

Good afternoon,

My name is Eileen O'Grady, I work with the Private Equity Stakeholder Project.

I am here to update the Board regarding the Florida State Board of Administration's investments with private equity firm Leonard Green & Partners.

Leonard Green owns safety net hospital chain Prospect Medical Holdings through Green Equity Investors V, which the SBA is invested in. Prospect has 17 hospitals in California, Pennsylvania, New Jersey, Connecticut, and Rhode Island.

Since it took over Prospect, the Leonard Green-led investor group has paid itself at least \$570 million in fees and dividends from the hospital company. It has meanwhile left the hospitals struggling.

While Leonard Green has owned Prospect since 2010, the system's hospitals currently have some of the lowest quality ratings from the Centers for Medicare and Medicaid Services—all but one have received one or two stars, the lowest ratings from CMS.

In Connecticut, state regulators placed Prospect's three hospitals under review last year for deteriorating conditions that place patients in "immediate jeopardy."

In Rhode Island, Prospect-owned hospitals' pensioners are suing Prospect for allegedly hiding the pension plan's poor health to shield its own liability from regulators.

Prospect recently shut down all of its facilities in San Antonio, Texas—laying off nearly 1,000 workers—and sold its hospital building to a hotel developer in just a month before the first cases of coronavirus emerged in Wuhan. As San Antonio prepares for Coronavirus, the absence of the former Prospect facilities will surely be felt.

A new Harvard analysis of hospital bed availability in the U.S. shows that in a "moderate" Coronavirus outbreak scenario, in which 40% of adults get infected within the next 12 months, each of the markets where Prospect has hospitals will likely experience a bed shortage.

Now, Leonard Green is trying to quietly walk away from Prospect and reportedly selling its 61% stake to the minority owners for a fraction of what it acquired Prospect and many of its hospitals for, and what its investor group has paid itself in fees and dividends.

We have reached out to Leonard Green multiple times about its investment in Prospect, but the firm has refused to discuss its investment in the hospital company or the fees and dividends it collected from it.

We believe Leonard Green should return the fees and dividends it collected from Prospect Medical Holdings to ensure the hospitals and health care workers have as many resources as possible to respond to the COVID-19 pandemic.

Thank you.