

Friday, December 22nd, 2023, at Noon
PUBLIC MEETING REGARDING CVH MOB PROJECT AND USDA
FINANCING PLAN

Virtual Attendance Option Upon Request

Attendance: Dr. James Sinnott, Board Vice Chair; Dan Mast, Board Secretary/Treasurer; Mark Libby, Board Member; David Elmer, Board Member; Jeff Lang, CEO.

Visitors/Public Attendance: None

1. Call to Order at: 12:02pm
2. Jeff reviewed the project for the group to provide context. The current facility layout and site plan were reviewed to ensure everyone in attendance had an understanding of CVH's existing facilities.
3. Jeff provided the group with an overview of the steps taken to get CVH to this point including the campus master planning work. Jeff reviewed the project goals which drove the master planning. These goals were updated during schematic design and design development to ensure the project planning stayed consistent with the goals set at the beginning.
4. Jeff reviewed the new site plan and interior floor plans with the group, highlighting all of the new and remodeled spaces. Jeff discussed how each of the different spaces included in the project aligned with the project goals. Jeff provided a brief explanation of how the final plan was developed and highlighted some of the major decision points along the way that affected the design such as the conversion of the fourth floor from finished clinical space to light storage.
5. The anticipated financing plan was reviewed. Jeff explained that the total project costs are expected to be approximately \$20,000,000. Additionally, CVH is expecting \$845,000 in financing costs and approximately \$3,100,000 in interim interest. Jeff reviewed the following aspects of the expected financing plan:
 - a. The overall financing plan utilizes a USDA Direct Loan in the approximate amount of \$33.5 million. The loan is expected to have a 35 year term and an interest rate of 3.875%. The loan is expected to be finalized in April, 2026 with the first payment being in May, 2026.
 - i. CVH intends to refinance our existing HUD backed mortgage. We anticipate utilizing our debt service reserve fund of just over \$3,000,000 to pay down the principal, leaving a balance of \$11,893,000 to be wrapped into the new USDA debt.
 - ii. CVH anticipates using at least \$2,128,000 in equity toward the project. CVH expects this amount to increase due to USDA requirements and/or

CVH's ability to increase equity contribution based on financial conditions.

- iii. CVH intends to utilize bond anticipation notes for the interim/construction loan. This vehicle will provide \$33.5 million over a 25-month period at an anticipated effective interest rate of 5.25%.

- b. Jeff reviewed a table showing the sources and uses of funds described above, a table detailing the forecasted schedule of debt service payments, and a table detailing the forecasted schedule of debt service and debt service coverage between 2024 and 2028.

- c. Jeff reviewed the implications of the project on CVH's financial performance by highlighting historical and forecasted financial ratios from 2019 to 2028. The following ratios were reviewed:
 - i. Total margin.
 - ii. Cash flow margin.
 - iii. Operating margin.
 - iv. Return on equity.
 - v. Current ratio.
 - vi. Total days cash on hand.
 - vii. Net days in accounts receivable.
 - viii. Equity financing.
 - ix. Debt service coverage (times).
 - x. Long-term debt to capitalization.
 - xi. Outpatient revenues to total revenues.
 - xii. Patient deductions.
 - xiii. Medicare outpatient payor mix.
 - xiv. Medicare outpatient cost to charge.
 - xv. Medicare inpatient acute cost per day.
 - xvi. Salaries to net patient service revenue.
 - xvii. Average age of plant.
 - xviii. FTEs per adjusted occupied bed.
 - xix. Average salary per FTE.
 - xx. Average daily census – acute.
 - xxi. Average daily census – swing bed.

- d. Jeff reviewed a historical and forecast statement of cash flows for the group.

- e. Jeff provided a brief explanation regarding the anticipated schedule from January 1, 2024 to start of construction, highlighting the significant milestones and dates.

- f. Jeff opened the meeting for questions. There were questions regarding CVH's ability to explore robotic surgery, center of excellence designations, and general Medicare CAH reimbursement trends.

6. Adjourn Public Meeting At 12:36pm.

Respectfully submitted:



Dan Mast, Secretary/Treasurer

Attested to:



Colleen Todd, Chairman