



CITY of NORFOLK

Office of the Mayor

Paul D. Fraim
Mayor

August 21, 2008

Michael K. Kerner, Chief Executive Officer
Bon Secours Hampton Roads Health System
5818A Harbor View Boulevard, Suite A-1
Suffolk, Virginia 23425

Re: COPN Request No. VA-7532 [and VA-7534] Bon Secours - DePaul Medical Center, Inc.

Dear Mr. Kerner:

On behalf of the City of Norfolk, I am writing to thank Bon Secours Hampton Roads Health System, Bon Secours DePaul Medical Center, Inc., Bon Secours Health Center & Hospital at Virginia Beach, LLC, and Bon Secours Health Center & Hospital at Norfolk, LLC (collectively, "BSHR") for its commitment, as set forth in this letter, to seek a Certificate of Public Need ("COPN") to construct and operate a state-of-the-art 124-bed replacement hospital on the campus of DePaul Medical Center (the "DePaul COPN Request"). The City very much appreciates DePaul's long service to the City of Norfolk and is grateful to BSHR for its commitment to seek a COPN to continue a meaningful hospital presence on the DePaul campus.

We understand that, subject to the required approvals and other conditions described in this letter, BSHR would expect to complete a new facility in Norfolk in 2013. The new BSHR Norfolk facility would contain 88 medical/surgical beds, 20 obstetrical beds, and 16 intensive/cardiac care beds staffed 24/7 with certified critical care registered nurses. The BSHR Norfolk facility would also include six operating rooms, one cardiac catheterization laboratory, full-service imaging (including one MRI scanner and two CT scanners, at least one of which would be capable of cardiac imaging), pharmacy and laboratory services, lithotripsy and a cancer center with one linear accelerator. The BSHR Norfolk facility would also include a state-of-the-art emergency room with 23 multi-function, monitored treatment bays (including facilities for patient triage, dedicated diagnostic imaging, respiratory point of care testing, behavioral medicine seclusion and decontamination). Although the square footage of the new emergency room has not been finalized, it would be substantially larger than the 7,233 square foot emergency room proposed in the COPN application. The final size and layout of the new emergency room would be developed with the input of Norfolk Fire and Rescue. The new emergency room would be staffed by board certified emergency medicine physicians and BSHR will work to have the following sub-specialties available to provide ER call coverage at the new ER: cardiology, neurology, respiratory, gastroenterology, general surgery, neurosurgery/spine, gynecology, obstetrics, orthopedics, thoracic, urology, and vascular.

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BSHR believes that a facility with 124 beds will best meet the needs of the residents of the City of Norfolk and will use all reasonable efforts to maintain an acute care presence of appropriate size and services on the DePaul campus. Further, pending completion of a replacement facility, BSHR intends to reinvest in the current DePaul Medical Center facility and to make reasonable efforts to revitalize DePaul Medical Center and re-establish service lines that are integral to a full-service acute care hospital. Specifically, BSHR intends to invest in capital equipment and the construction of a new medical office building on the DePaul campus. Additionally, BSHR intends to increase its focus on nursing care and to increase the recruitment of new physicians into the Norfolk region. Finally, consistent with the COPN law and regulations, BSHR intends to continue operating DePaul Medical Center without diminution in its current capabilities until such time as the new BSHR Norfolk facility opens. Such operations, of course, remain subject to periodic reassessment as market conditions and reimbursements from public and private third party payer's change.

BSHR will make all good faith efforts to seek the COPN and, if approved, will undertake the development of the BSHR Norfolk facility consistent with the size and service description set forth herein. Notwithstanding the foregoing, BSHR and the City of Norfolk acknowledge and agree that the size of and services offered at the new BSHR Norfolk facility are dependent on BSHR's receipt of the necessary approvals from the Commissioner with respect to the BSHR COPN Request and that the Commissioner has discretion to alter the scope of the proposed BSHR projects.

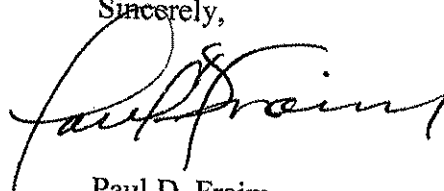
BSHR's undertakings as set forth above are further subject to the resolution in its favor of any appeals or other legal challenges contesting the issuance of other COPNs in respect of BSHR's applications for COPNs for projects in Virginia Beach and Harborview, BSHR's acceptance of any conditions the Commissioner may impose with respect thereto, and the approval of Bon Secours Health System, Inc., BSHR's corporate parent, to proceed with such project subject to such conditions. BSHR intends to pursue the development of the new facility if such conditions are acceptable and such approvals are obtained.

In light of BSHR's commitments as described herein, the City of Norfolk withdraws its previously expressed opposition to these COPN applications as originally submitted and hereby expresses its support for a revised proposal that would lead to the construction of the BSHR Norfolk facility described in this letter and would relocate DePaul's remaining 90 licensed beds and two operating rooms outside the City of Norfolk. The City will contact the Chair of the DePaul Emergency 134 citizen group, advise them of the agreement between the City and BSHR and encourage such group's support of the health care services and new hospital described in this letter.

Please sign below to confirm BSHR's commitments as set forth herein. Again, thank you very much for BSHR's continued commitment to serving the healthcare needs of Norfolk residents.

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Sincerely,

A handwritten signature in black ink, appearing to read "Paul D. Frain". The signature is fluid and cursive, with a large initial "P" and "F".

Paul D. Frain
Mayor

cc: The Honorable James E. Burns, M.D., M.B.A.

AGREED:

Michael K. Kerner, Chief Executive Officer
Bon Secours Hampton Roads Health System