



July 14, 2016

**\$120,000,000
OSF Healthcare System**

REQUEST	<p>Purpose: The Series 2016 tax-exempt bonds will be used to advance refund the Series 2010A bonds that are callable on May 15, 2020 by depositing in an escrow account sufficient U.S. Government or other eligible securities to pay principal and interest on the bonds until the call date.</p> <p>Program: Conduit 501 (c)(3) Bonds</p>																
BOARD ACTIONS	Final Bond Resolution (<i>One-Time Consideration</i>)																
MATERIAL CHANGES	None – this is the first time this financing has been presented to the IFA Board of Directors.																
JOB DATA	<table> <tr> <td>15,290</td> <td>Current jobs</td> <td>N/A</td> <td>Jobs created by project</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs created by project</td> </tr> </table>	15,290	Current jobs	N/A	Jobs created by project	N/A	Retained jobs	N/A	Construction jobs created by project								
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BORROWER DESCRIPTION	<ul style="list-style-type: none"> • Locations: Peoria, Rockford, Alton, Bloomington, Ottawa, Galesburg, Pontiac, Mendota, Kewanee, and Monmouth • OSF Healthcare System (“OSF” or the “Corporation”) is an Illinois not-for-profit corporation, exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. OSF was incorporated in 1880 as The Sisters of the Third Order of St. Francis. The Corporation’s current name was adopted as part of a corporate restructuring in 1989. The sole corporate member of OSF is The Sisters of the Third Order of St. Francis, a religious congregation founded in 1877 in Peoria, Illinois. The Corporation operates its health care facilities as a single corporation, with each health care facility functioning as an operating division of the Corporation. 																
CREDIT INDICATORS	<p>Public Offering: The Bonds will be underwritten by Barclays.</p> <p>Ratings: ‘A2’/‘A’ by Moody’s/S&P</p> <p>Interest Rate: Fixed Rate. The rates will be determined at pricing.</p> <p>Maturity: May 15, 2039</p>																
STRUCTURE/SECURITY	<ul style="list-style-type: none"> • The Bonds will be secured by a master indenture note of OSF. No mortgage or debt service reserve fund will be required. 																
SOURCES AND USES ESTIMATED	<table> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td>IFA Bonds</td> <td><u>\$120,000,000</u></td> <td>Refunding/Refinancing</td> <td>\$118,500,000</td> </tr> <tr> <td></td> <td></td> <td><u>Cost of Issuance</u></td> <td><u>\$1,500,000</u></td> </tr> <tr> <td>Total</td> <td><u>\$120,000,000</u></td> <td>Total</td> <td><u>\$120,000,000</u></td> </tr> </table> <p><i>*Cost of Issuance estimated at 1.25% of par. Not reflective of actual costs.</i></p>	Sources:		Uses:		IFA Bonds	<u>\$120,000,000</u>	Refunding/Refinancing	\$118,500,000			<u>Cost of Issuance</u>	<u>\$1,500,000</u>	Total	<u>\$120,000,000</u>	Total	<u>\$120,000,000</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																

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

Project: OSF Healthcare System

STATISTICS

Project Number:	12351	Amount:	\$120,000,000 (Not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane
Locations:	Peoria, Rockford, Alton, Bloomington, Ottawa, Galesburg, Pontiac, Mendota, Kewanee, Monmouth	County/ Regions:	Peoria/North Central, Winnebago/ Northern Stateline, Madison/Southwestern, McLean/North Central, LaSalle/Northwest, Knox/West Central, Livingston/North Central, Henry/Northwest, Warren/West Central

BOARD ACTION

Final Bond Resolution (<i>One-time consideration</i>)	No extraordinary conditions
Conduit 501(c)(3) Bonds	Credit Review Committee recommends approval.
No IFA funds at risk	

VOTING RECORD

None – this is the first time this financing has been presented to the IFA Board of Directors.

PURPOSE

The Series 2016 tax-exempt bonds will be used to advance refund the Series 2010A bonds that are callable on May 15, 2020 by depositing in an escrow account sufficient U.S. Government or other eligible securities to pay principal and interest on the bonds until the call date.

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, thereby reducing the Borrower's interest expense.

VOLUME CAP

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

JOBS

Current employment:	15,290 FTEs	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$120,000,000</u>	Refunding/Refinancing	\$118,500,000
		Cost of Issuance	<u>\$1,500,000</u>
Total	<u>\$120,000,000</u>	Total	<u>\$120,000,000</u>

**Cost of Issuance estimated at 1.25% of par. Not reflective of actual costs.*

FINANCING SUMMARY

Security:	The Bonds will be secured by a master indenture note of OSF.
Par Amount:	Up to \$120,000,000.
Structure:	The structure of this Series 2016 Bond issue will include serial as well as term bonds.
Interest Rate:	Fixed rate estimated from 3.0% - 5.0%
Interest Mode:	Fixed Rate
Credit Enhancement:	None
Maturity:	May 15, 2039
Rating:	'A2'/'A' (Moody's/S&P)
Closing Date:	September 2016

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The Series 2016 tax-exempt bonds will be used to advance refund the Series 2010A bonds that are callable on May 15, 2020 by depositing in an escrow account sufficient U.S. Government or other eligible securities to pay principal and interest on the bonds until the call date.

BUSINESS SUMMARY

Background:	OSF Healthcare System (“ OSF ” or the “ Corporation ”) is an Illinois not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. OSF was incorporated in 1880 as The Sisters of the Third Order of St. Francis. The Corporation’s current name was adopted as part of a corporate restructuring in 1989. The sole corporate member of OSF is The Sisters of the Third Order of St. Francis, a religious congregation founded in 1877 in Peoria, Illinois. The Corporation operates its health care facilities as a single corporation, with each health care facility functioning as an operating division of the Corporation.
Description:	OSF is headquartered in Peoria. Ten of the Corporation’s hospitals are located in Illinois. One hospital is located in Michigan. OSF has 1,500 licensed acute care beds. The Corporation’s largest hospital, St. Francis Medical Center in Peoria, is a 609-licensed bed tertiary care teaching center providing numerous specialty services and extensive residency programs for physicians. The array of health services provided by OSF also includes 44 hospital-based outpatient facilities, approximately 248 physician office facilities of employed physicians, six home health agencies and five hospices. Multi-institutional membership status has been conferred on the Corporation by the Illinois Hospital Association and the American Hospital Association. Similar membership status exists with the Catholic Health Association of the United States and the Illinois Catholic Health Association.

ECONOMIC DISCLOSURE STATEMENT

Project name: OSF Healthcare System

Location: 800 North East Glen Oak Avenue; Peoria, Illinois 61603

Applicant: OSF Healthcare System

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

State: Illinois

Board Members:

Sister Judith Ann Duvall, O.S.F., Chairperson
Kevin D. Schoeplein, Vice Chairperson
Sister Diane Marie McGrew, O.S.F., President/Treasurer
Sister Theresa Ann Brazeau, O.S.F., Secretary
Sister M. Mikela Meidl, F.S.G.M.
Sister Maria Elena Padilla, O.S.F.
Sister Agnes Joseph Williams, O.S.F.
Sister Rose Therese Mann, O.S.F.
James W. Girardy, M.D.
Gerald J. McShane, M.D.
Brian Silverstein, M.D.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	OSF Corporate Counsel	Peoria, IL	Robert Brandfass
Borrower's Special Counsel:	Hinshaw & Culbertson LLP	Chicago, IL	Leslie Richards-Yellen
Accountant:	KPMG LLP	Chicago, IL	Charles Klescewski
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	John Bibby
Underwriters:	Barclays	New York, NY	David Stephan
Underwriters' Counsel:	Dentons US LLP	Chicago, IL	Kathryn Ashton
Financial Advisor:	Anne Donahoe	Chicago, IL	Anne Donahoe
Bond Trustee:	Wells Fargo Bank	Chicago, IL	Gail Klewin
IFA Advisor:	Sycamore Advisors, LLC	Chicago, IL	Melanie Shaker
Issuer's Counsel:	Quarles & Brady LLP	Chicago, IL	Mary Ann Murray

LEGISLATIVE DISTRICTS

Congressional: 12, 16, 17, 18

State Senate: 34, 35, 37, 38, 44, 46, 47, 53, 56

State House: 67, 68, 69, 73, 74, 76, 88, 91, 92, 94, 105, 106, 111

SERVICE AREA

Service Area: OSF has facilities in the following locations in Illinois: Peoria (St. Francis Medical Center); Rockford (St. Anthony Medical Center); Alton (Saint Anthony's Health Center); Bloomington (St. Joseph Medical Center); Ottawa (Saint Elizabeth Medical Center); Galesburg (St. Mary Medical Center); Pontiac (St. James Hospital); Mendota (Saint Paul Medical Center); Kewanee (Saint Luke Medical Center); Monmouth (Holy Family Medical Center). The facility in Michigan, St. Francis Hospital, is located in Escanaba.