

PRESS RELEASE

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WALKER COUNTY COMMISSIONER
HOSPITAL AUTHORITY

LAST STEPS IN SIGHT

Today Walker County Commissioner Bebe Heiskell has sent to Erlanger the final minor revisions necessary for Walker County to come to the table with the necessary working capital to close the proposed agreement with Hutcheson Medical Center (HMC). She is confident that Erlanger's medical team can work through the minor changes and all parties can have the agreement ready for adoption within the next day or two. As the counties are still waiting on Erlanger to supply crucial information left blank in the proposal, including essential attachments, taking the time to consider these changes should not cause any delay.

Commissioner Heiskell said that the proposal to HMC as originally drafted by Erlanger was a good document in its terms of proposed hospital management. However, after the document was drafted and as due diligence continued, Erlanger came to realize that the outgoing Stewart administration had left HMC in such terrible financial condition that someone would have to infuse cash in order to carry HMC through this transition phase. Erlanger at first offered to supply that cash as an unsecured loan. However, as due diligence continued and they realized such cash needs were much greater than initially expected, they were still willing to supply the higher level of cash, but not without security from Walker, Dade, and Catoosa counties in order to supply this higher level of funding. At that point, less than two weeks ago, was when the counties were first forwarded a copy of the proposal and asked to join the process by coming to the table with security for an Erlanger loan.

Knowing the urgency of the situation, the three counties gave the issue top priority and worked feverishly to digest the fifty-plus page complicated and technical proposal, which if adopted would bind the counties for at least twenty years. "It was nothing to be taken lightly on behalf of the taxpayers", Heiskell said. After an in house review by the county attorney and CFO, commissioner Heiskell took the report to independent expert legal and financial advisors, and ask for their

advice. Heiskell said: "I did not want to slow down the negotiation process, but to not seek such expert advice on behalf of my constituents would have been poor management, if not outright malfeasance on my part." The advisors have come back with their reports in record time, and Heiskell's staff has compiled that information and used it to make a few minor suggested changes to the Erlanger proposal.

Heiskell said: "All of the changes we suggested not only work to the advantage of Erlanger, but most importantly to me, they provide the Walker County taxpayer with the protections necessary if I am to put county assets at risk in order to save the hospital and make the Erlanger deal happen." She said that because of confidentiality issues she could not discuss specific details, but some generalities could be mentioned.

First, Heiskell's proposal takes all the responsibility off Erlanger to come up with transition time cash, and places that responsibility on the counties. " We want to hire Erlanger to manage the hospital. That is what they do, and they do it well. That is why we want them for a partner. However, Erlanger is not in the banking business, and our professionals can negotiate better banking deals at better rates, freeing Erlanger to do what it does best, manage the hospital."

Second, the changes proposed would require more accountability and reporting to the citizens through the Hospital Authority, whose members are nominated by the county commissioners. Heiskell said: "I will never put the Walker County taxpayers at risk without proper accountability so I can assure this deal never actually costs our taxpayers one cent. That is what got us into this mess. The HMC board had no accountability to the taxpayers. I will never put the taxpayers at risk without such accountability. With that accountability, I am ready and willing to give Hutcheson all the help it and Erlanger need to get this deal done. I am ready today. I am not the one holding up this process."

Daniel Ashley "Corky" Jewell, V, Hospital Board member and also member of the Transition Team negotiating the contract said: "I agree with Commissioner Heiskell's position. We cannot risk the assets of the hospital without adequate protections, and I have confirmed that a heavy majority of the Authority board feels the same way. We want the Erlanger deal to happen, but too many citizens have put tax dollars and personal dollars into building this hospital to risk its assets as credit, without adequate protections being in place."

Heiskell said: "If folks do not hear anything else I am saying today, I want to make sure they understand that the changes I have proposed do not require one dime of taxpayer money. No matter who provides the money, Erlanger or private banks, we can't save the hospital without county and hospital assets providing the credit backing for the money. My job as commissioner is to assure that such credit backing does not happen without absolute assurance that the money will be paid back out of hospital operations and that the taxpayers will never be out one dime due to my efforts to save our hospital and all of those jobs."