

PRESS RELEASE

PR CONTACT: Marcus Young
Hazel Hawkins Memorial Hospital
Phone: (831) 636-2644
Email: Marcus@wearejsa.com

HAZEL HAWKINS MEMORIAL HOSPITAL OUTLINES THE COVENANTS AND FACTS REGARDING THE PROPOSED TERM SHEET WITH INSIGHT

HOLLISTER, Calif.– October 3, 2024: In July 2024, after an extensive solicitation process, in which the San Benito Health Care District Board (SBHCD) considered multiple proposals, it was determined that only Insight met the Board's criteria. SBHCD and Insight entered into an agreement that was outlined in a Term Sheet. The Term Sheet spells out many of the details that will eventually be part of the final agreement documents if the voters approve Measure X, allowing the District to enter into a "lease to sell" agreement with a qualified buyer. If Insight fails to meet their obligations, HHMH has the right to terminate its relationship with Insight during the lease period. The following outlines some of the significant considerations that are included in the Term Sheet.

- **The transaction is appraised at fair market value**
 - Health Care District Law requires any transfer of District assets to be at fair market value, as determined by an independent third-party appraiser. In this case, the assets have been valued at between \$55 and \$65 million. The Term Sheet between the District and Insight contemplates a transaction at the appraised value of the assets.
- **The hospital will operate as a not-for-profit facility**
 - Purchaser will maintain in good standing the status as a nonprofit public benefit corporation under the laws of the State of California. .
- **Insight has committed to retain and expand the District's current staff**
 - According to the Term Sheet, Insight agreed to certain covenants, which are enforceable by the District, including the offer of employment to at least 90% of the District's Current staff. Insight also stated its intent to expand service lines and recruit more physicians.
- **Insight has committed to retaining and expanding service lines at Hazel Hawkins**
 - In the Term Sheet, Insight has made specific commitment to retain current service lines, including but not limited to Mother/Baby, Emergency Room, Outpatient Surgery, Imaging and other critical services currently being offered for 10 years; 5 years during the lease and for an additional 5 years after purchase.
- **Insight has guaranteed an investment of \$50 million dollars for capital expenditures**
 - Insight will develop and approve an annual capital expenditure budget contemplating investment in operations and capital in the sum of Fifty Million Dollars over the course of the ten- (10-) year period after the closing (of the transaction).
- **The District will retain the first right of refusal IF Insight decides to sell the hospital after the lease**
 - The term sheet clearly provides the District the opportunity to be the first buyer if Insight decides to leave the deal after the conclusion of its lease.

- **The Term Sheet provides for local oversight**
 - The Term Sheet provides that the definitive agreements will include operating covenants that the District's board of directors, composed of local, elected officials, can enforce. Further, Insight has agreed that the nonprofit buyer will maintain a board where most of the members are individuals independent of Insight's organization.

- **HHMH will pay Insight a management fee for supportive services – these fees will be paid at fair market value**
 - As with any management contract, HHMH will pay Insight Corporation management fees for assistance with billing and cash management, medical staff oversight and other operational services as needed. The fees will be in line with the fair market value of such services.

- **The Hazel Hawkins legacy will continue to live on with the hospital's name.**
 - The hospital will retain branding as Hazel Hawkins Memorial Hospital or some reasonable derivative such as "Insight Haze Hawkins Memorial Hospital"

"The Board felt it was imperative to include these covenants in our preliminary agreement with Insight to ensure long-term continuity in services, expansion of these services, retention of staff and necessary assurances of capital funds to safeguard the future of the District, along with maintaining local oversight," said Jeri Hernandez, SBHCD Board President.

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About Hazel Hawkins Memorial Hospital

Hazel Hawkins Memorial Hospital is a full-service, public agency hospital delivering modern medicine and compassionate care to the growing San Benito County community. HHMH offers hundreds of health services across multiple locations, including top-tier specialists, a modern Emergency Department, and a state-of-the-art Women's Center. To learn more about Hazel Hawkins Memorial Hospital and the Hazel Hawkins Hospital Foundation, please visit www.hazelhawkins.com.