



## Case Study: Carilion Clinic

Bond Sale Date: February 11, 2020  
 \$250,345,000 Series 2020A Tax-Exempt Fixed Rate Bonds  
 \$43,890,000 Series 2020B Tax-Exempt VRDBs  
 \$45,800,000 Series 2020C Tax-Exempt VRDBs  
 \$38,175,000 Series 2020D Tax-Exempt Put Bonds

### About Carilion Clinic:

Carilion Clinic ("Carilion") was established in 1981 to develop an integrated health care system serving western VA, southeastern WV and north central and northwest NC. Carilion operates as a physician led, patient centered clinic.

Carilion's flagship hospital, Roanoke Memorial, is the largest healthcare provider in western Virginia and the largest medical services facility for the city of Roanoke and surrounding counties.

Carilion also provides primary clinical training for medical students from the Virginia Tech Carilion School of Medicine ("VTCSOM") and Edward Via Virginia College of Osteopathic Medicine, as well as clinical training for nursing students, emergency medical technician students, physician assistant students, and various other trainees.

### Pricing Results:

Credit Ratings: Aa3/AA- (Moody's/S&P)

Series 2020A Tax-Exempt Fixed Rate Bonds						
\$52.870mm Serial Bonds Maturing 2021-2040						
Maturity	Par Amount (millions)	Coupon	Yield to Call	Spread to MMD	Yield to Maturity	Spread to MMD
2045	70.725	3.00%	2.63%	0.85%	2.82%	1.04%
2047 (Make Whole)	49.795	5.00%	N/A	N/A	2.45%	0.65%
2051	76.955	4.00%	2.32%	0.49%	3.22%	1.39%

### Focus on Value:

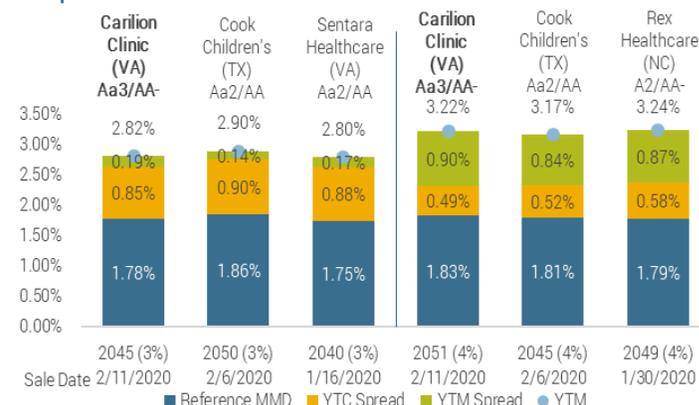
Ponder & Co. ("Ponder") worked closely with Carilion management and governance during the past six months to plan and execute the sale of publicly-offered fixed and variable rate bond issue as new money for upcoming projects as well as current refundings of 3 series of Carilion's existing debt.

Ponder consulted with Carilion management to review plan of finance structures that would maximize debt service savings by taking advantage of today's low rates and diverse couponing structures. To achieve this, Ponder pushed for incorporation of put bonds, 3% coupons, and tax-exempt make-whole call bonds, lowering the yield to maturity of the deal. Ultimately, Carilion was able to price in \$38.2mm of 10yr put bonds, \$70.7mm of 3% coupon bonds maturing in 2045 and \$49.8mm of make-whole call bonds in 2047, and saw 2.5-6.0x subscription in these tranches.

Ponder supported Carilion through all aspects of the financing, including plan of finance development, rating agency meeting preparation, and working with underwriters to achieve the most favorable bond sale pricing.

On pricing day, Carilion received strong demand with up to 7.3x overall subscription of final orders from over 50 unique investors including retail and separately managed accounts (professional retail, mutual funds, hedge funds). With high demand, credit spreads were able to be tightened by 2 to 6 bps on average and Carilion locked in an all-in cost of capital near 2.80%.

### Comparable Bond Sales:



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