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NEWS

ROD R. BLAGOJEVICH – GOVERNOR

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CONTACTS:

Abby Ottenhoff	312/814.3158
Rebecca Rausch	217/782.7355
David Rudduck	312/814.3158
Diane Hamburger (IFA)	312/651.1364
Mary Kate Daly (CMH)	773/896.6366

Gov. Blagojevich announces financing approval for Children’s Memorial Hospital project

***Illinois Finance Authority approves \$650 million in healthcare bonds,
3,000 jobs to be created***

CHICAGO - Governor Rod R. Blagojevich announced today that the Illinois Finance Authority (IFA) provided final approval for up to \$650 million in federally tax-exempt healthcare bonds on behalf of Children’s Memorial Hospital to be used to finance construction of a 288-bed replacement hospital and refund certain debt. Located in Chicago, the new hospital is anticipated to be completed by spring of 2012, with ground-breaking scheduled in April 2008. Children’s Memorial owns and operates the only freestanding acute-care pediatric hospital in the State of Illinois and is ranked among the top pediatric hospitals in the nation in a U.S. News & World Report survey. In fiscal year 2006, the Hospital had the privilege of treating 103,161 children from 23 countries, 45 states and almost every county in Illinois. The project is expected to create 3,000 jobs during the construction phase and 450 new permanent jobs. When the hospital opens in 2012, it will be named the Ann & Robert H. Lurie Children’s Hospital of Chicago in recognition of Chicago philanthropist Ann Lurie’s \$100 million gift.

“I commend Children’s Memorial Hospital for the vision that has guided the design and mission of this new hospital. By supporting this project, we are taking yet another step forward in our goal to ensure that the children of Illinois have access to the highest quality medical care,” said Governor Blagojevich. “In addition to improving access to healthcare, this facility will be a magnet that attracts top medical talent to our state and creates thousands of new jobs.”

“We want to thank the Governor and the Illinois Finance Authority for approving these federally tax-exempt bonds. Given our high Medicaid volume and the more than \$74 million Children’s Memorial contributes in community benefit, these bonds are critical to our efforts to build the Ann & Robert H. Lurie Children’s Hospital of Chicago,” said Patrick Magoon President and CEO of Children’s Memorial Hospital.

Children’s Memorial has a long-standing partnership with the State of Illinois in providing cutting-edge specialty care to our neediest children. The Hospital is the State of Illinois’ primary

partner in providing services to Medicaid-eligible children, providing approximately 30% more inpatient, outpatient, and physician pediatric Medicaid services than the next highest provider in Illinois. These children come from every corner of the state and rely on the more than 70 specialties provided by the hospitals medical staff.

The Ann & Robert H. Lurie Children's Hospital of Chicago will be built on property located at 225 E. Chicago Avenue. The 22-floor facility with all private rooms will increase capacity by approximately 30 percent.

The site is on the campus of Northwestern University's Feinberg School of Medicine, its pediatric teaching partner, next to the new Prentice Women's Hospital, between Chicago Avenue and Superior Street. This campus location will enhance the hospital's ability to recruit pediatric sub-specialists to Illinois from a shrinking nationwide pool, improve transition to adult care for its patients, and better coordinate care for critically ill and injured newborns at Prentice Women's Hospital.

"The Illinois Finance Authority has been charged by Governor Blagojevich to foster economic development and quality of life in every region using our bonding authority to support the specific needs of local communities – in this project, access to healthcare and job creation," said IFA Executive Director Kym M. Hubbard.

IFA has a strong record of support for healthcare facilities in Illinois. Since January 2004 when the authority was formed, IFA has become one of the leading healthcare issuers in the nation, having issued more than \$7.3 billion in 501(c)(3) healthcare bonds in 91 financings that support capital projects for construction and renovation of nonprofit Illinois facilities. Projects range from \$500,000 and under for small hospital and equipment financings to over \$500 million for world-class projects such as Children's Memorial Hospital.

501(c)(3) bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects. IFA's issuance conveys federal income tax-exempt status on interest earned on the bonds paid to bondholders and thereby reduces the borrower's interest expense.

"By assisting Children's Memorial Hospital to borrow funds at favorable rates and reduce its cost to finance the new hospital, Children's Memorial will be able to accomplish an important project focused on improving children's health, and also create a substantial number of new jobs. We can advance access to quality healthcare and spur growth through IFA action," said Hubbard.

Bond proceeds will be used to pay or reimburse Children's Memorial Hospital for the new hospital's construction, equipment, and other capital expenditures, and to refund all or a portion of existing Series 1999B, Series 2003A/B, and Series 2004 Ambac insured auction rate securities and Series 1993 and Series 1999A fixed rate bonds; and to pay certain related expenses.

Children's Memorial Hospital Obligated Group will be the direct obligor on the Series 2008 bond issue.