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MAYOR

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Lakewood City Council
12650 Detroit Avenue
Lakewood, Ohio 44107

Dear Members of Council:

Tonight the 23-member Lakewood Hospital Association governing board, of which I am a member, voted to sign a letter of intent with the Cleveland Clinic Foundation and the Lakewood Hospital Foundation that, if carried forward, will chart a course for healthcare in Lakewood in the near term and over the next several decades.

The non-binding letter of intent, which follows this communication, contemplates that the parties will join the city in entering into a new definitive agreement this year that will redefine healthcare in the city. Included in the letter of intent are plans for a new \$34 million, 62,000-square-foot family health center to be built and operated by the Clinic on Detroit Avenue and a new \$32 million community health and wellness foundation that, once designed and implemented, will serve Lakewood's citizens' comprehensive healthcare objectives from the cradle to the grave.

A more thorough summary of the deal outlined in the letter of intent follows:

Parties to Letter of Intent	<ul style="list-style-type: none">▪ Cleveland Clinic Foundation (CCF), Lakewood Hospital Association (LHA), Lakewood Hospital Foundation (LHF)▪ City of Lakewood (City) to be added before Definitive Agreement is finalized
Objective	<ul style="list-style-type: none">▪ To transform services in Lakewood from inpatient to comprehensive outpatient, wellness and outreach services
Family Health Center and Services	<ul style="list-style-type: none">▪ CCF to invest about \$34 million to build (approximately) 62,000 square foot Family Health Center (FHC)▪ To be built on about 2.5 acres of the current hospital site▪ Includes 24/7 Emergency Department▪ Parking details to come; will include parking in the Belle Avenue deck
Family Medicine Residency	<ul style="list-style-type: none">▪ The Family Medicine Residency program, including 16 medical doctors, will relocate from Fairview Hospital campus to Lakewood FHC

Emergency Department	<ul style="list-style-type: none"> ▪ The current ED will continue to operate during the wind-down, if reasonably possible, until the FHC's ED opens
New Tax-Exempt Entity	<ul style="list-style-type: none"> ▪ >\$32 million will fund a tax-exempt, community-based foundation (excludes assets of Lakewood Hospital Foundation) ▪ \$24.4 million from CCF (half at effective date, half when FHC opens and plan for hospital decommission is complete) PLUS additional payments of \$500,000 per year for 16 years (total of \$8 million)
Role of CCF in New Entity	<ul style="list-style-type: none"> ▪ CCF to have two board seats (out of up to 21) ▪ CCF to have naming opportunity for program or facility funded by the community-based foundation ▪ CCF to have right of first refusal to be the provider of programs/services over \$500,000/year
Wind-down/Dissolution	<ul style="list-style-type: none"> ▪ City maintains ownership of land under hospital (except what is sold for FHC) and other property, including parking garage, Medical Office Building, Community Health Center, homes and paved lots ▪ President of the LHA will direct the dissolution plan, which will be an exhibit to Definitive Agreement ▪ \$33-\$49 million will be invested to transition into new model ▪ LHA to pay City \$8.2 million, received from CCF for LHA-owned facility at 850 Columbia Road in Westlake
Support	<ul style="list-style-type: none"> ▪ City will promptly grant needed regulatory approvals within its authority ▪ CCF, in turn, will work with Avon to help negotiate an agreement with Lakewood on payroll tax-sharing
Other Terms	<ul style="list-style-type: none"> ▪ No other health system provider will operate on the same property ▪ CCF will use its brand and market position to help Lakewood attract a wellness center partner (if desired) ▪ The City will include at least one employee benefits health plan choice that includes CCF as a preferred provider

You can see there has been much accomplished and there is much to be done. I am extremely proud of the work undertaken over the past several years by the hospital trustees, who considered all possible options with regard to the future of Lakewood Hospital and healthcare in our city. You should also know Council President Madigan and Councilman Bullock represented your Council very thoughtfully and diligently on the governing board throughout this process.

Many exciting opportunities are found in this plan, which would modernize a citywide system of care over which our residents have always taken ownership and responsibility—from 1907 when the hospital was founded to 1931 when it became a city asset, from 1986 when the hospital was first leased to the non-profit Lakewood Hospital Association to 1996 when the city and LHA partnered with the world-class Cleveland Clinic Foundation. This plan continues our residents' historical concern and compassion for theirs and their neighbors' public health and well-being.

Significant challenges are also found in the plan, including the decommissioning of Lakewood Hospital, a decrease in tax revenue at some point in the future and our stewardship of the city assets at and around the hospital site. All these merit our serious dedication to the tasks ahead: contemplating our role in the process, openly and earnestly

hearing our citizens' concerns, and negotiating and implementing a fair agreement with our partners, which would culminate in legislation for your consideration.

One of the first steps on that path is to hear from the hospital trustees, a great many of whom are Lakewood residents, and the Cleveland Clinic team. To that end, the trustees have scheduled an initial public forum, to which you and all Lakewood residents are invited, on **Wednesday, January 28, 2015, at 7 p.m. in the Mackey Main Stage auditorium at the Beck Center for the Arts**, 17801 Detroit Avenue in Lakewood. Those attending will hear about the trustees' process in arriving at this plan and more about the definitive agreement contemplated under the letter of intent. They will also be encouraged to ask the questions we hope for and expect in the midst of such an important decision.

Prior to that public forum, I ask merely that this communication be referred to the Committee of the Whole for further discussion and deliberation in conjunction with these public meetings to be hosted by the hospital trustees.

Sincerely,

A handwritten signature in black ink that reads "Michael P. Summers". The signature is written in a cursive, flowing style.

Michael P. Summers