

THE
University of Vermont
MEDICAL CENTER

November 25, 2014

Alfred Gobeille
Chair, Green Mountain Care Board
89 Main Street
Montpelier, VT 05620

RE: The University of Vermont Medical Center Inc., South Burlington Property Acquisition Certificate of Need Application, GMCB-015-14con

Dear Chair Gobeille,

This letter responds to the Request of the Vermont Federation of Nurses and Health Professionals, Local 5221 (the "Union"), dated November 12, 2014, for Interested Party status in this proceeding.

The Union offers two concerns as bases for being granted interested party status in this proceeding:

- (1) The Project could "potentially involve the relocation of Union members" and "potentially [result in] a change in their job classifications;" and
- (2) The capital costs of the Project could impact The University of Vermont Medical Center's "ability to meet its contractual obligations to Union members in the form of wages, benefits, and other forms of support."

We acknowledge the Union's concerns and will certainly address them at an appropriate time and forum. However, neither of these concerns satisfies the legal requirements for "interested party" status in this CON proceeding under Rule 4.406(3). They relate to the possible future impact of possible future projects at the South Burlington site, particularly the impact on Union wages and working conditions. They do not demonstrate that the Union will be "directly and substantially impacted by the Project," as it is now proposed. We respond more specifically to each of the Union's arguments below.

First, the Union's arguments that its members could "potentially" be affected by the Project are premature and speculative at this point. This Project does not propose any shift in the location of any of our clinical services. It seeks approval only to acquire property and buildings in South

Burlington.¹ Any future proposal to relocate specific services or to develop new facilities at the South Burlington site will require additional planning work, and will ultimately require one or more additional CON applications. Concerns about the “potential” impact of “future uses” of the South Burlington site are “insufficient to grant party status.”²

If future proposed uses of the South Burlington property do raise questions about shifts in job classifications or other labor-related issues, the Union’s Collective Bargaining Agreement provides the forum for that negotiation, as it explicitly grants the Union the right to bargain over the effects of future facilities on its members.

Second, the Union’s argument that Project costs might “constrain” the Medical Center’s “ability to invest in frontline healthcare workers” is not a proper basis for intervention in this proceeding and lacks any factual foundation. If the Union believes that the Medical Center is unable to pay wages or benefits, it should initiate appropriate action under its Collective Bargaining Agreements. A CON proceeding is not the proper forum for this issue.

There is also no factual basis for the Union’s assertions about the Medical Center’s financial condition or its swap agreements. The fiscal health of the Medical Center is very strong, with two of the three credit rating agencies recently upgrading the organization’s bond rating from Baa1 to A3. One of those agencies, Standard & Poor’s Rating Services, had these comments on our swaps:

[The University of Vermont Medical Center] is party to two floating-to-fixed swap agreements with outstanding notional amounts of \$55.2 million and \$9.6 million, with Citibank N.A. and People’s United Financial listed as the counterparties, respectively. We believe the swap agreements have very low termination and collateral posting risk and adequate management oversight. In our opinion, the agreements hold moderate counterparty strength with moderately-high rated banks serving as counterparties on the larger swap amounts.³

The debt capacity report prepared by Ponder & Co., submitted as an appendix to the CON application, also demonstrates the Project’s financial feasibility. There is simply no factual basis for the Union’s assertion that the Project may jeopardize the Medical Center’s ability to pay wages to Union members.

¹ Our CON application makes this clear, and states that: “The Project involves only the purchase of the Property. It does not involve the construction or development of new buildings or improvements, the acquisition of any equipment, the creation of any new health care facilities, or the initiation of any new health services. If the Property is developed in the future, that will require a separate CON.” (p. 4).

² *Order Granting Amicus Curiae Status to the City of Burlington*, Docket No. GMCB 015-14con, dated July 9, 2014.

³ *Standard & Poor’s Rating Services Report*, dated September 22, 2014.

For the reasons outlined above, we respectfully request that the Union's request for "interested party" status be denied.

Very truly yours,



Spencer R. Knapp

Sr. Vice President and General Counsel