

How Idaho citizens helped Ascension buy the hospital for \$24,700,000

St. Joseph Regional Medical Center, Inc., the Idaho non-profit corporation, has received significant benefits from the donor State of Idaho and its Citizens, in particular those citizens in the service area of the hospital. In addition to the real and personal property tax exemptions it has (never has had to pay any real or personal property tax in Nez Perce County) there are also the very large and significant benefits received from bonding access to the Idaho Health Facilities Authority ((IHFA).

The following Bonds were associated with the IHFA since the Authority began its operations in 1972. This included bonding of the purchase price of \$24,700,000 Ascension paid to the Sisters for the purchase of St. Joseph Regional Medical Centers, Inc., a standalone Idaho non-profit corporation (that is, its sale should be considered separate and distinct from any other transfers of property between Ascension and the Sisters regarding charitable trust issues in Idaho).

**Completed Bond History from Idaho Health Facility Authority
For Benefit of St. Joseph Regional Medical Center, Inc.**

Date	Institution	Amount	Interest Rate
3/13/2003	Ascension Health (St. Joseph-Lewiston)	\$24,700,000	variable
	St. Joseph's Regional Medical Center		
12/1/1993	(Lewiston)	\$25,710,000	2.55% - 5.25%
12/31/1985	St. Joseph's Hospital (Lewiston)	\$4,000,000	7.10%
11/27/1985	St. Joseph's Hospital (Lewiston)	\$13,110,000	9.21%
3/30/1983	St. Joseph's Hospital (Lewiston)	\$11,490,000	8.70%
10/20/1982	St. Joseph's Hospital (Lewiston)	\$750,000	10.85%
10/20/1982	St. Joseph's Hospital (Lewiston)	\$1,500,000	9.25%

The IHFA is only available as a specialized service from the State of Idaho for the benefit of health institutions in Idaho. This is where the \$24,700,000 came from for Ascension to buy the non-profit hospital corporation from the Sisters.

Basically, the sisters had outstanding about \$24,700,000 (less administrative costs for Ascension to get IHFA to issue new bonds to pay off the Sisters Idaho bonds) in bonds outstanding for just the Idaho hospital (it came to about \$1,500,000,000 [yep, billion] in bond debt for all their other hospitals combined) when Ascension bought the hospital. Here is the language is that basically says the IHFA will work to issue the necessary bonds on 3/13/2003 in Idaho to allow Ascension to purchase the hospital:

The IHFA has offered and plans to offer other obligations from time to time to finance other health care facilities in Idaho. Such obligations have been and will be issued pursuant to and secured by instruments separate and *apart from the Bond Indenture* for the *Series 2003D Bonds* (Idaho) and properties producing revenues that secure the *Series 2003D Bonds* (Idaho).

Now, since the 3/13/2003 bonds are listed in a Completed Bond list by the IHFA, that \$24,700,000 in bonds issues for Ascension as it controlled the hospital, used to buy the hospital, were redeemed (paid off) on March 23, 2010.

You can't just get bonds anywhere. Idaho citizens help. Here is how.

The IHFA, organized in 1972, is an independent public body politic and corporate *constituting a public instrumentality of the state of Idaho*. The IHFA was created by the Idaho Health Facilities Authority Act, constituting Sections 39-1441 et seq. of the Idaho Code, as amended (the "Idaho Act"). *The purpose of the Idaho Act is to provide a measure of assistance and alternative methods to enable health institutions in Idaho to (a) finance and refinance outstanding indebtedness for health facilities and (b) provide additional facilities for the development and maintenance of public health, health care, hospitals and related facilities.*

The Idaho Act provides that the IHFA shall consist of seven members appointed to staggered five year terms by the Governor of the state of Idaho. Members must be Idaho residents, and not more than four members may be of the same political party. Each year the members elect from their number a chairman and a vice chairman.

The mailing address of the IHFA and the office of the Executive Director is 1607 West Jefferson Street, Boise, Idaho 83702, and the IHFA's telephone number is (208) 342-8772.

Under the Idaho Act, the IHFA has the powers, among others, (a) to borrow money and to issue bonds, notes, bond anticipation notes or other obligations for any of its corporate purposes and to refund the same, (b) to acquire, construct, reconstruct, renovate, improve, replace, maintain, repair, operate, lease as lessee or lessor and regulate any facility to be financed under the Idaho Act, to enter into contracts for any and all such purposes and for the management and operation of a facility, or designate a participating health institution as its agent to perform such acts. (c) to lease to a participating health institution any or all of the facilities upon such terms and conditions as the IHFA shall deem proper, (d) to fix and revise from time to time and charge and collect rates, rents, fees and charges for the use of and services furnished or to be furnished by facilities, (e) to mortgage all or any portion of the facilities and the site or sites thereof for the benefit of the holders of bonds issued to finance such facilities or any portion thereof, (f) to make loans to any participating health institution for the cost of the facilities in accordance with an agreement between the IHFA and such participating health institution, (g) to make mortgage loans or other secured or unsecured loans to a participating health institution, to refund outstanding obligations, mortgages or advances issued, made or given by such institution for the cost of its facilities including the function to issue bonds *and make loans to a participating health institution and to refinance outstanding obligations and indebtedness incurred for facilities undertaken and completed prior to or after the enactment of the Idaho Act*, subject to certain conditions set forth in the Idaho Act, (h) to do all things necessary and convenient to carry out the purposes of the Idaho Act and (i) to charge to and equitably apportion among participating health institutions the administrative costs and expenses of the IHFA. The IHFA does not have the power to operate facilities as a business other than as a lessee or lessor.

The IHFA may impose upon any health institution applying to the IHFA for financial assistance an initial planning service fee and an annual planning service fee in amounts to be determined by the IHFA. These fees may be used to pay various expenses of the IHFA, including administrative expenses, and to provide reserves for unanticipated future expenses.

What follows is sections from various documents already on the AG's web site, but the above statement may put them in more perspective:

**Completed Bond History from Idaho Health Facility Authority
and Likely Relevant Information to 2002 transfer**

<u>Date</u>	<u>Institution</u>	<u>Amount</u>	<u>Interest Rate</u>
3/13/2003	Ascension Health (St. Joseph-Lewiston) First Mortgage Note , Series 1983 (bond) monthly installment increase to	\$24,700,000	variable
2/28/2003	\$100,000		
11/27/2002	Transfer Hospital from Sisters to Ascension		
12/1/1993	St. Joseph's Regional Medical Center (Lewiston)	\$25,710,000	2.55% - 5.25%
12/31/1985	St. Joseph's Hospital (Lewiston)	\$4,000,000	7.10%
11/27/1985	St. Joseph's Hospital (Lewiston) Satisfaction and Termination 1983 Bond Mortgage and Security	\$13,110,000	9.21%
11/27/1985	Agreement		
3/30/1983	St. Joseph's Hospital (Lewiston) Mortgage and Security Agreement	\$11,490,000	8.70%
3/28/1983	(Series 1983 Bond)		
10/20/1982	St. Joseph's Hospital (Lewiston)	\$750,000	10.85%
10/20/1982	St. Joseph's Hospital (Lewiston)	\$1,500,000	9.25%

**\$24,700,000
Idaho Health Facilities Authority
Revenue Bonds
(Ascension Health Credit Group)
Series 2003D**

<u>Series Designation</u>	<u>CUSIP Number</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Initial Auction Date</u>	<u>Length of Initial Period</u>	<u>Initial Interest Payment Date</u>
2003D ¹	451295RC5	\$24,700,000	November 15, 2026	April 9, 2003	28 days	April 10, 2003

Auction Date Generally for the Series 2003D Bonds (Idaho):

Each 5th Wednesday

Interest Payment Date Generally for the Series 2003D Bonds (Idaho):

Each 5th Thursday

Salomon Smith Barney is the Underwriter and the initial Broker-Dealer for the Series 2003D Bonds (Idaho).

¹ The Series 2003D Bonds (Idaho) are insured by MBIA.

General

This Official Statement, including the cover page, the pages immediately succeeding the cover page and Appendices hereto, is provided to furnish information with respect to the sale and delivery by the Issuers of the following Series 2003 Bonds:

- \$24,700,000 Idaho Health Facilities Authority Revenue Bonds (Ascension Health Credit Group) Series 2003D

The proceeds of the sale of the Series 2003 Bonds will be used (i) to finance or reimburse Ascension Health for capital expenditures made or to be made by members of the Ascension Health Credit Group in the States of Florida, Missouri, Georgia, Arizona, Idaho, Texas and Indiana, (ii) to pay at maturity a portion of commercial paper notes issued by Ascension Health to finance a portion of the costs of the acquisition of certain assets of Carondelet Health System, Inc. and certain of its affiliates on December 5, 2002, (iii) to refund indebtedness described under the caption "Plan of Finance" herein and (iv) to pay the premiums for the Bond Insurance Policies.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of funds related to the transactions described above under the caption, "PLAN OF FINANCE."

<u>Sources:</u>	<u>Series 2003A Bonds (Florida)</u>	<u>Series 2003B Bonds (Michigan)</u>	<u>Series 2003C Bonds (Missouri)</u>	<u>Series 2003D Bonds (Idaho)</u>	<u>Series 2003E Bonds (Indiana)</u>	<u>Equity</u>	<u>Total</u>
Principal amount of Bonds	\$191,850,000	\$525,400,000	\$295,375,000	\$24,700,000	\$498,475,000	-	\$1,535,800,000
Plus (net) original issue premium	15,693,149	-	-	-	-	-	15,693,149
Equity Contribution	-	-	-	-	-	\$117,036,180	117,036,180
Total Sources	\$207,543,149	\$525,400,000	\$295,375,000	\$24,700,000	\$498,475,000	\$117,036,180	\$1,668,529,329
<u>Uses:</u>							
Payment of Commercial Paper	-	-	\$136,869,845	\$18,578,822	-	\$108,155,971	\$ 263,604,638
Refunding escrows	\$182,040,811	\$517,324,729	122,926,842	-	\$427,914,375	155,000	1,250,361,757
Reimbursement for Project costs	25,502,338	-	34,013,257	5,742,470	63,179,113	-	128,437,178
Bond Insurance Policy	-	-	-	-	-	-	-
Premiums	-	8,057,259	1,565,056	378,708	7,381,512	-	17,382,535
Costs of Issuance	-	18,012	-	-	-	8,725,209	8,743,221
Total Uses	\$207,543,149	\$525,400,000	\$295,375,000	\$24,700,000	\$498,475,000	\$117,036,180	\$1,668,529,329

The 2003 \$24.7 million in Idaho bonds picked up by Ascension as partial consideration to take the bond debt off the Sisters was paid off in 2010.

<u>NAME OF BONDS</u>	<u>LISTED EVENT(S)</u>	<u>BOND CALL DATE (IF APPLICABLE)</u>	<u>DEFEASANCE DATE (IF APPLICABLE)</u>	<u>BOND CALL/DEFEASANCE PRINCIPAL AMOUNT/ CALL PREMIUM¹</u>	<u>CUSIP NUMBER(S)</u>
Idaho Health Facilities Authority Revenue Bonds (Ascension Health Senior Credit Group), Series 2003D	Full Redemption	March 23, 2010	N/A	\$24,700,000 (maturity date 11/15/2026)	451295SW0

Financings Completed

DATE	HEALTH INSTITUTION	AMOUNT	RATE OF INTEREST
3/27/2003	Opportunities Unlimited (Lewiston)	24,700,000	variable
3/13/2003	Ascension Health (St. Joseph-Lewiston)	130,500,000	variable

Eric K. Peterson
904 7th Avenue
Lewiston, Idaho 83501
208-305-3562
civilightdesk@gmail.com