

Town of Spruce Pine, North Carolina

RESOLUTION OF THE TOWN OF SPRUCE PINE, NORTH CAROLINA

WHEREAS the Council is aware of the proposed transaction by which Hospital Corporation of America (hereinafter "HCA") intends to purchase Mission Health System, Inc., and its affiliates (hereinafter "Mission"); and

WHEREAS, the members of the Town Council of Spruce Pine are interested in the health and well-being of the citizens of Spruce Pine and

WHEREAS the Town Council does not object in concept to a possible sale of Mission's assets to HCA, and understands that there are likely to be advantages to the patient population in Mission's service through the efficiencies and experience that HCA will bring to the operations of Mission's medical facilities, further considering that the sale as proposed would provide a charitable endowment of over \$1 billion which will be contributed to The Dogwood Health Trust Foundation (hereinafter "Foundation") with the intention of expending such funds to promote the health of the patient population served by Mission; and

WHEREAS Mission has conditionally further proposed to give the sum of \$15 million to the Blue Ridge Regional Hospital Foundation; and

WHEREAS, to be more fully informed about the terms of the transaction, the Council has reviewed certain provisions of the Asset Purchase Agreement ("APA") dated August 30, 2018 between Mission and HCA; and

WHEREAS, Section 7.13(b) makes it possible even if there is no event making the provision of services impossible or commercially unreasonable to reduce services or close the hospital with only consent of the Local Advisory Board; and

WHEREAS, under the provisions of Section 7.12(b), the Local Advisory Board will consist of eight persons, four appointed by the existing Blue Ridge Regional Hospital Board at the closing of the transaction and four appointed by HCA, but there is no requirement that any of the four appointed by the existing board shall be independent of Mission or HCA and this provision of the APA states that the four appointed by HCA may be employees of HCA; and

WHEREAS, the provision of the APA, (Section 7.20, "Right to Bid") which governs disposition of properties provides that only Mission or Dogwood have the right to receive notice of a proposed sale of any of the properties and to submit a bid to be considered; and

WHEREAS, the provision of APA, Section 13.13, ("No Third Party Beneficiaries"), expressly provides that no person that is not a party to the APA shall have any rights to enforce the provisions of the APA, with the result that neither The Blue Ridge Regional

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Hospital Foundation or any person or group in Mitchell County has any right to receive notice of a proposed sale or to bid or to be considered in any way in connection with the disposition of all or any part of the Blue Ridge Regional Hospital properties; and

WHEREAS, Blue Ridge Regional Hospital (originally the Spruce Pine Community Hospital) has been constructed in large part from contributions of donors from Spruce Pine and the Mitchell County area; and

WHEREAS the citizens of Spruce Pine and the surrounding area depend on having reliable and consistent ambulance services, which HCA has not committed to doing in the Asset Purchase Agreement,

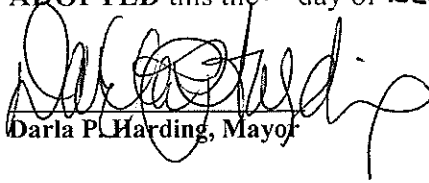
NOW THEREFORE, in order to express the concerns which it has regarding the terms of the APA presently proposed between Mission and HCA, the Members of the Town Council, do hereby **RESOLVE** as follows:

1. That the Council respectfully requests the Attorney General to obtain clarification of the term "Facility Services" as it relates to the services which are to be provided by HCA at the regional hospitals in the Mission system so that there is as clear an understanding as to what services HCA will commit to continue to provide at those rural hospitals as there is a definition of what those services are to be at the main campus of Mission Hospital.
2. That HCA make the protected period for rural hospitals 10 years, equal to that for Mission Hospital, and that during the protected period no individual or body should have power to abrogate the protection (a power conferred by the agreement on "Local Advisory Boards" created for that sole purpose). Finally, the definition of Force Majeure should conform to North Carolina law.
3. That with respect to the Foundation, AKA the Dogwood Health Trust, that the Attorney General impose conditions on his approval that would ensure that a substantial majority of the members of the governing board of the Foundation are independent of any association with Mission or HCA and that the Foundation's governing board be established such that it is composed of members who are fairly representative of the eighteen-county area that the foundation is designed to serve.
4. That with respect to the proposal of Mission to transfer the sum of \$15 million to the Blue Ridge Hospital Foundation that the Attorney General impose guidelines on the terms set out by Mission to ensure that they are reasonable and will be fairly interpreted and enforced.
5. That the Attorney General retain continued oversight of the activities of the Foundation as well as the proposed transfer of the sum of \$15 million to the Blue Ridge Hospital Foundation.
6. That the Attorney General make public all information submitted to him by Mission or HCA, subject only to such redactions as he shall deem appropriate and necessary.
7. That HCA clarify at the earliest opportunity whether or not it intends to continue the operation of ambulance service in Mitchell County under the present Mission arrangement or some similar arrangement with local government or whether it intends

to withdraw from such an arrangement, giving time to contract for alternative arrangements for the provision of ambulance service in Mitchell County.

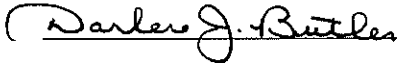
NOW, THEREFORE, IT IS HEREBY RESOLVED, the Town Council of Spruce Pine hereby adopts this Resolution.

ADOPTED this the 13th day of Dec, 2018.



Darla P. Harding, Mayor

Attest:



Darlene J. Butcher