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LMHS and MCN Complete Purchase Agreement

Licking Memorial Health Systems (LMHS) has completed the transaction with the Medical Center of Newark (MCN) for the purchase of the assets located at 2000 Tamarack Road in Newark and an agreement between LMH and Newark Ambulatory Surgery Center Real Estate Company, Ltd. for the associated real estate at that location. The financial closing took place on Friday, December 28.

All MCN employees were given the opportunity to apply for positions within LMHS. The interview process was expedited during the week of the initial purchase announcement, and priority consideration was offered to those candidates. “Our Human Resources Department noted that 110 of the 160 MCN staff members expressed interest in positions offered at LMHS,” stated Rob Montagnese, LMHS President & CEO. “Each of those individuals completed an application and was quickly interviewed so that we could extend as many employment offers as possible before the Christmas holiday. We expect that 50-60 percent of the applicants will receive offers of employment. We have also communicated with the physicians serving at MCN. Although many already have medical privileges at LMH, we did express to them that we would expedite any applications to join the LMH Medical Staff.”

Both organizations received inquiries regarding a facility closing and termination notice that was sent to all MCN employees. The notice is simply a governmental requirement that must be sent when a company goes out of business. It had nothing to do with LMHS in terms of hiring or not hiring employees of MCN.

The building will be open on January 7 as an LMHS branded facility, initially offering various outpatient clinic services. “Although we have not yet taken possession of the building, we have concluded a preliminary assessment of the facilities, and will need to complete a number of physical environment changes to offer medical care consistent with the Hospital,” said Rob. “We have determined that outpatient services first will be offered at the site. Unfortunately, due to the necessity of completing the deal quickly, there are some regulatory requirements that will need to be met before we can consider expanding the services to be offered – this process could take several months.”

The financial purchase included a real estate transaction of approximately \$19 million and an asset purchase of just over \$7 million for a total agreement of approximately \$26 million. \$10 million of the purchase price will be financed through a tax-exempt lease. “The Health Systems is very strong financially and has the ability to pay for the entire purchase with cash; however, we chose to execute the tax-exempt lease because the interest rates were so favorable,” said Rob. “Our financial strength is secure due to the

support we receive from community members who utilize our medical facilities. Following this transaction, that financial stability will allow us to continue to provide support back to the community including numerous community sponsorships and our annual tithing gifts, such as the donation of cardio equipment to all local high schools and 12 lead EKG units for Licking County EMS squads.”

The Health Systems will continue to assess community medical needs for expansion of convenient health care services. Future additional plans for the facility will be announced through local media outlets.

Licking Memorial Hospital has served the medical needs of Licking County residents since it was founded in 1898. The 227-bed facility employs approximately 1,600 staff members to meet the healthcare needs of the community. Licking Memorial Hospital is proud to have been named to Thomson Reuters’ national list of 100 Top Hospitals a total of 10 times. For more information, visit www.LMHealth.org.

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