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November 21, 2016

VIA FEDEX

Mike Constantino
Supervisor
Illinois Health Facilities & Services Review
525 W. Jefferson, 2nd floor
Springfield, IL 62761

Re: St. Elizabeth's Belleville, #14-043

Dear Mike:

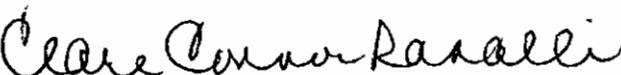
I am writing to notify you that Hospital Sisters Health System ("HSHS"), which was an applicant on the Certificate of Need ("CON") application regarding the above project (the "Project"), and is now a permit holder, is planning to issue new tax exempt bonds to finance this project, as well as others. When it does so, it will retire 2007 Series A tax exempt bonds that have a higher interest rate than that which will be in place for the new bonds. The request for the new bonds will rely on \$210,000,000.00 of the proceeds being used to finance the Project. However, the net effect of retiring the 2007 debt and issuing the new debt will result in the financed sources of funds for the Project remaining under the \$173,000,000.00 stated in the CON application. In addition, as you know, HSHS has a bond rating of A or better.

The new financing will not in any way increase the Project costs. In fact, the net interest expense during construction is likely to go down, and there will be no new issuance costs associated with the financing. The overall impact of retiring the 2007 debt and issuing new debt will be favorable for both the Project, and HSHS generally.

Although given the circumstances, the change in financing does not require an alteration, the permit holders, HSHS and St. Elizabeth's Hospital did want to notify the Illinois Health Facilities & Services Review Board of the intent to issue new debt associated with the Project.

Thank you, and should you have any questions or concerns do not hesitate to contact me.

Sincerely,


Clare Connor Ranalli

CCR/jp

cc: Sue Beeler
Ann Carr
Amy Bulpitt

U.S. practice conducted through McDermott Will & Emery LLP.

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SERVICES REVIEW BOARD**