

The Pajaro Valley Health Care District Hospital Corporation Acquires Watsonville Community Hospital

Hospital Successfully Completes its Financial Restructuring and Emerges from Chapter 11 Protection

WATSONVILLE, CA – September 1, 2022 – The Pajaro Valley Health Care District Hospital Corporation (“the District”) today announced that it has acquired Watsonville Community Hospital (“the Hospital”) following the largest community fundraising campaign in the history of Santa Cruz County. This milestone positions the Hospital to continue serving the community as a non-profit provider for many years to come, with the ongoing support of new ownership that understands the importance of continuing to deliver quality healthcare services to everyone in the Pajaro Valley.

Earlier this year, the Pajaro Valley Healthcare District Project (PVHDP) announced and led the fundraising effort to save the Hospital. The Project worked with the Pajaro Valley community—including individuals, community businesses, associations, organizations, local, county and state governments as well as corporate partners—to raise the necessary funds to acquire Watsonville Community Hospital. The campaign had more than 450 donors, with contributions ranging from \$5 to \$7.5 million.

In addition, State Senator John Laird (D-Santa Cruz) and Assemblymember Robert Rivas (D-Salinas) led the creation of the Pajaro Valley Healthcare District and successfully secured a \$25 million appropriation from the state of California to support the transaction.

With the sale of the Hospital approved by the U.S. Bankruptcy Court in San Jose, the Hospital has successfully emerged from the Chapter 11 process.

“The Pajaro Valley Healthcare District Project was established less than a year ago to create a local healthcare district that will allow for community-driven healthcare services and enable the longevity of Watsonville Community Hospital,” said PVHDP Board Member Carlos Palacios. “Today, everyone should be proud of the work our community did to ensure that one of the most important and impactful resources supporting the health and well-being of the Pajaro Valley remains open for business.”

Jasmine Nájera, Board Vice Chair of the District, said, “This milestone illustrates what is possible when we all rally around a common cause and underscores how the people of the Pajaro Valley—and beyond—deeply care for this community. The completion of the transaction represents an exciting step for the future of the Hospital, which is now well-positioned to meet the ongoing needs of the community and patients it serves.”

“We appreciate the support we have received, which has allowed us to carry on our most important mission of providing quality, compassionate care to our patients,” said Steven Salyer, CEO of Watsonville Community Hospital. “As we move forward, we will continue our commitment of putting patient safety and good health at the forefront of all that we do. This is the start of a great next chapter for our Hospital.”

Force 10 Partners acted as financial advisor to the Hospital, with Pachulski Stang Ziehl & Jones LLP as legal counsel. Filings and additional information on the transaction consummated in connection with the Hospital’s emergence from bankruptcy can be found at <https://cases.stretto.com/WatsonvilleHospital>.

About Watsonville Community Hospital

Watsonville Community Hospital is a 106-bed full-service acute care hospital serving the city of Watsonville and the surrounding culturally diverse tri-county area along California’s Central Coast. The hospital offers a wide range of quality medical and surgical services including cardiac care, diagnostic imaging, emergency services, general surgery, maternity services, orthopedics, pediatrics, rehabilitation services, robotic surgery, urology, vascular surgery, women’s health services, and wound care. For more information, go to www.watsonvillehospital.com.