

For Today

Burley, Gray, Keller, Babin
Courtney,



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July 28, 2010

PUBLIC NOTICE OF MEETING

The Illinois Finance Authority's (the "IFA") Healthcare Committee will hold its regularly scheduled meeting via teleconference on **Monday, August 2, 2010**, originating at the IFA's offices at 180 N. Stetson, Chicago, IL 60601, **at 1:30 p.m.**

The call-in information is as follows: Phone Number: 1 (877) 336-1328. The Access Code is: 119-7319#. Persons needing assistance calling in should contact Ahad Syed, Assistant Secretary, at (312) 651 - 1327.

**ILLINOIS FINANCE AUTHORITY
HEALTHCARE COMMITTEE MEETING
August 2, 2010
1:30 PM via Teleconference
AGENDA**

- I. Call to Order
- II. Review and approval of the June 2, 2010 and July 6, 2010 Minutes.
- III. Project Approvals
 - a. Little Company of Mary Hospital - Preliminary - \$75MM
 - b. Mercy Hospital and Medical Center - Preliminary - \$80MM
 - c. Provena - Preliminary - \$85MM
- IV. Other Business
 - a. Federally Qualified Health Centers Update
- V. Closing

All meetings will be accessible to handicapped individuals in compliance with Executive Order #5 (1979) as well as pertinent State and Federal laws upon notification of anticipated attendance. Handicapped persons planning to attend and needing special accommodations should contact, either by telephone or letter, Ahad Syed, Illinois Finance Authority, Two Prudential Plaza, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601 or at (312) 651-1327, TTY (800) 526-0844, Voice (800) 526-0857.

**MINUTES OF THE JUNE 2, 2010 MEETING OF THE HEALTHCARE
COMMITTEE OF THE ILLINOIS FINANCE AUTHORITY**

The Healthcare Committee (the "Committee") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held a Healthcare Committee Meeting via teleconference at 1 p.m. on Wednesday, June 2, 2010 at the Illinois Finance Authority, 180 N. Stetson, Suite 2555, Chicago, Illinois:

Board Members Participating

via Phone:

Dr. William J. Barclay, Chair
Roderick Bashir
Michael W. Goetz
Bradley A. Zeller

Board Members

Absent:

Juan B. Rivera

Staff Participants

Present:

Pamela Lenane,
VP and Acting General Counsel
Christopher B. Meister,
Executive Director
William Claus, Funding Manager
Shannon Govia,
Associate Funding Manager
Jim Senica, Funding Manager
Beverly Womack-Holloway,
Secretary to the Board

Others Participating

Courtney Shea,
Acacia Financial Group
Lois Scott, Scott Balice
Julia Harris, Scott Balice
Sharon Post, SEIU

GENERAL BUSINESS

Call to Order and Roll Call

Roll call was taken by Secretary, Beverly Womack-Holloway and the meeting was called to order by Chairman Barclay at 1:10 p.m. with the above Board Members, IFA staff, and other participants present and/or participating by phone.

Approval of Minutes

The minutes from the Healthcare Committee meeting held on Monday, April 26, 2010 were reviewed. Chairman Barclay motioned for approval of the minutes; Mr. Zeller moved to accept and Mr. Goetz seconded the motion; the minutes were unanimously approved by the Committee.

Discussion of Projects

Admiral at the Lake - \$225,000,000 - Final

The Admiral at the Lake, Inc. is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$225 Million. Bond proceeds will be combined with other funds and used to (i) finance construction and equipping of a new Continuing Care Retirement Community in Chicago, (ii) to refinance a bank loan that was used to finance pre-construction costs, (iii) reimburse the Borrower for internal funds used to pay pre-development costs, (iv) fund one or more Debt Service Reserve Funds, (v) fund interest expense on the Bonds for a period of approximately 28 months, and (vi) to pay certain bond issuance costs. The Admiral at the Lake project is located in Chicago.

Mr. Claus presented this project. A motion to recommend approval to the Board was made by Mr. Bashir and seconded by Mr. Goetz. The motion passed.

Christian Homes, Inc. - \$25,000,000 - Preliminary

Christian Homes, Inc. is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$25 Million. Bond proceeds will be used to (1) refund IFA Series 2007C (Tax-Exempt) Variable Rate Demand Bonds, (2) pay for various capital improvements at certain Illinois facilities/campuses owned by the Borrower; (3) to capitalize a Debt Service Reserve Fund for the new IFA Series 2010 Bonds, and (4) to pay costs of issuance. This financing includes multiple project sites located in Illinois, Indiana, Iowa and Missouri.

Mr. Govia presented this project. Mr. Goetz motioned for approval of this project and Mr. Zeller seconded the motion. The Committee concurred that this project be recommended for board approval.

Community Memorial Hospital - \$900,000 - Final

Community Memorial Hospital Association is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$900,000. Bond proceeds, along with other funds, will be used to finance (i) construction of a new 5,500 SF medical office building for use by medical professionals employed by the Borrower, (ii) the acquisition of equipment for use there, and (iii) to finance bond issuance costs. Community Memorial Hospital is designated as a Critical Access Hospital. The Community Memorial Hospital project is located in Staunton in Macoupin County.

Mr. Senica presented this project. Mr. Goetz motioned for approval of this project and Mr. Bashir seconded the motion. The Committee concurred that this project be recommended for board approval.

NorthShore University Health System - \$160,000,000 - Final

NorthShore University HealthSystem (f/k/a Evanston Northwestern Healthcare) is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$160 Million. Bond proceeds will be used to convert or refund existing variable rate debt to fixed rate debt, terminate two fixed payer swaps, and to, prospectively, pay costs of issuance. Bond proceeds originally financed improvements at facilities located in Evanston, Glenview, Highland Park, and Skokie.

Mr. Claus presented this project. Mr. Bashir motioned for approval of this project and Mr. Barclay seconded the motion. The Committee concurred that this project be recommended for board approval.

OSF \$200,000,000 - Final

OSF Healthcare System is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$200 Million. Bond proceeds will be used to refund and convert approximately \$142 Million of Variable Rate Bonds into Fixed Rate Bonds include the following prior series: (i) Illinois Health Facilities Authority, Series 1985B, (ii) Illinois Finance Authority, Series 2001, (iii) Illinois Finance Authority Series 2007D. Additionally, bond proceeds will also be used to reimburse the Borrower for capital expenditures and related costs incurred in connection with the construction and equipping of a new, 72,000 SF corporate data center located in Peoria.

Mr. Claus presented this project. Mr. Bashir motioned for approval of this project and Mr. Goetz seconded the motion. The Committee concurred that this project be recommended for board approval.

Other Business

- a) **CitiGroup Investors Conference:** The Healthcare group attended the annual CitiGroup Investor Conference. Advocate, Rush, and Northwestern were among the Illinois hospitals to present their financial performance as well as their strategies for preparing for Federal Healthcare Reform.
- b) **Update on Diversity Discussions:** Ms. Lenane stated that the Healthcare group would continue to encourage its Borrowers to include minority and women owned underwriting firms on their transactions.
- c) The Healthcare group was also invited by Barry Maram to Shelfsky & Froelich to attend a mini-conference on Supportive Living Facilities for Illinois seniors on June 3, 2010 at 8:30 AM.

Adjournment

A motion to adjourn was made by Mr. Goetz and seconded by Chairman Barclay. The meeting adjourned at 1:43 p.m.

Minutes submitted by
Beverly Womack-Holloway
Secretary to the Board

**MINUTES OF THE JULY 6TH, 2010 MEETING OF THE HEALTHCARE
COMMITTEE OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE
AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held an Healthcare Committee Teleconference Meeting at 1:05 p.m. on Tuesday, July 6th, 2010 at the Chicago Office of the Illinois Finance Authority, 180 North Stetson, Suite 2555, Chicago, IL 60601.

Board Members

Participating:

Dr. William J. Barclay, Chair
Bradley Zeller

Staff Participants:

Christopher Meister, Executive Director
Pam Lenane, VP
Shannon Govia, Funding Manager
Mauricio Nares, Funding Manager
Ahad Syed, Administrative Assistant

Others Participating:

Courtney Shea, Acacia,
Financial Advisor

GENERAL BUSINESS

Call to Order and Roll Call

Roll call was taken by Funding Manager and Assistant Secretary Mr. Mauricio Nares at 1:05 p.m. with the above Board Members, IFA staff, and other participants present and/or participating via teleconference. Mr. Nares noted that a quorum was not established. Chairman Barclay asked that the meeting proceed, however no formal action would be taken due to lack of quorum.

Approval of Minutes

The Minutes from the Healthcare Committee meeting held on Wednesday, June 2, 2010 were reviewed. Chairman Barclay asked that the minutes be presented at the next scheduled Healthcare Committee meeting to be voted upon for approval.

Discussion of Projects

Christian Homes - \$25,000,000 - Final

Christian Homes is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$225 Million. Bond proceeds will be used to: 1) Refund the Series 2007C (Tax-Exempt) Variable Rate Demand Bonds, 2) pay for certain capital improvements at the various Illinois campuses /facilities owned and operated by Christian Homes, Inc., 3) establish Debt Service Reserve Funds for the Series 2010 Bonds, and 4) pay bond issuance costs associated with the IFA Series 2010 Bonds.

Mr. Govia presented this project.

Institute for Transfusion Medicine - \$26,500,000 - Final

Institute for Transfusion Medicine is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$26,500,000. Bond proceeds will be used to (i) fund the acquisition of a new building in Rosemont; (ii) fund the renovations and refurbishment of the newly acquired facility and; (iii) pay expenses related to costs of issuance.

Ms. Lenane presented this project.

Other Business

- a) Ms. Lenane discussed the status of The Clare at Water Tower - Tender and Exchange
- b) Ms. Lenane also stated that the development of programs which involved the use of State Medicaid receivables had been put on hold due to the State's current economic environment.
- c) Ms. Lenane advised Chairman Barclay that she would look into information as well as financing options for Federally Qualified Health Centers.

Adjournment

There being no further business the meeting adjourned at 1:54pm.

Minutes submitted by
Ahad Syed
Administrative Assistant
Assistant Secretary



August 10, 2010

\$75,000,000

LITTLE COMPANY OF MARY HOSPITAL

REQUEST

Purpose: Bond proceeds will be used to: i) pay or reimburse the Corporation or one or more of its affiliates for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Corporation and its affiliates; ii) pay a portion of the interest on the Series 2010 Bonds, if deemed necessary or advisable by the Corporation; iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Corporation; iv) provide working capital, if deemed necessary or advisable by the Corporation; and v) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds, all as permitted by applicable law.

Program: Conduit 501(c)(3) Revenue Bonds.

Extraordinary Conditions: None.

BOARD ACTIONS

Preliminary Bond Resolution.

MATERIAL CHANGES

None.

JOB DATA

1,482 FTE's	Current jobs	N/A	New jobs projected
1,482 FTE's	Retained jobs	TBD	Construction jobs projected

DESCRIPTION

- Locations: Evergreen Park (Main Campus), Burbank, Chicago, Chicago Ridge, Oak Lawn, Palos Heights.
- The Little Company of Mary Sisters, a religious Congregation of Roman Catholic women, was founded in Nottingham, England by Mother Mary Potter in 1877. At the present time, the Congregation operates two health care facilities in the United States of America and additional health care facilities in Europe, Africa, Australia and New Zealand.
- Health care institutions located in the United States of America are operated under the auspices of the American Province of Little Company of Mary Sisters (the "American Province"), located in Evergreen Park, Illinois which sponsors Little Company of Mary Hospital and Health Care Centers (the "Corporation"), also located in Evergreen Park, Illinois (477 licensed beds; 282 beds in service). Memorial Hospital and Health Care Center, located in Jasper, Indiana, is also under the auspice of the American Province.
- The Little Company of Mary Hospital and Health Care Centers is a not-for-profit corporation and was incorporated in 1893.
- The original hospital facility was dedicated in January 1930. Several additions and renovations were completed throughout the last several decades.
- The proceeds of the Bonds, together with certain other funds of the Obligated Group, will be used by the Hospital to construct a new West Pavilion to replace the Tower Building.

CREDIT

- Fixed Rate Bonds.

SECURITY

- The Bonds are expected to be secured by an Obligation of the Little Company of Mary Obligated Group under a Master Trust Indenture. Collateral includes a gross receivables pledge.

INDICATORS

- Underlying rating of "A" (S&P) / Stable Outlook.

MATURITY

- 2040.

SOURCES AND USES

IFA Bonds	\$75,000,000	Project Fund	\$75,000,000
Total	\$75,000,000	Total	\$75,000,000

*May include a Debt Service Reserve Fund with a corresponding reduction in the Project Fund.

**The hospital plans to contribute \$100,000,000 of equity to cover additional project costs, cost of issuance and capitalized interest. (a breakout of these costs will be included after printing of the POS)

Recommendation

Credit Committee recommends Approved.

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 10, 2010**

Project: Little Company of Mary Hospital

STATISTICS

Project Number: H-HO-TE-CD-8388.
Type: 501(c)(3) Bonds.
County/Region: Cook/Northeast

Amount: \$75,000,000 (Not-to-Exceed).
IFA Staff: Pam Lenane and Shannon Govia.
City: Multiple.

BOARD ACTION

Preliminary Bond Resolution.
Conduit 501(c)(3) Bonds.
No IFA funds at risk.

Credit Review Committee Recommends Approval

VOTING RECORD

This is the first time this project is being presented to the IFA Board.

PURPOSE

Bond proceeds will be used to: i) pay or reimburse the Corporation or one or more of its affiliates for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Corporation and its affiliates; ii) pay a portion of the interest on the Series 2010 Bonds, if deemed necessary or advisable by the Corporation; iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Corporation; iv) provide working capital, if deemed necessary or advisable by the Corporation; and v) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds, all as permitted by applicable law.

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 reduce the borrower's interest expense.

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 1,482
Jobs retained: 1,482

Projected new jobs: N/A
Construction jobs: TBD

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	IFA Bonds	\$75,000,000	Uses:	Project Fund	\$75,000,000
	Total	<u>\$75,000,000</u>		Total	<u>\$75,000,000</u>

*May include a Debt Service Reserve Fund with a corresponding reduction in the Project Fund.

**The hospital plans to contribute \$100,000,000 of equity for the project, cost of issuance and capitalized interest. (a breakout of these costs will be included after printing of the POS)

FINANCING SUMMARY/STRUCTURE

Security:	The Bonds are expected to be secured by an Obligation of the Little Company of Mary Obligated Group under a Master Trust Indenture. Collateral includes a gross receivables pledge.
Interest Rate:	To be determined at time of pricing.
Interest Mode:	Fixed Rate Bonds.
Credit Enhancement:	None.
Credit Rating:	Underlying rating of "A" (S&P) / Stable Outlook.
Maturity:	2040 (30 years)
Estimated Closing Date:	October 19, 2010.

PROJECT SUMMARY

Bond proceeds will be used to: (i) pay or reimburse the Corporation or one or more of its affiliates for the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Corporation and its affiliates; (ii) pay a portion of the interest on the Series 2010 Bonds, if deemed necessary or advisable by the Corporation; (iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Corporation; (iv) provide working capital, if deemed necessary or advisable by the Corporation; and (v) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds, all as permitted by applicable law.

More specifically, on April 21, 2009, the Illinois Health Facilities and Services Review Board approved the Hospital's application for construction of the new West Pavilion and certain other aspects of the Project requiring approval. The project scope is the construction and development of a 295,000 square foot West Pavilion; modernization of 40,000 square feet in two other on-campus hospital buildings that provide patient care (built in 1956 and 1984); and following completion, demolition of the Tower Building. The Campus Transformation project will relocate and bring up to date services from the two oldest buildings and house the area's first comprehensive women's health center—the Women's Center for Life and Health. Also in the West Pavilion:

- o 96 new (replacement) private rooms for medical and surgical patients
- o New Pharmacy & Laboratory
- o One day surgery; pre-and post-op care
- o Kitchen/serving and dining areas
- o New (replacement) Labor and Delivery, Obstetric beds and Neonate/Nursery beds
- o New (replacement) Central Energy Plant
- o Replacement of Maternal Fetal Medicine

BUSINESS SUMMARY

Overview: The Little Company of Mary, an order of nursing sisters, was founded in Nottingham, England by Mother Mary Potter in 1877. At the present time, the Congregation operates two health care facilities in the United States of America and additional health care facilities in Europe, Africa, Australia and New Zealand.

Health care institutions located in the United States of America operated under the auspices of the American Province of Little Company of Mary Sisters (the "American Province"), headquartered in Evergreen Park, Illinois which sponsors Little Company of Mary Hospital and Health Care Centers (the "Corporation"), also located in Evergreen Park, Illinois (477 licensed beds; 282 beds in service). Memorial Hospital and Health Care Center, located in Jasper, Indiana, is also under the auspice of the American Province.

The Little Company of Mary Hospital and Health Care Centers is a not-for-profit corporation, and was incorporated in 1893. The original hospital facility was dedicated in January 1930.

Description of Properties:

The Hospital Facility is situated on approximately 14 acres of property in a residential and commercial area located in the Village of Evergreen Park, Illinois.

Building	Year Completed	Number of Floors	Gross Square Feet
Main Building Adult Patient Rooms, Support Services, Administrative Offices, Ancillary Services, Chapel, Cancer Center and Basement	1930-2000	10 Floors	903,358
EDP Building Electronic Data Processing	1930	2 Floors	15,030
Boiler Building Boilers, Generators and Maintenance Offices	1930-1931	2 Floors	7,542

Bed

Complement: The Corporation offers a full range of inpatient and outpatient diagnostic and therapeutic services and related ancillary services. The Corporation is licensed to operate 477 beds. (As of July 1, 2010.)

Bed Category	Licensed Bed Complement	Beds in Service
Medical/Surgical	339	178
Obstetrics	40	29
Pediatrics (includes critical care)	37	37
Acute Mental Illness	32	24
Intensive Care Unit (Adult)	<u>29</u>	<u>26</u>
Total Acute Care Beds	477	294

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Little Company of Mary.

Project Location: Evergreen Park (Main Campus), Burbank, Chicago, Chicago Ridge, Oak Lawn, Palos Heights.

Borrower: Little Company of Mary Hospital.

Board of Trustees:

Sister Kathleen McIntyre, L.C.M. Chairperson [†]	American Province of Little Company of Mary Sisters Evergreen Park, Illinois
Stephen M. Hallenbeck Vice Chairperson [†]	Professor, St. Xavier University Chicago, Illinois

Thomas M. Fahey Treasurer†	Managing Partner, Ungaretti & Harris LLP Chicago, Illinois
Sister Jean Stickney, L.C.M. Secretary†	American Province, The Little Company of Mary Evergreen Park, Illinois
Dennis A. Reilly†	President/CEO Little Company of Mary Hospital and Health Care Centers Evergreen Park, Illinois
Jay B. Sterns†	Director, Barclays Capital Chicago, Illinois
Patrick Folliard	C.P.A., Patrick Folliard, CPA, PC Palos Hills, Illinois
Brian Farrell, M.D.	Physician, ENT Little Company of Mary Hospital and Health Care Centers Evergreen Park, Illinois
Violet Clark	Partner, Laner, Muchin, Dombrow, Becker, Levin & Tominberg, Ltd Chicago, Illinois
John P. Hanlon, M.D. †	Physician, Ophthalmologist Little Company of Mary Hospital and Health Care Centers Evergreen Park, Illinois
Lawrence Kelley	President/CEO, Standard Bank & Trust Co. Hickory Hills, Illinois
Joseph Pedota	C.P.A., George Bagley & Company, L.L.C. Oak Brook, Illinois
Janice Stewart	Strategic Marketing/Realtor Inverness, Illinois
Sister Sharon Ann Walsh, L.C.M.	American Province, The Little Company of Mary Evergreen Park, Illinois
Jayanthi Ramadurai, M.D.	Physician, Oncologist Little Company of Mary Hospital and Health Care Centers Evergreen Park, Illinois
George J. Cullen Vice Chairperson Emeritus*	Partner, Cullen, Haskins, Nicholson & Menchetti Chicago, Illinois
<u>Ex-Officio Members</u>	
Kent F.W. Armbruster, M.D.*	Vice President of Medical Affairs Little Company of Mary Hospital and Health Care Centers
Daniel Rowan, D.O	President Medical Staff Little Company of Mary Hospital and Health Care Centers
Mary Freyer*	Chief Operating Officer Little Company of Mary Hospital and Health Care Centers

Michael Thomas, D.O.*	President-Elect Medical Staff Little Company of Mary Hospital and Health Care Centers
Randy Ruther*	Vice President of Finance/Chief Financial Officer Little Company of Mary Hospital and Health Care Centers
Jane Sullivan, R.N.*	Vice President, Patient Care Services Little Company of Mary Hospital and Health Care Centers
Dave Kavanaugh *	Chairman, Foundation Board Little Company of Mary Hospital and Health Care Centers

† Executive Committee Member
* Non-voting Member

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti and Harris, LLP	Chicago	Tom Fahey
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Underwriter:	Barclays Capital	Chicago	Jay Sterns
Underwriter's Counsel:	Winston & Strawn, LLP	Chicago	Kay McNab
Bond Trustee:	U.S. Bank National Association	Chicago	Grace Gorka
Accountant:	Ernst & Young, LLP	Chicago	Tadd Ingles
Issuer's Counsel:	TBD	Chicago	TBD
IFA Advisors:	TBD	Chicago	TBD

LEGISLATIVE DISTRICTS

Congressional: 1- Bobby L. Rush.
State Senate: 18 - Edward D. Maloney.
State House: 36 - Michael J. Carberry.

SERVICE AREA

In fiscal year 2010, 76% of the Corporation's admissions came from 13 zip codes that constitute its primary service area. Of these zip codes, eight are located in Chicago (i.e., Auburn Park, Morgan Park, Roseland, Ashburn, Mount Greenwood, Chicago Lawn, Ogden Park and Grand Crossing). Suburban zip codes include Oak Lawn, Evergreen Park, Hometown, Burbank and Alsip. In fiscal year 2010, another 15% of the Corporation's admissions emanated from 18 zip codes including zip codes for the areas in Chicago referred to as John Buchanan, Clearing, South Shore, Englewood, Stockyards and Elsdon and the suburbs of Blue Island, Chicago Ridge, Tinley Park, Midlothian/Crestwood, Orland Park, Bridgeview, Worth, Palos Hills, Oak Forest, Hickory Hills, Calumet Park and Palos Heights.

CONFIDENTIAL INFORMATION

Estimated Fee: \$130,000

FINANCIALS

Financials: Audited Financial Statements for Fiscal Year End June 30

(\$ in thousands)	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>5/31/2010</u>
Income Statement				
Support and Revenues	\$208,689	\$215,876	\$210,139	\$192,193
*Revenue Over Expenses – Net Income	\$21,599	\$41,723	\$11,174	\$21,123
**EBIDA – (net income available for debt svc)	\$37,007	\$57,451	\$26,121	\$33,322
Balance Sheet				
Current Assets	\$58,045	\$51,466	\$55,401	\$66,475
PP&E	\$75,814	\$86,250	\$89,479	\$91,147
Other Assets	\$484,526	\$498,045	\$453,742	\$504,285
Total Assets	\$618,385	\$635,762	\$598,622	\$661,906
Current Liabilities	\$65,785	\$68,074	\$71,490	\$85,280
Debt	\$110,384	\$131,355	\$127,925	\$124,355
Other Liabilities	\$73,477	\$69,967	\$89,252	\$87,138
Total Liabilities	\$249,647	\$269,396	\$288,666	\$296,774
Total Net Assets	\$368,739	\$366,365	\$309,956	\$365,133
Total Liabilities and Net Assets	\$618,385	\$635,762	\$598,622	\$661,906
Ratios				
Debt Service Coverage (ACTUAL)	4.7x	7.1x	4.5x	7.2x
Days Cash on Hand	762	794.0	711.4	752.0
Current Ratio	0.9x	0.8x	0.8x	0.8x
Debt / Total Net Assets	29.9%	35.9%	41.3%	34.1%

* Revenue Over Expenses - Net Income excludes net change in unrealized appreciation (depreciation) on investments, change in market value of interest rate swaps, and loss on early extinguishment of debt.

** EBIDA excludes net change in unrealized appreciation (depreciation) on investments, change in market value of interest rate swaps, and loss on early extinguishment of debt.

Discussion:

2009 Patient revenues are reduced from Fiscal 2008 levels due to higher amounts written off for charity care (\$18.3 million in Fiscal 2009 vs. \$12.7 million in Fiscal 2008). Revenues over expenses (Net income/loss) declined due to unrealized investment losses as well as increased levels in professional liability costs. That was the main reason for the decline in net margin.

USE OF BOND PROCEEDS:

Bond Proceeds will only be used for tax-exempt purposes.

PROPERTY TAXES:

Little Company of Mary is of the opinion, based upon their analysis, that the project financed with the bond proceeds is exempt from local real estate tax.

Information enclosed in the page border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act



August 10, 2010

\$80,000,000
MERCY HOSPITAL AND MEDICAL CENTER

REQUEST

Purpose: to (i) pay or reimburse the Borrower, Mercy Hospital and Medical Center (the "Hospital"), for the payment of certain costs of acquiring, constructing and equipping a major construction and renovation project including renovation of the birthing centers and cardiac units and the installation of hospital-wide sprinkler and fire alarm systems to comply with the Life Safety Ordinance of the Chicago Fire Department and Fire Prevention Bureau (ii) pay a portion of the interest accruing on the Series 2010 Bonds during construction of the Project, (iii) provide for the refunding of JPMorgan Chase Bank Promissory Note and Equipment revolving line of credit currently outstanding in an aggregate principal amount of \$34.8 million, (iv) fund the Debt Service Reserve Fund Requirement for the benefit of the Series 2010, and (v) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

Preliminary Bond Resolution

MATERIAL CHANGES

None

JOB DATA¹

1,480 FTE's	Current jobs	N/A	New jobs projected
1,480 FTE's	Retained jobs	N/A	Construction jobs projected

DESCRIPTION

- Chicago, IL (Cook County)
- Mercy Hospital and Medical Center ("Mercy") is a 479-bed acute care facility with its primary market in the south and southwest side of Chicago, Illinois, and adjacent suburbs. In addition to the main facility, the Hospital has a network of hospital owned primary care centers, private physician offices, and a number of satellites throughout the City of Chicago.

CREDIT

- Fixed Rate Debt

INDICATORS

- Mercy is currently a non-rated entity

Proposed Structure

- HUD Financing
- Bonds will Mature no later than 28 years

Sources and Uses

IFA Bonds	\$74,370,000	Mortgage Loan	\$66,118,000
		DSRF	6,673,478
		*Collateral Account	\$661,180
		**LOC Requirement	917,342
Total	\$74,370,000	Total	\$74,370,000

Recommendation

Credit Committee recommends: Approval

*Rating agencies look for coverage of the potential shortfalls at bond closing to protect bondholders in case of a mortgage default. To help maintain excess asset parity of a factor of 101.5% plus cover the 1% assignment fee and one month's debt service adjustment, a collateral account is required. This requirement can be minimized or eliminated by selling "Premium Bonds", however, for sizing purposes for the not to exceed amount, we assumed par bonds and included the amount required for this.

**Maximum Mortgage Amount + 30 Days Interest on Mortgage Loan

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 10, 2010**

Project: Mercy Hospital and Medical Center

STATISTICS

Project Number: H-HO-TE-CD-8389	Amount: \$80,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane & Shannon Govia
Counties/Region: Cook County/Chicago, IL	

BOARD ACTION

Preliminary Bond Resolution	No Extraordinary Conditions
Conduit 501(c)(3) Bonds	
No IFA Funds at Risk	Credit Committee recommends Approval

VOTING RECORD

This is the first time this project has been presented to the Board.

PURPOSE

Proceeds will be used to (i) pay or reimburse the Borrower, Mercy Hospital and Medical Center (the "Hospital"), for the payment of certain costs of acquiring, constructing and equipping a major construction and renovation project including renovation of the birthing centers and cardiac units and the installation of hospital-wide sprinkler and fire alarm systems to comply with the Life Safety Ordinance of the Chicago Fire Department and Fire Prevention Bureau (ii) pay a portion of the interest accruing on the Series 2010 Bonds during construction of the Project, (iii) provide for the refunding of JPMorgan Chase Bank Promissory Note and Equipment revolving line of credit currently outstanding in an aggregate principal amount of \$34.8 million, (iv) fund the Debt Service Reserve Fund Requirement for the benefit of the Series 2010, and (v) pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

FHA 242 Hospital Mortgage Insurance program was designed to enable affordable financing of needed healthcare facilities. The program, administered by the Department of Housing and Urban Development (HUD), provides mortgage insurance to enhance the credit of hospital financings and insures 99% of the mortgage loan amount, enabling borrowers to achieve up to a "AA" debt rating in current market conditions.

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) bond issues do not require Volume Cap.

JOBS

Current employment: 1,480 FTEs
Jobs retained: 1,480 FTEs

Projected new jobs: N/A
Construction jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS

IFA Bonds	\$74,370,000	Mortgage Loan	\$66,118,000
		DSRF	6,673,478
		*Collateral Account	\$661,180
		**LOC Requirement	917,342
Total	\$74,370,000	Total	\$74,370,000

*Rating agencies look for coverage of the potential shortfalls at bond closing to protect bondholders in case of a mortgage default. To help maintain excess asset parity of a factor of 101.5% plus cover the 1% assignment fee and one month's debt service adjustment, a collateral account is required. This requirement can be minimized or eliminated by selling "Premium Bonds", however, for sizing purposes for the not to exceed amount, we assumed par bonds and included the amount required for this.

**Maximum Mortgage Amount + 30 Days Interest on Mortgage Loan

FINANCING SUMMARY/STRUCTURE

Security:	Mortgage insurance commitment from HUD
Structure:	Fixed Rate Bonds
Interest Rate:	To be determined at pricing
Interest Mode:	Fixed Rate
Credit Enhancement:	Mortgage insurance commitment from HUD
Maturity:	28 Year Term
Borrower Rating:	Mercy is currently a non-rated entity
Estimated Closing Date:	October 2010

PROJECT SUMMARY

Birthing Center Renovations

The Birthing Center consists of twenty-two (22) Post-Partum rooms, eight (8) labor and delivery rooms, twenty (20) nursery bassinets and two (2) C-Section rooms to be partially renovated to meet new regulatory standards in areas of renovation and to increase the capacity of this department to handle the anticipated high birth rates of this catchment area with the confines of existing space limitations.

Cardiac Care Unit

The 12-bed Cardiac Care Unit, located on the 11th floor, is a relocation and expansion of a current medical care unit. The project size is 11,600 USF, of which 9,000 USF is dedicated to the CCU. The remaining area of renovation will include the central nurse's station, replacement of three patient rooms, and a reconfiguration of the soiled and clean holding configuration in the adjacent unit. In addition to the Cardiac Care Unit, the Telemetry Unit is also located on the eleventh floor. The intent is that patients who have undergone open-hemi procedures will be held in the ICU as required for stabilization and will then be moved to the CCU area until discharge. Patients undergoing less invasive cardiac intervention procedures will reside on the 11th floor from post-procedure through discharge. In addition, this project includes upgrading 2 mechanical units required to provide additional airflow due to the change in use.

Hospital-wide Sprinkler and Fire Alarm Installation

The Hospital is required to comply with the Life Safety Ordinance of the Chicago Fire Department and Fire Prevention Bureau to update the facility with installation of a hospital-wide fire sprinkler system. Currently, the Hospital has sprinklers in approximately 38% of the facility. Sprinklers in the remaining 62% of the facility need to be installed in order to comply with recently enacted Chicago High Rise Sprinkler Ordinance, which required "all" high-rise buildings to be fully sprinkler protected by 2017.

BUSINESS SUMMARY

Description of Business: Mercy Hospital and Medical Center ("Mercy") is a 479-bed acute care facility with its primary market in the south and southwest side of Chicago, Illinois, and adjacent suburbs. In addition to the main facility, the Hospital has a network of hospital owned primary care centers, private physician offices, and a number of satellites throughout the City of Chicago.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Mercy Hospital and Medical Center
 Location: Chicago, Illinois
 Borrower: Mercy Hospital and Medical Center
 State: Illinois
 Board Members: See below

Board Membership Terms: As of July 1, 2010

Name	Year First Elected	Current Status	Year Service Ends
Raymond Spaeth	2004	In Year 3 of Term 2	2013
Susan Gallagher	2005	In Year 2 of Term 2	2014
Thomas Reger	2005	In Year 2 of Term 2	2014
John McCarthy	2006	In Year 1 of Term 2	2015
Dr. Steven Potts	2006	In Year 1 of Term 2	2015
William Brown	2006	In Year 1 of Term 2	2015
Langdon Neal	2006	In Year 1 of Term 2	2015
Betsy Meisenheimer	2008	In Year 2 of Term 1	2016
Michelle Murphy	2007	In Year 3 of Term 1	2015
Sister Lenore Mulvihill, RSM	2007	In Year 3 of Term 1	2015
William Kresse	2007	In Year 3 of Term 1	2015
Rohitkumar Vasa, MD	2007	In Year 3 of Term 1	2015
Rence Togher	2009	In Year 1 of Term 1	2018
Hold for minority candidate	2007/2008	In Year 1 of Term 2	2015
Sister Betty Smith, RSM	Ex-officio	In Year 2 of Term 2	
Sister Sheila Lyne	Ex-officio		
Dr. Michael McDonnell President Med. Staff	Ex-officio		

PROFESSIONAL & FINANCIAL

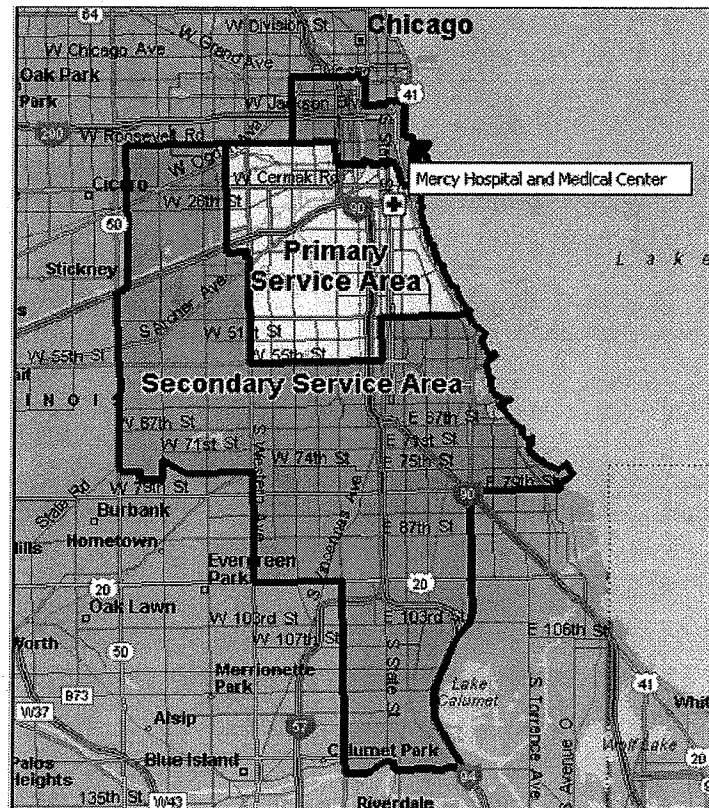
Borrower's Counsel:	Ungaretti & Harris LLP	Chicago	Tom Fahey
Borrower's Financial Advisor:	N/A		
Accountant:	McGladrey & Pullen	Chicago	Christine Hanover
Bond Counsel:	Jones Day	Chicago	Mike Mitchell
Bond Underwriter:	J.P. Morgan Securities Inc.	Chicago	<u>Tim Wons/Jay Shah</u>
Underwriter's Counsel:	TBD		
Issuer's Counsel:	TBD		
IFA Advisors:	TBD		

LEGISLATIVE DISTRICTS

Congressional: Districts: 7
State Senate: Districts: 13
State House: Districts: 26

SERVICE AREA

Mercy's primary market is in the south and southwest side of Chicago, Illinois, and adjacent suburbs.



BACKGROUND INFORMATION

Mercy Hospital and Medical Center, a not-for-profit hospital established in 1852, was Chicago's first hospital and the first hospital in the State of Illinois. From its inception, Mercy Hospital (sponsored by the Religious Sisters of Mercy) has had an unwavering commitment to servicing the economically and socially disadvantaged in its service area. Today the hospital continues to provide a broad spectrum of specialized in-patient and outpatient health care services to all the diverse communities it serves. Mercy has been in its current location in the Near South Side of Chicago for 141 years. It is licensed for 479 beds, has 341 available beds and currently 275-staffed beds. The hospital has ten ambulatory care facilities in the metropolitan Chicago area and five occupational health facilities under the name of MercyWorks. As a teaching hospital, Mercy has an affiliation with the medical schools for the University Of Illinois and University of Chicago and trains over 100 residents per year.

CONFIDENTIAL INFORMATION

Estimated Fee: \$135,000

FINANCIALS

Source of financials: 2007- 2009 Audited Financial Statements

Fiscal Year End June 30th

(\$ in thousands)	<u>2007</u>	<u>2008</u>	<u>2009</u>
Income Statement			
Support and Revenues	223,154	223,617	239,849
Revenue Over Expenses – Net Income	20,013	6,090	3,171
EBIDA – (net income available for debt svc)	31,108	16,404	13,552
Balance Sheet			
Current Assets	62,699	65,607	64,378
PP&E	57,730	60,427	69,201
Other Assets	17,397	16,347	15,673
Total Assets	137,826	142,382	149,252
Current Liabilities	38,827	47,513	46,817
Long-term debt, less current portion	36,213	23,598	23,291
Other Liabilities	26,850	27,265	31,268
Total Liabilities	101,890	98,376	101,376
Total Net Assets	35,936	44,006	47,874
Total Liabilities & Net Assets	137,826	142,382	149,252
Ratios			
Debt Service Coverage (MADS)	8.3	5.6	6.2
Days Cash on Hand	45.3	51.1	51.1
Current Ratio	45%	46%	43%
Debt* / Total Net Assets	103%	82%	68%

*Includes current portion of debt

JUNE 2009 FINANCIAL RESULTS DISCUSSION

FY09 operating results declined due to management's involvement in implementing the Cerner electronic medical record system. Expenses increased in FY09 due to the Cerner installation. Revenues continued to increase in FY09 primarily due to growth in outpatient revenues. FY10 saw significant improvement from FY09 as revenues continued to grow, but expenses were curtailed.

Information enclosed in the page border is to be considered confidential and may be exempt from disclosure under the Freedom of Information Act

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
August 10, 2010**

Project: Provena Health

STATISTICS

Project Number: H-HO-TE-CD-8390 Amount: \$85,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds IFA Staff: Pam Lenane & Shannon Govia
Counties/Region: Multiple Counties/East Central,
Northeast and Northern Stateline Regions

BOARD ACTION

Preliminary Bond Resolution No Extraordinary Conditions
Conduit 501(c)(3) Bonds
No IFA Funds at Risk Credit Committee recommends Approval.

VOTING RECORD

This is the first time this project has been presented to the Board.

PURPOSE

Proceeds will be used to 1) to reimburse Provena for prior system wide capital expenditures and 2) to 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 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) bond issues do not require Volume Cap.

JOBS

Current employment: 8,577 FTE's (10,838 total employees) Projected new jobs: N/A
Jobs retained: 8,577 FTE's (10,838 Total Employees) Construction jobs: N/A

ESTIMATED SOURCES AND USES OF FUNDS

IFA Bonds	<u>\$85,000,000</u>	Project fund	\$83,750,000
		Costs of Issuance	<u>\$1,250,000</u>
Total	\$85,000,000	Total	\$85,000,000

FINANCING SUMMARY/STRUCTURE

Security: The Bonds are expected to be secured by an Obligation of Provena Health under a Master Trust Indenture. Collateral is expected to include a pledge of gross revenues of Provena Health Obligated Group and a mortgage on the real property of Provena Hospitals.

Structure: Variable Rate Demand Bonds

Interest Rate: To be determined at pricing

Interest Mode: Variable Rate Demand Bonds reset daily or weekly

Credit Enhancement: Bank direct-pay letter of credit (Bonds will be issued based on the credit strength of TBD bank)

Maturity: 2045

Borrower Rating: Baa1 / BBB+ (Moody's / S&P)

Bank Rating: TBD – Based on LOC Providers

Estimated Closing Date: September, 15 2010

PROJECT SUMMARY

Proceeds will be used to 1) to reimburse Provena for prior system wide capital expenditures and 2) to pay costs of issuance

BUSINESS SUMMARY

Description of Business: Provena Health is a Catholic health system that includes six hospitals, 16 long-term care and senior residential facilities, 28 clinics, five home health agencies and other health-related activities operating in Illinois and Indiana. Provena Health ministries are sponsored by the Franciscan Sisters of the Sacred Heart, the Servants of the Holy Heart of Mary and the Sisters of Mercy of the Americas.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Provena Health
Location: N/A
Borrower: Provena Health
State: Illinois

As of July 1, 2010, the members of the Board were as follows:

<u>Name</u>	<u>Professional Affiliation</u>	<u>Term Ends December 31,</u>
William Berry, PhD	Associate Chancellor; Associate Professor University of Illinois	2011
Robert Biedron <i>Chairperson</i>	President, Voyager's Landing Development Corp.	2010
Aida Giachello, PhD	Associate Professor and Director Midwest Latino Health Research, Training and Policy Center	2012
Mark Hanson <i>Vice Chairperson</i>	Attorney in Private Practice	2011
Sister Linda Hatton, SSCM, <i>Secretary</i>	Provincial Superior Servants of the Holy Heart of Mary	2010
Thomas Huberty, MD	Physician	2011
Sister Mary Elizabeth Imler, OSF	Franciscan Sisters of the Sacred Heart	2010
Bettina Johnson <i>Treasurer</i>	Vice President, Retired (2007) J.P. Morgan Chase	2010
Lucia Jones	Executive Director Northeastern Illinois Area Agency on Aging	2012
Marsha Ladenburger	Quality Management Consultant L&A Healthcare	2010
Sister Terry Maltby, RSM	Governance Consultant Wellspring Partners	2010
Becky Meggesin	Vice President, Human Resources Nicor	2012
Daniel Russell	President-Emeritus Catholic Health East	2011
Kent Russell	Retired Executive VP/CFO Catholic Health East	2011
Guy Wiebking, President and CEO	Provena Health	2011

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Ungaretti & Harris	Chicago	Julie K. Seymour
Borrower's Financial Advisor:	KaufmanHall	Chicago	Ken Kaufman
			Jim Blake
Accountant:	KPMG	Chicago	Jim Stark
Bond Counsel:	Jones Day	Chicago	David Kates
Bond Underwriter:	J.P. Morgan	Chicago	Tim Wons
Underwriter's Counsel:	Sonnenschein Nath and Rosenthal	Chicago	Mary Wilson
LOC Bank	TBD	TBD	TBD
Bank Counsel	TBD	TBD	TBD
Issuer's Counsel:	TBD	Chicago	TBD
IFA Advisors:	TBD	Chicago	TBD

LEGISLATIVE DISTRICTS

Congressional: Districts 6, 11, 13, 14, 15
 State Senate: Districts 21, 23, 24, 25, 28, 38, 40, 41, 42, 43, 48, 52, 53, 55
 State House: Districts 41, 42, 45, 46, 47, 48, 49, 55, 56, 75, 79, 80, 81, 82, 83, 84, 85, 86, 95, 96, 103, 104, 105, 110
 Note: Completed based on Provena Health service areas

SERVICE AREA

Provena Health provides services to the northern and central regions of Illinois.

OUR MISSION
 To provide the highest quality of patient care and services to the community through the integration of clinical, financial and operational resources to improve the quality of patient care.

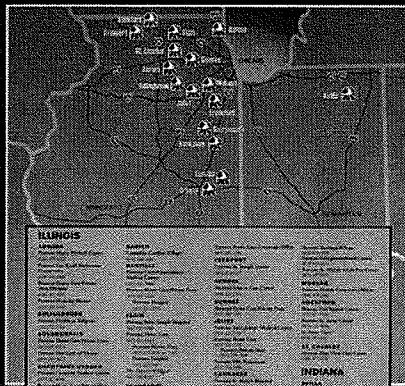
OUR VISION
 To be the premier provider of patient care and services in the region, recognized for our commitment to excellence in patient care, financial performance and operational efficiency.

OUR VALUES
 To provide the highest quality of patient care and services to the community through the integration of clinical, financial and operational resources to improve the quality of patient care.

RESPECT To provide the highest quality of patient care and services to the community through the integration of clinical, financial and operational resources to improve the quality of patient care.

INTEGRITY To provide the highest quality of patient care and services to the community through the integration of clinical, financial and operational resources to improve the quality of patient care.

EXCELLENCE To provide the highest quality of patient care and services to the community through the integration of clinical, financial and operational resources to improve the quality of patient care.



Provena Health is a not-for-profit health care organization. It is organized under the laws of the State of Illinois. Provena Health is a member of the Provena Health System, which is a not-for-profit health care organization. Provena Health is a member of the Provena Health System, which is a not-for-profit health care organization.

BACKGROUND INFORMATION

System Overview

Provena Health (the "Corporation") was formed as an Illinois not for profit corporation on November 30, 1997 and is the parent corporation of a regionally focused health care system which concentrates on providing ongoing quality health care, long-term care and home health services to communities primarily located in central and northern Illinois and northern Indiana (the "System"). The System consists of the Corporation and various wholly-owned controlled subsidiaries, including: Provena Hospitals ("Provena Hospitals"), Provena Senior Services ("Provena Senior Services"), Provena Home Health ("Provena Home Health"), Provena Care at Home ("Provena Care at Home"), Provena Health Assurance SPC ("Provena Health Assurance SPC") and Provena Ventures, Inc. ("Provena Ventures").

Sponsorship

The System was jointly formed by the Franciscan Sisters of the Sacred Heart (the "Franciscan Sisters"), the Servants of the Holy Heart of Mary, Holy Family Province, U.S.A. (the "Servants of the Holy Heart") and the Sisters of Mercy of the Americas, Regional Community of Chicago (the "Sisters of Mercy"), collectively the "Sponsors," to consolidate their respective facilities and operations in order to offer a full range of health care services to a broader community.

All three sponsoring congregations have a long history of service to the sick and needy. The Franciscan Sisters of the Sacred Heart was formed in Germany in 1866 and came to the United States in 1876. They have operated hospitals and long-term care facilities in Illinois and Indiana since the 1880s. They were among the earlier organizations to create a multi-hospital health care system, with the incorporation of Franciscan Sisters Health Care Corporation as an Illinois not for profit corporation in 1977.

The Servants of the Holy Heart was formed in France in 1860, and came to the United States in 1889. They have been providing hospital and other health care services in Illinois since the late 1890s. They organized ServantCor, an Illinois not for profit corporation, to function as their system holding company in December of 1982.

The Sisters of Mercy was established in Ireland in 1831 and came to the United States to continue to serve the needy in 1843. They have been operating in the Aurora, Illinois community since 1911, when Mercy Health Corporation was incorporated as an Illinois not for profit corporation.

Corporate Organization

Each of the Corporations, Provena Health, Provena Hospitals, Provena Senior Services, Provena Home Health and Provena Care at Home is an Illinois not for profit corporation, exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Section 501(c)(3) of the Code, and is a private foundation as defined in Section 509(a) of the Code. Provena Ventures, whose sole shareholder is the Corporation, is an Illinois business corporation which is nonexempt. As a Catholic health care system, the Corporation and its controlled subsidiaries act in accordance with Roman Catholic tradition in all matters of operation and in the discharge of governance, and abide by the "Ethical and Religious Directives for Catholic Health Care Services." Provena Health was adapted from the word "providence," which means "divine guidance or care," and Health to reflect the broad spectrum of health care services to be offered. It was chosen by the Sponsors to communicate their mission as an integrated Catholic health care system.

CONFIDENTIAL INFORMATION

Estimated Fee: \$125,000

FINANCIALS

Source of financials: 2007, 2008 & 2009 Audited Financial Statements

(Dollars in Thousands)
Fiscal Year End December 31,

	2007	2008	2009
<u>Income Statement:</u>			
Revenues/Support	1,221,943	1,248,849	1,292,570
Change in Unrestricted Net Assets	(53,004)	(234,711)	57,171
Change in Net Assets	(52,573)	(241,163)	55,907
EBIDA	142,231	(29,716)	143,546
<u>Balance Sheet:</u>			
Current Assets	401,077	411,270	338,644
Net PP&E	660,178	708,060	687,911
Investments/Other	473,326	340,674	439,639
Total Assets	<u>1,534,581</u>	<u>1,460,004</u>	<u>1,466,194</u>
Current Liabilities	318,302	352,500	300,906
Long Term Debt	578,443	594,586	619,092
Other LT Liabilities	107,404	223,649	201,020
Net Assets	<u>530,432</u>	<u>289,269</u>	<u>345,176</u>
Total Liabilities & Net Assets	<u>1,534,581</u>	<u>1,460,004</u>	<u>1,466,194</u>
<u>Ratios:</u>			
Pro Forma MADS Coverage	2.8	(0.6)	2.8
Days Cash on Hand	126.7	97.4	118.2
Debt to Capitalization	53.2%	69.0%	65.2%
Cash to Debt	66.2%	51.0%	61.4%

Discussion: EBIDA and operations stabilized in 2009 as Provena's balance sheet began to rebound from the market dislocation of 2008 – 2009. Improved cash flow and the positive impact of markets on Provena's investments allowed days cash and debt ratios to rebound from 2008 lows.

Provena's EBIDA margins were impacted by one time accounting changes in 2008 related to their investment portfolio and defined benefit pension plans. Mark-to-markets (unrealized gains / losses) of investments in Provena's portfolio which had previously not flowed through the income statement were added for FY 2007. This resulted in a one time decrease of net assets by \$19 million.

FY 2008 Accounting changes related to the overall obligations of Provena's defined benefit pension plan resulted in one time decreases of \$77 million. Provena's EBIDA margins in 2008 were also affected by mark-to-market (unrealized losses) on interest rate swaps of \$38 million (pro-forma MADS Coverage would be approximately 2.06x if excluded).

Increases in net assets and PP&E were related to ongoing construction at two of Provena's facilities. While leverage has increased, debt service coverage, remains acceptable (particularly if the one-time losses on swaps are omitted). The 2009 restructuring of existing obligations did not significantly impact Provena's current amount of leverage, but has significantly improved Provena's risk profile, reducing both bank risk and put risk.

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