



October 8, 2015

\$37,500,000
Riverside Health System

REQUEST	<p>Purpose: Bond proceeds will be used by Riverside Health System (“Riverside”, “RHS” or the “Borrower”) to (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds outstanding and originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																								
BOARD ACTIONS	<p>Final Bond Resolution Voting Record (September 10, 2015) – Preliminary Bond Resolution – 13 Yeas 0 Nays 0 Present 1 Absent</p>																								
MATERIAL CHANGES	<p>None.</p>																								
JOB DATA	<table> <tr> <td>2,133</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>2,133</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	2,133	Current jobs	N/A	New jobs projected	2,133	Retained jobs	N/A	Construction jobs projected																
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DESCRIPTION	<ul style="list-style-type: none"> • Locations: Kankakee County and Iroquois • Riverside Health System (“RHS”) is the parent corporation of a regional health system operating in the far southern portion of the Chicago metropolitan market and headquartered in Kankakee. 																								
CREDIT INDICATORS	<ul style="list-style-type: none"> • Riverside is currently rated A2 by Moody’s and A+ by Standard and Poor’s 																								
SECURITY	<ul style="list-style-type: none"> • Secured with a Master Trust Indenture Note 																								
MATURITY	<ul style="list-style-type: none"> • Bonds will mature no later than 11/15/2029 																								
SOURCES AND USES ESTIMATED	<table> <thead> <tr> <th colspan="2">Sources:</th> <th colspan="2">Uses:</th> </tr> </thead> <tbody> <tr> <td>IFA Bonds</td> <td>\$37,165,000.00</td> <td>Refunding</td> <td>\$37,165,000.00</td> </tr> <tr> <td></td> <td></td> <td>Accrued Interest</td> <td>774.27</td> </tr> <tr> <td>Equity</td> <td><u>\$300,774.27</u></td> <td>Costs of Issuance*</td> <td><u>300,000.00</u></td> </tr> <tr> <td>Total</td> <td><u>\$37,465,774.27</u></td> <td>Total</td> <td><u>\$37,465,774.27</u></td> </tr> <tr> <td></td> <td></td> <td>*estimated</td> <td></td> </tr> </tbody> </table>	Sources:		Uses:		IFA Bonds	\$37,165,000.00	Refunding	\$37,165,000.00			Accrued Interest	774.27	Equity	<u>\$300,774.27</u>	Costs of Issuance*	<u>300,000.00</u>	Total	<u>\$37,465,774.27</u>	Total	<u>\$37,465,774.27</u>			*estimated	
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RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																								

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 September 10, 2015**

Project: Riverside Health System

STATISTICS

Project Number: 12310	Amount:	\$37,500,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
Locations: Kankakee, Bourbonnais, Watseka, Gilman	County/Region:	Kankakee/Northeast Iroquois/Northeast

BOARD ACTION

Final Bond Resolution	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

PURPOSE

The proceeds will be used by **Riverside** to (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds and originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.

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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower's interest expense.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA		Refunding	\$37,165,000.00
Bonds	\$37,165,000.00	Accrued Interest	774.27
Equity	<u>\$300,774.27</u>	Costs of Issuance*	<u>300,000.00</u>
Total	<u>\$37,465,774.27</u>	Total	
		*estimated	<u>\$37,465,774.27</u>

JOBS

Current employment: 2,133 FTEs	Projected new jobs: N/A
Jobs retained: 2,133 FTEs	Construction jobs: N/A

FINANCING SUMMARY

Credit Enhancement:	None
Structure:	Variable Rate Direct Purchase bond by DNT Asset Trust, a Delaware business trust and a wholly owned subsidiary of JPMorgan Chase Bank, N.A.
Interest Rate:	Variable
Interest Rate Modes:	Variable
Underlying Ratings:	A2 / A+ (Moody's, S&P)
Maturity:	11/15/2029
Estimated Closing Date:	11/1/2015

PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

The proceeds will be used by **Riverside** (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.

BUSINESS SUMMARY

Riverside Health System (“**RHS**”) is the parent corporation of a regional health system operating in the far southern portion of the Chicago metropolitan market and headquartered in Kankakee. RHS is the sole corporate member of **Riverside Medical Center** (“**Medical Center**”), **Oakside Corporation** (“**Oakside**”), **Butterfield Service Corporation** (“**Butterfield**”) and **Riverside Senior Living Center** (“**Living Center**”). **Riverside Medical Center Foundation** (the “**Foundation**”) is a not-for profit organization serving in an agency capacity by holding and managing certain investment assets contributed for the benefit of the Medical Center. All of these entities except for Butterfield Service Corporation are Illinois not-for-profit corporations and are organized as described under Section 501(c)(3) of the Internal Revenue Code. Butterfield is an Illinois business corporation.

In 1989, RHS, the Medical Center and Oakside became the initial members of an obligated group (the “**Obligated Group**”) established under a Master Trust Indenture dated as of December 15, 1989, among RHS, the Medical Center, Oakside and The Bank of New York Mellon Trust Company, N.A., as successor master trustee (as amended and supplemented from time to time, the “**Master Indenture**”). The Living Center became a member of the Obligated Group in 1990. Butterfield and the Foundation are not members of the Obligated Group.

- The Medical Center owns and operates a general acute care hospital in Kankakee, IL, which is licensed for 312 beds, of which 247 beds are currently staffed. In addition to the main hospital facility, the Medical Center operates the Resolve Center in Manteno, Illinois, which houses an 18-bed licensed inpatient substance abuse program and associated outpatient services. The Medical Center also operates Riverside Ambulance which provides ambulance service to the Medical Center’s primary service area from remote locations in Momence, Bradley, St. Anne, Herscher, Chebanse, Limestone, and Ashkum. Riverside Ambulance is also responsible for 16 communities through its Emergency Medical Service System. In addition, the Medical Center operates multiple community, primary and specialty health centers located in Kankakee, Bourbonnais, Manteno, Monee, Momence, Hopkins Park, Watseka, Gilman, Wilmington, Peotone and Coal City.
- The Medical Center also owns the Atrium Building in Bradley, Illinois which provides medical office space, space for a joint venture single-specialty ambulatory surgery center, and industrial medicine services. Located in Bourbonnais and owned by the Medical Center is the Medical Plaza, a comprehensive ambulatory campus which includes radiation therapy, diagnostic imaging, ambulatory surgery, and physician office space. Located in Coal City and owned by the Medical Center is the West Campus, consisting of a state of the art diagnostic imaging center, and physician office complex.

- In 2011, the Medical Center opened a new multi-specialty physician and cancer infusion center in the southern portion of its market located in Watseka, Illinois. The facility provides diagnostic services including lab and CT. In December of 2012 the Medical Center expanded services at the Watseka Center to include physical therapy, additional radiology, a two suite sleep center, primary care physicians, and mid-level providers.
- Oakside operates the 70,000 square foot Riverside Health Fitness Center located in Bourbonnais, Illinois. Additionally, Oakside operates a community counseling program, a commercial pharmacy, a health equipment sales and leasing program, a retail audiology/hearing and balance program and supports the new business activities of other affiliates.
- Living Center was incorporated in 1989 and owns and operates a senior living community that includes 90 independent living apartments known as Westwood Oaks, 96 assisted living apartments known as Butterfield Court, 18 ranch style family homes for seniors known as Westwood Estates and a 160-bed nursing facility. The senior living community is located directly across from the Medical Center in Kankakee and was constructed in phases beginning in 1990. In Fall 2014, Living Center opened an Assisted Living and Memory Care Campus in Bourbonnais consisting of 48 studio units for Memory Care and 32 Assisted Living units.
- There are no activities currently operated by Butterfield.
- From growth and investments in new programs and service lines, RHS has added 331 new FTE's since 2012.

The **Riverside HealthCare Foundation** (“RHCF”) raises funds for RHS and its affiliates. From 2012 to 2014 the RHCF provided \$2.7 million in support of programs and initiatives for RHS. The Foundation had assets of \$19.1 million as of December 31, 2014.

Project Rationale: The proceeds will be used by **Riverside** (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds outstanding in the amount of \$25,220,000 and originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Riverside HealthCare
Site Address:	Riverside Medical Center 350 N. Wall Street Kankakee, IL 60901
Contact:	Bill Douglas Senior Vice President, Chief Financial Officer
Website:	www.RiversideMC.net
Project name:	Riverside Health System (Series 2015)
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois

Ownership/2015 Board Members (501(c)(3)):

Connie Ashline, *Chairman*
Jerald Hoekstra, *Vice Chairman*
Harry Bond, *Secretary*
Philip Kambic, *President*
Bill Douglas, *SVP, Financial Svcs & CFO*
Pamela Hull, *Assistant Secretary*
David Hegg
Larry Goodman
Patrick Martin
Renuka Ramakrishna, M.D.
Karen Reid
Jaymie Simmon
Francis Smith
Gary Wright

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Rosenman LLP	Chicago	Janet Hoffman
Borrower's Advisor:	Ponder & Co.	Chicago	Michael Tym
Accountant:	KPMG	Chicago	Darryl Buikema
Bank:	JP Morgan Chase		
Bond Counsel:	Chapman and Cutler LLP	Chicago	Michael Mitchell
Bank Counsel:	Nixon Peabody LLP	Chicago	Julie Seymour
Bond Trustee:	BNY Mellon Trust Company		
Issuer's Counsel:	Pugh Jones Johnson	Chicago	Loraine Tyson
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago	Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional: 11, 16
State Senate: 40, 53
State House: 79, 106

SERVICE AREA

The primary service area is defined as Kankakee County. The secondary service area consists of portions of Will, Iroquois, Ford, Grundy, and Livingston Counties.