

OUR ! HOSPITAL •

Key West

OHkw.org
info@OHkw.org

March 13th, 2024

Lewis Fishman - Counsel
Lower Florida Keys Hospital District
Via email - Lwfpa@aol.com

cc: Board of Commissioners: Dr. Lesley Thompson, James Muir, Jay Levin, Kathryn Ovide, Mary Chambers, Stephen Hammond, and Administrator Jillian Cranney-Black.

Mr Fishman,

Thank you for following up on my (now - "**Our Hospital Key West**", or "**OHkw**"), a Community Advocacy Group, your clarifications regarding the matters of LKMC, Kennedy Drive, The District, The Health System, CHS, and all related parties and matters, in your letter to me March 8th, 2024. I'm sincerely grateful for your responsiveness and clarifications. We welcome and encourage you to continue clarifications as necessary, as we navigate these important issues.

OUR HOSPITAL Key West, or, **OHkw**, seeks to facilitate through our community and all stakeholders an understanding of the complex dynamics relating to our District Hospital(s), such that we as a community can participate in, and facilitate the **Best-in-Class healthcare possible through our District's Hospitals** given there's no provision for an extension for the lease with CHS ending April 30th, 2029.

OHkw does publicly attest that we cannot identify what Best-in-Class means for our community Hospital given the many considerations necessary to quantify this definition, and, that the only reasonable method to conclude what Best-in-Class healthcare through our District's Hospital means would be a comparative and quantitative analysis of other "Hospital Providers" willingness to participate in such an analysis. This quantitative analysis would certainly consist of financial, levels of care, reinvestment into our community and certainly other considerations. This logical and quantitative analysis we seek for consideration for a "subsequent lessee", at May 2029 **is our primary purpose**. We do not seek the early termination of CHS's lease ending April 30th, 2029.

With respect to your letter to me of March 8th, 2024, and in considerations of the Community Advocates of OHkw, which consists of Physician, Healthcare, Legal, Business, and Resident Citizen Advocates, please consider the following:

Given your clarifications of the composition of the four (4) entities (The District, LKMC, Health System and Kennedy Drive), I have updated our understanding of these four entities, and attached a PDF with your further clarifications. Please advise if these accurately reflect your understanding. It is our goal to **facilitate accurate information for our community**, and your efforts are very helpful in achieving this goal.

OUR !
HOSPITAL ●
Key West

With further consideration to your letter to me of March 8th, 2024, we have the following comments by section 1-6 in your letter to me (now OHkw);

(1) We are aware that there is no provision for early termination of CHS's lease. To be clear, it was never previously, nor is it our intention now, nor do we expect in the future that The District seek early termination of the lease between CHS and The District. It's important The District and its Board of Commissioners understand this.

Instead, our advocacy is (a) to have The District consider alternative Hospital Providers for the end of the lease with CHS April 30th, 2029, specifically due to the logistical efforts and time necessary for a successor lessee to achieve a transition at May 1st of 2029, and (b) to prepare in advance for alternative Hospital Providers in the event CHS desires to terminate early, or, financial conditions warrant an earlier successor lessee given CHS's self-disclosed financial risks, and the potential CHS divests additional Hospitals, and, to provide consideration for other Hospital Operators sufficient time to assess these potential circumstances.

In your letter, section one (1) you state *"Even if your concern of a proposed divestiture by CHS of Key West HMA prior to Lease end were to occur, the Lease itself allows for same provided the contemplated successor meets the minimum financial and operational requirements set forth in the Lease. There is nothing the District can do preemptively. The Board receives quarterly reports from Lower Keys Medical Center at its District meetings and assures compliance with the lease terms."*

Respectfully Mr. Fishman, would you kindly clarify your sentiment **"There is nothing the District can do preemptively"**? While it is also our position that CHS's right to operate up and until April 30th, 2029 are undeniable, and we neither seek or wish for The District to disrupt CHS's operations at LKMC, the District has *preemptively* sought input from Kennedy Drive on its future objectives, and, CHS has *preemptively* advised The District of its desire to renegotiate its lease in December 2023.

It is our position that it's not too preemptive for these efforts given there is certainly considerable effort and time necessary for a subsequent Hospital Owner / Operator lessee to consider prior to concluding whether it wishes to become the subsequent District Hospital on May 1st of 2029, evidenced by The District's and CHS's preemptive efforts, even if "cursory".

And as stated before, OHkw believes that a competitive and quantifiable analysis of other well-rated, well-regarded and financially-sound South Florida Hospital Operators be inclusive of consideration, versus any presumption or perception that CHS will be awarded successor Operator or Lessee by default given there is no automatic provision for CHS to become the successor Operator / Lessee.

OUR !
HOSPITAL •
Key West

With further consideration to your letter to me of March 8th, 2024, we have the following comments by section 1-6 in your letter to me (now OHkw);

(2) We are now aware that *“The District Board has only had cursory discussions about the need to commence consideration of the Least term end, and is in the process of reviewing and establishing minimum criteria it would require of a lessee commencing May 2029. It has made no determinations to date with regard to the identity of potential lessee”*. - Thank you for this update, we will share this with our community.

(3) We are now aware that *“The District Board is concerned that the lessee provides the District community and its residents with quality medical care and with the broadest range of services and equipment, and in a comfortable facility, at a fair cost. The Board is also cognizant, as we discussed, of the amount of indigent care that District community requires, and the cost therefor, as that is its obligation under its Enabling legislation.”* - Thank you for this update, we will share this with our community.

(4) We are now aware that *“As stated above, the Board has commenced the process of preparing for the current Lease term expiration, and has merely explored its legal options, with no decision made as of yet how to proceed.”* - Thank you for this update, we will share this with our community.

(5) We are now aware that *“A community understanding that the District is obligated to lease to a not-for-profit operator is incorrect. This issue was raised previously, was dispelled by the Florida Attorney General’s Office, and was reaffirmed in 2016 when the District obtained an independent opinion from the law firm of Holland & Knight after a similar community uprising.”* - Thank you for this update, we will share this with our community.

(6) We are now aware that *“The Enabling legislation provides that the District board of Commissioners are to be appointed by the Governor, for terms of four (4) years each. The Florida Attorney General has opined by Opinions that appointees continue to serve until replaced, notwithstanding the expiration of their appointed term. Unless they affirmatively elect not to continue serving after their term expires. Vacancies are to be filled by Governor appointment for the balance of the vacant term. Governor DeSantis has not made any appointments to the District Board since his initial election as Governor. The Board has authorized me and I have communications with the Governor’s General Counsels regarding this issue, have been referred to the Governor’s staff char of appointments, and have had communications with her, and the understanding is that the Governor will begin to address all his appointment obligations for all taxing districts. At present, all six (6) serving Commissioners are doing so on expired terms, there is one (1) vacancy due to the demise of the then Commissioner, one (1) Commissioner resigned and was not replaced, and one (1) Commissioner elected not to continue to serve upon the expiration of her term.”* - Thank you for this update, we will share this with our community.

OUR !
HOSPITAL •
Key West

And finally, I would like to draw your, and The District Board of Commissioner's attention to statements David Clay, CEO of LKMC made to Keys Weekly on March 6th, 2024.

Mr Clay stated that *"Lower Keys Medical Center is committed to the health and well-being of this community."* And, *"It is our strong desire to be part of the community for many years to come. We [CHS] are very interested in renewing the lease when it expires in 2029."*

Mr Clay also stated that *"The company [CHS] has continued access to capital and plans additional investments in Lower Keys Medical Center AS PART OF ITS LEASE RENEWAL."*

Given that CHS has stated its desire to renegotiate its lease preemptively, and it plans to make investments into our Community, albeit as stated *"As part of its Lease Renewal"*, isn't it also fair to consider, as an example, that both Baptist Health and Mount Sinai have also made investments into our Keys community, and even if " cursory", they too should have the benefit of consideration as a successor Operator / Lessee preemptively?

Our position is that it's absolutely reasonable other Hospital Operators / Lessees be given the same consideration and time necessary to contemplate becoming the successor Operator / Lessee given there is no provision for an extension of CHS's lease. And, perhaps the Community's concern that CHS might be the successor by default without a quantitative and comparative analysis of other Hospital Operators / Lessees could be mitigated by The District's Board of Commissioners by being sensitive to our Community's concerns, and make these considerations (even if " cursory") INCLUSIVE of other South Florida Hospital Operators.

On behalf of Our Hospital Key West (OHkw) advocates, and our community, I sincerely appreciate your clarifications and explanations to our previous understandings. OHkw will continue to facilitate your information to our community, and we would encourage you and the Board of Commissioners to reach out to us as necessary to assure accurate information is available to our community, and to help us understand these important issues together.

Please use info@OHkw in the future for general correspondence on these matters. OHkw is now the advocacy group maintaining these efforts on behalf of our community.

Sincerely,

Spencer Krenke
Advocate
Our Hospital Key West
OHkw.org
info@OHkw.org

* Updated 3/13/24 with information from Lew Fishman.



**KENNEDY DRIVE
INVESTORS, LTD
(dePoo Hospital)**

**Lower Florida Keys Hospital
“District” Board (LFKHD)
(State Governing Entity)**

**Lower Florida Keys
“Health System”
(Formed by LFKHD
& KENNEDY DRIVE)**

Board of Trustees

Partners

Board of Commissioners

Board

Robin Lockwood, M.D., Chairman
Leslie Johnson, Vice Chairman

Robin Lockwood, M.D.
Roberto Sanchez M.D.
*Others (?) - Unknown

Dr. Lesley Thompson
(Board Chair)

Robin Lockwood
Lesley Thompson
Jay Levin

David Clay, CEO

James Muir - Vice Chairman

Kathy Ovide

Lawrence Blass, M.D., Chief of Staff
David Perry, M.D.

William Greenwood, M.D.

Stephen Hammond - Board Member
Mary Chambers - Board Member

James Muir

Steve Torrence

Roger McVeigh

Lewis W. Fishman
General Counsel

Michael Knowles

Jillian Cranney-Black

Susan Harrison

District Administrator

(“District” Appointee)

Susan Harrison

Dr. Lesley Thompson
(“District” Appointee)

*(Not a Board Member, but
the District’s community appointee
to the LKMC Advisory Board)*