



March 10, 2015

**\$315,000,000**  
**Silver Cross Hospital**

<b>REQUEST</b>	<p><b>Purpose:</b> Silver Cross Hospital is expected to use proceeds of the sale of the Series 2015C Bonds to (i) advance refund all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the “Prior Bonds”), currently outstanding in the principal amount of \$259,725,000; (ii) fund a Debt Service Reserve Fund, if required, and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C Bonds and the refunding of the Prior Bonds.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																								
<b>BOARD ACTION</b>	<p>Final Bond Resolution Voting Record (February 18, 2015) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; ! Not Voting(Poole); 0 Abstain; 3 Absent (Gold, Lonstein, Tessler)</p>																								
<b>MATERIAL CHANGES</b>	None																								
<b>JOB DATA</b>	<table border="0"> <tr> <td>1,642</td> <td>Current FTE’s</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>1,642</td> <td>Retained FTE’s</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	1,642	Current FTE’s	N/A	New jobs projected	1,642	Retained FTE’s	N/A	Construction jobs projected																
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• New Lenox (Will County)</li> <li>• <b>Silver Cross Hospital (“SCH”)</b> is a 501(c)(3) corporation established under Illinois law. Silver Cross is a 295-bed hospital located in New Lenox, Illinois, approximately 35 miles southwest of Chicago. SCH has a good reputation of providing a broad range of healthcare services, with substantial resources. Silver Cross has consistently gained market share and is the market share leader in its primary service area Silver Cross is located in Will County, one of the most rapidly growing counties in the country. The county has experienced explosive growth over the past 15 years and projections suggest that strong population growth will continue for the next 25 years.</li> </ul>																								
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• Silver Cross Hospital is currently rated BBB-/BBB+ (S&amp;P/Fitch) (Recently reaffirmed in 2014)</li> </ul>																								
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Fixed rate, tax-exempt bonds.</li> </ul>																								
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• Obligated Group; Secured by revenue pledge and mortgage on par with outstanding debt.</li> </ul>																								
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• No later than 10 years.</li> </ul>																								
<b>SOURCES AND USES ESTIMATED</b>	<table border="0"> <tr> <td><b>Sources:</b></td> <td></td> <td><b>Uses :</b></td> <td></td> </tr> <tr> <td>Par Amount</td> <td>\$302,160,000</td> <td>Refunding Escrow</td> <td>\$323,529,414</td> </tr> <tr> <td>Premium</td> <td>22,317,626</td> <td>Debt Service</td> <td></td> </tr> <tr> <td>Accrued Interest</td> <td>1,108,774</td> <td>Reserve Fund</td> <td>19,139,000</td> </tr> <tr> <td>DSRF Release</td> <td><u>20,410,500</u></td> <td>Costs of Issuance</td> <td><u>3,328,486</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$345,996,900</u></b></td> <td><b>Total</b></td> <td><b><u>\$345,996,900</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses :</b>		Par Amount	\$302,160,000	Refunding Escrow	\$323,529,414	Premium	22,317,626	Debt Service		Accrued Interest	1,108,774	Reserve Fund	19,139,000	DSRF Release	<u>20,410,500</u>	Costs of Issuance	<u>3,328,486</u>	<b>Total</b>	<b><u>\$345,996,900</u></b>	<b>Total</b>	<b><u>\$345,996,900</u></b>
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<b>RECOMMENDATION</b>	The Credit Review Committee recommends approval																								

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

**Project: Silver Cross Hospital**

**STATISTICS**

Project Number: H-HO-TE-CD-8724	Amount: \$315,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Pam Lenane
Location: New Lenox, IL	County/ Region: Will/Northeast

**BOARD ACTION**

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

Voting Record (February 18, 2015) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; ! Not Voting(Poole); 0 Abstain; 3 Absent (Gold, Lonstein, Tessler)

**PURPOSE**

Silver Cross Hospital is expected to use proceeds of the sale of the Series 2015C Bonds to (i) advance refund all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the “Prior Bonds”), currently outstanding in the principal amount of \$259,725,000; (ii) fund a Debt Service Reserve Fund; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C 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 and thereby reducing the Borrower’s interest expense.

**VOLUME CAP**

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

**JOBS**

Current employment: FTE’s 1,642	Projected new jobs: N/A
Jobs retained: FTE’s 1,642	Construction jobs: N/A

**ESTIMATED SOUCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses :</b>	
Par Amount	\$302,160,000	Refunding Escrow	\$323,529,414
Premium	22,317,626	Debt Service Reserve	
Accrued Interest	1,108,774	Fund	19,139,000
DSRF Release	<u>20,410,500</u>	Costs of Issuance	<u>3,328,486</u>
<b>Total</b>	<b><u>\$345,996,900</u></b>	<b>Total</b>	<b><u>\$345,996,900</u></b>

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**FINANCING SUMMARY/STRUCTURE**

Security:	The Series 2015C Bonds will be secured by a revenue pledge and mortgage on par with outstanding debt.
Structure:	Tax-exempt, fixed rate debt
Expected Interest Rate:	5.00%
Interest Mode:	Fixed
Current Rating:	S&P: BBB-/Stable; Fitch: BBB+/Stable (Recently reaffirmed in 2014)
Final Maturity:	August 15, 2044
Estimated Closing Date:	April 30

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**PROJECT SUMMARY**

Silver Cross Hospital is expected to use proceeds of the sale of the Series 2015C Bonds to (i) advance refund all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the "Prior Bonds"), currently outstanding in the principal amount of \$259,725,000; (ii) fund a Debt Service Reserve Fund; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C Bonds and the refunding of the Prior Bonds.

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**BUSINESS SUMMARY**

**Silver Cross Hospital** ("SCH") is a 501(c)(3) corporation established under Illinois law. Silver Cross is a 295-bed hospital located in New Lenox, Illinois, approximately 35 miles southwest of Chicago. SCH has a good reputation of providing a broad range of healthcare services, with substantial resources. Much of the Hospital's service line growth has been in connection with joint ventures and partnerships with Chicagoland academic medical centers- University of Chicago (Oncology); The Rehabilitation Institute of Chicago (Rehabilitation Services); Lurie Children's Hospital (Inpatient hospitalist and neo-natal services); and Northwestern Medicine (neurology).

Silver Cross has consistently gained market share and is the market share leader in its primary service area. Silver Cross is located in Will County, one of the most rapidly growing counties in the country. The county has experienced explosive growth over the past 15 years and projections suggest that strong population growth will continue for the next 25 years.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Project name:	Silver Cross Hospital 1900 Silver Cross Blvd. New Lenox, IL 60451	
Applicant:	Silver Cross Hospital	
Ownership (501(c)(3)):	501(c)(3) Not-for-Profit Corporation	
State:	Illinois	
Board Members:	Carlstrom, Jack M. Danielson, Mark, M.D. Hutchison, Douglas Jr. Kenny, Michael McCowan, Al Mikolajczak, David, D.O. Morrissette, Steve Paddock, Scott Pawlak, Paul Phelan, John	Retired Businessman General Surgeon, Surgical Consultants of Joliet Retired Businessman CFO, Panduit Consultant Physician, EM Strategies Retired Businessman, College Professor President, Chicagoland Speedway President/CEO, Silver Cross Hospital Businessman, CommScope

Prock, Susan	LOA from career
Roof, James	President, First Midwest Bank
Stofan, Mark	Stofan Agazzi & Company, Inc.
Totten, Mary	President, Totten & Associates
Udovich, Christopher, M.D.	Physician, Hedges Clinic

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Foley & Lardner LLP	Chicago, IL	Laura Bilas
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Rich Tomei
Underwriter	Goldman, Sachs & Co.	New York, NY	Rondy Jennings
Co-Underwriter	Loop Capital Markets	Chicago, IL	
Underwriter's Counsel:	Dentons US LLP	Chicago, IL	Mary Wilson
Issuer's Counsel:	Hinshaw & Culbertson LLP	Chicago, IL	Leslie Richards-Yellen
Borrower Financial Advisor:	Ponder & Co.	Valparaiso, IN	Mike Tym
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	11
State Senate:	43
State House:	86

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**SERVICE AREA**

Silver Cross Hospital is located near the U.S. Hwy. 6/I-355 (Veterans Memorial Tollway) interchange in New Lenox, Illinois, approximately 37 miles southwest of the City of Chicago. The primary service area provided approximately 74% of its admissions (July, 2014, prior 12 months) and includes the surrounding Will County communities of Crest Hill, Elwood, Frankfort, Homer Glen, Joliet, Lemont, Lockport, Manhattan, Mokena, New Lenox, and Orland Park (the "Primary Service Area"). The secondary service area extends about 20 miles beyond the Primary Service Area and consists of the communities of Bolingbrook, Braidwood, Channahon, Coal City, Matteson, Minooka, Monee, Morris, Palos Park, Plainfield, Romeoville, Shorewood, Tinley Park and Wilmington (the "Secondary Service Area").