



Copley Hospital
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DELIVERED ELECTRONICALLY

September 26, 2023

Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

RE: Docket No. GMCB-007-22con, Construction of a New Medical Office Building in Waterbury. Original Project Cost: \$5,903,747. Revised Project Cost: \$7,625,047.

Dear Donna,

In response to your inquiry of September 15, 2023, before addressing your specific comments we would like to address a correction to your summary paragraph where you referred to the \$1 million in fundraising. We do expect to raise \$900,000 in fundraising for this project and we have also been awarded a \$1 million grant from the USDA's Emergency Rural Health Care grant program.

To address your specific questions, we respectfully submit the following responses:

- 1. Copley has now purchased the 24-acre site located on the west side of Route 100 on the Waterbury-Stowe Road. Please reconcile the conflicting costs reported for the Land Acquisition line item, as detailed below. Include a detailed explanation of the amount Copley paid for the 24-acre parcel and a breakdown of the amount spent to date.**
 - a. The original CON listed \$540,000 for land acquisition.**
 - b. In Copley's request for a material change on August 29, 2023, Table 1 records a revised CON budget of \$563,000 in the Land Acquisition line item.**
 - c. The second implementation report submitted on August 28, 2023, records \$763,085 spent to date in the Land Acquisition line item.**

Copley's request for a material change was submitted on July 14, 2023 and included the Land Acquisition at \$563,000. At that time, we were under the assumption that the \$200,000 development fee would not be capitalized with the land and thus we included it in the Construction Manager Fee on Line 7 of Table 1. When we filed our second implementation report on August 28, 2023, we had inadvertently included the Construction Manager Fee with the land purchase. Our correspondence dated August 29, 2023 was a response to questions regarding our July 14, 2023 request for a material change and thus we supplied the Tables we used to support that filing.

The settlement statement indicates a spend of \$763,085, which completes the purchase. The breakdown for the purchase of the land follows:

- Land \$540,000
- Development Fee \$200,000
- Legal Fees \$12,366
- Government Recording and Transfer Charges \$8,171
- Title Charges \$1,877
- Property Taxes \$671

2. For each question below, provide a detailed explanation regarding the status of Waterbury Ambulance Service, Inc.'s (WASI) proposed purchase of 5.1 acres for \$290,000 stated in the application.

a. Will WASI purchase the 5.1 acres and if so, for what amount?

As of the date of this correspondence WASI has communicated that the due to the increase in costs they have paused the route 100 project to review all options. Copley is still hopeful that the ambulance company will find a way to make a joint venture work. Currently on page 12 of our CON application, WASI's intent to purchase 5.1 acres of land for \$240,000 and to contribute \$50,000 for their share of the site work costs are included.

b. What is Copley's plan if WASI does not purchase the 5.1 acres?

If WASI does not purchase the land, we will look for another healthcare related partner to purchase the 5.1-acre parcel and if we cannot find another suitable partner, the additional funds needed will come from Working Capital.

c. Do Copley's revised financial tables submitted on August 29, 2023, reflect the current status of WASI's participation in the transaction? If not, please revise and resubmit.

The financial tables submitted on August 29, 2023 do reflect the current status of WASI's participation in the transaction.

d. If WASI is no longer participating in the acquisition, explain how Copley will compensate for the WASI loss.

If WASI is no longer participating in the acquisition, we will look for another healthcare related partner to purchase the 5.1-acre parcel and if we cannot find another suitable partner, the lost funding needed will come from Working Capital.

3. Explain how Copley will be able to successfully finance this project without any rate increases or change in charges.

The \$1.9 million from grants and fundraising and the terms of the USDA loan are what make this project affordable. The USDA loan terms are 3.75% for 35 years and they have agreed to loan us an additional \$4.3 million under these terms to refinance more expensive existing debt. Additionally, not having to pay rent and the increased capacity for imaging in the new facility will allow us more throughput, reducing wait times and increasing our revenue without a change in charge.

4. Copley has increased its Working Capital contribution from \$613,747 to \$765,547. Identify the impact this change will have on the 46 Days Cash on Hand Copley had as of June 30, 2023. Specify the current Days Cash on Hand (and date) and what the amount of Days Cash on Hand (and date) will be with the higher Working Capital contribution.

The above increased use of working capital of \$151,800 (\$765,547 - \$613,747) represents approximately 0.5 days cash on hand, thus if applied to the June 30, 2023 46 days cash on hand, it would result in 45 days cash on hand. We have just completed our August financials and for Copley Hospital as of August 31, 2023 there is 49 days cash on hand, if the above increased use of Working Capital were applied to the August 31, 2023 49 days cash on hand it would result in 48 days cash on hand.

5. Copley proposes to finance the project in part through a \$1 million fundraising campaign. For each of the past eight years, specify the year and the annual fundraising goal, the amount raised, and what the funds were used to support.

We have kicked-off a fundraising campaign for this project which has raised over \$77,000 as of August 31, 2023 and as mentioned in the opening paragraph, our goal is to raise \$900,000. We have also been awarded a \$1 million grant from the USDA's Emergency Rural Health Care grant program.

The table below shows the results of our past eight years of fundraising. This table summarizes our fundraising efforts by project. We do not set and track these goals on an annual basis, but rather by each campaign in total.

Every fundraising campaign we have conducted in the past eight years has exceeded the stated goal and in the case of the Women's Health project, the entire cost of the project was funded by the campaign. We believe it is reasonable to expect we can once again at least meet our fundraising goal for this project.

PROJECT	YEAR INITIATED	FUNDRAISING GOAL	AMOUNT RAISED	PROJECT STATEMENT
Mansfield Orthopaedics Waterbury Medical Office Building	2023	\$900,000	\$77,480	<p>Copley's Mansfield Orthopaedics is the orthopaedic provider of choice for Vermonters and one of the largest practices of its kind in the state. Since 2013, Mansfield Orthopaedics has operated a satellite office in Waterbury, which no longer meets providers' or patients' needs.</p> <p>The new Mansfield Orthopaedics Waterbury Medical Office Building will provide much-needed additional space. The 10,000 square foot facility (up from 3,000 square feet currently), located on Route 100 in Waterbury about a mile from interstate 89, will reduce appointment wait times and facilitate easy rotation for in-demand Mansfield providers between the two office locations.</p>
Infusion Center	2023	\$250,000	\$335,715	<p>Copley is expanding and reconfiguring its existing infusion center to create three private rooms, three semi-private rooms, and a common living room lit by a skylight where patients can relax. This offers more privacy to patients who want it and creates an inviting environment for patients and their families to gather. This project will help Copley meet growing demand in our community for infusion care close to home.</p>
Cardiac stress testing equipment	2022	\$30,000	\$35,680	<p>Copley identified a need to upgrade its diagnostic cardiac equipment, which was more than 10 years old when the campaign kicked off. Funds raised helped us bring the testing technology up to date and added features to improve the testing experience for patients and providers.</p>
Women's Health updates	2021	\$370,000	\$407,077	<p>Copley is committed to promoting women's health and keeping care for breast health local. The purchase of the stereotactic breast biopsy machine and the new mammography tracking software will keep the entire cycle of breast care - from routine mammography to diagnostic testing and biopsy to surgery and infusion care - at Copley. This provides convenience and reduces emotional distress for patients and their families.</p>
MRI	2018	\$1,000,000	\$1,074,182	<p>High-quality diagnostic imaging is an essential service that Copley is proud to offer. Construction of the expanded MRI suite included installation of a new state-of-the-art magnetic resonance imaging machine that empowers providers to offer more accurate diagnoses and plans of care to patients. The project also included installation of ambient lighting, music, and the capability to watch movies through a feature built into the MRI, creating a more calming experience for patients.</p>
Operating room	2015	\$3,200,000	\$3,228,364	<p>Construction of the new 19,540-foot surgical center integrated all aspects of Copley's surgical program into one area, addressed space deficiencies, and improved the patient and provider experience of care.</p> <p>The completed surgical center included three operating rooms, one procedure room, a central sterile processing, pre- and post-operative beds, a dedicated waiting area for families, a consultation room for physicians and family members, and expanded space for storage and support services.</p>

6. Copley states that if the fundraising goal is not met, then it will use operating cash to fund the difference. Identify the range of the shortfall that Copley could incur and the impact on Days Cash on Hand. Specify the current Days Cash on Hand (and date) and what the amount of Days Cash on Hand (and date) would be with a shortfall in fundraising.

Based on the results of the last eight years of fundraising addressed in Question 5 above, we believe it is reasonable to expect that we will not have any shortfall in this campaign.

We have just completed our August financials and for Copley Hospital as of August 31, 2023 there is 49 days cash on hand. If we do have an unexpected shortfall in fundraising, we will lose about one day of cash on hand for each \$280,000 not raised.

We appreciate the opportunity to respond to your conscientious inquiries.

Sincerely,



Jeff Hebert
Chief Financial Officer
Copley Hospital

Attachments

A – Verification Under Oath

VERIFICATION UNDER OATH

STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD

In re: Copley Hospital, Inc.)
Replacement Medical Office Building) Docket No. GMCB-007-22con
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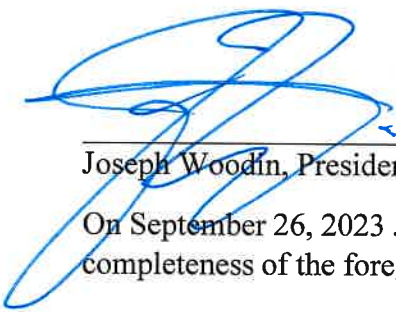
Verification Under Oath to file with Certificate of Need Application, correspondence and additional information subsequent to filing an Application

Joseph Woodin, being duly sworn, states on oath as follows:

1. My name is Joseph Woodin. I am the President and Chief Executive Officer of Copley Hospital, Inc. I have reviewed the response to the inquiries dated September 15, 2023 regarding the revisions to the application for a certificate of need for a replacement medical office building.
2. Based on my personal knowledge and after diligent inquiry, I attest that the information contained in the response to the inquiries dated September 15, 2023 regarding the revisions to the application for a certificate of need for a replacement medical office building is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact.
3. My personal knowledge of the truth, accuracy and completeness of the information contained in the response to the inquiries dated September 15, 2023 regarding the revisions to the application for a certificate of need for a replacement medical office building is based upon either my actual knowledge of the subject information or upon information reasonably believed by me to be true and reliable and provided to me by the individuals identified below in paragraph 4. Each of these individuals has also certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact and does not omit to state a material fact.
4. The following individuals have provided information or documents to me in connection with the response to the inquiries dated September 15, 2023 regarding the revisions to the application for a certificate of need for a replacement medical office building and each individual has certified, based either upon his or her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably believed by the individual to be reliable, that the information or documents provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact:

Jeff Hebert, Chief Financial Officer

5. In the event that the information contained in the response to the inquiries dated September 15, 2023 regarding the revisions to the application for a certificate of need for a replacement medical office building becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Green Mountain Care Board and to supplement the revised application for a certificate of need for a replacement medical office building as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.



Joseph Woodin, President & CEO

On September 26, 2023 Joseph Woodin appeared before me and swore to the truth, accuracy and completeness of the foregoing.



Notary public

My commission expires on: 1/31/2025


[seal]





Jeff Hebert, Chief Financial Officer

On September 26, 2023 Jeff Hebert appeared before me and swore to the truth, accuracy and completeness of the foregoing.



Notary public

My commission expires on: 1/31/2025

[seal]

