



July 14, 2016

**\$90,000,000 (not-to-exceed)
Riverside Health System**

REQUEST	<p>Purpose: Bond proceeds will be used by Riverside Medical Center, Riverside Senior Living Center and Oakside Corporation, each members of the Riverside Health System Obligated Group (“Riverside Health System”) to: (i) currently refund all or a portion of the Illinois Finance Authority Bonds, Series 2006C, (ii) advance refund a portion of the of the Illinois Finance Authority Bonds, Series 2009, (iii) pay or reimburse Riverside for the payment of, the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by Riverside, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																												
BOARD ACTIONS	<p>Final Bond Resolution Voting Record (June 9, 2016) – Preliminary Bond Resolution – 9 Yeas; 0 Nays; 0 Abstain; 5 Absent (Fuentes, Horne, O’Brien, Tessler, Yonover); 1 Vacancy.</p>																												
MATERIAL CHANGES	<p>None.</p>																												
JOB DATA	<table border="0"> <tr> <td>2,290 FTE</td> <td>Current jobs</td> <td>2 FTE</td> <td>New jobs projected</td> </tr> <tr> <td>2,290 FTE</td> <td>Retained jobs</td> <td>97 FTE</td> <td>Construction jobs projected</td> </tr> </table>	2,290 FTE	Current jobs	2 FTE	New jobs projected	2,290 FTE	Retained jobs	97 FTE	Construction jobs projected																				
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DESCRIPTION	<ul style="list-style-type: none"> • Location: Kankakee (Kankakee County/Northeast Region) • 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’/ ‘A+’ by Moody’s/ S&P, both with stable outlooks. Ratings will be affirmed the week of September 5, 2016. 																												
STRUCTURE	<ul style="list-style-type: none"> • The Bonds will be underwritten by Barclays and sold based on the direct underlying ratings of Riverside. The Bonds will mature no later than 2046 (30 years). 																												
SOURCES AND USES*	<table border="0"> <thead> <tr> <th colspan="2">Sources:</th> <th colspan="2">Uses:</th> </tr> </thead> <tbody> <tr> <td>IFA Bonds</td> <td>\$79,620,000</td> <td>Project Fund</td> <td>\$15,000,000</td> </tr> <tr> <td>Original Issue</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Premium</td> <td>8,459,387</td> <td>Refunding Escrow Deposit</td> <td>81,331,530</td> </tr> <tr> <td>DSRF Release</td> <td>8,388,525</td> <td></td> <td></td> </tr> <tr> <td>Equity for Accrued Interest</td> <td><u>1,462,007</u></td> <td>Costs of Issuance</td> <td><u>1,598,389</u></td> </tr> <tr> <td>Total</td> <td><u>\$97,929,919</u></td> <td>Total</td> <td><u>\$97,929,919</u></td> </tr> </tbody> </table>	Sources:		Uses:		IFA Bonds	\$79,620,000	Project Fund	\$15,000,000	Original Issue				Premium	8,459,387	Refunding Escrow Deposit	81,331,530	DSRF Release	8,388,525			Equity for Accrued Interest	<u>1,462,007</u>	Costs of Issuance	<u>1,598,389</u>	Total	<u>\$97,929,919</u>	Total	<u>\$97,929,919</u>
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RECOMMENDATION	<p>Credit Review Committee recommends approval.</p>																												

**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 July 14, 2016**

Project: Riverside Health System

STATISTICS

Project Number:	12345	Amount:	\$90,000,000 (not-to-exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Tammy Harter
Location:	Kankakee	County/	Kankakee County/
		Region:	Northeast Region

BOARD ACTION

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

VOTING RECORD

Voting Record (June 9, 2016) – Preliminary Bond Resolution – 9 Yeas; 0 Nays; 0 Abstain; 5 Absent (Fuentes, Horne, O’Brien, Tessler, Yonover); 1 Vacancy.

PURPOSE

Bond proceeds will be used by **Riverside Medical Center, Riverside Senior Living Center and Oakside Corporation**, each members of the Riverside Health System Obligated Group (“**Riverside Health System**”) to: (i) currently refund all or a portion of the Illinois Finance Authority Bonds, Series 2006C, (ii) advance refund a portion of the of the Illinois Finance Authority Bonds, Series 2009, (iii) pay or reimburse Riverside for the payment of, the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by Riverside, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	\$79,620,000	Project Fund	\$15,000,000
Orig. Issue Premium	8,459,387	Refunding Escrow Deposits	81,331,530
DSRF Release	8,388,525	Costs of Issuance	<u>1,598,389</u>
Equity for Accrued Interest	<u>1,462,007</u>		
Total	<u>\$97,929,919</u>	Total	<u>\$97,929,919</u>

JOBS

Current employment:	2,290 FTE	Projected new jobs:	2 FTE
Jobs retained:	2,290 FTE	Construction jobs:	97 FTE

FINANCING SUMMARY/STRUCTURE

Security/Ratings:	The Bonds will be sold based upon the direct underlying ratings of Riverside. Riverside's current ratings are 'A2'/'A+' by Moody's/S&P, both with stable outlooks. Ratings will be affirmed the week of September 5, 2016.
Structure:	The Bonds will be underwritten by Barclay's and sold on the basis of Riverside's long-term ratings.
Interest Rate:	Expected to range from 3-5%, but will be determined on the day of pricing.
Interest Rate Mode:	Long-term fixed rate debt
Maturity:	Bonds will mature no later than 2046 (30 years)
Estimated Closing Date:	September 2016

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **Riverside Medical Center, Riverside Senior Living Center and Oakside Corporation**, each members of the Riverside Health System Obligated Group ("**Riverside Health System**") to: (i) currently refund all or a portion of the Illinois Finance Authority Bonds, Series 2006C, (ii) advance refund a portion of the of the Illinois Finance Authority Bonds, Series 2009, (iii) pay or reimburse Riverside for the payment of, the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by Riverside, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds.

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, 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 its southern 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, 21 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 2013 to 2015 the RHCF had total revenues of \$6.39 million and provided \$2.9 million in support of programs and initiatives for Riverside. RHCF has also committed up to \$0.70 million to support Neurosurgery advancements in 2016. The Foundation had assets of \$18.6 million as of December 31, 2015.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Riverside Health System
350 N. Wall Street
Kankakee, IL 60901

Contact: Bill Douglas, Senior Vice President & Chief Financial Officer

Website: www.riversidehealthcare.org

Project name: Riverside HealthCare Series 2016

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

Board Members:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
Nadeem Ansari, MD	Physician Riverside Medical Center	2017
Connie Ashline	Owner Secure Care of America, Inc.	2018
John Avendano, PhD.	President Kankakee Community College	2018

Harry Bond <i>Chairman</i>	Business Owner Monical's Corporation	2016
Lisa Dugan	Retired IL State Representative	2017
Marc Fisher, MD	Physician Riverside Medical Center	2018
Philip Hays, MD	Physician Riverside Medical Center	2016
Phillip Kambic <i>President</i>	President & CEO Riverside HealthCare	<i>Ex Officio/Voting</i>
Stonewall McCuiston, MD	Physician Riverside Medical Center	2018
Doug Perry <i>Secretary</i>	CFO Olivet Nazarene University	2017
Harry Simmon <i>Vice Chairman</i>	Consultant	2016
Francis Smith	Officer/Stockholder HomeStar Financial	2016

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Janet Goelz Hoffman
Borrower's Financial Advisor:	Ponder & Co.	Valparaiso, IN	Michael Tym
Auditor:	KPMG LLP	Chicago, IL	Greg Bergman
Underwriter:	Barclays Capital Inc.	Chicago, IL	Jay Sterns
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Michael Mitchell
Underwriter's Counsel:	Dentons US LLP	Chicago, IL	Kathryn B. Ashton
Bond Trustee:	The Bank of New York Mellon	Chicago, IL	Merci Stahl
Issuer's Counsel:	Pugh Jones and Johnson, P.C.	Chicago, IL	Glenn Weinstein
IFA Financial Advisor:	Sycamore Advisors, LLC	Chicago, IL	Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional:	11
State Senate:	40
State House:	79

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.