

PRESS RELEASE

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COUNCIL AUTHORIZES FINANCING FOR GREATER SOUTHEAST AGREEMENT

CATANIA SAYS VOTE LAYS FOUNDATION FOR REVITALIZATION OF GREATER SOUTHEAST COMMUNITY HOSPITAL

Washington, D.C. – The D.C. Council passed the “East of the River Hospital Revitalization Emergency Amendment Act of 2007,” at today’s legislative meeting. The bill authorizes the use of \$79 million in order to make the sale of Greater Southeast Community Hospital possible. Among other things, the legislation will allow the expenditure of a portion of the District’s tobacco settlement dollars for a Public/Private Partnership between the District and Specialty Hospitals of America (SHA). The Mayor and SHA signed an agreement in principle for the partnership on September 17, 2007.

“The Council’s vote today will allow for the revitalization of this once great hospital,” said Councilmember David Catania (At-Large), Chair of the Committee on Health. “The Mayor and the Council should be commended for the professional and diligent manner in which they responded to this crisis.”

The agreement in principle between the Mayor and SHA would provide a \$20 million loan for working capital, which will be paid back over 10 years and secured by a lien on the hospital building. It also includes \$30 million for equipment, subject to a variety of performance measures and a stipulation that the District will receive half of any proceeds from the future sale of the hospital by SHA. Finally, the agreement includes \$29 million in acquisition costs, the majority of which would be paid to local healthcare vendors, including doctors and nurses, who have not been paid for their services by the current owner.

“I believe that when this agreement is finalized, it will set the bar for future deals of this magnitude,” said Catania. “It is exciting to see this government invest in an institution, while simultaneously protecting the taxpayer’s contribution. This is a good deal.”

The Mayor is expected to submit the finalized agreement to the Council early next week. The Council will vote on the agreement at its next legislative meeting.

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