



## Case Study: SCL Health System

Bond Sale Date: August 20, 2019

\$400,725,000 Series 2019A Colorado Tax-Exempt Fixed Rate Bonds

\$125,425,000 Series 2019A Montana Tax-Exempt Fixed Rate Bonds

### About SCL Health:

SCL Health is a faith-based, nonprofit health care system that operates 8 acute care hospitals, one children's mental health center, and more than 170 ambulatory service locations primarily in Colorado and Montana. The Denver area accounts for more than 50% of revenues where SCL Health has nearly 20% market share. SCL Health's mission is to reveal and foster God's healing love by improving the health of the people and communities served, especially the poor and vulnerable. SCL Health is nationally recognized for quality of care and has made meaningful progress over the last 5 years in significant reductions in hospital associated infections and improving patient experience score trends. SCL Health has demonstrated continuous strong financial performance with multi-year operating cashflow margins above 11% and days cash on hand above 300. As a regional health system, SCL Health maintains several strategic affiliations including with National Jewish Health, Platte Valley Medical Center, and Providence St. Joseph Health (LOI signed in May 2019).

### Pricing Results:

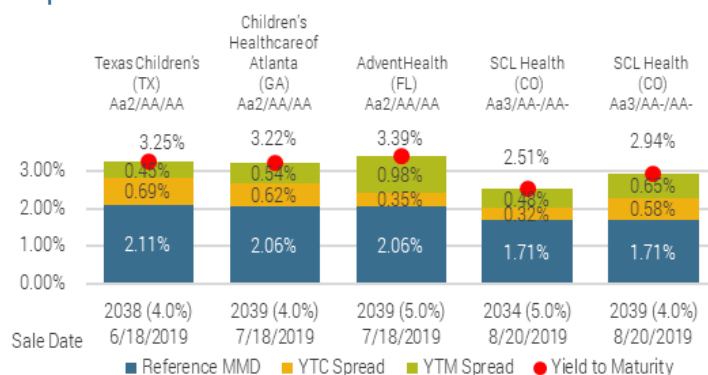
Credit Ratings: Aa3/AA-/AA-

Maturity Date	Par Amount (\$millions)	Coupon	Yield to Call	Spread to MMD	Yield to Maturity	Spread to MMD
<b>Series 2019A Colorado Tax-Exempt Fixed Rate Bonds</b>						
1/1/2034	\$8.575	5.00%	1.82%	+32bps	2.51%	+101bps
1/1/2038	\$36.365	4.00%	2.25%	+58bps	2.87%	+120bps
<b>Series 2019A Montana Tax-Exempt Fixed Rate Bonds</b>						
1/1/2034	\$2.915	5.00%	1.80%	+30bps	2.50%	+100bps
1/1/2038	\$16.385	4.00%	2.22%	+55bps	2.85%	+118bps

### Focus on Value:

Ponder & Co. ("Ponder") has worked for many years with the SCL Health team and has closely monitored the refunding savings levels of the Series 2010 bonds for over 2 years as lower interest rate levels persisted. Ponder worked with SCL Health to establish multiple refunding economic guidelines to provide parameters for when to access the market over the multi-year period. The Series 2010 bonds represent over 50% of SCL Health's total debt, have an average coupon of 5%, and are callable in October 2019. The plan of finance further included a refunding of the Series 2016B&D VRDBs to re-amortize the bonds to provide significant MADS relief. Given the rate environment and the ability to current refund the bonds in August 2019, Ponder supported SCL Health in an underwriter RFP process and finance committee education to prepare for the summer financing. Preparations began in December 2018 and SCL Health was well prepared to access the markets at an opportune time. Ponder assisted SCL Health with all aspects of the financing, including the plan of finance development, internal governance meetings, rating agency meetings, investor marketing and pricing guidance. On pricing day, SCL Health received strong subscription from over 50 unique investors with greater than 4.5x subscription of orders and credit spreads were tightened by 4 to 7 bps on various maturities. SCL Health achieved a diverse coupon structure with 5% and 4% coupons and **locked in an all-in-TIC of 2.32% (average life of 11 years) and net present value debt service savings of \$175.2mm.** In addition to the extraordinary savings, SCL Health reduced their MADS by nearly \$20mm by re-amortizing their bonds.

### Comparable Bond Sales:



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