

**Minutes of the Meeting of the
Oneida County Local Development Corporation
Held on August 16, 2019 at Mohawk Valley EDGE
584 Phoenix Drive, Rome NY**

Members Present: Ferris Betrus, Michael Fitzgerald, David Grow, Kirk Hinman, Mary Faith Messenger, Eugene Quadraro, Steve Zogby

EDGE Staff Present: S. DiMeo, S. Papale, M. Carney, J. Waters, Sokunthideth Chea, M. Kaucher

Others Present: Rome Mayor Jackie Izzo; Jenna Peppenelli, Levitt & Gordon; Dave Hill, Rome Sentinel; Louis Aiello, SVP/CFO Mohawk Valley Health System

Chairman D. Grow called the meeting to order at 9:00 AM. He welcomed **Kirk Hinman** to his first meeting as a Board member.

June 11, 2019 Minutes

A motion to approve the minutes of the June 11, 2019 OLCDC Board of Directors meeting, was made by M. Fitzgerald, seconded by M.F. Messenger, and carried 7-0.

Interim Financials

M. Carney reviewed the interim financial reports noting that there was no activity within the last month. Work on the budget has started as it needs to be reported in PARIS by September 30th. There may be some activity in the next few months. Ms. Papale expects both projects on today's agenda to close with the Agency by the end of the year. The Agency received the financials as presented.

Chair Grow noted that there are two major applications projects on the Agenda.

Chairman Grow stated that there is a request from staff for an executive session to discuss potential contracts with the Corporation. **At 9:05 AM a motion to enter executive session to discuss potential contracts with the Agency was moved M. Fitzgerald, seconded by F. Betrus, and carried 7-0.**

At 9:15 AM, a motion to exit Executive Session was moved by M. Fitzgerald, seconded by E. Quadraro, and carried, 7-0.

Mohawk Valley Health Systems

Chair Grow introduced a request from Mohawk Valley Health System for the Corporation to consider an inducement resolution regarding the issuance of up to \$300,000,000 in tax exempt bonds to finance the MVHS hospital and related facilities in downtown Utica and to refinance outstanding MVHS debt. Chair Grow introduced Louis Aiello, representing MVHS. Chair Grow noted that Mohawk Valley EDGE staff member, Maureen Carney has a personal relationship with Mr. Aiello, and did not participate in any discussion during the Corporation's executive session. Ms. Carney exited the meeting at this time. Mr. Aiello explained that they are at the point in the project where they need to lock in long-term permanent financing for the project in the form of tax exempt bonding issued by the Corporation which will provide them the opportunity to benefit from lower interest rates than their existing short-term financing, or taxable bonds, and also to benefit from the Corporation's mortgage recording tax exemption benefit, should it be deemed necessary (as a voluntary non-profit hospital, MVHS may be exempt under NYS statute). Ms. Papale asked what the anticipated mortgage amount may be. He

estimated around \$220,000,000. He added that it could be up to \$300,000,000 with a certain amount of existing debt added in. Chair Grow asked about the condition of facilities on medical professional recruitment efforts and whether the current facilities are a hindrance to those efforts. Mr. Aiello said yes they do have a problem recruiting and explained that the new hospital will have a tremendous effect on their recruiting efforts. He said because of the challenges they have covering two separate campuses, and two emergency rooms equipped 24/7, it is not very attractive to certain specialists, neuro-surgeons, and general surgeons, having two facilities so close is not attractive to them. The competition for medical staff is extremely competitive and is getting worse. They believe a new, consolidated facility will help them with recruitment efforts. Mr. Grow asked about nursing staff recruitment. He said that they have difficulty there too. They currently have around 50 agency nurses travelling in to work, which is the highest number he has seen in the 26 years he has been with the hospital, which is not desirable. Mr. Quadraro asked about the status of the School of Nursing's tuition waiver program. Mr. Aiello responded that they are currently waiving tuition up-front, and then, provided the graduate commits to working for the hospital for a certain period of time, the fee is forgiven. Despite of that, he said student enrollment is down, not just here, but at other local colleges, and that is a significant concern. Mr. Betrus inquired as to the status of the \$1 million expenditure for the re-purposing study of the existing campuses. Mr. Aiello said that study is currently being done and will include an estimate of what the re-purpose would cost including remediation. The costs of re-purposing have not been determined yet and are not part of the current application to the Corporation. Mr. Fitzgerald asked if the Corporation was able to provide the mortgage recording tax exemption, or whether the Oneida County Industrial Development Agency would need to provide that benefit. Ms. Papale responded that the Corporation is able to provide the benefit, should it be necessary. Ms. Papale will verify. Mr. Grow asked about the variance required and the chronology of approvals required from other entities. Mr. Grow explained that if the Corporation were to approve the inducement today, the Corporation's final approval would ultimately be subject to the Zoning Board's approval of the variance. Mr. Aiello explained that counsel for all the pertinent entities were involved from the beginning, and that were all on board with the timing and staging of the many actions that needed to be taken. Ms. Papale buttressed Mr. Aiello's statements based upon her attendance on bi-weekly meetings held with the involved entities. Mr. Grow added that there are many entities involved including the NYS Department of Transportation due to the bordering NYS Highway, and that he wants to make it clear that the Corporation's approval will be subject to all applicable project related approvals. Mr. Fitzgerald made note that, based upon counsel recommendation, the entire Corporation fee should probably be paid at closing. **Working off the Draft Resolution provided, M. Fitzgerald moved to approve an inducement resolution regarding the issuance of up to \$300,000,000 in tax-exempt bonds to finance the MVHS hospital and related facilities in downtown Utica and to refinance outstanding MVHS debt, subject to Levitt & Gordon serving as counsel to the Corporation with respect to the issuance of the Bonds (a change to Section 6 of the Draft Resolution); also subject to any necessary zoning approvals; also subject to the Corporation's standard fee be reduced (due to the project cost being over \$100,000,000) to \$400,000, payable in its entirety at closing (a change to Article 4.03 of the Draft Resolution); and to provide a mortgage recording tax exemption on up to \$220,000,000 in mortgages, should MVHS require this exemption; and authorizing the Corporation to hold a public hearing with respect to the project; and that the essence behind the reason for the Corporation's involvement in inducing the project is because of its experience in dealing with potential employers coming into the area, and that one of the significant hurdles they question about coming into the area, is the availability of health care for their employees and for their ability to attract new employees to the area, and that overall health care and its facilities, is high on those lists, and that it is the Agency's belief that a consolidated brand new hospital will enhance the area, and the County's ability to attract larger and new employers. Mr. Zogby seconded the motion.** Mr. Betrus asked for clarification on the estimated amount of the final

bonding. It was clarified that \$300,000,000 in bonding would include the new financing and refinancing of other outstanding MVHS bonding, which is currently around \$35,000,000. Ms. Papale referred to the other bond issues currently outstanding through the Corporation. Mr. Fitzgerald made note that another consideration for supporting this project is the high number of construction jobs associated with it and the benefits to Oneida County. Mr. Aiello stated that prevailing wage levels were incorporated into their budgeted amounts. **There being no further discussion requested, Chair Grow asked for a vote on the motion. The motion carried, 7-0.** Mr. Aiello thanked the Board and exited the meeting.

MVHS – SEQRA

Chair Grow introduced a SEQRA resolution confirming that the City of Utica has completed a coordinated SEQRA review for the MVHS project, and ratifying all prior actions taken by the OCLDC with respect to the project. Ms. Papale noted that related information from the NYS Department of Health and the Dormitory Authority of the State of New York. **A motion to adopt a SEQRA resolution confirming that the City of Utica has completed a coordinated SEQRA review for the MVHS project, and ratifying all prior actions taken by the OCLDC with respect to the project, was moved by M. F. Messenger, seconded by S. Zogby, and carried, 7-0.**

Utica College

Chair Grow introduced a request from Utica College for the Corporation to consider an inducement resolution related to the issuance of tax exempt bonds. This would include the refinancing of an estimated \$37 million of earlier issued bonds, and an additional \$14,000,000 related to a new building expansion and equipping project at Gordon Hall, which included upgraded laboratory facilities. E. Quadraro advised that he is a member of the Utica College Board of Directors. **A motion to approve an inducement resolution relating to the Utica College tax-exempt bond issuance in an amount estimated to be \$51,000,000, and authorizing the Corporation to conduct a public hearing, was moved by F. Betrus, seconded by K. Hinman, and carried, 6-0, with E. Quadraro abstaining.**

At 9:42 AM a motion to adjourn the August 16, 2019, 2019 LDC meeting was moved by M. Fitzgerald, seconded by M. F. Messenger, and carried, 7-0.

Respectfully recorded,

Mark Kaucher