



UMB Bank Public Finance Transaction Highlight

TRANSACTION HIGHLIGHT

Entity Name

Regional Health Services of Howard County

Location

Cresco, Iowa

Type

Hospital Revenue Refunding Bonds

Amount

\$10,100,000

UMB Bank as Placement Agent

TRANSACTION SUMMARY

UMB Bank served as Placement Agent to Regional Health Services of Howard County to refund the Hospital's Series 2012 and Series 2013 Hospital Revenue Bonds for debt service savings.

TRANSACTION DETAILS

Regional Health Services of Howard County is a public county hospital facility in Cresco, Iowa. The hospital is licensed for 19 beds: 13 are staffed for acute care and six are operated on a swing-bed skilled basis.

UMB BANK'S ROLE

The hospital initially planned to privately place the bonds as one term bond with a single purchaser. On UMB Bank's recommendation, however, the issue was structured as a bank qualified issue with four-term bonds rather than one. After an extensive marketing effort by the UMB sales team, our municipal underwriting desk established suggested interest rates for the bond issue based upon current market rates and entertained interest from potential purchasers at those levels.

After the initial response period was complete, the bonds were oversubscribed by three to four times, allowing UMB to reduce the interest rates by an additional 5-10bp. Due to the superior structure we put together for the hospital, as well as the strong demand we were able to generate for the bonds (23 purchasers), the average coupon for the 12-year bond issue was 2.789% - considerably lower than the anticipated 3.25% the hospital would have received with the single term bond and one purchaser structure they were originally considering.

TRANSACTION SIGNIFICANCE

Several factors played an integral role in making this such a successful bond refunding for the client:

- Structuring the bonds with multiple term bonds instead of just one allowed the Hospital to take advantage of lower interest rates on the shorter end of the yield curve.
- Allowing prospective purchasers to express interest in less than all of the bond issue increased the pool of prospective purchasers considerably.
- Allowing our municipal underwriting desk to set suggested interest rates for the bond issue rather than leaving it to prospective purchasers helped establish market interest rates for the bond issue that were comparable with those for recent publicly sold bond issues.