

ST. CAMILLUS HEALTH SYSTEM

DECEMBER 2019

CLIENT PROFILE

St. Camillus Health System, Inc. and its Affiliates, St. Camillus Health Center, San Camillo, St. Camillus Communities, and the Order of St. Camillus Foundation (together “St. Camillus”), provide senior housing and care services at a life plan community (the “Community”) located in Wauwatosa, Wisconsin, a western suburb of Milwaukee. Established in 1923 to serve the people of Wauwatosa and southeastern Wisconsin, St. Camillus today provides a comprehensive suite of aging services along a continuum of care. St. Camillus currently offers 276 independent living units, 76 assisted living units, a 72-unit memory care facility, a 49-unit care facility for retired Jesuit priests and brothers, and a 50-bed skilled nursing facility. In addition, St. Camillus provides hospice care and home and community-based services.

St. Camillus is sponsored by the Order of St. Camillus, an order of the Roman Catholic Church. St. Camillus also has a longstanding relationship with members of the USA Midwest Province of the Society of Jesus (the “Jesuits”). St. Camillus and the Jesuits have a formal agreement to provide care for retired Jesuit priests and brothers.

In 2012, St. Camillus began master site planning to ensure the future success of the Community. With the original hospital from 1932 and a 1960s building still in operation, St. Camillus leadership recognized portions of campus were beyond their useful lives and would soon be unmarketable. With that they began a process to revitalize the Community. The final master site plan consisted of two phases. The first phase was completed in spring 2018 and consisted of the construction of the 72-unit memory care facility, the 49-unit Jesuit care facility, and a community house for the priests and brothers of the Order of St. Camillus. Completion of the first phase allowed for the vacating of the old buildings and paved the way for proceeding with the next phase of the master plan (the “Project”).



\$206,440,000

Wisconsin Health and Educational Facilities Authority | Revenue Bonds | Series 2019
St. Camillus Health System, Inc.

The Project, financed with the proceeds of the Series 2019 Bonds, represents the second and final phase of the master plan. It consists of the construction of a new, 15-story independent living apartment building with 168 units, underground parking, and new amenities including a bistro, sports pub, formal dining room, deli, theatre, and wellness center with pool. The new building will be located on campus adjacent to the existing independent living facility on the land previously vacated as part of the first phase of the master plan.

TRANSACTION HIGHLIGHTS

Ziegler was engaged to assist St. Camillus in the financing of its Project and assist in the evaluation of its current capital structure, which prior to the issuance of the Series 2019 Bonds was comprised solely of bank debt.

The Series 2019 Bonds, with a par amount of \$206.4 million, along with approximately \$4.7 million of St. Camillus equity, were issued to fund the Project, reimburse St. Camillus for prior Project expenses, refinance the Series 2010, Series 2012, and Series 2016 Bonds (totaling approximately \$54.9 million), terminate interest rate swaps hedging the Series 2012 and Series 2016 Bonds, establish debt service reserve funds, fund interest on the new money portion of the bonds, and pay costs of issuance related to the financing.


A Life Plan Community

“We could not be happier with our decision to collaborate with Ziegler as our partner for our financing. The knowledge that the Ziegler team provided us was second to none and proved to be very valuable. Their work with the many financing models and scenarios were instrumental for us to make a sound, knowledgeable decision in regards to the final financing structure. They did a fantastic job of educating and counseling not only the working team, but also the Order of St. Camillus, the Finance Committee, and the Board of Directors throughout the process. I strongly feel that their expertise was instrumental in securing such an excellent rate for our financing which enables us to continue our mission from a very strong financial position.”

– Kevin Schwab, CEO, St. Camillus

ZIEGLER

One North Wacker Drive | Suite 2000
Chicago, IL 60606

B.C. Ziegler and Company | Member SIPC & FINRA

CONTACT US

800 366 8899
askziegler@ziegler.com



CAPITAL :: INVESTMENTS :: ADVICE

The Series 2019 Bonds are comprised of both temporary and permanent debt, with the temporary debt expected to be redeemed from entrance fee receipts generated by the Project. The resulting average yield on the entire issue was approximately 4.162%; the average yield on just the Series 2019A permanent debt was 4.489%. Thirty seven different mutual fund companies invested in the transaction. Ziegler served as lead manager on the transaction; BB&T was co-manager.

ZIEGLER DIFFERENCE

The transaction formally kicked off in late August 2019. A goal was set to close the financing before the end of November with the hope of commencing construction in advance of winter and also avoiding the year-end rush of competing bond issues — and thus achieving the lowest cost of capital for St. Camillus. Ziegler worked with management to evaluate the optimal capital structure to provide St. Camillus the flexibility necessary to carry out its long-term strategy while operations benefit from low interest rates. Ultimately, the strategic decision was made to proceed with a fully fixed rate capital structure for both the Project and refinancing of the outstanding bank debt to take advantage of near-historic lows in the fixed interest rate market. In addition, to eliminating future bank renewal and interest rate risk, the refinancing provided St. Camillus the opportunity to install a new Master Trust Indenture with the latest security and covenant provisions.

Leading up to the Project financing, Ziegler worked with St. Camillus management to be conservative in its underlying forecast assumptions as the feasibility of the Project was evaluated. Ziegler also helped management and its owner's rep include appropriate levels of project contingency funds and other construction contract-related provisions expected by investors. In the end, Ziegler's industry expertise, disciplined underwriting process, and unmatched investor relationships, along with the dedication and responsiveness of the St. Camillus management team, contributed to the successful sale of the Series 2019 Bonds. Despite a tight timeframe, the team successfully closed the financing on schedule.

Ziegler's relationship with St. Camillus dates back to the 1960s. The 2019 bond issuance represents the tenth financing Ziegler has completed with St. Camillus. The Ziegler team is honored to have assisted St. Camillus as it completes its final phase of campus revitalization and continues its mission to serve the healthcare needs of seniors long into the future.

This client's experience may not be representative of the experience of other clients, nor is it indicative of future performance or success.

For further information on the outstanding bonds for this issuer, please visit the Electronic Municipal Market Access system at <http://emma.msrb.org/>.