



Case Study:

Augusta University Health System

Bond Sale Date: October 1, 2018

\$80,945,000 Series 2018 Tax-Exempt Fixed Rate Bonds

About Augusta University Health System

Augusta University Health System (“AUHS”) was organized to achieve joint coordination and strategic planning among Augusta University, AU Medical Center, Inc. (“AUMC”), AU Medical Associates, Inc., Roosevelt Warm Springs Rehabilitation & Specialty Hospitals, Inc., and other affiliated health system entities. Originally built in 1956 as the teaching hospital for the Medical College of Georgia, AUMC operates the 478-licensed bed AU Medical Center, the 154-bed Children’s Hospital of Georgia, the clinical arm of the Georgia Cancer Center, and certain outpatient sites. The Medical Center serves as the academic teaching and research center for the Medical College of Georgia and other Augusta University Health professional schools. As the only state-supported academic medical center in Georgia with comprehensive tertiary services including level 1 trauma service, AUMC receives patients from other portions of Georgia and South Carolina as well as from its nearby hospital competitors that are in need of advanced medical care and services. AUMC’s primary and secondary service areas consist of 16 counties surrounding Augusta, Georgia in east central Georgia and west central South Carolina. The health system generated \$862 million in total operation revenue for the fiscal year ending June 30, 2018.

Focus on Value:

Ponder has been financial advisor to AUHS since 2013 and has been working with AUHS for the past three years on the 2018 financing which was their first issuance of long-term debt and their first public issuance of debt since 2008. Ponder assisted AUHS on a wide variety of debt related events including:

- Amending and restating AUHS’ master facility lease with the University System of Georgia to extend the final termination date providing a credit foundation for the issuance of long-term debt
- Consolidation and amending various affiliation agreements among AUHS, Augusta University, the Medical College of Georgia, the University System of Georgia, and other entities
- Expansion of the Obligated Group to accurately reflect the underlying credit after revision of the affiliation agreements
- Acquiring interim financing
- Presenting AUHS to rating agencies and to investors
- Development of a comprehensive and detailed description of the “re-designed” AUHS for Appendix A

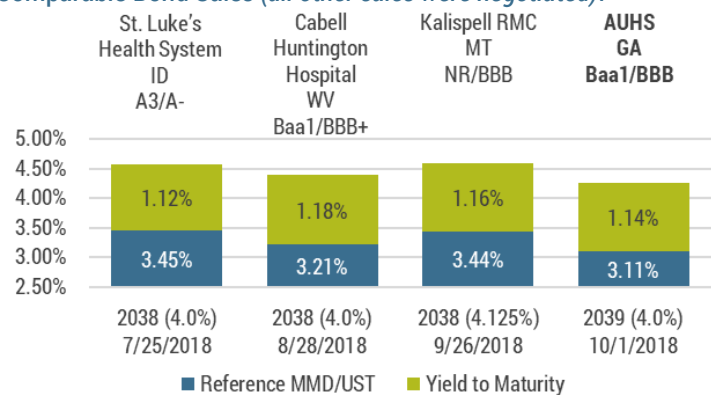
Proceeds of the Series 2018 were used to refinance a taxable variable rate loan, reimburse AUHS for prior and future capital expenditures, and pay for issuance costs.

Pricing Results:

Credit Ratings: Baa1/BBB

Maturity	Par Amount (\$millions)	Coupon	Yield to Maturity	Spread to MMD
Series 2018 Tax-Exempt Bonds				
\$46.985 in serials from 2023-2036				
7/1/2037	\$9.060	4.000%	4.210%	+116bps
7/1/2038	\$13.900	4.000%	4.230%	+114bps
7/1/2039	\$11.000	4.000%	4.250%	+114bps

Comparable Bond Sales (all other sales were negotiated):



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