



September 10, 2013

\$375,000,000
Presence Health Network

REQUEST	<p>Purpose: Bond proceeds will be used by Presence Health Network (“Presence” or the “Borrower”) to (i) refund all or a portion of the \$125,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2005B (Resurrection Health Care) (the “Series 2005B Bonds”); (ii) refund all or a portion of the \$125,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2005C (Resurrection Health Care) (the “Series 2005C Bonds”); (iii) refund all or a portion of the \$50,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009B (Provena Health) (the “Series 2009B Bonds”); (iv) refund all or a portion of the \$41,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009C (Provena Health) (the “Series 2009C Bonds”); (v) refund all or a portion of the \$25,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009D (Provena Health) (the “Series 2009D Bonds”); (vi) refund all or a portion of the \$31,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2010C (Provena Health) (the “Series 2010C Bonds”) and (vii) refund all or a portion of the \$41,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2010D (Provena Health) (the “Series 2010D Bonds”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds.</p> <p>Extraordinary Conditions: None.</p>																																								
BOARD ACTIONS	<p>Final Bond Resolution Preliminary Bond Resolution approved 8/13/2013 Yeas: 13; Nays: 0; Abstentions: 0; Absent 2 (Barclay, Gold); Vacancy: 0</p>																																								
MATERIAL CHANGES	<p>Not-to-exceed amount has increased to \$375,000,000 due to refunding two additional series</p>																																								
JOB DATA	<table border="0"> <tr> <td>21,800</td> <td>Current employees</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>	21,800	Current employees	N/A	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected																																
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DESCRIPTION	<ul style="list-style-type: none"> • Location – Multiple locations in Chicago and the Northeast Region (see “Service Area”) • On November 1, 2011, Provena Health and Resurrection Health Care consolidated to form Presence Health, the largest Catholic health system in the State of Illinois. Presence Health operates 12 acute care hospitals and 27 senior care facilities. • Presence Health is sponsored by the Franciscan Sisters of the Sacred Heart, the Servants of the Holy Heart of Mary, the Sisters of the Holy Family of Nazareth, the Sisters of Mercy of the Americas and the Sisters of the Resurrection. 																																								
CREDIT INDICATORS	<ul style="list-style-type: none"> • Ratings of Presence Health are Baa1, BBB+, and BBB+ (Moody’s/S&P/Fitch). • The plan of finance contemplates the issuance of several tax-exempt series of bonds that will be purchased directly by various banks. The 2013 Bonds will have a variable rate of interest tied to LIBOR and will be held by the banks for tenors up to ten years. 																																								
SECURITY	<ul style="list-style-type: none"> • The Bonds will be issued pursuant to Presence Health Network’s Amended and Restated MTI dated May 1, 2013. The banks will each have Master Notes under that MTI. 																																								
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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>\$367,140,000</u></td> <td>Refund IFA Series:</td> <td></td> </tr> <tr> <td></td> <td></td> <td>2005B</td> <td>\$119,140,000</td> </tr> <tr> <td></td> <td></td> <td>2005C</td> <td>\$60,000,000</td> </tr> <tr> <td></td> <td></td> <td>2009B</td> <td>\$50,000,000</td> </tr> <tr> <td></td> <td></td> <td>2009C</td> <td>\$41,000,000</td> </tr> <tr> <td></td> <td></td> <td>2009D</td> <td>\$25,000,000</td> </tr> <tr> <td></td> <td></td> <td>2010C</td> <td>\$31,000,000</td> </tr> <tr> <td></td> <td></td> <td>2010D</td> <td><u>\$41,000,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$367,140,000</u></td> <td>Total</td> <td><u>\$367,140,000</u></td> </tr> </table>	Sources:		Uses:		IFA Bonds	<u>\$367,140,000</u>	Refund IFA Series:				2005B	\$119,140,000			2005C	\$60,000,000			2009B	\$50,000,000			2009C	\$41,000,000			2009D	\$25,000,000			2010C	\$31,000,000			2010D	<u>\$41,000,000</u>	Total	<u>\$367,140,000</u>	Total	<u>\$367,140,000</u>
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RECOMMENDATION	<p>Credit Committee recommends approval.</p>																																								

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
September 10, 2013**

Project: Presence Health Network

STATISTICS

Project Number:	H-HO-TE-CD-8639	Amount:	\$375,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
Location:	Chicago and Central Illinois	County/Region:	Northeast

BOARD ACTION

Final Bond Resolution	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

VOTING RECORD

Preliminary Bond Resolution approved 8/13/2013
Yeas: 13; Nays: 0; Abstentions: 0; Absent 2 (Barclay, Gold); Vacancy: 0

PURPOSE

Bond proceeds will be used by **Presence Health Network** (“**Presence**” or the “**Borrower**”) to (i) refund all or a portion of the \$125,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2005B (Resurrection Health Care) (the “**Series 2005B Bonds**”); (ii) refund all or a portion of the \$125,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2005C (Resurrection Health Care) (the “**Series 2005C Bonds**”); (iii) refund all or a portion of the \$50,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009B (Provena Health) (the “**Series 2009B Bonds**”); (iv) refund all or a portion of the \$41,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009C (Provena Health) (the “**Series 2009C Bonds**”); (v) refund all or a portion of the \$25,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009D (Provena Health) (the “**Series 2009D Bonds**”); (vi) refund all or a portion of the \$31,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2010C (Provena Health) (the “**Series 2010C Bonds**”); (vii) refund all or a portion of the \$41,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2010D (Provena Health) (the “**Series 2010D Bonds**” and together with the Series 2005B Bonds, the Series 2005C Bonds, the Series 2009B Bonds, the Series 2009C Bonds, the Series 2009D Bonds, the Series 2010C Bonds and the Series 2010D Bonds, 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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower's interest expense.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$367,140,000</u>	Refund IFA Series:	
		2005B	\$119,140,000
		2005C	\$60,000,000
		2009B	\$50,000,000
		2009C	\$41,000,000
		2009D	\$25,000,000
		2010C	\$31,000,000
		2010D	<u>\$41,000,000</u>
Total	<u>\$367,140,000</u>	Total	<u>\$367,140,000</u>

JOBS

Current employment:	21,800 employees	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

FINANCING SUMMARY

Structure:	The plan of finance contemplates the issuance of several tax-exempt series of bonds that will be purchased directly by Bank of America, BBVA Compass, BMO Harris, Fifth Third and JP Morgan Chase. The 2013 Bonds will refinance certain existing IFA-issued bonds. The 2013 Bonds will have a variable rate of interest tied to LIBOR and will be held by the banks for tenors of up to ten years.
Interest Rate:	To be finalized at closing.
Interest Rate Modes:	Variable Rate Direct Purchase
Underlying Ratings:	Presence Health is rated Baa1 / Stable, BBB+ / Stable, and BBB+ / Stable (Moody's/S&P/Fitch)
Maturity:	No later than 2045
Estimated Closing Date:	September 17, 2013

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **Presence Health Network** (“**Presence**” or the “**Borrower**”) to (i) refund all or a portion of the \$125,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2005B (Resurrection Health Care) (the “**Series 2005B Bonds**”); (ii) refund all or a portion of the \$125,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2005C (Resurrection Health Care) (the “**Series 2005C Bonds**”); (iii) refund all or a portion of the \$50,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009B (Provena Health) (the “**Series 2009B Bonds**”); (iv) refund all or a portion of the \$41,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009C (Provena Health) (the “**Series 2009C Bonds**”); (v) refund all or a portion of the \$25,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2009D (Provena Health) (the “**Series 2009D Bonds**”); (vi) refund all or a portion of the \$31,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2010C (Provena Health) (the “**Series 2010C Bonds**”); (vii) refund all or a portion of the \$41,000,000 original aggregate principal amount Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2010D (Provena Health) (the “**Series 2010D Bonds**” and together with the Series 2005B Bonds, the Series 2005C Bonds, the Series 2009B Bonds, the Series 2009C Bonds, the Series 2009D Bonds, the Series 2010C Bonds and the Series 2010D Bonds, the “**Prior Bonds**”); (viii) pay certain costs and expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

BUSINESS SUMMARY

Presence Health Network is the largest Catholic healthcare network in the State of Illinois, comprising 12 hospitals, 27 long-term care and senior residential facilities, more than 90 primary and specialty care clinics, and 6 home health agencies. The combined health system has hospital operations throughout Chicago, as well as in Des Plaines, Evanston, Aurora, Elgin, Joliet, Kankakee, Urbana and Danville.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Presence Health Network	
Site Address:	Presence Health Network, 19065 Hickory Creek Drive, Suite 300, Mokena, IL 60448	
Contact:	Anthony Filer, Chief Financial Officer Anthony.filer@presencehealth.org 708-478-7674	Patrick Quinn, Assistant Treasurer Patrick.quinn@presencehealth.org 815-806-2328
Website:	www.presencehealth.org	
Project name:	Presence Health Network, Series 2013	
Organization:	501(c)(3) Not-for-Profit Corporation	
State:	Illinois	

The 2013 Board Members of Presence Health are listed below:

Name	Title	City
Sandra Bruce	President and CEO, Presence Health	Chicago, IL
Haven Cockerham	President and CEO Cockerham & Associates LLC	Chapel Hill, NC
Bruce Hamory, M.D.	Geisinger Health	Lewisburg, PA
Mark Hanson, Esq.	Attorney in Private Practice	Joliet, IL
Thomas Huberty, MD	Retired Orthopaedic Physician	Sugar Grove, IL
Sister Patricia Ann Koschalke, CSFN	Corporate Member	Des Plaines, IL
Sister Clara Frances Kusek, CR	Corporate Member	Chicago, IL
Marsha Ladenburger	Retired Quality Management Consultant	Villa Hills, KY
Laurie Lafontaine	VP, Finance & Treasury Allina Health	Plymouth, MN
Sister Terry Maltby, RSM	Corporate Member/ Governance Consultant	Darien, IL
Susan McDonough	VP, Strategy & System Development Covenant Health Systems, Inc.	Tewksbury, MA
Victor Orler	Retired, Accenture	Hinsdale, IL
Kent Russell	Retired Executive VP/CFO Catholic Health East	Oro Valley, AZ
José Santiago, M.D.	Healthcare Consultant	Tucson, AZ
Sister Mary Shinnick, OSF	Corporate Member/Treasurer, Franciscan Sisters of the Sacred Heart	Frankfort, IL
Thomas Settles, Vice Chair	Retired	Johnsburg, IL
Sister Evelyn Varboncoeur, sscm	Corporate Member	Batavia, IL
Guy Wiebking, Chair	Retired Healthcare CEO	Chicago, IL
James Winikates	Retired CPA	River Forest, IL

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Financial Advisor:	Kaufman Hall	Chicago	Ken Kaufman, Kate Guelich
Bond Counsel	Jones Day	Chicago	David Kates
Auditor:	KPMG	Chicago	Dana Lloyd
Banks:	Bank of America	Chicago	Charles Stein
	BBVA Compass	Dallas	Michael Wendling
	BMO Harris	Chicago	Deborah Capozzi
	Fifth Third	Chicago	Ned Sher
	JP Morgan Chase	Chicago	Tim Ruby
Bank Counsel:	Chapman and Cutler	Chicago	Carol Thompson, David Field
IFA Counsel:	Burke Burns & Pinelli	Chicago	Mary Pat Burns
IFA's Financial Advisor:	Acacia Financial Group	Chicago	Jim Beck

LEGISLATIVE DISTRICTS

Congressional:	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16
State Senate:	2, 6, 7, 8, 9, 10, 20, 22, 25, 28, 29, 35, 39, 40, 42, 43, 45, 51, 52
State House:	4, 12, 13, 15, 18, 19, 20, 43, 57, 65, 68, 69, 77, 79, 81, 83, 84, 85, 86, 89, 98, 103, 104

SERVICE AREA

The combined Presence Health system has hospital operations throughout Chicago, as well as in Des Plaines, Evanston, Aurora, Elgin, Joliet, Kankakee, Urbana and Danville. Illinois counties served by acute care hospitals include Champaign, Coles, Cook, DeKalb, DeWitt, Douglas, DuPage, Edgar, Ford, Grundy, Iroquois, Kane, Kankakee, Kendall, LaSalle, McHenry, Moultrie, Piatt and Will.

In Chicago, the service area comprises a total of 91 zip codes. In the suburban Chicago and Central Illinois markets for acute healthcare delivery, the total primary and secondary service areas can range from fifteen to fifty-six zip codes, depending upon the dynamics of that individual marketplace.