



May 27, 2014

**\$135,000,000
Southern Illinois Healthcare**

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) pay or reimburse the Users for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Users, including (a) an Energy Center and certain related facilities adjacent to Memorial Hospital of Carbondale (“MHC”), (b) an approximately four-story addition to MHC, including an expansion of surgical and intensive care facilities, (c) expansion of the outpatient facilities at St. Joseph Memorial Hospital (“SJMH”), (d) the construction of an approximately 46,000 square foot Cancer Center, and (e) various other capital improvements to and routine capital equipment purchases for MHC, SJMH, Herrin Hospital and the Users’ healthcare and corporate facilities; (ii) refund all or a portion of the Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Southern Illinois Healthcare Enterprises, Inc.) (the “Prior Bonds”); (iii) provide working capital to the Users, if deemed necessary or advisable by the Corporation or the Authority; (iv) pay a portion of the interest on the Series 2014 Bonds, if deemed necessary or advisable by the Corporation or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds and the refunding of the Prior 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>2,744 FTEs</td> <td>Current jobs</td> <td>57.5 FTEs</td> <td>New jobs projected</td> </tr> <tr> <td>2,744 FTEs</td> <td>Retained jobs</td> <td>640 FTEs</td> <td>Construction jobs projected</td> </tr> </table>	2,744 FTEs	Current jobs	57.5 FTEs	New jobs projected	2,744 FTEs	Retained jobs	640 FTEs	Construction jobs projected												
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DESCRIPTION	<ul style="list-style-type: none"> ● Southern Illinois Healthcare Enterprises (“SIH”) is a 285-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 (146 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 not be rated. SIHE maintains an “A+/Stable” rating from both S&P and Fitch. 																				
STRUCTURE	<ul style="list-style-type: none"> ● Variable rate direct purchase by JPMorgan Chase and BMO Harris (ten year term) 																				
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>\$135,000,000</u></td> <td>Project Fund</td> <td>\$81,565,000</td> </tr> <tr> <td></td> <td></td> <td>Refunded Bonds</td> <td>\$51,235,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance</td> <td><u>\$2,200,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$135,000,000</u></td> <td>Total</td> <td><u>\$135,000,000</u></td> </tr> </table>	Sources:		Uses:		IFA Bonds	<u>\$135,000,000</u>	Project Fund	\$81,565,000			Refunded Bonds	\$51,235,000			Cost of Issuance	<u>\$2,200,000</u>	Total	<u>\$135,000,000</u>	Total	<u>\$135,000,000</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 10, 2014**

Project: Southern Illinois Healthcare

STATISTICS

Project Number:	H-HO-TE-CD-8688	Amount:	\$135,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
Cities:	Carbondale, Herrin, Murphysboro	Counties/Region:	Jackson County and Williamson County/Southern

BOARD ACTION

Final Bond Resolution (one-time consideration)	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 **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) pay or reimburse the Users for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Users, including (a) an Energy Center and certain related facilities adjacent to Memorial Hospital of Carbondale (“**MHC**”), (b) an approximately four-story addition to MHC, including an expansion of surgical and intensive care facilities, (c) expansion of the outpatient facilities at St. Joseph Memorial Hospital (“**SJMH**”), (d) the construction of an approximately 46,000 square foot Cancer Center, and (e) various other capital improvements to and routine capital equipment purchases for MHC, SJMH, Herrin Hospital and the Users’ healthcare and corporate facilities; (ii) refund all or a portion of the Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Southern Illinois Healthcare Enterprises, Inc.) (the “**Prior Bonds**”); (iii) provide working capital to the Users, if deemed necessary or advisable by the Corporation or the Authority; (iv) pay a portion of the interest on the Series 2014 Bonds, if deemed necessary or advisable by the Corporation or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds and the refunding of the Prior 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: 2,744 FTEs

Projected new jobs: 57.5 FTEs
Construction jobs: 640 FTEs

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$135,000,000</u>	Project Fund	\$81,565,000
		Refunded Bonds	\$51,235,000
		Cost of Issuance	<u>\$2,200,000</u>
Total	<u>\$135,000,000</u>	Total	<u>\$135,000,000</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:	The plan of finance contemplates a bank direct purchase by JPMorgan Chase Bank, N.A. and BMO Harris Bank, N.A. Each bank holding period will have an initial term of 10 years.
Interest Rate:	To be determined based on market conditions.
Interest Mode:	Variable Rate
Maturity:	2044
Rating:	The Bonds will not be rated. Southern Illinois Healthcare Enterprises maintains "A+/Stable" ratings by Standard & Poor's and Fitch.
Estimated Closing Date:	Week of June 16, 2014

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Southern Illinois Healthcare Enterprises, Inc., an Illinois not for profit corporation (the "**Corporation**"), has requested that the Authority issue in an aggregate principal amount not to exceed \$135,000,000 of revenue bonds consisting of (i) Revenue Bonds, Series 2014A (Southern Illinois Healthcare Enterprises, Inc.) (the "**Series 2014A Bonds**") and (ii) Revenue Bonds, Series 2014B (Southern Illinois Healthcare Enterprises, Inc.) (the "**Series 2014B Bonds**") and, together with the Series 2014A Bonds, the "**Series 2014 Bonds**") and loan the proceeds from the sale thereof to the Corporation in order to provide Southern Illinois Hospital Services, an Illinois not for profit corporation (the "**Hospital**" and, together with the Corporation, the "**Users**") and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Users for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Users, including (a) an Energy Center and certain related facilities adjacent to Memorial Hospital of Carbondale ("**MHC**"), (b) an approximately four-story addition to MHC, including an expansion of surgical and intensive care facilities, (c) expansion of the outpatient facilities at St. Joseph Memorial Hospital ("**SJMH**"), (d) the construction of an approximately 46,000 square foot Cancer Center, and (e) various other capital improvements to and routine capital equipment purchases for MHC, SJMH, Herrin Hospital and the Users' healthcare and corporate facilities; (ii) refund all or a portion of the Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Southern Illinois Healthcare Enterprises, Inc.) (the "**Prior Bonds**"); (iii) provide working capital to the Users, if deemed necessary or advisable by the Corporation or the Authority; (iv) pay a portion of the interest on the Series 2014 Bonds, if deemed necessary or advisable by the Corporation or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

BUSINESS SUMMARY

Southern Illinois Healthcare Enterprises ("SIH") is a 285-bed three-hospital system located in and around Carbondale, Illinois, consisting of:

- Memorial Hospital of Carbondale (146 beds)
- Herrin Hospital (114 beds)
- St. Joseph Memorial Hospital (25-bed CAH located in Murphysboro, Illinois)

ECONOMIC DISCLOSURE STATEMENT

Applicant: Southern Illinois Healthcare
Location: Carbondale, Illinois
Project name: Southern Illinois Healthcare (Series 2014)
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: Steven Sabens, Chair W. Eugene Basanta (Vice Chair) Marlene Simpson (Secretary)
Michael W. Absher Harold Bardo Rex Budde
Kathleen Fralish Terrence Glennon, M.D. Morton Levine
Debra McMorro Bob Mees George O'Neil
Marsha Ryan, M.D.

PROFESSIONAL & FINANCIAL

Financial Advisor:	Hammond Hanlon Camp LLC	Chicago	Victoria Poindexter
Borrower's Counsel:	Armstrong Teasdale	St. Louis	Kirby Colson
Bond Counsel:	Chapman and Cutler	Chicago	Rich Tomei
Issuer's Counsel:	Hinshaw Culbertson	Chicago	Leslie Richards-Yellen
Purchaser:	JPMorgan Chase	Chicago	Sara May
Purchaser's Counsel:	Chapman and Cutler	Chicago	David Field
Purchaser:	BMO Harris	Chicago	Deborah Capozzi
Purchaser's Counsel:	Chapman and Cutler	Chicago	Carol Thompson
Issuer's Counsel:	Hinshaw Culbertson	Chicago	Leslie Richards-Yellen
Issuer's Financial Advisor:	Public Financial Management	Chicago	Shannon Jacobson

LEGISLATIVE DISTRICTS

Congressional: 12
State Senate: 58
State House: 115

SERVICE AREA

