hospital's fiscal year end to substantiate the amount of County indigent care rendered. If the cost of such indigent care is less than the amounts previously advanced by the County to the Hospital, the Hospital will refund promptly the overpayment to the County.
7. For each of the fiscal years after FY 1994-95, BHS will guarantee that payment under the contract with the County will not exceed 105% of the earned payment from the preceding fiscal year. Interim payments equal to 1/4 of the guaranteed maximum annual payment would be made on or before each January 1, April 1, July 1 and October 1; provided, however, the County would accelerate the timing for payments to BHS upon proof of hardship to be suffered by the hospital due to receipt of payments in arrears.
8. BHS expresses its desire to reduce the dependence of the hospital upon County indigent care payments. As such, BHS would agree to relieve the County of its obligation to fund indigent care for any fiscal year in which the hospital produced an operating profit margin in the immediate preceding fiscal year of 4% or greater. The calculation of such operating profit margin would not include funds received by the hospital during such fiscal year from the County for indigent care. If any interim payments have been made to BHS before a prior fiscal year's profit margin has been determined to be 4% or greater, any such payments would be refunded promptly to the County.
9. In any event, payments by the County made to BHS for hospital services provided to indigent residents will cease effective on October 1, 1999.

Mr. T. J. Greeson
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We will be available at any time before tonight's meeting to you and any of the Commissioners to answer any questions about the proposal. If you agree to our proposal as stated above, please indicate your agreement by signing and returning the enclosed copy of this letter.

Very truly yours,

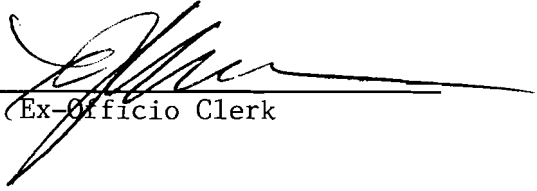


William C. Mason, FACHE
President and CEO

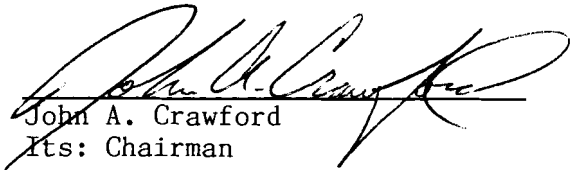
AGREED AND ACCEPTED:

NASSAU COUNTY BOARD OF
COUNTY COMMISSIONERS

By: _____



Its: Ex-Officio Clerk



John A. Crawford
Its: Chairman

RESOLUTION 94 - 141

A RESOLUTION RATIFYING AND CONFIRMING THE SALE
OF NASSAU GENERAL HOSPITAL TO BAPTIST MEDICAL
CENTER OF NASSAU, INC.

WHEREAS, the Nassau General Hospital Board of Trustees has entered into an Assets Purchase Agreement, dated as of April 15, 1994, with Baptist Medical Center of Nassau, Inc., ("BMC-N"), which contemplates that the assets of Nassau General Hospital (the "Hospital") would be sold to BMC-N on or about July 1, 1994; and

WHEREAS, the Board of County Commissioners of Nassau County has entered into an agreement with Baptist Health System, ("BHS"), dated January 10, 1994, (the "January 10, 1994, Agreement"), pursuant to which BHS has made certain commitments to the Board of County Commissioners with regard to the transfer to the County of title to certain land owned by the Hospital and with respect to terminating, not later than October 1, 1999, any County financial support for indigent care provided at the Hospital; and

WHEREAS, an amendment to the enabling legislation for Nassau General Hospital (SB #3084) has been adopted by the Florida Legislature, which law became effective May 28, 1994, authorizing the Board of Trustees of Nassau General Hospital to sell all of the Hospital's assets upon such terms and conditions as may be determined by the Nassau General Hospital Board of Trustees and the Board of County Commissioners of Nassau County to be in the best interest of the people of Nassau County and for the public good.

NOW, THEREFORE, BE IT RESOLVED this 27th day of June, 1994, by the Board of County Commissioners of Nassau County, Florida, as follows:

1. The Board does hereby find that the sale of the Hospital and its assets to BMC-N, on the terms and conditions set forth in

the Assets Purchase Agreement, to be in the best interest of the people of Nassau County and for the public good.

2. The Board does hereby ratify and confirm the terms and conditions of the January 10, 1994, Agreement with Baptist Health System and does hereby authorize the County Clerk and its other officers to execute and deliver such other agreements and documents that are not inconsistent with the terms and conditions of the January 10, 1994, Agreement, and that implement the indigent care funding and the transactions contemplated thereby.


3. The County Clerk and the other officers of this County are, and each of them is, authorized to fully carry out the intent and accomplish the purposes of the actions taken by this Board of County Commissioners hereby and to take all such further action and to execute and deliver all such further documents, in the name of and on behalf of this County, as in their judgment shall be necessary or advisable.

BOARD OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA



JOHN A. CRAWFORD
Its: Chairman

ATTEST:



T. J. GREESON
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney



MICHAEL S. MULLIN

19/b:baptist.res