

Session Information

ANI: The Healthcare Finance Conference 2010

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Expert Panel: Financing Strategies in an Uncertain Market

Track : Compliance/Legislative/Legal

Program Code: F01

Date: Wednesday , June 23, 2010

Time: 1:45 PM to 3:00 PM EST

Location: Veronese 2401

CO-PRESENTER (S): [+](#) [Click the plus sign to see more detailed information about each speaker.](#)

[+](#) [Jeff Graff, CFA, Senior Vice President & Senior Product Delivery Officer--Credit, Bank of America Merrill Lynch](#)

Jeffrey E. Graff, CFA, Senior Vice President & Senior Product Delivery Officer Credit, Bank of America Merrill Lynch has been involved in healthcare finance, focusing on acute care hospitals throughout the eastern US since 2002. Responsibilities have included industry analysis, debt structuring, underwriting and relationship management, working primarily in the not for profit healthcare provider and senior housing sectors. Mr. Graff has been a past speaker for the Florida Hospital Association and other industry organizations. Mr. Graff began his career at Lehman Brothers within the Global Asset Based Lending Division focusing on lending to franchisees in the restaurant sector. Mr. Graff earned his Bachelors degree in Finance from the University of Central Florida and graduated magna cum laude. He is Chartered Financial Analyst (CFA) charter holder, and is a past board member with the Orlando CFA Society.

[+](#) [Ken Vallrugo, Managing Director, Bank of America Merrill Lynch](#)

Kenneth B. Vallrugo, Managing Director, Merrill Lynch. Mr. Vallrugos 23-year tenure in public finance has focused exclusively on healthcare clientele, having senior managed over \$8.0 billion of healthcare transactions over the past decade. While he has completed transactions for a broad array of healthcare organizations, his primary emphasis is on large integrated healthcare delivery systems. Current active clients include Aurora Health Care (WI), Clarian Health (IN), Providence Health System (WA), Resurrection Health Care (IL), Saint Francis Health System (OK), UPMC Health System (PA), the Archdiocese of Chicago (IL) and Vista Health System (CA).

[+](#) [Edward Mann, CPA, Treasurer, Kettering Health Network](#)

Edward Mann has served as Treasurer of Kettering Health Network since December, 2001. Mr. Mann is responsible for overseeing the \$468.7 million debt portfolio for the Network including the swap program of \$377.8 million. He has assisted in setting goals for the organization to move from a "BBB+" rating to an "A" and helped navigate the volatile markets to maintain this rating. He has experience issuing many forms of debt; fixed rate insured and uninsured, pooled, variable rate demand notes with letter of credit or stand by purchase agreements, auction rate, total return swaps, and unit pricing mode. Additionally, he works closely reviewing all lease arrangements and negotiated a \$15.0 million lease line for operating needs from a local bank. He started his post college career at Kettering Medical Center in 1990 as a Finance resident. From there he moved to Budget Manager from 1991-1995 then Financial Analyst from 1995-1999 with heavy

involvement in Information Systems and database projects. Prior to becoming Treasurer, he was Assistant Controller from 1999-2001. He received a B.B.A. in Accounting from Southern Adventist University and an M.B.A. from the University of Dayton. He is a member of the American Institute of Certified Public Accountants.

⊕ [Steve Gilmore, Director, Capital Finance, Ascension Health](#)

Stephen Gilmore is the Director of Capital Finance of Ascension Health, the nations largest Catholic and largest not-for-profit healthcare system in the U.S. He started with the Daughters of Charity National Health System, one of Ascension Healths predecessor organizations, in 1995. Mr. Gilmore is responsible for the administration and ongoing development of the systems \$4.2 billion centralized debt program, including direct deal team participation in the issuance of over \$10 billion tax-exempt healthcare revenue bonds over a 14 year period. In his role, he has significant interaction with rating agencies, investment bankers, financial advisors, bond attorneys, trustees, bondholders, lessors, and executives at member hospitals. Additionally, he developed the systems centralized equipment leasing program and has overseen the competitive bidding and structuring of over \$100 million equipment leases. Prior to joining Ascension Health, Mr. Gilmore served as a public finance analyst at a regional investment banking firm, participating in all facets of underwriting over a hundred separate municipal revenue and general obligation bond issues over a five year period. Mr. Gilmore earned a BSBA degree from Rockhurst University in Kansas City, with a major in Finance-Economics, graduating with honors in 1989.

⊕ [Kerry Vermillion, FHFMA, CPA, FACHE, CMA, EVP & CFO, Baptist Hospital Inc.](#)

Mr. Vermillion serves as Senior Vice President and Chief Financial Officer for Baptist Health Care (BHC) in Pensacola, Florida. BHC is an integrated healthcare system located in northwest Florida and south Alabama. BHC was the second healthcare recipient of the Baldrige National Quality Award, is a nationwide benchmark for patient satisfaction and a Fortune Top 100 employer. Mr. Vermillion has more than twenty years of healthcare finance experience and prior to joining BHC he served with Mountain States Health Alliance, Johnson City, TN and the Baptist Health System, Birmingham, AL. Mr. Vermillion is a Fellow of the Healthcare Financial Management Association (FHFMA), a Fellow of the American College of Healthcare Executives (FACHE) and a Certified Management Accountant (CMA). Mr. Vermillion holds B.S. and M.B.A. degrees from the University of Alabama at Birmingham.

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SUBMITTER : ✚ [Click the plus sign to see more detailed information about each speaker.](#)

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Description

The economic recession has brought on incredible uncertainty and stress for most Americans of all walks of life. Our Nation's hospitals are no exception. In addition to the common elements of rising bad debt and inadequate reimbursement, hospital finance staffs have been bustling at the seams over the past two years dealing with a number of crises related to their debt portfolios. The failed auction rate security market, the failed insured variable rate demand market, the downgrade of bank credit enhancers, the contraction of credit, the increased cost of credit and negative mark to markets on derivative instruments have been just some of the issues being dealt with by hospital finance staffs across the country for the past 24 months. Since the end of 2007 every 2 to 3 months has brought upon a new reality for hospitals accessing the capital markets. Some trust worthy financing vehicles of the past are now extinct and are being replaced by financing products that are currently more reliable such as fixed rate bonds, self-liquidity on variable rate bonds, direct bank loans and equipment leases. Three hospital provider panelists will detail their recent experiences in dealing with problems presented by the capital markets. Panelists will detail the multitude of challenges encountered in the financing process and the successful practices employed to weigh the costs and benefits of various financing alternatives available to them. The panel will include a broad array of hospital credit profiles. Steve Gilmore of Ascension Health will detail the challenges faced and solutions created from the view point of a AA rated national healthcare system; Ed Mann of Kettering Health Network in Ohio will talk about his perspectives as a A rated regional healthcare provider; and Kerry Vermillion of Baptist Hospital in Pensacola, FL will discuss the challenges of a BBB+ rated health system in raising new money and restructuring an entire debt portfolio, which was heavily weighted with bank enhanced variable rate demand bonds. These case studies will be co-moderated with additional commentary from Jeff Graff, a Senior Credit Products Officer with Bank of America Merrill Lynch's Healthcare and Institutions Group and Ken Vallrugo, a managing director with Bank of America Merrill Lynch's Healthcare Public Finance Group.

Learning Objectives:

- Describe best practices that contribute to successful financing strategies
- Identify specific examples of financing structures and alternatives
- Identify the factors influencing the capital markets
- Summarize of how you can position your health system for financing success

Audio Synchronized to PowerPoint

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