



July 8, 2014

**\$28,000,000**  
**The Carle Foundation**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>The Carle Foundation</b> (“<b>Carle</b>”, the “<b>Corporation</b>”, or the “<b>Borrower</b>”) to: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009A (The Carle Foundation) (the “<b>Prior Bonds</b>”); and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>												
<b>BOARD ACTIONS</b>	Final Bond Resolution ( <i>One-time consideration</i> )												
<b>MATERIAL CHANGES</b>	None. This is the first time this project has been presented to the IFA Board of Directors.												
<b>JOB DATA</b>	<table border="0"> <tr> <td>5,560</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>5,560</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	5,560	Current jobs	N/A	New jobs projected	5,560	Retained jobs	N/A	Construction jobs projected				
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>● Location: Urbana (Champaign County/East Central Region)</li> <li>● The Carle Foundation, headquartered in Urbana, Illinois, is an Illinois not-for-profit corporation engaged in providing health care services to residents of east central Illinois.</li> </ul>												
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>● The Bonds are expected to be secured by an obligation of The Carle Foundation under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund or mortgages.</li> </ul>												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>● The Bonds will not be rated. The Carle Foundation maintains underlying ratings of A+ and AA- from Standard &amp; Poor’s and Fitch, respectively.</li> </ul>												
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>● The Bonds will be purchased directly by Wells Fargo Municipal Capital Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, N.A. (“<b>Wells Fargo</b>” or the “<b>Bank</b>”).</li> <li>● The Bonds will fully mature not later than February 15, 2020.</li> </ul>												
<b>SOURCES AND USES ESTIMATED</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td><u>\$28,000,000</u></td> <td>Refunding</td> <td><u>\$28,000,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$28,000,000</u></b></td> <td><b>Total</b></td> <td><b><u>\$28,000,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	<u>\$28,000,000</u>	Refunding	<u>\$28,000,000</u>	<b>Total</b>	<b><u>\$28,000,000</u></b>	<b>Total</b>	<b><u>\$28,000,000</u></b>
<b>Sources:</b>		<b>Uses:</b>											
IFA Bonds	<u>\$28,000,000</u>	Refunding	<u>\$28,000,000</u>										
<b>Total</b>	<b><u>\$28,000,000</u></b>	<b>Total</b>	<b><u>\$28,000,000</u></b>										
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.												

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
July 8, 2014**

**Project: The Carle Foundation**

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**STATISTICS**

Project Number:	H-HO-TE-CD-8693	Amount:	\$28,000,000 (Not-to-Exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
City:	Urbana	County/Region:	Champaign/East Central

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**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	

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**VOTING RECORD**

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

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**PURPOSE**

Bond proceeds will be used by **The Carle Foundation** (“**Carle**”, the “**Corporation**”, or the “**Borrower**”) to: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009A (The Carle Foundation) (the “**Prior Bonds**”); and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

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**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.

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**VOLUME CAP**

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

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**JOBS**

Current employment:	5,560	Projected new jobs:	N/A
		Construction jobs:	N/A

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	<u>\$28,000,000</u>	Refunding	<u>\$28,000,000</u>
<b>Total</b>	<b><u>\$28,000,000</u></b>	<b>Total</b>	<b><u>\$28,000,000</u></b>

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**FINANCING SUMMARY**

Security:	The Bonds are expected to be secured by an obligation of The Carle Foundation under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund or mortgages.
Structure:	The plan of finance contemplates the issuance of variable rate bonds purchased directly by Wells Fargo Municipal Capital Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, N.A. (“ <b>Wells Fargo</b> ” or the “ <b>Bank</b> ”).
Interest Rate:	To be determined at the time of pricing based upon market indices.
Interest Mode:	Floating rate obligations for which interest is established periodically and paid monthly.
Maturity:	The Bonds will fully mature not later than February 15, 2020.
Rating:	The Bonds will not be rated. The Carle Foundation maintains underlying ratings of A+ and AA- from Standard & Poor’s and Fitch, respectively.
Estimated Closing Date:	August, 2014

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**PROJECT SUMMARY**

Bond proceeds will be used by **The Carle Foundation** (“**Carle**”, the “**Corporation**”, or the “**Borrower**”) to: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009A (The Carle Foundation) (the “**Prior Bonds**”); and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

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**BUSINESS SUMMARY**

The Carle Foundation is an Illinois not-for-profit corporation engaged in providing health care services through a vertically integrated provider structure which offers a broad spectrum of inpatient, outpatient, and long-term health care services to a large and predominantly rural service area in east-central Illinois and west-central Indiana in a region surrounding the cities of Champaign and Urbana, Illinois. The Carle Foundation serves as the sole member and elects all of the trustees of, and thereby controls the following Illinois not-for-profit organizations and affiliates:

- a. *The Carle Foundation Hospital* operates a licensed 345-bed hospital, a certified home health agency, and a certified hospice, all which lease property and equipment from the Corporation. The Hospital also operates Carle Medical Supply, a provider of medical equipment and supplies to the general public and hospital patients; and the Danville Surgery Center and outpatient surgical recovery centers, which are located in Champaign and Danville, Illinois. The Hospital serves as the sole stockholder and elects all directors of and, therefore controls, the following for-profit subsidiaries: *Carle Risk Management Company*, which provides professional liability insurance claims processing and management services to the Foundation and *eValiData, Inc.*, which provides physician credentialing services to the Corporation and external organizations.

- b. Carle Health Care, Incorporated operates Carle Physician Group which operates as a multi-specialty, group medical practice comprising approximately 404 licensed physicians and surgeons, some of whom are contracted to provide services through other entities; Arrow Ambulance, LLC, an ambulance transport service; Airlife, an air medical transport service; and The Caring Place, a day care center. Carle Health Care Incorporated also operates the Champaign SurgiCenter, LLC, a free-standing ambulatory surgery center located in Champaign, Illinois, in partnership with Christie Clinic ASC, LLC, an affiliate of a private, multi-specialty, group medical practice headquartered in Champaign, Illinois, as a 25% owner.
- c. Hoopeston Community Memorial Hospital, which comprises a 24-bed Critical Access Hospital and six Rural Health Clinics. The hospital is located approximately 50 miles northeast of the Foundation's main campus.
- d. Carle Retirement Centers, Inc. operates a 174-unit retirement living center.
- e. The Carle Development Foundation does business as the Carle Center for Philanthropy, which is engaged in fund-raising activities and manages substantially all activity relating to restricted and unrestricted contributions. In addition, it is the sole member of Carle Community Health Corporation, which is engaged in funding charitable, scientific, and educational community-based health care initiatives.
- f. The Carle Foundation is the sole member of Health Alliance Connect, Inc., a taxable not-for-profit entity which provides health care services to its enrollees including members of medically underserved groups, persons who are unable to obtain affordable health care services or insurance, persons with special healthcare needs, and beneficiaries of governmental programs.

The Carle Foundation serves as the sole stockholder and elects all the directors of, and thereby controls, the following for-profit subsidiaries:

- a. Carle Holding Company, Inc. is the sole owner of Health Alliance Medical Plans Inc. and its subsidiaries ("Health Alliance"). Health Alliance is a licensed life, accident, and health insurance company in the state of Illinois and is subject to regulation by the Illinois Department of Insurance. Health Alliance was granted a certificate of authority to transact business as a health maintenance organization (HMO) on November 28, 1989. Health Alliance had approximately 269,500 members at March 31, 2014.

Health Alliance has a wholly-owned subsidiary, Health Alliance-Midwest, Inc. (HAMW), which is incorporated as a licensed HMO to write health insurance policies in the states of Illinois, Iowa, and Nebraska. Health Alliance owns 60% of Health Alliance Northwest Holding, Inc. which is a non-insurance company in the state of Washington established for the purpose of owning Health Alliance Northwest Health Plan, Inc., a Washington health care contractor.

- b. Health Systems Insurance, Limited, an offshore captive insurance company, was established to underwrite the Corporation's general and professional liability risks and, beginning in 2012, its workers' compensation liability insurance risks.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: The Carle Foundation  
Location: 611 W. Park St.  
Urbana (Champaign County), IL  
61801-2595  
Project name: The Carle Foundation (Illinois Finance Authority Series 2014 Bonds)  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Contact: Scott Hendrie, Executive Director – Finance & Treasury, (217) 383-4369  
[scott.hendrie@carle.com](mailto:scott.hendrie@carle.com)

Board of Trustees:

Kenneth Aronson, M.D.  
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James C. Leonard, M.D.  
J. Michael Martin  
Mitch Melfi  
Paul Mulhollem  
Martin K. Smith  
Jon Stewart  
Paul Tender, M.D.

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### PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McGuire Woods	Chicago	Kevin Dougherty
Borrower's Financial Advisor	Ponder & Co.	Chicago	Jennifer Brown
Bond Counsel:	Chapman & Cutler LLP	Chicago	Terrance Shirey
Bank:	Wells Fargo Bank, N.A.	Chicago	David Kates
Bank's Counsel:	Ashurst LLP	Chicago	Emily Kalfayan
Issuer's Counsel:	Pugh, Jones & Johnson, P.C.	Chicago	Stacy Wells
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jacquelyn Cerasuolo
			Lorraine Tyson
			Jim Beck

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### LEGISLATIVE DISTRICTS

Congressional: 13  
State Senate: 52  
State House: 103

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### SERVICE AREA

The primary service area includes Champaign County and selected zip codes in East Central Illinois. The secondary service area includes Vermilion County and selected zip codes from 38 other counties in East Central Illinois and West Central Indiana. Based on zip codes of patient origin, 52.8% of total hospital inpatient admissions in the primary service area were to Carle, while 15.5% of total hospital inpatient admissions in the combined primary and secondary service area were to Carle, both during the 2013 calendar year.