

**MINUTES OF THE DECEMBER 5, 2014, MEETING OF THE HEALTHCARE AND EDUCATION
COMMITTEE OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA”), pursuant to notice duly given, held a Healthcare and Education Committee (the “Committee”) Teleconference Meeting at 10:00 a.m. on December 5, 2014, at the Chicago Office of the Illinois Finance Authority, 160 North LaSalle Street, Suite C-800, Chicago, IL 60601.

Board Members Participating:

Chairman Lerry Knox
Mike Goetz
Roger Poole
Bradley Zeller

IFA Staff Participants:

Rich Frampton, Vice President
Pam Lenane, Vice President/Acting General
Counsel

Others Participating:

Brie Callahan, Marj Halperin &
Associates

GENERAL BUSINESS

I. Call to Order and Roll Call

The Committee meeting was called to order at 10:03 a.m. with the above Board Members and IFA staff present. Chairman Knox asked Ms. Lenane to call the roll. There being four members present, Mr. Knox declared a quorum had been met.

II. Review of the October 9, 2014 Minutes

The minutes from the Healthcare and Education Committee meeting held on October 9, 2014, were reviewed. Mr. Poole moved to approve the minutes and the motion was seconded by Mr. Goetz. By unanimous voice vote, the Committee approved the above referenced minutes.

III. Review of the November 10, 2014 Minutes

The minutes from the Healthcare and Education Committee meeting held on November 10, 2014, were reviewed. Mr. Poole moved to approve the minutes and the motion was seconded by Mr. Goetz. By unanimous voice vote, the Committee approved the above referenced minutes.

IV. Project Approvals

Ms. Lenane presented the following projects:

Item A: Illinois Valley Community Hospital – Final Bond Resolution

IV Healthcorp, Inc. (the “**Corporation**” or “**Borrower**”) is requesting approval of a **Preliminary Bond Resolution** in an amount not-to-exceed **Twenty Three Million Dollars** (\$23,000,000). Bond proceeds will be used by the Borrower for the benefit of the Borrower and **Illinois Valley Community Hospital** (“**IVCH**” or the “**Hospital**”) to provide the Borrower and the Hospital with all or a portion of the funds necessary to (i) refund all of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009 (IV Healthcorp, Inc. Project) (the “**Series 2009 Bonds**”) and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Series 2009 Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

Ms. Lenane noted that the Authority gave the Borrower a discounted fee of half the normal IFA fee because the Borrower had alternative issuer options.

Mr. Knox asked about who the alternative issuer was and Ms. Lenane stated it would have been the City of Peru.

Mr. Knox asked if the Authority loses much business to local government conduit financing. Ms. Lenane stated that the Authority receives about 95% of Healthcare market share. Mr. Frampton noted that in industrial development bonds and in 501(c)(3) subsectors including small private K-12 schools and YMCA's, for example, the Authority has observed local issuers taking a larger market share.

Mr. Knox asked about interest rate concerns in connection with publically offered healthcare bonds given the State of Illinois' poor financial status, i.e., the "Illinois Effect." Ms. Lenane noted that there have been some residual effects, but to date only one deal was directly affected by the "Illinois Effect." Mr. Knox asked if there has been any discussion of not issuing through the State of Illinois and having a local government issue so a state agency, i.e., the "stamp of the State" was not attached to the bonds and they therefore looked more appealing. Mr. Frampton noted that there has not been any discussion in the larger bond deals in the higher education or non-Healthcare subsectors and reiterated that the financings at \$10,000,000 or below were most frequently lost to local issuers with the ability to issue bank qualified debt. Mr. Frampton again noted the Authority primarily loses K-12 private schools and YMCA's to local issuers.

There were no other questions on this project. Mr. Knox moved to approve this project and Mr. Goetz seconded that motion. By unanimous voice vote, the Committee agreed that this project be presented to the Board for approval.

Item B: Kishwaukee Community Hospital – Preliminary Bond Resolution

Kishwaukee Community Hospital (the "**Borrower**") is requesting approval of a **One-Time Final Bond Resolution** in an amount not-to-exceed **Thirteen Million Three Hundred Thousand Dollars** (\$13,300,000). Bond proceeds will be used to (i) fund the purchase of a 70,324 square foot medical clinic building commonly known as the DeKalb Clinic, 1850 Gateway Drive, Sycamore, IL. KishHealth System is purchasing the existing 70,324 square foot medical clinic building located at 1850 Gateway Drive in Sycamore, Illinois. The property is presently utilized as a medical/clinic facility, serving the population of the greater DeKalb/Sycamore market. The property will serve a similar use upon purchase by KishHealth System.

Mr. Goetz asked who Sycamore Advisors, the IFA's Financial Advisor on the deal, was and Ms. Lenane noted that it is a Financial Advisor the Authority has been under contract with the Authority since July 1, 2014, and is a WBE firm based in Indianapolis, Indiana, with an Illinois office in Chicago..

Ms. Lenane noted that although the financing team originally contemplated a one-time consideration at the December 2014 Board Meeting, the Borrower has decided to defer completion of documentation until after the holidays and will return for consideration at the January 2015 IFA Board Meeting.

There were no other questions on the project. Mr. Goetz moved to approve this project and Mr. Poole seconded that motion. By unanimous voice vote, the Committee agreed that this project be presented to the Board for approval.

Item C: Rush University Medical Center – One-Time Final Bond Resolution

Rush University Medical Center Obligated Group (the "**Borrower**") is requesting approval of a **One-Time Final Bond Resolution** in an amount not-to-exceed **Six Hundred Sixty Five Million Dollars** (\$665,000,000). Bond proceeds will be used to (i) finance, refinance or reimburse the costs of acquiring, equipping, constructing, and renovating certain health facilities of the Obligated Group (ii) refund RUMC's outstanding Series 2009A-D bonds (iii) refund RUMC's outstanding Series 2006B bonds and (iv) pay for costs of issuance.

There were no questions on this project. Mr. Goetz moved to approve this project and Mr. Poole seconded that motion. By unanimous voice vote, the Committee agreed that this project be presented to the Board for approval.

Mr. Frampton presented the following project:

Item D: Midwestern University Foundation – Final Bond Resolution

Midwestern University Foundation (the "**Foundation**" or the "**Borrower**"), a private Illinois nonprofit corporation and affiliate under common control of Midwestern University (the "**University**"), an Illinois not-for-

profit corporation institution of higher education) is requesting approval of a **Final Bond Resolution** in an amount not-to-exceed **Twenty Million Dollars** (\$20,000,000). Bond proceeds (of the IFA Series 2015 Bonds) will be issued as qualified student loan bonds, in combination with other funds provided by the Borrower, to provide the Foundation with the funds necessary to (i) finance private education loans to students of the University, (ii) finance a portion of the interest on the Bonds, if deemed necessary or advisable by the Borrower, (iii) finance one or more debt service reserve funds for the Bonds, if deemed necessary or advisable by the Borrower, and (iv) pay costs relating to the issuance of the Bonds, if deemed necessary or advisable by the Borrower (collectively the “**Financing Purposes**”).

Mr. Frampton noted that this Committee and the Board last reviewed this financing back in July of 2014. At that time, the Committee discussed that this would be the first time the Illinois Finance Authority would issue conduit bonds to fund a student loan program using statutory powers provided under the Higher Education Loan Act of Illinois and the Illinois Finance Authority Act. These statutes require that the bonds be issued to a not for profit entity – in this case, the Borrower is a 501(c)(3) entity under the control of Midwestern University in Downers Grove. The sole purpose of the Borrower is to fund student loans on behalf of the University for students at its Illinois campus..

Midwestern University was originally founded as the Chicago School of Osteopathic Medicine and eventually relocated to Downers Grove and renamed themselves after adding Optometry, dental school and other advanced degrees.

Mr. Frampton noted that although the not-to-exceed amount provided for in the Bond Resolution is \$20,000,000, the Authority expects to issue \$15,000,000 of tax-exempt bonds for this project. The Industrial Development Authority of Glendale, Arizona, will also issue \$15,000,000, which will be used exclusively to fund loans to students at the University’s Arizona campus.

Bond holders will be secured by all underlying student loans originated by students at both campuses under a Master Trust Indenture. Mr. Frampton noted that the Master Indenture structure, combined with the Senior/Subordinate Bond Structure, and substantial equity (i.e., additional pledged student loans) as noted in the Sources and Uses of Funds will enable the Foundation to obtain high investment grade ratings (i.e., Single A or better) for both series of Bonds as issued by both the Authority and by the Glendale IDA

Mr. Frampton further noted that for tax purposes, the bonds funding student loans in Illinois must be issued by an Illinois issuer, and the bonds funding students at the Arizona campus must be issued by an Arizona issuer.

The end result for the Borrower and its students is that they can make loans at a fixed rate of 6.00% rather than 7.228% under the Federal GradPlus program. Additionally, the Borrower expects upfront origination fees to be substantially lower compared to the GradPlus Program.

There were no other questions on this project. Mr. Goetz moved to approve this project and Mr. Poole seconded that motion. By unanimous voice vote, the Committee agreed that this project be presented to the Board for approval.

V. Other Business

There was no other business.

VI. Public Comment

There was no public comment.

VII. Adjournment

Mr. Poole moved to adjourn the meeting and the motion was seconded by Mr. Zeller. The meeting adjourned at 10:35 a.m.

Minutes submitted by:
John Dark
Law Clerk