



November 21, 2014

\$365,000,000
Advocate Health Care Network

REQUEST	<p>Purpose: Bond proceeds will be used by Advocate Health and Hospitals Corporation (the “Borrower”) to (i) refinance all or a portion of the Authority’s Revenue Bonds, Series 2007 (Sherman Health Systems) (the “Series 2007 Bonds”) and its Revenue Bonds, Series 2008D (Advocate Health Care Network) (the “Series 2008D Bonds” and, together with the Series 2007 Bonds, the “Prior Bonds”), the proceeds of which were used to finance, refinance or reimburse the Borrower, Advocate Condell Medical Center and/or Advocate Sherman Hospital for the costs of certain of their health facilities; (ii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower; (iii) pay a portion of the interest accruing on the Bonds, if deemed necessary or advisable by the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds and the refinancing of the Prior Bonds.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>												
BOARD ACTIONS	Final Bond Resolution (<i>one-time consideration</i>)												
MATERIAL CHANGES	This is the first time this project is being presented to the Board.												
JOB DATA	<table border="0"> <tr> <td>28,500 (Full Time Equivalents)</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	28,500 (Full Time Equivalents)	Current jobs	N/A	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected				
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N/A	Retained jobs	N/A	Construction jobs projected										
DESCRIPTION	<ul style="list-style-type: none"> • Locations: Cook, DuPage, Kane, Lake, McLean and Woodford Counties • Advocate Network Corporation and the Hospitals Corporation are the sole members of various not-for-profit corporations, including Advocate Condell Medical Center, Advocate North Side Health Network and Advocate Sherman Hospital. Collectively, these facilities constitute the Advocate Health Care Network (the “System”). • As a faith-based health care organization, affiliated with both the United Church of Christ and Evangelical Lutheran Church in America, the mission, values and philosophy of the System form the foundation for its strategic priorities. The System’s mission is to serve the health care needs of individuals, families and communities through a holistic philosophy. • The System provides a continuum of care through its ten acute care hospitals and a children’s hospital, with approximately 3,600 licensed beds, primary and specialty physician services, outpatient centers, physician office buildings, home health and hospice care throughout metropolitan Chicago, Bloomington-Normal (McLean County) and Eureka (Woodford County) areas. 												
CREDIT INDICATORS	<ul style="list-style-type: none"> • Fixed Rate Debt. • Expected underlying ratings of Aa2/AA/AA (Moody’s/S&P/Fitch) 												
MATURITY	<ul style="list-style-type: none"> • Bonds will mature no later than 2054. 												
SOURCES AND USES ESTIMATED	<table border="0"> <tr> <td>IFA Bonds</td> <td><u>\$365,000,000</u></td> <td>Refinancing of Existing Debt</td> <td>\$357,900,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance</td> <td><u>7,100,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$365,000,000</u></td> <td>Total</td> <td><u>\$365,000,000</u></td> </tr> </table>	IFA Bonds	<u>\$365,000,000</u>	Refinancing of Existing Debt	\$357,900,000			Cost of Issuance	<u>7,100,000</u>	Total	<u>\$365,000,000</u>	Total	<u>\$365,000,000</u>
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Total	<u>\$365,000,000</u>	Total	<u>\$365,000,000</u>										
RECOMMENDATION	Credit Review Committee recommends approval.												

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 21, 2014**

Project: Advocate Health Care Network

STATISTICS

Project Number: H-HO-TE-CD-8711	Amount: \$365,000,000 (not-to-exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Nora O'Brien
County/Region: Cook, DuPage, Kane, Lake, McLean, And Woodford counties	City: Bloomington-Normal – McLean Eureka - Woodford Chicago – Cook Oak Lawn – Cook Park Ridge – Cook Hazel Crest – Cook Elgin – Kane Barrington – Lake Libertyville – Lake Downers Grove - DuPage

BOARD ACTION

Final Bond Resolution (<i>one-time consideration</i>)	No IFA funds at risk
Conduit 501(c)(3) Revenue Bonds	No extraordinary conditions
Credit Review Committee recommends approval	

VOTING RECORD

This is the first time this project has been presented to the Board.

PURPOSE

Bond proceeds will be used to (i) refinance all or a portion of the Authority's Revenue Bonds, Series 2007 (Sherman Health Systems) (the "**Series 2007 Bonds**") and its Revenue Bonds, Series 2008D (Advocate Health Care Network) (the "**Series 2008D Bonds**") and, together with the Series 2007 Bonds, the "**Prior Bonds**"), the proceeds of which were used to finance, refinance or reimburse the Borrower, Advocate Condell Medical Center and/or Advocate Sherman Hospital for the costs of certain of their health facilities; (ii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower; (iii) pay a portion of the interest accruing on the Bonds, if deemed necessary or advisable by the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds and the refinancing of the Prior Bonds.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the borrower's interest expense.

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment:	28,500	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	<u>\$365,000,000</u>	Refinancing of Existing Debt	\$357,900,000
			Cost of Issuance	<u>7,100,000</u>
	Total	<u>\$365,000,000</u>	Total	<u>\$365,000,000</u>

FINANCING SUMMARY/STRUCTURE

Security:	General, unsecured obligations of the Members of the Obligated Group and any future Members of the Obligated Group. (Current members of the Obligated Group are: Advocate Health Care Network, Advocate Health and Hospitals Corporation, Advocate North Side Health Network, and Advocate Condell Medical Center.)
Structure:	Fixed Rate Debt.
Interest Rate:	To be determined on the day of pricing.
Interest Mode:	Fixed Rate Bonds.
Credit Enhancement:	Fixed Rate Bonds would be sold based on the underlying rating(s) of Advocate Health Care Network.
Maturity:	Not later than 2054
Rating:	Expected underlying ratings of Aa2/AA/AA (Moody's/S&P/Fitch)
Estimated Closing Date:	December 8, 2014

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used to (i) refinance all or a portion of the Authority's Revenue Bonds, Series 2007 (Sherman Health Systems) (the "**Series 2007 Bonds**") and its Revenue Bonds, Series 2008D (Advocate Health Care Network) (the "**Series 2008D Bonds**") and, together with the Series 2007 Bonds, the "**Prior Bonds**"), the proceeds of which were used to finance, refinance or reimburse the Borrower, Advocate Condell Medical Center and/or Advocate Sherman Hospital for the costs of certain of their health facilities; (ii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower; (iii) pay a portion of the interest accruing on the Bonds, if deemed necessary or advisable by the Borrower; and (iv) pay certain expenses incurred in connection with the issuance of the Bonds and the refinancing of the Prior Bonds.

BUSINESS SUMMARY

Advocate Health Care Network is an Illinois not-for-profit 501(c)(3) corporation ("**Advocate Network Corporation**") and is the sole member of the not-for-profit Advocate Health and Hospitals Corporation ("**Hospitals Corporation**"). Advocate Network Corporation and the Hospitals Corporation are, in turn, the sole members of various not-for-profit corporations, including Advocate Condell Medical Center, Advocate North Side Health Network and Advocate Sherman Hospital, the primary activities of which are the delivery of health care services or the provision of goods and services ancillary thereto. Such controlled corporations along with Advocate Network Corporation and the Hospitals Corporation constitute the Advocate Health Care Network (the "**System**"). The System was created in January 1995 through the consolidation of two health systems, Evangelical Health System and Lutheran General Health System. As the parent of the System, Advocate Network Corporation currently has no material operations or activities of its own, apart from its ability to control subsidiaries.

As a faith-based health care organization, affiliated with the United Church of Christ and Evangelical Lutheran Church in America, the mission, values and philosophy of the System form the foundation for its strategic priorities. The System's mission is to serve the health care needs of individuals, families and communities through a holistic

philosophy. The System contributed \$661 million in charitable care and services to communities across Chicagoland and Central Illinois in 2013.

The System, named among the nation's top health systems, is the largest health system in Illinois and one of the largest health care providers in the Midwest. The System operates more than 250 sites of care, including 10 acute care hospitals, one critical access hospital, the state's largest integrated children's network, five Level I trauma centers (the state's highest designation in trauma care), two Level II trauma centers, one of the area's largest home health care companies and one of the region's largest medical groups. The System trains more primary care physicians and residents at its four teaching hospitals than any other health system in the state.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Advocate Health Care Network
Project Location: Multiple
Borrower: Advocate Health and Hospitals Corporation
3075 Highland Parkway Suite 600
Downers Grove, IL 60515

Board Members
(Advocate Health Care Network):

Michele Richardson, *Chairperson*
John F. Timmer, *Vice Chairperson*
James H. Skogsbergh, *President and Chief Executive Officer*
David B. Anderson
Rev. Dr. Nathaniel Edmond
Ronald L. Greene
Mark M. Harris
Gail D. Hasbrouck
Rick Jakle
Ronald J. Mallicoat, Jr.
Laurie L. Meyer
Bishop Wayne N. Miller
Rev. Dr. Jorge L. Morales
Clarence Nixon, Jr. Ph.D.
Gary D. Stuck, D.O., FAAFP

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Polsinelli PC	Chicago	Janet Zeigler
Borrower's Fin. Advisor	Kaufman Hall	Chicago	Betty Hamilton
Auditor:	Ernst & Young	Chicago	Tadd Ingles
Bond Counsel:	Chapman and Cutler LLP	Chicago	Nancy Burke
		Chicago	David Kates
Senior Underwriter:	J.P. Morgan	Chicago	Timothy Wons
		New York	Lisa Rodgers
Co-Manager:	Loop Capital Markets, LLC	Chicago	Prakash Ramani
Co-Manager:	Cabrera Capital Markets, LLC	Chicago	Santino Bibbo
Underwriter's Counsel:	Dentons US, LLP	Chicago	Katie Ashton
Bond Trustee:	Wells Fargo Bank	Chicago	Gail Klewin
Issuer's Counsel:	Ungaretti and Harris	Chicago	Julie Seymour
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jim Beck

LEGISLATIVE DISTRICTS

Congressional: 2, 3, 5, 6, 9, 10, 13, 18
State Senate: 6, 10, 13, 17, 18, 19, 24, 26, 33, 44, 53
State House: 12, 20, 25, 33, 36, 38, 47, 51, 81, 88, 105

SERVICE AREA

Advocate Health Care Network has facilities in the following locations in Illinois: Chicago (Advocate Illinois Masonic Medical Center), (Advocate Trinity Hospital); Libertyville (Advocate Condell Medical Center); Oak Lawn (Advocate Christ Medical Center and Advocate Hope Children's Hospital); Downers Grove (Advocate Good Samaritan Hospital); Barrington (Advocate Good Shepherd Hospital); Park Ridge (Advocate Lutheran General Hospital and Children's Hospital); Hazel Crest (Advocate South Suburban Hospital); Normal (Advocate BroMenn Medical Center); Eureka (Advocate Eureka Hospital); and Elgin (Advocate Sherman Hospital).