

\$33M HOSP SALE

BMC to keep acute care

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The Bayonne Medical Center is off life support.

A preliminary agreement to sell the hospital to Urban Suburban Associates, LLC, for a total price of more than \$33 million is expected to be approved today by a federal bankruptcy court judge.

"Obviously, tremendous progress has been made," said Judge Morris Stern, who has been presiding over the proceedings for the troubled hospital since April. "This is an optimistic moment for the court."

The only possible holdup of the sale, said a source close to the negotiations, is if the judge finds a problem with Urban Suburban's finances. But that is highly unlikely, the source said.

Urban Suburban is expected to pay \$22.5 million for the hospital and assume various debts and obligations. The debts include \$2.2 million in pension payments to employees and agreements to repay \$2.5 million in state and \$6 million in city loans, bringing the actual price up to \$33.2 million.

Additionally, Urban Suburban will cover any operating costs to keep the hospital open between Jan. 1, 2008, and a closing date.

Bayonne Assistant City Attorney Christopher Patella said Urban Suburban Associates was created by real estate developer Fortis Property Group for the purpose of buying the hospital.

Within 20 days of contract approval, Urban Suburban will pick a nonprofit operator to run the hospital or create one itself, as well as finalize details with

unions and contractors whom the hospital owes money, hospital attorney Adam Rogoff said.

Urban Suburban has said it would accept restrictions in the deed to the hospital requiring it to operate an acute care facility there for a length of time, Rogoff said. However, that length of time, and several other details, have yet to be finalized.

A city attorney said the contract may not be public record until days after the judge approves it. Today at 1:30 p.m., hospital officials are expected to present Stern with a finished purchase agreement.

BMC President Dan Kane said he expects the hospital to retain a "comparable" level of services under its new ownership.

The unsecured creditors' attorney said his clients endorse the deal, but Stern — while remaining positive — said he still had some questions.

Fortis Property Group also recently presented a plan to the Bayonne City Council for a car import-export terminal at the Peninsula at Bayonne Harbor development. To prove it has the cash to follow through on its plans, it — and the two other presenters — made a \$25 million deposit into a city escrow account.

David Weiss, attorney for Fortis and Urban Suburban, said in court yesterday that Fortis must get back its \$25 million deposit from the city before it can make a \$2.5 million deposit on the hospital.

Weiss declined to be interviewed yesterday because he said he had to confer with his clients.