



\$19,500,000 – FINAL ISSUANCE AMOUNT – CLOSED 3/14/2017

PAB CONDUIT

March 9, 2017

**\$20,000,000
Harrisburg Medical Center**

REQUEST	<p>Purpose: The Bond proceeds will be used by Harrisburg Medical Center (“Harrisburg” or the “Borrower”) to: (i) refinance certain taxable indebtedness the proceeds of which were used to finance or refinance eligible tax-exempt cost for the construction, renovation, remodeling and equipping of certain health care facilities of the Borrower (the “Taxable Loan Refinancing”), (ii) finance, refinance or reimburse the Borrower for its prior payment of all or a portion of certain costs of acquiring, constructing, remodeling, renovating, improving, furnishing and equipping the Borrower’s 77-bed general medical and surgical hospital facility known as Harrisburg Medical Center (the “Hospital Facility”), including but not limited to the relocation and renovation of the Hospital Facility’s emergency department, modernization of the existing emergency department space for surgical and recovery suites, and construction of additional surgical suites, a cardiac rehabilitation suite, a hospital registration space, and parking lot, (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Borrower, (iv) provide working capital, if deemed necessary or advisable by the Borrower, (v) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower, and (vi) pay certain related expenses incurred in connection with the issuance of the Bonds and the Taxable Loan Refinancing.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																				
BOARD ACTIONS	Final Bond Resolution (<i>One-time consideration</i>).																				
MATERIAL CHANGES	None.																				
JOB DATA	<table border="0"> <tr> <td style="text-align: right;">509</td> <td style="text-align: left;">Current jobs</td> <td style="text-align: right;">25</td> <td style="text-align: left;">New jobs projected</td> </tr> <tr> <td style="text-align: right;">509</td> <td style="text-align: left;">Retained jobs</td> <td style="text-align: right;">45</td> <td style="text-align: left;">Construction jobs projected</td> </tr> </table>	509	Current jobs	25	New jobs projected	509	Retained jobs	45	Construction jobs projected												
509	Current jobs	25	New jobs projected																		
509	Retained jobs	45	Construction jobs projected																		
DESCRIPTION	<p>Illinois Locations: Saline County</p> <ul style="list-style-type: none"> The Borrower 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. The Borrower operates a hospital facility in Harrisburg, Illinois that is licensed for 77 beds with 46 short-term acute care and 31 psychiatric beds currently in service. The Borrower provides inpatient, psychiatric outpatient and emergency care for residents in Southern Illinois. 																				
SECURITY/MATURITY	<ul style="list-style-type: none"> The Borrower will grant a security interest in its gross receivables and a mortgage lien on and security interest in certain of its real and personal property to secure the payments on the Bonds. The Bonds will mature no later than thirty (30) years from the date the Bonds are issued. 																				
STRUCTURE	<ul style="list-style-type: none"> The Borrower contemplates the issuance of approximately \$20 million of tax-exempt bonds that will be purchased by Peoples National Bank. 																				
SOURCES AND USES ESTIMATED	<table border="0"> <tr> <td colspan="2">Sources:</td> <td colspan="2">Uses:</td> </tr> <tr> <td style="text-align: right;">Series A</td> <td style="text-align: right;">\$10,100,000</td> <td style="text-align: left;">Refinance Taxable Debt</td> <td style="text-align: right;">\$9,050,000</td> </tr> <tr> <td style="text-align: right;">Series B</td> <td style="text-align: right;"><u>9,900,000</u></td> <td style="text-align: left;">Project Expenses</td> <td style="text-align: right;">10,560,000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: left;">Cost of Issuance</td> <td style="text-align: right;"><u>390,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$20,000,000</u></td> <td>Total</td> <td style="text-align: right;"><u>\$20,000,000</u></td> </tr> </table>	Sources:		Uses:		Series A	\$10,100,000	Refinance Taxable Debt	\$9,050,000	Series B	<u>9,900,000</u>	Project Expenses	10,560,000			Cost of Issuance	<u>390,000</u>	Total	<u>\$20,000,000</u>	Total	<u>\$20,000,000</u>
Sources:		Uses:																			
Series A	\$10,100,000	Refinance Taxable Debt	\$9,050,000																		
Series B	<u>9,900,000</u>	Project Expenses	10,560,000																		
		Cost of Issuance	<u>390,000</u>																		
Total	<u>\$20,000,000</u>	Total	<u>\$20,000,000</u>																		
RECOMMENDATION	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
March 9, 2017**

Project: Harrisburg Medical Center

STATISTICS

Project Number: 12387	Amount: \$20,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Pam Lenane
Location: Harrisburg	County/Region: Saline/Southern

BOARD ACTION

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

PURPOSE

The Bond proceeds will be used by **Harrisburg Medical Center** (“**Harrisburg**” or the “**Borrower**”) to: (i) refinance certain taxable indebtedness the proceeds of which were used to finance or refinance eligible tax-exempt cost for the construction, renovation, remodeling and equipping of certain health care facilities of the Borrower (the “**Taxable Loan Refinancing**”), (ii) finance, refinance or reimburse the Borrower for its prior payment of all or a portion of certain costs of acquiring, constructing, remodeling, renovating, improving, furnishing and equipping the Borrower’s 77-bed general medical and surgical hospital facility known as Harrisburg Medical Center (the “**Hospital Facility**”), including but not limited to the relocation and renovation of the Hospital Facility’s emergency department, modernization of the existing emergency department space for surgical and recovery suites, and construction of additional surgical suites, a cardiac rehabilitation suite, a hospital registration space, and parking lot, (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Borrower, (iv) provide working capital, if deemed necessary or advisable by the Borrower, (v) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower, and (vi) pay certain related expenses incurred in connection with the issuance of the Bonds and the Taxable Loan Refinancing.

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 missions. IFA’s issuance will convey federal tax-exempt status on interest paid to bondholders, thereby reducing a borrower’s interest expense.

VOLUME CAP

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
Series A	\$10,100,000	Refinance Taxable Debt	\$9,050,000
Series B	<u>9,900,000</u>		
		Project Expenses	10,560,000
		Cost of Issuance	<u>390,000</u>
Total	<u>\$20,000,000</u>	Total	<u>\$20,000,000</u>

JOBS

Current employment: 509	Projected new jobs: 25
Jobs retained: 509	Construction jobs: 45

FINANCING SUMMARY

Security:	The Bonds will be secured by a security interest in the Borrower's gross receivables and a mortgage lien on and security interest in certain of the Borrower's real and personal property.
Credit Enhancement:	None.
Structure:	The Borrower contemplates the issuance of no more than \$20 million of tax-exempt variable rate bonds to be directly purchased by Peoples National Bank.
Interest Rate:	The Bonds will initially be issued at a fixed rate of interest for the first ten years. Thereafter, the interest rate will be reset every ten years.
Underlying Ratings:	The Bonds will not be rated.
Maturity:	No later than 2047 (30 years).
Estimated Closing Date:	March 14, 2017

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The Bond proceeds will be used by **Harrisburg Medical Center** ("Harrisburg" or the "Borrower") to: (i) refinance certain taxable indebtedness the proceeds of which were used to finance or refinance eligible tax-exempt cost for the construction, renovation, remodeling and equipping of certain health care facilities of the Borrower (the "Taxable Loan Refinancing"), (ii) finance, refinance or reimburse the Borrower for its prior payment of all or a portion of certain costs of acquiring, constructing, remodeling, renovating, improving, furnishing and equipping the Borrower's 77-bed general medical and surgical hospital facility known as Harrisburg Medical Center (the "**Hospital Facility**"), including but not limited to the relocation and renovation of the Hospital Facility's emergency department, modernization of the existing emergency department space for surgical and recovery suites, and construction of additional surgical suites, a cardiac rehabilitation suite, a hospital registration space, and parking lot, (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Borrower, (iv) provide working capital, if deemed necessary or advisable by the Borrower, (v) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower, and (vi) pay certain related expenses incurred in connection with the issuance of the Bonds and the Taxable Loan Refinancing.

BUSINESS SUMMARY

Background: The Borrower 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. The Borrower operates a hospital facility in Harrisburg, Illinois that is licensed for 77 beds with 46 short-term acute care and 31 psychiatric beds currently in service. The Borrower provides inpatient, psychiatric outpatient and emergency care for residents in Southern Illinois.

Discussion: The Borrower will use the Bond proceeds in part to refinance indebtedness, the proceeds of which were used to finance construction and renovation of the Borrower's Hospital Facility and two primary care clinics. The remainder of the Bond proceeds will be used to construct and renovate the Borrower's hospital facility and reimburse the Borrower for paid-in project costs. By relocating and renovating of the Hospital Facility's emergency department, modernizing the existing emergency department space for surgical and recovery suites, and constructing additional surgical suites, a cardiac rehabilitation suite, a hospital registration space, and parking lot, the hospital will be well-positioned to serve the Harrisburg and surrounding communities into the future.

Rationale: The Hospital Emergency Department (ED) was built in 1995 and was designed to handle 6,000 visits per year. Today the Hospital's ED provides 13,000 emergency care encounters to Southern Illinois residents annually. Relocating and updating the ED will allow the Hospital to provide more efficient and faster care in emergency situation to residents of the community. Surgical procedures are currently provided in two surgical suites and a small treatment room. The demand by patients and surgeons for time on the Hospital's surgery schedule is greater than is available. By adding a surgical suite, the Hospital will be able to better serve the community. More availability for surgeons will allow patients to receive services nearby rather than traveling to

hospitals located more than 45 minutes from Harrisburg. An addition of a surgical suite requires additional recovery rooms; those recovery suites will be built in the space vacated by the current ED.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Harrisburg Hospital

Site Address: Harrisburg Medical Center
100 Dr. Warren Tuttle Drive,
Harrisburg, IL 62946
(618) 253-7671

Contact: Rodney D. Smith, President and CEO
June Hayes, Chief Financial Officer

Website: www.harrisburgmc.com

Project name: Harrisburg Medical Center

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

State: Illinois

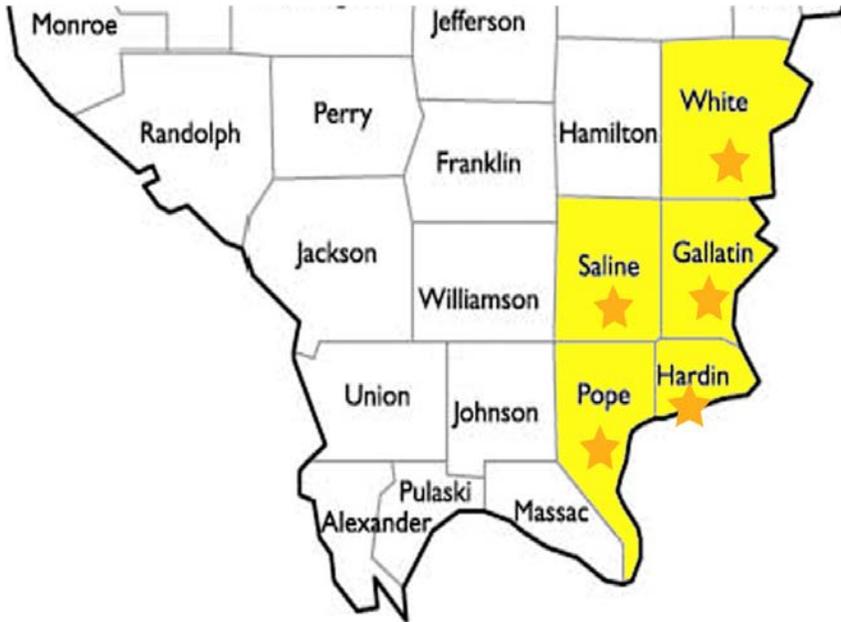
Board Members: Rodney D. Smith, President & CEO
David Disney, Chairman
Benna Daugherty
Tom Davis
David Edmister
Mary Sue Ewing
Joan Harper
Steve Ledbetter
Dennis Murphy
Harold Wilson
Kolby Smith-Peters
Michael Tison
Mike Williams

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Chapman and Cutler LLP	Chicago	Katherine Gale, Megan Rudd, David Kates
Auditor:	Kerber, Eck & Braeckel LLP	Carbondale	
Bond Counsel	Nixon Peabody LLP	Chicago	Jim Broeking
Placement Agent:	Lancaster Pollard	Chicago	Brett Murphy, Steve Kennedy
IFA Counsel:	Nixon Peabody LLP	Chicago	Jim Broeking
IFA Financial Advisor:	Sycamore Advisors, LLC	Chicago	Courtney Tobin, Diana Hamilton

LEGISLATIVE DISTRICTS

Congressional: 15
State Senate: 59
State House: 118



[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]