

July 10, 2024

Donna Jerry, Health Care Administrator
Green Mountain Care Board
114 State Street
Montpelier, VT 05620

**RE: Request for amendment to Certificate of Need- Questions
Docket No. GMCB-019-19con**

In March 2024, Southwestern Vermont Medical Center (SVMC) requested the Green Mountain Care Board grant an amendment to increase the project budget and extend the timeline for the certificate of need (CON) to modernize SVMC’s emergency department and hospital main entrance (Docket No. GMCB-019-19con). In April, SVMC received the following questions about the amendment request.

1. On page two of your letter, you provided a table showing the change in financing from the original approved CON budget of \$25,801,975 (December 2020), the revised approved CON budget to \$31,000,000 (September 2022), and your March 21, 2024 request to revise the CON budget to \$32,900,000. The table also reflects changes in the financing of the project.
 - A. Provide a detailed explanation of the fundraising goal which has changed from \$14,562,000 to \$16,431,289; identify the dollar amount that has been received to date (specify date); and dollars that have been pledged but not received; the amount yet to be raised; and the timeline for receipt of the \$16,431,289.

The sources of funds for the project is as follows.

Source of funds	Approved CON Budget Dec 2020	Revised CON Budget Sept 2022	Requested CON Budget Mar 2024	Requested CON Budget June 2024
Equity contribution	\$ 6,900,000	\$ 6,900,000	\$ -	\$ 6,900,000
Fundraising	14,562,000	15,000,000	16,431,289	9,531,289
Debt financing	4,340,000	9,100,000	16,468,711	16,468,711
Total	\$ 25,802,000	\$ 31,000,000	\$ 32,900,000	\$ 32,900,000

OUR FAMILY OF NOT-FOR-PROFIT ORGANIZATIONS INCLUDES:

Southwestern Vermont Medical Center • Centers for Living and Rehabilitation • Southwestern Vermont Health Care Foundation
Southwestern Vermont Regional Cancer Center • SVMC Deerfield Valley Campus • SVMC Mountain Medical • SVMC Northshire Campus
SVMC Pownal Campus • Southwestern Vermont Health Care Auxiliary

Donna Jerry
Docket No. GMCB-019-19con
Amendment 2 for SVMC Emergency Department and Entrance CON
July, 2024

SVMC underwent a change in Chief Financial Officer (CFO) who reviewed the financing plan for the project and identified opportunities to better utilize the sources of funds. The prior project financing plan intended to use restricted and unrestricted donations of approximately \$15,000,000. In that plan, \$5,000,000 from fundraising was to be used to quickly pay down a portion of the debt. However, the interest rate on the current debt is only 2.68%, notably low relative to today's bond market environment. The decision was made that it is fiscally prudent to maintain the current debt with the low interest rate and shift \$5,000,000 of unrestricted donations to other essential projects, thereby preventing borrowing at a higher interest rate. The project will be supported by \$9,531,289 in fundraising, which has been successfully raised and obtained. The remainder of the project's funds will be an equity contribution of \$6,900,000 from SVMC.

B. Debt financing has changed from \$4,340,000 to \$16,468,711. Explain in detail the source for debt financing of this project and the full amount to be borrowed.

In 2022, SVMC borrowed \$16,468,711 as a bond with a term that extends to December 2031. The full amount of this debt will be used for the Emergency Department and Main Entrance Modernization project, as described above. The amount borrowed did not change since the September 2022 revision.

C. Confirm that SVMC is reducing its equity contribution from \$6,900,000 to zero.

SVMC will maintain its equity contribution to the project of \$6,900,000. The table provided in March, 2024 nullifying this contribution was an error while the new CFO on boarded and became more familiar with the financial plan.

Donna Jerry
Docket No. GMCB-019-19con
Amendment 2 for SVMC Emergency Department and Entrance CON
July, 2024

2. Revise and resubmit financial Table 2.

Tables 1 and 2 are provided in appendix 1. Excel files of Table 1 and 2 are provide along with this document.

Appendix 2 is a table that aligns the initial project budget, the amended budget in September 2022, the project spending through June 2024, and the requested amended budget.

The new financial plan is fiscally prudent and good for Vermonters because it limits debt interest payments for future projects. Thank you for considering approval of the amendment to this important project.

James Trimarchi, Director Planning
802 440 4051
James.Trimarchi@svhealthcare.org

Appendix 1

Southwestern VT Medical Center
Emergency Department and Main Entrance Modernization
TABLE 1
PROJECT COSTS

Construction Costs	
1. New Construction	\$ 12,855,797
2. Renovation	7,977,924
3. Site Work	1,949,742
4. Fixed Equipment	
5. Design/Bidding Contingency	
6. Construction Contingency	3,496,220
7. Construction Manager Fee	571,597
8. Other (please specify)	0
Subtotal	<u>\$ 26,851,280</u>
Related Project Costs	
1. Major Moveable Equipment	
2. Furnishings, Fixtures & Other Equip.	\$1,750,000
3. Architectural/Engineering Fees	2,032,917
4. Land Acquisition	
5. Purchase of Buildings	
6. Administrative Expenses & Permits	1,174,461
7. Debt Financing Expenses (see below)	1,091,342
8. Debt Service Reserve Fund	-
9. Working Capital	-
10. Other (please specify)	-
	-
	-
Subtotal	<u>\$ 6,048,720</u>
Total Project Costs	<u>\$ 32,900,000</u>

Debt Financing Expenses	
1. Capital Interest	\$ 833,053
2. Bond Discount or Placement Fee	-
3. Misc. Financing Fees & Exp. (issuance costs)	258,289
4. Other	-
Subtotal	<u>\$ 1,091,342</u>
Less Interest Earnings on Funds	
1. Debt Service Reserve Funds	TBD
2. Capitalized Interest Account	-
3. Construction Fund	-
4. Other	-
Subtotal	<u>\$ -</u>
Total Debt Financing Expenses	<u>\$ 1,091,342</u>
<small>feeds to line 7 above</small>	



Southwestern VT Medical Center
Emergency Department and Main Entrance Modernization
TABLE 2
DEBT FINANCING ARRANGEMENT, SOURCES & USES OF FUNDS

Sources of Funds			
1.	Financing Instrument	Bond	
	a. Interest Rate	2.7%	
	b. Loan Period	Feb 2022	To: Dec 2031
	c. Amount Financed		\$ 16,468,711
2.	Equity Contribution		6,900,000
3.	Other Sources		
	a. Working Capital		
	b. Fundraising		9,531,289
	c. Grants		-
	d. Other		-
Total Required Funds			\$ 32,900,000

Uses of Funds			
<u>Project Costs (feeds from Table 1)</u>			
1.	New Construction		\$ 12,855,797
2.	Renovation		7,977,924
3.	Site Work		1,949,742
4.	Fixed Equipment		-
5.	Design/Bidding Contingency		-
6.	Construction Contingency		3,496,220
7.	Construction Manager Fee		571,597
8.	Major Moveable Equipment		-
9.	Furnishings, Fixtures & Other Equip.		1,750,000
10.	Architectural/Engineering Fees		2,032,917
11.	Land Acquisition		-
12.	Purchase of Buildings		-
13.	Administrative Expenses & Permits		1,174,461
14.	Debt Financing Expenses		1,091,342
15.	Debt Service Reserve Fund		-
16.	Working Capital		-
17.	Other (please specify)		-
Total Uses of Funds			\$ 32,900,000

Appendix 2

**SVMC ED and Main Entrance Modernization
Updated CON Project Budget for Amendment 2**

	Initial CON Budget Approved	Amended Budget Approved Sept 2022	Cumulative Project Spending thru 06/2024	Requested Amended Budget July 2024
Construction Costs				
New Construction	\$ 8,566,325	\$ 10,580,762	\$ 12,855,797	\$ 12,855,797
Renovation	5,790,806	11,149,702	7,257,655	7,977,924
Site Work	1,019,227	1,514,080	1,949,742	1,949,742
Fixed Equipment	-	-	-	-
Design/Bidding Contingency	1,507,552	-	-	-
Construction Contingency	1,713,127	1,579,268	1,448,941	3,496,220
Construction Manager Fee	417,836	567,336	635,582	571,597
Other (specify)	-	-	-	-
Subtotal	\$ 19,014,873	\$ 25,391,148	\$ 24,147,717	\$ 26,851,280
Related Project Costs				
Major Movable Equipment	-	-	-	-
Furnishings, Fixtures & Other Equip	4,850,028	1,750,000	1,470,042	1,750,000
Architecturals/Engineering Fees	1,169,940	2,024,267	2,032,917	2,032,917
Land Acquisition	-	-	-	-
Purchase of Buildings	-	-	-	-
Administrative Expenses/Permits	167,134	1,234,585	1,329,377	1,174,461
Debt Financing Expense	600,000	600,000	1,091,342	1,091,342
Subtotal	\$ 6,787,102	\$ 5,608,852	\$ 5,923,678	\$ 6,048,720
Total Project Cost	\$ 25,801,975	\$ 31,000,000	\$ 30,071,395	\$ 32,900,000

Verification Under Oath

**STATE OF VERMONT
GREEN MOUNTAIN CARE BOARD**

In re: Amendment request)
Certificate of Need to) Docket No. GMCB-019-19con
Modernize SVMC's Emergency)
Department and Main Entrance)

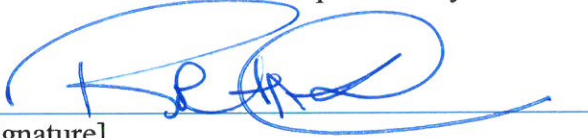
Verification Under Oath to file with the Certificate of Need Application, correspondence and additional information subsequent to filing an Application.

Robert Laba, being duly sworn, states on oath as follows:

1. My name is Robert Laba. I am the Chief Financial Officer and Vice President of Finance of Southwestern Vermont Medical Center. I have reviewed the answers to questions about the amendment request for the project to modernize SVMC's emergency department and hospital main entrance.
2. Based on my personal knowledge and after diligent inquiry, I attest that the information contained in the answers to questions about the amendment request for the project to modernize SVMC's emergency department and hospital main entrance 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 answers to questions about the amendment request for the project to modernize SVMC's emergency department and hospital main entrance 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 answers to questions about the amendment request for the project to modernize SVMC's emergency department and hospital main entrance 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:

James Trimarchi, Director Planning

5. In the event that the information contained in the answers to questions about the amendment request for the project to modernize SVMC's emergency department and hospital main entrance becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify the Green Mountain Care Board and to supplement the answers to questions about the amendment request for the project to modernize SVMC's emergency department and hospital main entrance as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.



[signature]

On 7/10/2020⁴, Robert Laba appeared before me and swore to the truth, accuracy and completeness of the foregoing.



Notary public

My commission expires 1/31/2025


SEAL