

Hospital and County Representatives in Discussions Regarding Transference of Property

January 21, 2010

VAN WERT, Ohio – The Hospital Commission held its regularly scheduled quarterly meeting Tuesday night at the hospital. Representatives from the hospital and Hospital Commission discussed ongoing dialogue between the County and the Hospital Association regarding the hospital building.

The Van Wert County Commissioners are currently in discussions with the Van Wert County Hospital Association regarding the transference of the certain real property having a street address of 1250 South Washington Street, Van Wert, Ohio 45891 (the “Premises”) from the County to the Van Wert County Hospital Association. The Van Wert County Hospital Association currently leases said property from the County for a nominal amount per year. The County and the Hospital Association have identified the benefits that would result from the transference of the property below.

Van Wert County Hospital has been a valuable resource to the community for over one hundred years and is operated by the Van Wert County Hospital Association. It not only provides health services to our community regardless of race, sex, creed or ability to pay, it is also a major economic driver of our community. The hospital is the second largest employer in Van Wert and injects over 41 million dollars of purchased goods and services into our local economy. The transference of the premises to the Association not only continues the preceding benefits to the community but also provides a “win-win” situation for all parties. More benefits include:

1. Currently, because of the ownership issue, the Association is unable to use the physical plant for collateralization purposes. Current capital sources consist of capital generated from operations or donations, mortgaging assets of the Association (including the current lease), and outside investors such as other hospital systems. Unfortunately, the other alternative would preclude the independent community status we currently enjoy. The loss of this independent status would significantly change the role of local decision making, reinvestment of profits into the community, as well as the scope and depth of current service offerings.
2. Although, the county currently owns the premises, all licenses, contracts and equipment are owned by the Association. Consequently, the county owns the premises not a hospital. The consolidation of the premises into the Association ensures this community a hospital well into the future. The “business” of the present and any future hospital is owned by the Association.
3. The transference of property to the Association serves as a source of future capital and prevents the Association from “marketing” the hospital as a source of capital. This ensures the county of not inheriting an “empty” asset to maintain or demolish.
4. The covenants and safeguards contained in the lease would be included in the transfer agreement. This would guarantee the same degree of control the county presently has, ensure the hospital stay at its present sight and remain in local control.
5. The Association has made capital expenditure investments of over \$45 million in the last 17 years; the transference preserves those investments and enables the additional investments of remodeling the 4th floor. This would also provide a capital source for adding an additional story onto the ER addition.
6. This transference would also clarify for the community the mistaken notion that the hospital is a county hospital. It would also eliminate any negative publicity that is occasionally perceived by the community toward the county from business decisions the Association makes.

7. The Association at the hospital alone employs over 430 individuals; it is the second largest employer in the county with over \$18.1 million in salaries and benefits. This transference would only serve to sustain and increase these numbers as an economic driver of the community.
8. The transference agreement continues to afford the county representation on the Hospital Board of Trustees.
9. The Association has proven to be a responsible steward of the hospital operations and facilitations marking most of the healthcare needs of the Van Wert Community. The hospital continuously receives higher client satisfaction ratings than many of the other hospitals in the region. They have proven worthy of the community's trust. We understand the true partnership of a healthcare organization to the community and the mutual benefit of all parties. This commitment will not only continue but strengthen the financial resources of the healthcare partner.
10. By transferring the premises to the Hospital Association, the County also potentially will avoid being named in tort suits involving either or both (i) medical malpractice claims arising out of activities at the hospital, and/or (ii) personal injury claims resulting from slips and falls and other facility/property related incidents occurring on hospital grounds.
11. As presently structured, the County does not truly get any benefits from its ownership of the premises occupied and used by the hospital. The transference does not affect these non-existent benefits.

Ultimately, both the County and the Hospital Association believe this transference allows the Hospital Association to best meet its mission statement of meeting the health care needs of the community. The Hospital Association serves as an independent community healthcare organization.