






AG Memo – Coldwater Regional Hospital

July 2023

Process Overview

	Parties Included	Results
January – March 2020		<ul style="list-style-type: none"> • 3 IOIs were received from Ascension Michigan, Henry Ford Health System (“Henry Ford”) and Spectrum Health, with total Net Consideration ranging from \$0.0 – \$15.7 million • Henry Ford’s was deemed the only proposal with sufficient consideration to continue discussions • After further diligence, Henry Ford elected to pass based on valuation
COVID Pause		
January – December 2021		<ul style="list-style-type: none"> • Ascension Michigan reaffirmed interest, however after further discussions with Ascension corporate, differing strategic priorities resulted in Ascension withdrawing from the process • In August 2021, Prime Healthcare Services (“Prime”) expressed interest in Coldwater and began evaluating a partnership • Prime submitted an LOI in October 2021 expressing a Purchase Price range of \$12.0 – \$14.0 million, pursuant to which exclusivity was granted and due diligence commenced; based on the estimated IT expenditures required, including replacement of Coldwater’s EMR, Prime elected to withdraw their offer
Pause due to lack of market interest		
April 2022		<ul style="list-style-type: none"> • Both Community Health Systems (“CHS”) and Quorum Health Resources (“QHR Health”) reviewed the CIP but elected to pass due to Coldwater’s declining financial performance
Pause due to lack of market interest and ProMedica’s focus on improving systemwide operations		
November – December 2022		<ul style="list-style-type: none"> • American Healthcare Systems (“AHS”) was referred as a potential buyer by Prime in November 2022 • Asker Corp., a newly formed operator of independent hospitals, submitted a proposed LOI in November 2022 expressing a Purchase Price range of \$8.0 – \$10.0 million; ProMedica did not pursue due to lack of track record managing hospitals and expressed interest from AHS • An LOI was executed with AHS in December 2022 expressing a Purchase Price of \$8.5 million, pursuant to which exclusivity was granted and due diligence commenced
January 2023 – Present		<ul style="list-style-type: none"> • After completing due diligence, a Purchase Agreement was executed with AHS in April 2023 with a Purchase Price of \$8.5 million, along with submission of a Certificate of Need to the Michigan Department of Health and Human Services • At the time ProMedica executed the Purchase Agreement with AHS, Asker Corp. was the only other organization demonstrating any economic interest in Coldwater