



FOR IMMEDIATE RELEASE

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Ziegler Closes Financing For Wadena Cancer Center

CHICAGO, IL – MARCH 26, 2024 – Ziegler, a specialty investment bank, is pleased to announce the successful closing of the bond issue for the Wadena Cancer Center. This milestone achievement marks a significant step forward in advancing healthcare service and accessibility in central Minnesota. The Wadena Cancer Center is jointly operated by Astera Health CentraCare Health and located on Astera Health’s main campus.

In collaboration with CentraCare Health System, Astera Health has entered a transformative joint venture to establish the Central Minnesota Cancer Center, LLC. This initiative aims to address the critical need for comprehensive oncology services in the region, enhancing patient care and improving outcomes for individuals facing cancer diagnoses. The partnership will provide advantages for both organizations with Astera Health benefitting from the arrangement with the provision a comprehensive cancer program inclusive of necessary specialty physicians, and other healthcare professionals, in a rural community and CentraCare Health with an avenue to expand their outreach services and their regional footprint. Most importantly, the community will benefit from the provision of critically necessary services physically located in a health professional shortage area.

The proceeds of the bond issue will be used to finance the construction and equipping of the 15,350 square feet cancer center which will include six clinic exam rooms, eight infusion bays, and equipped with PET CT and a Linear Accelerator for therapeutic radiation. This facility will offer a full spectrum of cancer care services, including medical and radiation oncology visits, chemotherapy, infusion, radiation treatments, and diagnostic imaging. Other diagnostic services including lab and radiology will be provided by Astera Health.

Ziegler utilized a unique financing structure to fund the project through its relationship with a not-for profit entity National Healthcare, Research and Education Finance Corporation (NHREFCO).

NHREFCO's mission is to support the charitable and educational purposes of hospitals, academic medical centers and medical research organizations by acting as the borrower for bond transaction and lessor to the tenant through a long-term assumable lease. This structure was necessary as Astera Health had previously borrowed funds through the USDA for its replacement hospital. The USDA financing had prohibitions on additional debt secured by Astera Health and the lease financing allowed for the Astera Health to lease the building from NHREFCO through its corporate general obligation. Further security was provided through a lease guaranty by CentraCare Health.

“We were excited to partner with all three not-for-profit organizations, NHREFCO, Astera and CentraCare to fund a very much needed project for the community. Having to cope with not only the diagnosis of cancer but where to receive the necessary care can be daunting to patients, especially in rural locations like the one Astera Health serves. Through the process it was remarkable to see the desire and dedication of both Astera Health and CentraCare Health to provide quality healthcare to meet the needs of patients they serve,” stated John Hanley, Senior Managing Director, Ziegler Healthcare Investment Banking Practice.

“Our mission to fund capital projects through a unique conduit leasing solution without an ongoing profit motive or generating investment returns to NHREFCO provides an exceptional advantage to our not-for-profit lessees, like Astera Health. It allows them to fund their projects at a low cost of capital while preserving debt capacity for other capital projects. Ziegler's thoughtful approach in assisting Astera Health and CentraCare Health through the process secured a successful outcome,” added Randy Pereira, exclusive advisor to NHREFCO.

Ziegler remains committed to partnering with organizations like NHREFCO, Astera Health and CentraCare Health to assist in funding transformative healthcare capital projects.

Ziegler is a premier investment bank to community and regional healthcare providers. For over 80 years, we have been assisting these organizations with creative, tailored financial solutions for their capital needs. Specializing in healthcare, Ziegler offers an array of services including investment banking, financial risk management, merger and acquisition services, as well as capital and strategic planning.

For more information about Ziegler, please visit us at www.Ziegler.com.

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