A Case Study of a Healthcare Energy Infrastructure Project:
OCHSNER MEDICAL CENTER
James “Jay” Britsch
SVP Facilities
Ochsner Medical Center

Michael Durham
General Counsel
Bernhard
Learning Objectives

• Ochsner Challenges—Post Hurricane Katrina and Affordable Care Act
• How the Ochsner Bernhard Partnership Addressed these Challenges
• Lessons Learned
Post Hurricane Katrina
Nearly Two Decades of Growth

Clinic and Hospital Merger

OMC Jeff Hwy. Elmwood
Baptist Kenner West Bank St. Anne
Baton Rouge
North Shore

Acquisition & Growth

Katrina


2 6 7 8 10 13 25 28 30

Launched Ochsner Physician Partners

St. Charles St. Tammany River Parishes
Launched Ochsner Health Network

Terrebonne General Lafayette General CHRISTUS

Glenwood Regional Slidell Memorial Southwest MS Regional

MHM St. Bernard

Partnership & Integration

2001

2005

2006

2007

2010

2013

2014

2015

2016

2017

2012

2017

Ochsner

February 22, 2019
Ochsner Medical Center

OVERNIGHT STAYS IN THE HOSPITAL

- Ochsner Medical Center
- Facility Infrastructure Needs
- Average Deferred Maintenance


468,023
PATIENT INCREASE
OVER THE PAST 12 YEARS

260 nurses
HIRED IN 2017
• 7-story addition
• Single-room occupancy
• Increasing in-patient capacity to 767 beds

• 5-story addition
• 26 Additional Infusion Chairs
• Ochsner Precision Cancer Therapies Program – 2018 ACCC Innovator Award Winner
Ochsner Medical Center Key Challenges

- Competing Capital Funds
- Fluctuating Annual Budget
- Deferred Infrastructure Backlog
- Redundancy
- Increasing Utility and O&M Cost

SCORE: 13
ENGINEERING SOLUTION

PARTNERSHIP

CONSTRUCTION AND O&M

LEGAL

FINANCING

Ochsner™
Components of the Transaction

- Advance Lease Payment
- Design & Construction
- Capital Funding-New Plant
- Risk Transfer
- Energy Savings
- Long Term O&M with Full Repair and Replacement
- Off Balance Sheet Treatment
Ochsner – Bernhard Transaction Structure

- Concession Fee: $20.8 Million
- Defeased $1.1 Million of Tax Exempt Debt
- Hospital Improvements: $19.7 Million
- Plant Improvements: $16.1 Million
- South Plant Expansion: $19.4 Million

Security Package:
- Payments
- Security Interest in Assets
- Servitude

Funded by Bernhard:
- Concession Fee: $20.8 Million
- Defeased $1.1 Million of Tax Exempt Debt
- Hospital Improvements: $19.7 Million
- Plant Improvements: $16.1 Million
- South Plant Expansion: $19.4 Million

- Design and Return Standards
- Rate Plan
- O&M Services
- Full Repair and Replacement
Risk Transfer

- Transfers O&M Cost Risk
- Transfers Equipment Renewal & Replacement Cost Risk
- Increases Infrastructure Reliability & Resiliency
- Provides Flexibility
- Contains Safeguards
Improvements

Projects that Result in Utility Cost Savings
South Plant Expansion ▪ Upgrade Chilled Water System ▪ Initial Service Deficiency Corrections ▪ Upgrade Steam System ▪ Install Metering & Security Systems ▪ Retro-Commission and Upgrade BAS ▪ Upgrade HVAC Systems

Projects that Result in Labor Cost Savings
Train HVAC Technicians ▪ Reduce Lighting Operations & Maintenance ▪ Reduce Boiler Operations and Maintenance ▪ Reduce Chiller Operations and Maintenance
Operations and Maintenance Partnership

IMPROVES EFFICIENCY, LOWERS UTILITY COSTS

Annual Services Plan provides for flexibility over term of agreement

Ochsner Employees Operate Plant under Guidance of Bernhard Energy and Plant Manager

Full annual training to Ochsner employees
  • Trained to correctly diagnose problems and fix underlying issues.
  • Staff provided constant feedback through M&V for continuous improvement.
## Performance Based Infrastructure - Project Benefits

<table>
<thead>
<tr>
<th>EXISTING CONDITIONS</th>
<th>PROJECTED RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2,121,366 SQFT</td>
<td>• 2,501,366 SQFT</td>
</tr>
<tr>
<td>• Independent North and South Campus Central Plants</td>
<td>• Interconnected North and South Plants</td>
</tr>
<tr>
<td>• Annual Energy Cost: $9,498,468</td>
<td>• Annual Energy Cost: $7,087,271</td>
</tr>
<tr>
<td>• ENERGY STAR Score: 13</td>
<td>• ENERGY STAR Score: 80</td>
</tr>
</tbody>
</table>

### Financial Impact
- Energy Impact
- Additional Benefits
Lessons Learned

Contract Negotiations
Construction Phase
Operations Phase
Questions?
THANK YOU FOR YOUR TIME