



PROPRIETARY AND CONFIDENTIAL

Preliminary Memorandum

Community Hospital Seeks Strategic Partner

*We represent a community hospital in the Midwest that seeks a strategic partner. The Hospital is owned by the municipality in which it is located. It is operated by a Hospital Association and is currently affiliated with a large health system under a lease agreement. The lessee is aware of the municipality's interest in potentially seeking a new partner and does not oppose this effort. Furthermore the municipality has asked Subsidium to provide this Preliminary Memorandum to potentially interested parties. The municipality has not foreclosed any structural options under which a strategic partner could operate the Hospital. In other words, the municipality would consider a lease, sale or other arrangement. **Through this process the municipality is only interested in proposals to operate the Hospital as an inpatient facility with substantially similar services as those offered today and for a period of no less than twenty (20) years.** Interested parties are asked to notify Subsidium of their interest and willingness to sign a confidentiality agreement. As it deems appropriate in its sole discretion the municipality will then provide interested parties who have signed a confidentiality agreement with a Confidential Memorandum that discloses the identity of the Hospital and provides other detailed information.*

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The Hospital was founded in the early 1900s and has grown into a vital element of the local delivery system. Its primary service area is a “close-in” suburb of a larger US city (the MSA population is more than 2 million).

Quality of care at the Hospital is high. Over multiple years *U.S. News and World Report* has ranked it among the top 10 community hospitals in its metropolitan area. The Hospital has over 140,000 annual encounters including inpatient, outpatient and physician care. Approximate figures for this facility include:

- 260 Licensed Beds
- 550+ Medical Staff
- 1,060 Full & Part-Time Employees
- 800 Annual Births
- 39,000 Annual ER Visits
- 13,400 Annual Admissions
- 96,000 Annual Outpatient Visits
- 7,000 Annual Surgical Cases

Of the approximately 260 licensed beds, approximately 120 beds are medical-surgical, 20 beds are ICU, 12 are OB/LD&R, 35 beds are for physical rehabilitation and 17 beds are for psychiatric care. The remaining beds service skilled nursing, long term care and a neonatal Level I unit.

The hospital provides a broad range of medical services for its community. The medical service offerings include:

- Behavioral health
- Birthing, women, and children services
- Ophthalmology
- Diabetes and endocrine center
- Digestive health center
- Emergency department
- Heart center
- Neurological services
- Orthopedic services
- Pain management
- Primary care
- Rehabilitation services
- Senior care services
- Surgical services
- Teen health center
- Vein and vascular center

Some of the medical-service offerings at the hospital are very specialized and focus on specific sectors of the population. For instance, the Behavioral Health Center provides comprehensive behavioral health services to patients age 55 and older. On the other hand, the Teen Health Center answers relevant questions for the 12 to 19 year old population in the area. Other regions of the hospital, such as the Emergency Department, are not as specialized and provide care to all ages.

**Summary Statement of Revenues
& Expenses for the Fiscal Years
Ending December 31**

	2014 Preliminary Budget	2013 Projected Results (Unaudited)	2012 (Audited)	2011 (Audited)
Total Unrestricted Revenues	\$125,100,000	\$ 126,500,000	\$ 134,214,000	\$ 138,614,000
Operating Expenses	121,200,000	122,000,000	130,735,000	131,227,000
EBITDA	3,900,000	4,500,000	3,479,000	7,387,000
Depreciation & Amortization	5,134,316	5,185,800	6,622,000	6,861,000
Interest & Other Gains (Losses)	718,061	929,000	1,139,000	1,259,000
Operating Profit	\$ (1,952,377)	\$ (1,614,800)	\$ (4,282,000)	\$ (733,000)

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Interested parties should send written notice of their interest in receiving the Confidential Memorandum for the purpose of providing a proposal for operation of the hospital which satisfies the conditions listed in bold in the first paragraph of this Preliminary Memorandum.

Notice should be provided by Monday, February 3, 2014 to:

Gavin McBrearity

Consultant

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