

CONFIDENTIAL

October 3, 2024

Vern Carda
Chief Executive Officer
Park Hospital District d/b/a Estes Park Health
555 Prospect Avenue
Estes Park, CO 80517

Re: Estes Park Health

Dear Mr. Carda:

The purpose of this non-binding letter of intent (this "**Letter**") is to set forth the principal terms and conditions of a proposed transaction (the "**Transaction**") pursuant to which the University of Colorado Health ("**UCHealth**") would acquire the assets and operations of the hospital known as Estes Park Health which is currently operated by Park Hospital District ("**District**"), along with all programs and activities operated in connection with the District's health care activities (collectively, the "**Hospital**"). The Transaction definitive agreements would further contemplate that UCHealth will lease from the District the real property and physical assets comprising the Hospital, all as more particularly described in the Transaction term sheet (the "**Term Sheet**") attached hereto as **Exhibit A** and incorporated by reference herein. Each of the District and UCHealth is referred to herein individually as a "**Party**" and together as the "**Parties**."


Due diligence may reveal the need to modify terms described in this Letter or address additional points. UCHealth intends to complete its due diligence within three (3) months after execution of this Letter, pending receipt of requested information. Unless and until one or more mutually acceptable definitive agreements (the "**Definitive Agreements**") are executed and delivered by both Parties, there shall be no legal or binding obligation to execute any Definitive Agreements, engage in the Transaction, or any obligation or liability relating to this Letter, except as set forth in the following paragraph and **Sections 7, 8, 19 and 21 of Exhibit A** (the "**Binding Provisions**"). Counsel for UCHealth will prepare the initial draft of the Definitive Agreements and any ancillary agreements, for review, revision and negotiation by the District. The Parties anticipate that the Closing of the Transaction shall occur effective on or before April 30, 2025, at 11:59 PM, subject to satisfaction of closing conditions and receipt of required regulatory approvals.

This Letter and the Term Sheet shall be construed and enforced in accordance with the laws of the State of Colorado. With respect to any dispute arising hereunder, the Parties hereby irrevocably submit to jurisdiction of the courts sitting in Denver, Colorado. This Letter may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signatures of the Parties on this Letter or any document delivered pursuant to this Letter may be transmitted by electronic transmission (including email of a PDF signature) and shall be deemed to be original signatures for all purposes. At the request of a Party, the Parties will confirm electronic transmission of such signatures by signing an original document. This Letter embodies the entire agreement and understanding of the Parties with respect to the Transaction and supersedes all prior agreements or understandings between the Parties, oral or written, with respect to the Transaction.

If the terms herein are acceptable, please sign and date this Letter in the space provided below to confirm our mutual understandings as to the matters described herein and return a signed copy to the undersigned.

Sincerely,

UNIVERSITY OF COLORADO HEALTH

By: 
Name: Elizabeth Concordia
Title: President and Chief Executive Officer
Date:

ACKNOWLEDGED AND AGREED:

Park Hospital District d/b/a Estes Park Health


By: 
Name: Vern Carda
Title: Chief Executive Officer
Date: 3 Oct 24

EXHIBIT A

University of Colorado Health ("UCHealth") and Park Hospital District (the "District")

Term Sheet	
1. Parties to Transaction	UCHealth and the District will enter into one or more Definitive Agreements governing the Transaction, including (i) an Asset and Operations Transfer Agreement (" <u>Transfer Agreement</u> ") to effectuate the change of ownership of the Hospital from the District to a newly formed affiliate of UCHealth (" <u>UCHealth Newco Hospital</u> "), and (ii) an Operating Lease to be effective upon the Closing of the Transaction.
2. Purpose	UCHealth and the District share the mission of providing high quality health care services to the communities they serve. The Parties believe that the proposed Transaction will strengthen the high-quality health care services delivered at the Hospital, and better meet the clinical, financial, and technological demands of delivering health care to patients. The Parties believe that the Transaction will enable UCHealth to (i) create a comprehensive and integrated, cost-effective, and efficient delivery system that will better meet the health care needs of the community served by the Hospital, (ii) ensure the preservation of certain essential clinical service lines of the Hospital, (iii) enhance charitable, educational, and community benefits of the community served by the Hospital, (iv) maintain appropriate staffing levels and preserve competitive wages and benefits for such staff, and (v) seek to expand access to certain integrated primary, secondary, and advanced tertiary services.
3. Transaction	<p>To consummate the Transaction and subject to due diligence and mutually agreed indemnity and liability allocations, UCHealth Newco Hospital will acquire from the District the operations and assets of the Hospital, which may include the Hospital provider number, pursuant to the Transfer Agreement which, if such provider number were assumed, would effectuate an automatic assignment of the District's critical access hospital status under the Medicare program ("<u>CAH</u>"), and lease (subject to diligence) the corresponding real property and physical assets from the District pursuant to the terms of a Hospital Operating Lease Agreement (the "<u>Operating Lease</u>"). The Parties may enter into other Definitive Agreements setting forth the governance and other terms facilitating the integration of the Hospital operations into UCHealth.</p> <p>The Transaction shall be structured in a manner to ensure (i) maintenance of the Hospital's exemption from property and other taxes, (ii) continued hospital status under the Medicare program in accordance with Section 5 below, and (iii) continued support of Hospital operations and patient care from the District's mill levy and assessments consistent with historical</p>

	<p>levels. The District shall take no actions to terminate or reduce the District's mill levy and assessments and shall assign substantially all such revenues to UCHHealth for the operation, improvement and maintenance of the Hospital. The District will retain a portion of such revenues for its recurring administrative expenses, such as for conducting elections and required audits; provided that any such retained amounts shall not exceed an annual amount to be specified in the Definitive Agreements for the first year of the Operating Lease, and as adjusted each subsequent year pursuant to a mutually agreed annual escalator such as CPI.</p> <p>Rent payable to the District will be nominal. The consideration provided to the District for the Transaction will be in the form of UCHHealth's assumption of responsibility for the Hospital and its debt obligations, responsibility for maintenance and upkeep of Hospital facilities under the Operating Lease, assumption of certain liabilities of the Hospital, and the Commitments with respect to the maintenance of Hospital operations and finances described in Section 5 below.</p> <p>In connection with its lease and operation of the Hospital, UCHHealth or its applicable affiliate, as the licensed owner and operator of the Hospital operations, shall have complete and ultimate authority over the management, governance and operations of the Hospital, including the ability to encumber, dispose of, transfer, improve, lease, replace and relocate physical assets (other than real property subject to the Operating Lease) and operations of the Hospital in its discretion, subject to any post-closing commitments established by the Definitive Agreements. The District bylaws and other applicable documents shall be amended and restated, effective as of Closing, consistent with such UCHHealth authority over the Hospital.</p>
4. Due Diligence; Access	<p>From and after the date of this Letter, each Party will provide the other Party and its respective advisors, subject to each Party and its respective advisors signing confidentiality and/or clean team agreements or other protections if desired by the Parties in their discretion, reasonable, and necessary access to records, certain key employees, and advisors of such Party and, with respect to the District only, facilities and properties, for the purpose of undertaking due diligence, the Transaction, and finalizing the Definitive Agreements.</p>
5. Consideration; Post-Closing Commitments and Covenants	<p>As consideration for the District's entry into the Transaction and subject to due diligence, UCHHealth will make certain ongoing commitments with respect to maintenance of the Hospital's operations and facilities in the Operating Lease and/or Transfer Agreement, as applicable, to be effective upon the closing of the Transaction (the "Closing"), including the following (collectively, the "Commitments"): </p> <ol style="list-style-type: none"> 1) Evaluate, consistent with and subject to financial feasibility and community need, the provision of the following new healthcare

	<p>services: (a) Behavioral Health; (b) Behavioral Telehealth; (c) Telehealth Programs; and (d) Outpatient-based urology and surgery;</p> <ol style="list-style-type: none"> 2) Comply in all material respects with applicable licensure requirements under Colorado law and maintain CAH status under the Medicare program or other similar status that meets community health care needs; 3) Provide \$20 million for strategic and routine capital over 10 years; 4) Assume or otherwise be obligated to pay the principal and interest on the District's existing approximate \$11 million in debt; 5) Continue the operation of ambulance services in Estes Park consistent with community need, either as part of UCHealth Newco Hospital or the UCHealth system or via a services contract or other arrangement; and 6) Make available to the District annually a summary of UCHealth's application of its assigned District's tax revenues to the Hospital.
6. Representations and Warranties; Indemnification	<p>The Definitive Agreements will contain representations and warranties of the District about certain matters, including the operations, condition, financials, and liabilities of the District and the Hospital, and their respective affiliates, and indemnification obligations with respect to breaches of such representations, warranties, and covenants, with all such terms to be customary and commercially reasonable given the terms of the contemplated Transaction.</p>
7. Exclusivity During Negotiations	<p>During the term of this Letter (other than for entry into the Definitive Agreements), in consideration for the substantial expenditure of time, effort and expenses to be undertaken by UCHealth in connection with the Transaction set forth herein, neither the District, nor any of its subsidiaries or affiliates, nor any of their respective members, trustees, directors, officers, employees or other agents, will directly or indirectly provide information to, engage in negotiations with, solicit, facilitate or otherwise engage in discussions with, or enter into any agreement with, any other entity regarding a transaction substantially similar to the Transaction, or that would preclude or delay the consummation of the Transaction as contemplated herein, without the prior written approval of UCHealth. During the term of this Letter, the District shall conduct its business, including vendor and employment relationships, in the ordinary course of business, and shall not remove, sell, or dispose of any asset other than in ordinary course, in all cases consistent with Hospital's prior practices.</p>

<p>8. Term and Termination; Binding Provisions</p>	<p>The term of this Letter will commence on the date first written above and terminate on the earlier of (i) the execution of the Definitive Agreements, (ii) mutual written agreement of the Parties, or (iii) February 28, 2025, <u>provided, however</u>, that the Binding Provisions are non-terminable and shall survive termination of this Letter. Upon execution of this Letter, the Parties will cooperate with each other to complete mutually satisfactory due diligence and negotiate the terms of the Definitive Agreements.</p>
<p>9. Term and Termination</p>	<p>The Term of the Operating Lease will be for at least fifty (50) years, subject to automatic ten (10) year renewal periods, and provide mechanisms for Hospital upkeep and maintenance, renovations and expansions on mutually agreed terms.</p> <p>The Definitive Agreements will be subject to mutually agreed termination rights of the Parties during the period prior to Closing, including for material breach, occurrence of a material adverse effect on the Hospital (including as a result of the legislation described in Section 16 below), legal and regulatory restraints, and failure to close prior to an agreed outside date.</p> <p>The Definitive Agreements may be terminated after Closing upon mutual agreement of the Parties thereto or upon the occurrence of certain mutually agreed extraordinary events. In the event of any termination after Closing, the Hospital will revert to the District on terms to be agreed by the Parties and set forth in the Definitive Agreements.</p>
<p>10. Employment and Benefits</p>	<p>UCHealth intends to offer employment to all Hospital employees as of Closing, with total compensation for each employee to be no less than that amount presently provided to each such employee, subject to standard pre-employment screening.</p>

11. Board Composition / Governance	<p>The members of Board of Directors of the UCHealth Newco Hospital shall be determined as provided in the Definitive Agreements and is expected to be seven (7) members total, provided that no more than two (2) members shall be a director of the District, nominated by the District and approved and appointed by UCHealth. It is further agreed that two (2) members of the Board of Directors of UCHealth Newco Hospital shall be appointed by UCHealth; the remaining members of the Board of Directors shall be representatives of the community served by the Hospital, approved and appointed by UCHealth. The Definitive Agreements will establish a process for nomination and selection of community representatives in addition to the two (2) District members or appointees, in each case subject to UCHealth approval and appointment, and the two (2) UCHealth representatives. UCHealth Newco Hospital's governing documents shall be amended and restated as of Closing to reflect the foregoing governance structure and the other terms of the Definitive Agreements, as applicable, with such forms of amendments to be attached as exhibits to the Definitive Agreement. UCHealth will give due consideration to legacy District board members in selecting community representatives to the UCHealth Newco Hospital Board of Directors during the initial post-Closing period.</p>
12. Executive Employment	<p>Subject to diligence, UCHealth shall maintain the employment of the Hospital's Chief Executive Officer and other senior management identified and agreed upon by the Parties pursuant to the terms of then-existing employment agreements, for a period of no less than eighteen (18) months following the Closing. Subject to diligence, such senior management is expected to include the following positions:</p> <ul style="list-style-type: none"> Chief Nursing Officer Senior Director Hospital Services Chief Financial Officer Senior Director of Support Services
13. Branding	<p>After Closing, the Hospital shall be referred to as "UCHealth Estes Valley Medical Center," provided that amounts expended for branding expenditures will be applied against the capital commitments set forth in Section 5. Other facilities shall use the same naming convention, such that "UCHealth" will precede the name of the other facilities.</p>
14. IT Services	<p>The Definitive Agreements will state that the Hospital's operations will come onto UCHealth's integrated IT systems as soon as reasonably practical following the Closing.</p>
15. Medical Staff	<p>UCHealth and the District intend that all physician and advanced practice practitioners employed by District will be integrated and become under</p>

	<p>the supervision of UCHealth Medical Group ("UCHMG") as soon as possible after Closing.</p> <p>The medical staff bylaws of the Hospital may be amended as of or after Closing to align with UCHealth's system-wide approach to medical staff matters, including forms, processes and policies.</p>
16. Conditions to Closing	<p>Each Party's obligation to close the Transaction shall be subject to applicable legal and regulatory consents and approvals required and necessary to effectuate the Transaction, commitment of continued support of UCHealth Newco Hospital after Closing from property taxes and other funds currently available to the District, and other customary closing conditions prior to the Closing, including any required notification to the Colorado Attorney General and under the Hart-Scott-Rodino Act. The Definitive Agreements shall provide that if any third party or Government Entities oppose any action related to the consummation of the Transaction, then the Parties will mutually agree upon whether to litigate the matter, provided that the costs associated with such litigation shall be split by the Parties.</p> <p>The Parties acknowledge that legislation or government action (such as by the Colorado Attorney General or Colorado Department of Health Care Policy and Financing ("HCPF")) introduced, implemented or threatened before the Closing could materially affect the business and operations of hospitals, by, for example, eliminating or reducing hospital outpatient clinic facility fees, mandating minimum community benefit expenditures and restricting the ability of hospitals to invest in the health of local communities, subjecting the Hospital to conditions that would materially impede its ability to operate in the best interest of the community, or taking action that would substantially alter the financial condition of the Hospital. The Parties acknowledge that, in addition to the other conditions precedent outlined in this letter of intent, UCHealth may evaluate the impacts of any such legislation or government action and decide whether or not to proceed with this transaction.</p>
17. Debt; Financing	<p>UCHealth shall assume all existing debt obligations of District and Hospital, or otherwise cross obligate such debt with UCHealth's existing debt, or leave existing debt obligations with the District and Hospital and covenant to make all principal and interest payments on such debt, but, in all events, UCHealth shall be responsible for such debt as part of the consideration for the Transaction. The Definitive Agreements will provide a mechanism, during any transition period preceding the assumption, retirement or refinancing of existing debt, for the District to fulfill its</p>

	existing debt obligations by continued payment of the required debt service.
18. Pre-Closing Covenants	The Definitive Agreement will contain customary pre-Closing covenants of the District, including operation of the Hospital in the ordinary course and requirements for notification to, and approval from, UCHealth of certain material events with respect to the Hospital.
19. Confidentiality; Public Announcements	The Parties agree that the fact of the proposed Transaction shall be made public shortly after execution of this Letter, which may include by public meeting of the District Board and pursuant to a mutually agreed announcement. For the avoidance of doubt, the timing of any such public announcement, including any discussion or disclosure of the proposed Transaction at a public meeting of the District Board, shall be subject to the prior consent of both Parties. After such announcement, the Parties agree to coordinate a response to any public, media, vendor, physician, or governmental inquiries to assure that clear, transparent and consistent information is provided publicly. The Parties further acknowledge and ratify that certain Non-Disclosure Agreement between the Parties dated as of January 30, 2023 (the " NDA ") and agree that the specific terms of this LOI and any exchange of information during due diligence will be subject to the NDA. The foregoing will not restrict any Party from discussing the Transaction and this LOI with its respective legal, financial, and other advisors as permitted by the NDA.
20. Non-Compete	The Definitive Agreements will include covenants of the District and its affiliates to not compete, directly or indirectly, with the activities and operations of the Hospital and to not solicit any employees of UCHealth and the Hospital.
21. Transaction Expenses	Prior to the execution and delivery of the Definitive Agreement, the Parties will each pay their own Transaction expenses, including the fees and expenses of investment bankers and other advisors, incurred in connection with the negotiation and implementation of this Letter and the Definitive Agreements, except as otherwise agreed in writing.

**FIRST AMENDMENT TO
LETTER OF INTENT**

THIS FIRST AMENDMENT TO LETTER OF INTENT (“Amendment”) is made and entered into on February **27**, 2025 (the “**Effective Date**”), by and between **UNIVERSITY OF COLORADO HEALTH (“UCHealth”)**, a Colorado nonprofit corporation, and **PARK HOSPITAL DISTRICT d/b/a ESTES PARK HEALTH (“District”)**.

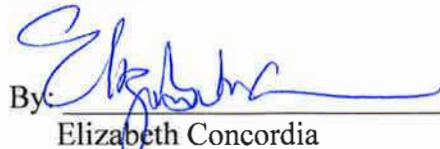
- A. UCHealth and District entered into a Letter of Intent dated October 3, 2024 (the “**LOI**”), with an initial term ending February 28, 2025, which outlined the mutual intent of the parties to enter into discussions regarding the possibility of District becoming affiliated with UCHealth (the “**Transaction**”).
- B. UCHealth and District also entered into a Confidentiality and Nondisclosure Agreement dated January 30, 2023 (the “**NDA**”).
- C. Based on the positive discussions between the parties regarding the Transaction, the parties desire to extend the term of the LOI, which will concurrently extend the term of the NDA, in accordance with the terms and conditions set forth below. Capitalized terms used in this Amendment without definition have the respective meanings set forth in the LOI.

NOW, THEREFORE, in consideration of the mutual and respective covenants and conditions made by the parties regarding their expanding relationship, as contained herein and in the LOI, the parties agree that Section 8 of Exhibit A of the LOI is deleted in its entirety and replaced with the following:


1. **Term and Termination; Binding Provisions.** The term of this Letter will commence on the date first written above and terminate on the earlier of (i) the execution of the Definitive Agreements, (ii) mutual written agreement of the Parties, or (iii) June 30, 2025, provided, however, that the Binding Provisions are non-terminable and shall survive termination of this Letter. Upon execution of this letter, the Parties will cooperate with each other to complete mutually satisfactory due diligence and negotiate the terms of the Definitive Agreements.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth above.

**UNIVERSITY OF COLORADO
HEALTH**

By: 
Elizabeth Concordia
President and Chief Executive Officer
Date:

**PARK HOSPITAL DISTRICT D/B/A
ESTES PARK HEALTH**

By: 
Vern Carda
Chief Executive officer
Date: