



May 13, 2014

**\$45,000,000
Freeport Regional Health Care Foundation**

REQUEST	<p>Purpose: Bond proceeds will be used by Freeport Regional Health Care Foundation (“FHN”, the “Corporation” or the “Borrower”) to provide Freeport Memorial Hospital (the “Hospital”) and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Corporation and the Hospital for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and/or the Hospital, including renovating the emergency department and outpatient services facilities; (ii) refund all or a portion of the \$10,000,000 original principal amount County of Stephenson, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 County Bonds”); (iii) refund all or a portion of the \$8,000,000 original principal amount City of Freeport, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 City Bonds”); (iv) refund all or a portion of the \$13,330,000 original principal amount City of Freeport, Illinois Variable Rate Demand Revenue Bonds, Series 2001A (Freeport Regional Health Care Foundation) (the “2001 City Bonds” and, together with the 2008 County Bonds and the 2008 City Bonds, the “Prior Bonds”); (v) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Corporation; (vi) provide working capital to the Corporation and/or the Hospital, if deemed necessary or advisable by the Corporation; and (vii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.</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> <tr> <td>1,042 FTEs</td> <td>Current jobs</td> <td>0</td> <td>New jobs projected</td> </tr> <tr> <td>1,042 FTEs</td> <td>Retained jobs</td> <td>100</td> <td>Construction jobs projected</td> </tr> </table>	1,042 FTEs	Current jobs	0	New jobs projected	1,042 FTEs	Retained jobs	100	Construction jobs projected												
1,042 FTEs	Current jobs	0	New jobs projected																		
1,042 FTEs	Retained jobs	100	Construction jobs projected																		
DESCRIPTION	<ul style="list-style-type: none"> • Location: Freeport, Illinois (Stephenson County/Northern Stateline) • Freeport Regional Health Care Foundation, (d/b/a “FHN”) is a regional not-for-profit healthcare system based in Freeport, IL – approximately 120 miles northwest of Chicago. • Dating back to 1902 with the opening of Globe Hospital in Freeport, today FHN is an integrated health system encompassing: FHN Memorial Hospital (“FMH”), located in Freeport, with 146 licensed and 99 staffed beds; FHN Leonard C. Ferguson Cancer Center; 7 specialty and family healthcare locations within Freeport; 11 primary care facilities spread throughout five counties; Hospice and occupational health services; Northern Illinois Health Plan (“NIHP”), which serves approximately 12,500 individual members; and FHN Physician Group comprising 24 Primary Care Physicians, 30 Specialists and 25 Nurse Practitioners / Physician Assistants. 																				
SECURITY	<ul style="list-style-type: none"> • The Bonds are expected to be secured by the Borrower’s Direct Note Obligations issued pursuant to its Master Trust Indenture (“MTI”). 																				
STRUCTURE	<ul style="list-style-type: none"> • Variable rate Direct Purchase by U.S. Bank and Fifth Third Bank (seven year term) 																				
SOURCES AND USES ESTIMATED	<table> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Bonds</td> <td style="text-align: right;"><u>\$45,000,000</u></td> <td>Project Fund</td> <td style="text-align: right;">\$20,400,000</td> </tr> <tr> <td></td> <td></td> <td>Refunded Bonds</td> <td style="text-align: right;">24,000,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance</td> <td style="text-align: right;"><u>600,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$45,000,000</u></td> <td>Total</td> <td style="text-align: right;"><u>\$45,000,000</u></td> </tr> </table>	Sources:		Uses:		IFA Bonds	<u>\$45,000,000</u>	Project Fund	\$20,400,000			Refunded Bonds	24,000,000			Cost of Issuance	<u>600,000</u>	Total	<u>\$45,000,000</u>	Total	<u>\$45,000,000</u>
Sources:		Uses:																			
IFA Bonds	<u>\$45,000,000</u>	Project Fund	\$20,400,000																		
		Refunded Bonds	24,000,000																		
		Cost of Issuance	<u>600,000</u>																		
Total	<u>\$45,000,000</u>	Total	<u>\$45,000,000</u>																		
RECOMMENDATION	Credit Review Committee recommends approval.																				

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

Project: Freeport Regional Health Care Foundation

STATISTICS

Project Number:	H-HO-TE-CD-8683	Amount:	\$45,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
City:	Freeport	County/Region:	Stephenson/Northern Stateline

BOARD ACTION

Final Bond Resolution (<i>One-time Consideration</i>)	No IFA Funds at Risk
Conduit 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 by **Freeport Regional Health Care Foundation** (“FHN”, the “**Corporation**” or the “**Borrower**”) to provide Freeport Memorial Hospital (the “**Hospital**”) and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Corporation and the Hospital for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and/or the Hospital, including renovating the emergency department and outpatient services facilities; (ii) refund all or a portion of the \$10,000,000 original principal amount County of Stephenson, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 County Bonds”); (iii) refund all or a portion of the \$8,000,000 original principal amount City of Freeport, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 City Bonds”); (iv) refund all or a portion of the \$13,330,000 original principal amount City of Freeport, Illinois Variable Rate Demand Revenue Bonds, Series 2001A (Freeport Regional Health Care Foundation) (the “2001 City Bonds” and, together with the 2008 County Bonds and the 2008 City Bonds, the “Prior Bonds”); (v) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Corporation or the Authority; (vi) provide working capital to the Corporation and/or the Hospital, if deemed necessary or advisable by the Corporation or the Authority; and (vii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of 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 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: 1,042 FTEs

Projected new jobs: 0
Construction jobs: 100

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$45,000,000</u>	Project Fund	\$20,400,000
		Refunded Bonds	24,000,000
		Cost of Issuance	<u>600,000</u>
Total	<u>\$45,000,000</u>	Total	<u>\$45,000,000</u>

FINANCING SUMMARY

Security:	The Bonds will be secured by the Borrower's Direct Note Obligations, Series 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. The security will also include either a mortgage or negative pledge.
Structure:	The plan of finance contemplates the issuance of two series of Bonds purchased directly by U.S. Bank and Fifth Third Bank. Each bank holding period will have an initial term of seven years.
Interest Rate:	Variable rate based on LIBOR.
Credit Enhancement:	None.
Maturity:	2044
Rating:	The Bonds will not be rated.
Estimated Closing Date:	June, 2014

PROJECT SUMMARY

Bond proceeds will be used by **Freeport Regional Health Care Foundation** ("FHN", the "Corporation" or the "Borrower") to provide Freeport Memorial Hospital (the "Hospital") and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Corporation and the Hospital for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and/or the Hospital, including renovating the emergency department and outpatient services facilities; (ii) refund all or a portion of the \$10,000,000 original principal amount County of Stephenson, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the "2008 County Bonds"); (iii) refund all or a portion of the \$8,000,000 original principal amount City of Freeport, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the "2008 City Bonds"); (iv) refund all or a portion of the \$13,330,000 original principal amount City of Freeport, Illinois Variable Rate Demand Revenue Bonds, Series 2001A (Freeport Regional Health Care Foundation) (the "2001 City Bonds" and, together with the 2008 County Bonds and the 2008 City Bonds, the "Prior Bonds"); (v) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Corporation or the Authority; (vi) provide working capital to the Corporation and/or the Hospital, if deemed necessary or advisable by the Corporation or the Authority; and (vii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

BUSINESS SUMMARY

- Freeport Regional Health Care Foundation, (d/b/a "FHN") is a regional not-for-profit healthcare system based in Freeport, IL – approximately 120 miles northwest of Chicago.

- Dating back to 1902 with the opening of Globe Hospital in Freeport, today FHN is an integrated health system encompassing:
 - FHN Memorial Hospital (“FMH”), located in Freeport, with 104 licensed and 99 staffed beds;
 - FHN Leonard C. Ferguson Cancer Center;
 - 7 specialty and family healthcare locations within Freeport;
 - 11 primary care facilities spread throughout six counties;
 - Hospice and occupational health services; and
 - Northern Illinois Health Plan (“NIHP”), which serves approximately 12,500 individual members; and
 - FHN Physician Group comprising 24 Primary Care Physicians, 30 Specialists and 25 Nurse Practitioners / Physician Assistants.
- FHN provides over 40 services, including Cancer Care, Cardiology, Ob/Gyn, Orthopaedics, Primary Care and many others.

ECONOMIC DISCLOSURE STATEMENT

Applicant: FHN
Site Address: 1045 W Stephenson Street, Freeport, IL 61032
Project name: FHN (Series 2014)
Organization: 501(c)(3) Not-for-Profit Corporation
Contact: Michael Clark, Chief Financial Officer
mclark@fhn.org
815.599.6361

Board of Directors: Carol Schuster Larry Main Dr. Barry Barnes, M.D.
Ellen Poppen Michael Perry Mark Wright
Dr. Allen Workman, M.D Gary Fontana Heather McPherson
Steven Kneubuehl Dr. Rebecca Pedersen, M.D.
Neal Richardson Martin Cleary, MD, President Medical Staff

PROFESSIONAL & FINANCIAL

Financial Advisor: Hammond Hanlon Camp LLC Chicago Victoria Poindexter
Borrower’s Counsel: Hinshaw Culbertson Chicago Leslie Richards-Yellen
Bond Counsel: Chapman and Cutler Chicago David Kates
Banks: US Bank Dubuque Dean Wilgenbusch
Fifth Third Bank Chicago Stan Rosendahl
Bank’s Counsel: Chapman and Cutler Chicago Carol Thomson
Christopher Walrath
IFA Financial Advisor: Acacia Financial Group, Inc. Chicago Jim Beck

LEGISLATIVE DISTRICTS

Congressional: 17
State Senate: 45
State House: 89

SERVICE AREA



1. Freeport Locations

- FHN Memorial Hospital
- FHN Community Healthcare Center
- FHN Family Dental Care
- FHN Family Healthcare Centers
- FHN Healthcare Centers
- FHN Specialty Care

Regional Locations

- 2) FHN Family Center – Pecatonica
- 3) FHN Family Center – Forreston
- 4) FHN Family Center – Lanark
- 5) FHN Family Center – Mount Carroll
- 6) FHN Family Center – Savanna
- 7) FHN Family Counseling Center – Jo Daviess County
- 8) FHN Family Center – Stockton
- 9) FHN Family Center – Warren
- 10) FHN Family Center – Lena
- 11) FHN Family Center – Orangeville