

**PAJARO VALLEY COMMUNITY HEALTH TRUST
ENACTS ITS RIGHT OF FIRST REFUSAL AND ENTERS IN
NEGOTIATIONS TO PURCHASE WATSONVILLE COMMUNITY
HOSPITAL**

The Pajaro Valley Community Health Trust (Health Trust) announced today that their Board of Directors voted to enact their right of first refusal and enter into formal negotiations to purchase Watsonville Community Hospital (WCH) from its current owner, Quorum Health. Quorum, a privately held, for-profit corporation, is a spin-off company of the original hospital buyer in 1998, Community Health Systems (CHS), based in Brentwood Tennessee. Quorum assumed management of the hospital from CHS in 2015.

Under the terms of the 1998 conversion of the hospital from not-for-profit community ownership to privately held for-profit ownership, CHS was contractually obligated to provide the Health Trust with “first right of refusal” to match any new offers to purchase the hospital.

The Health Trust is the nonprofit corporation that converted from “acute care hospital” to “health care foundation” upon the sale of the hospital in 1998. As such, it is technically the “seller” corporation and is contractually entitled to match any new offers to purchase the hospital.

This provision and a 45-day period to determine the feasibility of matching the offer, was triggered on June 6th when a for-profit entity, the Halsen Health Care Group based in Southern California, offered Quorum \$45.5 million to purchase the hospital.

It is expected that the negotiations will require an extensive period to complete while the Health Trust thoroughly researches the current state of hospital operations and financials. This purchase will restore the hospital to community, non-profit status.

“Our primary focus in this process has been to ensure that our community will have access to high quality health care services,” said DeAndre James, Executive Director of the Health Trust.

To express any comments, questions, or concerns please reach out to Pajaro Valley Community Health Trust.

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