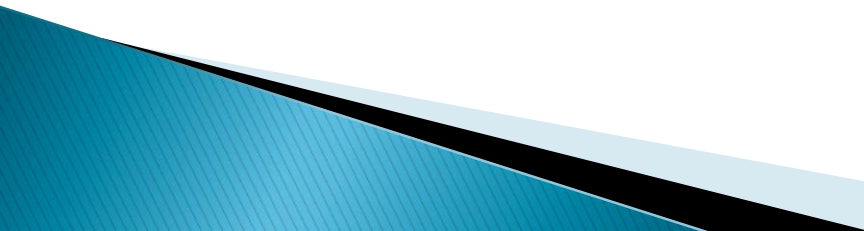


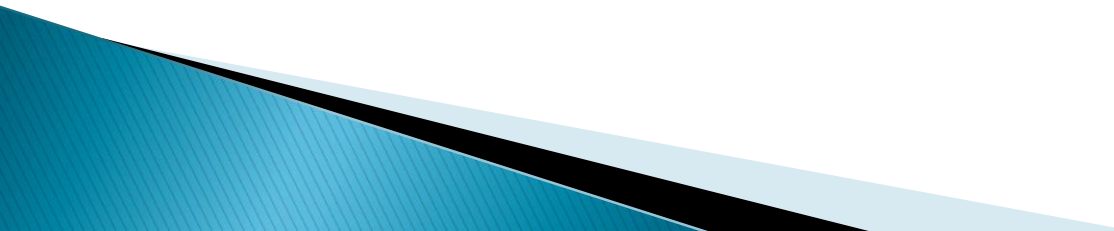
# Mary Greeley Medical Center Master Facilities & Site Plan

Ames City Council Meeting  
June 14, 2011

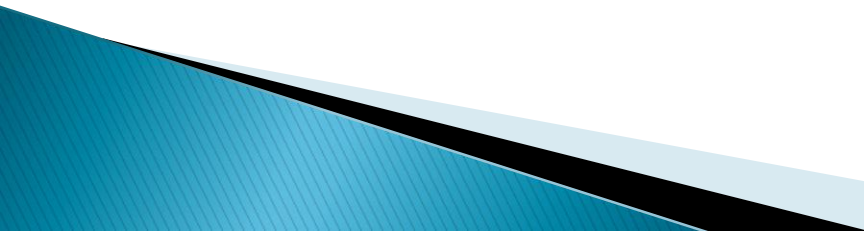
# Background Information

- ▶ Launched the master facility and site planning process October 2009 .
  - ▶ Master facility and site plan priorities:
    1. New power plant
    2. Improve the size and functionality of inpatient rooms
    3. Enlarge and Improve the Emergency Department
    4. Improved patient, visitor, and staff safety at Main Entrance
    5. Sustainable and Environmentally Responsible
- 

# Background Information Cont'd.

- ▶ Hosted the first neighborhood meeting in April of 2010 to share the preliminary site plan concept.
  - ▶ Hosted a second neighborhood meeting in April 2011 to share the final concept.
  - ▶ Hosted an Historic Old Town Neighborhood Association meeting in September 2010 and a second meeting in May 2011.
  - ▶ Have worked closely with the City of Ames to progress through the necessary text amendments, rezoning and re-platting issues.
- 

# Special Considerations

- ▶ Develop a site plan and building exterior that compliments the neighborhood.
  - ▶ Limit the flow of traffic to residential streets.
  - ▶ Improve pedestrian safety.
  - ▶ Preserve campus green space.
  - ▶ Share future plans, if any, to change the use of the area that is being rezoned with the neighbors and Historic Neighborhood Associations to keep them fully informed.
  - ▶ Will not extend beyond the hospital medical zone.
- 

# Site Rendering







IMARY GREELEY  
MEDICAL CENTER

# Building Appearance



View From Duff Avenue



# Building Appearance



View From Parking Structure



# Street View of Proposed West Tower

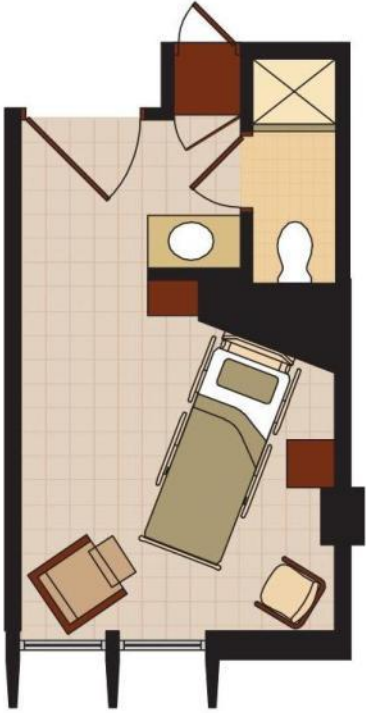


**SHIVEHATTERY**  
ARCHITECTURE+ENGINEERING

**MARY GREELEY**  
**MEDICAL CENTER**

**JEDUNN**<sup>®</sup>  
CONSTRUCTION

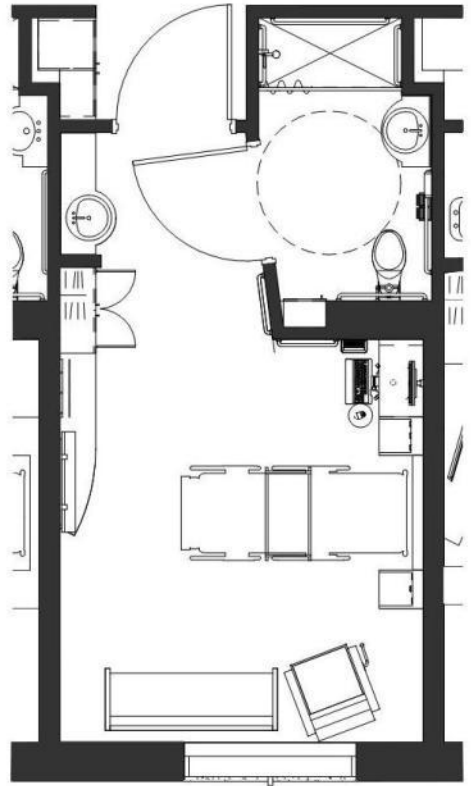
# Patient Room



Existing Patient Room



New and Existing Overlay



New Patient Room

# Master Facilities and Site Plan Schedule Milestones

## Phase I – New Patient Tower and Support Services Building

- ▶ Anticipated Groundbreaking – Late Fall/Early Winter 2011
- ▶ Construction Complete – Spring 2014

## Phase II: New Main Entrance

- ▶ Construction Complete – Fall/Winter 2014

## Phase III: Expanded ED

- ▶ Construction Complete – Summer 2015



# Master Facilities and Site Plan Phase One





# Master Facilities and Site Plan Phase Two-A



# Master Facilities and Site Plan Phase Two-B



# Master Facilities and Site Plan Phase Three





# Rezoning Diagram





# Proposed Budget

Base Project with LEED Basic requirements

\$125,440,000

LEED Silver Certification \*

\$

2,000,000

Dedicated Oncology Unit Alternate Add

\$

1,300,000

Total

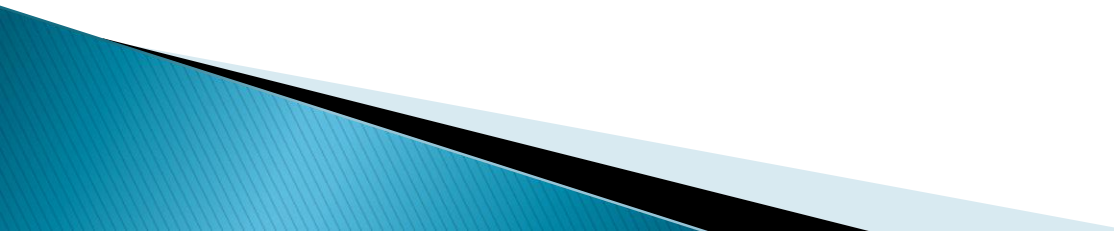
\$128,740,000

\*Additional Construction, A-E Design Fees, LEED Registration & Credit Documentation, Enhanced Commissioning

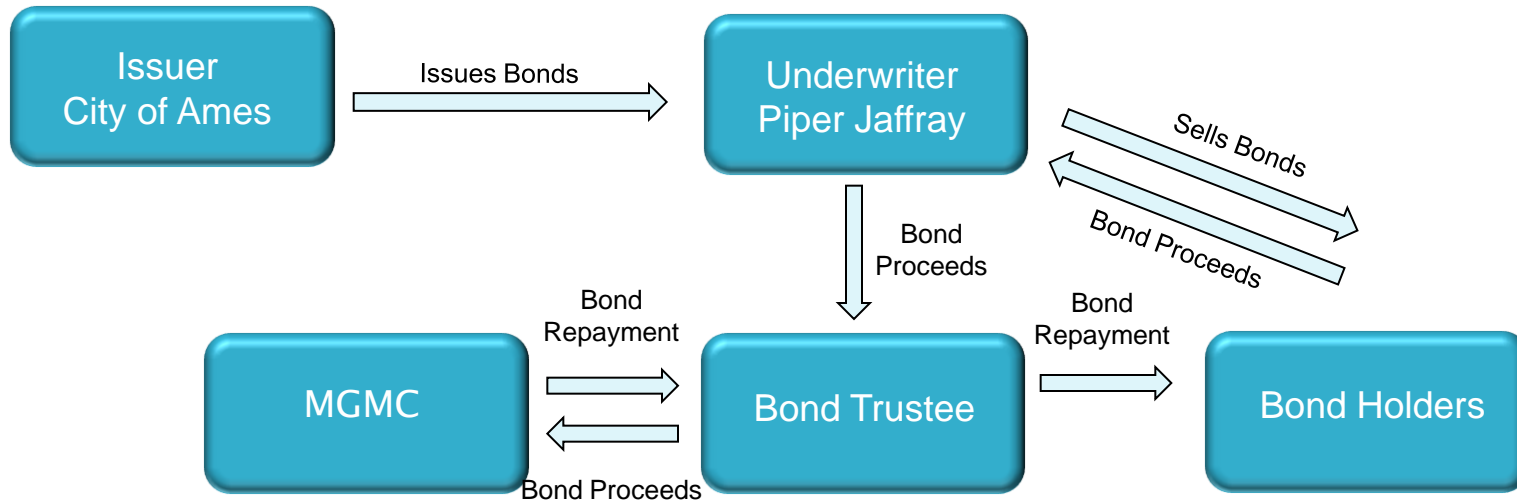
# Master Facility and Site Plan Financing Plan

- ▶ \$60 million Bond Issue
  - ▶ \$60 million Operations
  - ▶ Foundation Campaign
- 

# City of Ames Role

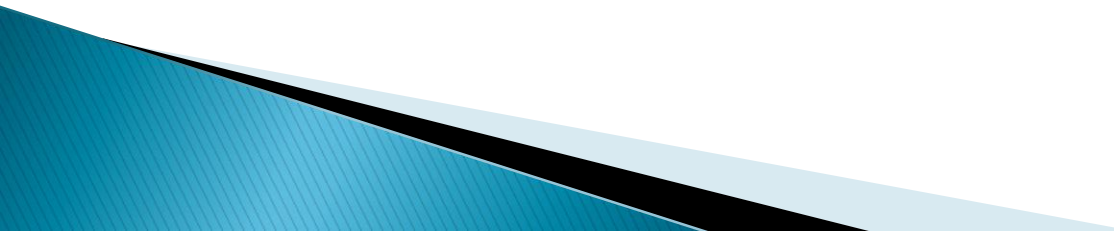
- The City fulfills the role of Issuer for Mary Greely Medical Center's ("MGMC") tax-exempt bonds as required under IRS Code
  - This is the same revenue bond structure utilized for MGMC's Series 2003 bonds
  - The City is not obligated in any way for repayment of MGMC's bonds
  - The Official Statement will affirm:
    - "The Bonds are limited obligations of the City, payable solely from amounts pledged under the Indenture. The Bonds shall never constitute indebtedness of the City nor give rise to a liability of the City and neither the faith and credit nor taxing power of the City is pledged to the Bonds."
- 

# Tax-Exempt Bond Financing Flow Chart



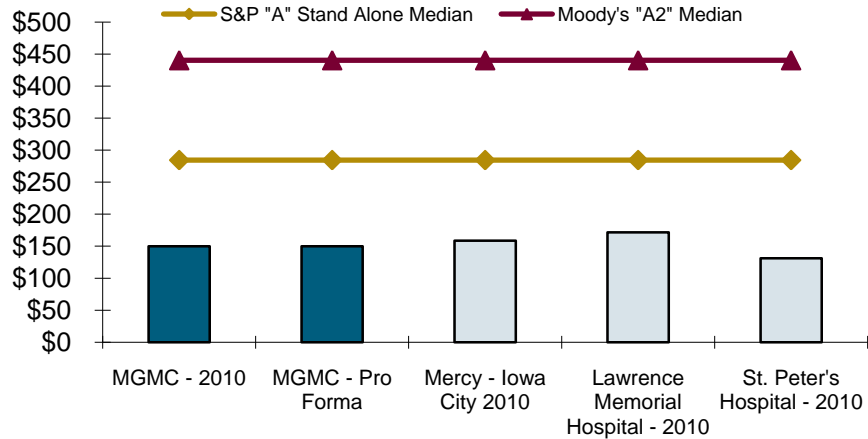


# Project Affordability

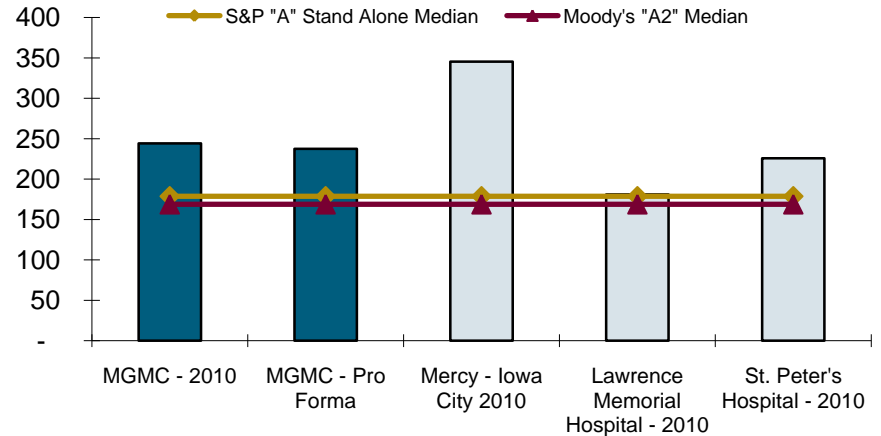
- As a healthcare credit evaluated by rating agency analysts and bond investors, MGMC compares favorably to other “A” rated hospitals and the rating agency “A” medians.
  - Key credit strengths include:
    - History of profitability
    - Low leverage position
    - Dominant provider in the market
    - Favorable working relationship with McFarland Clinic
    - “Aaa” rated community with University
- 

# Mary Greeley Medical Center Comparison to Select "A" Rated Hospitals

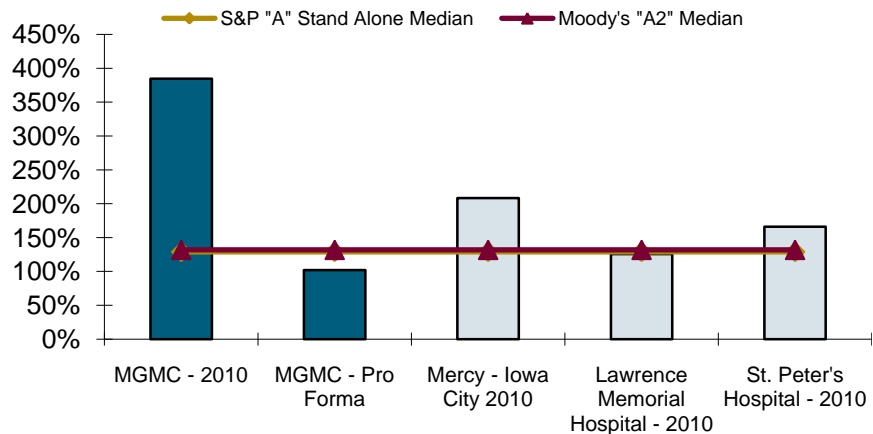
### Net Patient Revenue (\$mils)



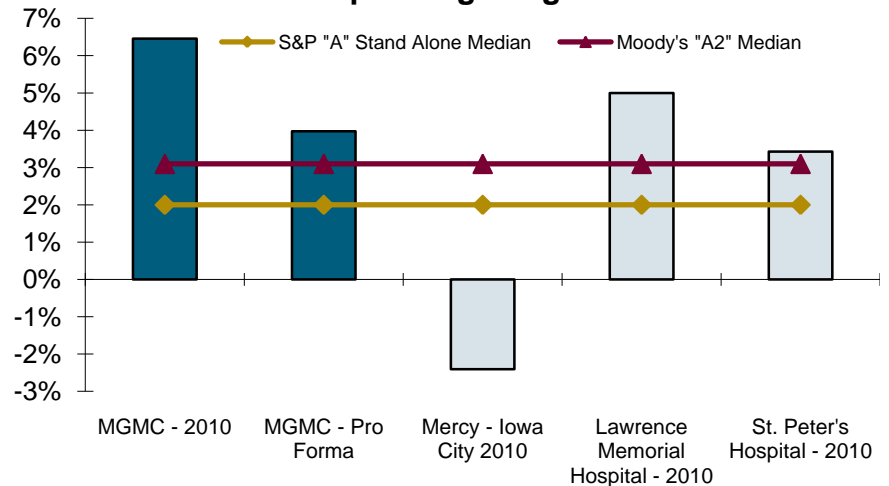
### Days Cash on Hand



### Cash to Debt (%)

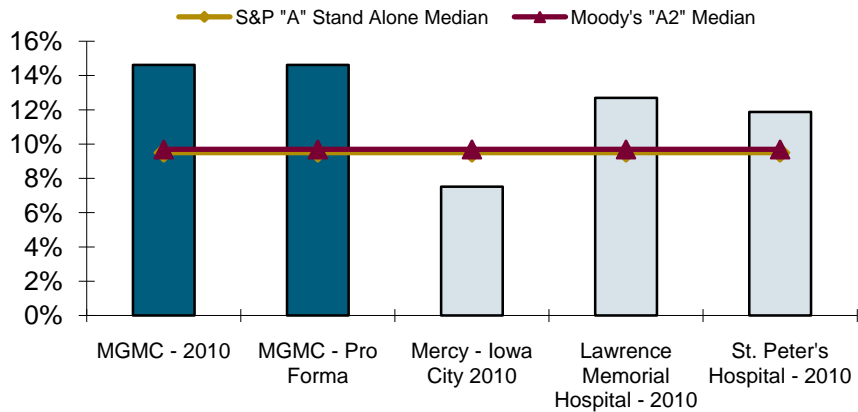


### Operating Margin

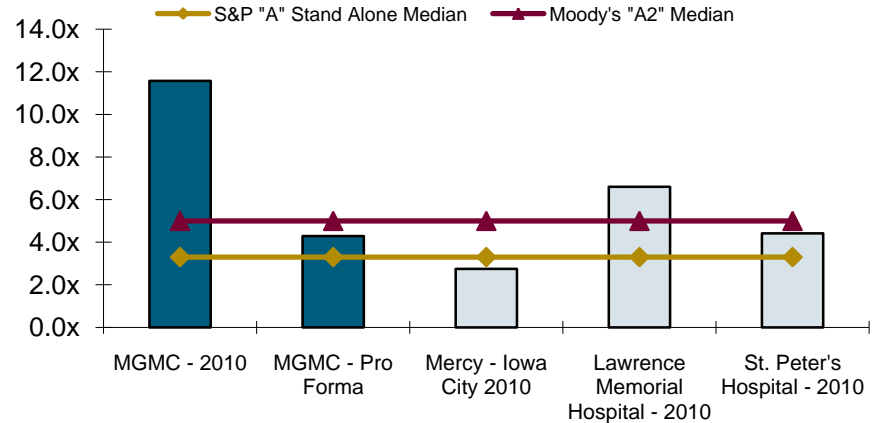


# Mary Greeley Medical Center Comparison to Select "A" Rated Hospitals

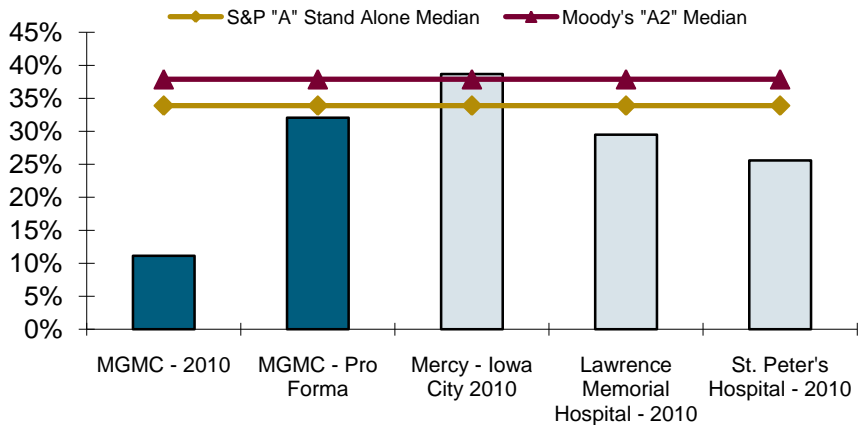
### Operating Cash Flow Margin (%)



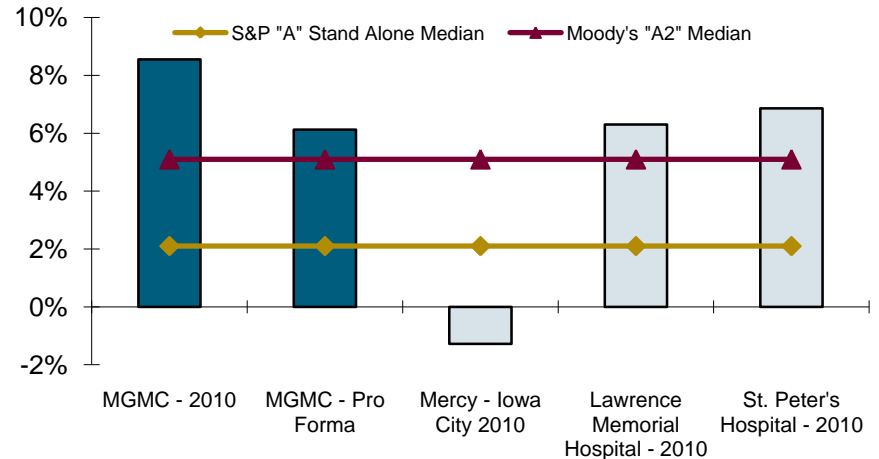
### Maximum Annual Debt Service Coverage (x)



### Debt to Capitalization (%)



### Excess Margin (%)



Staff Report

**MARY GREELEY MEDICAL CENTER EXPANSION**

June 14, 2011

In anticipation of the proposed expansion of Mary Greeley Medical Center (MGMC), the City Council will be reviewing five items on the June 14<sup>th</sup> agenda. These items include the following:

- a) The hospital's expansion plan (see attached power point presentation),
- b) The hospital's financial capacity to finance the expansion plan (see attached power point presentation),
- c) Vacating a public street and alley for MGMC use,
- d) A zoning text amendment regarding building heights in the H-M zone (see CAF for 30d), and
- e) Rezoning of MGMC-owned land to the southwest of the hospital (see CAF for 30e).

Additional background on two of these items is given below.

**31b – Financial Capacity To Issue Bonds**

As you will note from the MGMC presentation, it is their intent to issue \$60,000,000 of revenue bonds and to rely on \$60,000,000 from operations revenue to accomplish this expansion project. It should be emphasized that while revenue bonds are backed solely from the revenue of the enterprise fund (in this case MGMC), the bonds are issued in the name of the City of Ames. Should a default occur on these bonds, the City's overall reputation in the market would no doubt suffer resulting in higher interest rates on any future bonds issued by the City of Ames.

With this in mind, the City Council has historically asked that the MGMC Board of Trustees to purchase specialized insurance to further back these revenue bonds and eliminate any credit risk to the City. That insurance also assured the highest ratings for the bonds which resulted in the lowest possible interest rates.

**Since the market for this type of insurance has disappeared, these revenue bonds will be issued in the name of the City without the additional backing of this insurance. Therefore, the City Council must be comfortable that the MGMC has sufficient revenue capacity to make the principal and interest payments for these bonds, to cover other outstanding debt, and to meet ongoing operational expenses. In order to promote your confidence in this matter, MGMC's independent financial adviser will be present at the June 14<sup>th</sup> meeting to answer questions about their capacity to meet the proposed financial obligations.**



### **31c – Vacation of City Street and Alley**

In order to accomplish their expansion plan, MGMC is requesting that a portion of 11<sup>th</sup> Street and an alley east of Kellogg be vacated and made available for their site. **The policy decision before the City Council is whether or not to seek remuneration for this public property that is being transferred to MGMC's exclusive use.**

The City Council has a long-standing policy for handling this type of transfer to private individuals. A formula has been established and, for the most part, the City receives compensation for the transfer of land. What makes this case different is the fact that land will remain under the control of a City entity. Therefore, it can be argued that no exchange of money should occur in this situation.

However, it should be remembered that the City operates a number of different enterprises, and even though they are all technically City operations, monies are routinely transferred between funds to compensate for services received. Therefore, a counter argument can be made that MGMC should pay for this vacated property in accordance with the City's established policy. The funds received would be deposited into the Street Construction fund to be used to improve our deteriorating street system.

**If the standard land reimbursement formula is applied in this situation, it appears that MGMC would owe the City \$69,144.** Remember this formula establishes the average square foot value of adjacent land times the total square footage of vacated City property reduced by 25% to compensate for the issuance of a quit claim deed rather than a warranty deed and the retaining by the City of utility easement rights over the vacated property.

Under the established formula, the net cost to MGMC could be reduced further if utilities have to be removed from the right-of-way or existing City improvements have to be removed. It doesn't appear that any utilities will be relocated, so the 15% reduction of maintaining the easement has been retained.

A review of recent history revealed that similar situations were not handled consistently by past City Councils. In 1985, when MGMC was seeking to close a portion of 12<sup>th</sup> Street between Douglas and Duff to facilitate the addition of a radiation therapy department, the City Council vacated this street section and transferred management and control to MGMC at no cost. However, later in 1994 when MGMC requested portions of 11<sup>th</sup> Street and Douglas Avenue be vacated to accommodate the construction of MGMC's parking ramp and other additions, the City Council chose to apply the land reimbursement formula which was adopted in August 1992. However, in this case, the Council determined that since the cost to MGMC to relocate utilities from the vacated property and remove the street surface exceeded the value of the vacated City land, no money was due the City.