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LEÓN, MAYER & Co.

March 8, 2011

Honorable Chairman Joe A. Martinez
Chairman of the Board, Miami-Dade County

Re: Advisory services regarding to the potential sale of Jackson Health System

Dear Mr. Martinez,

On February 21, 2011, the Public Health Trust ("PHT") received an unsolicited, non-binding letter of interest from Steward Health Care System LLC ("SHC") proposing to acquire Jackson Health Systems ("JHS") as a part of a *Public Private Partnership* alternative to form a stronger, more viable health system for the people of Miami-Dade County (the "County"). Although the idea of engaging with the private sector to find solutions for JHS is a very good one, SHC's proposed process for evaluating an alternative that transfers control and ownership of JHS away from the County is flawed. We strongly believe that any process leading to either, a change in ownership of JHS, or a Public Private Partnership that keeps ownership of JHS in the hands of the County, but allows for a private company to take on the operational risks of JHS in exchange for potential profits, should involve a carefully crafted and managed transparent bid process to ensure open and free competition amongst potential suitors while generating the highest possible value for the County.

In the private sector, it is not uncommon for corporations to receive unsolicited offers for their shares from interested buying parties. It is, however, extremely uncommon for corporations of any kind to sell themselves to the first buyer that comes along. Such a practice would be criticized and likely legally contested by shareholders since it does not yield the highest possible "market" value for the assets at stake. In the majority of instances, when an unsolicited offer is well-received by a board of directors and shareholders, it will trigger the selling entity to hire an investment bank to conduct a broad auction process whereby the assets are marketed to any and all potential buyer groups. Such a process serves to test the valuation parameters and terms put forth in the unsolicited offer, with the goal of achieving full market value, defined as the combination of the highest valuation and most favorable terms offered to the selling party as a result of the broad auction process. It is important to note that the original bidder is very much a contender in such a process and may end up winning the process, but under terms that are more favorable to the selling entity than originally proposed.

For a public-benefit entity like PHT, the need to define the terms of the transaction is even more pronounced. PHT's fiduciary duties include: operating 'for the benefit of the general community', maintaining trust facilities as 'the major provider of health services, directly and indirectly, to the poor and near poor with-in Miami-Dade County', and various teaching responsibilities. We know that PHT will need to satisfy itself that any transaction is the best way to ensure that the Trust can continue to discharge these fiduciary obligations.

To our mind this means that any transaction should be structured as a *Public Private Partnership* (P3). Under a P3, any new owner of the facilities would be contractually bound to provide services which ensure that the Trust's objectives are met. PHT should also conduct a Value of Money analysis. This analysis would compare the proposed transaction to continued public ownership and operation of the facility, to check that the public interest is best served by the transaction. These Value for Money Analyses are standard practice in the UK, Australia, New Zealand and elsewhere before the provision of public services are contracted out to private providers. Finally, the P3 option should be subject to competitive bidding, just as in a private M&A transaction, and for the same reason—to ensure that best value for the asset is achieved.

Proposed Advisory Services

The ideal advisor to the PHT, and the County in this case, should be very well suited to provide the following advisory services:

1. Public Private Partnership Advisory

- develop innovative recommendations for structuring the private sector provider's provision of the public health services to the people of the County
- develop options and strategies for allocating project risks
- ensure documentation that holds private providers' performance against their contract, and provide frameworks for dispute resolution and contract renegotiation (as needed)
- provide advice on regulatory issues at stake

2. Mergers & Acquisitions Advisory

- respond to SHC's unsolicited approach, as well as other unsolicited approaches that may arise on the back of SHC's initial overture
- prepare the JHS's marketing collateral that will be used to familiarize potential bidders with the key elements of JHS's operations, financial, organizational, and administrative workings
- highlight the key opportunities for bidders to maximize their return on investment, thus enticing them to offer the best possible valuation for JHS
- organize the financial, operational, legal, regulatory and compliance data that potential bidders will request during their due diligence of JHS
- identify the maximum number of potential bidders, thus creating the broadest auction process possible in an effort to yield the most attractive valuation and terms
- manage the exchange of information between JHS and the potential buyer groups
- evaluate the bids and proposals from interested buyer groups
- negotiate the most favorable terms and conditions on behalf of the selling entity's shareholders, in conjunction with JHS's legal counsel
- recommend a transaction structure that maximizes key stakeholder value while minimizing ongoing exposure to liabilities
- provide transaction closing support

The Castalia/LEON, MAYER & Co. Group

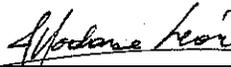
The Castalia/LEON, MAYER & CO. Group ("CLM") was formed during April 2009 in response to the County's RFQ for forming a *Public Private Partnership Advisory Pool* to represent the County (RFQ No. 650A). As a result of the County's RFQ process, CLM was chosen as one of the advisors. CLM is comprised of highly seasoned executives, well versed in the areas of *Public Private Partnership* and *Mergers & Acquisitions* advisory. CLM is the ideal advisor to manage the JHS process, in response to SHC's bid. Between the two groups, CLM's professionals have:

- advised on highly public unsolicited offers such as the one currently being contemplated by the County, including advising on the \$58 billion unsolicited take-over offer received from Comcast by the AT&T Board of Directors in July of 2001 for the acquisition of AT&T Broadband, which led to an initial rejection of that offer and the concurrent development and execution of a structured competitive process that ultimately led to AT&T Broadband being sold to Comcast, but for a \$72 billion valuation
- advised various public entities all over the world, including countries, cities, municipalities, government agencies, international governmental bodies and other regulatory authorities
- completed over \$100 billion in total merger and acquisition transactions
- ample health care investment banking experience, having advised on nearly \$8 billion worth of corporate health care transactions
- worked for some of the leading financial institutions in the world, including Goldman Sachs, UBS, Tishman Speyer and Kohlberg Kravis Roberts & Co. ("KKR")

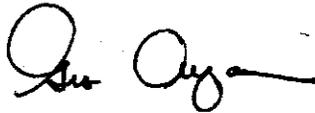
Sincerely,



David Ehrhardt
Chief Executive
Castalia



Andro Nodarse-Leon
Managing Partner
LEÓN, MAYER & Co.



Gus Alfonso
Senior Advisor
LEÓN, MAYER & Co.

cc: Honorable Mayor Carlos Alvarez, Mayor, Miami-Dade County; Mr. John Copeland, Chair, Public Health Trust; Mr. George M. Burgess, County Manager, Miami-Dade County; Members, Board of County Commissioners

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