



May 13, 2014

\$15,000,000
Rosecrance, Inc.

REQUEST	<p>Purpose: Bond proceeds will be used by Rosecrance, Inc. (“Rosecrance” or the “Corporation”) and Rosecrance Health Network (the “User”) to (i) pay or reimburse the Corporation and the User for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and the User; (ii) provide working capital to the Corporation and/or the User, if deemed necessary or advisable by the Corporation or the Authority; (iii) pay a portion of the interest on the Bonds if deemed necessary or advisable by the Corporation or the Authority; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).</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	None. This is the first time this project has been presented to the IFA Board of Directors.																				
JOB DATA	<table border="0"> <tr> <td>700</td> <td>Current jobs</td> <td>0</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>50</td> <td>Construction jobs projected</td> </tr> </table>	700	Current jobs	0	New jobs projected	N/A	Retained jobs	50	Construction jobs projected												
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DESCRIPTION	<ul style="list-style-type: none"> • Locations: More than 20 locations in the Chicago and Rockford areas. • Rosecrance, Inc. was established in 1916 and is incorporated under the State of Illinois law. Rosecrance is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code. 																				
SECURITY	<ul style="list-style-type: none"> • Bonds will be secured by real estate 																				
CREDIT INDICATORS	<ul style="list-style-type: none"> • Rosecrance Health Network and Rosecrance, Inc. are non-rated entities (Alpine Bank and BMO Harris Bank will be the direct investors/secured lenders) 																				
STRUCTURE	<ul style="list-style-type: none"> • Bonds will be directly purchased by Alpine Bank and BMO Harris Bank 																				
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>\$9,810,000</td> <td>Reimbursement</td> <td>\$1,760,000</td> </tr> <tr> <td>Equity</td> <td><u>1,500,000</u></td> <td>Capital Projects</td> <td>9,300,000</td> </tr> <tr> <td></td> <td></td> <td>Issuance Costs</td> <td><u>250,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$11,310,000</u></td> <td>Total</td> <td><u>\$11,310,000</u></td> </tr> </table>	Sources:		Uses:		IFA Bonds	\$9,810,000	Reimbursement	\$1,760,000	Equity	<u>1,500,000</u>	Capital Projects	9,300,000			Issuance Costs	<u>250,000</u>	Total	<u>\$11,310,000</u>	Total	<u>\$11,310,000</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 13, 2014**

Project: Rosecrance, Inc.

STATISTICS

Project Number:	H-HO-TE-CD-8679	Amount:	\$15,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
City:	Rockford	County/Region:	Winnebago/Northern Stateline

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 is being presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by **Rosecrance, Inc.** ("**Rosecrance**" or the "**Corporation**") and **Rosecrance Health Network** (the "**User**") to (i) pay or reimburse the Corporation and the User for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and the User; (ii) provide working capital to the Corporation and/or the User, if deemed necessary or advisable by the Corporation or the Authority; (iii) pay a portion of the interest on the Bonds if deemed necessary or advisable by the Corporation or the Authority; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2014 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. IFA's issuance will convey federal income tax-exempt status on interest earned on the 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: 700

Projected new jobs: 0
Construction jobs: 50

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	\$9,810,000	Reimbursement	\$1,760,000
Equity	<u>1,500,000</u>	Capital Projects	9,300,000
		Issuance Costs	<u>\$250,000</u>
Total	<u>\$11,310,000</u>	Total	<u>\$11,310,000</u>

FINANCING SUMMARY

Security: Alpine Bank and BMO Harris Bank will use certain real estate as collateral.

Structure: The Bonds will be purchased directly by Alpine Bank and BMO Harris Bank.

Interest Rate: Variable rate. To be determined based on market conditions.

Credit Enhancement: None.

Maturity: July 1, 2021 (seven years)

Rating: The Bonds will not be rated.

Estimated Closing Date: June 30, 2014

PROJECT SUMMARY

Bond proceeds will be used by **Rosecrance, Inc.** (“**Rosecrance**” or the “**Corporation**”) and **Rosecrance Health Network** (the “**User**”) to (i) pay or reimburse the Corporation and the User for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and the User; (ii) provide working capital to the Corporation and/or the User, if deemed necessary or advisable by the Corporation or the Authority; (iii) pay a portion of the interest on the Bonds if deemed necessary or advisable by the Corporation or the Authority; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

BUSINESS SUMMARY

Rosecrance, a not-for-profit organization, is a national leader in treatment for substance abuse and is one of the largest and most respected providers of community mental health services in the state of Illinois. With almost 100 years of experience serving families, Rosecrance has the administrative structure, professional expertise and long-term stability to provide quality, evidence-based treatment for children, adolescents, adults and families who need care for substance use and mental health disorders. Rosecrance offers inpatient substance abuse treatment and comprehensive outpatient behavioral health services in Rockford, as well as outpatient services in Boone, McHenry, Cook and Will counties. Rosecrance has six Chicagoland offices for confidential consultations, treatment, prevention, and education programs.

Rosecrance was originally established in 1916 by Dr. and Mrs. James Rosecrance of New Milford (Winnebago County), Illinois, who left provisions in their wills for their farm to become an orphanage for boys. Rosecrance expanded its mission in the 1950's to provide residential services for boys and girls with emotional and behavioral disorders. In 1973, Rosecrance assumed operation of the Winnebago County Boy's Farm School (now known as Maryville School) in Durand (Winnebago County).

Rosecrance further expanded its mission in 1982 by opening the first chemical dependency treatment center for adolescents in Northern Illinois. In 1985, Rosecrance began a Drug/Alcohol Family program in cooperation with law enforcement agencies in Winnebago and Boone Counties to provide free early intervention and education classes for referred minors and their families. Beginning in 1986, Rosecrance implemented student assistance programs in the Harlem School District (Loves Park/Machesney Park) and the Rockford School District.

Rosecrance expanded several times during the 1990's. In 1992, Rosecrance took over management of Alcare, a financially distressed 501(c)(3) substance abuse treatment center serving indigent adults in Rockford. In 1994, Rosecrance opened its Fairgrounds Valley Facility to provide prevention and outpatient services for youth and families. Additionally, in 1994, Rosecrance built a school addition to its *Rosecrance on Alpine* facility in Rockford, and opened *Rosecrance at Highland Hospital* in Belvidere to serve adjacent Boone County.

In 1995, Rosecrance constructed a \$5.3 million, 68-bed treatment center (Rosecrance on Harrison) to serve adults and their families located at 3815 Harrison Avenue in Rockford. Winnebago County issued \$3.6 million of tax-exempt Series 1994 501(c)(3) Revenue Bonds to finance construction of the Harrison Avenue facility. The Series 1994 Winnebago County 501(c)(3) Revenue Bonds were purchased by Bank One (Rockford) as a direct investment for its investment portfolio. The Series 1994 Bonds were refunded with the proceeds of the IDFA Series 2003 Bonds.

On January 1, 2011 Rosecrance Inc. affiliated with the Janet Wattles Center, a leading community mental health provider in Rockford. The relationship developed into a full merger on September 1, 2011. This merger allowed for an expansion of mental health services as a result of the State of Illinois closing the Singer Mental Health Facility in Rockford on September 30, 2012.

On October 1, 2012, Rosecrance Health Network and Rosecrance Inc, refinanced substantially all outstanding indebtedness by issuing the \$8,360,000 Illinois Finance Authority Variable Rate Revenue Bonds, Series 2012A (Rosecrance Inc.) \$9,000,000 Illinois Finance Authority Variable Rate Revenue Bonds, and Series 2012B (Rosecrance Inc).

Rosecrance is consolidating some services for both mental health and substance abuse into a former grocery store. It is also opening a crisis stabilization center (a first for Illinois) in downtown Rockford.

Rosecrance currently has more than 20 locations in the Chicago and Rockford areas and serves more than 14,000 families each year.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Rosecrance, Inc.
Location: 1021 N. Mulford Road
Rockford, Illinois 61107
(T) 815-387-5600
(F) 815-316-4638
www.rosecrance.org
Project name: Rosecrance, Inc.
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Contact: Mr. John Schuster, CFO

Board of Directors:

Phillip W. Eaton, President and CEO
Jeff DiBenedetto, Chair
Paula Carynski, First Vice Chair
Jeffrey Lee, Second Vice Chair
Margaret Wilkerson, Treasurer
Gregory Franchini, Secretary
Veronica Blake
John R. Cook III
Tom Furst
Randy Krup
Rodney Link
Lee Mayer
Rev. Loren L. Nielsen
Jerry Paris
Dan Pecora
Jody Schumacher
Joe Vanderwerff, Sr.
Richard Wiermanski

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Bond Counsel:	Chapman and Cutler	Chicago	David Kates
Banks:	BMO Harris Bank	Rockford	Michele Petrie
	Alpine Bank	Rockford	Pat Morrow
BMO Harris Counsel:	Chapman and Cutler	Chicago	Carol Thompson
Alpine Bank Counsel:	Hinshaw and Culbertson	Rockford	Tom Lester
IFA Financial Advisor:	Public Financial Management, Inc.	Chicago	Shannon Williams
Issuer's Counsel:	Ice Miller LLP	Chicago	Jim Snyder

LEGISLATIVE DISTRICTS

Congressional:	16 and 17
State Senate:	35
State House:	69

SERVICE AREA

Rosecrance, Inc. has more than 20 locations in the Chicago and Rockford areas. Service area includes Rockford, Belvidere, Frankford, Geneva, Chicago, McHenry, Naperville, Northfield, Oak Park, and surrounding areas.