

NORTON HEALTHCARE

2016 Plan of Finance

May, 2016

We are grateful to have the opportunity to partner with Louisville/Jefferson County Metro government in order to issue tax exempt bonds for refinancing older, higher interest rate bonds. The reduced operating expenses will be reinvested to provide the best care as well as the opportunity to borrow up to \$300 million for new capital spending across the system.

- Ordinance will be requesting issuance of tax exempt bonds up to \$725 million to be comprised of:
 - Refunding approximately \$301 million of 2006 bonds (maturities through 2036) for present value savings of at least \$20 million to be reinvested in infrastructure
 - Issuing no more than \$300 million in “new money” bonds to reimburse for planned capital spending across the system with the largest future capital expenditure at Norton Audubon Hospital at more than \$100 million
 - Converting through refunding approximately \$100 million of prior taxable bonds (maturities through 2023) to tax exempt for present value savings of at least \$4 million to be reinvested in infrastructure
 - Possible creation of debt service reserve fund
 - Pay costs of issuance

- New capital spending is anticipated as follows (in millions):

Norton Audubon Hospital master plan	\$ 107.6
Energy initiatives	42.6
Replacement equipment and new technology	45.0
Norton Women’s and Kosair Children’s Hospital operating room expansion	16.3
Strategic expansion initiatives	42.5
Lab IS system	11.5
Renovations and improvements across facilities	34.5
Total	<u>\$ 300.0</u>

- Milestones:
 - 1st reading at May 26, 2016 Metro Council
 - Metro Council Committee for discussion on May 31, 2016
 - On or about May 23, 2016 a TEFRA notice will appear in the paper declaring a public hearing (commonly referred to as TEFRA hearing) and describing the various locations where the tax exempt proceeds will be expended
 - TEFRA hearing on June 6, 2016
 - Final approval at June 9, 2016 Metro Council