

FINANCING TOMORROW'S HOSPITALS TODAY



**AMS Health Care
Mortgage Corporation**

Healthcare Industry FHA Lender



WELCOME TO AMS HEALTH CARE MORTGAGE CORPORATION

The AMS Team has completed more new money FHA Insured transactions for acute care hospitals than any other FHA approved mortgage lender, larger or smaller. We pride ourselves on client service and the expertise we bring to creating effective solutions for our clients.

The Capital Health Project—Hopewell, New Jersey—was financed in the depths of the recent financial crisis, when the capital markets for most hospitals were closed. Capital Health is the largest FHA insured project of any kind in the history of FHA dating back to 1934.

New Orleans East Hospital—New Orleans, Louisiana—closed in December 2012, a combined effort of the FHA Hospital Insurance Program, the Community Block Grant Program of HUD, The State of Louisiana, and FEMA. The low fixed rate and lack of negative arbitrage during construction helped make this project financing a success.

A hallmark of our firm is the creative solutions we bring as a team and as individuals to meet our client's needs and aspirations. Our cumulative experience exceeds 100 years in health planning, hospital administration,

construction design and management, and finance. Our Team has the depth of experience and dogged determination to solve the most complex FHA project financing obstacles.

AMS is celebrating its fifth year of service to the healthcare community. These last years have been a truly challenging and demanding time for healthcare providers seeking financing for their needed projects. We are proud that AMS has been part of the solution that has successfully met many of these needs.

As you review our team and project experience, I think you will agree AMS is well suited to assist you with your project needs.

Our mission is to provide extraordinary lender service so that you can meet your capital needs, improve the services you provide to your communities, and be financially successful.

Please contact me to discuss ways AMS can assist your organization.

A handwritten signature in black ink that reads "Joseph A. Spiak". The signature is fluid and cursive, written in a professional style.

Joseph A. Spiak
President and CEO

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AMS Health Care Mortgage Corporation (AMS) was founded on June 6, 2008 to serve the capital needs of hospitals nationwide. Our business is focused on lending under the health industry mortgage insurance programs sponsored by the U.S. Department of Housing and Urban Development. The AMS Team exceeds 100 years of cumulative mortgage and healthcare lending experience. We act solely as an FHA lender, obtaining commitments for our healthcare borrowers.

MISSION

At AMS Health Care Mortgage Corporation our mission is to:

- Provide extraordinary lender services
- Work diligently to meet our clients' needs in a timely manner
- Apply our extensive FHA hospital mortgage banking experience to meet our borrowers' identified needs
- Coordinate the mortgage lending process, and
- Satisfy borrowers' capital needs effectively, efficiently, and in the most cost-conscious way possible

EXPERIENCE

Our experience and ability to produce a timely, comprehensive plan are unmatched. We have consistently been among the top dollar producers in FHA commitments. We are recognized for our ability to handle complex transactions and specialize in helping many "needed and necessary" healthcare providers procure capital for their projects.

COMMITMENT

AMS is unique among FHA lenders. FHA healthcare commitments comprise our sole focus. The collective experience of our staff encompasses hospital administration, mortgage banking, investment banking, project management, and loan underwriting. We are proactive in developing the FHA application, anticipating potential problems and reaching out to our counterparts at HUD.



"AMS guided St. Francis throughout the HUD process and helped us navigate it smoothly and efficiently. I don't believe our project would have gotten off the ground without their assistance. Our community will benefit for many years to come from their involvement with our project."

— Robert Granger, President & CEO, St. Francis Hospital

AMS TEAM



AMS is sized to meet and exceed the needs and objectives of its clients. Four seasoned professionals focus solely on FHA hospital lending, and are not distracted by a need to sell or provide other services. AMS offers the largest, most experienced hospital FHA lending team in the industry with more than 100 years of healthcare and FHA financing experience. AMS bankers have completed some of the largest and most complex FHA-insured financings. As a result, the team has developed a rapport with senior leadership at the hospital mortgage insurance program offices in Washington D.C.



JOSEPH A. SPIAK, PRESIDENT • team leadership, strategy, client service

Mr. Spiak began his healthcare career in the U.S. Army Medical Service Corps, First Infantry Division. He achieved a Master of Science in Hospital Administration degree from Columbia University. He has nine years of healthcare administration and planning experience in the military and in the civilian sector. During his 33 years in healthcare mortgage banking Mr. Spiak established three FHA mortgage insurance programs—one for Bank of America, another for UBS Investment Bank, and a third for AMS—completing 22 FHA financings. Joe is client-focused and project-driven.



JAMES H. COOPER, JR., SENIOR VICE PRESIDENT • project leadership, financial modeling, credit assessment, client service

Mr. Cooper brings 15 years of healthcare financing experience to our team, having led the Senior Housing and Healthcare effort at JPMorgan Securities. Providing broad knowledge of complex credits to assist our clients, he enhances our ability to analyze complex situations and deliver expert solutions. Technically astute, he has enhanced our proprietary computer modeling program, allowing us to accurately size client loans. Mr. Cooper is uniquely qualified to evaluate the various scenarios and alternatives that our hospitals encounter working on FHA transactions.



LORRAINE MCLAREN, SENIOR VICE PRESIDENT • financial analysis, covenant review, construction review, client service

Ms. McLaren joined AMS after more than 35 years at Goldman Sachs where she began her career in healthcare and FHA Hospital finance. She has worked on and completed more than 26 FHA hospital financings, honing her skills in application processing, negotiations with FHA, and crafting solutions unique to each client. She was involved in developing many of the innovative techniques used in FHA financing today. Her extensive experience includes large commitments for academic medical centers, sole community providers, and startup hospitals.



MAURA E. DAVALOS, VICE PRESIDENT • pre-application, application preparation, HUD documentation and clearance

Ms. Davalos has been in the FHA hospital mortgage funding business for more than 12 years. She has personally prepared and assisted in managing \$1.7 billion in hospital mortgage insurance applications. Among the Pre-Applications and Applications managed by Ms. Davalos include: the \$400 million MUHA; \$755 million Capital Health System; \$210 million St. Francis; and \$130 million Mennonite General loan applications. She is also responsible for coordination of loan approvals and closing documentation.



CHERYL A. BROWN, EXECUTIVE ASSISTANT • administrative support, logistics

Ms. Brown has more than 30 years of experience in office management and executive support. She began her career at Citibank. Included in her track record of banking executive experience is a 10-year career at JP Morgan Chase. She is responsible for managing the AMS office and interfacing with our clients on a regular basis.

*“... the truth of the matter is that it [obtaining FHA mortgage insurance commitment] was the **accomplishment of a lifetime.** Every time I enter the new hospital, I am grateful for the outstanding team who made it possible.”*

— Ray Greenberg, MD, PhD, President, Medical University of South Carolina, and Medical University Hospital Authority

AMS TEAM EXPERIENCE



| Hospital | State | Amount (\$) | Hospital | State | Amount (\$) |
|---|-------|-------------|---------------------------------------|-------|------------------------|
| 1980s | | | | | |
| Hospital of Saint Raphael | CT | 45,000,000 | Youville Hospital | MA | 32,450,000 |
| Hospital San Pablo | PR | 16,879,055 | White Plains Hospital Center | NY | 37,290,000 |
| Delaware Valley Medical Center | PA | 37,380,000 | New York Hospital | NY | 674,615,000 |
| Elmer Community Hospital | NJ | 10,795,000 | Albany Medical Center | NY | 186,260,000 |
| Buffalo General Hospital | NY | 210,000,000 | Montefiore Medical Center | NY | 180,260,000 |
| Malden Hospital | MA | 49,200,000 | Kenmore Mercy Hospital | NY | 75,000,000 |
| St. Agnes Medical Center | PA | 25,715,000 | St. Vincent's Hospital Medical Center | NY | 96,275,000 |
| Temple University | PA | 100,000,000 | Long Beach Medical Center | NY | 42,915,000 |
| Doctors Hospital | NY | 34,060,000 | Montefiore Medical Center | NY | 247,915,000 |
| Miami Children's Hospital | FL | 40,000,000 | St. Barnabas Hospital | NY | 46,302,000 |
| Greensburg Community Hospital | PA | 5,000,000 | New York and Presbyterian Hospital | NY | 709,520,000 |
| Phoenix Memorial Hospital | AZ | 25,000,000 | Sound Shore Medical Center | NY | 30,750,000 |
| St. Johns Riverside Hospital | NY | 39,740,000 | Montefiore Medical Center | NY | 111,605,000 |
| Millville Hospital | NJ | 11,965,000 | 2000 to present | | |
| Barnert Memorial Hospital | NJ | 39,610,000 | Long Island College Hospital | NY | 197,750,000 |
| Doctors Hospital | NY | 39,340,000 | Montefiore Medical Center | NY | 18,000,000 |
| Our Lady of Lourdes Medical Center | NJ | 41,150,000 | St. Barnabas Hospital | NY | 84,640,000 |
| Hospital Doctor Pila | PR | 40,000,000 | Sinai Health System | IL | 97,510,000 |
| Hospital Interamericano de Medicina Avanzada | PR | 58,500,000 | White Plains Hospital Center | NY | 32,330,000 |
| Baptist Hospitals Inc. | KY | 35,920,000 | New York Presbyterian Hospital | NY | 312,490,000 |
| Mountainside Hospital | NJ | 87,035,000 | Albany Medical Center | NY | 108,090,000 |
| Mt. Sinai Hospital | NY | 428,160,000 | Medical University Hospital Authority | SC | 401,000,000 |
| Youville Hospital | MA | 34,675,000 | Platte Valley Medical Center | CO | 118,400,000 |
| Milwaukee Children's Hospital | WI | 52,065,000 | Hillcrest Health System | TX | 240,130,000 |
| Elmer Community Hospital | NJ | 10,795,000 | New York Presbyterian Hospital | NY | 296,075,000 |
| Long Island Jewish Medical Center | NY | 101,300,000 | Guadalupe Regional Medical Center | TX | 99,000,000 |
| Albany Medical Center | NY | 170,845,000 | Methodist Hospital of So. California | CA | 302,320,000 |
| Jordan Hospital | MA | 11,207,000 | Capital Health System | NJ | 755,874,500 |
| 1990s | | | | | |
| Hospital San Pablo | PR | 44,000,000 | Mennonite General Hospital | PR | 129,966,100 |
| St. Vincent's Hospital Medical Center | NY | 49,445,000 | New Regional Medical Center | PA | 309,435,000 |
| Mount Sinai Hospital | NY | 490,905,000 | The Unity Hospital of Rochester | NY | 196,920,400 |
| | | | St. Francis Hospital | GA | 210,000,000 |
| | | | Orleans Parish Hospital Service Dist. | LA | 97,604,300 |
| TOTAL | | | | | \$8,854,943,355 |



FHA 242 RANKINGS

2009 - 2012

| Rank | Firm | Volume (\$) | % |
|------|--------------------|---------------|-------|
| 1 | AMS | 1,390,365,300 | 42.2 |
| 2 | Gavin & LaVigne | 473,815,900 | 14.4 |
| 3 | Bank of America | 359,156,000 | 10.9 |
| 4 | Goldman Sachs | 292,500,000 | 8.9 |
| 5 | Lancaster Pollard | 216,925,500 | 6.6 |
| 6 | Walker & Dunlop | 168,372,800 | 5.1 |
| 7 | Innovative Capital | 152,825,000 | 4.6 |
| 8 | Dougherty | 109,367,400 | 3.3 |
| 9 | Cain Brothers | 69,800,000 | 2.1 |
| 10 | JP Morgan | 65,224,000 | 2.0 |
| | | <hr/> | |
| | | 3,298,351,900 | 100.0 |

AMS IS THE MOST ACTIVE FHA LENDER
IN THE NEW PROJECT ACUTE CARE INDUSTRY.

CASE STUDIES



The following case studies demonstrate the detailed experience of the AMS Team with the FHA Section 242 mortgage insurance program.



- CAPITAL HEALTH SYSTEM
- NEW ORLEANS EAST HOSPITAL
- ST. FRANCIS HOSPITAL
- THE UNITY HOSPITAL OF ROCHESTER
- MENNONITE GENERAL HOSPITAL
- NEW REGIONAL MEDICAL CENTER
- METHODIST HOSPITAL OF SOUTHERN CALIFORNIA

“By lowering our cost of capital, FHA allows us to use more of our resources to serve the medical needs of our community. We are proud that we met HUD’s high financial standards for approval and are pleased to partner with them on this important project.”

*— Al Maghazehe, PhD, FACHE
Chief Executive Officer & President of Capital Health System*



CAPITAL HEALTH SYSTEM

MORTGAGE

\$755,874,500

CASH CONTRIBUTION

\$124,506,178

TOTAL PROJECT

\$880,380,678



\$755,874,500

FHA/GNMA INSURED MORTGAGE LOAN

AMS served as mortgage banker to Capital Health System (CHS). CHS is a two-hospital system with both of its primary acute care hospitals located in urban neighborhoods. CHS had limited ability to expand or replace either of its two hospital campuses. CHS identified three potential Greenfield sites suitable to build a replacement hospital for its Mercer campus. The proposed project with an estimated cost of approximately \$650 million would include a new 230-bed acute hospital, medical office building and central energy plant. This coupled with the approximately \$200 million of refinancing resulted in a total project requirement of approximately \$880 million. Once

CHS obtained its mortgage insurance commitment in December 2008, a funding source became the next key decision point—taxable or tax-exempt? Reinvestment rates were at an all-time low, resulting in over \$50 million of expected negative arbitrage. The capital markets had collapsed. It was decided by the project team that the best use of the mortgage insurance commitment would be through a taxable GNMA funding. The GNMA option eliminated the negative arbitrage on the construction portion of the loan, did not require a Debt Service Reserve Fund, bond ratings, an Official Statement, or an issuing authority.

NEW ORLEANS EAST HOSPITAL



| |
|---------------|
| MORTGAGE |
| \$97,604,300 |
| CDBG |
| \$16,052,619 |
| FEMA |
| \$8,394,305 |
| STATE FUNDS |
| \$15,120,000 |
| TOTAL PROJECT |
| \$137,171,224 |

\$97,604,300

FHA / GNMA INSURED MORTGAGE LOAN

The former Methodist Hospital in East Orleans shuttered by Hurricane Katrina related damage is being redeveloped by The Orleans Parish Hospital Service District A (HSD), a political subdivision of the State of Louisiana.

AMS was retained by HSD to pursue FHA mortgage insurance for the project and provide consulting services to structure an affordable and sustainable project for the 130,000 primary market residents who have been without acute care services since the storm in 2005. Prior attempts with other bankers to develop and finance the

project were unsuccessful. AMS developed a plan to address the project's inadequate Medicaid reimbursement level resulting in a State Medicaid Plan Amendment allowing for a financially feasible project. Coordination between multiple local, state and federal parties resulted in the return of essential medical services to this underserved market.

AMS obtained a commitment to insure within 50 days of submitting a full application to HUD. The project was financed in December 2012. Construction is in progress.

ST. FRANCIS HOSPITAL

MORTGAGE

\$210,000,000

CASH CONTRIBUTION

\$12,464,727

TOTAL PROJECT

\$222,464,727



\$210,000,000

FHA / GNMA INSURED MORTGAGE LOAN

St. Francis Hospital, Inc. in Columbus, Georgia, has a very successful cardiovascular practice that was straining the physical capabilities of its existing plant. St. Francis also desired to make its patient care system more efficient with additional prep and recovery spaces, expand its emergency room capabilities, and construct a new Medical Office Building. The Hospital had selected architects to renovate its older areas, some of which date back to 1949, and to design a new clinical services tower, medical office building and expanded parking. The Project also needed to commence within the limited construction

window under the Hospital's certificate of need. Refunding some \$50 million in tax-exempt bonds, the project also needed to refinance debt on an assisted living facility and a behavioral health hospital. St. Francis and its underwriter called upon the AMS team to understand and coordinate the real estate, environmental and regulatory demands of the project. AMS quickly put together and executed a plan to obtain FHA insurance, prepared an application to FHA and worked to enable construction on the project prior to the state deadline.

THE UNITY HOSPITAL OF ROCHESTER



| |
|-------------------|
| MORTGAGE |
| \$196,920,400 |
| BONDS |
| \$205,250,000 |
| CASH CONTRIBUTION |
| \$21,818,101 |
| OTHER SOURCES |
| \$17,893,744 |
| TOTAL PROJECT |
| \$244,961,845 |

\$205,250,000 FHA INSURED TAX-EXEMPT MORTGAGE REVENUE BONDS

The Unity Hospital of Rochester is the acute care provider of Unity Health System, a network of senior care services located in western Monroe County, New York. The proposed project is an addition and total renovation of this 1974 hospital. Upon project completion, Unity will be state of the art. The complex nature of the construction of additions to and total renovation of an operating hospital while it remains in full service added to the necessity of close cooperation between the construction project team, the financing team, and

required significant coordination with the New York State Department of Health. AMS worked closely with one of the leading underwriters of municipal bonds to achieve a timely and cost effective financing for Unity. A pre-existing Section 232 financing for a sister company presented some special opportunities to work closely with the two divisions of the HUD Office of Healthcare Programs: Hospitals and Residential Care Facilities.

MENNONITE GENERAL HOSPITAL

MORTGAGE

\$129,966,100

CASH CONTRIBUTION

\$3,842,284

TOTAL PROJECT

\$133,808,384



\$129,966,100

FHA/GNMA INSURED MORTGAGE LOAN

Mennonite General Hospital in Cayey, Puerto Rico retained AMS to refinance its non-investment grade tax-exempt bond debt, approximately \$48,000,000, and expand one of its three hospitals for a total FHA Insured Mortgage Financing of \$129,966,100. Mennonite has served the people of the central highlands of Puerto Rico for 65 years as the near sole provider of medical care. Begun as an outpatient clinic, Mennonite has grown to three hospitals, a major outpatient treatment center, three HUD housing facilities for the aged, including

a section 812 facility for the disabled elderly. Operating their newest hospital, completed in 1998, at over 100% occupancy required Mennonite to add a major expansion project. Concerned with the rising cost of energy, the proposed Project also included conversion of air-cooled chillers to water cooled equipment. Mennonite also operates a health plan and manages three 24-hour emergency rooms for the Government of Puerto Rico. Mennonite funded its FHA Insured Hospital Mortgage Loan with GNMA Securities.

NEW REGIONAL MEDICAL CENTER



| |
|-------------------|
| MORTGAGE |
| \$292,500,000 |
| BONDS |
| \$309,435,000 |
| CASH CONTRIBUTION |
| \$10,000,000 |
| OTHER SOURCES |
| \$7,082,788 |
| TOTAL PROJECT |
| \$326,517,788 |

\$309,435,000 FHA INSURED TAX-EXEMPT MORTGAGE REVENUE BONDS

In 2004 Board Members, senior clinicians and administrators of Albert Einstein Healthcare Network (AEHN), Philadelphia, developed and adopted a new strategic plan. The keystone of the plan was to enter a new market by constructing a regional medical center that would bring high quality clinical services closer to home for a growing population in the northwest suburbs while simultaneously expanding AEHN's footprint in a stable market. From this planning effort the "New Regional Medical Center" (NRMC) was formed.

AEHN selected central Montgomery County for its new market strategy due to the rapidly growing, affluent area in the northwest suburbs marked by heavy out-migration for healthcare services.

The new corporation is the sole obligor on the debt. Neither AEHN nor any of its other affiliates will be obligated to repay the debt.

AEHN formed a partnership with 116-year-old Montgomery Hospital Medical Center (MHMC), whose campus was 4 miles from the site of the proposed NRMC. At the completion of the NRMC, MHMC closed its inpatient operations and patients at MHMC were transferred to NRMC.

This transaction was structured with significant working capital requirements and negative arbitrage. Specialized covenants were negotiated so that AEHN was able to provide management over-sight and limited financial support.

METHODIST HOSPITAL OF SOUTHERN CALIFORNIA

| |
|-------------------|
| MORTGAGE |
| \$278,240,000 |
| BONDS |
| \$302,320,000 |
| CASH CONTRIBUTION |
| \$0 |
| OTHER SOURCES |
| \$2,328,993 |
| TOTAL PROJECT |
| \$304,648,993 |



\$302,320,000

FHA INSURED TAX-EXEMPT MORTGAGE REVENUE BONDS

Methodist Hospital of Southern California, (Methodist) is a 460 licensed bed, acute care hospital. It was founded by the Women's Home Missionary Society of the Methodist Church in 1903.

In 2004, the hospital embarked on a major modernization program to expand its inpatient and outpatient capacity through construction of a parking garage, a 140-bed inpatient tower, the upgrade of the central utility plant, and the renovation of certain existing facilities.

The project was designed to meet defined community need and the requirements of the California Seismic Safety Act.

The project is part of the Hospital's "Next Generation of Care" strategic initiative. The Hospital Foundation supported the project with a capital campaign of more than \$14 million.

Changes in the design of the project, reimbursement and financial feasibility study modifications, and various legal factors were resolved in order to obtain an FHA commitment in 2008.

This project came to market at the height of the global financial crisis. However, due to the high credit rating afforded FHA transactions (Aa2/AA), the tax-exempt bonds issued to fund the mortgage were well received.



AMS Health Care Mortgage Corporation

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www.amshcm.com
904-438-2670

5011 Gate Parkway, Building 100, Suite 320
Jacksonville, Florida 32256