

Date: September 29, 2025

To:

Vincent A. Sica, CEO
DeSoto Memorial Hospital
900 N. Robert Avenue
Arcadia, FL 34266
E-mail: vsica@dmh.org

From:

Abha Agrawal, M.D., President & CEO
NorthStar Hospitals Inc.
Andover MA 01810

Re: Response to Request for Proposal regarding the proposed transaction with DeSoto County Hospital District (“RFP”)

Dear Mr. Sica,

This non-binding Letter of Intent (“LOI”) is submitted by Abha Agrawal, M.D. (“Dr. Agrawal”) on behalf of NorthStar Hospitals Inc. (“NorthStar”) in response to the Request for Proposal issued by DeSoto County Hospital District (“DCHD”) dated June 30, 2025. We are honored to present this proposal to enter into an affiliation with DCHD through a hybrid exclusive strategic consulting and management agreement with an asset purchase option. Our intent is to preserve and enhance the essential services DeSoto Memorial Hospital (“DMH”) provides to the community while ensuring long-term stability and growth through experienced physician-led leadership, and access to capital and other resources.

Our Understanding of DMH’s Current Environment

We recognize that DMH, like many rural sole-community hospitals, faces financial and operational pressures driven by a high share of Medicare and Medicaid patients, elevated rates of uninsured residents, and challenges recruiting specialist physicians. Despite the dedication and talent of its leadership and staff, these structural realities depress revenue yield and constrain growth. Addressing these headwinds requires a physician-led partner who combines disciplined financial stewardship, and proven hospital turnaround expertise. A full summary of our understanding of DMH’s situation is included in Exhibit E.

Leadership and Experience

NorthStar is led by Dr. Abha Agrawal, a nationally recognized healthcare executive with decades of experience in hospital management, operations, and provider partnerships across the United States. She has successfully led multiple hospital turnarounds and acquisitions, with a particular passion for ensuring that residents in rural and medically underserved areas receive equal access to state-of-the-art medical care.

Dr. Agrawal's proven track record includes improving operations at Lawrence General Hospital in Massachusetts by \$25M in one year and leading the acquisition of Holy Family Hospitals by securing \$193M in public funding, effectively doubling the system's size. At Humboldt Park Health in Chicago, she was instrumental in achieving the financial and quality turnaround of a failing organization from the verge of bankruptcy to a thriving independent community hospital while receiving national recognition for quality and health equity. Alongside Dr. Agrawal, the NorthStar leadership team has managed multi-facility systems, directed turnaround strategies, overseen compliance programs, and advanced quality-improvement initiatives in both rural and urban markets. A collection of those experiences is included in Exhibits B & C.

NorthStar's Mission and Model

NorthStar Hospitals is a U.S.-based healthcare management and investment company with a singular mission: to preserve access to care and to deliver the highest quality, compassionate care to communities across the country. We revitalize hospitals in distress through disciplined management, strategic investment and physician-led leadership, ensuring clinical excellence, organizational vitality, and long-term stability.

Our promise is simple yet powerful: Access to Care, Excellence in Care. To deliver on that promise, we propose a hybrid structure that brings together the best of both worlds:

- A physician-led, for-profit holding company capable of attracting and deploying capital and;
- A nonprofit hospital entity that preserves DMH's tax-exempt benefits and community-centered mission.

This hybrid approach is not about changing DMH's identity but about strengthening it—ensuring DeSoto County has a hospital with the resources of a for-profit, the protections of a nonprofit, and the leadership to secure financial viability and superior patient care for decades to come.

Equally important, this structure safeguards DMH's role as a vital anchor in the socio-economic fabric of DeSoto County - sustaining jobs, supporting local businesses, and serving as a foundation for community well-being alongside its core healthcare mission.

Florida-Specific Capabilities

NorthStar's team brings extensive knowledge of Florida's healthcare environment and regulatory requirements. We will ensure compliance with Florida laws and regulations through engagement with experienced healthcare counsel, collaboration with state regulators, and recruitment of Florida-based advisors and operational leaders, as needed. This approach ensures that DMH benefits from national expertise while being firmly supported by Florida-specific compliance and governance practices.

By combining national experience with local compliance strategies, NorthStar will provide DMH with operational stability, regulatory confidence, and the ability to expand services in alignment with community needs.

Transaction Overview

Under this model, NorthStar will assume immediate operational responsibility while DCHD retains ownership and control. This preserves existing regulatory compliance, provider numbers, and payer relationships while providing the operational expertise and capital resources needed for stability and growth.

Operational Framework

NorthStar will assume day-to-day responsibility for operations, including staffing, vendor relationships, financial management, and quality improvement initiatives. All activities will comply with applicable statutes and regulations and be guided by input from current owners and key stakeholders. NorthStar will also establish a local advisory board of community representatives, physicians, and hospital leaders to provide input into strategic planning and ensure that DMH's mission remains aligned with the needs of DeSoto County.

Financial Commitment and Structure

NorthStar will make multi-year commitments to sustain operations, support workforce development, and meet capital needs. Investments will include facilities, technology, and the recruitment of key clinical specialties, leveraging NorthStar's national expertise and network of subject matter experts. The management fee will be structured as a hybrid flat fee plus incentive compensation based on Key Performance Indicators tied to the strategic plan, aligning the parties' interests from the outset.

NorthStar also recognizes the importance of the USDA financing and the voter-approved sales tax dedicated to its repayment. We are committed to preserving these critical funding sources, ensuring they remain intact to support DMH's long-term financial stability and the community's investment in its hospital.

Purchase Option (Optional Path)

Following a fair market valuation, NorthStar will establish an option to purchase DMH's assets. This option may be exercised within five (5) years of entry into the definitive agreements. As part of this structure, NorthStar would arrange to lease or purchase real estate from the existing holding company at fair market value.

Community Protections

To safeguard community interests, NorthStar will structure Right of First Offer/Right of First Refusal (ROFO/ROFR) commitments with DCHD related to future capital infusions and the contemplated purchase option. These commitments ensure that the District maintains priority

rights to review and participate in any proposed capital transactions or asset transfers before third parties.

Strategic Advantage

This phased approach enables both parties to focus immediately on stabilizing operations, improving access to care, recruiting physicians, deploying a new EHR system, and executing other strategic initiatives, while leaving the option of a future sale open. The arrangement maintains existing governance structures without disruption and provides time to build trust, align incentives and gain valuable insights from current leadership before any ownership transition. It also positions DMH as a strong independent community hospital and averts the risk of further outmigration of patients to a larger ‘parent’ system miles away.

By combining operational expertise, financial investment and community protections, this model offers a clear path to stability and growth while preserving what makes DMH valuable to DeSoto County.

Transaction Terms and Considerations

This section outlines the key terms that will guide the structure and execution of the Agreement. It addresses excluded assets, the treatment of liabilities, and the valuation framework that will inform both the affiliation and the purchase option. These considerations ensure clarity for both parties and provide a foundation for the definitive agreements to follow.

Excluded Assets

All facilities, equipment, cash, accounts receivable and other operating assets will remain the property of DCHD. Under the Agreement, NorthStar will assume day-to-day responsibility for managing these assets in the ordinary course of hospital operations, consistent with industry practice and DCHD policy, but will not acquire ownership of them. Restricted or donor-designated funds, endowments and foundation assets will continue to be governed and retained exclusively by the District/Foundation. Non-operating real estate parcels, joint ventures, or other assets not directly related to hospital operations (e.g., medical office buildings, vacant land, parking structures) will be excluded unless specifically agreed upon, following diligence. The parties will work together to establish appropriate approval rights for DCHD over the sale, lease, or repurposing of any District-owned assets, which will be set forth in definitive agreements.

Liabilities

Under the proposed arrangement, NorthStar will not assume ownership of DMH’s long-term indebtedness or legacy obligations. Instead, NorthStar will assume responsibility for administering and managing DMH’s customary operating obligations on a go-forward basis, including payroll, benefits, trade payables, vendor contracts, and obligations related to indigent and charity care, subject to confirmatory diligence and negotiation of definitive agreements. During the term of the Agreement, NorthStar would assist DMH in paying off existing debts and liabilities and finding access to additional capital (which may also come from NorthStar and its

financial partners). It would be the intent that upon sale, assets would be purchased free and clear of all encumbrances and DMH's liabilities would be satisfied. During the term, NorthStar would assist DCHD/DMH in paying off these debts as part of its strategic consulting and management services.

Pre-closing liabilities, legacy pension obligations, malpractice claims and other obligations unrelated to ongoing operations will remain the responsibility of DCHD unless otherwise expressly negotiated. NorthStar's role will be to ensure operational solvency and continuity for DMH while supporting DCHD's long-term financial stewardship.

Valuation Reference

NorthStar has reviewed the independent Appraisal Report for DMH and Medical Office Buildings dated July 31, 2025. These materials will serve as the baseline for NorthStar's diligence and will inform the structure of management fees, capital commitments, and financial planning under the proposed arrangement. NorthStar also anticipates engaging a valuation expert to conduct its own valuation to establish a value for a potential asset purchase at a later date, with the price and key terms set in advance, while day-to-day management of all operating assets remains under NorthStar's operational control but DCHD's ownership.

Capital Structure and Financing

NorthStar anticipates supporting the affiliation through a combination of internal resources and commitments from external partners, including strategic investors and technology collaborators. While DCHD will initially retain ownership of all hospital assets, NorthStar will provide the financial and operational support necessary to sustain DMH's operations, fund capital improvements and recruit essential clinical talent.

At this stage, NorthStar does not intend to identify specific lenders or investment sources by name but is prepared to provide confirmatory evidence of financial capacity upon request. NorthStar's network of subject matter experts, healthcare operators and technology partners provide access to expertise and scale that are typically unavailable to community hospitals operating independently. This ensures DMH will have the resources required to maintain uninterrupted services, execute a multi-year capital plan, and sustain long-term growth.

NorthStar stands prepared to deliver supporting documentation and to work collaboratively with DCHD leadership to finalize a financial framework that balances operational sustainability, community benefit, and the District's ongoing stewardship role.

Operations and Continuity of Services

NorthStar is committed to maintaining and enhancing the essential healthcare services currently provided at DMH. We will preserve all existing inpatient, outpatient and emergency services that are vital to the Arcadia community, ensuring continuity of care for all patient populations.

NorthStar will continue DMH's current policies on charity and indigent care and will evaluate opportunities to expand access in alignment with community needs. Under Dr. Agrawal's leadership, hospitals have achieved the first-in-state Joint Commission certification in Health Equity and Sustainable Care. NorthStar will carry this same commitment to equity, ensuring DMH expands access for underserved populations while maintaining its charitable mission.

NorthStar's leadership is experienced in assisting medical facilities with finding access to capital and implementing programs such as strategic joint ventures with physicians and other groups, 340B drug discounts, and other programs to take advantage of funds available for disproportionate share and rural hospitals.

NorthStar is committed to maintaining accreditation standards, complying with all CMS and state regulations and implementing quality-improvement initiatives to enhance patient outcomes and satisfaction.

Strategic Partnerships and Capabilities

NorthStar will be supported by several world-class strategic partners specializing in health service innovation, business process outsourcing, and technology-enabled transformation. These partners bring proven, repeatable models that standardize operations, reduce administrative burden and improve efficiency across clinical and business functions. By leveraging these partners' expertise in revenue cycle management, patient access and IT optimization, DMH will gain the benefits of enterprise-level capabilities while retaining its identity as a community-focused hospital. This partnership will allow DMH's staff and leadership to focus more fully on patient care and community health.

Future Vision and Growth

Looking ahead, NorthStar envisions positioning DMH as a regional leader in emergency care, general medical and surgical services, as well as specialties such as Orthopedics and Gastroenterology, strengthening its role as both a community anchor and a destination for high-quality services. This vision will be refined in collaboration with DMH leadership, medical staff and community stakeholders and NorthStar will supplement this section as discussions progress.

NorthStar also intends to work closely with medical staff and community leaders to identify opportunities to expand service lines where demand exists, including potential development in areas such as cardiology, orthopedics, specialty surgical services, and behavioral health.

In all respects, NorthStar's goal is to ensure that DMH remains a trusted source of high-quality care, accessible to all members of the Arcadia community, now and for generations to come.

Employees and Medical Staff

NorthStar recognizes that the employees and medical staff of DMH are its most valuable asset and are central to the delivery of quality care. Under the affiliation, NorthStar anticipates retaining substantially all medical staff and employees at DMH so as not to disrupt hospital

operations, with a defined transition period during which existing leadership will remain in place to ensure stability. Following this period, NorthStar and DCHD will jointly evaluate staffing levels and leadership needs in the best interest of the hospital and community.

NorthStar intends to honor accrued vacation and paid time off consistent with customary practices in comparable transactions and will provide competitive compensation and benefits to support recruitment and retention. In addition, NorthStar may design and implement new benefit strategies that promote organizational vitality, ensuring that compensation, health and wellness programs are aligned with the long-term success of both the Hospital and its staff. Should an eventual asset purchase be pursued, NorthStar will work with DCHD to transition employees to a NorthStar affiliate in a manner that maintains continuity, protects accrued benefits consistent with customary practice and supports the professional growth of DMH team members.

With respect to medical staff, NorthStar will recognize existing bylaws and credentialing standards to the extent consistent with customary credentialing and privileging practices, subject to confirmatory due diligence. NorthStar anticipates engaging with medical staff leadership to identify opportunities for physician recruitment, expansion of specialties and the development of new service lines that respond to community needs.

In cooperation with its world-class strategic partners, NorthStar will introduce modernized workflows and standardized processes that ease administrative workload, and free clinical staff to focus on patient care. This includes enhancements in scheduling, revenue cycle, and support functions that reduce inefficiencies while strengthening compliance. Through this collaboration, DMH's employees and physicians will gain access to tools, resources, and scalable operating models typically reserved for larger health systems.

In all respects, NorthStar views DMH's employees and physicians as long-term partners and is committed to supporting their success as the foundation of the Hospital's future growth and sustainability.

Liabilities Assumed

Under the proposed arrangement and during the term of the Agreement, NorthStar anticipates assisting the DMH in generating revenue sufficient to cover its operating liabilities associated with the ongoing operations of DMH. These include trade payables incurred in the ordinary course of business, accrued payroll and employee benefits, vendor and provider contracts, and obligations related to the delivery of indigent and charity care. NorthStar anticipates finding ways to reduce some overhead costs without compromising the quality of patient care so that additional funds are available to deploy as part of the initiatives set forth in the strategic plan. NorthStar also has access to financial capital and can assist DMH as a stop gap if funds are needed to cover operations. The terms of these specific arrangements would be evaluated by the parties on an ongoing basis and developed based on the specific circumstances and needs.

NorthStar does not anticipate assuming long-term indebtedness, pension obligations, malpractice liabilities or other obligations unrelated to the ongoing operations of the Hospital, unless expressly negotiated in the definitive agreements. Pre-closing liabilities and obligations will remain the responsibility of the selling party, subject to customary adjustments and allocations to be finalized during diligence.

Conditions

This LOI is subject to completion of customary legal, financial, operational and regulatory due diligence. The transaction will also require organizational approval of the parties, the negotiation and execution of definitive agreements and the receipt of all necessary governmental and regulatory approvals.

NorthStar further reserves the right to refine its proposal based on findings from due diligence, discussions with DMH leadership and medical staff and confirmation of the Hospital's financial, operational and regulatory status.

In all respects, these conditions are intended to ensure a transparent, collaborative process that results in a transaction that supports the long-term success of DMH and the community it serves.

NorthStar acknowledges that neither the District, the Hospital, nor their advisors will be liable to NorthStar for any damages or expenses of any kind or type in connection with this process, unless NorthStar is selected as the Respondent and then, only to the extent expressly provided in the definitive agreement between the parties.

Exclusivity

As outlined above, we are willing to commit significant further time, effort and resources to consummate the proposed transaction. In order to accomplish this, we require a period of exclusivity, which period will begin immediately following the time the parties execute an exclusivity agreement substantially in the form attached hereto as Exhibit D.

Miscellaneous

This non-binding LOI does not constitute a legally binding offer or commitment to acquire, invest, affiliate with, or otherwise enter into any definitive agreement(s) with DMH or DCHD and does not impose any legal obligation on NorthStar, DMH, DCHD and/or any of their respective affiliates, including any obligation to make or accept any such offer or commitment. NorthStar and, except as otherwise provided in the Exclusivity Agreement, DCHD, shall have the right, in their respective sole discretion, to terminate the discussions relating to the proposed transaction. Moreover, except as expressly provided in the Exclusivity Agreement or any definitive agreements entered into by NorthStar, DMH, DCHD, or any of their respective affiliates, no past, present, or future action, course of conduct, or failure to act relating to this non-binding LOI or relating to the negotiation of the terms of the definitive agreements will give

rise to or serve as the basis for any obligation or other liability on the part of NorthStar, DMH, DCHD, or any of their respective affiliates. The laws of the State of Florida will govern this non-binding LOI. Any legal issues arising shall be litigated in DeSoto County, Florida or the U.S. Middle District of Florida located in Fort Myers, Florida. This non-binding LOI may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered by facsimile, email (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes. If any term of this non-binding LOI is held by a court of competent jurisdiction to be invalid or unenforceable, then this non-binding LOI, including all of the remaining unaffected terms, will remain in full force and effect as if such invalid or unenforceable term had never been included. This non-binding LOI and the Exclusivity Agreement are the entire and only agreements between NorthStar and DCHD regarding their respective subject matter and supersede all prior or contemporaneous agreements regarding their subject matter. This non-binding LOI may only be amended, modified or supplemented by an agreement in writing signed by NorthStar and DCHD. Any waiver, permit, consent or approval of any kind or character on the part of either party of any provision of this non-binding LOI or of any breach or default under this non-binding LOI must be made in writing and will be effective only to the extent specifically set forth in such writing. Notwithstanding anything to the contrary in this non-binding LOI, NorthStar and DCHD agree that only this “Miscellaneous” section and the Exclusivity Agreement will be legally binding agreements of the parties to this letter and will survive the termination of discussions relating to the proposed transaction.

Attachments

The following materials are incorporated by reference or will be provided in support of this proposal:

- Exhibit A – Response to RFP Questions
- Exhibit B –Leadership biographies and management team profiles
- Exhibit C – Success Stories and Case Studies
- Exhibit D - Form of Exclusivity Agreement
- Exhibit E – Summary of Understanding of the DMH Environment

Additional exhibits or supporting documentation may be provided as diligence progresses or at the request of DMH.

NorthStar appreciates the opportunity to submit this LOI and looks forward to working with DMH's Board, leadership and community stakeholders to complete a transaction that ensures the Hospital's continued success. We stand ready to engage in diligence and negotiation promptly and in good faith.

Sincerely,



Signature

Abha Agrawal, M.D.,
President and CEO
NorthStar Hospital Inc.

Acknowledged and agreed to as of the date set forth below:

DESOTO COUNTY HOSPITAL DISTRICT

Signature

Date

Name:
Title:
Desoto County Hospital District

Exhibit A – Response to RFP Questions

Question: Proposal Format

a) Governance structure

NorthStar proposes a collaborative governance model under which DCHD retains ultimate control at a governance level, while NorthStar is delegated day-to-day operational and management responsibility. NorthStar would also propose that it receive a seat on DCHD's Board to ensure collaboration and information sharing between the parties at the highest level. NorthStar also proposes establishing a local advisory board, composed of community representatives, physicians and hospital leadership to provide input into strategic direction and ensure community alignment.

b) Ownership percentages for each party as of closing

Under this Affiliation structure, the District will continue to own 100% of the Hospital and related assets. NorthStar will not hold an ownership percentage but will serve as the exclusive manager under a long-term management services agreement. NorthStar shall have an option to purchase the assets of DMH, exercisable within five (5) years of entry into the definitive agreements, at fair market value determined in accordance with a mutually agreed appraisal methodology.

c) Management arrangement and related fees

NorthStar anticipates a hybrid management fee structure comprised of a base fee with an incentive based off of certain key performance indicators. The base fee and key performance indicators will be mutually determined by DCHD and NorthStar and will be designed to align the financial and other incentives of the parties versus a traditional vendor and fee model. Fee design will balance sustainability for DMH with sufficient resources for NorthStar to deliver management expertise, operational support and capital commitments.

d) Reserve powers for each party

The District will retain reserve powers consistent with its role as public owner, including approval of annual budgets, capital expenditures above a negotiated threshold, and material changes to core hospital services. NorthStar will hold authority for day-to-day operations, staffing, contracting, and execution of the approved budget and strategic plan.

e) How future cash distributions and capital expenditures will be calculated and handled?

Cash flow from operations will first be applied to fund hospital operations, required debt service and agreed capital expenditures. Any excess cash distributions will be

determined jointly by the District and NorthStar, consistent with community needs and long-term sustainability. Capital expenditures will be planned through a multi-year capital budget process, approved by the District and executed by NorthStar.

Question: The identity of the Respondent.

Abha Agrawal, M.D., President & CEO
NorthStar Hospitals Inc., a Delaware Corporation

Question: A description of the Respondent's existing healthcare operations and facilities, including in particular those in Florida, specifically:

a) What experience does your organization have in operating in Florida and the Southeastern United States?

NorthStar's leadership team brings decades of hospital and healthcare operations experience nationally, including extensive prior engagements throughout the Southeastern region. This experience encompasses hospital turnarounds, regulatory compliance and the successful management of community-based facilities comparable in scale and mission to DMH.

To ensure deep Florida-specific expertise, NorthStar has engaged Gunster, Yoakley and Stewart, P.A., a Florida-based law firm with 13 offices throughout the state and approximately 350 attorneys. Gunster's dedicated healthcare regulatory and mergers and acquisitions team has vast experience working with and advising healthcare facilities in Florida. Their Government Affairs team and healthcare leaders are keenly aware of the regulatory landscape and emerging issues that Florida's healthcare providers face, making them a key strategic partner in navigating Florida-specific requirements.

NorthStar has also assembled a network of world-class strategic partners specifically chosen for their expertise in community hospital operations and Florida compliance requirements:

- **Information Technology and Digital Transformation** partners with deep expertise in electronic health records, cybersecurity and cloud infrastructure, ensuring DMH can modernize its systems while meeting Florida's strict data residency and compliance requirements.
- **Business Process Outsourcing (BPO) and Revenue Cycle Management** firms experienced in working with community hospitals to improve efficiency, reduce administrative burden and accelerate cash flow.
- **Clinical Operations and Quality Improvement** collaborators who specialize in patient safety and value-based care, helping DMH achieve nationally recognized standards.

- **Capital and Development Partners** who can provide resources for facility upgrades, recruitment of key specialists and expansion of service lines tailored to the needs of DeSoto County.

NorthStar was founded with a singular purpose: to preserve and strengthen essential hospitals like DMH. While our team brings decades of experience leading hospital turnarounds, acquisitions and operational transformations across the U.S., we have organized NorthStar's structure and focus to ensure DMH receives the full benefit of that expertise. Our physician-led leadership team offers not only proven success in financial and clinical revitalization, but also deep relationships with regional healthcare providers, professional associations and advisory networks throughout the Southeast. This combination of national experience and regional alignment ensures DMH benefits from both dedicated commitment and solutions tailored to Florida's regulatory and community environment.

b) How will the Hospital benefit from your existing operations in Florida?

While NorthStar does not currently operate facilities in Florida, DMH will benefit significantly from our purposeful approach to this engagement. Rather than being one facility among many in a large portfolio, DMH will receive NorthStar's complete attention and dedicated resources as our foundational Florida operation.

DMH will benefit from:

- **Dedicated Leadership Focus** - Our senior executives will be personally committed to DMH's success, not dividing attention among multiple facilities.
- **Florida-Specific Expertise** - Through our partnership with Gunster (13 Florida offices, 350+ attorneys) and other Florida-based advisors, DMH gains immediate access to deep regulatory and operational knowledge without the constraints of existing corporate policies that may not fit Florida's unique environment.
- **Regional Healthcare Networks** - Our leadership team's established relationships with Southeastern healthcare providers, medical schools and specialty groups will be leveraged to support physician recruitment and clinical partnerships specific to DMH's needs.
- **Customized Solutions** - Without existing operational constraints, NorthStar can implement best practices specifically tailored to DMH and Florida requirements, rather than adapting standardized corporate models.
- **Strategic Partner Access** - Our world-class technology, clinical and operational partners have been selected specifically for their community hospital expertise and Florida compliance capabilities.

This focused approach ensures DMH receives both the benefits of proven healthcare leadership and the advantage of being NorthStar's flagship operation in a strategically important market.

c) If Respondent has no experience in Florida, how will Respondent maintain compliance with Florida laws and regulations?

NorthStar is committed to full compliance with Florida laws and regulations, including Florida Statute §155.40 and all applicable requirements of the Agency for Health Care Administration (AHCA) and the Centers for Medicare and Medicaid Services (CMS). We have proactively assembled a comprehensive Florida compliance framework:

Legal and Regulatory Expertise:

- Retained Gunster, Yoakley and Stewart, P.A., a premier Florida healthcare law firm with 13 offices statewide and approximately 350 attorneys, including a dedicated healthcare regulatory and mergers and acquisitions team with extensive experience advising Florida healthcare facilities.
- Gunster's Government Affairs team maintains direct relationships with AHCA and other state regulatory bodies, ensuring real-time awareness of regulatory changes and compliance requirements.

Operational Leadership:

- Committed to recruiting operational leaders with direct Florida healthcare experience for key positions.
- Will establish Florida-based advisory relationships with former healthcare executives familiar with state-specific operational requirements.

Compliance Infrastructure:

- Implement internal compliance programs and reporting structures specifically aligned with Florida requirements.
- Establish ongoing collaboration protocols with AHCA and other state regulatory bodies.
- Deploy monitoring systems to track regulatory changes and ensure continuous compliance.

Strategic Partner Network:

- Our technology and operational partners have been selected for their proven track record supporting Florida healthcare facilities and understanding state-specific data residency, privacy and operational requirements.

This comprehensive approach ensures that DMH's operations will exceed Florida compliance standards while benefiting from NorthStar's national healthcare expertise and dedicated focus on regulatory excellence.

Question: A description of how the respondent intends to maintain and expand access to healthcare services in DeSoto County, including the provision of indigent care:

a) Specifically, describe how you would expect the Resulting Organization to reduce outmigration of patients from the Hospital's service area.

NorthStar recognizes that reducing patient outmigration is essential to strengthening DMH's role as a trusted community hospital. Based on our leadership team's experience with similar rural hospitals, we will implement a comprehensive retention strategy:

Specialty Care Access:

- Recruit and retain key specialists in high-outmigration areas such as cardiology, critical care, orthopedics and general surgery to provide services locally that patients currently seek elsewhere.
- Establish visiting specialist programs and telemedicine partnerships to bring specialty care to DMH without requiring full-time recruitment initially.
- Partner with regional medical centers to create shared-call arrangements that ensure specialist coverage while building local capacity.

Enhanced Service Capabilities:

- Expand diagnostic imaging and laboratory services to provide comprehensive testing locally.
- Develop outpatient procedure capabilities for common surgeries and treatments currently requiring travel.
- Implement advanced emergency department protocols to handle more complex cases that might otherwise be transferred.

Technology and Access Solutions:

- Deploy telehealth platforms for specialty consultations, follow-up care and chronic disease management.
- Establish remote monitoring programs for patients with complex conditions.
- Create digital health tools that improve care coordination and patient engagement.

Patient Experience Excellence:

- Implement patient experience improvement programs based on best practices from our leadership team's prior engagements.
- Reduce wait times and improve scheduling accessibility.
- Enhance facility amenities and care environments to compete with larger regional hospitals.
- Develop patient loyalty programs and community engagement initiatives.

Community Physician Support:

- Strengthen relationships with primary care physicians through improved communication, referral systems and clinical support.
- Provide practice development assistance to help community physicians expand their capabilities and retain patients locally.

This multi-faceted approach addresses both the clinical and experiential factors that drive outmigration, creating compelling reasons for patients to choose local care at DMH.

b) Please identify, based on your organization's experience, the most critical factors or obstacles in successfully effectuating the transaction and fulfilling the expressed desire of the community and the District.

Based on our leadership team's experience with similar healthcare transactions, NorthStar has identified the following critical success factors and potential obstacles:

Critical Success Factors:

- Stakeholder Alignment - Ensuring physicians, employees and community leaders understand and support the transition through transparent communication and meaningful involvement in planning.
- Early Wins - Demonstrating immediate improvements in service quality, patient experience, or facility conditions to build community confidence.
- Regulatory Navigation - Successfully managing AHCA approvals, CMS compliance and other regulatory requirements within expected timelines.
- Financial Stability - Maintaining uninterrupted operations while implementing improvements and managing any legacy financial obligations.
- Cultural Integration - Preserving DMH's community-centered mission while introducing operational improvements and new technologies.

Potential Obstacles and Mitigation Strategies:

- Regulatory Timelines - Complex approval processes could delay implementation; mitigated through our hybrid management model that allows immediate operational improvements while regulatory approvals proceed.

- Staff and Physician Concerns - Natural anxiety about change; addressed through early engagement, retention commitments and transparent communication about growth opportunities.
- Community Skepticism - Concerns about outside management; countered by maintaining local governance, establishing community advisory boards and demonstrating early capital investments.
- Payer Relationship Continuity - Risk of disruption to existing contracts; managed by maintaining current relationships and leveraging NorthStar's experience with payer negotiations.
- Integration Complexity - Coordinating multiple operational changes simultaneously; minimized through our phased approach that prioritizes stability before transformation.

NorthStar's collaborative approach aligns with CEO Sica's principle that "If it is good for the Hospital, it is the right thing to do." As a physician-led organization without complex corporate hierarchies, we can remain flexible and responsive to community needs throughout this process, ensuring the transaction serves all stakeholders effectively.

c) Describe your experience in working with underserved communities.

NorthStar's leadership team brings extensive experience managing hospitals and healthcare programs that serve underserved and rural populations. Our commitment to health equity is demonstrated through concrete achievements:

Proven Track Record:

- Under Dr. Agrawal's leadership, hospitals have achieved first-in-state Joint Commission certification in Health Equity and Sustainable Care.
- Successfully secured \$193M in public funding for Lawrence General Hospital in Massachusetts while achieving national recognition for quality and health equity.
- Led operational improvements at Lawrence General Hospital in Massachusetts and Humboldt Park Health in Chicago which serves a significant immigrant and low-income population.

Underserved Population Initiatives:

- Designed and implemented comprehensive charity care programs that expand beyond minimum regulatory requirements.
- Developed community outreach initiatives addressing social determinants of health, including transportation barriers, food insecurity and healthcare literacy.

- Created partnerships with federally qualified health centers, community clinics and social service organizations to improve care coordination.
- Established multilingual patient navigation programs to reduce barriers for non-English speaking populations.

Rural Healthcare Expertise:

- Managed critical access hospitals and rural facilities facing similar challenges to those in DeSoto County.
- Implemented telemedicine programs to expand specialty access in underserved areas.
- Developed innovative staffing models to maintain services in resource-constrained environments.
- Created sustainable financial models for hospitals serving high percentages of uninsured and underinsured patients.

Planned DMH Applications: NorthStar will apply this experience at DMH by expanding the hospital's charity care policies, implementing cultural competency training, establishing community health partnerships and leveraging programs like 340B drug discounts and disproportionate share funding to maximize resources available for underserved populations.

Our approach prioritizes access, cultural sensitivity and responsiveness to the unique needs of DeSoto County's medically underserved populations, ensuring DMH remains a safety net provider while improving care quality and patient outcomes. Detailed case studies and success stories are included in Exhibit C.

d) Please describe your organization's current charity care and bad debt policies and programs.

As a newly formed organization, NorthStar does not yet have established charity care and bad debt policies. However, our approach will be guided by our mission: Access to care; Excellence in care.

Planned Charity Care Framework:

- Preserve and Enhance Current Policies - NorthStar will maintain DMH's existing charity care and bad debt policies as the foundation, then enhance them based on best practices from our leadership team's experience.
- Expanded Eligibility Criteria - Review current income thresholds and consider expanding eligibility to serve more community members in need.
- Streamlined Application Process - Implement patient-friendly application procedures with multilingual support and assistance programs to reduce barriers to accessing charity care.

- Proactive Identification - Train staff to identify patients who may qualify for charity care early in the care process, rather than waiting for payment difficulties.

Revenue Enhancement for Charity Care:

- Grant and Funding Opportunities.
 - Leverage our team's experience securing public funding (such as the \$193M secured for Lawrence General Hospital) to identify federal, state and foundation grants specifically for charity care programs.
 - Pursue newly authorized federal funding under Section 71401 of Public Law 119-21, which allocates \$50 billion over the next decade to support rural hospital transformation and sustainability, including expanded capacity for charity care.
- Community Partnerships - Work with DMH's existing Auxiliary and community organizations to expand fundraising capabilities and create sustainable funding sources.
- Program Optimization - Maximize utilization of programs like 340B drug discounts and disproportionate share payments to subsidize charity care costs.

Bad Debt Management:

- Early Intervention - Implement financial counseling and payment plan options before accounts become bad debt.
- Transparent Pricing - Provide clear, upfront pricing information and financial assistance options.
- Collection Practices - Establish compassionate collection policies that prioritize patient dignity while protecting hospital financial stability.

This framework ensures that financial barriers never prevent community members from accessing essential healthcare services at DMH, while maintaining the hospital's long-term financial sustainability.

Question: A description of how the respondent intends to maintain and enhance the long-term financial viability of the Hospital (and its physicians)

a) Please describe your financial and operations strength, including:

1) Your ability to provide financial resources in the form of cash, notes and/or assumption of liabilities in order to effectuate the transaction.

NorthStar has secured access to substantial financial resources through multiple sources to ensure DMH's operational stability and growth:

Capital Sources:

- Strategic Investors - Confirmed commitments from high-net-worth individuals with healthcare industry experience who share NorthStar's mission of community-focused care.
- Healthcare-Focused Partners - Access to specialized healthcare investment groups experienced in hospital turnarounds and rural healthcare sustainability.

Financial Capacity:

- Working Capital - Immediate access to sufficient cash reserves to support DMH's ongoing operations during the transition period and beyond.
- Capital Investment - Resources available for facility improvements, technology upgrades and equipment purchases as outlined in our capital commitment plans.
- Operational Support - Capacity to cover customary operating obligations including payroll, benefits, vendor payments and debt service requirements.

Liability Management:

- Operating Obligations - Prepared to assume responsibility for day-to-day operational liabilities as part of the management agreement structure.
- Legacy Obligations - Financial capacity to assist DMH in addressing existing obligations while maintaining operational stability.
- Risk Management - Access to additional capital reserves to address unforeseen operational challenges during the transition.

Documentation and Verification: NorthStar is prepared to provide appropriate verification of financial capacity through:

- Bank comfort letters confirming available credit facilities.
- Investment commitment letters from strategic partners.
- Financial statements from key principals (subject to appropriate confidentiality protections).

All financial commitments are subject to completion of mutual due diligence and execution of definitive agreements that protect the interests of both DMH and the District while ensuring operational continuity.

- 2) Please provide a description of the expected sources of financing, the anticipated time to obtain such financing and any contingencies thereto. Your ability to fund routine operations (maintenance and upgrades) as well as strategic (major expansions, addition of services, market share expansion) capital expenditure requirements.**

NorthStar anticipates financing through a combination of equity contributions from its ownership group and commitments from external investors. These sources of financing can be obtained within customary timeframes and are not expected to delay the commencement of the Affiliation. NorthStar's resources are sufficient to fund routine operational needs, including maintenance and upgrades, as well as strategic capital expenditures for major expansions, the addition of services and market share growth. Financing is subject only to customary approvals and confirmatory diligence.

NorthStar, in collaboration with its world-class strategic partners, will deploy scalable business and technology solutions designed to reduce cost-to-serve, strengthen revenue integrity and ensure regulatory compliance. This partnership provides DMH with a foundation of standardized, repeatable processes and advanced analytics, ensuring both financial sustainability and operational efficiency and positioning the Hospital for long-term growth.

3) Please provide evidence of capital expenditures in currently owned facilities.

As NorthStar is a newly formed entity, it does not yet own or operate facilities and therefore has no direct record of capital expenditures. However, the leadership team has a proven history of executing substantial capital projects in other healthcare organizations, including facility upgrades, IT implementations and service line expansions. NorthStar is committed to applying the same level of investment discipline and capital planning at DMH to ensure its long-term financial viability.

b) Please provide a copy of the following financial statements:

1) Audited financial statements for the past three years.

NA

2) Interim period (year-to-date) financial statements.

NA

Question: A description of how the respondent intends to make needed investments in people, facilities and technology

a) Please describe the specific commitments your organization agrees to make regarding investment in people/providers, technology and facilities over a five-year period and a ten-year period.

Five-Year Framework (Years 1–5)

- People/Providers
 - Prioritize recruitment of high-impact specialists based on community needs assessments and financial capacity.

- Implement scalable continuing education and professional development opportunities for staff.
 - Conduct market reviews and adjust compensation and benefits to remain competitive as resources allow.
- Technology
 - Upgrade and optimize the electronic health record (EHR) to improve efficiency and care coordination.
 - Expand telehealth capabilities for specialty consultations and remote patient monitoring.
 - Strengthen IT infrastructure and cybersecurity in proportion to available operational resources.
 - Develop governance and strategies for judicious application of artificial intelligence (AI) to improve finances, operations and clinical service delivery.
- Facilities
 - Target incremental facility improvements focused on patient experience, safety and regulatory compliance.
 - Undertake renovations of high-priority areas such as the emergency department and patient rooms, scaled to available capital.
 - Improve space utilization and operational workflows to support efficiency.

Ten-Year Framework (Years 6–10)

- Growth and Services
 - Expand service lines based on demonstrated community demand and financial sustainability (potential areas may include cancer care, cardiac services, surgical capacity, or women’s health).
 - Pursue larger capital projects or facility expansions through collaborative planning with DCHD.
 - Continue adoption of advanced medical technology and digital health solutions as appropriate.
- Workforce and Leadership
 - Strengthen physician partnerships, alignment initiatives and leadership development programs.
 - Strive for national quality recognitions through investment in clinical programs and continuous improvement.
 - Community and Partnerships.
 - Maintain annual investment in community health initiatives and preventive care programs.

- Explore regional partnerships with health systems, academic institutions and research organizations to expand DMH’s role in the region.

Investment Commitment Approach

- NorthStar will reinvest the majority of locally generated cash flow (after debt service and operating needs) back into DMH.
- A multi-year capital planning process, reviewed in collaboration with DCHD, will guide major investment decisions.
- Investment levels will remain performance-based and aligned with operational milestones, financial sustainability and community need.

b) What portion of the cash flow, before management fee or comparable corporate overhead expense, generated by Resulting Organization would your organization reinvest in the Hospital and its service area?

NorthStar anticipates reinvesting a substantial portion of locally generated cash flow into DMH’s operations, facilities and community programs. While the exact percentage will be determined through financial planning and Board consultation, NorthStar is committed to prioritizing reinvestment over corporate overhead, ensuring that the majority of available resources remain in DeSoto County to support patient care, workforce stability and long-term sustainability.

Question: A description of how the respondent intends to recruit and retain physicians in the community

a) How would the Resulting Organization support the Hospital’s ability to align effectively with members of its medical staff?

NorthStar recognizes that physician alignment is central to DMH’s success and will pursue a collaborative, multi-faceted approach:

- Governance and Communication – Involve physician leaders in hospital governance through a local advisory board and regular forums with NorthStar leadership to promote transparency and collaboration.
- Clinical Support and Resources – Provide physicians with resources for practice support, technology adoption and participation in quality improvement initiatives.
- Professional Development – Support continuing education and leadership opportunities to strengthen the role of physicians in guiding clinical and strategic priorities.
- Alignment and Recruitment – Work with physicians to design fair incentive models, identify specialty needs and recruit new providers to strengthen service offerings.

- Feedback and Collaboration – Maintain open communication channels and fair processes for addressing physician concerns, ensuring physicians remain active partners in shaping DMH’s future.

This approach treats physicians as integral partners in DMH’s mission. By investing in their success and engaging them in meaningful ways, NorthStar will ensure alignment that supports both clinical excellence and organizational sustainability.

b) Please describe successful physician integration models which have been utilized by your organization or its affiliates and what model(s) you would suggest be implemented at the Hospital.

NorthStar’s leadership team has worked with a range of physician integration models, including direct employment, professional services agreements, co-management arrangements and hybrid structures that balance stability with autonomy. These models have been successfully adapted in different settings to strengthen alignment, improve quality and support physician satisfaction.

At DMH, NorthStar anticipates taking a flexible, collaborative approach:

- Tailored Options – Offer employment opportunities for physicians seeking stability, while preserving independent practice pathways for those who value autonomy.
- Shared Governance – Engage physicians in co-management or advisory structures where joint decision-making enhances service line quality and performance.
- Supportive Partnerships – Provide practice support, technology and resources that reduce administrative burden and allow physicians to focus on patient care.

The recommended strategy is to work with DMH’s current medical staff to identify preferences and priorities, then design integration arrangements that enhance what is already working while creating new opportunities for collaboration. This ensures physician alignment strengthens both clinical excellence and long-term hospital sustainability.

c) How would a relationship with your organization improve the Hospital’s ability to recruit physicians?

NorthStar’s partnership with DMH will enhance physician recruitment by making the hospital a more attractive and sustainable place to practice. Our approach will focus on several areas:

- Practice Environment – Invest in technology, facilities and clinical resources that strengthen DMH’s reputation and provide physicians with the tools they need to deliver high-quality care.
- Flexible Recruitment Models – Offer a range of employment and contractual arrangements that appeal to physicians with different practice styles and career goals.
- Competitive Positioning – Support compensation and benefits strategies that reflect market realities and emphasize work-life balance where feasible.
- Recruitment Expertise – Leverage the leadership team’s experience and established relationships with physician networks, training programs and professional associations to expand DMH’s reach in attracting candidates.
- Community Opportunity – Highlight the unique professional and personal advantages of practicing in DeSoto County, including opportunities to lead service lines and make a meaningful impact in a close-knit community.

By combining resources, experience and local engagement, NorthStar will help position DMH as a destination of choice for physicians seeking both stability and the ability to shape the future of care in their community.

d) What is your approach and track record from strengthening existing community-based private practices as well as the Hospital’s owned practices?

NorthStar’s leadership team has supported both independent physician practices and hospital-employed providers by creating partnerships that improve efficiency and sustainability while respecting physician preferences.

- Community-Based Private Practices – Provide access to shared services such as revenue cycle support, EHR integration and quality programs that reduce administrative burden and allow physicians to focus on patient care.
- Hospital-Owned Practices – Strengthen operations through standardized best practices, clinical support resources and professional development opportunities that enhance productivity and satisfaction.

At DMH, NorthStar would take a collaborative approach: engaging with practice leaders to understand their needs, tailoring support strategies accordingly and ensuring that both independent and hospital-owned practices have the tools and resources necessary to thrive. The goal is to create a practice environment that supports clinical excellence, operational efficiency and long-term stability for physicians and patients alike.

Question: A description of how the respondent intends to maintain support of the local economy

a) How would your organization and the Hospital remain active in the life and fabric of the community, such as with civic organizations, regional planning and economic development?

NorthStar views DMH's role as a cornerstone of DeSoto County as essential to both community health and economic vitality. Our approach will focus on three areas:

- Civic and Economic Engagement – Encourage hospital leaders and staff to participate in civic organizations, regional planning efforts and business development initiatives where their expertise can add value. Work collaboratively with local chambers, nonprofits, and educational institutions to support initiatives that strengthen the county's economic base.
- Community Health Initiatives – Expand outreach through health education, screenings and wellness programs tailored to local needs. Partner with schools, nonprofits and faith-based groups to address health disparities and support workforce pipeline development in healthcare.
- Workforce and Local Investment – Prioritize hiring from the community whenever possible, support professional development for staff and explore opportunities to strengthen local vendor relationships to keep economic benefits in the county.

This balanced strategy ensures DMH remains deeply connected to the social, economic and civic life of DeSoto County while tailoring engagement to community priorities and available resources.

b) Please describe the long-term commitment which your organization would make to the District in order to assure the continued operation of the Hospital as an acute care hospital in the community on a going forward basis.

NorthStar is committed to sustaining DMH as a full-service acute care hospital and preserving its essential role in the life of DeSoto County. Our long-term commitment includes:

- Service Continuity – Maintain core inpatient, outpatient and emergency services that are vital to the community, with the flexibility to expand services where community needs and financial sustainability align.
- Ongoing Investment – Reinvest locally generated resources into facilities, technology and staffing to ensure DMH remains modern, efficient and positioned for long-term success.
- Community Partnership – Work in close collaboration with DCHD to provide transparency, community input and accountability in strategic decisions.
- Economic Anchor Role – Continue DMH's contributions as a major local employer and supporter of community well-being.

NorthStar views this relationship as a long-term partnership rather than a short-term transaction. Our goal is to ensure that DMH remains a trusted provider of high-quality acute care services for decades to come, while adapting thoughtfully to future community needs and healthcare trends.

c) Please provide the basic outline and resources for your marketing and communication plan for the community, both during any transition and into the future.

NorthStar will implement a strategic communication approach designed to build trust and maintain transparency throughout the transition and ongoing partnership:

Transition Communication:

- Community Engagement – Host town halls, meet with civic leaders and conduct targeted outreach as appropriate to address questions and gather input.
- Transparent Updates – Provide regular progress updates through local media, newsletters and digital channels to keep the community informed.
- Internal Communication – Ensure employees and physicians receive timely information about changes, opportunities and expectations.

Ongoing Marketing Strategy:

- Community Presence – Participate in local events, health fairs and civic activities that reinforce DMH's role as a community partner.
- Service Communication – Highlight new services, quality improvements and physician recruitment efforts that demonstrate value to residents.
- Digital Outreach – Use website, social media and other digital platforms for health education, hospital updates and community engagement.

Communication Resources:

- Designated Support – Assign communications resources to coordinate community relations and ensure consistent messaging.
- Local Partnerships – Collaborate with community organizations, media outlets and local leaders to maintain open dialogue.
- Feedback Channels – Provide avenues for community input, such as surveys or advisory groups, to inform ongoing planning.

The goal is to build lasting trust through transparency, demonstrate DMH's commitment to clinical excellence and position the hospital as the preferred healthcare choice for DeSoto County.

Question: Liability - Please include a statement acknowledging that neither the District and Hospital, nor its advisors will be liable to you for any damages or expenses of any kind or type, unless you are the selected Respondent and then, only to the extent set forth in the definitive agreement between the District and the selected Respondent.

NorthStar acknowledges that neither the District, the Hospital, nor their advisors will be liable to NorthStar for any damages or expenses of any kind or type in connection with this process, unless NorthStar is selected as the Respondent and then only to the extent expressly provided in the definitive agreement between the parties.

Exhibit B – Leadership Biographies and Management Team Profiles

Abha Agrawal, MD, FACP, FACHE

President and CEO | Transformational Healthcare Leader

Core Expertise

- Hospital turnaround and financial stewardship
- Mergers, acquisitions and system integration
- Quality, safety and equity transformation
- Physician engagement and workforce culture
- Digital health, health IT and AI governance

Selected Leadership Roles

- **President and CEO** – Lawrence General Hospital / Holy Family Hospitals, MA
 - \$25M operating improvement in one year
 - Led acquisition of Holy Family Hospitals, doubling size to 400 beds / \$600M revenue
 - Secured \$193M in state funding
- **Chief Medical Officer** – Humboldt Park Health, Chicago, IL
 - Rebranded institution and elevated national rankings
 - Secured \$31M+ in funding for wellness, behavioral health and IT initiatives
 - Implemented \$7.5M enterprise-wide EHR
- **Chief Medical Officer** – Kings County Hospital, NYC Health + Hospitals
 - Oversaw \$800M tertiary hospital; led capital expansion and Lean transformation
 - Corporate leader for \$1.3B enterprise EHR procurement and governance

Boards and Academic Roles

- Director, American Board of Internal Medicine
- Trustee, American College of Medical Quality
- Faculty, Harvard Medical School; Northwestern Feinberg; SUNY Downstate

Education and Credentials

- Fellowship, Medical Informatics – Yale School of Medicine
- Residency, Internal Medicine – SUNY Downstate
- MBBS (Gold Medalist) – S.N. Medical College, India
- Fellow, American College of Healthcare Executives

Kenneth H. Johnson, JD, MBA

Executive Leader | Healthcare, Private Equity and Corporate Transformation

Core Expertise

- Large-scale transactions and restructuring (\$10B+)
- Private equity advisory and portfolio growth
- Healthcare strategy and market expansion
- Municipal and corporate turnaround leadership
- Governance, legal and finance integration

Selected Leadership Roles

- **Interim COO** – Village of Sauk Village, IL
 - Balanced budget for the first time in years
 - Negotiated \$120M redevelopment and \$10M commercial investment projects
- **Managing Director** – Korn Ferry International
 - Led Private Equity and Healthcare practices; advised Boards and CEOs
- **Partner and Managing Director** – Element78 Partners
 - Grew firm from \$12M to \$70M; secured \$150M growth capital
 - Closed \$2.3M+ advisory engagements
- **Senior Executive Roles** – IBM, PwC, CSX Transportation, Baxter International
 - Negotiated \$5.5B carve-out (Allegiance Healthcare)
 - Closed \$2B in technology outsourcing deals
 - Developed U.S. strategic marketing plan for Baxter’s \$9.5B healthcare business

Education and Credentials

- MBA, Finance/Marketing – Northwestern Kellogg Graduate School of Management
- JD – The John Marshall Law School, Chicago, IL
- BA, Political Science – University of Illinois

Brad Toussaint

Healthcare Transformation Consultant and Executive Coach

Core Expertise

- Hospital and health system performance improvement
- Lean management system design and deployment
- Executive coaching and leadership development
- Quality, safety and patient satisfaction strategy
- Academic medical center and community hospital operations

Selected Leadership Roles

- **Principal Consultant** – Toussaint Management Consulting
 - Advises U.S. and international hospitals, health systems and clinics on lean transformation.
 - Coached executives at VA Palo Alto Health Care System; model recognized nationally by VA Secretary.
 - Clients include integrated delivery systems, FQHCs, academic medical centers and community hospitals.
 - Results include: \$36M in annual savings from inpatient length-of-stay reduction; 21% ED LOS reduction with 11.5% patient satisfaction increase; >50% reduction in outpatient registration wait times.
- **Vice President, Management Systems and Performance Excellence** – Lucile Packard Children’s Hospital at Stanford (now Stanford Children’s Health)
 - Chief architect of the **Packard Quality Management System**, a hospital-wide lean management framework.
 - Led enterprise strategy deployment, daily management rollout and executive team coaching.
 - Oversaw quality, patient safety, satisfaction and peer review; launched public posting of hospital quality metrics (among first children’s hospitals to do so).
 - Directed process design and change management for the hospital’s clinical information system (2003–2007).
- **Partner and Consultant** – APM Consulting / Computer Sciences Corporation, Global Health Solutions
 - Led major reengineering and turnaround projects for academic medical centers, community hospitals and integrated delivery systems.
 - Delivered \$40M+ in operating cost reductions at a California medical center while improving patient care hours.
 - Led turnaround of an urban academic center, achieving \$20M in annual cost reductions (~12%).
 - Helped a Pacific Northwest HMO redesign its delivery model, saving \$25M annually (~8% of system costs).

Education and Credentials

- BA, Political Science – Yale University
- 37+ years of healthcare consulting and provider operations leadership

Tony Merlo

Transformation and Innovation Leader | Strategy and Performance Improvement

Core Expertise

- Large-scale transformation across healthcare, financial services and telecommunications
- Buy-and-build strategies for health systems, private equity and corporate enterprises
- Academic medical center and integrated delivery system performance improvement
- New product development across global markets and multiple industries
- Health and productivity strategy design for Fortune 1000 employers
- Continuous improvement systems and sustainable market-leading performance

Selected Leadership Roles

- **Senior Executive** – E78 Partners
 - Led transformation and advisory engagements for private equity portfolio companies and corporate clients.
 - Directed buy-and-build strategies, integrating acquisitions and driving operational alignment.
- **Executive Leadership** – Health Dialog
 - Advanced healthcare analytics and engagement strategies for payers and employers.
 - Focused on health productivity, care management and value-based performance improvement.
- **Senior Consultant** – APM, Inc.
 - Advised health systems and academic medical centers on operational strategy and clinical redesign.
 - Implemented continuous improvement systems in community and academic hospitals.
- **Consultant** – McKinsey and Company
 - Developed strategy and operational models for Fortune 1000 clients.
 - Delivered new product development and market-entry strategies in multiple global markets.

Innovation and Transformation Highlights

- Worked with 40+ U.S. academic medical centers and integrated delivery systems to implement new service delivery models and management systems.
- Designed and executed comprehensive health and productivity strategies for Fortune 1000 employers.
- Led buy-and-build strategies for health systems, PE firms and corporate enterprises, ensuring sustainable growth.
- Guided new product development initiatives across industries, driving competitive advantage and market leadership.

Education and Credentials

- Experienced leader across top-tier consulting firms and healthcare enterprises.
 - Recognized for uniting stakeholders around transformation agendas to deliver measurable results.
-

Chris Petillo

Healthcare Technology Executive | IT Transformation Leader

Core Expertise

- Enterprise EMR/EHR deployment and optimization
- Enterprise claims and ancillary systems integration
- Cloud solutions, imaging, PACS and data warehousing
- Healthcare IT strategy for payers and providers
- Disaster recovery and operational resiliency
- C-Suite engagement and clinical alignment

Selected Leadership Roles

- **President/CEO** – Rhyno Healthcare Solutions (2016–present)
 - Founded and scaled a healthcare consulting firm serving leading payers and providers nationwide.
 - Guided strategic engagements aligning IT transformation with operational outcomes.
 - Partnered with C-suites to bridge technical requirements with financial and clinical performance.
- **AVP, Clinical Applications** – North Shore LIJ Health System (now Northwell Health)
 - Directed five major service lines in enterprise application integration and deployment.
 - Advanced system-wide adoption of clinical and ancillary systems to support quality, safety and performance.
- **Vice President, Applications** – NYU Langone Medical Center
 - Led optimization of core ancillary systems over a decade-long tenure.
 - Played a key role in recovery efforts following Hurricane Sandy, stabilizing IT infrastructure.
 - Oversaw rollout of a new enterprise EMR, ensuring seamless clinical integration.

Innovation Highlights

- Early pioneer of cloud-based medical image storage.
- Designed and deployed enterprise EMR integration strategies for large academic medical centers.
- Delivered resilient IT recovery solutions under crisis conditions (e.g., Hurricane Sandy).

- Consistently unites executives, clinicians and IT teams to deliver measurable outcomes.

Education

- B.S., Biomedical Engineering – Rutgers University

Scott Martin

Healthcare Executive | CEO and Transformation Leader

Core Expertise

- Financial turnarounds and EBITDA growth (35%+ improvement at HealthAxis; 166%+ profit growth at Catalyst)
- Technology-enabled transformation (AI, RPA, digital platforms, Azure migration)
- Digital platforms: cloud migration (Azure), automation and advanced analytics
- Operational modernization in claims, call centers, enrollment, UM/CM and billing
- Growth strategy, channel sales and partnership development
- Business process outsourcing (BPO) and third-party administration (TPA)
- Sales, marketing and business development, including channel/partner ecosystems

Selected Leadership Roles

- **Chief Executive Officer** – HealthAxis
 - Spearheaded digital transformation of a payer/TPA platform and services firm.
 - Introduced AI in call centers, increasing capacity by 50k concurrent calls and reducing human-handled inquiries by 60%.
 - Deployed RPA for claims, improving straight-through processing from 67% to 90%.
 - Implemented AI-enabled OCR in the mailroom, cutting manual data entry by ~75%.
 - Launched AI for network security, proactively detecting risks and threats.
 - Delivered >35% EBITDA growth and reignited stalled sales pipeline.
- **President** – Catalyst Solutions
 - Built a BPO business from scratch, scaling to \$55M in revenue and nearly 500 employees.
 - Introduced automation, robotics and natural language processing into outsourcing operations, driving efficiency and client cost savings.
 - Delivered \$165M in client savings/avoidance through AI-enabled process redesign.
- **CIO** – Kocsis Consulting Group
 - Led digital transformation initiatives, aligning IT with payer operations.

- Negotiated strategic vendor partnerships and guided the firm through a successful acquisition by TriZetto

Education and Credentials

- M.S. in Education, Training and Performance Improvement – Capella University
- B.A. in Political Science and History – Oakland University

Exhibit C – Success Stories and Case Studies

EHR Modernization/Digital Transformation

Challenge

Hospitals struggling with outdated systems that limited financial performance, clinical integration and quality improvement. At NYC Health + Hospitals, the largest municipal system in the U.S., legacy IT platforms impeded safety and efficiency. At Humboldt Park Health, the lack of a unified system hindered operations and data-driven decision-making.

Action

- At **NYC Health + Hospitals (Kings County)**, as Chief Medical Officer, Dr. Agrawal spearheaded procurement and governance for a **\$1.3B enterprise-wide EHR**, unifying 11 hospitals and 100+ clinics. She led the rollout of physician documentation, CPOE, electronic medication administration and enterprise analytics.
- At **Humboldt Park Health**, she implemented a **\$7.5M MEDITECH enterprise-wide EHR**. This transformation integrated financial and clinical systems, streamlined workflows and laid the foundation for data-driven quality improvement.

Result

- Delivered one of the largest public-sector EHR procurements in the country, aligning IT infrastructure with quality and safety goals for millions of patients.
- At Humboldt Park, enabled improved financial and clinical operations, increased efficiency and positioned the hospital as a leader in leveraging digital tools to advance health equity.

Hospital Case Studies

Hospital Turnaround – Lawrence General Hospital

- **Challenge:** Five years of operating deficits; mission-critical safety-net hospital.
- **Action:** Recruited as President and CEO; implemented rapid operational efficiencies, payor contract renegotiations and fiscal discipline.
- **Result:** \$25M operating margin improvement within 12 months. Positioned hospital as a national leader in health equity.

Acquisition and Growth – Holy Family Hospitals Integration

- **Challenge:** Steward Healthcare bankruptcy threatened closure of two Holy Family campuses.
- **Action:** Led Lawrence General's acquisition; secured \$193M in state funding through advocacy with state and federal leaders; managed integration of 17 physician practices.
- **Result:** Doubled system size to 400 beds, \$600M revenue and 3,500 employees. Preserved essential services and jobs for the region.

Hospital Optimization – Humboldt Park Health (formerly Norwegian American Hospital)

- **Challenge:** Failing safety net hospital with poor quality scores and low community trust.
- **Action:** Led rebranding, launched enterprise-wide EHR (\$7.5M), implemented Balanced Scorecard methodology and secured \$31M in funding for wellness and behavioral health.
- **Result:** Improved Leapfrog safety score from F to B; 250–300% improvement in quality scores; nationally recognized for safety, maternity care and telehealth innovation.

Hospital Optimization – Kings County Hospital (NYC Health + Hospitals)

- **Challenge:** Large 690-bed tertiary hospital with outdated infrastructure, safety issues and risk management gaps.
- **Action:** As Chief Medical Officer, led major capital projects (165-bed behavioral health building, ED renovation, new inpatient tower); implemented Lean across 5 service lines; championed TeamSTEPPS adoption system-wide.
- **Result:** Improved quality and safety outcomes, created modern infrastructure and strengthened patient safety culture.

System-Wide Health IT Transformation – NYC Health + Hospitals

- **Challenge:** Needed to unify clinical, financial and quality systems across the largest municipal health system in the U.S. (> \$9B).
- **Action:** As CMIO, led \$1.3B enterprise-wide EHR procurement and strategy; spearheaded physician documentation, CPOE, medication administration and data analytics initiatives.
- **Result:** Delivered enterprise informatics governance across 11 acute care hospitals and 100 clinics, aligning IT with quality and safety goals.

Entrepreneurship and Innovation – A4 Clinics (India)

- **Challenge:** Lack of affordable neuro-rehabilitation in India.
- **Action:** Founded a chain of robotics-driven neuro-rehabilitation centers.
- **Result:** Expanded from 1 to 3 clinics; recognized internationally for affordable, tech-enabled care models.

Equity and Community Health – Humboldt Park Health (Chicago)

- **Challenge:** Underserved West Side population with limited access to wellness and behavioral health resources.
- **Action:** Secured \$25M in state capital for a Community Wellness Center and \$6.2M in grants for behavioral health, SUD and mobile outreach.
- **Result:** Expanded access to care, elevated national reputation and achieved certifications in Health Equity and Sustainable Care.

Transaction and Advisory Case Studies

Healthcare Distribution – Allegiance Healthcare Carve-Out (Baxter International)

- **Challenge:** Baxter's \$5.5B U.S. Distribution Division needed to be carved out into a standalone public company.
- **Action:** Led internal Baxter team, due diligence, valuations and negotiations with Lazard Freres.
- **Result:** Created Allegiance Healthcare, successfully spun off as a publicly traded entity.

Corporate Transformation – Element78 Partners Growth

- **Challenge:** Private equity advisory firm seeking to scale nationally.
- **Action:** Partnered to raise \$150M in growth capital; originated and led tuck-in acquisitions; developed largest advisory engagements in firm history (\$2.3M/\$1.8M).
- **Result:** Expanded revenue from \$12M to \$70M in 18 months; positioned firm as a national advisory leader.

Municipal Turnaround – Village of Sauk Village, Illinois

- **Challenge:** Years of financial instability, missed audits and persistent budget deficits.
- **Action:** Served as Interim COO; led audit completion, improved financial management and negotiated major redevelopment agreements.
- **Result:** Balanced municipal budget for the first time in years; secured \$120M redevelopment project and \$10M commercial investment.

Hospital Optimization – Major Academic Medical Center (Southern California)

- **Challenge:** Reduce overall costs to maintain positive margins in the face of rapidly deteriorating payor mix.
- **Action:** Led an extensive evaluation of the care delivery model, identifying significant opportunities for incorporation of non-licensed personnel into the patient care team.
- **Result:** The new care delivery models increased direct hours of patient care by 8% while reducing labor costs per patient day by 10%.

Rapid Cost Reduction – Urban Teaching Hospital (Northern Florida)

- **Challenge:** Quickly reduce costs to breakeven and be able to be price competitive against new entrants to the market.
- **Action:** Tightened basic operations across the entire enterprise, including streamlining organizational structure, staffing to demand across patient care units, reducing ALOS, and improving supplies costs through better prices and utilization.
- **Result:** Reduced annual operating cost by \$20 million (approximately 12%)

Hospital Reengineering – 300-bed community hospital (Southern California)

- **Challenge:** Significantly and sustainably reduce cost to maintain positive margin in a market moving rapidly to capitated contracting.
- **Action:** Pursued process reengineering of six hospital core processes, with a mandate to maintain or improve market expectations for service and clinical quality.

- **Result:** Reduced annual operating costs by over 10%.

Group Practice Delivery Model Redesign – Major Regional HMO (Pacific Northwest)

- **Challenge:** Employer market pressure on pricing required significant cost reduction by the provider part of the business.
- **Action:** Facilitated a major redesign of the primary care-based, multi-specialty group practice delivery model in support of a financial turnaround, by leveraging Advanced Practice Providers, improving primary care throughput and productivity, optimizing the mix of internal and contract specialists, and rationalizing inpatient capacity.
- **Result:** The company saved \$25M annually (~8% of operating costs), with about 80% of that realized in the first year of implementation.

Patient Safety improvement – Packard Children’s Hospital at Stanford (Palo Alto, CA)

- **Challenge:** Pursuing a goal of zero Hospital Acquired Conditions (HACs)
- **Action:** Applied the principles of a Lean Operating System to implement evidence-based best practices for safety to each patient care unit’s daily operation.
- **Result:** Reduced HACs by over 20% in the first year, virtually eliminating some nosocomial infections in several units.

Patient Safety improvement – VA Health Care System (Palo Alto, CA)

- **Challenge:** Reduce the number of harmful falls in the main medical unit, which served a very challenging population of Veterans.
- **Action:** Coached the unit management team and staff to create, integrate, and check process standard work daily on every patient, to make the problems visible, and to apply daily problem-solving to continuously improve.
- **Result:** The fall rate dropped by over 30% in the first year, and then an additional 35% over the next six months from continuous improvement activities by the staff.

Improved Patient Throughput – Legacy Health System (Portland, OR)

- **Challenge:** Reduce inpatient ALOS across the system’s 8 hospitals to support significant margin improvement efforts, payor mix worsened and reimbursement pressures mounted.
- **Action:** Coached administrative and clinical leaders to learn and apply Lean Operating System principles and practices in each hospital to improve throughput.
- **Result:** Within one year, reduced ALOS by 1 day (acuity adjusted) across the system, resulting in \$36 million in annual savings and increasing total available bed days to the community by 31,000.

Exhibit D – Form of Exclusivity Agreement

September 29, 2025

To Whom It May Concern:

NorthStar Hospitals Inc. (“NorthStar”) proposes to enter into further discussions concerning the potential affiliation (the “Transaction”) with the DeSoto County Hospital District (“DCHD”).

In order to induce NorthStar to continue to pursue such discussions and expend related resources, DCHD hereby agrees as follows:

1. **Exclusivity**

During the Exclusivity Period (as defined below), DCHD shall not and shall direct its respective affiliates (including, but not limited to, Desoto Memorial Hospital (“DMH”) and DCHD’s and its respective affiliates’ respective officers, directors, employees, managers, agents, equity-holders, partners, direct and indirect subsidiaries, representatives, consultants and advisors (collectively, “Representatives”), not to, directly or indirectly, (a) initiate, solicit, facilitate, discuss, negotiate, participate in or continue to participate in, or accept any proposal, indication of interest, inquiry or offer (whether initiated by them or otherwise) from any person or persons (including, without limitation, any entity), other than NorthStar or its affiliates (such person, a “Third Party”) with respect to (i) any acquisition, directly or indirectly, of any equity interests or any voting securities or debt securities of DMH, (ii) any acquisition, sale, lease, license, affiliation or other disposition, directly or indirectly, of all or any material part of the business, assets or properties of DMH, whether by merger, purchase of stock or other securities, purchase of assets, tender offer, recapitalization, refinancing, liquidation, dissolution, reorganization, business combination, entry into a management or administrative services agreement, or otherwise, (iii) the merger, consolidation, or combination of DMH or any of its subsidiaries, or (iv) the refinancing or reorganization of DMH, (each, an “Acquisition Proposal”), (b) engage, continue or otherwise participate in negotiations or discussions with, or furnish access to its properties, books and records or provide any information to, any Third Party in connection with an Acquisition Proposal or review any information of a Third Party in connection with an Acquisition Proposal (including, but not limited to the use of a physical or online dataroom), (c) enter into any contract, agreement, letter of intent, arrangement or understanding with a Third Party (i) requiring DCHD or DMH to delay, abandon, terminate or fail to consummate a Transaction with NorthStar or its affiliates or (ii)

concerning or relating to an Acquisition Proposal. DCHD shall and shall direct its and DMH's respective Representatives to, immediately terminate any and all existing discussions or negotiations with any Third Party conducted on or prior to the date of this letter agreement in respect of an Acquisition Proposal, including, for the avoidance of doubt, terminating access to any online data room. Each of NorthStar and DCHD agrees that it will be responsible for any breach of this letter agreement by any of its Representatives. In the event DCHD or DMH receives an Acquisition Proposal from any Third Party, DCHD shall inform such Third Party that it is contractually prohibited from engaging in discussions with, or otherwise responding to, such Third Party in response thereto and will provide NorthStar with prompt notice thereof (in any event, within 48-hours thereof) and will promptly notify NorthStar (in any event, within 48-hours thereof) of any subsequent developments with respect to such Acquisition Proposal.

2. **Termination**

For purposes of this letter agreement, "Exclusivity Period" means the period commencing on the date hereof and ending on the earliest of (a) the execution of a definitive agreement among NorthStar or its affiliates on the one hand and DCHD or DMH on the other hand concerning the Transaction, (b) upon the written agreement of NorthStar, on the one hand and DCHD on the other hand, to terminate this letter agreement and (c) 11:59 p.m. (Eastern Standard time) on [REDACTED], 202[REDACTED]¹.

3. **Governing Law/Venue**

The laws of the State of Florida will govern this letter agreement. Any legal issues arising shall be litigated in DeSoto County, Florida or the U.S. Middle District of Florida located in Fort Myers, Florida.

4. **Remedies**

Each party acknowledges and agrees that a breach of any of its and/or its respective Representatives' obligations under this letter agreement may cause serious and irreparable harm that could not adequately be compensated by monetary damages. Accordingly, each party acknowledges and agrees that, in addition to any remedies at law or in equity, each party shall be entitled to seek an injunction or injunctions to compel specific performance without any bond required to be posted, unless otherwise required by applicable law.

5. **No Obligation**

The parties agree that unless and until a definitive agreement regarding the potential Transaction has been executed and delivered by NorthStar or its affiliates and DCHD, DMH and/or their respective affiliates, nothing in this letter agreement shall obligate

¹ Note to Draft: To be 60 days from the date of the letter agreement

any party to proceed with any transaction between them and each party reserves the right, in its sole discretion, to terminate the discussions contemplated by this letter agreement concerning the potential Transaction.

6. **Miscellaneous; Interpretation**

This letter agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered by facsimile, email (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes. The headings of the various sections of this letter agreement have been inserted for reference only and shall not be deemed to be a part of this letter agreement. This letter agreement may only be amended, modified or supplemented by an agreement in writing signed by NorthStar and DCHD. Any waiver, permit, consent or approval of any kind or character on the part of either party of any provision of this letter agreement or of any breach or default under this letter agreement must be made in writing and will be effective only to the extent specifically set forth in such writing. This letter agreement may not be assigned by either party hereto except with the prior written consent of the other party. Except as specifically set forth or referred to herein, nothing herein is intended or shall be construed to confer upon any person or entity other than the parties hereto and their successors or assigns any rights or remedies under or by reason of this letter agreement. This letter agreement, together with the non-binding letter of intent, constitutes the entire agreement and understanding of NorthStar and DCHD in respect of the subject matter hereof and supersedes all prior understandings, agreements or representations by or between such persons, written or oral, to the extent they relate in any way to the subject matter hereof.

Sincerely,

Signature

Abha Agrawal, M.D.,
President & CEO
NorthStar Hospital Inc.

Acknowledged and agreed to as of the date set forth above:

DESOTO COUNTY HOSPITAL DISTRICT

Signature

[Name]

[Title]

Desoto County Hospital District

Exhibit E – Summary of Understanding of the DMH Environment

Initially, we want to acknowledge what has been shared in the RFP document.

“The mission of the DeSoto County Hospital District Board of Directors is to provide excellent care and treatment to all of our patients and promote health and wellness in our community. DeSoto Memorial Hospital (DMH) is a 49-bed sole community rural hospital located in Arcadia, DeSoto County, Florida...DeSoto County has approximately 35,000 full-time residents and a large population of winter visitors who reside in DeSoto County three to six months each year. In addition, there are a significant number of migrant workers who help support the agricultural industry in our community. Lastly, land development in Florida continues at a rapid pace and coastal land developers have begun buying land to develop in DeSoto County.”

Despite having excellent leadership, staff and facilities to serve the community, we recognize that the long-term vitality of DMH is challenged by environmental factors, both specific to its current demographics and general to its geography.

While there is potential for improvement through new real estate development, DeSoto County is significantly below US averages on many key measures that influence hospital performance. Median household income of permanent residents of \$53,000 is only 67% of the average for all rural areas in the US. This is driven by the situation that 34% of the population of Arcadia is living below the poverty level while approximately 12% of all other Americans are. While the percentage of the population enrolled in Medicare and Medicaid is comparable to the US average (a combined 42% in DeSoto County and 37% nationally), there is a significant gap on private insurance coverage (39% versus 55%) as the total uninsured rate in DeSoto County is more than double the national average (19% versus 8%). Since the uninsured are almost exclusively people under age 65, it is likely that one in four of these people in DeSoto County do not have health insurance.

As a result of these environmental factors, DHM has a “revenue” problem, on both volume and yield, that depresses cash flow and inhibits its ability to fulfill its mission.

Currently, the hospital does not have its “fair share” of admissions among its permanent and seasonal populations. From our interpretation of the audited financial statements, in 2024, there were approximately 2,000 total admissions of which 502 were surgical cases. With a full array of specialist physicians, there is potential for DMH to increase its total volume by 50%, which could include doubling the number of surgical cases – by achieving top-quartile performance on the share of total admissions for a rural community that are managed in the local facility.

With strategic additions to the medical staff, it is likely that revenue yield can also be significantly increased so that the Case Mix Index (CMI) over the past few years can be significantly improved beyond its current “average” position among rural hospitals.

Our objective as a partner with DCHD is to bring a variety of innovative initiatives, both for physician recruitment and retention and optimizing the payor mix, proven successful in our communities to generate margin to achieve mission.