



Board Meeting

Winooski, Vermont

June 20, 2016

Meeting Minutes

Board Members by Telephone: David Beatty (designee of Secretary Administration); Fritz Burkhardt; Michael Clasen (designee of Beth Pearce); John Leu (designee of Secretary of Education); Ken Linsley; Edward Ogorzalek; Jim Potvin; Rob Roberts (designee of Secretary of Human Services); Neal Robinson; Stuart Wepler and Steve Wisloski.

Staff: Robert W. Giroux

Consultants by Telephone: Matt Hughey (Norton Rose Fulbright); and Robert Guadagno (Public Finance Management).

Guests by Telephone: Doug Viau (University of Vermont Medical Center) and Nick Foss Department of Finance & Management

The meeting was called to order by Mr. Potvin, at 9:30 am and a roll-call of those on the conference call was taken. Mr. Giroux welcomed John Leu, Secretary Holcomb's designated representative, to the meeting.

Bond Counsel Announcement

Mr. Hughey reported that Sidley Austin recently made a business decision to close its public finance department. Following negotiations with several law firms, the former Sidley Austin public finance team moved "lock, stock and barrel" to the firm of Norton Rose Fulbright. The transition has proceeded smoothly and Mr. Hughey assured the Board that there would not be a drop off in the quality or level of service provided the Agency.

University of Vermont Medical Center ("UVM-MC" or Medical Center")

Mr. Viau. updated the Board on UVM-MC and the new money financing request. The Medical Center would like to construct a \$188 million inpatient single room facility to replace outdated facilities. The new facility will allow the Medical Center to meet its current and future community needs for inpatient care.

VERMONT EDUCATION AND HEALTH BUILDINGS FINANCING AGENCY

On July 1, 2015, the Green Mountain Care Board granted UVM-MC a CON approval, subject to certain conditions being met. On May 11, 2016 the Green Mountain Care Board was satisfied that UVM-MC had met the imposed conditions and ruled that the Medical Center could proceed with construction.

Because it is providing a \$91.7 million equity contribution and anticipates \$7.8 million in premium, UVM-MC is requesting \$89 million in par amount to finance the balance of the \$188 million inpatient project.

PFM's representative, Robert Guadagno, then provided a brief summary of the Medical Center and described the financing request. The bonds will be publically placed as tax-exempt fixed rate bonds with a 30-year maturity that will be wrapped around the Medical Center's existing debt. It is expected the bonds will be issued with a 10-year par call option. UVM-MC is currently rated A-/stable by Fitch, A3/stable by Moody's and A-/stable by S&P.

Mr. Guadagno reported that UVM-MC has a strong and improving balance sheet and operating margins. The Medical Center's financial and patient metrics compare well against the Moody's medians. 2015 market position and patient volume data have remained flat or are slightly improved over 2014's.

PFM recommends the Agency Board approve University of Vermont Medical Center's financing request for the inpatient single room project.

Mr. Hughey then reviewed the resolutions and legal documents associated with the financing. The bonds will be underwritten by Citigroup and publically placed on a negotiated basis. The bonds will be secured by payments made by UVM-MC under the terms of the Loan Agreement and by an obligation to be issued under the Master Trust Indenture. Since the Agency held a plan of finance TEFRA hearing last June that included both the 2016-A refunding and this new 2016-B financing, it will not need to hold another TEFRA hearing this year. However, the Governor's approval for the financing will be required.

Motion: Mr. Linsley moved and Mr. Burkhardt seconded the motion to authorize the issuance of up to \$100,000,000 of Agency Bonds with the proceeds to be loaned to University of Vermont Medical Center to fund the inpatient single room project. The Board also certifies to the Governor as to the Medical Center's ability to repay the debt and that a TEFRA hearing was held in accordance with Section 147(f) of the Internal Revenue Code of 1986.

There being no further discussion, the motion passed.

VERMONT EDUCATION AND HEALTH BUILDINGS FINANCING AGENCY

Other Business

None.

There being no further business, the meeting was adjourned.

These Minutes were approved by the Board of Directors at a duly warned meeting on

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