



December 9, 2014

\$665,000,000

Rush University Medical Center Obligated Group

REQUEST

Purpose: Bond proceeds will be used by **Rush University Medical Center Obligated Group** (“RUMC”, the “Corporation” or the “Borrower”) to (i) finance, refinance or reimburse the costs of acquiring, equipping, constructing, and renovating certain health facilities of the Obligated Group (ii) refund RUMC’s outstanding Series 2009A-D bonds (iii) refund RUMC’s outstanding Series 2006B bonds and (iv) pay for costs of issuance.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution (*One-time consideration*)

MATERIAL CHANGES

None. This is the first time this project has been presented to the IFA Board of Directors.

JOB DATA

10,050	Current jobs (FTE’s)	N/A	New jobs projected
10,050	Retained jobs (FTE’s)	N/A	Construction jobs projected

DESCRIPTION

Locations for Obligated Group:

Rush University Medical Center (“RUMC”);

Rush-Copley Medical Center, Inc. (“Rush-Copley”);

Rush Oak Park Hospital (“ROPH”);

Copley Memorial Hospital, Inc. (“Copley”);

Copley Memorial Hospital Health Care Foundation (“Copley Foundation”); and

Copley Ventures, Inc. (“Copley Ventures, Inc.”)

• **Rush University Medical Center (“RUMC”)**

Rush University Medical Center is an academic medical center in Chicago, Illinois. The mission of Rush University Medical Center is to provide the very best care for the individuals and diverse communities it serves through the integration of outstanding patient care, education, research, and community partnerships.

The clinical and academic facilities are primarily located in the northeast portion of the Illinois Medical Center District. Major operations of RUMC include:

- 677-bed hospital;
- Orthopedic hospital which houses Midwest Orthopedics Group;
- Rush University;
- 800 physician Rush University Medical Group; and
- Rush’s three Obligated Group members have 603 total employed physicians

Rush-Copley Medical Center, Inc., Copley Memorial Hospital, Copley Foundation, Copley Ventures and Services Corp. (collectively referred to as the “Copley Members”).

The Copley Members include:

- Rush-Copley, the parent holding corporation;
- Copley Memorial Hospital, a 210 bed hospital in Aurora;
- Copley Foundation, organized exclusively to engage in charitable

	<ul style="list-style-type: none"> fundraising activities which promote the interests of Copley; Copley Ventures, organized to establish and operate real estate properties; and Rush-Copley Medical Group NFP, organized to operate and manage hospital-based physician practices. 																				
SECURITY	<ul style="list-style-type: none"> Obligated Group, Revenue pledge, certain covenants to be negotiated 																				
CREDIT INDICATORS	<ul style="list-style-type: none"> Current ratings: A2/A/A+ (Moody's / S&P / Fitch) 																				
STRUCTURE	<ul style="list-style-type: none"> Fixed rate, tax-exempt bonds. Up to 40 year maturity 																				
SOURCES AND USES ESTIMATED	<table> <thead> <tr> <th colspan="2">Sources:</th> <th colspan="2">Uses:</th> </tr> </thead> <tbody> <tr> <td>Par</td> <td>\$541,245,000</td> <td>Project Fund</td> <td>\$36,500,000</td> </tr> <tr> <td>Premium</td> <td>54,780,093</td> <td>Refunding Escrow</td> <td>603,140,802</td> </tr> <tr> <td>Release of DSRF's</td> <td><u>48,492,618</u></td> <td>Cost of Issuance</td> <td><u>4,876,909</u></td> </tr> <tr> <td>Total</td> <td>\$644,517,711</td> <td>Total</td> <td>\$644,517,711</td> </tr> </tbody> </table>	Sources:		Uses:		Par	\$541,245,000	Project Fund	\$36,500,000	Premium	54,780,093	Refunding Escrow	603,140,802	Release of DSRF's	<u>48,492,618</u>	Cost of Issuance	<u>4,876,909</u>	Total	\$644,517,711	Total	\$644,517,711
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RECOMMENDATION	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
December 9, 2014**

Project: Rush University Medical Center Obligated Group

STATISTICS

Project Number: H-HO-TE-CD-8716	Amount: \$665,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane
City: Chicago Metro	County/Region: Cook and Kane Counties; Chicagoland

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 **Rush University Medical Center Obligated Group** (“RUMC”, the “Corporation” or the “Borrower”) to (i) finance, refinance or reimburse the costs of acquiring, equipping, constructing, and renovating certain health facilities of the Obligated Group (ii) refund RUMC’s outstanding Series 2009A-D bonds (iii) refund RUMC’s outstanding Series 2006B bonds and (iv) pay for costs of issuance.

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/Retained Jobs: 10,050 (FTE’s)	Projected New Jobs: N/A
	Construction Jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
Par	\$541,245,000	Project Fund	\$36,500,000
Premium	54,780,093	Refunding Escrow	603,140,802
Release of DSRFs	<u>48,492,618</u>	Cost of Issuance	<u>4,876,909</u>
Total	\$644,517,711	Total	\$644,517,711

FINANCING SUMMARY

Security:	Obligated Group, Revenue pledge, certain covenants to be negotiated
Structure:	Fixed rate, tax-exempt bonds.
Interest Rate:	TBD at time of pricing based upon market indices.

Maturity: Up to 40 year maturity

Rating: A2/A/A+ (Moody's / S&P / Fitch)

Estimated Closing Date: February 16th, 2015

PROJECT SUMMARY

Bond proceeds will be used by **Rush University Medical Center Obligated Group** (“**RUMC**”, the “**Corporation**” or the “**Borrower**”) to (i) finance, refinance or reimburse the costs of acquiring, equipping, constructing, and renovating certain health facilities of the Obligated Group (ii) refund RUMC’s outstanding Series 2009A-D bonds (iii) refund RUMC’s outstanding Series 2006B bonds and (iv) pay for costs of issuance.

BUSINESS SUMMARY

The Medical Center has been part of the Chicago landscape longer than any other health care institution in the city. Rush Medical College, a part of Rush University, was the first institution of higher learning chartered in Illinois. Rush University is also home to one of the nation’s top-ranked nursing colleges.

The nursing program has been awarded Magnet Designation three consecutive times, the highest honor a hospital can receive for outstanding achievement in nursing services. It was the first medical center in Illinois caring for both adults and children to receive the Magnet Status. Rush University Medical Center provides a full range of medical and surgical services. In U.S. News & World Report’s 2014-15 issue showcasing “America’s Best Hospitals”, RUMC ranked in 7 of 16 categories. RUMC currently has approximately 10,005 FTE’s, of which 800 represent employed physicians.

Rush University includes Rush Medical College, the College of Nursing, the College of Health Sciences and The Graduate College. Total enrollment for the 2014-2015 academic year was over 2,200 students. RUMC is also the site of more than 70 residency and fellowship programs in medical and surgical specialties. Total research expenditures for FY2014 totaled \$110 million. Research is focused on improving day-to-day lives of patients through community-based studies and research focused on clinical care.

Rush Oak Part Hospital is a 296-licensed bed acute care, rehabilitation and skilled nursing hospital, of which 128 are currently staffed, located approximately 8 miles west of RUMC in Oak Park, Illinois. Local competition is strong and represented by integrated delivery system hospitals and for-profit systems. Three of the strategic programs at RUMC are currently integrated at ROPH: Cancer center, Heart and Vascular, and Bone and Joint. Effective October 25, 2013, RUMC became the sole corporate member of the ROPH pursuant to a change in membership interest. All assets, liabilities and net assets of ROPH are consolidated with the financial results of rush as of June 30, 2014. Effective June 30, 2014, ROPH became an additional member of the Obligated Group.

The Copley Members became affiliated with RUMC in 1987 and joined the Obligated Group in 1993. Copley Memorial Hospital was founded in 1888 when it began operations as Aurora City Hospital. In 1995, Copley transferred its operations to a new replacement facility located on a 98-acre parcel of land. Copley Memorial Hospital provides a full range of inpatient and outpatient healthcare programs and services, with Institutes of Medicine including a Heart Institute, Cancer Care Center, Women’s Health Center and Neuroscience Center. In U.S. News & World Report’s 2014-2015 issue showcasing “America’s Best Hospitals”, Copley ranked as one of the best hospitals.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Rush University Medical Center Obligated Group
Location: Chicago, Illinois
Project name: Rush University Medical Center Obligated Group (Series 2015)
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois
Contact: Patricia O'Neil, Vice President & Treasurer

Board of Trustees: (See attached)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Dentons	Chicago	Mary Wilson
Bond Counsel:	Chapman and Cutler LLP	Chicago	Chris Walrath
Underwriter:	Goldman, Sachs & Co.	Chicago	Michael Brown
	Bank of America, Merrill Lynch	Chicago	Joseph Hegner
Co-Managers:	Loop Capital Markets	Chicago	
	Cabrera Capital Markets	Chicago	
	William Blair & Company	Chicago	
Underwriter's Counsel:	Ungaretti & Harris LLP	Chicago	Tom Fahey
IFA's Financial Advisor:	Sycamore Advisors, Inc	Chicago	Melanie Shaker
Borrower Financial Advisor:	Public Financial Management, Inc.	Chicago	Errol Brick
Issuer's Counsel:	Burk, Burns & Pinelli, Ltd.	Chicago	Mary Ann Murray

LEGISLATIVE DISTRICTS

RUMC:

Congressional: 7
State Senate: 5
State House: 9

Copley Memorial Hospital, Inc.:

Congressional: 14
State Senate: 42
State House: 83

Rush Oak Park Hospital:

Congressional: 7
State Senate: 39
State House: 78

SERVICE AREA

RUMC: Rush University Medical Center is located in the City of Chicago, Illinois. Due to its specialty and subspecialty programs, its patients are primarily from the contiguous 8-county service area, and other areas of Illinois and the Midwest.

Copley: Copley defines its primary service area (PSA) to include Aurora, North Plainfield, Montgomery, Oswego and Yorkville and several small communities in Kendall County. The remainder of Copley's patient population comes from its secondary service area, which includes other areas in DuPage, Kane, Kendall and Will Counties.