

**Notice to State of WI of
Intent to Increase Borrowing**

Presentation to the UWHCA Board

September 5, 2012

UWHealth

Notice to State of WI of Intent to Increase Borrowing

Over the next 5 years, UWHC's capital investments will increase significantly from the previous years. The development of the East Campus with the focus on wellness, ambulatory and patient/family centered care will promote efficient use of resources. The AFCH expansion will provide the needed capacity to meet the demand for those services into the future. Other investment needs include Autopsy & Pathology, OR/PACU expansion and other major projects. The approximately \$650m of investments through FY2017 will be funded through cash from operations, philanthropic efforts and new financing. Here is an approximate breakdown of the sources of funding:

| | | |
|-----------------|--------|-----|
| • Cash | \$406m | 62% |
| • Debt | 225m | 35% |
| • Philanthropic | 19m | 3% |
| Total | \$650m | |

We are not seeking Finance Committee or Authority Board approval to increase our debt at this time. We are seeking approval to notify the Joint Finance Committee and the Secretary of Administration of UWHC's intent to secure additional financing. The Joint Finance Committee and the Secretary of Administration have 30 days in which to disapprove. If there is no notice of disapproval after 30 days, UWHC can proceed with its financing. We will be asking for approval to secure new financing at the November 7, 2012, meeting.

We recommend that the UWHC Authority Board approve providing notice to the State of WI of the intent to issue up to \$225m of new financing.

UWHealth

RESOLUTION AUTHORIZING SUBMISSION OF PROPOSED ISSUANCE OF BONDS TO
THE JOINT COMMITTEE ON FINANCE AND THE SECRETARY OF ADMINISTRATION

Submitted September 5, 2012

WHEREAS, the University of Wisconsin Hospitals and Clinics Authority (UWHCA) is authorized to issue bonds if certain conditions are met;

WHEREAS, when UWHCA has a bond rating of A or better, one of those conditions is the submission of notice of the proposed bond issuance to the joint committee on finance and the secretary of administration for review pursuant to s. 233.20.(3m)(b), Wis. Stat.;

WHEREAS, UWHCA has the required bond rating to be eligible for the above review process;

WHEREAS, the Finance Committee has recommended giving the prescribed notice;

NOW, THEREFORE,

1. The Board of Directors authorizes the senior management of UWHCA to submit notice to the joint committee on finance and the secretary of administration for review the issuance of up to \$225 million in new bonds by UWHCA to use the proceeds to pay all or a portion of the cost of the following:

- (i) the acquisition of land related to any of the following described projects;
- (ii) the construction of East Campus project, the expansion and build out of the American Family Children's Hospital, and construction of the Autopsy & Pathology suite at the Highland campus, and certain other planned capital building improvements and equipment expenditures;
- (iii) site preparation and similar costs incident to commencement of the above-described projects;
- (iv) the acquisition and installation of equipment for UWHCA's facilities, including the new projects described above; and
- (v) architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to the commencement of the activities described in this paragraph.

2. Upon completion of the required review another resolution of the Board of Directors will be required to authorize the issuance of the bonds.