



2020 Plan of Finance

Norton Healthcare seeks the approval of Metro Louisville government in order to issue taxable and tax exempt bonds up to \$600 million. These bonds, like all of our past bonds, are solely the responsibility of Norton Healthcare and do not encumber the city or state in any way.

Norton Healthcare's most recent bond issuance was in 2016. Norton Healthcare sought and The Louisville Metro Council passed a 2016 ordinance permitting Norton Healthcare to issue bonds to refund higher cost debt and support capital spending of approximately \$300 million. Those monies were invested across Metro Louisville to improve the care we provide to patients. Since 2016, we are proud of our financial stewardship of those funds and during that time the financial performance of Norton Healthcare has improved.

2016-2019 Norton Healthcare financial highlights:

- Positive operating margins each year
- Salaries and wages have increased from \$827 million to \$962 million
- Improved debt to capitalization ratio by reducing debt from 52% to 40%
- Days cash on hand have increased from 228 days to 251 days
- Rating agency improvement by S&P from A- to A and Fitch A to A+

The 2020 Bond Ordinance sought by Norton Healthcare is for the issuance of bonds up to \$600 million for no more than \$400 million in "new money" tax exempt bonds to reimburse for planned capital spending across the system, the possible creation of debt service reserve fund and to pay costs of issuance. The remaining \$200 million of taxable bonds may be applied to refinance existing bond debt at a lower rate.

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

Norton Brownsboro Campus:

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|--|---------|
| • New bed tower and related construction | \$167.0 |
| • Neuroscience investment | 5.0 |

Norton Downtown Campus:

- | | |
|-------------------------------------|------|
| • Norton Hospital master plan | 50.0 |
| • Cardiovascular service line | 25.0 |
| • Pediatric medical office building | 52.5 |

(continue)



Norton Audubon Campus:

- | | |
|-------------------------------|------|
| • Façade replacement | 10.0 |
| • Cardiovascular service line | 25.0 |

System wide:

- | | |
|---|------|
| • Infrastructure improvements (i.e. elevators, HVAC, roofs) | 30.0 |
| • Strategic expansion initiatives | 35.5 |

Bond refinance	<u>200.0</u>
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Total	<u>\$ 600.0</u>
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Time table:

- 1st reading at Louisville Metro Council on January 9, 2020
- Expect assignment to Labor and Economic Committee for discussion on January 28, 2020
- On or about end of January, 2020 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 February 6, 2020
- Final approval sought for the February 6, 2020 Metro Council meeting

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NORTON HEALTHCARE

For more than 130 years, Norton Healthcare's faith heritage has guided its mission to provide quality health care to all those it serves. Today, Norton Healthcare is a leader in serving adult and pediatric patients from throughout Greater Louisville, Southern Indiana, the Commonwealth of Kentucky and beyond.

President and chief executive officer:	Russell F. Cox
Executive vice president and chief operating officer:	Michael W. Gough
Established:	1886
Faith heritage:	Episcopalian, Presbyterian, United Methodist, United Church of Christ, Roman Catholic
Legal status:	Not-for-profit 501(c)(3) tax-exempt
Annual patient visits:	3,004,125
Overall market share:	52 percent
Community benefit programs:	\$157.2 million
Total annual economic impact to local economy:	\$3.4 billion

HIGHLIGHTS

- More than **14,600 employees**, making Norton Healthcare the fourth largest employer in Louisville according to Louisville Business First
- Five hospitals with 1,837 licensed beds, seven outpatient centers, 14 Norton Immediate Care Centers and more than 250 physician practice sites
- A network of more than **2,000 physicians** providing care; nearly 1,000 are employed physicians and providers
- Epic, an electronic medical records system that connects all Norton Healthcare sites; patients have access to certain medical information and can communicate with their providers through MyNortonChart
- Kentucky's largest provider of neonatal and obstetrical services
- **64.4 percent of births in Louisville**
- **\$1.7 billion** in total annual salaries and purchases of supplies and services
- Regional leader in clinical and health care outcomes research, with more than 850 clinical studies underway

AWARDS AND RECOGNITION

- 2018 – No. 4 on the Healthiest 100 Workplaces in America list by Healthiest Employers
- 2018 – Leader in LGBTQ Healthcare Equality by the Human Rights Campaign
- 2016 to 2018 – Named among the 125 Top Companies by Training Magazine
- 2017 – Designated a National League for Nursing Center of Excellence in Nursing Education
- 2017 – Named on Most Wired list by Hospitals & Health Networks magazine
- 2015 – Fleur de Lis Worksite Wellness Award from the Mayor's Healthy Hometown movement
- 2014 – CareerSTAT Frontline Health Care Worker Champion
- 2013 to 2015 – Business First Healthiest Employers of Greater Louisville Award
- 2011 – National Quality Forum National Quality Healthcare Award
- 2011 – Kentucky Hospital Association Quality Award