



**VIA FEDERAL EXPRESS**

July 27, 2010

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Dear Messrs. LeCouris, Hubbard and Yacavone:

Thank you for the time you took on July 20, 2010 to discuss the pending transaction between University Community Hospital, Inc. ("UCH") and Adventist Health System Sunbelt Healthcare Corporation ("AHS") with Mr. Scofield and me. The purpose of this letter is to follow that conversation with a formal, written request that the City of Tarpon Springs waive certain provisions in the Lease Agreement between the City of Tarpon Springs, Florida and Tarpon Springs Hospital Foundation, Inc. related to Helen Ellis Memorial Hospital, dated August 31, 2000 (the "Lease").

Before turning to the specific Lease provisions at issue, let me provide the following background.<sup>1</sup> For some time, AHS and UCH have been negotiating the terms of a merger. The parties have now reached agreement on all terms and expect to finally consummate that merger in the very near future. The parties are excited about the enhanced delivery of healthcare to citizens in the Tampa region that their merger will make possible.

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<sup>1</sup> For your convenience, I am enclosing a 2009 report by AHS, entitled "Sanctuaries of Healing," which sets forth certain company activities and financial data. AHS reports for earlier years, as well as other information about the company, can be found at [www.adventisthealthsystem.com](http://www.adventisthealthsystem.com). I also am enclosing a document entitled "Strategic Key Initiatives – 2010," which sets forth information about AHS strategic objectives for the next several years, and a report entitled "One," which will provide yet more information about the AHS operating philosophy.

*Extending the Healing Ministry of Christ*

As you know, UCH is the sole member of Tarpon Springs Hospital Foundation, Inc. (the "Foundation"), and also is a party to the Affiliation Agreement by and between Tarpon Springs Hospital Foundation, Inc. and University Community Hospital, Inc., dated August 31, 2000 (the "Affiliation Agreement"). The AHS/UCH merger will result in AHS becoming the sole member of UCH, but will not otherwise alter the UCH corporate structure. Although UCH will remain a party to the Affiliation Agreement, and the Foundation will remain a party to the Lease, the AHS/UCH transaction would have some effect on certain aspects of the operations of the hospitals that UCH owns or operates. You asked me to provide a general overview of this issue as it impacts the Lease.

Let me begin by assuring you that there would be no change at all – except in a strengthening manner – with respect to the core delivery of medical services. Delivering high quality medical care is at the heart of the AHS mission, as reflected in its mission statement – "Extending the Healing Ministry of Christ."

It is equally important to emphasize that AHS provides treatment to patients without regard to religious affiliation or persuasion, and it is not the practice of AHS hospitals to engage in unwelcome or intrusive religious admonishment. Respecting employment, AHS believes that its workforce consists of compassionate and deeply caring individuals, many of whom find spiritual strength in the teaching of their individual faiths. Most AHS employees are not members of the Seventh-day Adventist church, and church membership is not generally a prerequisite for employment in our hospitals, except that CEOs at hospitals that AHS owns or operates are Seventh-day Adventists. Honoring the right of each individual to believe in religious matters as he or she will – or to hold to no religious beliefs at all – has long been a cherished principle of the Seventh-day Adventist church, and AHS embraces this principle in the respect it extends to all patients and employees in our hospitals.

At the same time, however, AHS believes that the task of delivering healthcare is a sacred work, and this conviction manifests itself in ways that might be considered inconsistent with the Lease provisions identified below. For example, any of AHS's patients who seek spiritual solace, along with physical healing, should be able to find this solace within our walls. To that end, religious art, Scripture texts, or mission statements are used as aesthetic enhancements in our hospitals. By way of further example, nurses and other employees are not discouraged from offering to pray with a willing patient. Chaplains provide services. Religious magazines or brochures may be found in unobtrusive locations.

In AHS hospitals, a Sabbath day of rest is acknowledged. Based upon Seventh-day Adventist understandings of Scripture, this period is observed from sundown on Friday evening until sundown on Saturday evening. Obviously, the medical and physical needs of AHS patients continue to be fully and unconditionally met during this period. However, it is generally the case that routine, non-emergency meetings of the medical staff or hospital management are not scheduled during this time, nor are certain discretionary hospital-sponsored social or community events (such as fundraisers or gala events) scheduled then. Outpatient, elective surgeries are also not generally scheduled during this period, and business offices, general administrative

offices, and other operational functions that do not impact patient care are closed or not conducted during these hours each week.

Two last areas of potential interest might be noted. First, with respect to food service, while meat is available in AHS hospitals, pork and shellfish are excluded from our cafeteria menus. (Happily, there is no impact on the availability of my favorite – chocolate chip cookies!) Second, except in rare instances, such as when necessary to save the life of the mother, abortions are not carried out in AHS hospitals. I have enclosed a brochure entitled “Extending the Healing Ministry of Christ,” which is available in many of our hospitals as a source of explanation to interested visitors regarding key values of the Seventh-day Adventist church.

I realize that these features of our hospitals may seem somewhat unconventional. However, AHS has had a significant degree of success in the conduct of its growing healthcare business, even while maintaining adherence to these practices. AHS has operated hospitals throughout Central Florida for many years in this fashion without any issue ever being raised about these practices, even at hospitals that were previously publicly owned. If questions remain in your mind, you or your colleagues may wish to pay a visit to one or more of our hospitals in the Tampa or Orlando area. I would certainly be delighted to arrange for you to see first hand how we run our hospitals.

With that as background, let me now turn to the specific provisions of the Lease that would need to be waived or modified in order for AHS to conclude its transaction with UCH and welcome Helen Ellis Memorial Hospital into the AHS family. This can be put very simply: Article 10.1(g) of the Lease contains a number of provisions that might be interpreted so as to require AHS to operate Helen Ellis Memorial Hospital in a manner inconsistent with the manner in which other AHS hospitals are operated. Therefore, we respectfully request that the City of Tarpon Springs exercise its authority to consent to waive and remove that Article so long as AHS or an AHS affiliate remains the member of UCH, and, in turn, UCH remains the member of the Foundation. Obviously, we do not object to certain aspects of this Article – for example, the recognition that chapel services can be conducted is consistent with current AHS practices – but rather than attempting to parse it line-by-line, we think greater clarity can be achieved through a consent to waive and remove the entire Article. We anticipate that UCH and the Foundation will make similar and conforming changes in the Affiliation Agreement, but since the City is not a party to that agreement, no official action by the Commission is needed.

In tandem with this waiver, AHS also would like to explore with you a mechanism that would allow AHS to intervene, with the support of the City, in any litigation that might ensue against the City for consenting to the waiver and removal. AHS would want to be certain in such circumstances (which hopefully would never arise), that the consent was vigorously defended. We believe that an intervention right is the most protective manner of achieving that assurance. On this point, however, we are open to any good idea that would achieve this objective.

Mention was made in our call on July 20 of a resolution by the City Commission as one possible mechanism for granting a waiver and consent, if one is to be granted. We are very open

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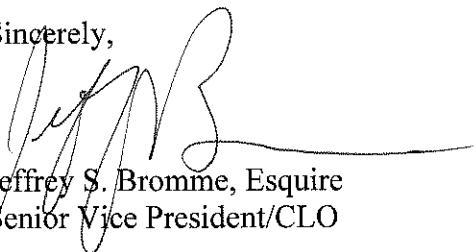
to accepting a resolution, provided that it is structured in a way that AHS can enforce it (along with the intervention right) as a contract, and it cannot unilaterally be withdrawn at some later date by this or a different group of Commissioners. We also embrace your suggestion that any action by the City Commission on the waiver should be preceded by an opportunity for public comment upon proper notice.

Obviously, there are a number of details yet to work out regarding our request, but I trust that it is set forth here with sufficient clarity to allow us to productively engage in further discussions. I anticipate that these further discussions will involve a broader circle of AHS executives, particularly as we move beyond legal details to a wider dialogue with the Commission and citizens of Tarpon Springs about the future of Helen Ellis Memorial Hospital as part of AHS. We have had a large and experienced team engaged in negotiating the AHS/UCH transaction, but Lars Houmann, Mike Schultz and Terry Shaw, in particular, are enthusiastically anticipating individual conversations with you and Commission members, as well as presentations to the Commission and citizens of Tarpon Springs. Lars is President and CEO of the Florida Division of AHS and President and CEO of Florida Hospital; Mike is Executive Vice President of the Florida Division and President and CEO of the Florida Region for AHS; and Terry is Chief Financial Officer and Chief Operating Officer of AHS.

I look forward to hearing from you soon.

Best regards.

Sincerely,



Jeffrey S. Bromme, Esquire  
Senior Vice President/CLO

*Authorized House Counsel; Member, District of Columbia  
& Texas (inactive) Bars Only*

JSB/plm

Enclosures

RECEIVED

JUL 29 2010

CITY MANAGER  
TARPON SPRINGS

*Messrs. LeCouris, Hubbard & Yacavone*  
*City of Tarpon Springs*  
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cc (without enclosures):  
Mike Kouskoutis  
Norman Stein  
Lars D. Houmann  
Terry D. Shaw  
Michael H. Schultz  
John Harding  
George Scofield, Esq.  
T.L. Trimble, Esq.

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