

MINUTES OF THE JUNE 4, 2012, MEETING OF THE HEALTHCARE 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 Committee (the “Committee”) Teleconference Meeting at 3:00 p.m. on June 4, 2012, at the Chicago Office of the Illinois Finance Authority, 180 North Stetson Avenue, Suite 2555, Chicago, IL 60601.

IFA Staff Participants:

Board Members Participating:

Others Participating:

Dr. William J. Barclay, Committee
Chairman
Michael W. Goetz
Heather Parish
Brad Zeller

Christopher Meister, Executive Director
Pam Lenane, Vice President/Acting General
Counsel
Nora O’Brien, Legal/Financial Analyst

GENERAL BUSINESS

I. Call to Order and Roll Call

Chairman Dr. Barclay called the Committee meeting to order at 3:01 p.m. with the above Board Members, IFA staff and other participants present. The Chairman asked Ms. O’Brien to call the roll. There being four members present, Chairman Dr. Barclay declared a quorum had been met.

II. Review and Approval of the April 30, 2012 Minutes

The Minutes from the Healthcare Committee meeting held on April 30, 2012, were reviewed. Mr. Zeller moved to approve the minutes and Mr. Goetz seconded the motion. By voice vote, the Committee agreed to approve the minutes.

III. Project Approvals

Ms. O’Brien presented the following project:

Item A: The University of Chicago Medical Center - \$85,000,000 – Final Resolution

The University of Chicago Medical Center is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$85,000,000. Bond proceeds will be used by The University of Chicago Medical Center (“UCMC” or the “Borrower”) to: (i) refund The University of Chicago Medical Center IHFA Series 2001 Bonds and (ii) pay associated costs of issuance.

Chairman Dr. Barclay asked for a motion to approve the above project. Mr. Zeller moved to approve the above project and the motion was seconded by Mr. Goetz. By voice vote, the Committee agreed that this project be recommended for Board approval.

IV. Amendatory Resolutions

Item A: Mercy Circle

Mercy Circle (“**Mercy Circle**” or the “**Borrower**”) will be amending the Bond Purchase and Loan Agreement related to bonds previously issued on their behalf. The Illinois Finance Authority (the “**Authority**”) issued its Revenue Bonds, Series 2010 (Mercy Circle Project) on December 29, 2010 in the aggregate principal amount of \$26,250,000 pursuant to a Bond Purchase and Loan Agreement among the Authority, the Borrower and First National Bank of Omaha, as the original purchaser of the Bonds (the “**Holder**”). The Authority, the Borrower and the Holder have agreed to enter into a First Amendment to the Bond Purchase and Loan Agreement for the purpose of amending certain terms and provisions of the Loan Agreement and the Bonds, including the scope of the project and the documents executed and delivered in connection therewith.

Ms. Parish asked if the amount of bond proceeds would be reduced due to the decrease in project size. Ms. O’Brien responded that due to the bank’s willingness to maintain the bond sizing, the amount of the FIDES subordinate loan to be funded into the Borrower Equity Account of the Project Fund will be reduced from \$20 million to approximately \$15.8 million.

Item B: Northwestern Memorial Hospital

Northwestern Memorial Hospital (“**Northwestern**” or the “**Borrower**”) will be amending various credit enhancement facilities and replacing the remarketing agent for certain outstanding Bonds. The Illinois Finance Authority (the “**Authority**”) has previously issued its \$53,625,000 Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2007A (Northwestern Memorial Hospital) Subseries 2007A-1 (the “**Series 2007A-1 Bonds**”) and its \$53,625,000 Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2007A (Northwestern Memorial Hospital) Subseries 2007A-3 (the “**Series 2007A-3 Bonds**”). Northwestern has determined that it is desirable to have JPMorgan Chase Bank, N.A. provide substitute liquidity facilities for the Series 2007A-1 Bonds and the Series 2007A-3 Bonds in replacement of the existing liquidity facilities provided by UBS AG and to have JPMorgan Securities LLC serve as remarketing agent for the Series 2007A-1 Bonds and the Series 2007A-3 Bonds in replacement of Citigroup Global Markets Inc.

Item C: Riverside Health System

Riverside Health System (“**Riverside**” or the “**Borrower**”) will be amending various credit enhancement facilities, replacing Radian Asset Assurance Inc. and making certain changes to its bond documents. Riverside Health System has determined that the Bank of America Letters of Credit for the Series 1994, Series 1996 and Series 2002 Bonds should be replaced by letters of credit issued by JPMorgan Chase Bank, N.A. (“**JPMorgan**”). Riverside Health System has determined that the Bond Insurance Policies on its Series 2004 and Series 2006 Bonds should be cancelled and returned to Radian.

Item D: Saint Anthony’s Health Center

Saint Anthony’s Health Center (“**Saint Anthony’s**” or the “**Borrower**”) will be amending certain covenant related to bonds previously issued on their behalf. Pursuant to Section 7.09 of the 2010A and 2010C Loan Agreements, the Borrower covenanted to maintain a Capitalization Ratio of .65:1 as of each fiscal year. The Borrower failed to meet the Capitalization Ratio as of December 31, 2011 and March 31, 2012. Pursuant to separate letter agreements (the “**Lender Letters**”), the 2010A Lender and the 2010C Lender have waived compliance with the Capitalization Ratio and have agreed to amend their respective Loan Agreements to provide for a Capitalization Ratio of 1.00:1.00. The Borrower has requested that the Authority waive compliance with the Capitalization Ratio and consent to the amendment of the Capitalization Ratio. The Authority has executed and delivered letters to the Borrower agreeing to such waiver and amendment in sole reliance on the execution of the Lender Letters by the Lenders.

Chairman Dr. Barclay asked for a motion to approve the above Amendatory Resolutions. Mr. Goetz moved to approve the above resolutions and the motion was seconded by Ms. Parish. By voice vote, the Committee agreed that this project be recommended for Board approval.

IV. Other Business

Director Meister stated that the Illinois General Assembly approved a Medicaid reform program. A number of elements of the program have a direct bearing on the IFA healthcare sector. The legislature defined charity care and property tax exemptions for non-profit Illinois hospitals. This package brought the program forward to stability and clarified two previously ambiguous areas for the healthcare sector in Illinois.

V. Public Comment

There was no public comment.

V. Adjournment

Dr. Barclay asked for a motion to adjourn. Mr. Goetz moved to adjourn and Ms. Parish seconded the motion.

The meeting adjourned at 3:17 p.m.

Minutes submitted by:
Nora O'Brien
Legal/Financial Analyst