

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: University of Vermont Medical)
Center Employee Housing)
Development Request for)
Jurisdictional Determination)
_____)

GMCB-009-22con

**ORDER DETERMINING
NO JURISDICTION ASSERTED FOR
EMPLOYEE HOUSING DEVELOPMENT**

The Green Mountain Care Board (GMCB or Board) reviews and approves new health care projects as defined in 18 V.S.A. § 9434. A “new health care project” includes, *inter alia*, a hospital’s construction, development, renovation, or other establishment of a health care facility, or any capital expenditure by or on behalf of a hospital, for which the capital cost exceeds \$3,365,386.00. 18 V.S.A. § 9434(b)(1), as revised by Certificate of Need Bulletin 004 (March 30, 2022).

In February 2022, the Board determined that UVMMC’s investment of less than \$3 million in the development of a 65-unit¹ apartment building in South Burlington that will provide housing for UVMMC employees did not require a certificate of need (GMCB-004-22con). In a letter dated July 1, 2022, UVMMC submitted a request for a jurisdictional determination for an additional housing development project. UVMMC stated that it has received a proposal from the same developer to invest in the construction of a 120-unit apartment building in South Burlington. This project is substantially similar to the prior project, except it would require UVMMC to invest over \$3 million and the apartment building would be larger and would include a 5,000 square foot childcare center. The objective remains to ensure availability of apartments to members of UVMMC’s workforce, often at discount, and in a manner that is at least cost neutral to UVMMC.

According to the July 1, 2022 letter, UVMMC would, either directly or through one of its corporate affiliates, make an up-front capital investment of \$5,570,000 in the project through the purchase of a passive equity interest in a new corporate entity formed and managed by the developer to construct and own the apartment building. The developer would own 51% of the new entity and actively manage all of its affairs and operations. Additionally, the new corporate entity would borrow the additional capital to construct the apartment building and UVMMC would not be responsible for that debt or those expenditures, which would be borne by the developer. The developer would be responsible for applying for, negotiating, and finalizing the financing arrangements and may be required to guarantee the debt. UVMMC will not guarantee the debt and will not be responsible for any additional capital costs, including construction cost overruns. The developer will oversee and manage the construction of the apartment building. UVMMC will have to identify and contract with a third-party operator for the childcare center.

¹ UVMMC previously stated that the building would have 61 units.

UVMMC would enter into a ten-year master lease agreement of the apartment building to ensure that its employees have first option to rent the apartments.

The project is not subject to certificate of need (CON) review under 18 V.S.A. § 9434(b)(1) at this time as it is not a capital expenditure for plant or equipment.

As UVMMC proceeds with developing and implementing this project, if there are any changes in type, scope, or cost of the Project, it is directed to contact the Board immediately so that we may determine whether any further process is necessary. Failure to do so as required by GMCB Rule 4.301(4) may result in sanctions, as specified in 18 V.S.A. § 9445.

SO ORDERED.

Dated: July 25, 2022 at Montpelier, Vermont

<u>s/ Jessica Holmes</u>)	GREEN MOUNTAIN CARE BOARD OF VERMONT
)	
<u>s/ Robin Lunge</u>)	
)	
<u>s/ Tom Pelham</u>)	
)	
<u>s/ Thom Walsh</u>)	

Kevin Mullin, Chair, dissenting.

Filed: July 25, 2022

Attest: /s/ Jean Stetter
Green Mountain Care Board
Administrative Services Director

NOTICE TO READERS: This document is subject to revision of technical errors. Readers are requested to notify the Board (by e-mail, telephone, or in writing) of any apparent errors, so that any necessary corrections may be made. (Email address: Abigail.Connolly@vermont.gov).