



PAB CONDUIT

April 14, 2015

\$101,000,000
Palos Community Hospital

REQUEST	<p>Purpose: The proceeds of the Bonds will be used to: provide Palos Community Hospital “PCH” with all or a portion of the funds necessary to do any or all of the following: (i) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010A (Palos Community Hospital) (the “Series 2010A Bonds”); (ii) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010B (Palos Community Hospital) (the “Series 2010B Bonds” and, together with the Series 2010A Bonds, the “Prior Bonds”); and (iii) pay certain expenses incurred in connection with the refunding of the Prior Bonds and the issuance of the Bonds.</p> <p>Program: Conduit 501 (c)(3) Bonds Extraordinary Conditions: None.</p>																
BOARD ACTIONS	Final Bond Resolution (<i>One-Time Consideration</i>)																
MATERIAL CHANGES	None – this is the first time this financing has been presented to the IFA Board of Directors.																
JOB DATA	<table border="0"> <tr> <td style="padding-right: 20px;">2,300</td> <td style="padding-right: 20px;">Current jobs</td> <td style="padding-right: 20px;">N/A</td> <td>Jobs created by project</td> </tr> <tr> <td>2,300</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs created by project</td> </tr> </table>	2,300	Current jobs	N/A	Jobs created by project	2,300	Retained jobs	N/A	Construction jobs created by project								
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BORROWER DESCRIPTION	<ul style="list-style-type: none"> • Locations: Lemont, Oak Lawn, Orland Park, and Palos Heights • The St. George Corporation (the Corporation) is an Illinois not-for-profit corporation created in 2000 which serves as the parent corporation and sole corporate member of two not-for-profit corporations, Palos Community Hospital (PCH), an acute care hospital located in Palos Heights, Illinois with outpatient satellite facilities in the surrounding community, and St. George Wellness Center (SGWC) which operates the Palos Health and Fitness Center (the “Center”) located in Orland Park, Illinois. • The primary operating entity of the Corporation is PCH. Opened in 1972 with 265 beds, PCH has grown to its current licensed bed capacity of 436, of which 369 are in operation, by responding to population growth and service demands with major building additions and modernizations in 1975, 1978, 1992, 1995, 2006, 2009, 2010 and 2012. In addition to accommodating inpatient demand, these facility expansions have provided for the growth of outpatient, emergency and ancillary departments in response to volume demands, technology, and service developments including single room maternity care, interventional cardiology and open heart surgery. PCH also operates two satellite facilities: the Primary Care Center in Orland Park and the Palos Immediate Care Center in Palos Heights. These facilities provide access to non-urgent outpatient treatment and diagnostic services. PCH provides home based services through Palos Community Hospital Home Health Care, Hospice and Private Duty with offices in Lemont, Illinois. PCH is also a partner with Little Company of Mary Hospital in the Southwest Hospital MRI Center located in Oak Lawn, Illinois. • Along with traditional health services, PCH makes its resources available to support many community health initiatives and programs responsive to the needs of the community. 																
CREDIT INDICATORS	<p>Direct Bank Purchase: JP Morgan Chase or other such bank(s) selected by Palos.</p> <p>Security: Senior Parity Basis with existing debt issued under the Master Trust Indenture; Master Note; Revenue Pledge</p> <p>Direct Bank Purchase: Floating Rate Based off of LIBOR</p> <p>Credit Rating: Fitch AA-</p> <p>Maturity: Up to 40 years</p>																
ESTIMATED SOURCES AND USES	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td style="padding-right: 40px;">IFA Bonds</td> <td style="padding-right: 40px;">\$101,000,000</td> <td style="padding-right: 40px;">Refunding of Prior Bonds</td> <td style="padding-right: 40px;">\$100,400,000</td> </tr> <tr> <td></td> <td></td> <td style="padding-right: 40px;">Costs of Issuance</td> <td style="padding-right: 40px;"><u>600,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$101,000,000</u></td> <td>Total</td> <td><u>\$101,000,000</u></td> </tr> </table>	Sources:		Uses:		IFA Bonds	\$101,000,000	Refunding of Prior Bonds	\$100,400,000			Costs of Issuance	<u>600,000</u>	Total	<u>\$101,000,000</u>	Total	<u>\$101,000,000</u>
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RECOMMENDATION	Credit Committee Recommends approval.																

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 14, 2015**

Project: Palos Community Hospital

STATISTICS

Project Number:	H-HO-TE-CD-8732	Amount:	\$101,000,000 (Not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane
Locations:	Lemont, Oak Lawn, Orland Park, Lemont	Counties/Region:	Cook and Will/Northwest

BOARD ACTION

Final Bond Resolution (<i>One-time consideration</i>)	No extraordinary conditions
Conduit 501(c)(3) Bonds	Staff recommends approval.
No IFA funds at risk	

PURPOSE

Bond proceeds will be used to refinance the 2010A and 2010B bonds outstanding in the principal amount of \$100,000,000 (the "Prior Bonds") and to 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 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, thereby reducing the Borrower's interest expense. 501(c)(3) bond issues do not require Volume Cap.

VOTING RECORD

None – this is the first time this financing has been presented to the IFA Board of Directors.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$101,000,000	Uses:	Refunding of Prior Bonds	\$100,400,000
				Cost of Issuance	<u>\$600,000</u>
	Total	<u>\$101,000,000</u>		Total	<u>\$101,000,000</u>

JOBS

Current employment:	2,300 FTEs	Projected new jobs:	N/A
Jobs retained:	2,300 FTEs	Construction jobs:	N/A

FINANCING SUMMARY

Security/Collateral:	Senior Parity Basis with existing debt issued under the Master Trust Indenture; Master Note; and Revenue Pledge
Structure:	Direct Bank Purchase: Floating Rate Based off of LIBOR with JP Morgan Chase or such other bank(s) selected by Palos
Maturity:	Not to exceed 40 years
Credit Rating:	Fitch AA-

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The proceeds of the Bonds will be used to: provide PCH with all or a portion of the funds necessary to do any or all of the following: (i) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010A (Palos Community Hospital) (the “Series 2010A Bonds”); (ii) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010B (Palos Community Hospital) (the “Series 2010B Bonds” and, together with the Series 2010A Bonds, the “Prior Bonds”); and (iii) pay certain expenses incurred in connection with the refunding of the Prior Bonds and the issuance of the Bonds.

BUSINESS SUMMARY

Background: The St. George Corporation (the “Corporation”) is an Illinois not-for-profit corporation created in the year 2000 which serves as the parent corporation and sole corporate member of three not-for-profit corporations: (i) Palos Community Hospital (“PCH”), an acute care hospital located in Palos Heights, Illinois with outpatient satellite facilities in the surrounding community, (ii) Palos Medical Group, a primary care physician group that employs primary care physicians and select specialists, and (iii) St. George Wellness Center (SGWC) which operates the Palos Health and Fitness Center (the “Center”) located in Orland Park, Illinois. It is the vision of the Corporation to be the leading community based health care organization providing quality inpatient, outpatient and preventive services while supporting people in achieving optimum health in response to the needs of the southwest suburban region.

Description: The primary operating entity of the Corporation is PCH. Opened in 1972 with 265 beds, PCH has grown to its current licensed bed capacity of 425, of which 375 are in operation, by responding to population growth and service demands with major building additions and modernizations in 1975, 1978, 1992, 1995, 2006, 2009, 2010 and 2012. In addition to accommodating inpatient demand, these facility expansions have provided for the growth of outpatient, emergency and ancillary departments in response to volume demands, technology, and service developments including single room maternity care, interventional cardiology and open heart surgery.

PCH also operates a satellite facility; the Primary Care Center in Orland Park. This facility provides access to non-urgent outpatient treatment and diagnostic services. PCH provides home based services through Palos Community Hospital Home Health Care, Hospice and Private Duty with offices in Lemont, Illinois. PCH is also a partner with Little Company of Mary Hospital in the Southwest Hospital MRI Center located in Oak Lawn, Illinois.

It is the Mission of PCH that all of its services – preventive, curative or palliative—shall be delivered with quality of the highest caliber and that PCH shall be committed to continually responding to the health care needs of the community with services that are readily available in a form that enhances their efficient use by physicians and patients.

Along with traditional health services, PCH makes its resources available to support many community health initiatives and programs responsive to the needs of the community. Examples of community services provided by PCH include: Asthma Education Program, Chemical Dependency services, Diabetes Fair & Diabetes Self-Management Program, Home Delivered Meals, *Lifeline* (crisis line), Osteoporosis Program, Parent-Child Health Education, Physician Referral Service, Psychiatric Services (inpatient & outpatient), Speakers Bureau, and a number of different Support Groups.

In addition, PCH provides annual health screenings for skin, prostate & colorectal cancer. PCH regularly offers programs on smoking cessation, depression/emotional health, prenatal care/childbirth preparation, caregiving, heart disease, and diabetes. Through its numerous outreach activities, PCH is recognized as the area leader in community education services. PCH also participates in and sponsors a variety of annual community events including a 5K run (benefits Y-ME), Women's Day, Heart Month & a Heart Walk (benefits American Heart Association). Its Speakers Bureau & Health Fair participation reaches thousands in community. PCH's home delivered meals program provides over 30,000 home delivered meals annually to home-bound seniors in our community. PCH's Senior Resource department provides assistance to seniors with Medicare and hospital paperwork. In addition, a variety of community publications including Perspective magazine and Community Calendar are mailed to residents – reaching over 150,000 homes.

Service Area: Primary service area includes: Palos Heights, Palos Hills, Palos Park, Midlothian, Oak Forest, Orland Park, and Tinley Park.

Existing Bonds: Outstanding IFA Bonds: Series 2007A (\$120 million)
Outstanding IFA Bonds: Series 2010A (\$50 million)*
Outstanding IFA Bonds: Series 2010B (\$50 million)*
Outstanding IFA Bonds: Series 2010C (\$148 million)

* Outstanding Series 2010A and 2010B bonds will be refinanced/renewed at closing.

ECONOMIC DISCLOSURE STATEMENT

Project name: Palos Community Hospital
Locations: Palos Heights, Orland Park, Lemont, Oaklawn
Applicant: Palos Community Hospital
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Board of Trustees:

St. George Corporation

Board of Directors

Mr. Jason Ley
Dr. Terrence Moisan
Mr. Edward Mulcahy
Dr. Vincent Muscarello
Mr. Gordon Nash, Jr.
Father Patrick O'Neill
Dr. Charles Polcaster
Dr. Mark Sinibaldi
Mr. Jack Vainauskas

Palos Community Hospital

Board of Directors

Ms. Lucie Boyadjian
Mr. Lawrence Hunt
Dr. Terrence Moisan
Mr. Edward Mulcahy
Mr. Gordon Nash, Jr.
Dr. Charles Polcaster
Mr. Philip Salvador
Dr. Mark Sinibaldi
Dr. Michael Sobczak
Mr. Jack Vainauskas

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Hawkins, Delafield and Wood LLP Newark, NJ	Steven Donovan
Bond Counsel:	Chapman and Cutler LLP Chicago	Mike Mitchell
Bond Trustee:	TBD Chicago	
Accountant:	McGladrey & Pullen Chicago	
Issuer's Counsel:	Burke Burns & Pinelli Ltd. Chicago	Mary Ann Murray
IFA Financial Advisors:	Acacia Financial Group, Inc. Chicago	Jim Beck

LEGISLATIVE DISTRICTS

Congressional:	13 3
State Senate:	14 18 41
State House:	27 35 81 82