

Lowering Rural Healthcare Debt Costs in Grundy County, Iowa

The Grundy County Memorial Hospital is a 25-bed critical access hospital located in Grundy Center, Iowa. The Hospital also has a 55-bed long-term care unit. This is the only hospital in Grundy County and serves a population base of over 12,000.

Residents of Grundy County have a history of support for the Hospital. In 1993, the Grundy County Board of Supervisors determined that maintaining a hospital in Grundy County was critical to the medical and economic health of the area and voted to provide a subsidy for the Hospital.

In 2009, the Hospital decided to address its necessary facility upgrades with a \$12 million borrowing and refinancing of \$4 million of outstanding hospital revenue bond principal coming due in 2011. Once again, Grundy County stepped up to help the Hospital by providing a lower cost debt solution.

With the assistance of Speer Financial, the County Board of Supervisors decided to lower the financing costs of the Hospital upgrades and the refinancing of its existing revenue bond debt through a County general obligation debt authority. The structure allowed the Hospital to obtain a strong bond rating, lower its annual debt service payments by approximately \$300,000 per year and eliminate the need for a \$1.4 million debt service reserve fund, decreasing the total amount of dollars borrowed.

The general obligation notes were sold competitively on a 20 year retirement schedule. Three bidders participated with the low bid of 4.5660% true interest cost (TIC).

Speer Financial would like to thank all of the participants in this process. We would especially like to thank the Grundy County Board of Supervisors, the County's administrative staff, the Grundy County Memorial Hospital Board of Directors and Administration for their vision in recognizing the vital role the Hospital plays in the economic health of Grundy County.

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