

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS AUTHORITY
Minutes of Board of Directors Meeting

Open Session

March 4, 2015

PRESENT: David Walsh (Chair), David Ward (Vice Chair), Dean Robert Golden, Dr. Thomas Grist, Andrew Hitt, John Litscher, Regina Millner, Lisa Reardon, Pablo Sanchez

EXCUSED: Chancellor Blank (joined during closed session), Rep. Dale Kooyenga, Michael Heifitz, Dean Katharyn May, Janice Mueller, Senator Luther Olsen, and Dr. Humberto Vidaillet (joined during closed session)

LIAISONS: Dr. Lee Faucher, Dr. Jeffrey Grossman, Ron Sliwinski

STAFF: Kristi Amelong, Elizabeth Bolt, Jocelyn DeWitt, Tim Gaillard, Dr. Chris Green, Beth Houlahan, Jordan Mason, Patti Meyer, Teresa Neely, Bob O'Keefe, Jeff Poltawsky, Jay Robaidek, John Sheehan, Ron Sliwinski, Mike Weiden, Kelly Wilson

1. Call to Order

Chair Walsh called the open session of the Board of Directors meeting to order at 8:15 a.m. Roll call was taken and a quorum was present.

2. ACTION: Approval of Open Session Minutes of February 4, 2015 Authority Board Meeting

Vice Chair Ward moved approval of the open session minutes of the February 4, 2014 meeting (Attachment A). Dr. Grist seconded the motion, and it passed unanimously.

3. ACTION: Review and Approval of Medical Staff Membership and Clinical Privileges (Attachment B)

Dr. Lee Faucher presented the Medical Board recommendations concerning medical staff memberships and clinical privileges. Mr. Sanchez moved that the recommendations be approved. Ms. Reardon seconded the motion, and it passed unanimously.

4. ACTION: SwedishAmerican Hospital Refinancing Approval (Attachment C)

Bob O'Keefe presented on an opportunity to refinance the SwedishAmerican Health System debt through a Total Return Swap for a savings of about \$300,000 per month. He explained that there are three master indentures among UWHCA, UWMF, and Swedes, and that a fixed rate financing would take several months. By comparison, the alternative presented is something that Swedish could do on its own relatively quickly.

Mr. O'Keefe described the transaction in detail, including the way funds would flow and the risks of the approach. Those risks include a guaranty of the value of the bonds. If fixed rates rose to, e.g., about 5.5%, the value of the bonds could fall below par. He posed the question of "at what rate would we face this risk?" At an increase of 200 basis points, we would be looking at a possibility of having to pay. Mr. O'Keefe described the plan to refinance this debt again (or consider doing so) as an integrated bond financing once the entities are under consolidated financials. He described the 48 hour buyback period, and also the daily notification of value by BAML.

There was further discussion of the sufficiency of the 48-hour period given how quickly the market can fall. Mr. O'Keefe described what happened at Aurora in 2008 when variable rates went from about 2% to about 8%, but they then went back down in a period of a week or so. Still, that is a risk that needs to be considered. Dr. Grist questioned the nature of "swap" transactions, citing a book he'd recently read. According to Mr. O'Keefe, when properly applied, swaps are useful, although there have been historical examples of misuse of swaps. This was not viewed to fit the mold of the latter.

Vice Chair Ward moved that the recommendations be approved. Ms. Millner seconded the motion, and it passed unanimously.

5. Closed Session

There being no other matters for the open session, Chair Walsh proposed to take the meeting into closed session pursuant to Section 19.85(1)(e), Wis. Stat. The purpose for the closed session was for the discussion of financial and other matters, including budgetary matters which for competitive reasons require a closed session, pursuant to Section 19.85(1)(g), Wis. Stat.; to confer with legal counsel regarding strategy with respect to threatened or pending litigation; and pursuant to Section 146.38, Wis. Stat., for the review of the services of health care providers.

Mr. Hitt moved to go into closed session; Ms. Millner seconded the motion; and there was a unanimous roll call vote approving entering into closed session. The following members voted for the motion: Chair Walsh, Vice Chair Ward, Dean Golden, Mr. Hitt, Mr. Litscher, Ms. Millner, Ms. Reardon, and Mr. Sanchez. Chancellor Blank and Dr. Vidaillet joined the meeting during closed session.

6. Adjournment

Chair Walsh adjourned the meeting in closed session at 11:32 a.m.

Respectfully Submitted,

Kelly C. Wilson, Secretary