



December 9, 2014

\$23,000,000

Illinois Valley Community Hospital

REQUEST	<p>Purpose: Bond proceeds will be used by Illinois Valley Community Hospital (the “Borrower”) to provide the Borrower with all or a portion of the funds necessary to (i) refund all of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009 (IV Healthcorp, Inc. Project) (the “Series 2009 Bonds”), (ii) provide working capital and (iii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Series 2009 Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).</p> <p>Program: Conduit Taxable 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																
BOARD ACTIONS	Final Bond Resolution																
MATERIAL CHANGES	This is the first time this project has been presented to the IFA Board of Directors.																
JOB DATA	<table border="0"> <tr> <td>652 (561 FTEs)</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>652 (561 FTEs)</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	652 (561 FTEs)	Current jobs	N/A	New jobs projected	652 (561 FTEs)	Retained jobs	N/A	Construction jobs projected								
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DESCRIPTION	<ul style="list-style-type: none"> • Location (Peru / LaSalle / Northwest Region) • Illinois Valley Community Hospital (“IVCH”) is a 56-bed hospital that provides a wide range of inpatient, outpatient and emergency services. IVCH’s portfolio of healthcare services includes all the standard services expected of a hospital including general surgery, emergency medicine, and radiology. 																
SECURITY	<ul style="list-style-type: none"> • First mortgage on the property at 925 West Street, Peru, Illinois 61354. 																
CREDIT INDICATORS	<ul style="list-style-type: none"> • Option of variable or fixed rate debt. • Bonds will be purchased by 4 banks: Midland States Bank, First State Bank, LaSalle State Bank and Peru Federal Savings Bank. • Bonds will mature no later than 2035. 																
STRUCTURE	<ul style="list-style-type: none"> • Option of 20-year term and amortization with variable rate debt or 5, 10 or 20-year term with fixed-rate debt. 																
SOURCES AND USES ESTIMATED	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Bonds</td> <td><u>\$23,000,000</u></td> <td>Refinancing</td> <td>\$22,570,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance:</td> <td><u>\$430,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$23,000,000</u></td> <td>Total</td> <td><u>\$23,000,000</u></td> </tr> </table>	Sources:		Uses:		IFA Bonds	<u>\$23,000,000</u>	Refinancing	\$22,570,000			Cost of Issuance:	<u>\$430,000</u>	Total	<u>\$23,000,000</u>	Total	<u>\$23,000,000</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2014**

Project: Illinois Valley Community Hospital

STATISTICS

Project Number:	H-HO-TE-CD-8699	Amount:	\$23,000,000 (Not-to-Exceed)
Type:	Taxable 501(c)(3) Bonds	IFA Staff:	Pam Lenane
City:	Peru	County/Region:	LaSalle/Northwest

BOARD ACTION

Final Bond Resolution	No IFA Funds at Risk
Conduit Taxable 501(c)(3) Bonds	No Extraordinary Conditions

Credit Review Committee recommends approval.

VOTING RECORD

This is the first time this project is being presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be used to provide the Borrower and the Hospital with all or a portion of the funds necessary to (i) refund all of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009 (IV Healthcorp, Inc. Project) (the “**Series 2009 Bonds**”), (ii) provide working capital and (iii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Series 2009 Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance and refinance capital projects that will be used to further their charitable mission.

VOLUME CAP

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

JOBS

Current employment: 652 (561 FTEs)	Projected new jobs: N/A
	Construction jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$23,000,000</u>	Refinancing	\$22,570,000
		Cost of Issuance:	<u>\$430,000</u>
Total	<u>\$23,000,000</u>	Total	<u>\$23,000,000</u>

FINANCING SUMMARY

Security:	The Bonds will be secured by a first mortgage on the property at 925 West Street, Peru, Illinois 61354; Note issued pursuant to Master Trust Indenture.
Structure:	The variable rate bonds will have a 20-year term and amortization. If the hospital chooses fixed-rate, there will be the options of a 5-year, 10-year or 20-year term that would each feature a 20-year amortization schedule.
Interest Rate:	To be determined as of the date of pricing.

Interest Mode: Variable rate based on 1-month LIBOR. Fixed rate based on 5-year LIBOR swap, 10-year LIBOR swap or 20-year LIBOR swap dependent on whether 5, 10 or 20-year term is selected.

Credit Enhancement: None. (Bank direct purchase structure)

Maturity: No later than 2035

Rating: IVCH is not rated.

Estimated Closing Date: December 2014

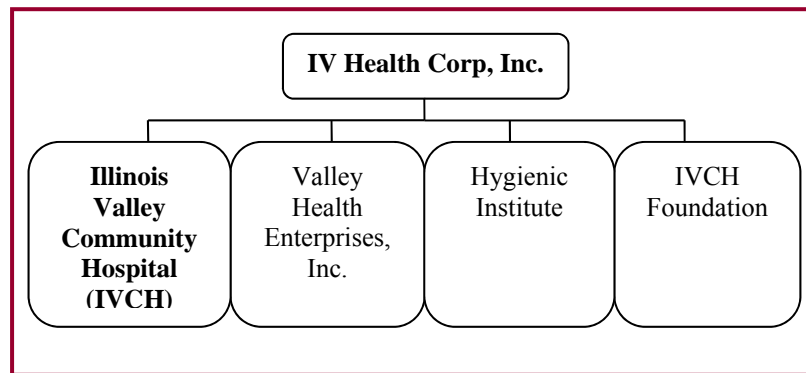
PROJECT SUMMARY (FINAL BOND RESOLUTION)

Bond proceeds will be used to provide the Borrower and the Hospital with all or a portion of the funds necessary to (i) refund all of the outstanding \$22,955,000 Illinois Finance Authority Revenue Bonds, Series 2009 (IV Healthcorp, Inc. Project) (the “**Series 2009 Bonds**”), (ii) provide working capital, and (iii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Series 2009 Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

BUSINESS SUMMARY

IVCH and its predecessors, St. Mary’s Hospital & Peoples Hospital, have provided healthcare services to the LaSalle County market since 1887. Located 50 miles northeast of Peoria and 90 miles southwest of Chicago, IVCH’s primary service area encompasses western LaSalle County, eastern Bureau County, and northeastern Putnam County, IL. IVCH is a 56-bed hospital that provides a wide range of inpatient, outpatient, and emergency services. FYE 2013 operating revenue totaled approximately \$78.3 million and assets totaled approximately \$82.3 million.

It should be noted that IVCH is part of IV Health Corp, Inc. Please see the organization chart below:



IVCH is governed by a volunteer board of directors. The board members represent various constituents, companies, and organizations in the community. The board is rich with experience and diversity, and is deeply rooted in the community. Therefore, the board members are strongly committed to the long-term success of the Hospital.

ICVH and its predecessors—St. Mary’s Hospital and Peoples Hospital—have a history of caring for the people of the Illinois Valley that dates back more than 100 years. IVCH has a stated mission to provide exceptional care through a commitment to clinical excellence and compassion for every patient. The Hospital’s vision is to be a place where patients want to receive care, physicians want to practice, and employees want to work. In the pursuit of that mission, IVCH leadership is constantly improving hospital facilities and adding to its portfolio of services. Specifically, IVCH added a women’s health care center in 2000, a modernized ER, surgery, and admitting area in 2003, a special procedures unit 2004, and the IVCH Center for Physical Rehabilitation and Aquatics in 2006. The IVCH Center for Physical Rehabilitation and Aquatics is a 15,000 square foot facility with over 30 pieces of

innovative therapy equipment located away from the main hospital campus in the Miller Building of the Peru, IL YMCA.

In 2011, IVCH added a third floor to the East addition where its new Obstetrics and Intensive Care units were opened. IVCH's previous units were deteriorated and functionally obsolete. Specifically, the new Obstetrics Services department will further develop IVCH as a regional leader in obstetrics care. The Obstetrics Unit consists of a new labor-delivery-recovery suite, newborn nurseries and outpatient prenatal testing. The total cost of the obstetrics addition was approximately \$6.8 million. The total cost of the intensive care unit was approximately \$2 million. Other infrastructure (non-clinical) upgrades that occurred during this time were a new lobby, additional public space, on-call and housekeeping space and a helipad.

The board provides direction and oversight to the organization, with day to day activities delegated to the seasoned management team. The management team is led by the following individuals:

Chief Executive Officer – Tommy Hobbs – Mr. Hobbs has more than seventeen years of experience working in hospitals. He is the current CEO of both IV Health Corp, Inc. and Illinois Valley Community Hospital (2008 to Present). Prior to joining IVCH, Mr. Hobbs was the CEO of hospitals in South Dakota and Wisconsin. Mr. Hobbs has also worked as a management engineer for various hospitals and as manufacturing engineer for non-healthcare facilities. Mr. Hobbs holds a Bachelor of Science in Industrial Engineering from University of Arkansas and a Masters of Science Management from Capella University.

Chief Financial Officer– Stephen Davis – Mr. Davis has been the CFO of IVCH since 1989 and has over 32 years of experience in healthcare financial management. Prior to joining IVCH, Mr. Davis was the CFO at Hillsdale Community Health Center in Hillsdale, MI and McCray Memorial Hospital in Kendallville, IN during his eight year tenure with HCA Management Company. Prior to that, Mr. Davis was Assistant Controller at Knox Community Hospital in Mt. Vernon, OH. Mr. Davis holds a BS in accounting from Mt. Vernon Nazarene University.

IVCH provides a wide range of inpatient, outpatient and emergency services. IVCH's portfolio of healthcare services includes all the standard services expected of a hospital including General Surgery, Emergency Medicine, and Radiology. However, IVCH differentiates itself from other community hospitals by housing physicians encompassing more than 30 specialties. IVCH does not expect any of its physicians to retire in the next three years. See the table below for a sampling of the specialty services offered to the Illinois Valley community.

IVCH - Services/Specialties Provided		
Allergy/Immunology	Internal Medicine	Orthopedic Surgery
Anesthesiology	Nephrology	Pain Management
Cardiology	Neurology	Pathology
Dentistry	Neurosurgery	Pediatrics
Dermatology	Oncology	Plastic Surgery
Gastroenterology	Ophthalmology	Podiatry
Gynecology	Oral Surgery	Urology

Healthgrades, the leading independent care ratings company gave IVCH a top five-star rating for the quality of its joint replacement services (2011 and 2012) and orthopedic surgery (2011 and 2013). Additionally, it has received patient safety excellence awards (2011 and 2013) and patient experience awards (2011-2013). These awards are given to hospitals that are able to prevent infections, medical errors, and other complications, as well as display cleanliness, appropriate noise levels and post-discharge care instructions. IVCH strives to provide quality care as evidenced by these ratings which indicate IVCH's efforts to mitigate errors. As a result, IVCH has gained recognition in the community as a leading provider.

The bonds will be secured by a master note issued pursuant to a master trust indenture. The master note will be the joint and several obligation of the members of the obligated group (IV Health Corp, Inc., IVCH, Hygienic Institute, and IVCH Foundation).

ECONOMIC DISCLOSURE STATEMENT

Applicant: Illinois Valley Community Hospital
Location: 925 West Street, Peru, IL 61354
Project name: Illinois Valley Community Hospital (Series 2014)
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Contact: Stephen Davis; Stephen.Davis@ivch.org

Board of Directors: Both Kris Paul and James Loveland have been on the Board of Directors since 2000.

Name	Title
Kris Paul	President
James Loveland	Vice President
Dick Martuzzo	Secretary
David Sickley	Treasurer
George Buckman	Board Member
James Clinard	Board Member
Geetha Dodda, MD	Board Member
William Etzenbach	Board Member
Joe Hogan	Board Member
Cindy Kurkowski	Board Member
Mike Rooney, OD	Board Member
William Vlastnik	Board Member

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris, LLP	Chicago, IL	James Broeking
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Michael Mitchell
Placement Agent:	Lancaster Pollard & Co, LLC	Columbus, OH	Steve Kennedy
Bank Purchaser (1):	Midland States Bank	Effingham, IL	Jan Woodward
Bank Purchaser Counsel (1):	Ehrmann Gelhbach Badger Lee & Considine, LLC	Dixon, IL	Gary Gehlbach
Bank Purchaser (2):	First State Bank	Mendota, IL	Kirk Ross
Bank Purchaser (3):	LaSalle State Bank	LaSalle, IL	Jeff Ellis
Bank Purchaser (4):	Peru Federal Savings Bank	Peru, IL	Chris Vaske
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck
Issuer's Counsel:	Pam Lenane	Chicago, IL	

LEGISLATIVE DISTRICTS

Congressional: 16
State Senate: 38
State House: 76

SERVICE AREA

The primary service area for IVCH is the Illinois Valley. Broadly defined, the valley encompasses the western portion of La Salle County, the eastern portion of Bureau County and the northeast portion of Putnam County. The three counties had a total estimated population of 153,182 as of 2012, with La Salle making up the majority at 73.7%. The population in La Salle County has decreased by 0.8% since 2010, but increased by 2.2% from 2000 to 2010.

Located in north central Illinois, La Salle County is situated 90 miles southwest of Chicago and 50 miles northeast of Peoria. Its economy is based primarily on the service, transportation (warehousing), agriculture, and retail sectors. La Salle County is also home to Starved Rock State Park, a popular tourist destination. The Illinois Valley encompasses the cities of LaSalle, Peru, Oglesby, Spring Valley, and a number of surrounding villages. The Illinois Valley has both international and regional firms and does not rely on one employer as an economic anchor to the community.

Economic data for La Salle County shows median income is \$49,414, which is slightly below the median of \$52,967 for Illinois, but common among rural communities in the state. Poverty rates are 10.4% which is below Illinois's average of 13.1%, suggesting IVCH's patient base is more likely to be covered by Medicare or private insurance.