



## Case Study: Sharp HealthCare

December 18, 2017

\$141,840,000 - Series A Fixed Rate

\$74,540,000 – Series B Weekly VRDBs

\$74,535,000 – Series C Daily VRDBs

### About Sharp HealthCare

Sharp HealthCare, a Ponder client since 2004, is regional health care system that operates in San Diego, California that generated \$3.5 billion in revenue in fiscal 2017. Sharp operates four acute-care hospitals and three specialty hospitals. In addition, Sharp has twenty-three outpatient clinics, and five urgent care centers amongst its various other facilities. Currently, Sharp maintains 2,084 licensed beds and employs over 18,000 people.

### Key Financial Ratios and Covenants

	2015	2016	2017
Days Cash on Hand (days)	255	283	294
Max Debt Service Coverage (x)	8.6	10.1	8.9
Debt-to-Capitalization (%)	21.5%	19.0%	15.9%

### Focus on Value:

Approximately \$210mm of the 2017 bonds will be used to build a new 151,000 square foot patient tower at Sharp Chula Vista Medical Center. The new tower will have 102 private rooms, and six operating rooms. In addition, funds will be used to construct a new Heart and Vascular center at Sharp's Grossmont Hospital, along with a new specialty laboratory and administrative space at the Copley Corporate Office. Sharp will use the remainder of the proceeds to advance refund all of its remaining Series 2009B bonds.

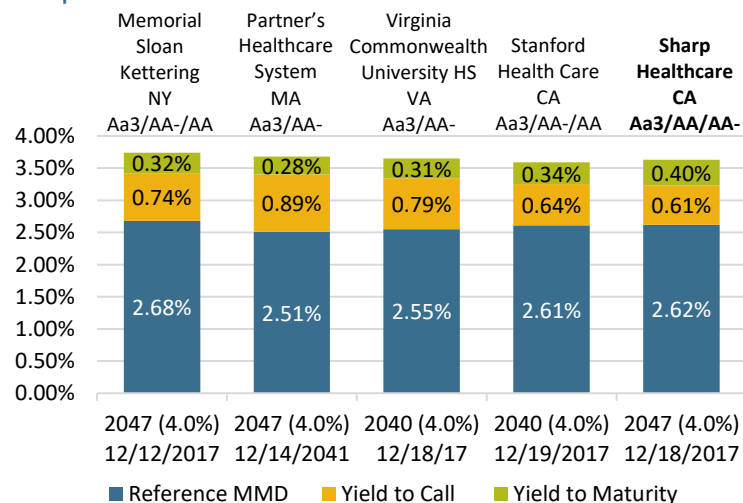
One of Sharp's goals with the issuance was to maximize the present value savings of the advance refunding of the 2009B bonds. The savings generated on the advance refunding portion were 29% of refunded par. By bifurcating the 2047 bonds into 4% and 5% coupons Sharp generated true interest cost of 3.76%. The serial bonds saw investor demand between 2-4x oversubscription. Both term bonds saw strong investor demand, with the 5% and 4% term bonds 3.6x and 5.4x oversubscribed, respectively.

### Pricing Results:

Credit Ratings: Aa3 / AA

Maturity	Par Amount (\$millions)	Coupon	Yield to Call	Spread to MMD	Yield to Maturity	Spread to MMD
<b>Series 2017A Tax-Exempt Bonds</b>						
<i>\$14.015mm Serials maturing from 2031 to 2039</i>						
8/1/2047	\$46.610	5.000%	2.880%	+26bps	3.939%	+132bps
8/1/2047	\$81.215	4.000%	3.230%	+61bps	3.635%	+102bps

### Comparable Transactions:



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