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## REAL ESTATE SERVICES FOR THE HEALTH CARE INDUSTRY

The changing legal and economic environment surrounding the delivery of health care services has significant implications for the physical plants and facilities that house these services.

Anticipating industry-specific real estate trends, Jones Day's Real Estate Practice has formalized a Corporate Real Estate Services program to ensure clients access to a full range of substantive and geographic support, with health care providers constituting a specific industry focus within this program.

Clients who have engaged the Firm to provide a comprehensive package of real estate services have benefited from the highest quality legal services. Moreover, they have discovered that Jones Day's tailored approach, centralized and determined manage-

ment of client service, and economies of scale brought to these comprehensive engagements can yield significant savings of management and transaction time and can lower legal and other costs, in real terms.

The expansion of traditional stand-alone acute care hospitals to systems that may include multiple medical office buildings and other provider locations presents new challenges to an industry that formerly viewed its physical needs as incidental to its core business. The shift to alternative settings, such as freestanding ambulatory care centers and clinics, specialized urgent care, surgical and imaging centers, and integrated medical campuses, has exacerbated these challenges. What were once routine business transactions occurring within a fairly static physical plan, or within a well-known sphere, may now

involve multiple site acquisitions in less familiar territories, regulatory approvals, construction and design issues, joint or multiple occupancy and service delivery arrangements, innovative financing requirements, and the cost-effective disposition of redundant facilities after relocation, consolidation, or downsizing.

In these cost-conscious times, cost reducing economies can also be achieved when a single outside counsel becomes fully familiar with the client's overall portfolio, needs, and practices. Many of Jones Day's clients engaged in the health care industry and its related fields have found that their newly diversified real estate functions require a rethinking of their professional and consulting needs, including the use of outside counsel. Projects that were once viewed as local in nature or suitable for nonspecialist in-house counsel or small or boutique firms have increasingly proven more efficient and cost-effective when handled centrally, on a regional or national basis. Jones Day offers our clients the opportunity to gain a competitive edge within their industries by aggressively managing their cost base.

Consistent with our overall philosophy and service approach, Jones Day's Corporate Real Estate Services Practice customizes teams and service-delivery programs to meet the needs of clients in the health care industry. We believe that an understanding of the client and the industry in which it operates is a key to a successful lawyer/client relationship. This understanding is especially important in the health care industry where the issues and challenges may often lie outside of, and differ considerably from, those normally presented to executives and professionals in other industries due to the heavily regulated and competitive environment surrounding the delivery of health care. Representative health care clients for whom Jones Day has provided Corporate Real Estate Services include: Banner Health System, Bon Secours Health System, Caremark Inc., Central Pharmacy Services, MedStar Health Inc., Tenant Healthcare, Medical City, and the Cleveland Clinic. Jones Day has been in the

forefront of innovative transactions such as the outsourcing and financing of central plants providing utility services to a major hospital system; leasing of nuclear pharmacies; financing of independent and assisted living facilities; joint ventures and other arrangements involving various combinations of public, private, for profit, not-for-profit, university, and religious institutions; and the design, construction, purchase and development of medical office buildings, in some cases involving high-rise commercial air rights.

## REAL ESTATE SERVICES CREATED FOR THE HEALTH CARE INDUSTRY

What attributes of Jones Day have led clients to select our Firm, often over both other multijurisdictional firms and local or boutique firms? A major factor, certainly, is Jones Day's delivery of Corporate Real Estate Services to many of America's largest corporate enterprises. But there are a variety of other factors that differentiate Jones Day's Real Estate Practice:

- the establishment of our Health Care Practice to bring an interdisciplinary and coordinated approach to the Firm's representation of hospitals, multihospital health systems, integrated provider networks, ambulatory care and surgical centers, clinical laboratories, long-term care facilities, and other members of the health care community;
- the in-depth involvement and understanding of the Firm with respect to the real estate industry and markets, in which Jones Day regularly represents many of the largest national and international real estate capital providers and corporate users, resulting in Jones Day being ranked #1 globally in real estate by Bloomberg based on volume of transaction activity; and
- the experience and solution-oriented, cost-conscious approach that comes from representing industry leaders in all aspects of the real estate business through one of the largest real estate practices of any U.S. law firm.

## RANGE OF SERVICES

The following exemplify the range of real estate-related services offered by Jones Day to participants in the health care industry and its related fields:

- reviewing the existing real estate portfolio with the client and discussing future needs and opportunities for disposition, refinance, or development;
- disposition of excess facilities, as well as determining alternative uses for such assets through devices such as joint ventures and participating ground leases;
- real estate aspects of stock and asset acquisitions, mergers, and dispositions, including the treatment of such assets as a strategic element in contested or competitive environments;
- transactional construction project counseling, documentation, and advocacy, including creative approaches to traditional design and construction contracting, innovative “design-build,” “turn-key delivery,” and “fast-track” contracting, and the development of client-specific construction document systems and manageable methods of training and responsibility to permit client personnel to implement and monitor in-house programs for repetitive construction needs;
- acquisition or leasing of major facilities, mindful always of the importance of evaluating and preserving flexibility wherever possible with respect to future changes in operational requirements for space;
- project finance, including conventional financing, tax-advantaged and tax-exempt finance, equity joint ventures, sale and leaseback techniques (particularly between not-for-profit and for-profit affiliates), and other methods of creative finance;
- interdisciplinary advice with respect to the myriad federal and state restrictions and reporting requirements applicable to the health care industry, including evaluation of tax, licensing, and regulatory issues, the assessment and management of environmental risk, and the range of issues associated with the establishment and organization of a base of personnel and human resources;

- joint development opportunities in “public/private partnerships” between public agencies or not-for-profit institutions and private enterprises; and
- outsourcing of physical plant and utility system operations to third-party service providers, allowing for reallocation of internal resources and access to additional funding sources for plant and utility system upgrades and maintenance.

The above description outlines, in broadest terms, the scope and range of real estate-related services that are provided by the Firm to participants in the health care industry and its related fields. The success of the practice is measured by its application to the Firm’s individual client situations. The members of the Health Care Practice and the Firm’s Corporate Real Estate Services Practice are not merely legal technicians but an integrated network of counselors who understand the business environment in which they practice and the rapidly changing environment in which their clients in the health care industry operate and compete.

## ADDITIONAL INFORMATION

For additional information regarding our Real Estate Services for the Health Care Industry Practice, please contact your principal Firm representative or one of the lawyers listed in this publication. General e-mail messages may be sent using our “Contact Us” form, which can be found at [www.jonesday.com](http://www.jonesday.com).

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## JONES DAY GLOBAL LOCATIONS

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FRANKFURT

HONG KONG

HOUSTON

IRVINE

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