

SARATOGA COUNTY CAPITAL RESOURCE CORP.

Meeting Minutes October 4, 2016

Stewart's Office Plaza, Route 9, Malta, NY 12020

Members Present: Chairman Anita Daly, Arthur Johnson, John Wyatt, Eugene Zeltmann, Matthew Veitch.

Staff Present: Raymond O'Connor, CEO; Jim Carminucci, Counsel, Lori Eddy, administrative secretary.

Absent: Valerie Muratori, Jeffrey Reale, CFO

Guests: Christopher M. Martell, Hodgson Russ, LLP, Gary Foster, CFO, Saratoga Hospital.

Chairman Daly called the meeting to order at 3:30 p.m.

Chairman Daly stated before we get into the application review, she would like to introduce a new member of our team. At our last meeting, Jim Carminucci informed us he is not going to be able to continue as our bond counsel, because of his workload. Keeping up with the rules and regulations with this particular organization has been significant. We will keep Jim on as general counsel. Chris Martell is a partner with Hogson, Russ and will act as bond counsel. He lives and works in Saratoga Springs. Since getting out of law school he has focused almost exclusively on public finance and is very excited about this opportunity. Mr. Carminucci stated Mr. Martell's firm is one of the most active firms around the state in terms of public finance work.

Mr. O'Connor stated that the board should pass a resolution appointing Mr. Carminucci General Counsel and Mr. Martell as Bond Counsel.

Chairman Daly asked for a resolution appointing Mr. Martell as Bond Counsel and Mr. Carminucci as General Counsel.

The following resolution was offered by Mr. Wyatt and seconded by Mr. Johnson:

Resolution No. 6-2016

Resolved to appoint Mr. Christopher Martell as Bond Counsel and Mr. James Carminucci as General Counsel:

Ayes – 5

Noes – 0

Adopted 5 – 0

Chairman Daly stated the focus of today's meeting is the Saratoga Hospital application. She welcomed Mr. Foster from Saratoga Hospital. Chairman Daly asked Mr. O'Connor to discuss the application. Mr. O'Connor stated he received the application for the financing that is desired by Saratoga Hospital. He has reviewed the application in detail and has gone through the financial statements. He also receives quarterly financial statements as a condition of prior financing arrangements. The hospital has a good balance sheet and income statement. He stated there aren't many community hospitals that are as successful. There wasn't anything unusual in the application. All of the numbers are outlined in there for you. Counsel prepared a draft resolution that everyone has a copy of. Mr. O'Connor asked Mr. Carminucci to discuss this resolution. Mr. Carminucci stated this resolution was done in conjunction with Mr. Martell and the purpose of the resolution is to describe the project and move forward with the setting of a public hearing. The plan would be to have that public hearing at the regularly scheduled meeting later in the month and probably at that time adopt a bond resolution. Having a public hearing at the end of October will allow us to get on the agenda for the Board of Supervisors meeting in November. Because it is a tax exempt financing, we need to obtain the approval of the Board of Supervisors. Mr. O'Connor stated the projected amount of financing is \$50,825,000, not to exceed \$55,000,000. Mr. O'Connor asked Mr. Foster to speak to the application. Mr. Foster stated the opportunity is great for the hospital to take these historically low rates, it gives them the opportunity to refinance three of their series that they had financed. Two of them from 2007. One of them is a fixed rate series that

they are currently paying a little over 5% in interest on that allows us to basically refinance that to a rate under 2%. The other two are variable rate series that the variable rates have crept up over the last 30-60 days so we are looking at fixed rates today in this deal that are about similar to what we are paying in variable rates. Basically, it takes any of the variable rate risk away from the hospital and allows us to lock this in for the remaining term. He thinks it is a great opportunity for the organization and he appreciates what the Capital Resource Corporation is doing for the Hospital. Mr. Carminucci questioned if two of those series were issued by the IDA. Mr. Foster stated yes. Mr. Foster asked if there were any specific questions he could answer at this time. Mr. Wyatt asked what are the plans for the savings. Mr. Foster stated the 2007 fixed rate that they are currently paying 5%, that works out to be about \$230,000 a year in interest savings. It will allow them to do other initiatives that come up during their budget process. They have actually started their 2017 budget process now. There are always more things that they can't do that they would like to and this just helps them whether it is adding an additional couple of staff positions or a new service. Mr. O'Connor asked about the financing we did a couple of years ago for the new operating room suites. Could we have a quick update? Mr. Foster stated the project is probably 98% done. The new ICU went in service a little over a year ago. We basically took our seven operating room suites and converted them to ten operating rooms. They have been online. The first seven came on at the end of last year. The new three came on early this year. What we are now doing to sort of wrap up the project is a pre and post-surgical area which we are using the old surgical suites for. That should be complete within another 30-60 days. In the OR's, it allows our surgeons to take advantage of the additional capacity. It has been a great project. Chairman Daly stated the current number of employees is over 1,400. We all know that Global is the largest employer, but you've got to be at least number three. Mr. Foster stated he would think so. The number of staff we have is probably a little over 2,000 including part-time employees. On an FTE basis we are probably closer to 1,800. Mr. Zeltmann stated that he just had a couple of thoughts. First, he must recuse himself from voting on this in October because he is a member of the Ellis Hospital Board. With that said, do you have an idea of the impact of jobs within the County both in terms of possible construction as well as additional jobs for the hospital? Mr. Foster stated this is simply a refinancing. Mr. Zeltmann stated that is right, but that is part of the question that was asked earlier, what do you plan to do with the savings? Mr. Foster stated again we target to try to maintain a 2 and 3% operating margin so this \$200,000 in interest savings would contribute to that. Again, there is no specific plan to reinvest that necessarily in additional staffing at this point in time. We go through a budget process where we will look at new initiatives and if there is any new initiatives, this would certainly contribute to helping us fund that. Chairman Daly stated we do understand that and if she is not mistaken, she thinks the hospital is even ahead of schedule from the last anticipated increase in employees from the last application to what you are actually doing. You have actually kind of jumped ahead of the curve a little bit on what was previously estimated. Mr. Foster stated they have grown specifically in the physician practice areas and we now have over 100 physicians employed by the hospital and for each physician practice, there is a lot of support.

Chairman Daly stated our objective today is to accept the application so that we can set the public hearing and then consider the application for approval after the public hearing. Chairman Daly asked if we had other questions for Mr. O'Connor or Mr. Foster on the application. There were no further questions.

Chairman Daly asked for a motion to accept the application. Mr. Zeltmann stated that he thinks that maintaining employment would be an objective that should be included in the document. Mr. Carminucci stated he made a note to do that, referencing the fact that the savings from the financing will assist the hospital in retaining existing employment and also potentially contribute to future projects. That is an accurate way of describing it.

The following resolution was offered by Mr. Veitch and seconded by Mr. Johnson:

Resolution No. 7-2016

Resolved to accept the application for the Saratoga Hospital 2016 project as presented and amended.

Ayes – 5

Noes – 0

Adopted 5 – 0

Mr. O'Connor questioned about a public hearing date. Mr. Carminucci asked if the regularly scheduled meeting date is October 25th. Mr. Carminucci stated with Mr. Zeltmann recusing himself from that vote will everyone else be

able to make that meeting because we will need a quorum in order to have that resolution adopted. Mr. Wyatt questioned what time will the meeting be. Mr. O'Connor stated we will have the Governance Committee meeting at 4:30, Finance Committee at 4:45 and the regular meeting at 5:00. Mr. Wyatt stated that would be good for him. Mr. Johnson questioned who is on those Committees. Mr. O'Connor stated Governance, Ms. Muratori is Chair of that Committee, Ms. Daly is Ex Officio member, Mr. Johnson, Mr. Veitch, and Mr. Zeltmann are on the Governance Committee. Chairman Daly stated if anyone has a change in schedule at all to reach out to Mr. O'Connor as soon as possible and if we have to make an adjustment we will do that. Mr. O'Connor stated we have to meet at least a few days before October 31st because he has to file reports such as the budget, with the Authorities Budget Office by October 31st. The public hearing for the Saratoga Hospital bond issue will be at 5:00 p.m. on Tuesday, October 25th.

Chairman Daly stated she had one other item to discuss. From time to time she receives unsolicited requests to support a project. She would like to ask for support for a particular project she thought was worthy enough to bring forward to the members of the Board. The County, in particular the Youth and Family Services team of the County Mental Health Department, sponsors an educational conference every year. For whatever reason, it has not been recognized in the County budget. So, the Department itself goes out to fundraise for its own educational conference. They work with probably 60% of the not-for-profits in this area. They have stepped up their game, so to speak, by bringing in a well-known expert on the area of child and sexual abuse. She is out of Oregon. They have also been holding their conference at the Knights of Columbus, which has not been easily accessible for many people. By bringing in a high level speaker, it brings more cost. They have been soliciting support on the outside from private entities, some of which work directly with the Mental Health Department, some do not. This is an educational opportunity for Social Workers in particular. They all need to have so many continuing education credits to maintain their licenses on an annual basis. They do not get support from the County to do that. Additionally, many of the not-for-profits that are required to hire licensed social workers, also do not primarily for budget constraints, allow monies to be paid to employees for that purpose as well. Our law enforcement workforce is in dire need. They have mentioned it several times that whatever we can do to help bring up their educational level. This is not only on the victim, it is a conference that is also going to be speaking to investigation, child advocates and quite an extensive full day program with fully outlined learning objectives that have been approved by the New York State Education Department. With all of that and with the emphasis on this being an important event to help promote the workforce development in this area so that we properly educate those that are involved in this particular arena, she is asking if the Board would consider supporting this conference in the amount of \$1,000.00 to be paid to Saratoga County for the purposes of assisting with the conference. Chairman Daly then asked for the member's thoughts and ideas. Mr. Zeltmann questioned as an organization are we legally permitted to do that? Chairman Daly asked Mr. Carminucci or Mr. Martell to speak to that. Mr. Carminucci stated he thinks the tie in to workforce development certainly fits well with your mission statement as well as the statute under which you were created. He thinks that is sufficient if you decide you want to do this. Mr. Johnson stated there is a precedent, we have given the County money before as well to distribute to help economic development. Chairman Daly stated it is very difficult to get the workforce educated in different arenas that they need some additional help with. There are a lot of monies out there available for drug abuse and drug education, and she is not trying to belittle that, but this is a very big area of need, particularly in this County, that statistics currently are that one in every four female children are sexually abused and one in every seven male children are sexually abused, which is not a very good number. Unfortunately, we do have the need to have as many people trained in this area as they can be to properly perform their roles and responsibilities in eradicating it. Mr. Wyatt questioned if this is a training they do every year and they just need our assistance because of the elevation of what they are looking to do? Chairman Daly stated they do training every year. They do change the topic in accordance primarily to the need. There wasn't necessarily grant money but there was a huge need in terms of clientele and what they see happening in the County so they identified the area of need that they needed additional training in and they went out to facilitate that. In order to do that this year, they bumped up their level significantly. They've never flown someone in from Oregon like this before. This particular presenter is a senior trainer. She recently retired from a position of Co-Director of the Center for Behavioral intervention where she worked with adult sex offenders and their families for 34 years. In addition to clinical work she has done training for the National Center for the Prosecution of Child Abuse, the National Child Advocacy Center, the United States Navy, the National Crime Victims Association, the Mark Maguire Foundation for Children, the U.S. Marshalls Office, the NYPD Special Victims Unit and a number of law enforcement and other faith based organizations. She has quite the background that they identified within their arena.

Chairman Daly then asked for a resolution supporting the educational conference at the Saratoga County Mental Health Department.

The following resolution was offered by Mr. Wyatt and seconded by Mr. Veitch:

Resolution No. 8-2016

Resolved to support the educational conference at the Saratoga County Mental Health Department in the amount of \$1,000.00.

Ayes – 5

Noes – 0

Adopted 5 – 0

Chairman Daly asked if there was any further business to discuss. There being no further business, a motion to adjourn was made by Mr. Zeltmann, seconded by Mr. Johnson. All were in favor and the meeting was adjourned at 4:00 p.m.

Respectfully submitted,

Lori A. Eddy, Administrative Secretary

Approved _____ Date _____