



September 5, 2014

Donna Jerry, Health Policy Analyst  
State of Vermont  
Green Mountain Care Board  
89 Main Street  
Montpelier, Vermont 05620

***Re: Docket No. GMCB-015-14con, Purchase of Real Estate in South Burlington***

Dear Donna,

As requested in your letter dated September 5, 2014, this letter indicates which items in your preliminary information request are available, which items are not available, and how long it will take for Fletcher Allen to produce those items that are available.

Preliminary Information Request

*Items 1-6*

Fletcher Allen can produce information to respond to items 1 through 6. These items can be made available immediately.

*Item 7 – Market Feasibility Studies/Market Research Data*

Fletcher Allen does not have market feasibility studies or market research data. This type of information would only be prepared if Fletcher Allen were looking to sell the property.

*Item 8 – Cash Flow Projections and Post-Completion Project Valuations*

A cash flow projection was included as Exhibit 1 with Fletcher Allen’s initial CON application submission.

Fletcher Allen does not have post-completion project valuations. The project would not be “complete” until after new building construction occurs on the property. That would be several years in the future, if the CON is granted.

*Item 9 – Development/Construction Budgets*

Fletcher Allen has not prepared construction budgets for the development of the property. Any new construction would occur three to five years after the project's acquisition. Construction budgets would be available at that time.

*Item 10 – Financing Documents*

Fletcher Allen does not have any available financing documents. We have obtained preliminary terms sheets from multiple lenders, and, based on the average of the interest rates shown in the term sheets, have assumed a blended interest rate of 3.48 percent (taxable interest rate of 4 percent on \$18.7M of borrowing and tax-exempt rate of 3 percent on \$20.4M of borrowing) for the financing of 85 percent of the Project's cost. Financing documents will not be available until after Fletcher Allen receives a CON and has reached an agreement with the sellers on a final purchase price for the property. At that time, we will obtain financing terms from several different lenders so that we can obtain the best possible interest rate for the borrowing.

*Item 11 – Other Relevant Documents Pertaining to Existing Uses, Legal Issues or Future Development*

Fletcher Allen is providing title opinions for the property in response to Items 1 and 4. The title opinions also respond to this item.

*Item 12 – Full Report of the Debt Capacity Analysis Completed by Ponder & Co.*

The opinion letter and financial spreadsheet from Ponder & Co. ("Ponder"), which were submitted as Exhibit 2 to Fletcher Allen's CON application, were the result of Ponder's analysis of Fletcher Allen's financial condition and borrowing ability. Ponder has presented similar information about Fletcher Allen's borrowing capacity to Fletcher Allen's senior management and its Board of Trustees. There is not a "full report" where Ponder presents a more comprehensive analysis of its review of the raw data, but if additional information is needed, Ponder could present a more detailed analysis. Please let us know what additional information is needed so that Ponder can prepare the necessary documents.

*Item 13 – Full Report of Analysis Performed by White + Burke*

White + Burke's analysis of the proposed acquisition was attached as Exhibit 3 to our CON application. In addition, both Fletcher Allen and White + Burke performed extensive due diligence of the various sites that are part of the acquisition. The due diligence reports are voluminous but can be provided if they are needed. The reports contain confidential information and so we would first need to understand the additional information that the GMCB's consultant would like to see in regards to this analysis, and then we could provide information from the reports that is responsive to the request.

Please let me know when you would like us to begin sending the applicable documents. In addition, once the GMCB has engaged its consultant, we would be happy to set up a

conference call between your consultant and our real estate consultant, David White from White + Burke Real Estate Investment Advisors.

Very truly yours,

*/s/ Steven Klein*

Steven Klein, Esq.  
Assistant General Counsel

cc: City of South Burlington (by email)  
City of Burlington (by email)  
Office of the Health Care Advocate (by email)  
HowardCenter (by email)