



\$78,890,000 – FINAL ISSUANCE AMOUNT – CLOSED 2/16/2017

\$68,845,000 – FINAL ISSUANCE AMOUNT – CLOSED 9/12/2017

PAB CONDUIT

December 8, 2016

\$150,000,000

Southern Illinois Healthcare Enterprises, Inc.

REQUEST	<p>Purpose: Bond proceeds will be used by Southern Illinois Healthcare Enterprises, Inc. (“SIHE”, “SIH” or the “Corporation”) and Southern Illinois Hospital Services (the “Hospital” and, together with the Corporation, the “Users”) to (i) advance refund all of the Series 2005 Bonds, (ii) reimburse SIH for their conversion to EPIC (electronic medical records system), (iii) pay eligible costs related to the new Southern Illinois University (“SIU”) building including housing for medical students and clinical operations, (iv) to purchase Corporation headquarters, and (v) raise additional capital for a miscellaneous projects fund.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																							
BOARD ACTIONS	<p>Final Bond Resolution</p> <p>Voting Record (November 10, 2016) – Preliminary Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 1 Absent; 1 Not Voting (McCoy).</p>																							
MATERIAL CHANGES	<p>300 Construction jobs estimated.</p>																							
JOB DATA	3,495	Current jobs	N/A	New jobs projected																				
	N/A	Retained jobs	300	Construction jobs projected																				
DESCRIPTION	<ul style="list-style-type: none"> • Southern Illinois Healthcare Enterprises, Inc. (“SIHE”) is a 293-bed three-hospital system located in the Carbondale area (Jackson County and Williamson County), Illinois and consisting of: <ul style="list-style-type: none"> – Memorial Hospital of Carbondale (154 beds) – Herrin Hospital (114 beds) – St. Joseph Memorial Hospital (25-bed CAH located in Murphysboro, Illinois) 																							
SECURITY	<ul style="list-style-type: none"> • The Bonds will be secured by the Borrower’s Direct Note Obligations issued pursuant to its Master Trust Indenture (“MTI”). To secure the prompt payment of the principal of and interest on and any premium on each Obligation, each Member pledges, assigns and grants to the Master Trustee, an assignment of and security interest in the Gross Revenues of each Member. 																							
CREDIT INDICATORS	<ul style="list-style-type: none"> • The Bonds will be rated. SIHE maintains an ‘A+’/Stable rating and outlook from both S&P and Fitch. 																							
STRUCTURE	<ul style="list-style-type: none"> • A separate series of taxable and tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch, Pierce, Fenner & Smith Incorporated. 																							
SOURCES AND USES ESTIMATED	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Sources:</td> <td style="width: 20%;"></td> <td style="width: 30%;">Uses:</td> <td style="width: 20%;"></td> </tr> <tr> <td>IFA Bonds</td> <td style="text-align: right;"><u>\$150,000,000</u></td> <td>Project Fund</td> <td style="text-align: right;">\$77,500,000</td> </tr> <tr> <td></td> <td></td> <td>Refunded Bonds</td> <td style="text-align: right;">70,000,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance</td> <td style="text-align: right;"><u>2,500,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$150,000,000</u></td> <td>Total</td> <td style="text-align: right;"><u>\$150,000,000</u></td> </tr> </table>				Sources:		Uses:		IFA Bonds	<u>\$150,000,000</u>	Project Fund	\$77,500,000			Refunded Bonds	70,000,000			Cost of Issuance	<u>2,500,000</u>	Total	<u>\$150,000,000</u>	Total	<u>\$150,000,000</u>
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RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																							

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 8, 2016**

Project: Southern Illinois Healthcare Enterprises, Inc.

STATISTICS

Project Number: 12368	Amount: \$150,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane
Cities: Carbondale, Herrin, Murphysboro	Counties/Region: Jackson County and Williamson County/Southern

BOARD ACTION

Final Bond Resolution	No IFA Funds at Risk
Conduit 501(c)(3) Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval.	

VOTING RECORD

Voting Record (November 10, 2016) – Preliminary Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 1 Absent; 1 Not Voting (McCoy).

PURPOSE

Bond proceeds will be used by **Southern Illinois Healthcare Enterprises, Inc.** (“SIHE”, “SIH” or the “Corporation”) and Southern Illinois Hospital Services (the “Hospital” and, together with the Corporation, the “Users”) to (i) advance refund all of the Series 2005 Bonds, (ii) reimburse SIH for their conversion to EPIC (electronic medical records system), (iii) pay eligible costs related to the new Southern Illinois University (“SIU”) building including housing for medical students and clinical operations, (iv) to purchase Corporation headquarters, and (v) raise additional capital for a miscellaneous projects fund.

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. IFA’s issuance will convey federal income tax-exempt status on interest earned on the tax-exempt series of Bonds paid to bondholders and thereby reducing the borrower’s interest expense.

VOLUME CAP

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

JOBS

Current employment: 3,495	Projected new jobs: N/A
Retained Jobs: N/A	Construction jobs: 300

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$150,000,000</u>	Project Fund	\$77,500,000
		Refunded Bonds	\$70,000,000
		Cost of Issuance	<u>\$2,500,000</u>
Total	<u>\$150,000,000</u>	Total	<u>\$150,000,000</u>

FINANCING SUMMARY

Security:	The Bonds will be secured by the Borrower's Direct Note Obligations issued pursuant to its Master Trust Indenture ("MTI"). To secure the prompt payment of the principal of and interest on and any premium on each Obligation, each Member pledges, assigns and grants to the Master Trustee, an assignment of and security interest in the Gross Revenues of each Member.
Structure:	A separate series of taxable and tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch, Pierce, Fenner & Smith Incorporated.
Interest Rate:	To be determined at pricing based on market conditions.
Interest Mode:	Fixed Rate
Maturity:	2046
Rating:	The Bonds will be rated. SIHE maintains an 'A+' /Stable rating from both S&P and Fitch.
Estimated Closing Date:	December 28, 2016

PROJECT SUMMARY

Bond proceeds will be used by **Southern Illinois Healthcare Enterprises, Inc.** ("SIHE", "SIH" or the "**Corporation**") and Southern Illinois Hospital Services (the "**Hospital**" and, together with the Corporation, the "**Users**") to (i) advance refund all of the Series 2005 Bonds, (ii) reimburse SIH for their conversion to EPIC (electronic medical records system), (iii) pay eligible costs related to the new Southern Illinois University ("SIU") building including housing for medical students and clinical operations, (iv) to purchase Corporation headquarters, and (v) raise additional capital for miscellaneous project fund.

BUSINESS SUMMARY

Southern Illinois Healthcare Enterprises, Inc. ("SIH") is a 293-bed three-hospital system located in and around Carbondale, Illinois, consisting of:

- Memorial Hospital of Carbondale (154 beds)
- Herrin Hospital (114 beds)
- St. Joseph Memorial Hospital (25-bed CAH located in Murphysboro, Illinois)

ECONOMIC DISCLOSURE STATEMENT

Applicant: Southern Illinois Healthcare Enterprises, Inc.
Location: 1239 E. Main University Mall
Carbondale, Illinois 62901
Project name: Southern Illinois Healthcare (Series 2016)
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Contact: Michael Kasser, Vice President, Chief Financial Officer, Treasurer
mike.kasser@sih.net
618.457.5200

Board of Directors:

W. Eugene Basanta, Chair	Terrence Glennon, MD, Vice Chair
Marlene Simpson (Secretary)	Harold Bardo
Rex Budde	Kathleen Fralish
Mike Hudson	Morton Levine
Debra McMarrow	Bob Mees
George O'Neill	Steven Sabens
Parviz Sanjabi, MD	

PROFESSIONAL & FINANCIAL

Financial Advisor:	Hammond Hanlon Camp LLC	Chicago	Victoria Poindexter
Borrower's Counsel:	Dentons US LLP	Chicago	Kathryn Ashton
Bond Counsel:	Chapman and Cutler	Chicago	Rich Tomei
Underwriter:	Bank of America Merrill Lynch	Chicago	Joe Hegner
Underwriter's Counsel:	Nixon Peabody	Chicago	Tom Fahey
Issuer's Counsel:	Miller, Hall & Triggs LLC	Peoria	Richard Joseph
Issuer's Financial Advisor:	Acacia Financial Group Inc.	Chicago	Phoebe Selden

LEGISLATIVE DISTRICTS

Congressional: 12
State Senate: 56
State House: 111

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SERVICE AREA

In FY16, Memorial, Herrin and St. Joseph drew 92.5% of their inpatients from a forty-mile, seven-county area surrounding the Hospitals. The PSA is made up of Franklin, Jackson, Johnson, Perry, Saline, Union and Williamson counties.

The base market area of Franklin, Jackson and Williamson counties accounted for 72.4% of combined discharges and together, the Hospitals had a 65.5% market share in this area. The Hospitals maintained a 34.1% market share of the key additional market area of Johnson, Perry, Saline, and Union counties.

