



CHS 2015 Series

Section I: Applicant Background Information

Applicant Information - Company Receiving Benefit

Applicant Name Catholic Health System, Inc.
Applicant Address 144 Genesee Street, Buffalo, New York 14203
Phone 716-923-9800
Fax
E-mail
Website www.chsbuffalo.org
Federal ID# 22-2568278
NAICS Code 62
Will a Real Estate Holding Company be utilized to own the Project property/facility No
What is the name of the Real Estate Holding Company
Federal ID#
State and Year of Incorporation/Organization
List of stockholders, members, or partners of Real Estate Holding Company

Individual Completing Application

Name Michael Polasik
Title Manager - Treasury Services
Address 144 Genesee Street, Buffalo, NY 14203
Phone 716-828-3794
Fax 716-828-3725
E-Mail mpolasik@chsbuffalo.org

Company Contact (if different from individual completing application)

Name David Macholz
Title VP Finance, Corporate Controller
Address 144 Genesee Street, Buffalo, NY 14203
Phone 716-828-2974
Fax 716-828-3725
E-Mail macholz@chsbuffalo.org

Company Counsel

Name of Attorney Deborah Doxey
Firm Name Phillips Lytle LLP
Address 1 Canalside, Buffalo, NY 14203
Phone 716-847-5480
Fax 519-570-4800
E-Mail ddoxey@phillipslytle.com

Identify the assistance being requested of the Agency

Exemption from Sales Tax No
Exemption from Mortgage Tax Yes
Exemption from Real Property Tax No
Tax Exempt Financing* Yes

* (typically for not-for-profits & small qualified manufacturers)

Business Organization

Type of Business 501c3
Year Established 1998
State of Organization New York

List all stockholders, members, or partners with % of ownership greater than 20%

Please include name and % of ownership.

Trinity - 33.3% Ascension Health System - 33.3% Diocese of Buffalo - 33.3%

Applicant Business Description

Describe in detail company background, products, customers, goods and services. Description is critical in determining eligibility

Catholic Health System, Inc. and Subsidiaries ("CHS" or the "System") is an integrated healthcare delivery system in Western New York jointly sponsored by the Sisters of Mercy, Daughters of Charity and the Diocese of Buffalo. Trinity, Ascension Health System and the Diocese of Buffalo are the corporate members of CHS, with equal ownership interest. CHS is the sole corporate member of the following subsidiaries: Acute Care Subsidiaries: The Acute Care Subsidiaries (also collectively referred to as the "Hospitals") include Mercy Hospital of Buffalo (MHB), Kenmore Mercy Hospital including KMH Homes Inc. and The McAuley Residence (KMH) and Sisters of Charity Hospital (SCH). Long-Term Care Subsidiaries: The Long-term Care Subsidiaries include St. Clare Manor (closed December 2003), St. Francis Geriatric and Healthcare Services, Inc. (closed December 2009), St. Francis Home of Williamsville, Western New York Catholic Long-Term Care, Inc. (Father Baker Manor), St. Joseph's Manor (closed August 2006), St. Luke's Manor of Batavia (closed June 2004), St. Mary's Manor (closed 2003), Nazareth Home of the Franciscan Sisters of the Immaculate Conception (closed 2007), St. Elizabeth's Home and St. Vincent's Home for the Aged. Home Care Subsidiaries and Other: The Home Care and Other Subsidiaries include Mercy Home Care of Western New York, Inc., McAuley Seton Home Care (MSHC), Our Lady of Victory Renaissance Corporation, Catholic Health Infusion Pharmacy, Continuing Care Foundation, Catholic Health System Program of All Inclusive Care for the Elderly, Inc. (LIFE) and Trinity Medical WNY, PC.

Estimated % of sales within Erie County	86
Estimated % of sales outside Erie County but within New York State	14
Estimated % of sales outside New York State but within the U.S.	0
Estimated % of sales outside the U.S.	0

(*Percentage to equal 100%)

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? Include list of vendors, raw material suppliers and percentages for each. Provide supporting documentation of the estimated percentage of local purchases

See attached file "Top 15 Erie County Expenditures"

Section II: Eligibility Questionnaire - Project Description & Details

Project Location

Municipality or Municipalities of current operations

Buffalo, Kenmore, Cheektowaga

Will the Proposed Project be located within the Municipality, or within a Municipality, identified above?

Yes

In which Municipality will the proposed project be located

See attached file "CHS Project Descriptions"

Address

See attached file "CHS Project Descriptions"

If the Proposed Project is located in a different Municipality than that Municipality in which current operations are being undertaken, is it expected that any of the facilities in any other Municipality will be closed or be subject to reduced activity?

No

(If Yes, you will need to complete Section V of this Application)

SBL Number for Property upon which proposed Project will be located

See attached file "CHS Project Descriptions"

What are the current real estate taxes on the proposed Project Site

Assessed value of land

See attached file "CHS Project Descriptions"

Assessed value of building(s)

See attached file "CHS Project Descriptions"

Are Real Property Taxes current?

Yes

If no please explain

Town/City/Village of Project Site

See attached file "CHS Project Descriptions"

School District of Project Site

See attached file "CHS Project Descriptions"

Does the Applicant or any related entity currently hold fee title to the Project site?

Yes

If No, indicate name of present owner of the Project Site

Does Applicant or related entity have an option/contract to purchase the Project site?

Yes

Describe the present use of the Proposed Project site

All proposed sites are currently being used by Catholic Health ministries for the use of carrying out healthcare related activities.

Please provide narrative of project (new build, renovations, and/or equipment purchases). Identify specific uses occurring within the project. Describe any and all tenants and any/all end users: (This information is critical in determining project eligibility)

See attached file "CHS Project Descriptions"

For purposes of this question, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

No Manufacturing

No Multi-Tenant

No Mixed Use

Yes Acquisition of Existing Facility

No Commercial

Yes Facility for the Aging

No Housing

Yes Back Office

Yes Civic Facility (not for profit)

No Equipment Purchase

Yes Retail

No Other

Project Information

Estimated costs in connection with project

Land and/or Building Acquisition

\$ 39,010,000 140,000 square feet 4 acres

New Building Construction

\$ 0 square feet

New Building addition(s)

\$ 0 square feet

Infrastructure Work

\$ 5,300,000

Renovation

\$ 0 square feet

Manufacturing Equipment

\$ 0

Non-Manufacturing Equipment: (furniture, fixtures, etc.)

\$ 820,000

Soft Costs: (professional services, etc.)

\$ 11,101,804

Other Cost

\$ 73,768,196

Explain Other Costs

Cost of Issuance - \$11,043,592 Refinancing of Existing Debt - \$37,043,304 Contingency - \$25,681,300

Total Cost

\$ 130,000,000

Project Refinancing; estimated amount (for refinancing of existing debt only)

\$ 40,565,108

Sources of Funds for Project Costs:

Estimated Mortgage Amount

\$ 70,000,000

Lender Name, if Known

Equity

Have any of the above costs been paid or incurred as of the date of this Application?

Yes

If Yes, describe particulars:

See attached file "CHS Project Descriptions"

Construction Cost Breakdown:

Total Cost of Construction

\$ (sum of 2,3,4,5, and/or 7 in Question K, above)

Cost for materials

\$

% sourced in Erie County

%

% sourced in State

% (including Erie County)

Gross amount of costs for goods and services that are subject to State and local sales and use tax- said amount to benefit from the Agency's sales and use tax exemption benefit

\$

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):

\$

For proposed facility please include # of sq ft for each of the uses outlined below

		Cost	% of Total Cost
Manufacturing/Processing	square feet	\$ 0	0
Warehouse	square feet	\$ 0	0
Research & Development	square feet	\$ 0	0
Commercial	square feet	\$ 0	0
Retail	square feet	\$ 0	0
Office	See attached file "CHS Project Descriptions" square feet	\$ 0	0
Specify Other	See attached file "CHS Project Descriptions" square feet	\$ 0	0

If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?

Yes

If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)

Silver

Provide estimate of additional construction cost as a result of LEED certification you are seeking

Will project result in significant utility infrastructure cost or uses

Yes

What is your project timetable (Provide dates)

Start date : acquisition of equipment or construction of facilities

4/30/2015

End date : Estimated completion date of project

12/31/2016

Project occupancy : estimated starting date of operations

4/30/2015

Have construction contracts been signed?

No

Have site plans been submitted to the appropriate planning department for approval?

No

Has the Project received site plan approval from the appropriate planning department?

No

Is project necessary to expand project employment?

No

Is project necessary to retain existing employment?

No

Employment Plan (Specific to the proposed project location):

	Current # of jobs at proposed project location or to be relocated at project location	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion	Net total new jobs
Full time	3,643	3,643	0	0
Part time	1,330	1,330	0	0
Total	4,973	4,973	0	0

Employment at other locations in Erie County: (provide address and number of employees at each location):

Address	See attached file "CHS Project Descriptions"		
Full time	0	0	0
Part time	0	0	0
Total	0	0	0

Will any of the facilities described above be closed or subject to reduced activity?

No

Payroll Information

Annual Payroll at Proposed Project Site

\$ 414,293,000

Estimated average annual salary of jobs to be retained

\$ 62,600

Estimated average annual salary of jobs to be created

\$ 0

Estimated salary range of jobs to be created

From \$ 0 **To** \$ 0

Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

No

If yes, please explain and identify out-of-state locations investigated

What competitive factors led you to inquire about sites outside of New York State?

N/A

Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies?

Yes

If yes, please indicate the Agency and nature of inquiry below

Dormitory Authority of the State of New York

Do you anticipate applying for any other assistance for this project?

Yes

If yes, what type of assistance (Historic Tax Credits, 485(a), Grants, Utility Loans, Energy Assistance, Workforce Training)

DASNY Grant - \$3,800,000 Foundation Gifts - \$1,314,965

Section V: Inter-Municipal Move Determination

The Agency is required by state law to make a determination that, if completion of a Project benefiting from Agency Financial Assistance results in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, Agency financial Assistance is required to prevent the project occupant from relocating out of the state, or is reasonably necessary to preserve the project occupant's competitive position in its respective industry.

Will the project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state? No

Will the project result in the abandonment of one or more plants or facilities of the Project occupant located within the state? No

If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?

Within New York State No

Within Erie County No

If Yes to either question, please, explain

Will the project result in a relocation of an existing business operation from the City of Buffalo?

No

If yes, please explain the factors which require the project occupant to relocate out of the City of Buffalo (For example, present site is not large enough, or owner will not renew leases etc.)

What are some of the key requirements the project occupant is looking for in a new site? (For example, minimum sq. ft., 12 foot ceilings, truck loading docs etc.)

If the project occupant is currently located in Erie County and will be moving to a different municipality within Erie County, has the project occupant attempted to find a suitable location within the municipality in which it is currently located?

<BLANK>

What factors have lead the project occupant to consider remaining or locating in Erie County?

If the current facility is to be abandoned, what is going to happen to the current facility that project occupant is located in?

Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.

Section VI: Facility Type - Single or Multi Tenant

Is this a Single Use Facility or a Multi-Tenant Facility?

Single Use Facility

For Single Use Facility

Occupant Name CHS Ministries will continue to occupy all space

Address

Contact Person

Phone

Fax

E-Mail

Federal ID #

SIC/NAICS Code

Multi-Tenant Facility

Please explain what market conditions support the construction of this multi-tenant facility

Have any tenant leases been entered into for this project?

<BLANK>

If yes, please fill out a tenant form in section VII, for each tenant.

Tenant Name	Current Address (city, state, zip)	# of sq ft and % of total to be occupied at new projet site	SIC or NAICS-also briefly describe type of business, products services, % of sales in Erie Co.
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Section VII: Environmental Questionnaire

General Background Information

Address of Premises See attached file "CHS Project Descriptions" and environmental study provided by Uniland Development Corp. CHS has confirmed that there have been no changes since the original study was performed.

Name and Address of Owner of Premises See attached file "CHS Project Descriptions"

Describe the general features of the Premises (include terrain, location of wetlands, coastlines, rivers, streams, lakes, etc.)

Describe the Premises (including the age and date of construction of any improvements) and each of the operations or processes carried out on or intended to be carried on at the Premises

Describe all known former uses of the Premises

Does any person, firm or corporation other than the owner occupy the Premises or any part of it?

<BLANK>

If yes, please identify them and describe their use of the property

Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?

<BLANK>

If yes, describe and attach any incident reports and the results of any investigations

Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?

<BLANK>

If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances

Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?

<BLANK>

If yes, provide the Premises' applicable EPA (or State) identification number

Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?

<BLANK>

If yes, please provide copies of the permits.

Identify the transporter of any hazardous and/or solid wastes to or from the Premises

Identify the solid and hazardous waste disposal or treatment facilities which have received wastes from the Premises for the past two (2) years

Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?

<BLANK>

If yes, please identify the substance, the quantity and describe how it is stored

Discharge Into Waterbodies

Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges

Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site

Is any waste discharged into or near surface water or groundwaters?

<BLANK>

If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste

Air Pollution

Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?

<BLANK>

If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source

Are any of the air emission sources permitted?

<BLANK>

if yes, attach a copy of each permit.

Storage Tanks

List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks

Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?

<BLANK>

If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved

Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.

Have there been any PCB spills, discharges or other accidents at the Premises?

<BLANK>

If yes, relate all the circumstances

Do the Premises have any asbestos containing materials?

<BLANK>

If yes, please identify the materials

**Catholic Health System
2015 Bond Series Project Descriptions**

Summary:

Catholic Health System (CHS) has elected to participate in a bond issuance in 2015. As a part of that, proceeds from the offering will go towards reimbursement of costs incurred for various projects and to fund projects that have not yet commenced. All facilities are currently, and will continue to be, occupied by the different ministries under the CHS Corporate banner.

The breakdown for the bond issuance is as follows:

2015 Project Funding

New Debt - \$93,275,108 (See Section 1)

CHS Equity - \$1,418,786

Grants - \$5,114,965

Total Project Costs - \$99,808,859

2015 Expected Issuance

Project Funding - \$93,275,108 (See Section 1)

Cost of Issuance - \$2,749,574

Debt Service Reserve Fund/Capitalized Interest - \$8,294,018

Total Expected Issuance - \$104,318,700

Section 1 - New Money Projects:

Catholic Health Administrative Regional Training Center (Purchase) - Catholic Health System, Inc.

Location – 144 Genesee Street, Buffalo, NY 14203

School District – Buffalo

SBL#: 111.39-7-1.1

of Employees:

- . Full Time – 1,060
- . Part Time – 148
- . Per Diem - 85

Renovated Space – N/A

New Space – 140,000 sq. feet

Total Anticipated Cost - \$39,010,000

Projected Debt - \$39,010,000

Project Status – Building complete, purchase option good through 10/1/2015

Anticipated Closing Date – August / September 2015

Project Summary:

Catholic Health System plans to purchase the newly constructed building from Uniland in the City of Buffalo. This is a new 6 story, 140,000 square foot, Class A office building, with adjoining parking garage (3 levels) built on 4 acres.

Catholic Health Administrative Regional Training Center (Leasehold Improvements) - Catholic Health System, Inc.

Location – 144 Genesee Street, Buffalo, NY 14203

School District – Buffalo

SBL#: 111.39-7-1.1

Total Anticipated Cost - \$17,911,000

Projected Debt - \$12,796,035

Grant Funds - \$5,114,965

Costs Paid to Date - \$17,135,350

Project Status – Complete

Project Summary:

During the construction of the above referenced building, numerous enhancements were made that were outside the scope of the original construction. These changes include an additional level (4th level) within the attached parking ramp, technology enhancements, mechanical upgrades (HVAC, Security, and Power Upgrades), building generator, and LEED certification

Enterprise Resource Planning (ERP) – Catholic Health System, Inc.

Location – 144 Genesee Street, Buffalo, NY 14203

School District – Buffalo

of Employees:

- . Full Time – 1,060
- . Part Time – 148
- . Per Diem - 85

Total Anticipated Cost - \$23,400,000

Projected Debt - \$23,400,000

Costs Paid to Date - \$5,751,155

Project Status – In process, system wide implementation estimated for Q1 2016

Project Summary:

There was an increasing business need from Finance, HR and Materials Management to implement a new ERP solution that would eliminate duplicate entry, manual processes and increase automation and productivity to bring us closer to our goals of the Catholic Health 2020 Strategic Plan.

The Catholic Health 2020 Strategic plan includes full service lines, a full asset merger and business intelligence using analytics, as well as increasing productivity measures by reducing labor and supply costs. An ERP system optimizes technology and integrates standalone systems into one system to maximize business agility and revenues. The right technology tools empower leadership with visibility into how they can contribute to

improving the company's bottom line. With the right tools, a new system will automate and reduce costs while increasing efficiencies to report in real-time for on demand decisions.

This project is to replace the existing financial accounting systems with an Enterprise Resource Planning and Document Management systems, which will include Accounting, General Ledger, Accounts Payable, Payroll, Budget, Human Resources and Materials Management in addition to modules and features currently not in place within the CHS environment as they are ERP specific.

Costs included within this project are for associated equipment, software licenses, consulting fees, and reimbursement for Catholic Health System Associate time.

St. Joseph Hospital Ambulatory Surgery Center – Sisters of Charity Hospital, St. Joseph Campus

Location – 2605 Harlem Road, Cheektowaga, NY 14225

School District – Cheektowaga

SBL #: 102.38-1-1

Assessed Value - \$34,300,000

of Employees:

- . Full Time – 397
- . Part Time – 148
- . Per Diem - 82

Renovated Space – 15,066 sq. feet

New Space – 1,340 sq. feet

Total Anticipated Cost - \$5,267,707

Projected Debt - \$4,740,936

Costs Paid to Date – \$4,844,410

Project Status - Complete

Project Summary:

This project helped to establish the St. Joseph Campus as an ambulatory surgery hub for the Catholic Health System. This project closed the Windsong Surgery Center upon its lease expiration in 2013 and moved the three existing ORs to the St. Joseph Campus. This was made possible by vacating the existing GI space which moved to the old SJC Emergency Dept. The space vacated by GI was renovated to accommodate three new Operating Rooms from Windsong. This space has become St. Joseph's Operating Rooms.

The existing 7 operating rooms at the St. Joseph campus underwent minor aesthetic upgrades and then became the dedicated ambulatory surgery rooms (center). An elevator entrance directly to the OR/OR reception area was built from the front of the hospital. The Pre and Post Op holding areas/PACU were set up to move patients through the OR process exactly like that of Windsong.

Labor & Delivery Waiting Room – Mercy Hospital of Buffalo

Location – 565 Abbott Road, Buffalo, NY 14220

School District – Buffalo

SBL #: 133.41-2-1.1

Assessed Value - \$35,000,000

of Employees:

- . Full Time – 1,618
- . Part Time – 759
- . Per Diem - 156

Renovated Space – 1,975 sq. feet

New Space – N/A

Total Anticipated Cost - \$720,667

Projected Debt - \$648,600

Costs Paid to Date - \$111,443

Project Status – In process, expected completion date of February 2015

Project Summary

Mercy Hospital labor and delivery volume continues to increase with nearly 2,400 deliveries each year. In conjunction with the renovation of converting Mercy NICU rooms to private rooms (standard of care), this project updated the reception and patient waiting area for Labor and Delivery. The project will have a positive impact on patient experience and physician satisfaction.

Cardiac Pre – Post Holding Unit – Mercy Hospital of Buffalo

Location – 565 Abbott Road, Buffalo, NY 14220

School District – Buffalo

SBL #: 133.41-2-1.1

Assessed Value - \$35,000,000

of Employees:

- . Full Time – 1,618
- . Part Time – 759
- . Per Diem - 156

Renovated Space – 12,155 sq. feet

New Space – N/A

Total Anticipated Cost - \$4,280,000

Projected Debt - \$3,852,000

Costs Paid to Date - \$2,653,849

Project Status – In process, expected completion date of March 2015

Project Summary:

Mercy Hospital currently provides Pre/Post Procedure care in several locations within the facility. Providing all Pre/Post Procedure care on the 2nd Level will improve customer satisfaction, physician satisfaction and improve clinical and operational efficiency.

Switch Gear – Mercy Hospital of Buffalo

Location – 565 Abbott Road, Buffalo, NY 14220

School District – Buffalo

SBL #: 133.41-2-1.1

Assessed Value - \$35,000,000

of Employees:

- . Full Time – 1,618
- . Part Time – 759
- . Per Diem - 156

Renovated Space – N/A

New Space – 2,400 sq. feet

Total Anticipated Cost - \$5,300,000

Projected Debt - \$5,300,000

Costs Paid to Date – N/A

Project Status – In planning, anticipated start date of 5/1/15

Project Summary:

Project is to update the existing electrical switch gear and associated costs related to substation integration at Mercy Hospital which currently serves the main hospital tower and the associated parking garage. The original switch was installed in 1967 and has exceeded its life expectancy.

Due to the nature and complexity of this project, all construction related costs will be done in accordance with Article 8 of the New York State Labor Law.

Operating Room Expansion – Kenmore Mercy Hospital

Location – 2950 Elmwood Avenue, Kenmore, NY 14217

School District – Kenmore/Town of Tonawanda

SBL #: 66.45-1-1.1

Assessed Value - \$32,319,200

of Employees:

- . Full Time – 568
- . Part Time – 275
- . Per Diem - 116

Renovated Space – 33,180 sq. feet

New Space – N/A

Total Anticipated Cost - \$3,919,485

Projected Debt - \$3,527,537

Costs Paid to Date – \$3,919,485

Project Status – Completed

Project Summary:

As the center of Orthopedic Excellence, Kenmore Mercy has initiated several projects focused on the Orthopedic Service Line. To manage increased inpatient and outpatient surgical volume, the Hospital embarked upon an Operating Room Expansion Project to

increase the surgical capacity of the facility. This project involved renovation of existing surgical areas and the design, constructing, and equipping of two new operating rooms at the Hospital.

Additional Project Locations

Including the locations listed above, the following locations will also be participants in the ERP project:

- Buffalo, New York locations of the Obligated Group Representative,
- Buffalo, East Aurora and Lackawanna, New York locations of Mercy Hospital
- Buffalo and Cheektowaga locations of Sisters of Charity Hospital
- Kenmore, New York location of Kenmore Mercy Hospital
- Office Building located at 144 Genesee Street, Buffalo
- Other locations in Erie County, New York operated by the Obligated Group: Sisters of Charity Hospital, 2157 Main Street, Buffalo; Kenmore Medical Office Building, 2914 Elmwood Avenue, Kenmore; Mercy Ambulatory Care Center 3669 Southwestern Boulevard, Orchard Park; Mercy Diagnostic Center 94 Olean Street, East Aurora; Mercy Diagnostic & Treatment Center, 550 Orchard Park Road, Building C, West Seneca; Sisters Central Park Diagnostic Center, 34 Benwood Avenue, Buffalo; Kenmore Specialty Center 2950 Elmwood Ave, Kenmore; Kenton Family Care Center 300 Two Mile Creek Road, Tonawanda; Mercy Comprehensive Care Center, 397 Louisiana Street, Buffalo; OLV Family Care Center 227 Ridge Road, Lackawanna; Springville OB/GYN Center, 27 Franklin Street, Springville and St. Vincent Health Center, 1500 Broadway Street, Buffalo.

**Catholic Health
Projected Debt Issuance**

(\$/Finance/FINSHARE/Obligated Group/Planning)

Year(s)	Facility	Term	Project	Bridge Financed	Cash	Debt	Grants	Total Cost
New Debt								
2013 - 2014	CHS	F	Admin & Regional Training Center (Improvements)	Y	-	12,796,035	5,114,965	17,911,000
2015	CHS	F	Admin & Regional Training Center (purchase)	N	-	39,010,000	-	39,010,000
CHARTC Building Totals						51,806,035	5,114,965	56,921,000
2013	MHB	F	Pre-Post Holding	Y	428,000	3,852,000	-	4,280,000
2013	SOCH	F	SJC Ambulatory Surgery Center	Y	526,771	4,740,936	-	5,267,707
2013 - 2015	KMH	F	OR Expansion/ASC Recovery Relocation	Y	391,949	3,527,537	-	3,919,485
2014	MHB	F	L&D Waiting RM / Front Entrance	Y	72,067	648,600	-	720,667
2014 - 2015	CHS	F	Enterprise Resource Planning (ERP)	Y	-	23,400,000	-	23,400,000
2015	MHB	F	Switch Gear	N	-	5,300,000	-	5,300,000
New Money Project Totals						1,418,786	41,469,073	42,887,859
Total New Debt					1,418,786	93,275,108	5,114,965	99,808,859
2015	Debt Issuance Costs (Estimate)					2,749,574		2,749,574
2015	Debt Service Reserve Fund / Capitalized Interest					8,294,018		8,294,018
Total					1,418,786	104,318,700	5,114,965	110,852,451
2015 Series (100% Fixed Rate)						93,275,108 (excluding COI and DSRF)		
CHS	Catholic Health System, Inc.							
MHB	Mercy Hospital of Buffalo							
SOCH	Sisters of Charity Hospital - Main Street Campus							
KMH	Kenmore Mercy Hospital							
SJC	Sisters of Charity Hospital - St. Joseph Campus							
TMR	The McAuley Residence (reported through Kenmore Mercy)							
F	Fixed Rate							

Catholic Health System, Inc.
Top 15 Erie County Expenditures
10/16/2014

The following information is as of 12/31/2013:

<u>Vendor</u>	<u>Service Type</u>		<u>2013 Expenditure</u>
R&P Oak Hill Development, LLC	Construction	\$	11,177,295
Telco Construction	Construction	\$	4,202,712
IR Mueller Corporation	Contracted Security	\$	2,055,864
Buffalo Medical Group	Physician Services	\$	2,050,924
Travers Collins & Co.	Marketing	\$	1,283,206
CRS Nuclear Services, LLC	Nuclear Medicine	\$	1,241,653
Uniland Construction	Construction	\$	1,121,807
Buffalo Gastroenterology Associates	Physician Services	\$	1,111,999
Southtowns Radiological	Imaging Services	\$	836,062
Buffalo Niagara Hospitalists	Physician Services	\$	826,313
Lee Guterman, MD	Physician Services	\$	804,226
Cardiology Group of WNY	Physician Services	\$	650,552
McGuire Development	Construction	\$	605,745
Pulmonary Group of WNY	Physician Services	\$	560,118
Seton MRI Kenmore	Imaging Services	\$	468,000

**THE BUFFALO AND ERIE COUNTY INDUSTRIAL LAND
DEVELOPMENT CORPORATION (ILDC)**

FINANCE & AUDIT COMMITTEE

RESOLUTION

A Meeting of the Buffalo and Erie County Industrial Land Development Corporation's Finance & Audit Committee was convened on January 20, 2015 at 3:00 p.m.

The following resolution was duly offered and seconded, to wit:

**RESOLUTION OF THE MEMBERS OF THE BUFFALO AND ERIE
COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION
FINANCE & AUDIT COMMITTEE RECOMMENDING THAT THE
ILDC FINANCE CERTAIN COSTS RELATING TO, AND APPROVING
THE UNDERTAKING OF A CERTAIN PROJECT DESCRIBED BELOW
AT THE REQUEST OF CATHOLIC HEALTH SYSTEMS, INC., AND
THE GRANTING OF CERTAIN FINANCIAL ASSISTANCE IN
CONNECTION THEREWITH, INCLUDING THE ISSUANCE OF THE
ISSUER'S TAX EXEMPT FACILITY BONDS IN A PRINCIPAL
AMOUNT NOT TO EXCEED \$130,000,000 FOR THE PURPOSE OF
UNDERTAKING THE PROJECT AND THE COSTS OF SUCH
ISSUANCE**

WHEREAS, the Finance & Audit Committee (the "Committee") has reviewed the request submitted by Catholic Health System, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (the "Obligated Group Representative"), for itself and on behalf of Mercy Hospital of Buffalo ("MHB"), Kenmore Mercy Hospital ("KMH") and Sisters of Charity Hospital of Buffalo ("SOCH" and collectively with the Obligated Group Representative, MHB and KMH, the "Obligated Group"), requesting that the ILDC (the "Issuer") provide an exemption from mortgage recording tax and issue its tax-exempt Obligated Group Revenue Bonds (Catholic Health System, Inc. Project), Series 2015 in the aggregate principal amount not to exceed \$130,000,000 (the "Tax-Exempt Bonds") and incidental taxable Obligated Group Revenue Bonds (Catholic Health System, Inc. Project), Series 2015 (the "Taxable Bonds" and with the Tax-Exempt Bonds, the "2015 Bonds") to finance all or a portion of: (a) costs (including the reimbursement of costs previously paid) of the Project described below; (b) refinance taxable indebtedness used to finance a portion of the Project; and (c) pay a portion of the costs of issuance, capitalized interest and other costs and expenses of the Obligated Group and the Issuer in connection with the issuance of the 2015 Bonds and to fund a debt service reserve fund. The approximate principal amount of 2015 Bonds proceeds that are expected to be allocable to each component of the Project (as defined herein) is set forth in the parenthesis following each component. The actual amount of 2015 Bond proceeds allocable to each component may differ from the amounts set forth below, but in no event will the aggregate principal amount of 2015 Bond proceeds exceed \$130,000,000; and

WHEREAS, the project (the "Project") consists of: (i) costs (including the reimbursement of costs previously paid) of acquisition by the Obligated Group Representative of an

approximately 140,000 s.f. office building and adjacent parking ramp (the "Office Building") located at 144 Genesee Street, Buffalo, Erie County, New York and reimbursement of costs previously paid for leasehold improvements and equipping thereof (\$51,500,000); (ii) costs (including the reimbursement of costs previously paid) of consolidation and equipping of a Cardiac Pre/Post Procedure Unit located at MHB located at 565 Abbott Road, Buffalo, Erie County, New York (\$3,900,000); (iii) the reimbursement of costs of relocation, updating and equipping the approximately 16,406 s.f. expansion of an Ambulatory Surgery Center located on the campus of St. Joseph Hospital of Cheektowaga, New York, located at 2605 Harlem Road, Cheektowaga, Erie County, New York ("St. Joseph Hospital") (\$4,800,000); (iv) the reimbursement of the costs of renovation and updating of labor and delivery areas located at MHB (\$700,000); (v) costs (including the reimbursement of costs previously paid) of acquisition, upgrading and installation of electrical switch gear at Mercy Hospital (\$6,500,000); (vi) costs (including the reimbursement of costs previously paid) of renovation and equipping of five existing surgical areas and design and equipping of two new operating rooms at KMH located at 2950 Kenmore Avenue, Kenmore, Erie County, New York ("Kenmore Mercy Hospital" (\$4,600,000)); and (vii) costs (including the reimbursement of costs previously paid) of acquisition, implementation and installation of personal property consisting of financial accounting hardware and software comprising an Enterprise Resource Planning system (\$23,400,000) to be installed at the Office Building, MHB, St. Joseph Hospital, KMH and the following other locations in Erie County, New York operated by the Obligated Group: SOCH 2157 Main Street, Buffalo; Kenmore Medical Office Building, 2914 Elmwood Avenue, Kenmore; Mercy Ambulatory Care Center 3669 Southwestern Boulevard, Orchard Park; Mercy Diagnostic Center 94 Olean Street , East Aurora; Mercy Diagnostic & Treatment Center, 550 Orchard Park Road, Building C, West Seneca; Sisters Central Park Diagnostic Center, 34 Benwood Avenue, Buffalo; Kenmore Specialty Center 2950 Elmwood Ave, Kenmore; Ken-Ton Family Care Center 300 Two Mile Creek Road, Tonawanda; Mercy Comprehensive Care Center, 397 Louisiana Street, Buffalo; OLV Family Care Center 227 Ridge Road, Lackawanna; Springville OB/GYN Center, 27 Franklin Street, Springville and St. Vincent Health Center, 1500 Broadway Street, Buffalo; and

WHEREAS, the Public Authorities Accountability Act of 2005 (the "PAAA"), which was signed into law on January 13, 2006 as Chapter 766 of the Laws of 2005, was enacted by the New York State (the "State") Legislature to insure greater accountability and openness of public authorities throughout the State; and

WHEREAS, pursuant to Section 2 of the Public Authorities Law ("PAL") of the State, the provisions of the PAAA apply to certain defined "local authorities," including the ILDC; and

WHEREAS, pursuant to Section 2824(8) of the PAL, it shall be the responsibility of the members of the Finance & Audit Committee to review proposals for the issuance of debt by the ILDC and make recommendations related thereto; and

WHEREAS, Under Article IV(E) of the Committee's Charter, the "Finance & Audit Committee shall review proposals for the issuance of debt and make recommendations regarding such proposed debt issuance"; and

WHEREAS, the Committee understands that the Bonds will be special limited obligations of the ILDC payable from only the sources derived from the Company pursuant to

the documents executed and delivered in connection with the issuance of the Bonds and purchased by a qualified institutional buyer or an accredited investor (a "Purchaser"); and

WHEREAS, the Committee further understands that Purchaser has or will have investigated independently the circumstances surrounding the issuance of the Bonds and the security and sources of payment for the Bonds; and

WHEREAS, the Committee has reviewed information relating to the proposed issuance of the Bonds and recommends that the ILDC undertake the Project and proceed with the issuance thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE FINANCE & AUDIT COMMITTEE OF THE BUFFALO AND ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORPORATION AS FOLLOWS:

1. That it is in the best interest of economic development in Erie County for the ILDC to provide the financial assistance to the Company as described herein provided (a) that the Bonds shall never be a debt of the State of New York, the County of Erie, or any political subdivision thereof, and neither the State of New York, the County of Erie, nor any political subdivision thereof shall be liable thereon, and (b) that the Bonds shall be limited obligations of the ILDC payable from only the sources derived from the Company pursuant to the documents executed and delivered in connection with the issuance of the Bonds.

2. This resolution shall take effect immediately.

Dated: January 20, 2015