

PUBLIC HEARING SCRIPT

Catholic Health System, Inc. Project

Public Hearing to be held January 26, 2015 at 11:00 a.m. in the offices of the Buffalo and Erie County Industrial Land Development Corporation (the "ILDC" or the "Issuer") at 95 Perry Street, Suite 403, Buffalo, NY 14203

ATTENDANCE

Deborah Doxey - Phillips Lytle, LLC

Mike Polasik, Catholic Health System, Inc.

Bill Bing - North East Regional Council of Carpenters

Tom Kelly - North East Regional Council of Carpenters

Robbie McPherson - ECIDA

Members of the General Public

1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 11:00 a.m. My name is John Cappellino. I am the Executive Vice President of the Erie County Industrial Development Agency, and I have been designated by the ILDC to be the hearing officer to conduct this public hearing.*

2. PURPOSE: Purpose of the Hearing.

Hearing Officer: *Pursuant to and in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer is conducting this public hearing in connection with the a certain proposed project, as more fully described below (the "Project"), to be undertaken by the Issuer for the benefit of Catholic Health System, Inc. (the "Company").*

The Issuer published a Notice of Public Hearing with respect to the Project in The Buffalo News on January 10, 2015.

☒ 3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.

Hearing Officer: *The proposed Project shall consist of the issuance by the Issuer of its tax-exempt revenue bonds under Section 145 of the Code (the "Bonds") in an aggregate principal amount not to exceed \$130,000,000.00 consisting of its tax-exempt Obligated Group Revenue Bonds (Catholic Health System, Inc. Project), Series 2015, 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 of a certain project consisting 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.

In addition to the Bonds, the financial assistance requested to be provided by the Issuer consists generally of mortgage recording tax exemptions in connection with any financing or subsequent refinancing of the Project, if required.

Pursuant to the Code, interest on the Bonds will not be excluded from gross income for Federal income tax purposes unless the issuance of the Bonds is approved by the Buffalo and Erie County Industrial Land Development Corporation Board of Directors. It is anticipated that the Buffalo and Erie County Industrial Land Development Corporation Board of Directors will approve of the issuance of the Bonds at its meeting on January 28, 2015.

4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Issuer at 95 Perry Street, Suite 403, Buffalo, New York 14203 until the comment period closes on January 27, 2015. There are no limitations on written comments.*

5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Mike Polasik - Catholic Health System, Inc. - We are here today for a Tax Exempt Bond Issuance to reimburse costs incurred for various projects across our system and to finance the future construction of the electrical switch gear project at Mercy Hospital of Buffalo.

Bill Bing - North East Regional Council of Carpenters, 1159 Maryvale Drive, Cheektowaga, NY. This is to reimburse for work already done? Am I correct in saying that?

Mike Polasik - The majority of it

Bill Bing - Has this produced any new jobs?

The project clearly wasn't contingent on Catholic Health receiving IDA help to complete the project. In my opinion the upgrades made by Catholic Health were done in a business sense. You made a decision as a corporation/company to expand your business. That's the cost of doing business. I don't see where that would demand IDA help or demand for that matter. Consider the fact that the cost of the project was not contingent on Catholic Health receiving that money.

John Cappellino - This is the issuance of financing, so the benefit being provided to this project is a conduit to the borrowing of money. So the money being talked about is not Agency money we are providing to them. They are going to a bank and borrowing those resources. This is what the bond issuance will really be doing.

Bill Bing - So they are not receiving direct funds from the IDA?

John Cappellino - What we provide and the IRS allows is for not-for-profit organizations to borrow money from banks at a tax exempt interest rate. So what the IDA does is that we are really a conduit. So when they go the bank and they are going to borrow money from the bank as a not-for-profit, the federal government allows not-for-profits to use this vehicle. They will borrow money and what happens typically is instead of them being charged say a 6% interest rate they may get a 4.5% interest rate. But because the bonds are tax exempt, very similar to when a City goes and borrows money. So really what happens is the bond buyer not really Catholic Health, but the person who buys the bonds/debt the interest they earn on that debt it is tax exempt. So they don't have to pay taxes on it.

Bill Bing - I understand

John Cappellino - Because the bonds are tax-exempt they normally take less interest on the debt instrument because they don't have to claim it as income. So that's really what the IDA is providing. We are not providing them actual cash to do this; they are going to a bank to borrow the money.

Bill Bing - I understand that. But the IDA is providing a cost savings measure.

John Cappellino - We are providing a cost savings measure through the interest rate reduction that they would get through the bank.

Bill Bing - Which they wouldn't be able to obtain if it wasn't for the help of the IDA.

John Cappellino - Right or to be honest they can go to DASNY and do it through them. DASNY does the same thing.

Bill Bing - Yes and that I knew that.

John Cappellino - They will be receiving a potential interest rate reduction by using this vehicle through the ILDC/IDA.

Bill Bing - So it is a cost savings avenue that Catholic Health is looking to utilize.

John Cappellino - It would be a cost savings through the interest rate.

Bill Bing - It's not cash upfront but it is cost savings

John Cappellino - Yes

6. ADJOURNMENT.

As there were no further comments, the Hearing Officer closed the public hearing at 11:20 a.m.

SIGN IN SHEET

PUBLIC HEARING

January 26, 2015 at 11:00 a.m. at
95 Perry Street, Suite 403, Buffalo, NY 14203 regarding:

Catholic Health System, Inc.

Project Location: Various properties in Erie County, New York

Name	Company and/or Address	X box to speak/ comment
John Cappellano	Erie County Industrial Development Agency 95 Perry Street, Buffalo	
Dorothy Doxey	Phillips Lytle LLP	
Mike Polasik	Catholic Health System	X
Bill Ring	North East Regional Council of Carpenters	Possibly X
Tom Kelly	NORTHEAST REGIONAL COUNCIL OF CARPENTERS	
Robbie McPherson	ELIDA 95 Perry St, BfLo	

www.ecidany.com

`Comment Form Submission` Submission

Comment Form

Name : DARYL BODEWES
Email Address : dbodewes@northeastcarpenters.org
Phone Number : 3153179129

Comment :

I don't believe Catholic Health should get any relief from the IDA. Catholic Health renovated many of their buildings, hired contractors who do not pay area standard wages and benefits. Most contractors who were hired for these projects do NOT offer health care to their workers. The workers were working at a health care facility and not receiving benefits such as health care? If they got hurt who would pay? the employer? NO. Catholic Health? NO . We the tax payers that's who! Make Catholic Pay all taxes on work already done, pay all mortgage interest just like any other business or citizen does. Why if a building that needs a new electrical switch gear qualify for any breaks at all? shouldn't any landowner have the same benefits that Catholic Health is asking for? pretty soon the taxpayer will be paying all taxes for all construction work in Erie County. Then when the County has to raise taxes because they receive NO taxes from Thieves like Catholic Health we are paying AGAIN. They saved a lot of money hiring contractors who paid their carpenters \$10-\$15 dollars per hour. A job at Might Taco starts at \$9. No more public handouts to companies who don't practice what they preach. Daryl Bodewes Northeast Regional Council of Carpenters Local 276Buffalo NY