

# **Bond Case Briefs**

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## **Ohio Hospital Deal Leads U.S. Municipal Bond Sales Next Week.**

NEW YORK (Reuters) – Ohio is set to price the biggest negotiated municipal bond deal next week, with a \$1 billion offering for the Cleveland Clinic Health System that follows a recent credit upgrade of the growing hospital network.

Sold through the Ohio Higher Educational Facility Commission, the refunding deal includes \$840 million in tax-exempt bonds and \$160 million that are taxable, according to the preliminary official statement.

Cleveland Clinic Health System Obligated Group (CCHS) runs 13 hospitals and 21 outpatient health centers in Ohio. It also operates a hospital in Florida as well as clinics in Las Vegas, Canada and United Arab Emirates and plans to expand domestically and in Europe, according to bond documents.

S&P Global Ratings on Wednesday boosted ratings for multiple CCHS bonds, including raising its long-term rating of series 2013A hospital revenue bonds to AA from AA-minus with a stable outlook, on its prospects for expansion.

On the same day, S&P assigned a AA long-term rating to the new bonds, which will pay to refund existing debt.

“The rating action reflects our view of CCHS as it continues to implement a strategic plan that will expand the system in the markets in which it operates in Ohio and Florida, while moving forward with a project for a new private hospital in central London,” S&P analyst Brian Williamson said in a report.

Moody’s assigned a rating of Aa2 to the bonds with a stable outlook.

The yield spread of AA-rated healthcare bonds over the MMD AA yield curve has narrowed to 14 basis points as of Aug. 3 from 23 basis points at the start of the year, Thomson Reuters data shows.

The deal, priced through lead underwriter JP Morgan, is among \$7.5 billion in municipal bonds and notes set to be issued in the upcoming week.

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