

FGH votes to team with Alecto Healthcare

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FAIRMONT - Fairmont General Hospital is moving forward with a plan to attempt to partner with Alecto Healthcare Services.

In relation to the hospital's Chapter 11 bankruptcy, its board of directors held a special meeting Monday to consider initial bids from potential strategic partner candidates. The board went into executive session for this discussion.

After opening the meeting back up to the public, the board members voted unanimously to approve a resolution authorizing Peggy Coster, Fairmont General's interim president and CEO, to execute an asset purchase agreement, or APA, between the hospital and Alecto.

The motion that was adopted also included authorization to evaluate any other potential agreements that are in the best interest of Fairmont General Hospital.

Coster will work toward finalizing the APA, which

means Alecto would purchase the assets of Fairmont General, take over the hospital and work in conjunction with the staff to run, maintain and improve the facility, said Michael Garrison of Spilman Thomas & Battle PLLC in Morgantown, general counsel to Fairmont General.

In early September, Fairmont General Hospital filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Northern District of West Virginia, and later that month experienced a change in leadership. Coster, former vice president of patient services, was named interim president and CEO following the resignation of Robert C. Marquardt.

“Our ultimate goal when we filed for bankruptcy protection is the same goal we have in taking this important step today: to make sure Fairmont General will be healthy, strong, and well-positioned to thrive and provide quality care in this community for generations to come,” J. Michael Martin, FGH board member, said in a press release.

“While we will continue to review all the relevant marketplace information to make the best decisions for FGH, we are encouraged by the resources and experience that Alecto and its team brings to the table.”

Lex Reddy is the CEO of Alecto Healthcare Services, a for-profit corporation headquartered in Los Angeles, Calif., that has acquired 20 acute care hospitals. Alecto,

which has more than 100 cumulative years of hospital experience among its management team, was one of at least three entities that submitted proposals to participate as a strategic partner, Garrison said.

"The board has evaluated those and every other possibility that's out there and decided ... that the best path forward for maintaining the hospital here in Fairmont would be to work toward partnering (with Alecto)," he said.

Alecto has visited Fairmont General Hospital on several occasions to meet with Coster, the board of directors and the staff, Garrison said.

"All of this must be approved by the Bankruptcy Court," he said. "The details of the APA are not finalized."

Garrison explained that before approval by the Bankruptcy Court, a public auction process will take place to test the market to see if there are any other entities that have emerged or might emerge to make a better bid than what Alecto has proposed.

Fairmont General, as the debtor, is required to submit a plan to emerge from bankruptcy. This will happen over the course of the next two to three months.

Again, the court must approve these actions, which are all steps in the process, he said.

"The board has been extremely diligent in looking at every option with the overarching goal of keeping this

hospital open in Fairmont," Garrison said. "The board is to be commending for that, and management as well."