TOPIC FOR TUESDAY, NOVEMBER 5, 2019:

I’ve been hearing that Mohawk Valley Health System (MVHS) still doesn’t own all the properties in the medical center footprint and that the organization is having a difficult time obtaining financing for the new medical center in Downtown Utica. Is this true?

No, both of these assertions are not true, and this misinformation is being purposely spread by those who oppose the new regional medical center.

In fact, last week we made great progress on the new regional medical center. We now own all of the properties in the footprint of the medical center building. Sayre Alley and Cornelia Street (between Lafayette and Columbia Streets) are now closed and this area is nearly all fenced-in to enhance public safety. On Wednesday, October 30, the first building within the footprint was taken down (a two-story garage, 456 Columbia Street) following appropriate environmental studies and receiving the necessary permits and approval. Abatement continues on buildings, necessary permits for demolition are being acquired and a schedule for clearing the rest of the footprint is underway.

As for financing of the medical center, we have been successful beyond our wildest expectations, particularly in the bond market. First, let’s talk about the state grant funding. New York State Department of Health (NYSDOH) signed off on the phase II grant contract in September which made the remainder of the $300 million from the Health Care Facility Transformation Grant available to MVHS for the project. To date, nearly $11 million of the $300 million has already been received under phase I grant funds. This means that MVHS has been submitting vouchers to NYSDOH that have been reimbursed with the dollars from this grant. That’s just one part of the financing picture for the new MVHS medical center.

The other aspect of funding, other than philanthropy, for this $548 million building project is for MVHS to obtain financing for $268 million (which includes the costs for the medical center, retiring debt and implementing Epic). This is similar to obtaining a mortgage for your own home. However, it’s a bit more complicated than applying for a mortgage. MVHS has gone through a complex process to receive a credit rating and to obtain funding through the issuance of long term bonds issued through the Local Development Corporation. And last Thursday, October 31, MVHS sold its bonds on Wall Street. Within an hour of putting the bonds for sale, more than 49 investors expressed interest in financing our project by placing $2.3 billion in orders which is 8.8 times the initial offering. In the end, the strong interest in the new MVHS Regional Medical Center by investors helped to reduce the overall interest financing rate. These bonds for the $268 million will close on November 21, 2019.

And, as a final reminder, the new MVHS Regional Medical Center is being built in Downtown Utica.