



April 14, 2016

**\$60,000,000**  
**Iowa Health System d/b/a UnityPoint Health**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>Iowa Health System d/b/a UnityPoint Health</b> (“<b>UnityPoint Health</b>”) to (i) refund the Proctor Hospital 2006A Bonds, (ii) \$22,000,000 for the benefit of Methodist Medical Center of Illinois and Methodist Health Services Corp. located at 221 NE Glen Oak Ave, Peoria, Illinois, to purchase, renovate, relocate, construct, equip and furnish approximately 81,000 square-feet of building space, which will include classrooms, laboratories, faculty offices, and support space for the College of Nursing, along with an additional 45,000 square-feet for warehouse space, all located at 5801 West War Memorial Drive, Peoria, Illinois, (iii) \$13,500,000 for the exterior renovation of the Glen Oak and East-West buildings, located at 221 NE Glen Oak Ave, Peoria, Illinois, and (iv) pay costs of issuance.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>														
<b>BOARD ACTIONS</b>	<p>Final Bond Resolution Voting Record (March 10, 2016) – Preliminary Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 2 Absent (Horne and Zeller); 0 Vacancies.</p>														
<b>MATERIAL CHANGES</b>	<p>Material changes to this report from the version presented in March 2016 include the following: (1) Increase in the not to exceed amount from \$53,000,000 to \$60,000,000; and (2) sources and uses refined.</p>														
<b>JOB DATA</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 25%;">28,000</td> <td style="width: 25%;">Current jobs</td> <td style="width: 25%;">0</td> <td style="width: 25%;">New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>365</td> <td>Construction jobs projected</td> </tr> </table>	28,000	Current jobs	0	New jobs projected	N/A	Retained jobs	365	Construction jobs projected						
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Peoria/Peoria County/North Central Region</li> <li>• Initially formed in 1994, UnityPoint Health, an Iowa nonprofit corporation, controls, directly or indirectly, a regional health care delivery system that includes, as of June 30, 2015, twelve hospitals (including Blank Children’s Hospital) in ten Iowa cities, four hospitals in three Illinois cities, one hospital in Madison, Wisconsin, and approximately 860 employed physician full time equivalents and 420 mid-level provider full time equivalents practicing in 96 communities.</li> </ul>														
<b>STRUCTURE/CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• Tax-Exempt fixed rate bonds underwritten by Morgan Stanley.</li> <li>• UnityPoint Health is currently rated “Aa3”/“AA-” long-term by Moody’s/Fitch. UnityPoint Health has applied and expects ratings to be assigned the week of 5/8/2016.</li> </ul>														
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• Secured by pledge of gross receivables</li> </ul>														
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will mature no later than 2046</li> </ul>														
<b>SOURCES AND USES</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><b>Sources:</b></td> <td style="width: 50%;"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td style="text-align: right;">Refunding</td> </tr> <tr> <td style="text-align: right;"><u>\$60,000,000</u></td> <td style="text-align: right;">Project Fund</td> </tr> <tr> <td></td> <td style="text-align: right;">Costs of Issuance*</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$1,500,000</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>Total</b></td> </tr> <tr> <td style="text-align: right;"><u><b>\$60,000,000</b></u></td> <td style="text-align: right;"><u><b>\$60,000,000</b></u></td> </tr> </table> <p style="text-align: right; margin-top: 10px;">*Estimated</p>	<b>Sources:</b>	<b>Uses:</b>	IFA Bonds	Refunding	<u>\$60,000,000</u>	Project Fund		Costs of Issuance*		<u>\$1,500,000</u>	<b>Total</b>	<b>Total</b>	<u><b>\$60,000,000</b></u>	<u><b>\$60,000,000</b></u>
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<u><b>\$60,000,000</b></u>	<u><b>\$60,000,000</b></u>														
<b>RECOMMENDATION</b>	<p>Credit Review Committee recommends approval.</p>														

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

**Project: Iowa Health System d/b/a UnityPoint Health**

**STATISTICS**

Project Number: 12333	Amount:	\$60,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane and Tammy Harter
Location: Peoria	County/Region:	Peoria/North Central

**BOARD ACTION**

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

**PURPOSE**

Bond proceeds will be used by **Iowa Health System d/b/a UnityPoint Health** (“**UnityPoint Health**”) to (i) refund the Proctor Hospital 2006A Bonds, (ii) \$22,000,000 for the benefit of Methodist Medical Center of Illinois and Methodist Health Services Corp. located at 221 NE Glen Oak Ave, Peoria, Illinois, to purchase, renovate, relocate, construct, equip and furnish approximately 81,000 square-feet of building space, which will include classrooms, laboratories, faculty offices, and support space for the College of Nursing, along with an additional 45,000 square-feet for warehouse space, all located at 5801 West War Memorial Drive, Peoria, Illinois, (iii) \$13,500,000 for the exterior renovation of the Glen Oak and East-West buildings, located at 221 NE Glen Oak Ave, Peoria, Illinois, and (iv) pay 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 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.

**VOLUME CAP**

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

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	<u>\$60,000,000</u>	Refunding	\$23,000,000
		Project Fund	\$35,500,000
		Costs of Issuance*	<u>\$1,500,000</u>
<b>Total</b>	<b><u>\$60,000,000</u></b>	<b>Total</b>	<b><u>\$60,000,000</u></b>

\*Estimated

**JOBS**

Current employment: 28,000	Projected new jobs: 0
Jobs retained: N/A	Construction jobs: 365

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### FINANCING SUMMARY

Credit Enhancement:	None
Structure:	Fixed Rate Bonds to be underwritten by Morgan Stanley.
Interest Rate:	To be determined at time of pricing.
Interest Rate Modes:	Fixed
Underlying Ratings:	UnityPoint Health is currently rated “Aa3”/“AA-” long-term by Moody’s/Fitch. UnityPoint Health has applied for ratings in connection with the Series 2016 Bonds and expects ratings to be assigned during the week of 5/8/2016.
Maturity:	2046
Estimated Closing Date:	Week of 5/30/2016

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### PROJECT SUMMARY

The proceeds will be used by UnityPoint Health to refund the Proctor Hospital 2006A Bonds, New Money and costs of issuance.

- Refund Proctor 2006A Bonds: 5409 N. Knoxville Avenue, Peoria, Illinois 61614
- New Money (\$22,000,000), College of Nursing: 5801 West War Memorial Drive, Peoria, Illinois 61615
  - This project is for the benefit of Methodist Medical Center of Illinois and Methodist Health Services Corp. (users of the project and Affiliates), located at 221 NE Glen Oak Ave, Peoria, Illinois and will consist of the purchase, renovation, relocate, construction, equipping and furnishing of approximately 81,000 square-feet of building space which will include classrooms, laboratories, faculty offices, and support space along with an additional 45,000 square-feet for warehouse space located at 5801 West War Memorial Drive, Peoria, Illinois.
- New Money (\$13,500,000), Façade Renovation: 221 NE Glen Oak Avenue, Peoria, Illinois 61636
  - This project is for the benefit of Methodist Medical Center of Illinois and Methodist Health Services Corp. (users of the project and Affiliates), located at 221 NE Glen Oak Ave., Peoria, Illinois and will consist of the exterior renovation of the Glen Oak and East-West buildings on campus.

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### BUSINESS SUMMARY

Background: Initially formed in 1994, **Iowa Health System** (“**IHS**”), an Iowa nonprofit corporation, controls, directly or indirectly, a regional health care delivery system that includes, as of June 30, 2015, twelve hospitals (including Blank Children’s Hospital) in ten Iowa cities, four hospitals in three Illinois cities, one hospital in Madison, Wisconsin, and approximately 860 employed physician full time equivalents and 420 mid-level provider full time equivalents practicing in 96 communities (collectively, the “**System**”).

On April 16, 2013, the System began being publicly known as UnityPoint Health. This name change reflects the transformation of clinical processes underway within the System and the adaptation to better address the health care needs of communities, including building a model of delivering health care that coordinates care around the patient while focusing on improving the quality of care and reducing costs. In light of this transformation in health care, IHS changed its name to better reflect its brand promise. UnityPoint Health, a federally registered trademark, is a doing business as designation of IHS and is intended to be its predominant name.

The System entities employ around 28,000 employees System-wide, including being the largest nonprofit workforce in the combined State of Iowa and Western Illinois area, and work toward innovative advancements to achieve the vision of delivering the “Best Outcome for Every Patient

Every Time”. The System also provides a multitude of community benefit programs and services to improve the health of people in its communities.

The primary operations of the System are conducted through an array of nonprofit and for-profit subsidiaries controlled, directly or indirectly, by UnityPoint Health. The affiliates include Central Iowa Health System d/b/a UnityPoint Health – Des Moines, Methodist Health Services Corporation, Meriter Health Services, Inc., Trinity Regional Health System, St. Luke’s Healthcare, Allen Health Systems, Inc., St. Luke’s Health System, Inc., Trinity Health Systems, Inc., Finley Tri-States Health Group, Inc., Iowa Physicians Clinic Medical Foundation d/b/a UnityPoint Clinic, and UnityPoint at Home (formerly known as InTrust and formerly d/b/a Iowa Health Home Care).

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Iowa Health System d/b/a UnityPoint Health  
Address: 221 NE Glen Oak Avenue, Peoria, Illinois 61636  
Contact: Matthew Kirschner, 515-241-8272  
Website: www.unitypoint.org

Project name: Refunding of 2006A Bonds and new money projects

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

State: Iowa, Illinois, Wisconsin

Board of Directors:

Chair: Mike Williams	Secretary: Linda Newborn
Chair Elect/Vice Chair: Mike Stone	Treasurer: Rick McConnell
Angela Aldrich, M.D. <i>Sioux City</i>	Ron Klosterman <i>Dubuque (At-Large)</i>
Dave Boyer <i>Madison</i>	Rick McConnell <i>Des Moines</i>
Terri Christoffersen <i>Cedar Rapids</i>	Pete McLaughlin <i>Quad Cities</i>
Brenda Clancy <i>Cedar Rapids (At-Large)</i>	Linda Newborn <i>Quad Cities</i>
Stanton Danielson, M.D. <i>Des Moines (UP Clinic)</i>	Kurt Pittner <i>Fort Dodge</i>
Randy Easton <i>Cedar Rapids</i>	Cate Ranheim, M.D. <i>Madison (At-Large)</i>
Sarah Hasken <i>Dubuque</i>	Bruce Sherman <i>Des Moines</i>
Kent Henning <i>Des Moines</i>	Mike Stone <i>Peoria</i>
Steve Herwig, D.O. <i>Des Moines</i>	Devendra Trivedi, M.D. <i>Peoria</i>

George Kamperschroer  
*Madison*

Mike Williams  
*Waterloo*

Francis Kane, M.D.  
*Quad Cities (At-Large)*

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Norton Rose Fulbright US, LLP	Dallas, TX	Scott Kortmeyer
Auditor:	BKD, LLP	Chicago, IL	Eric Lopata
Underwriter:	Morgan Stanley	New York, NY	David Gallin
Bond Counsel:	Dorsey & Whitney LLP	Des Moines, IA	David Claypool
Underwriter's Counsel:	Orrick, Herrington & Sutcliffe LLP	Sacramento, CA	John Myers
Bond Trustee:	US Bank, National Association	St. Paul, MN	Christine Robinette
Issuer's Counsel:	Chapman and Cutler LLP	Chicago, IL	Rich Tomei
Issuer's Advisor:	Sycamore Advisors, LLC	Chicago, IL	Melanie Shaker

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**LEGISLATIVE DISTRICTS**

Congressional:	17, 18
State Senate:	37, 46
State House:	73, 92

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**SERVICE AREA**

