

1 ILLINOIS FINANCE AUTHORITY
2 SPECIAL MEETING OF THE CONDUIT FINANCING COMMITTEE
3 June 11, 2019, at 8:30 a.m.
4

5 REPORT OF PROCEEDINGS had at the Special
6 Meeting of the Conduit Financing Committee Members
7 on June 11, 2019, at the hour of 8:30 a.m., pursuant
8 to notice, at 160 North LaSalle Street, Suite S-1000,
9 Chicago, Illinois.

10 APPEARANCES:

11 COMMITTEE CHAIR E. LYLE McCOY

MR. JAMES J. FUENTES

12 MR. MIKE GOETZ (via audio conference)

MS. ARLENE A. JURACEK

13 MR. E. LYLE McCOY

MR. BRADLEY A. ZELLER

14 MR. ERIC R. ANDERBERG, ex officio, non-voting

15 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS:

16 MS. SARA PERUGINI, Vice President, Healthcare

MR. BRAD FLETCHER, Vice President

17 MR. RYAN OECHSLER, Associate General Counsel

MS. ELIZABETH WEBER, General Counsel and Legal

18 Adviser to the Board

MS. LORRIE KARCHER, Agricultural Program

19 Coordinator (via audio conference)

MR. MALCOLM SIMMONS, IFA Intern

20 MR. RYAN BREACH, IFA Intern

21
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1 CHAIR McCOY: Given it's 8:30, I'd like to
2 call the meeting to order. Will the Assistant
3 Secretary please call the roll?

4 OECHSLER: Certainly. The time is 8:30
5 a.m.

6 Mr. Fuentes?

7 FUENTES: Here.

8 OECHSLER: Mr. Goetz, via audio conference?

9 GOETZ: Here.

10 OECHSLER: Ms. Juracek?

11 JURACEK: Here.

12 OECHSLER: Mr. Wright?

13 (No response.)

14 OECHSLER: Mr. Zeller?

15 ZELLER: Present.

16 OECHSLER: Committee Chair McCoy?

17 CHAIR McCOY: Here.

18 OECHSLER: And Chairman Anderberg,
19 ex-officio, non-voting?

20 ANDERBERG: Here.

21 OECHSLER: Committee Chair McCoy, a quorum
22 of Committee Members has been constituted.

23 CHAIR McCOY: Thank you.

24 Moving forward, with respect to

1 approving the Committee Minutes from May 14, 2019,
2 does anyone wish to make any additions, edits,
3 corrections to the Minutes from the May 14, 2019,
4 meeting?

5 (No response.)

6 CHAIR McCOY: Hearing none, I'd like to
7 request a motion to approve the Minutes. Is there
8 such a motion?

9 JURACEK: So moved.

10 FUENTES: Second.

11 CHAIR McCOY: All those in favor?

12 (Chorus of ayes.)

13 CHAIR McCOY: Opposed?

14 (No response.)

15 CHAIR McCOY: The ayes have it.

16 Presentation and Consideration of New
17 Business.

18 I'd like to ask for the general
19 consent of the Members to consider each of the new
20 business items collectively and have the subsequent
21 recorded vote applied to each respective individual
22 item unless there's a specific new business item that
23 a Member would like to consider separately.

24 GOETZ: This is Mike Goetz, and I would

1 like to recuse myself from any deliberations and
2 voting with respect to Item 1, Blessing Hospital, of
3 the new business items because I have a family member
4 who works for the financial advisor in this
5 transaction.

6 CHAIR McCOY: Thank you, Mike.

7 Okay. I'd like to consider Items 2,
8 3, and 4 first and take a roll call vote, and then
9 we'll consider Item 1 and take a final roll call
10 vote.

11 Lorrie, I think it's over to you.

12 KARCHER: Okay. Good morning.

13 Item 2 is a one-time final bond
14 resolution requesting approval for a Beginning Farmer
15 bond on Brian J. Kropf, who is purchasing 46 acres of
16 farmland in Henry County, and it's in the
17 not-to-exceed amount of 295,700. Farmers National
18 Bank is the purchasing bank for the conduit
19 transaction.

20 Does any Member have any questions?

21 (No response.)

22 CHAIR McCOY: Thank you.

23 KARCHER: Thank you.

24 CHAIR McCOY: Brad, I think it's yours.

1 FLETCHER: Next is Tab 3 in your board
2 books on the agenda. This is an amendment for Lake
3 Forest Academy.

4 Previously, in 2016, the Authority
5 issued a bond for Lake Forest Academy to advance
6 construction of a new student center and refund a
7 1994 and Series 2000 bonds. At the time of issuance
8 in 2016, Northern Trust Company, the bond purchaser
9 and the borrower agreed to an initial term of three
10 years otherwise ending this June 20th.

11 Accordingly, they're asking for
12 our approval to provide consent to extend that
13 initial term at an amended adjusted, if you will,
14 interest rate of approximately 40 basis points higher
15 than the current rate due to the current market
16 conditions.

17 We will not need to conduct a TEFRA
18 hearing on this matter, and our fee is provided in
19 the confidential section on the top of Page 5 for
20 this amendment.

21 Any questions?

22 (No response.)

23 CHAIR McCOY: Hearing none, I think we're
24 good.

1 PERUGINI: Item Number 4 is Tab Number 4
2 in your board book. It's a resolution authorizing
3 the entry of the Ingalls Health System entities into
4 the University of Chicago Medical Center Obligated
5 Group.

6 The IFA has previously issued two
7 series of bonds for Ingalls Obligated Group. The
8 obligated group consists of the Ingalls Memorial
9 Hospital and its parent corporation, UCMC Community
10 Health and Hospital Division, otherwise known as
11 CHHD, and certain related corporations.

12 The Series 2013 bonds, about
13 \$60 million of which are still outstanding, and the
14 Series 2017 bonds, about \$38 million of which are now
15 outstanding, and those series of bonds are secured by
16 promissory notes issued under a Master Trust Indenture
17 of the Ingalls Obligated Group.

18 In October 2016, CHHD executed an
19 affiliation agreement pursuant to which the University
20 of Chicago Medical Center or UCMC became the sole
21 corporate member of CHHD, and UCMC is currently the
22 sole member of an obligated group created under a
23 master indenture which secures approximately
24 \$849 million of UCMC debt.

1 UCMC and CHHD have commenced a
2 transaction which would consolidate the credits of
3 the two obligated groups by adding the members of the
4 Ingalls Obligated Group to the obligated group
5 created under the UCMC master indenture.

6 The transaction will result in the
7 formation of a single obligated group that is
8 responsible for all of the debt of the health system,
9 and the single obligated group will yield many
10 financial and operational benefits which are set
11 forth in the memo.

12 The transaction will likely improve
13 the credit rating on the 2013 bonds. This year's
14 2017 bonds are privately placed, so they are not
15 rated, and the proposed accompanying Resolution
16 approves the execution by the IFA of the amendments
17 necessary to accomplish this transaction.

18 The IFA fee for this transaction is
19 expected to be \$10,000, and we recommend approval of
20 the resolution.

21 Any questions?

22 (No response.)

23 CHAIR McCOY: I think we're good. Thank
24 you.

1 I'd like to request a motion to
2 recommend for approval the following New Business
3 Items: 2, 3, and 4. Is there such a motion?

4 FUENTES: So moved.

5 ZELLER: Second.

6 CHAIR McCOY: Will the Assistant Secretary
7 please call the roll?

8 OECHSLER: On the motion and second, I will
9 call the role.

10 Mr. Fuentes?

11 FUENTES: Yes.

12 OECHSLER: Mr. Goetz?

13 GOETZ: Yes.

14 OECHSLER: Ms. Juracek?

15 JURACEK: Yes.

16 OECHSLER: Mr. Zeller?

17 ZELLER: Yes.

18 OECHSLER: Committee Chair McCoy?

19 CHAIR McCOY: Yes.

20 OECHSLER: Committee Chair McCoy, the
21 motion carries.

22 CHAIR McCOY: Thank you.

23 GOETZ: At this time, I guess I'll get off
24 the call.

1 CHAIR McCOY: Yes, thank you.

2 (Member Goetz terminates his
3 participation by audio
4 conference.)

5 CHAIR McCOY: Member Wright is still not
6 here; is that correct?

7 OECHSLER: Yes.

8 And please let the record show that
9 Member Goetz has terminated his participation via
10 audio conference.

11 PERUGINI: Thank you.

12 Item Number 1 is a resolution for
13 Blessing Hospital in a not-to-exceed amount of
14 \$104 million. It's Tab Number 1 in your board book.

15 We would like to welcome back
16 Blessing Hospital, who is seeking approval of a
17 one-time final bond resolution in an amount not to
18 exceed \$104 million.

19 Blessing Hospital operates a 327
20 licensed bed sole community hospital in Quincy,
21 Illinois, in Adams County. The proceeds of the bonds
22 will be used to refund the Series 2012 bonds, which
23 were issued by the City of Quincy, and the re-funding
24 amount is about \$58 million.

1 The proceeds will also be used to
2 finance, refinance, or reimburse Blessing for all or
3 a portion of the costs of planning, acquiring,
4 constructing, expanding, or completing certain health
5 facilities owned and operated by Blessing, including
6 the completion of the 4th floor and addition of 5th
7 and 6th floors at the Moorman Pavilion, which is
8 located on the 11th Street Campus.

9 These additional rooms will not
10 increase the number of patient beds, but they will
11 make the majority of the rooms into single-bed rooms,
12 which is desirable, and the project will create about
13 30 construction jobs.

14 The proceeds will also be used to pay
15 costs of issuance and, if necessary, will be used to
16 pay capitalized interest, establish a debt service
17 reserve fund, and/or provide working capital.

18 The bonds will be secured by a
19 security interest in the gross revenues of Blessing,
20 and the Plan of Finance contemplates one or more
21 direct bank purchases by DNT Asset Trust, which is a
22 subsidiary of JP Morgan Chase Bank, and BMO Harris
23 Bank.

24 If you turn to Page 3, you'll see

1 some information about the structure. It's currently
2 contemplated that there will be three series of
3 bonds, and the rates are locked in for the initial
4 terms of each series as follows:

5 For the first series, it will be
6 2.385 percent for the bonds, and those will be an
7 initial 5-year term.

8 For the second series, it will be
9 2.5 percent for the bonds with an initial 7-year
10 term.

11 And for the third series, it will be
12 2.683 percent for the bonds with an initial 10-year
13 term. And the bonds will not be rated as they will
14 be directly purchased by the banks.

15 If you turn to Page 5, you'll see the
16 service area map, and Blessing's primary service area
17 covers a population of 150,000 in the tri-state
18 region of Illinois, Missouri, and Iowa, and they have
19 over 50 percent market share in their primary service
20 area.

21 Page 6 is the financials, and
22 overall, you'll see they are strong. A couple of
23 things to note in the footnotes that have been
24 highlighted for us, if you look, there's a little dip

1 in the 2018 total assets, and that is an effect of a
2 goodwill write-off. And then -- I'm sorry -- in the
3 EBIDA, and that is an effect of the goodwill
4 write-off.

5 And then the total assets, there was
6 a reduction in the Investments Other partially as a
7 result of a surgery center write-off, and also,
8 \$13 million of self-insured assets were reclassified
9 from other to current.

10 The fee for this transaction is
11 \$103,500, which is based on a 25 percent bank private
12 placement discount off of the full fee of \$138,000.

13 And it's also important to note on
14 the last page that the re-funding is not for the
15 purpose of savings. It is to address a bank
16 placement date on the expiration of the bonds, which
17 will occur in August 2019.

18 Does anyone have any questions?

19 (No response.)

20 CHAIR McCOY: Thanks, Sara. We appreciate
21 it.

22 PERUGINI: Thank you.

23 CHAIR McCOY: Moving forward then on this,
24 I'd like to request a motion to recommend for

1 approval the following New Business Item: Number 1.

2 Is there such a motion?

3 FUENTES: So moved.

4 JURACEK: Second.

5 CHAIR McCOY: Thank you.

6 Will the Assistant Secretary please

7 call the roll?

8 OECHSLER: On the motion and second, I will

9 call the role.

10 Mr. Fuentes?

11 FUENTES: Yes.

12 OECHSLER: Ms. Juracek?

13 JURACEK: Yes.

14 OECHSLER: Mr. Zeller?

15 ZELLER: Yes.

16 OECHSLER: Committee Chair McCoy?

17 CHAIR McCOY: Yes.

18 OECHSLER: Committee Chair McCoy, the

19 motion carries.

20 CHAIR McCOY: Thank you very much.

21 Moving forward, is there any other

22 business to come before this Committee?

23 (No response.)

24 CHAIR McCOY: Hearing none, is there any

1 public comment for the Committee?

2 (No response.)

3 THE COURT: Hearing none, I'd like to
4 request a motion to adjourn. Is there such a motion?

5 ZELLER: So moved.

6 FUENTES: Second.

7 CHAIR McCOY: All those in favor?

8 (Chorus of ayes.)

9 CHAIR McCOY: Opposed?

10 (No response.)

11 CHAIR McCOY: The ayes have it.

12 OECHSLER: The time is 8:42 a.m.

13 (WHEREUPON, the above matter
14 was adjourned.)

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