

News Advisory



WHEFA Bond Financing to Help Gundersen Lutheran Renovate and Expand

Project Overview

Bond financing facilitated by the Wisconsin Health and Educational Facilities Authority (WHEFA) will help Gundersen Lutheran pay costs associated with the construction and equipping of a 6-story addition to the Medical Center's existing hospital facility, a 3-level parking facility and a behavioral health facility and other renovations, general capital expenditures and equipment acquisitions. In addition, bond proceeds were used to currently refund bonds previously issued by WHEFA in 2000 and 2008.

The Gundersen Lutheran Health System cares for patients in a 19-county service area in western Wisconsin, southeastern Minnesota and northeastern Iowa. Its breadth includes medical clinics, a tertiary referral center, a provider owned health insurance company, affiliated community hospitals, affiliated nursing homes, special needs housing facilities and affiliated air medical transportation services.

In calendar year 2010, the Obligated Group recorded 54,000 inpatient days, 1,400 live births, nearly 23,000 emergency room visits, 4,500 inpatient surgeries, more than 12,000 outpatient surgeries and 1.4 million clinic visits. The Obligated Group employs 470 medical staff (MD, DO, DPM, DDS, OD, PhD), 300 physician extenders and approximately 5,700 support staff employees.

This federally tax exempt financing process has enabled the borrower to operate more effectively by financing their capital expenses at a lower interest rate (1.00%-5.25%).

Benefits to Borrower and Community (as written by the borrower)

We have developed the Campus Renewal Plan in response to our recognition that our existing hospital building is no longer sufficient to serve our patient base. The Campus Renewal Plan began with construction of a parking ramp and certain clinic renovations will continue with the construction of the hospital addition which is described in more detail below and, upon completion of hospital addition, will close with the renovation and remodeling of existing space on the main campus, which will be used for clinic or office space. After the hospital addition is complete, many patient rooms in our existing hospital facility will remain in use as private rooms and will receive an upgrade in furnishings and décor to ensure that they are comparable to the patient rooms in the hospital addition. Some existing operating rooms will also be remodeled and continue in use. This project is expected to create 405 construction related jobs.

The Campus Renewal Plan, including all phases, is budgeted to cost approximately \$340 million and will increase the number of patient beds by 25 once complete. The design also allows for future expansion on the 6th floor of the hospital addition with space for another 24-bed unit, if needed. We believe that the biggest advantage, however, is not in the increased number of beds, but the enhancement to providing all private patient rooms. The new, expanded hospital facilities on our main campus will allow us to meet the most important health care priorities of our region to better serve our patients.

The centerpiece of the Campus Renewal Plan is the addition of a 433,000 square foot, six-story hospital building on the main campus, adjacent to our existing hospital facility. When fully complete, the addition will include:

- Private rooms for all patients to promote healing and enhance comfort for patients and families;
- A state-of-the-art regional Trauma & Emergency Center;
- New operating rooms with specialized surgical technology and expanded pre- and post-op areas allowing for better patient privacy and service;
- Improved medical, surgical and critical care units;
- Centralized services for women and children, including a Neonatal Intensive Care Unit with all private rooms; and
- An energy-efficient design, which will help us achieve our goal of being 100 percent energy independent by 2014.

In total, the addition is budgeted to cost \$322 million. To ensure our financial stability, we will build the addition in phases over the course of 4 to 8 years, completing the most critical portions of the facility first. Other areas will be completed as we are able to fund them through philanthropy, organizational efficiency gains, improved savings and growth. The addition is expected to improve comfort and privacy for patients and families, to enhance centers for specialized services and treatments, to help staff deliver care more effectively and efficiently, to be an energy-efficient green facility, and to help us recruit and retain physicians, nurses and other staff.

About WHEFA

WHEFA, created by Wisconsin state statute 231, has been providing active capital finance assistance to 501(c)(3) healthcare providers and private higher education institutions throughout Wisconsin for 32 years. As of June 30, 2011, WHEFA has participated in 656 bond issues in excess of \$16.56 billion over its 32 year history.

For more information regarding WHEFA, please visit our website at <http://whefa.com/> or contact Larry Nines, Executive Director at (262) 792-0466.