

MINUTES OF THE NOVEMBER 4, 2009 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, November 4, 2009 at the Illinois Finance Authority, 180 N. Stetson, Suite 2555, Chicago, Illinois:

Board Members Participating via Phone:

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

Board Members

Absent:

April D. Verrett
Juan B. Rivera

Staff Participants

Present:

Christopher B. Meister, Deputy Director &
General Counsel
Pamela Lenane, Vice President and Assoc.
General Counsel
Bill Claus, Funding Manager
Shannon Govia, Assoc. Funding Manager
Beverly Womack-Holloway,
Secretary to the Board

Others Participating via Phone:

Elizabeth Chevalier, Scott Balice
Santino Bibbo, Cabrera Capital
Markets

GENERAL BUSINESS

Call to Order and Roll Call

The meeting was called to order by Chairman Barclay at 1:02 p.m. with the above Board Members, IFA staff, and other participants present and participating by phone.

Approval of Minutes

The minutes from the Healthcare Committee meeting held on Monday, October 5, 2009 were reviewed. Chairman Barclay motioned for approval of the minutes and Mr. Zeller seconded the motion. The minutes were unanimously approved by the Committee.

Discussion of Projects

Advocate Health Care Network

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$625 million. The proceeds of this issuance will be used to 1) finance the merger-related redemption of BroMenn Healthcare’s (“BroMenn”) existing debt; 2) fund new money projects at both BroMenn and other Advocate hospital campuses, 3) refund a bridge loan provided to repay Midwest Physicians Group (“MPG”)’s tax-exempt bonds if deemed necessary or advisable; 4) restructure a portion of Advocate’s outstanding debt if deemed necessary or advisable in order to reduce put, credit and renewal risk; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay costs of issuance. This project is located in Cook, DuPage, Lake, McLean & Woodford Counties.

Ms. Lenane confirmed that both Cabrera and Loop Capital Markets had been assigned as co-underwriters.

A motion to recommend approval to the Board was made by Chairman Barclay and seconded by Mr. Goetz. The motion passed unanimously.

Rehabilitation Institute of Chicago

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$125 million. The proceeds of this issuance will be used to (1) refinance a term note with an outstanding amount of approximately \$5.5 million; (2) pay or reimburse capital expenditures of approximately \$4 million; (3) refinance approximately \$53 million of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 1997 (Rehabilitation Institute of Chicago Project); (4) fund an approximate \$30 million acquisition of land located at the northwest corner of Ontario and McClurg Court in Chicago, Illinois that is intended to be the future site of a hospital replacement facility; and (5) fund additional costs of issuance and other bond financing costs. This project is located in Chicago, IL (Cook County).

A motion to recommend approval to the Board was made by Chairman Barclay and seconded by Mr. Goetz. The motion passed unanimously.

Illinois Valley Community Hospital

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$24 million. The proceeds of this issuance will be used to (i) fund capital projects; (ii) refinance an existing bank loan and (iii) fund bond issuance costs and other delivery date expenses associated with the transaction. This project is located in Peru, IL (LaSalle County)

Mr. Govia presented this project to the Committee. He stated that the project will create 3 new jobs and 200 construction jobs. Mr. Govia also stated, that the Borrower would be charged a discounted fee pursuant to the 2005 IFA Resolution which created an adjusted fee amount for hospitals categorized as “small” and “mid-sized”.

Ms. Lenane said she would pull the resolution for the Board and Mr. Meister said he would circulate it.

A motion to recommend approval to the Board was made by Chairman Barclay and seconded by Mr. Goetz. The motion passed unanimously.

Resurrection Healthcare

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$120 million. The proceeds of this issuance will be used to; (i) current refund approximately \$100 million of IFA Series 2008A-B Variable Rate Demand Bonds; (ii) fund a debt service reserve fund; and (iii) pay costs of issuance. This project is located in multiple locations throughout Illinois.

Mr. Claus presented this project to the Committee. Mr. Claus explained that the current Letter of Credit was set to expire and would not be renewed. This Borrower anticipates pricing the 1st week of December depending on market conditions.

A motion to recommend approval to the Board was made by Chairman Barclay and seconded by Mr. Goetz. The motion passed unanimously.

Southern Illinois Healthcare

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$23.5 million. The proceeds of this issuance will be used to; (i) convert and reissue or refund all or a portion of the \$69,000,000 IFA Series 2005 Revenue Bonds; (ii) to establish a debt service reserve fund for the benefit of the Bonds, if deemed necessary or advisable; (iii) to pay a portion of the interest on the Bonds, if deemed necessary or advisable, and (iv) to pay certain expenses incurred in connection with the issuance of the Bonds. This project is located in Carbondale, Herrin and Murphysboro, Illinois.

Mr. Claus presented this project to the Committee. The Borrower is coming for a one time final in an amount not exceed \$85 million. The Borrower had not yet confirmed the underwriting team but stated that Morgan Stanley or G.K. Baum was a possibility. Due to the timing of the presentation of the application materials Mr. Claus and Ms. Lenane had not yet discussed the inclusion of a minority underwriting firm on the transaction. Mr. Claus and Ms. Lenane stated that they would update the Committee once they had discussed with the borrower the inclusion of a minority underwriting firm.

A motion to recommend approval to the Board was made by Chairman Barclay and seconded by Mr. Goetz. The motion passed unanimously.

Resolution -- North Shore University Health System Project

A Resolution Authorizing an Amendment to the Series 1995 & Series 1996 Bond Trust Indenture and Loan Agreements to allow the hospital to convert from Unit Pricing Period to a Demand Period.

Mr. Claus discussed the benefits of the conversion to the Borrower.

A motion to recommend approval to the Board was made by Chairman Barclay and seconded by Mr. Goetz. The motion passed unanimously.

Other Business

HAP Securitization Pool

The Healthcare team continues to work on this program, yet has met with significant difficulty in getting the Pool insured. Assured Guarantee was not comfortable with providing insurance for the pool at zero-recourse to the hospitals. Furthermore, the risk of Federal Healthcare Reform posed to great a risk to insure the pool with it's current structure. Mr. Meister mentioned the possible credit enhancement of State moral obligation and possible risk to state monies. Further discussions with the working group were tentatively scheduled for later today. The Committee stated that they would update the Healthcare Team with any suggestion on moving forward.

Supportive Living Coalition:

The Healthcare Team has started discussions with the Supportive Living Coalition to create a Medicaid receivables program due to the delays in payments from the State. William Blair, Greenberg Traurig, the IFA and representatives from the coalition plan to meet to discuss the specifics around securing an investment grade rating from S&P and bringing to market the new pool. More to come in the following weeks.

Adjournment

Chairman Barclay made a motion to adjourn which was seconded by Mr. Goetz. The motion passed unanimously and the meeting adjourned at 1:50 pm.

Respectfully submitted,

Beverly Womack-Holloway
Secretary to the Board
November 20, 2009