



**Lakewood Hospital
Data Book**

Accompanying Document to:
Lakewood Hospital
Request for Proposal

*CONFIDENTIAL AND PROPRIETARY
SUBJECT TO TERMS OF NON-DISCLOSURE AGREEMENT*

Contents

Executive Summary.....	3
Hospital Overview.....	3
Corporate Organization	5
Summary Financial Data	5
Affiliation Rationale	6
Considerations for an Affiliation	6
Market Area and Competition	6
Local Market Demographics	6
Overview and Definition of the Service Area:.....	7
Competition	8
Community Health Needs Assessment.....	8
Hospital Description.....	9
Hospital and Facility	9
Services	16
Quality & Accreditations	17
Medical Staff	20
Payor Mix	21
Corporate Functions	22
Lakewood Hospital Association	22
Legal Structure	23

Executive Summary

Hospital Overview

Lakewood Hospital was founded in 1907 and has grown into a vital element of the local delivery system. Its primary service area is western Cuyahoga County, primarily the cities of Lakewood, Rocky River, Bay Village, Westlake, Fairview Park, the eastern portion of Lorain County and the western portion of the Cleveland Detroit Shoreway area (the MSA population is more than 2 million).

Mission Statement: To be a provider of high quality patient-focused healthcare that is readily accessible, cost effective and meets the needs of the communities we serve.

This document is intended for the benefit of interested parties and its use is governed by the terms of the Non-Disclosure Agreement. It and other materials (the Supplemental Materials) are available in a virtual data room provided by Box.com.

Statement of Values:

- **Quality:** We strive to exceed the expectations of all of our customers by committing to deliver quality and value in every aspect of our work. We will enhance quality for all of our patients by educating them about their health and empowering them to be partners in their care.
- **Compassion:** We provide care with dignity, concern, kindness and a respect for the diversity of our community.
- **Teamwork:** We foster an atmosphere of trust, collegiality, collaboration, openness and cooperation.
- **Community Relationships:** We acknowledge our vital and dynamic role in our communities. We will foster growth and development in a manner that understands and serves their needs.
- **Fiscal and Operational Responsibility:** We provide responsible stewardship of our financial and human resources.

Lakewood Hospital has provides essential care for the community—encompassing inpatient, outpatient and physician care. Approximate figures for this facility include:

- | | |
|------------------------------------|--------------------------------------|
| • 263 registered beds | • 34,000 annual ER visits |
| • 650+ medical staff | • 9,200 annual admissions |
| • 1,100 Full & part-time employees | • 142,000 referred outpatient visits |
| • 650 Annual births | • 5,200 annual surgical cases |

Source: Cleveland Clinic

The table below describes Lakewood's current distribution of beds:

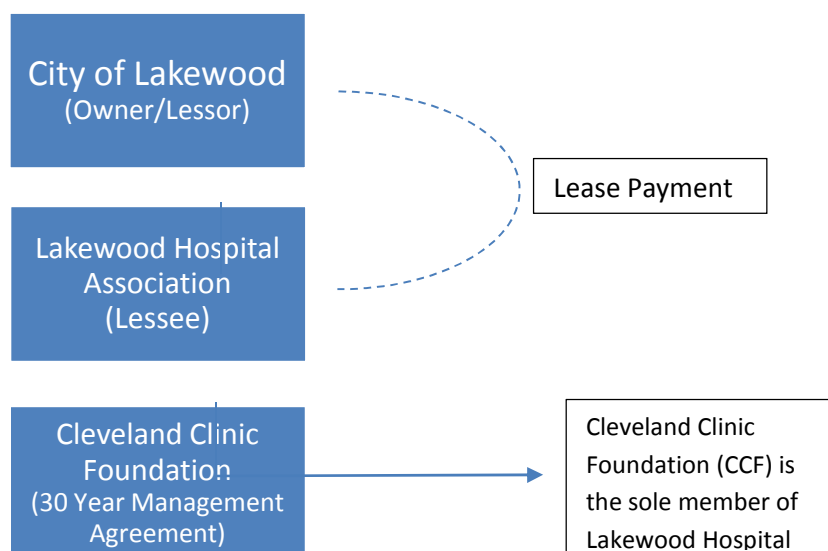
Unit	Existing Beds	
	Licensed	Available
3C	32	21
1B	32	30
4E	16	16
3D - (former CCU)	11	11
3D - Cardiovascular	30	15
Total Med/Surg	121	93
ICU	11	11
Neuro	9	9
Total Critical Care	20	20
SNF	45	44
Rehab	35	35
Gero Psych	17	17
Total Post Acute	97	96
OB	12	12
Newborns	13	13
Total OB	25	25
Total Acute	141	113
Total Non Acute	122	121
Grand Totals	263	234
Other:		
Grace LTAC	20	

Source: Cleveland Clinic

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Corporate Organization

Lakewood Hospital



Further information about the Lease agreement between the City of Lakewood and the LHA and the Definitive Agreement between LHA and the Cleveland Clinic is provided in the Legal Structure section later in this document.

Summary Financial Data

Lakewood Hospital Income Statement (2011-2014 budget) (\$\$\$ in thousands)				
	Audited		Unaudited	Budget
	2011	2012	2013	2014
OPERATING REVENUE				
Net Revenue	144,778	140,648	135,968	133,900
Other Revenue	9,358	5,462	6,689	6,547
TOTAL OPERATING REVENUE	154,136	146,110	142,657	140,447
OPERATING EXPENSES	146,749	142,631	136,227	134,577
EBIDA	7,387	3,479	6,430	5,870
Interest	1,259	1,139	929	718
Depreciation	6,861	6,622	5,568	5,794
OPERATING INCOME	(733)	(4,282)	(67)	(642)
Net Non-Operating Gains And Losses	1,115	5,594	5,342	2,893
DEFICIENCY/EXCESS OF REVENUES OVER EXPENSES	382	1,312	5,275	2,251

Source: Cleveland Clinic. Note that the above financial results include all operating units owned by LHA. Consolidating statements are available in the Supplemental Materials. Note that in 2013 the hospital alone accounted for 89% of the consolidated net revenue of the LHA entities.

Affiliation Rationale

Lakewood Hospital is owned by the City of Lakewood. It is operated by Lakewood Hospital Association and is currently affiliated with The Cleveland Clinic Foundation under a lease agreement, which is scheduled to end in December 2026. The City's leadership and the Lakewood Hospital Foundation Board of Trustees wish to proactively evaluate strategic options for the Hospital to ensure that the Hospital is well-prepared to meet the long-term health needs of the community and to ensure the long-term financial sustainability of the health care delivery system in and around Lakewood.

The Cleveland Clinic Foundation is aware of the City's interest in potentially seeking a new partner and does not oppose this effort. The Lakewood Hospital Association (LHA) Board of Trustees has asked Subsidiary Healthcare to provide this Request for Proposal to potentially interested parties. The LHA has not foreclosed any structural options under which a strategic partner could operate the Hospital. In other words, the City would consider a sale or other alternative arrangement. Through this process the City is only interested in proposals which include, but are not necessarily limited to, operating Lakewood Hospital as an inpatient facility with substantially similar services as those currently offered today and for a period of no less than twenty (20) years.

Considerations for an Affiliation

In recent years, the Cleveland hospital market has experienced significant evolution and rapid consolidation. Given the complexity of the health care environment, the City of Lakewood and the LHA are interested in considering their strategic options to proactively prepare for the end of the current lease agreement. Their primary strategic priority is to ensure the continued support for the evolving health care needs of Lakewood residents and the surrounding communities; which could potentially include additional innovative service offerings to support that mission. They are seeking a solution that also ensures the long-term financial sustainability and preservation of the favorable economic impact of health care in Lakewood.

Market Area and Competition

Local Market Demographics

Population trends have been toward growth in older Lakewood residents, both in total primary and secondary service areas, and within the primary service area alone. Household income is increasing in the middle class and higher earning households.

Total Primary and Secondary Service Areas			
	2012	2017	Percent change
Under 25	99,581	95,686	-3.9%
25-44	88,108	85,762	-2.7%
45-64	91,107	87,779	-3.7%
65+	46,771	51,544	10.2%
Total	325,567	320,771	-1.47%

Growth in Household Income			
	2012	2017	Percent change
\$0 - \$24,999	35,978	31,043	-13.7%
\$25,000 - \$49,000	35,903	29,958	-16.6%
\$50,000 - \$99,999	40,307	48,506	20.3%
\$100,000 +	25,499	28,166	10.5%

Total for Zip 44107			
	2012	2017	Percent change
Under 25	14,938	14,179	-5.1%
25-44	17,672	17,192	-2.7%
45-64	13,353	12,773	-4.3%
65+	5,913	6,480	9.6%
Total	51,876	50,624	-2%

Zip Codes in Primary Service Area (Top 66% of Patient Origin)	
44107	Lakewood
44102	Cleveland
44111	Cleveland
44116	Rocky River
44145	Westlake
44135	Cleveland

Source: iVantage Health Analytics, ESRI database.

Overview and Definition of the Service Area:

- For Lakewood's Service Area, we defined the primary service area as those 4 zip codes which account for the top 60% of Lakewood's admissions by patient zip code, and the primary and secondary service area includes a total of 14 zip codes which account for the top 80% of Lakewood's admissions.

Zip	City	2012 Admits	% Total	Cumu %
44107	Lakewood	3237	35%	35%
44102	Cleveland	1112	12%	47%
44111	Cleveland	672	7%	54%
44116	Rocky River	519	6%	59%
44145	Westlake	302	3%	63%
44135	Cleveland	296	3%	66%
44070	North Olmsted	199	2%	68%
44012	Avon Lake	181	2%	70%
44109	Cleveland	175	2%	72%
44035	Elyria	174	2%	74%
44039	North Ridgeville	158	2%	75%
44140	Bay Village	151	2%	77%
44126	Fairview Park	147	2%	79%
44113	Cleveland	117	1%	80%

PSA 60% (includes zip codes 44107, 44102, 44111, 44116)

SSA 80% (includes zip codes 44107, 44102, 44111, 44116, 44145, 44135, 44070, 44012, 44109, 44035, 44039, 44140, 44126, 44113)

Remaining 20% of patients came from 230 other zip codes

Source: Cleveland Clinic.

Competition

Lakewood Service Area Admission Volumes: 2012

Case Volume by Hospital – ALL Service Lines

(All Service Line Cases from Lakewood Hospital's Primary and Secondary Service Area)

	2012
Lakewood Hospital	7,440
Other Hospital in service area (PSA+SSA)	
• Fairview Hospital	16,382
• MetroHealth System	11,300
• St. John Medical Center	8,379
• EMH Elyria Medical Center	7,576
• Lutheran Hospital	3,498
PSA+SSA Cases Retained Subtotal	54,575
Out Migration	
• Cleveland Clinic (Main)	4,552
• All Other Hospitals) outside SSA	11,108
Out Migration Subtotal	15,660
Grand Total Cases from PSA+SSA	70,235

Source: Ohio Hospital Association Inpatient database.

Community Health Needs Assessment

The community health needs assessment is available in the Supplemental Materials and is available online at <http://my.clevelandclinic.org/Documents/About-Cleveland-Clinic/chna/2013-chna-lakewood-complete.pdf>.

Hospital Description

Hospital and Facility

Lakewood Hospital's main campus is located at 14519 Detroit Avenue, Lakewood, OH 44107. The main hospital building was built in sections, with the first portion (Area marked with A in figure 1 below), built in 1907 (the original hospital building) to the most recent portion (Atrium area marked as such in Figure 2), built in 1982. In addition, numerous renovations and upgrades have been made to the physical plant in the last 10 years, totaling more than \$32 million of capital investments. See Table 1 below for details on recent capital expenditures.

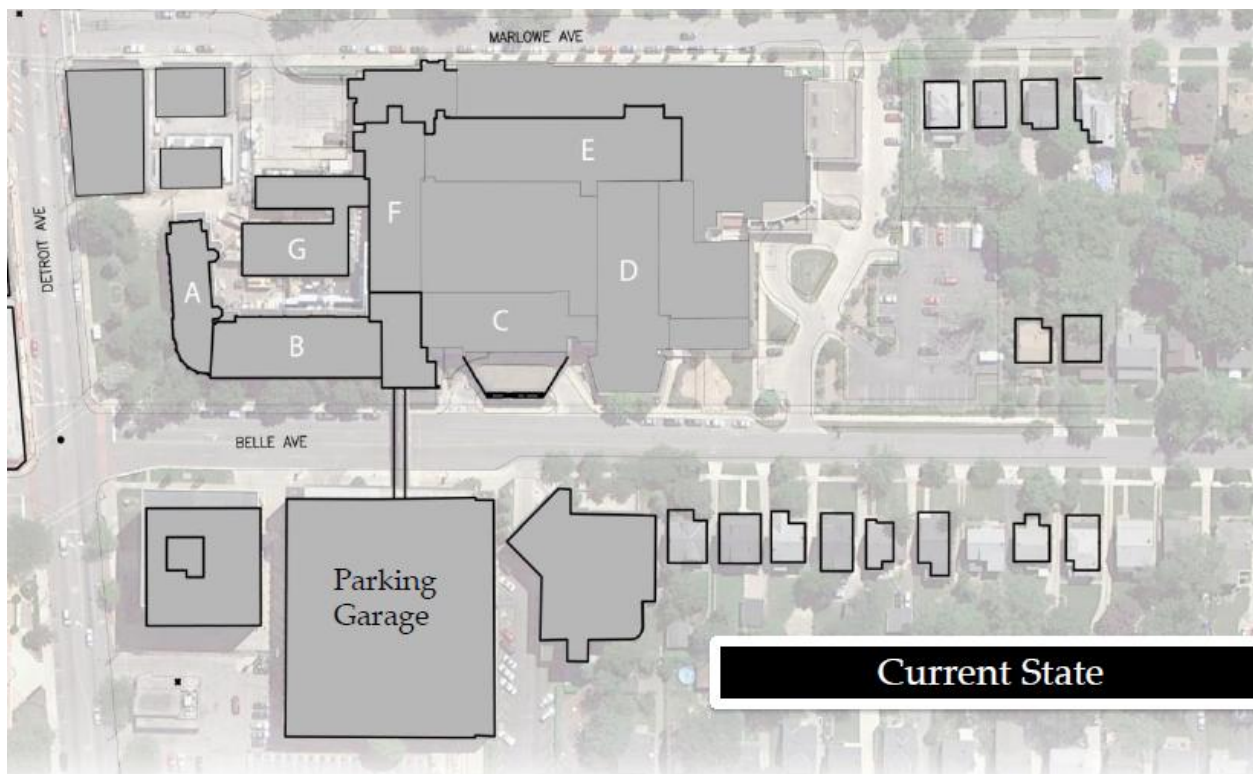


Figure 1

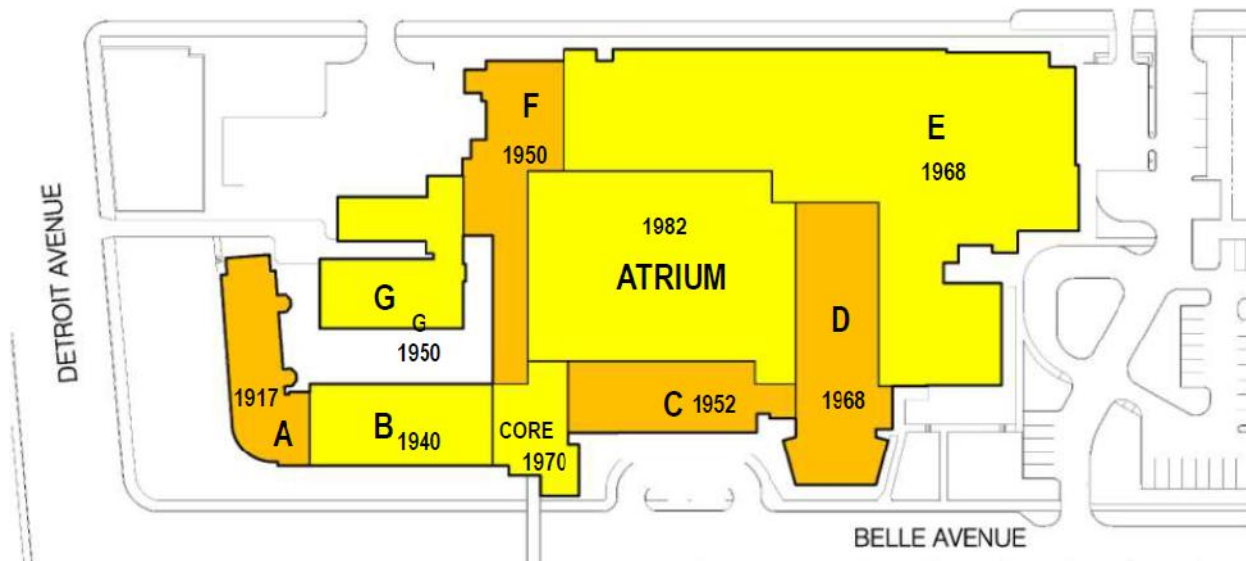


Figure 2

Lakewood Hospital
Historical Capital Release - items \$250k+

Capital	Name	YEAR	Total Current Budget
Routine	CARDIAC CATH LAB	2004 \$	2,965,994
Routine	CRITICAL CARE RENOVATIONS	2006 \$	2,700,046
Routine	BEACHCLIFF	2006 \$	1,116,769
Routine	ROCKPORT PROJECT	2006 \$	1,000,001
Routine	CT SCANNER REPLACEMENT	2006 \$	640,001
Routine	PARKING GARAGE RENOVATIONS	2006 \$	400,001
Routine	NUCLEAR MEDICINE SCANNER	2006 \$	330,000
Routine	Facility- Lakewood Hospital- NICU Renovations	2007 \$	1,451,135
Routine	Nursing Units - OB- OB System with EFM	2007 \$	659,172
Routine	Facility- Lakewood Hospital- Parking Garage Renovations	2007 \$	500,001
Routine	Strategic - Diabetes Center of Excellence	2007 \$	398,254
Routine	Nuclear Medicine - Dual Head	2007 \$	345,001
Routine	Lab Analyzer project - Lakewood	2007 \$	347,894
Restricted	Neuro ICU- Servers, Cable	2007 \$	267,177
Strategic	Strategic - Neuroscience Center of excellence	2008 \$	1,340,000
Routine	ICU Renovation	2008 \$	2,464,935
Routine	Lakeland Eye Lakewood Buildout	2008 \$	375,537
Strategic	(LVT) - Conversion of dual rooms to single occupancy room - orthopedic (4E)	2009 \$	2,652,261
Strategic	(LVT) - Updating Cardio Vascular program	2009 \$	1,950,000
Infrastructure	Generator Replacement	2009 \$	2,224,328
Infrastructure	Parking Garage Repairs	2009 \$	1,484,942
Infrastructure	Replacement of Air Handler Units F3, F4 B3	2009 \$	878,081
Strategic	Lakewood Hospital Rehab Expansion	2010 \$	4,400,000
Infrastructure	Garage Renovation Phase II	2010 \$	971,940
Infrastructure	Replace Elevator Mechanical Equipment-Professional Building	2010 \$	411,453
Infrastructure	DESIGN AND BID FOR MED GAS AIR VAC SYSTEM	2010 \$	211,015
TOTAL		\$	32,485,938

Table 1

Source: Cleveland Clinic.

In addition to the main campus, Lakewood Hospital owns several related buildings and facilities. We have included a list below of those facilities we would plan to include in the sale of the hospital, and those we would consider offering as negotiable additions to the core sale of the hospital.

Included in the primary sale:

Name	Address	City	Square Footage	Comments
Lakewood Hospital	14519 Detroit Avenue	Lakewood	499,000	Main campus
Parking Garage	1422 Belle Avenue	Lakewood		Directly across the street from the hospital; attached by sky bridge
Detroit - Marlowe Building	14501-15 Detroit Avenue	Lakewood	8,000	On the corner of the hospital lot

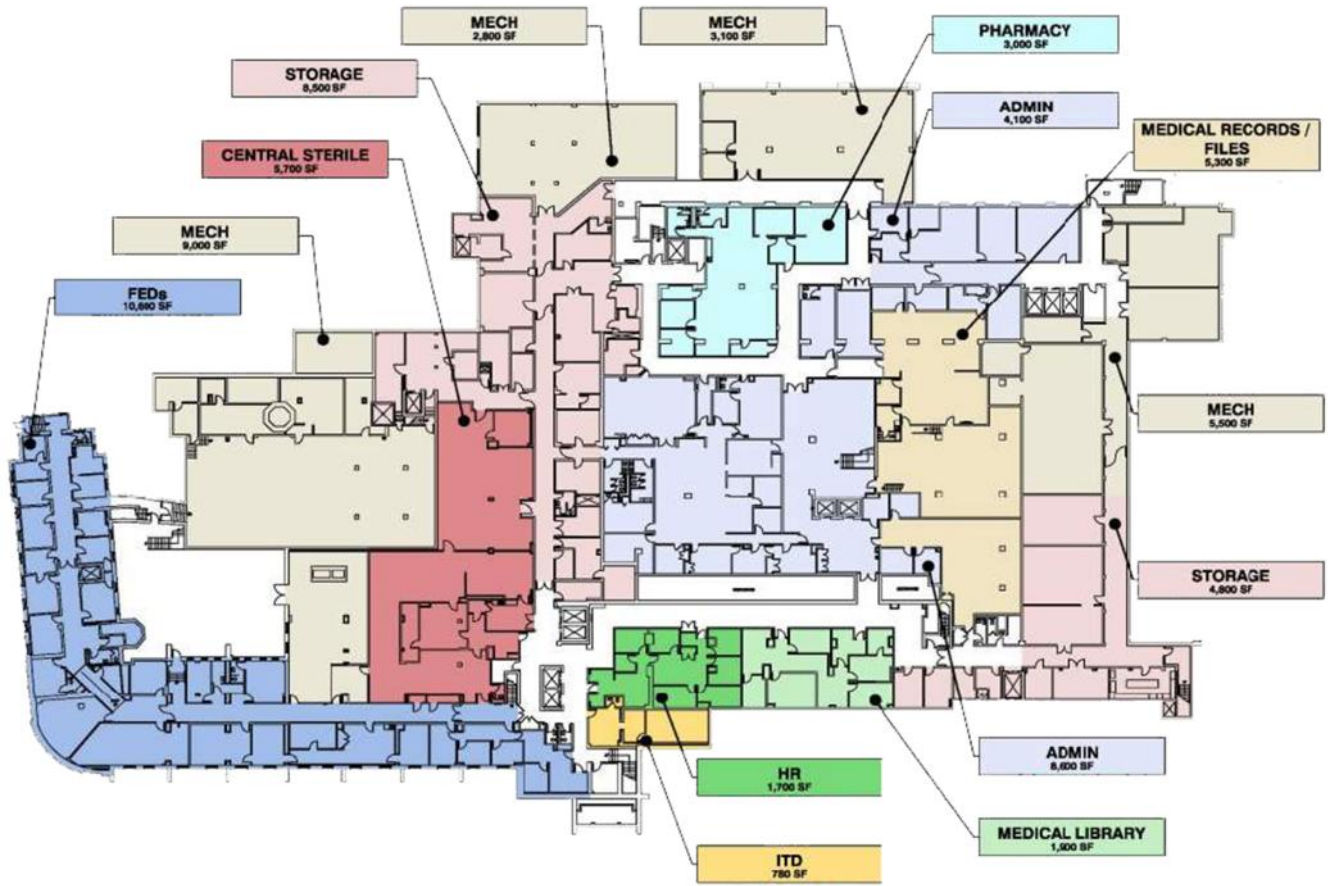
Note that in 2013 the hospital alone accounted for 89% of the consolidated net revenue of the LHA entities.

Negotiable Additions to the primary sale:

Name	Address	City	Square Footage	Comments
Lakewood Professional Building	14601 Detroit Avenue	Lakewood	86,528	Across the street from the hospital
Lakewood Medical Building - Community Health Center	1450 Belle Avenue	Lakewood	23,721	Across the street from the hospital
Westlake Medical Campus	850 Columbia Road	Westlake	96,110	Endoscopy/Ambul Surgery Suites; Fully Leased
Lakewood Home I - 1458 Belle Avenue	1458 Belle Avenue	Lakewood	2,056	Several homes near or adjacent to the main campus property
Lakewood Home II - 1462 Belle Avenue	1462 Belle Avenue	Lakewood	1,778	
Lakewood Home III - 1466 Belle Avenue	1466 Belle Avenue	Lakewood	1,843	
Lakewood Home IV - 1472 Belle Avenue	1472 Belle Avenue	Lakewood	1,690	
Lakewood Home V - 1476 Belle Avenue	1476 Belle Avenue	Lakewood	1,960	
Lakewood Home VI - 1451 St. Charles Avenue	1451 St. Charles Avenue	Lakewood	1,715	
Lakewood Home VII - 1457 St. Charles Avenue	1457 St. Charles Avenue	Lakewood	1,914	
Lakewood Home VIII - 1461 St. Charles Avenue	1461 St. Charles Avenue	Lakewood	1,665	
Lakewood Home IX - 1471 St. Charles Avenue	1471 St. Charles Avenue	Lakewood	1,599	
Lakewood Home X - 1477 St. Charles Avenue	1477 St. Charles Avenue	Lakewood	1,242	

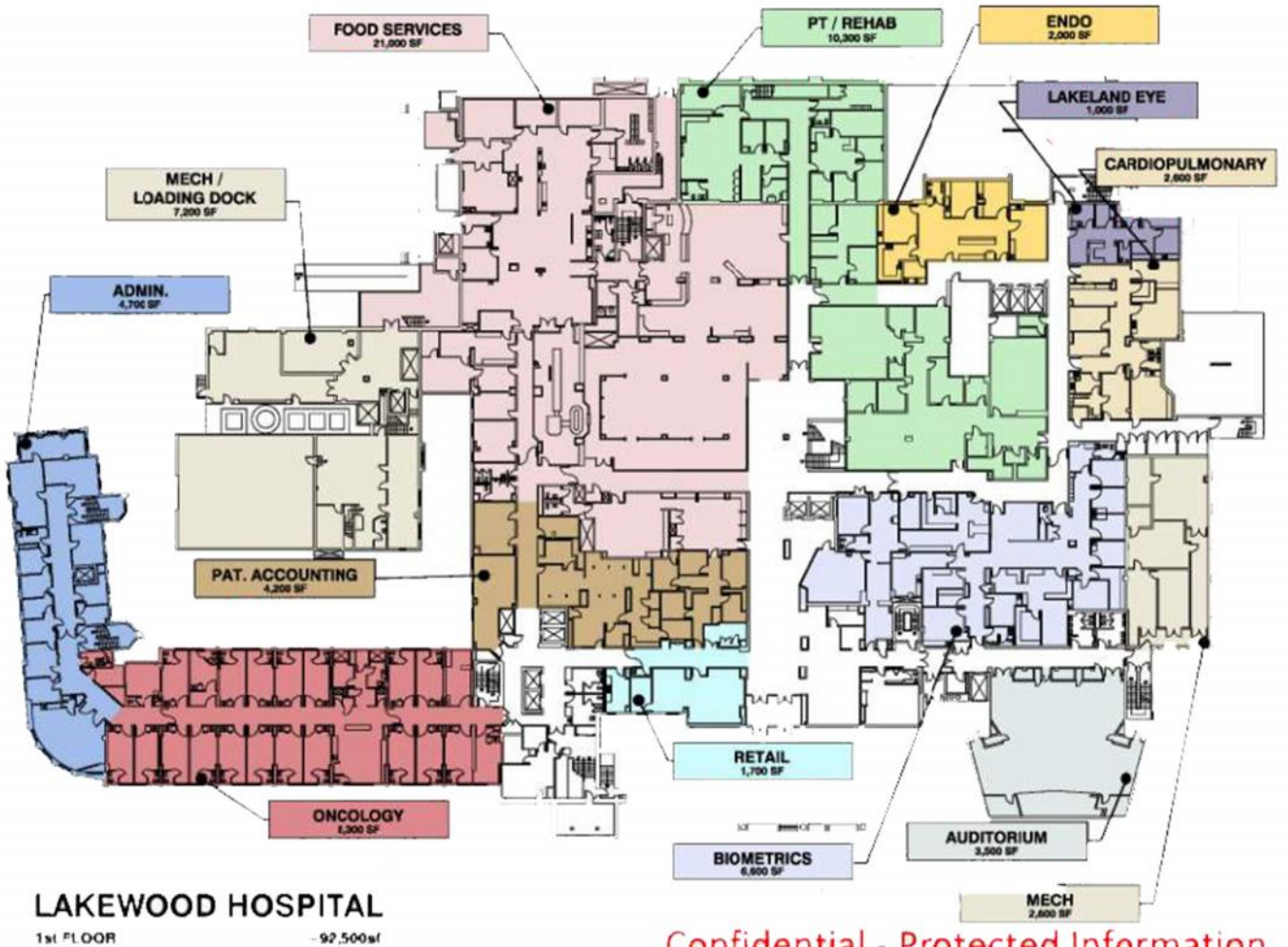
Note that the building located at 1457 St. Charles Avenue has been demolished, but the land is owned by LHA.

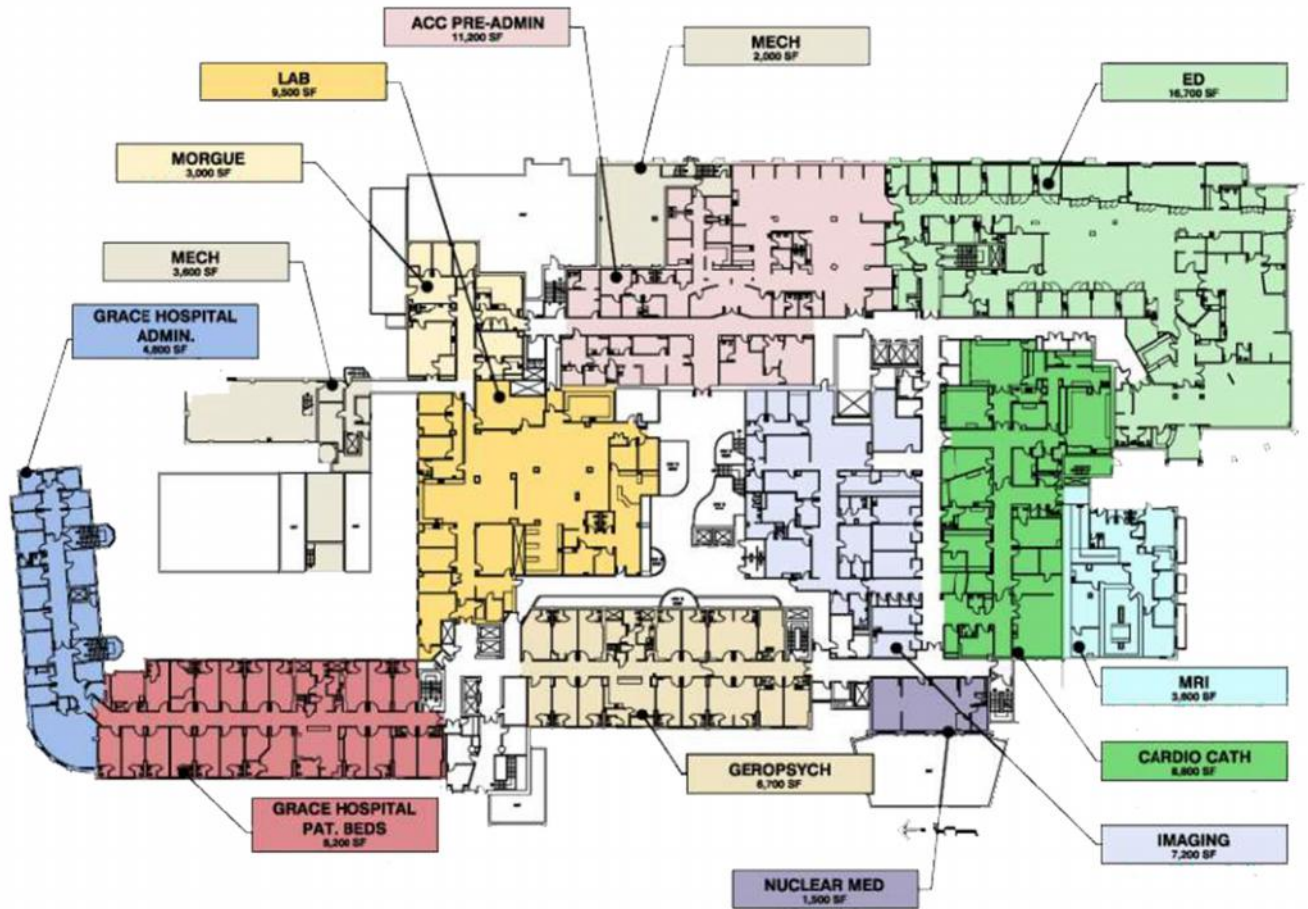
We have also included basic floor plan drawings of each floor of the hospital, which are included on the following pages.



LAKWOOD HOSPITAL
GROUND FLOOR ~ 86,600sf

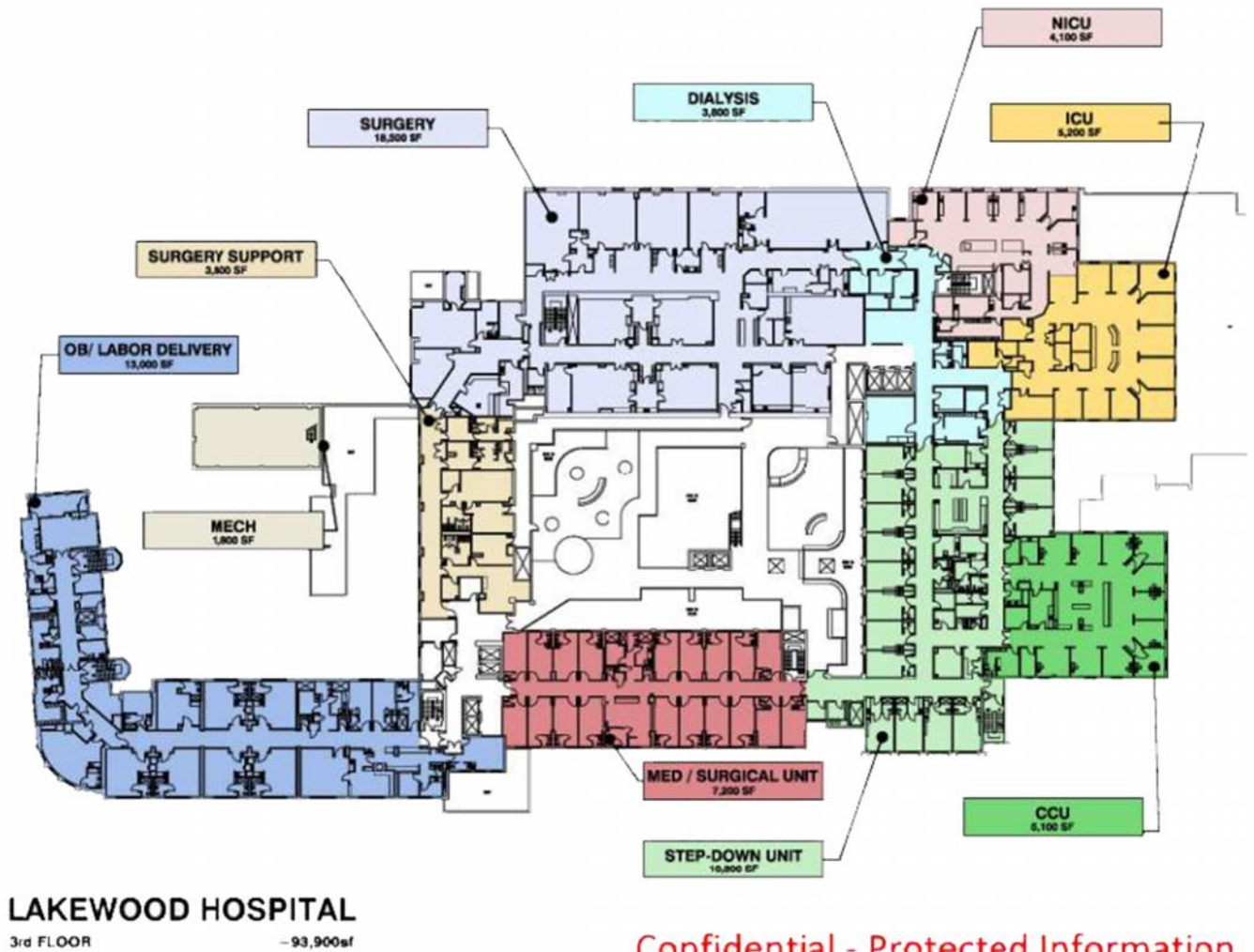
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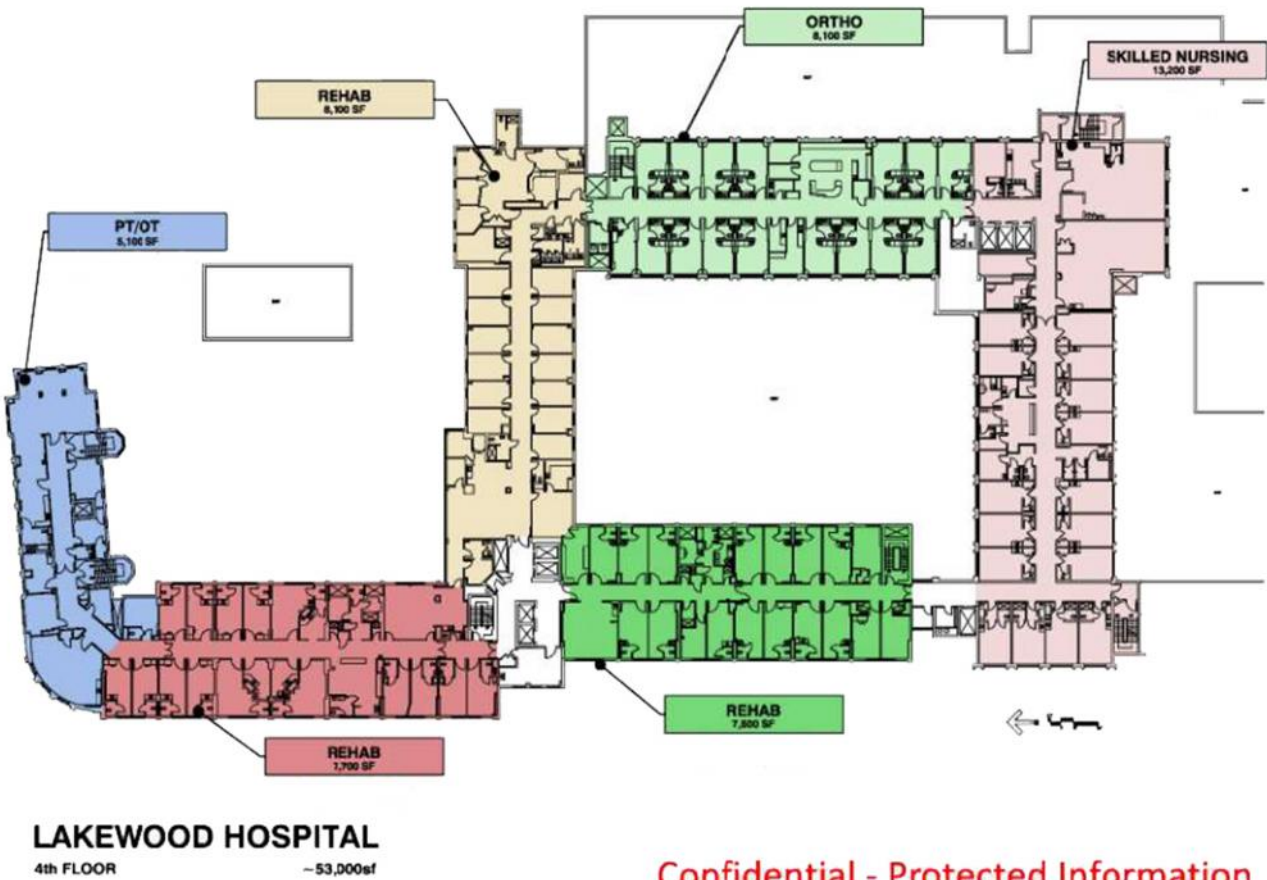




LAKEWOOD HOSPITAL
2nd FLOOR — 104,600sf

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Services

The hospital provides a broad range of medical services to the community it serves. The hospital employs approximately 950 employees and benefits from the service of over 400 volunteers as well. 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

Note: additional detailed information about Lakewood Hospital's current services is listed on its website at: http://my.clevelandclinic.org/locations_directions/regional-locations/lakewood-hospital/specialties.aspx

Quality & Accreditations

Quality Performance: Below are the Quality Performance Reports demonstrating the quality of care Lakewood Hospital is providing to the patients they serve.

Clinical Area	Relevant Metrics	
Heart Attack. The percent of patients who received the recommended care appropriate for patients treated for a heart attack.	Lakewood Hospital (Jan. 2013 – June 2013)	92%
	U.S. Hospitals (Jan. 2013 – March 2013)	97%
Heart Failure. The percent of patients who received the recommended care appropriate for patients treated for heart failure.	Lakewood Hospital (Jan. 2013 – June 2013)	93%
	U.S. Hospitals (Jan. 2013 – March 2013)	94%
Pneumonia Care: The percent of patients who received the recommended care appropriate for patients treated for pneumonia.	Lakewood Hospital (Jan. 2013 – June 2013)	100%
	U.S. Hospitals (Jan. 2013 – March 2013)	96%
Surgical Care: The percent of patients who received the recommended care appropriate for patients treated with a surgical procedure	Lakewood Hospital (Jan. 2013 – June 2013)	98%
	U.S. Hospitals (Jan. 2013 – March 2013)	94%
Stroke: The percent of patients who received the recommended care appropriate for patients treated for a stroke.	Lakewood Hospital (Jan. 2013 – June 2013 (approximate))	98%
	U.S. Hospitals (Jan. 2013 – March 2013)	84%

Sources: Lakewood Hospital website and Medicare.gov/hospitalcompare.

Patient Safety: These scores demonstrate how often patients had certain serious, but potentially preventable complications (listed below) related to medical or surgical inpatient hospital care

Serious Complication	Rate per 1,000 Hospitalized Patients	
	U.S. National Average	Lakewood Hospital
Death among surgical patients with serious treatable complications	110.25	117.25*
Collapsed lung due to medical treatment	0.32	0.32*
Blood clot in the lung or large vein after surgery	4.14	3.73*
Wound that splits open after surgery	0.92	0.62*
Accidental cut or tear during surgery or other procedure	1.83	1.68*

* The difference between Lakewood Hospital and the national average is not significant. Sources: Lakewood Hospital website and Medicare.gov/hospitalcompare.

Accreditations

Joint Commission	<i>Hospital</i>
	<i>Acute Primary Stroke Center</i>
	<i>Stroke Rehabilitation</i>
Ohio Department of Health	<i>Cardiac Services (Adult Cardiac Catheterization and Open Heart Surgery)</i>
	<i>Food Service License</i>
	<i>Maternity Licensure</i>
	<i>Radioactive Materials License</i>
	<i>Radiology Protection Inspection</i>
	<i>Skilled Nursing Survey</i>
Ohio Department of Mental Health	<i>Private Psychiatric Hospital Licensure</i>
American College of Radiology	<i>Mammography</i>
	<i>CT</i>
	<i>Ultrasound</i>
	<i>MRI</i>
	<i>Nuclear Medicine</i>
College of American Pathologists (CAP)	
Commission on Cancer Network Cancer Programs	
American Diabetes Association Diabetes Self-Management Education	
Mammography (Mammography Standards Quality Act)	
Vaccine for Children Survey (Teen Health)	
Ohio State Medical Association	<i>Continuing Medical Education</i>
Baby Friendly designation	<i>Lakewood Hospital received this designation in 2012—and was the first hospital in northern Ohio to receive it. The Baby Friendly Hospital Initiative is sponsored by the World Health Organization.</i>

Source: Lakewood Hospital

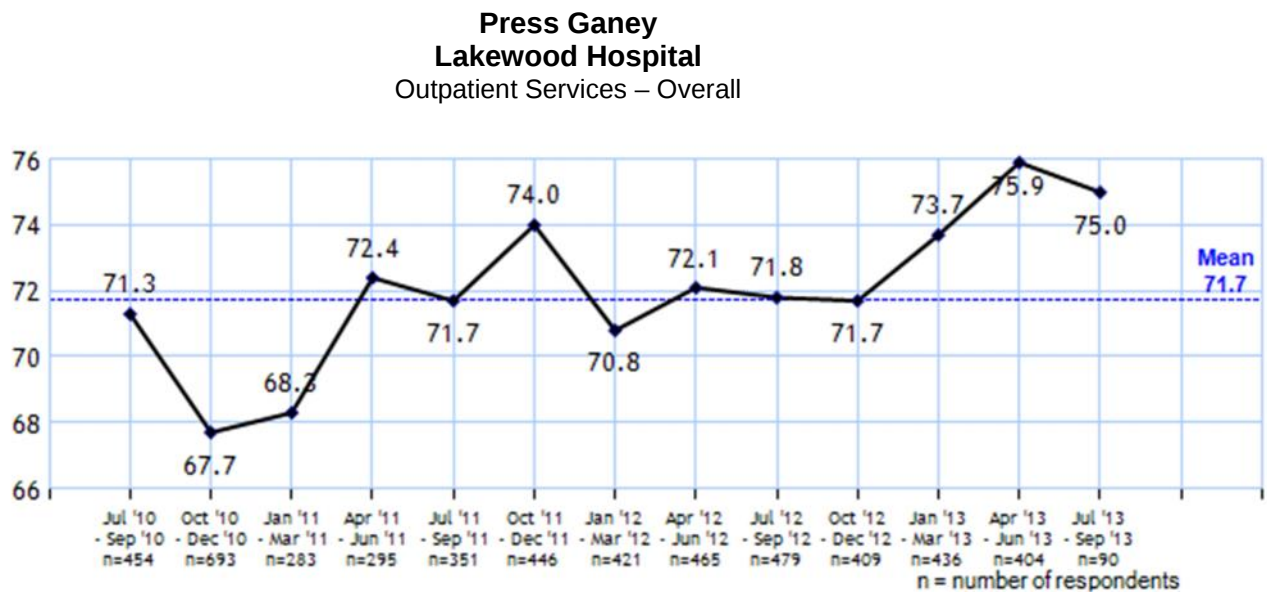
Centers of Excellence: Lakewood Hospital currently operates several clinical Centers of Excellence:

- Diabetes & Endocrine Center
- Neurological Services
- Senior Care
- Orthopaedics

Recognitions & Awards: For the second consecutive year, the U.S. News & World Report ranked Lakewood Hospital among the top 10 community hospitals in Cleveland. Additionally, the hospital was also recognized for exceptional orthopedic care. Lakewood Hospital's other recent achievements include:

- Receiving the OHA PfP HEN award for reducing Harm Across the Board by at least 40% in 6 HACs and readmissions by at least 20% (only hospital in the OHA to receive the top award)
- Notification by Joint Commission that the hospital is on track to becoming a *Top Performer on Key Quality Measures*
- Recognition from AF4Q for Heart Failure Readmission Reduction
- Receipt of Joint Commission disease-specific care certification for Advanced Primary Stroke Center
- Joint Commission disease-specific care certifications for:
 - Heart Failure and
 - Stroke Rehabilitation

Patient Satisfaction:



Medical Staff

Lakewood Hospital is staffed by 564 physicians; approximately 50% are independent physicians and 50% are Cleveland Clinic physicians. Premier Physicians and Cleveland Clinic are the largest sources of inpatient admissions as the table below indicates.

Inpatient cases	2012	2013	Total
Premier	3,304	3,089	6,393
CCF	2,799	2,272	5,071
Other	2,183	2,144	4,327
Lorain Orthopedics	592	582	1,174
Orthopedic Associates	151	147	298
Lorain General Surgery	137	120	257
FV	119	88	207
West Side Cardiology Associates	28	8	36
Kaiser	7		7
North Shore Gastroenterology	5	1	6
UH	2		2
EPS		1	1
Total	9,327	8,452	17,779

Source: Cleveland Clinic data.

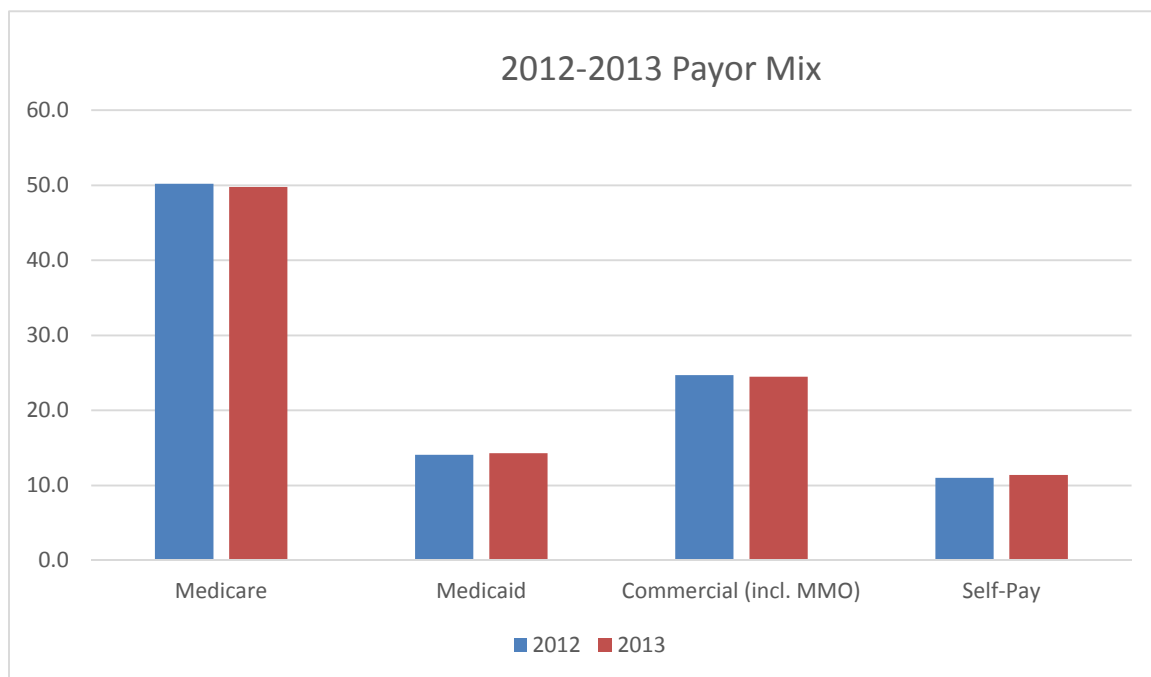
Note: CCF – Cleveland Clinic Foundation, FV – Fairview, UH – University Hospital, EPS – Emergency Physician Services. Also note that Cleveland Clinic broadly would include physicians designed as CCF, FV, Lorain General Surgery and Lorain Orthopedics. Please further note also that Premier’s volume includes the volumes of one physician who takes all unassigned ED cases. In 2013 this physician had approximately 1,174 IP cases.

In terms of outpatient volume smaller practice groups collectively account for the largest amount of volume, followed by Cleveland Clinic physicians.

Outpatient volume	2012	2013	Total
Other	45,021	45,725	90,746
CCF	39,840	34,867	74,707
EPS	28,565	24,370	52,935
Premier	19,618	18,407	38,025
FV	1,356	1,371	2,727
Teen Health Center	1,470	1,033	2,503
UH	1,121	445	1,566
North Shore Gastroenterology	814	672	1,486
West Side Cardiology Associates	832	534	1,366
Orthopedic Associates	723	574	1,297
Lorain Orthopedics	243	257	500
Lorain General Surgery	191	173	364
North Ohio Gastroenterology, Inc.	135	124	259
North Ohio Heart Center Inc	107	4	111
Ohio Medical Group	15	14	29
Kaiser	5		5
Total	140,056	128,570	268,626

Source: Cleveland Clinic data. *Note: CCF – Cleveland Clinic Foundation, FV – Fairview, UH – University Hospital, EPS – Emergency Physician Services. Also note that Cleveland Clinic broadly would include physicians designed as CCF, FV, Lorain General Surgery and Lorain Orthopedics.*

Payor Mix



Scale in percentages. Source: Cleveland Clinic

Corporate Functions

All corporate functions are provided by The Cleveland Clinic Foundation. The overhead allocation amount in 2013 was \$18.9 million. The functions provided and the related amounts are as shown below:

Lakewood Hospital Shared Services Allocations 2013 (\$000s)	
Finance	\$ 6,430
Info Technology	5,630
Marketing	1,324
Human Resources	1,225
Executive Admin	1,025
Operations	1,008
Chief Nursing Office	981
Medical Operations	509
General Overhead	422
Chief Of Staff	344
Wellness Institute	41
Quality & Patient Safety	9
Total	\$18,947

Source: Cleveland Clinic

Lakewood Hospital Association

Lakewood Hospital Association (the Hospital) is a short-term, acute-care general hospital located in Lakewood, Ohio, offering an expansive range of services from routine inpatient care to the higher levels of acuity care, such as joint replacement surgery, neurosurgery, MRI, major vascular procedures, and numerous specialized medical care capabilities. The Hospital also provides continuum of care services through its inpatient rehabilitation program, skilled nursing unit, and a broad spectrum of specialized community-oriented programs. The Hospital is a tax-exempt, nonprofit Ohio corporation organized and operated to provide medical and hospital care. In March 1997, the Hospital entered into an agreement with The Cleveland Clinic Foundation (Foundation), whereby the Foundation became the sole corporate member of the Hospital. The City of Lakewood, Ohio (the City) leases real and personal property to the Hospital for the purpose of operating the Hospital under the terms of the Hospital Revenue Bonds.

The real and personal property are included in the Hospital's balance sheets as of December 31, 2012 and 2011. The lease between the City and the Hospital, originally executed in 1987, was amended in 1996 (Amended Lease). The term of the Amended Lease is 30 years, and the Hospital has the option to renew the Amended Lease for an additional 30-year term. At the end of the lease term, the real and personal property and all monies, accounts, and inventories then held by the Hospital shall be returned to the City. As part of the Amended Lease, the Hospital

has agreed to pay in each year the amount necessary to satisfy debt service on the Hospital's outstanding debt (remaining amount of debt to be paid by the end of 2014). In addition, the Hospital has agreed to certain additional payments to the City.

Lakewood Hospital Foundation, Inc. (LHF) is a not-for-profit organization whose sole purpose is to seek private gifts to support the work and activities of the Hospital. LHF and the Hospital are deemed to be financially interrelated organizations.

Legal Structure

Purpose

The purpose of the Lease by and between LHA and the City of Lakewood is to continue the services and traditions of the Hospital for generations to come. The Lease relieves the City of Lakewood of any obligations or necessity of providing tax monies to subsidize the operation of the Hospital. LHA is free to compete on a fair and equal basis with other hospitals. Because of the Lease, LHA has been able to enter business relations necessary to insure its financial well-being, continue existing services and develop new programs. The parties signed the Agreement & Restated Lease on December 23, 1996, enabling LHA to execute the Definitive Agreement with The Cleveland Clinic Foundation ("CCF").

Parties to Agreement

The Lessor is the City of Lakewood. The Lessee is LHA, a non-profit corporation organized for the charitable purposes of operating the Hospital and its related health care facilities and services. The Member of LHA is CCF.

Governing Body

Under the Lease, the Hospital is governed by the LHA Board of Trustees ("Governing Board"). The Governing Board will provide management of the Hospital. As the Member, CCF reserves certain corporate powers, which require Member's approval prior to the Board's action.

The Governing Board has twenty-three trustees, consisting of four ex-officio members (the immediate President of the Medical Staff; Mayor of the City of Lakewood; and two members of the Council of the City of Lakewood [representing the political parties with the largest and second largest number of representatives in Council] selected by Council); three representatives of community organizations of the City nominated by the Council of the City; four members, two of whom are nominated by the Mayor and two by the Council.; three members nominated by CCF; and nine general members selected by the Hospital. All trustees, except the ex-officio and CCF trustees, are ratified by CCF prior to appointment. The Governing Board will elect its own Chairperson and Vice Chairperson.

Meetings of the Governing Board shall be open to the public to assure a full disclosure of the operations of the Hospital unless the Governing Board determines that public discussion or action by the Governing Board would be detrimental to the interests of the patients of the Hospital or the welfare of the residents of the City or the Hospital.