



**REQUEST FOR PROPOSALS
FOR THE SALE OF
SINGING RIVER HEALTH SYSTEM**

**ISSUANCE DATE:
NOVEMBER 14, 2022**

**BY:
BOARD OF SUPERVISORS OF
JACKSON COUNTY, MISSISSIPPI**



REQUEST FOR PROPOSALS FOR THE SALE OF SINGING RIVER HEALTH SYSTEM

I. INTRODUCTION

This Request for Proposals (this "RFP") is issued by Jackson County, Mississippi, acting through its Board of Supervisors (the "County") in accordance with the resolutions adopted on November 14, 2022 and Section 41-13-15 of the Mississippi Code of 1972, as amended (the "Code"). The RFP is intended to solicit proposals ("Proposals") from qualified healthcare organizations (each, a "Respondent" and collectively, "Respondents") for the purchase and sale of the assets and operations of Singing River Health System, including its hospital-owned clinics and other ancillary operations ("Singing River" or "SRHS").

A. RFP Process:

To be eligible to submit an Initial Proposal and participate in this RFP Process, a Respondent must meet the Minimum Qualifications set forth in Section II.A. below and first execute a Confidentiality Agreement in form acceptable to the County. Such form can be obtained from Raymond James through email requests as set forth in Section 1.B below. Upon receipt by the County of an executed Confidentiality Agreement, Respondent will be granted access to a data room ("Data Room"), which will include a confidential information memorandum ("CIM") for your review and evaluation. After you have reviewed the RFP and CIM, Raymond James will arrange for a Zoom conference to review any questions you may have, subject to the RFP rules that any oral communications cannot be relied upon, and official questions should be submitted in writing.

On or before 5:00 PM CST on January 27, 2023, a Respondent shall submit written, letter of intent and a proposed form of asset purchase agreement (collectively, the "Initial Proposal") for the acquisition of Singing River (any such transaction, a "Transaction"). After receipt of all Initial Proposals submitted in compliance with the RFP, the County will evaluate such Initial Proposals as set forth in Section V. below. All parties that submit an Initial Proposal that meets the Minimum Requirements will be given the opportunity to tour the facilities and interview Singing River management. After such meetings, Respondents will be required to submit a final, binding proposal, including any amendments to the previously submitted asset purchase agreement (the "Final Proposal"), as well as accompanying redlined versions reflecting all changes to the Initial Proposal. The County, in its sole discretion, may invite one or more Respondents to engage in meetings with or make presentations to the Board. After such meetings, if any, the County will select the highest and best Final Proposal, subject to the Evaluation Criteria set forth in Section V.

B. Submission of Proposal:

An Initial Proposal and Final Proposal shall be submitted, in Word format, to the following *via email* before the respective due dates set forth in Section I.C. below to:

Jim Birdwell at James.Birdwell@RaymondJames.com

Richard Lorenti at Richard.Lorenti@RaymondJames.com

With a copy to:

John Healy at Johnny.Healy@ButlerSnow.com

C. Important Dates; Proposed Timeline:

Issuance of RFP:

November 14, 2022

Confidentiality Agreement is Available for Review and Execution:

November 14, 2022

Last Day for Respondents to Submit Questions:

December 22, 2022

Publishing of Answers to Respondents' Questions:

January 13, 2023

Initial Proposal Due Date:

January 27, 2023 at 5:00 PM CST

Facility Tours and Meetings between Respondents and SRHS Management:

February 13, 2023 – February 24, 2023

Final Proposal Due Date:

March 10, 2023

Presentations by Top Respondents to the County (if necessary):

March 20, 2023 – March 31, 2023

Selection of Highest and Best Proposal:

To be determined, but anticipated around April 14, 2023

These proposed dates and the timeline are subject to modification by the County at any time in its sole discretion.

II. MINIMUM REQUIREMENTS

- A. Minimum Qualifications:** To be eligible to participate in the RFP Process, a Respondent must meet the following minimum qualifications (the "Minimum Qualifications"):

Demonstration of adequate financial resources to acquire Singing River's operations and assets. A Respondent with annual operating revenue in excess of \$1 billion and other factors considered relevant will be deemed to have adequate financial resources. The financial criteria shall be based on Respondent's most recent audited financial statements prepared in accordance with generally accepted accounting principles.

B. Minimum Requirements for Proposals: The Initial Proposal and the Final Proposal must meet and address clearly the following requirements (the "Minimum Requirements"):

1. Transaction shall be structured as an asset purchase on a cash-free, debt free basis (including full payment of defined benefit pension liabilities).
2. Submission of Proposals that the County may consider, with a high degree of certainty, to reflect commitments that will remain essentially unchanged absent any future diligence finding of a fact material to a submitted Proposal.
3. Submission of a five-year capital commitment program for routine projects (covering annual depreciation and amortization for the health system) and strategic projects.
4. Commitment to operate SRHS in a manner to safeguard the community's healthcare interests and ensure availability of high-quality healthcare services to the residents of Jackson County.
5. Commitment to operate SRHS's Emergency Departments in Pascagoula and Ocean Springs as Level III Trauma Centers (or improve to Level II).
6. Commitment to maintain behavioral health services in Jackson County at or above what is currently being provided.
7. Commitment to provide charity care in Jackson County.
8. Commitment to retain all Singing River employees in good standing for a certain period of time.
9. Guarantee by parent if acquiring party is a subsidiary or affiliate of Respondent.
10. The definitive agreement and all ancillary transaction agreements will be governed by the laws of the State of Mississippi and venue shall be the courts of the State of Mississippi located in Jackson County, or federal courts of the Southern District of Mississippi.
11. If third party financing will be utilized, must demonstrate that such source is readily available to the Respondent.

III. PRIORITY OBJECTIVES

A. Authority: Respondent should confirm that Respondent has full legal or corporate authority to submit its Final Proposal, as evidenced by certified copy of board resolutions, which should be included with the Final Proposal. Please describe any other corporate approvals that will be required to consummate the transaction.

B. Transaction Structure / Governance:

1. In any Transaction, the County would retain all cash and investments, long-term debt and defined benefit pension liabilities. There will be certain capital leases that the Respondent may wish to retain.
2. The County expects the Respondent to acquire a normalized level of net working capital, adjusted (positively or negatively) based on actual net working capital at closing to an agreed working capital target, on a trailing 12-month basis.
3. The County will specifically exclude from the sale and retain all rights and obligations related to the following claims and causes of action styled as (i) *Singing River Health System v. KPMG, LLP*, Cause No: 25CI1:15-cv-00563-WLK and (ii) *Jackson County, MS v. Singing River Health*

System, Singing River MOB & Hancock Whitney, et al. v. Singing River Health System, et al., Cause No: 30CH1:18-cv-01107-DNH and the related MOB Capital Lease.

4. Describe your governance structure and how you see SRHS fitting within that structure. Please indicate how the governance of SRHS would be impacted by your Proposal and what SRHS's role would be from a governance and management perspective in your proposed arrangement. Please indicate any representation that the local community would have on your system board and/or local boards.
5. No joint venture proposals will be accepted.

C. Consideration:

1. Please specify the proposed Transaction consideration and provide an illustrative breakout of consideration and fund flows. Consideration will include (i) upfront cash payment, plus (ii) five-year strategic capital commitment discounted at 10%.
2. Include key assumptions or qualifications upon which your Transaction value has been determined (including assumptions related to financial performance and target net working capital) and include a list of significant unresolved issues that are important in confirming a final valuation, as well as any tax or accounting considerations that may be material to your analysis.
3. Describe whether you will obtain third party financing to consummate the acquisition of SRHS. With respect to any third party financing, please provide details as to the potential lender(s), commitments, financing arrangements, including collateral requirements and conditions to securing such financings. The County will not accept any Proposal that conditions closing on third party financing.

D. Relevant Transaction Experience: Describe your organization's experience and history of transactions involving not-for-profit health systems and community-owned health systems. Please describe your integration process and impact on local communities, including quality and accessibility of care and commitments to employees.

E. Employees & Physicians: Please indicate your commitment to retain SRHS employees. How would your organization work with SRHS's employed and independent contractor physicians to ensure continued successful medical staff governance, recruitment, retention, training and service development? What, if any, immediate or near-term impact would you envision on SRHS employees or employment policies? Please indicate your commitment to Singing River Healthcare Workforce Academy.

F. Capital Commitments / Programmatic Investments:

1. What level of routine capital (covering annual depreciation and amortization for the health system) and strategic capital would you foresee committing to SRHS over the next five years? In evaluating Proposals, the Board will discount the five-year strategic capital commitment at 10% to determine a PV of the capital commitment consideration.
2. Please outline any required electronic medical record ("EMR") investments that you anticipate and if those investments are included in your total committed capital over the next five years. Given the fact that SRHS currently uses the Epic platform, please comment on how you envision the integration of SRHS EMR with your existing platform.

3. What processes will you put in place to assure that funding will be available to meet capital commitments?

G. Access to High-Quality Local Healthcare:

1. What commitments (including time period) are you prepared to make post-closing with respect to continuing SRHS service lines? Are there any service lines that you plan to consolidate or discontinue?
2. Are there any services that you plan to develop and/or expand?
3. Please describe your organization's approach to charity care and any other commitments you would make to the local community. Please confirm your commitment to provide charity care in Jackson County.
4. Please confirm your commitment to operate SRHS's Emergency Departments in Pascagoula and Ocean Springs as Level III Trauma Centers (or improve to Level II).
5. Please confirm your commitment to maintain behavioral health services at or above what is currently being provided.
6. Please comment on your willingness to provide a healthcare contract for County employees equivalent to the existing contract.
7. Please confirm your willingness to provide healthcare to Jackson County inmates at the rates required by statute.

H. Strategic Vision:

1. Describe concretely why you are interested in a Transaction with SRHS and the business case you see for your organization and SRHS. What immediate benefits or synergies (economic, quality, access, contracting, care management, etc.) do you see accruing to SRHS and your organization from a Transaction?
2. What strategic role do you foresee for SRHS in your overall system as the market develops? How would decisions be made on implementing new programs and technologies?
3. Are there any critical business plan elements that you would need to implement in order for a Transaction with SRHS to be successful?

- I. Conditions and Contingencies:** Please indicate any conditions or contingencies necessary to consummate a Transaction. Include the level of review by senior professionals within your organization that this potential Transaction has already received and the level and timing of further review and approvals that would be necessary prior to execution of a definitive, binding agreement. Are there any existing regulatory actions or litigation that could affect Respondent's ability to close a transaction and /or operate SRHS as proposed?

- J. Overview of Organization:** Please include any additional information describing (i) your organization's philosophy, culture and strategic vision, including for the local and regional market, and (ii) any other critical elements of the proposed Transaction or other factors that you believe should be evaluated by the Board in their selection of a partner.

- K. Executory Contracts:** The Data Room contains copies or summaries of most of Singing River's material contracts. Special arrangements will be made with a Respondent with respect to access to reimbursement and payor agreements. Respondent should address its willingness to assume the existing contractual obligations of Singing River. Any exceptions to the foregoing should be clearly addressed in the Proposal.

- L. **No Post-Closing Indemnification:** Each Respondent should understand that the County cannot and will not agree to post-closing indemnities and may be limited with respect to certain other customary restrictive provisions under the Mississippi Constitution and applicable law. Accordingly, in considering Proposals, preference may be given to transactions that do not provide for escrow arrangements or more favorable alternatives. To the extent your Proposal includes an escrow arrangement, please be as specific as possible regarding the terms and provide a copy of the form of escrow agreement or provisions you would propose. In the alternative, please address whether Respondent is willing to agree to utilizing representation and warranty insurance and if it is willing to bear all or a portion of the related costs of such insurance.

IV. **TRANSACTION CONSIDERATIONS**

- A. **Data Room; Confidentiality:** Respondent should be reminded that any information contained in the Data Room or any communications, documents or information related to this RFP during the RFP Process is restricted by the terms of the Confidentiality Agreement.
- B. **Examination:** Respondent is advised that the County is seeking Proposals that it may consider, with a high degree of certainty, to reflect commitments that will remain essentially unchanged absent any future diligence finding of a fact material to its Proposal. Therefore, Respondent is responsible for thoroughly examining all the information and documentation contained in this RFP and in the Data Room (collectively, the "RFP Documents"). The failure to examine the RFP Documents or to visit SRHS or its related facilities or otherwise become familiar with the conditions there existing shall not relieve the Respondent from any obligation with respect to its Proposal, and the successful Respondent shall not at any time after acceptance of its Proposal make any claims alleging insufficient data or incorrectly assumed conditions.
- C. **Questions and Addenda:** Any questions regarding this RFP Process, the RFP Documents or the operations of Singing River shall be submitted in writing on or prior to December 22, 2022, 5:00 PM CENTRAL via email to: Jim Birdwell at James.Birdwell@RaymondJames.com and Richard Lorenti at Richard.Lorenti@RaymondJames.com with a copy to John Healy at johnny.healy@butlersnow.com. All questions and answers will be published to all Respondents in writing to be posted in the Data Room by January 13, 2023.
1. If you have any questions regarding the procedures detailed in the RFP and if you would like a copy of the Confidentiality Agreement, please feel free to contact Jim Birdwell or Richard Lorenti. Raymond James will be available throughout the process to provide assistance and guidance; provided, however, Respondents may not rely on oral answers or oral communications of any nature whatsoever with respect to the RFP. Any interpretation or correction of the RFP will be made only by addenda to be duly issued by the County to all Respondents who have requested and qualified under this RFP.

- D. County Contact:** All contact regarding this RFP and Singing River should be directed to Jim Birdwell and/or Richard Lorenti at Raymond James. In no event should a Respondent, or its employees, representatives, advisors or agents, contact or communicate, directly or indirectly, with the Board, the BOT or any of Singing River's employees, customers, creditors, clients, patients, vendors or any other person with whom the County or Singing River transact business about the RFP, any Respondents or any Proposals. Any unauthorized contact or communication with such officials regarding this RFP, including any aspect of Respondent's Proposal, is grounds for disqualification of the Proposal.
- E. Modifications:** The County expressly reserves the right, in its sole discretion, to request amendments or further information of any Proposal. Further, the County reserves the right to reject any and all Proposals received, to amend this RFP, and/or to withdraw and terminate this RFP at any time, without providing any reasons. Neither this RFP nor the submission of any Proposal binds or otherwise constitutes an obligation of the County. Any and all legal rights, duties and obligations (if any) with respect to the sale of Singing River shall be established and governed exclusively by the terms of a written agreement to be executed by the County and the successful Respondent, in the event that a Respondent's Proposal is accepted.
- F. No Representations:** The information contained in this RFP, CIM and Data Room has been prepared to assist Respondents in making their own evaluation of Singing River and does not purport to contain all of the information that a Respondent may desire in order to make such an evaluation. Neither the County, the BOT, nor any of their respective officers, employees, representatives, agents or counsel makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this RFP, CIM or the Data Room. Neither the County, Singing River nor any of their respective employees, advisors, representatives or agents will have any liability or obligation to any prospective parties as the result of the rejection of any Proposal or the acceptance of another prospective party's Proposal.
- G. Responses:** There is no intent to limit the content of responses and Proposals, and Respondents should provide any information that it deems pertinent; provided, however, the Proposals must address each of the items set forth in Sections II and III. The County will be free to use and disseminate the Proposals and discuss with its consultants, attorneys, representatives and with the BOT, officers and employees of the County or Singing River. Respondent's review of this RFP, the due diligence materials and preparation and submission of a Proposal shall be at Respondent's sole cost and expense. All Proposals received by the County are final and become the property of the County.
- H. Non-Binding Agreements:** By submitting a Proposal, each Respondent acknowledges and agrees the County, and any Respondent that is selected as submitting the highest and best Proposal (the "Winning Bidder"), are not bound by any prior agreement(s) entered into by SRHS that purport to bind the County or any future owner with respect to any affiliation, network agreement, strategic partnership agreement or any other similar agreement or is deemed against public policy. Any such contractual agreement between a Respondent and SRHS shall only survive if expressly assumed by the Winning Bidder, in its sole discretion.
- I. Public Records Act:** All Proposals, data, materials and documentation received by the County are final and become the property of the County. Unless required by applicable laws, the County will not release any Proposal, data, materials and documentation originated, prepared and submitted to the County pursuant to this RFP during the evaluation process or prior to the selection of the Winning Bidder. After public announcement of the Winning Bidder, Respondent's

Proposals may be available for public review, subject to the limitations of the Mississippi Public Records Act of 1983, Miss. Code Ann. §§ 25- 61-1 et seq., as amended, and the County's Public Records Request Policy (the "Open Record Laws"). Before release to the public, Respondent's may under the Open Record Laws have the opportunity to properly and conspicuously identify any trade secrets or confidential or financial information which constitute confidential or proprietary information of a Respondent in accordance with the Open Records Laws ("Proprietary Information"). Respondent will be solely responsible for properly and conspicuously identifying the Proprietary Information within its Proposals in accordance with the Open Record Laws. However, under no circumstance will the County be liable to any Respondent or to any other third party for any disclosure of any such Proprietary Information, including any trade secrets contained therein. The County will not consider any Proposal which is declared, or a substantial portion of which is declared, by a Respondent to constitute Proprietary Information.

V. EVALUATION CRITERIA

The County will review all Proposals submitted that meet the Minimum Requirements under this RFP. The Board reserves the right, in its sole discretion, to consider any and all factors in the determination of the successful Proposals and after the Proposal Due Date, to deal with any Respondent individually or simultaneously with other Respondents. The County will consider all aspects of each Respondent's Final Proposal to determine the highest and best proposal, but will give more weight to Final Proposals that clearly demonstrate a commitment to the Minimum Requirements under Section II, the priority objectives set forth in Section III and the Transaction Process and Considerations set forth in Section IV.

As part of its evaluation process, the County may request on-site visits to a Respondent's existing hospital facilities as it deems reasonable and necessary. Further, if deemed necessary by the County in its discretion, Respondents may be asked to make a presentation to the Board of Supervisors in Pascagoula, Mississippi or through video conferencing.

The County has the right to reject any or all of the Proposals or any portion thereof and also has the right to modify this RFP. Either before or after final selection of a successful Respondent, the County further reserves the right to negotiate exceptions that may be proposed to the terms and conditions contained in the RFP Documents. The County further reserves the right, but is not required, to waive any irregularities in the Proposals or failure of a Respondent to follow the instructions set forth herein. The County expects to announce its decision around April 14, 2023, but such announcement date has not been finalized. The County is not obligated to inform any Respondent that its Proposal is not under serious consideration, and the only public announcement will be with respect to the Proposal determined to be the highest and best Proposal, if any.