



November 12, 2015

\$30,000,000

Sarah Bush Lincoln Health System

| | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|--|-----------------------|-----------------------------|--------------|--------------------|-----------|---------------|---------------|-----------------------------|--|--|--------------|--------------|--|--|-----------------------|------------------|--------------|----------------------------|--------------|----------------------------|
| REQUEST | <p>Purpose: Bond proceeds from the sale of the Series 2015 Bonds together with other funds, will be used to enable Sarah Bush Lincoln Health System (“SBLHS”, the “Health Center”, or the “Borrower”) to (i) fund the final \$10,500,000 of a \$48 million Master Facility Plan, (ii) \$8,700,000 of construction and renovation of Medical/Surgical units, (iii) \$6,900,000 construction of a new Cardiology wing, (iv) approximately \$2,500,000 on campus infrastructure work, (v) renovation of Central Sterile, (vi) construction of a new clinic in Toledo, IL, and (vii) pay a portion of the cost of issuing the debt.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p> | | | | | | | | | | | | | | | | | | | | |
| BOARD ACTIONS | <p>Final Bond Resolution Voting Record: (August 13, 2015) – Preliminary Bond Resolution – 13 Yeas 0 Nays 0 Present 2 Absent</p> | | | | | | | | | | | | | | | | | | | | |
| MATERIAL CHANGES | <p>None.</p> | | | | | | | | | | | | | | | | | | | | |
| JOB DATA | <table border="0"> <tr> <td>2,125</td> <td>Current jobs</td> <td>90</td> <td>New jobs projected</td> </tr> <tr> <td>2,125</td> <td>Retained jobs</td> <td>60</td> <td>Construction jobs projected</td> </tr> </table> | 2,125 | Current jobs | 90 | New jobs projected | 2,125 | Retained jobs | 60 | Construction jobs projected | | | | | | | | | | | | |
| 2,125 | Current jobs | 90 | New jobs projected | | | | | | | | | | | | | | | | | | |
| 2,125 | Retained jobs | 60 | Construction jobs projected | | | | | | | | | | | | | | | | | | |
| DESCRIPTION | <ul style="list-style-type: none"> • Mattoon (Coles County) and Toledo (Cumberland County) • SBLHS has a total of 2,125 employees (1,724 FTE’s) providing a full range of acute care services to residents of Coles County and the surrounding six counties. SBLHS serves a seven-county region in East Central Illinois, encompassing a drawing population of approximately 156,000 people. The SBLHS medical staff includes physicians in 28 specialty areas and approximately 206 physicians with hospital privileges at Sarah Bush Lincoln Health Center. The Physician System Practices of SBLHS include approximately 91 employed physicians and 50 mid-level providers. | | | | | | | | | | | | | | | | | | | | |
| CREDIT INDICATORS | <ul style="list-style-type: none"> • Underlying rating of A+ (S&P) • Bank private placement with Bank of America | | | | | | | | | | | | | | | | | | | | |
| SECURITY | <ul style="list-style-type: none"> • Secured by gross revenue pledge and a negative pledge on assets | | | | | | | | | | | | | | | | | | | | |
| MATURITY | <ul style="list-style-type: none"> • Not later than 2042 | | | | | | | | | | | | | | | | | | | | |
| 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>\$30,000,000</td> <td>Reimbursement</td> <td>\$10,000,000</td> </tr> <tr> <td></td> <td></td> <td>Project Fund</td> <td>\$19,700,000</td> </tr> <tr> <td></td> <td></td> <td>Est. Cost of Issuance</td> <td><u>\$300,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$30,000,000</u></td> <td>Total</td> <td><u>\$30,000,000</u></td> </tr> </table> | Sources: | | Uses: | | IFA Bonds | \$30,000,000 | Reimbursement | \$10,000,000 | | | Project Fund | \$19,700,000 | | | Est. Cost of Issuance | <u>\$300,000</u> | Total | <u>\$30,000,000</u> | Total | <u>\$30,000,000</u> |
| Sources: | | Uses: | | | | | | | | | | | | | | | | | | | |
| IFA Bonds | \$30,000,000 | Reimbursement | \$10,000,000 | | | | | | | | | | | | | | | | | | |
| | | Project Fund | \$19,700,000 | | | | | | | | | | | | | | | | | | |
| | | Est. Cost of Issuance | <u>\$300,000</u> | | | | | | | | | | | | | | | | | | |
| Total | <u>\$30,000,000</u> | Total | <u>\$30,000,000</u> | | | | | | | | | | | | | | | | | | |
| RECOMMENDATION | <p>Credit Review Committee recommends approval</p> | | | | | | | | | | | | | | | | | | | | |

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
March 8, 2015**

Project: Sarah Bush Lincoln Health System

STATISTICS

| | | | |
|----------------|-------------------------|--------------------|--|
| Project Number | 12309 | Amount: | \$30,000,000 (Not-to-Exceed) |
| Type: | 501(c)(3) Revenue Bonds | IFA Staff: | Pam Lenane and Tammy Harter |
| Location: | Mattoon, Toledo | County/ Region: | Coles County and Cumberland County / Southeastern |

BOARD ACTION

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

PURPOSE

Bond proceeds will be used to (i) fund the final \$10,500,000 of \$48 million Master Facility Plan, (ii) \$8,700,000 of construction and renovation of "Med/Surg" units, (iii) \$6,900,000 construction of a new Cardiology wing, (iv) approximately \$2,500,000 on campus infrastructure work, (v) renovation of Central Sterile, (vi) construction of a new clinic in Toledo, IL, and (vii) pay a portion of the cost of issuing the debt.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bond financing 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.

VOLUME CAP

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

JOBS

| | | | |
|---------------------|-------|---------------------|----|
| Current employment: | 2,125 | Projected new jobs: | 90 |
| Jobs retained: | 2,125 | Construction jobs: | 60 |

ESTIMATED SOUCES AND USES OF FUNDS

| | | | | | |
|--------------|-----------|----------------------------|--------------|----------------|----------------------------|
| Sources: | IFA Bonds | <u>\$30,000,000</u> | Uses: | Project Fund | \$19,700,000 |
| | | | | Reimbursement | \$10,000,000 |
| | | | | Issuance Costs | <u>\$300,000</u> |
| Total | | <u>\$30,000,000</u> | Total | | <u>\$30,000,000</u> |

FINANCING SUMMARY/STRUCTURE

| | |
|-----------------------------|---|
| Security: | The IFA Series 2015 Bonds will be secured by Master Trust Indenture that includes a pledge of gross revenues and a negative pledge on assets. |
| Structure: | Bank direct purchase by Bank of America. |
| Interest Rate: | Not to exceed 5% |
| Interest Mode: | Variable rate bonds - TBD |
| Underlying Borrower Rating: | Although the subject Bonds will not be rated (due to the bank direct purchase structure), the Borrower currently has a direct underlying rating of A+ by Standard and Poor's. |
| Maturity: | 2042 (25 Years) |
| Estimated Closing Date: | October 19, 2015 |

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The proceeds of the IFA Series 2015 Bonds will be combined with other funds and used to (i) fund the final \$10,500,000 of the \$48 million Master Facility Plan, (ii) \$8,700,000 of construction and renovation of "Med/Surg" units, (iii) \$6,900,000 construction of a new Cardiology wing, (iv) approximately \$2,500,000 on campus infrastructure work, (v) renovation of Central Sterile, (vi) construction of a new clinic in Toledo, IL, and (vii) pay a portion of the cost of issuing the debt.

SBLHS has not received their Certificate of Need ("CON") for the new cardiology wing in (iii) above. If the CON is not obtained prior to commencement of construction, SBLHS has provided the Authority with an equivalent list of qualifying substitute projects as an alternative to the construction, renovation and expansion of the new cardiology wing, which are set forth in the resolution.

BUSINESS SUMMARY

Sarah Bush Lincoln Health System ("SBLHS") is centrally located between Mattoon and Charleston, Illinois, which are communities located in East Central Illinois approximately 180 miles south of Chicago. The Health Center's primary service area consists of Coles County, Illinois. The Health Center's secondary service area consists of the six counties surrounding Coles County, which are Clark, Cumberland, Moultrie, Douglas, Shelby and Edgar counties. The tertiary service area consists of three additional counties, Effingham, Jasper and Crawford counties. The Health Center's entire service area is located within a 45-mile radius of the Health Center.

SBLHS has a total of 2,125 employees (1,724 FTE's) providing a full range of acute care services to residents of Coles County and the surrounding six counties. The SBLHS medical staff includes physicians in 28 specialty areas and approximately 145 physicians with hospital privileges at Sarah Bush Lincoln Health Center. The Physician System Practices of SBLHS include approximately 57 employed physicians and 25 mid-level providers.

The main health center facility was completed in 1977 as a four-story facility with a partial basement, consisting of 200,000 gross square feet (the "Main Health Center Facility"). The Health Center is licensed for 129 beds. Services currently located and provided in this facility include: Obstetrics/Gynecology, Level II Nursery, Pediatrics, Medical and Surgical Nursing Units, Operating Rooms, Outpatient Surgery Center, Emergency Department, Ambulatory Care Unit, Behavioral Health Services, Laboratory, Radiology, Physical and Occupational Services, Speech & Audiology Services, Cardiac Rehabilitation, Respiratory Therapy, Outpatient Pharmacy, Sleep Studies, Cancer Center, Cardiac Cath Lab, Illinois Breast and Cervical Cancer Center, Home Health and Hospice services.

The 141 employed physicians and mid-level providers service 36 clinics on the main campus plus clinics in the towns of Arcola, Arthur, Casey, Charleston, Mattoon, Neoga, Sullivan and Toledo, Illinois.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Project name: SBLHS Advance Refunding, New Construction and Project Reimbursement

Applicant: Sarah Bush Lincoln Health System
1000 Health Center Drive
Mattoon (Coles County), IL 61938-9253

Contact: Dennis Pluard, CFO and V/P of Operations, 217.258.2102, Website: DPluard@sblhs.org

Organization: 501(c)(3) Not-for-Profit Corporation

State: Illinois

Board Members:

Health Center Board Members

| | | |
|-------------------------------|-------------------|----------------|
| Lyla McGuire – Chairperson | Lori Cudone, MD | Jim Littleford |
| Steve Wente – Vice Chair | Jeanne Dau | Ray Rieck |
| Michael Stanfield – Secretary | Don Davis | Michael Smith |
| Tim Mooney – Treasurer | Steve Honselman | Tina Stovall |
| Laurel Allenbaugh | Kiran Joag, MD | Scott Wilson |
| Sheryl Artmann, MD | Phillip Kepp, DDS | |
| Chris Considine | John Lauer, MD | |

PROFESSIONAL & FINANCIAL

| | | | |
|------------------------|------------------------------|----------------|------------------------|
| Borrower’s Counsel: | Hinshaw & Culbertson | Chicago, IL | Leslie Richards-Yellen |
| Financial Advisor: | Ponder & Co. | Valparaiso, IN | Michael Tym |
| Bond Counsel: | Chapman and Cutler LLC | Chicago, IL | Daniel Bacastow |
| Bank: | Bank of America | Chicago, IL | Cherie Boettcher |
| Bank’s Counsel: | Chapman and Cutler LLC | Chicago, IL | David Field |
| Master Trustee: | First Mid-Illinois Bank | Mattoon, IL | Laura Walk |
| Issuer’s Counsel: | Miller, Hall & Triggs, LLC | Chicago, IL | Rick Joseph |
| IFA Financial Advisor: | Acacia Financial Group, Inc. | Chicago, IL | Jim Beck |

LEGISLATIVE DISTRICTS

Congressional: 15
State Senate: 55
State House: 110

SERVICE AREA

