



MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

June 10, 2021

Thomas Dame, Esq.
Gallagher Evelius & Jones LLP
218 North Charles Street, Suite 400
Baltimore MD 21201

Re: Replacement and Relocation of Sheppard Pratt at Ellicott City, Docket No.15-13-2367

Dear Mr. Dame:

In reference to your client's request for a second Project Change after Certificate of Need Approval ("modification") MHCC staff needs further information, as reflected in the following questions.

1. The applicant alludes to the changes in the sources of funds resulted from "discussions with HSCRC." Please explain.
2. Explain why "gross interest during construction period" grew from \$2.35 million in the initial approval and March 2021 project change to \$9.8 million in this filing.
3. From a big-picture perspective, the Project Budget (Table E) seems to show that borrowing (lines B.3 and 6) replaces cash and philanthropy (lines B.1 and 2) as sources of funds. Thoroughly explain why the sources of funding changed from:
 - a) \$14.4 million in cash to \$0;
 - b) \$66.7 million in bonds to \$70 million;
 - c) Philanthropy of \$7.5 million in the original application to \$16.5 million in the March modification to \$5 million in the recent change request.
 - d) No funds from working capital loans to \$25 million in working capital loans.
4. Table G shows an incremental increase in "interest on project debt" that increases by about \$150,000 on incremental debt of more than \$28 million. This implies an interest rate of less than 0.6%. Is that realistic?
5. Explain the 6.25% increase in projected operating cost reflected on Table H, R& E inflated.

6. On Table H, Line items 2. j, k, and l – *rentals, other, and corporate overhead* – all increase significantly (collectively, by 55% from approximately \$4.5 million to \$6.9 million). Please explain these increases.

As you are aware, time is of the essence and an extremely rapid turnaround will be required if we are to have any hope of bringing this item to the MHCC's June agenda. Please submit your reply to me electronically, in both Word and PDF format, copying Ruby Potter (ruby.potter@maryland.gov). Please submit three hard copies of the response as well.

The submission must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: "I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief."

Should you have any questions regarding this matter, feel free to contact either me at (410)764-3374 or Kevin McDonald at (410) 764-5982.

Sincerely,



Kevin McDonald
Chief, Certificate of Need Division

cc: Maura Rossman, M.D., Health Officer, Howard County Health Department
Suellen Wideman
Paul Parker
Moirra Lawson