

**MINUTES OF THE AUGUST 6, 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 1:00 p.m. on August 6, 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	Pam Lenane, Vice President/Acting General Counsel	Marj Halperin, Marj Halperin Consulting
Michael W. Goetz	Nora O’Brien, Legal/Financial Analyst	
Heather Parish		
Roger Poole		
Brad Zeller		

GENERAL BUSINESS

I. Call to Order and Roll Call

Chairman Dr. Barclay called the Committee meeting to order at 1:02 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 five members present, Chairman Dr. Barclay declared a quorum had been met.

II. Review and Approval of the July 2, 2012 Minutes

The Minutes from the Healthcare Committee meeting held on July 2, 2012, were reviewed. Mr. Goetz moved to approve the minutes and Mr. Poole 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: Lutheran Home and Services Obligated Group - \$120,000,000 – Preliminary Resolution

Lutheran Home and Services Obligated Group is requesting approval of a Preliminary Resolution in an amount not-to-exceed \$120,000,000. Bond proceeds will be used by **Lutheran Home and Services Obligated Group** (“**Lutheran Homes**”, “**LHS**”, the “**Corporation**” or the “**Borrower**”) to (i) pay or reimburse the Borrowers for, or refinance certain indebtedness, the proceeds of which were used for, the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain “projects” (as such term is defined in the Illinois Finance Authority Act, as amended) for the Borrowers’ senior living community, including, but not limited to, the renovation of an existing long term care facility, totaling approximately 126,000 square feet, known as the Olson Pavilion and the constructing and equipping of four additions to the Olson Pavilion totaling approximately 81,000 square feet, which additions will include 78-bed skilled nursing beds, resident dining rooms, rehabilitation rooms and other common areas; (ii) refund all or a portion of the outstanding \$13,200,000 Illinois Health Facilities Authority Weekly Adjustable Rate Revenue Bonds, Series 2001 (Lutheran Home and Services) (the “Series 2001 Bonds”); (iii) refund all or a portion of the outstanding \$14,350,000 Illinois Health Facilities Authority Variable Rate Demand Revenue Refunding Bonds, Series 2003 (Lutheran Home and Services) (the “Series 2003 Bonds” and,

together with the Series 2001 Bonds, the “Prior Bonds”); (iv) pay a portion of the interest on the Bonds; (v) establish a debt service reserve fund with respect to the Bonds; and (vi) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

The Committee asked if there was a possibility of minority participation on this project. Ms. Lenane responded that minority underwriters typically decline to participate in selling non-rated bonds because they do not have the buyers for them.

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

Ms. Lenane presented the following project:

Item B: OSF Healthcare System - \$200,000,000 – One-Time Final Resolution

OSF Healthcare System (“OSF”) is requesting approval of a One-Time Final Resolution in an amount not-to-exceed \$200,000,000. The Series 2012 Bonds will be used to refund approximately \$120 million in fixed rate bonds for present value savings and approximately \$16 million in variable rate bonds to eliminate the risks associated with variable rate debt and lock-in low cost committed capital. At the same time, OSF plans to take the opportunity to permanently finance its PNC Line relating to debt associated with Ottawa Regional Hospital & Healthcare Center (now known as OSF St. Elizabeth Medical Center) and the 2008 CP program relating to the Glen Park Place expansion. In addition, OSF will finance the reimbursement of certain prior capital expenditures relating to the cost of constructing and equipping a birthing center at Joseph Medical Center (known as the “Bloomington Project”).

The Committee inquired about minority underwriting participation on this project. Ms. Lenane stated that she would follow up with OSF’s financial advisor regarding minority underwriting participation.

Mr. Goetz asked if the construction projects have already been completed. Ms. Lenane stated that she thought they had, but would confirm with the borrower.

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

Ms. O’Brien presented the following project:

Item C: SwedishAmerican Health System - \$45,000,000 – One-Time Final Resolution

SwedishAmerican Health System (“SwedishAmerican”) is requesting approval of a One-Time Final Resolution in an amount not-to-exceed \$45,000,000. Proceeds of the Bonds will be used, together with certain other funds, to (i) pay or reimburse the Borrowers for the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities of the Borrowers, including, without limitation, (a) the construction of an approximately two-story, approximately 63,500 square foot cancer treatment center to be located at 3535 North Bell School Road in Rockford, Illinois, and all necessary and attendant equipment, facilities, site work and utilities therefor, and (b) the renovation, remodeling and equipping of the acute care hospital facility located at 1401 East State Street, Rockford, Illinois; (ii) pay a portion of the interest accruing on the Bonds, if deemed necessary or advisable by the Authority and the Borrower; (iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Authority and the Borrower; (iv) fund working capital, if deemed necessary or advisable by the Authority and the Borrowers; and (v) pay certain expenses incurred in connection with the issuance of the Bonds.

The committee again inquired about minority underwriting participation on this project. There was a long discussion by the committee about minority underwriting participation in the healthcare sector. Ms. Lenane stated

that she would follow up specifically with the individual borrowers this month. The committee tentatively decided to hold a lunch in October with minority underwriting firms regarding participation in the healthcare sector.

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

Ms. Lenane presented the following project:

Item D: Hospital Sisters Services, Inc. - \$550,000,000 – Final Resolution

Hospital Sisters Services, Inc. is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$550,000,000. Bond proceeds will be used by **Hospital Sisters Services, Inc.** (“**HSSI**” or the “**Borrower**”) to: (i) pay or reimburse the Borrower the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain of their health facilities, including, but not limited to, acquiring , constructing and equipping an approximately 25 bed critical access hospital and the renovation of a surgery department, (ii) refund the outstanding principal amount of IHFA Series 2003A Bonds, IFA Series 2007C Bonds and 2008A Bonds, (iii) pay a portion of the interest accruing on the Bonds, if deemed necessary or advisable, (iv) funding working capital, if deemed necessary or advisable, and (v) pay certain expenses incurred in connection with the issuance of the Bonds.

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

IV. Amendatory Resolution

Ms. Lenane presented the following project:

Item A: Swedish Covenant Hospital

Swedish Covenant Hospital (“**Swedish Covenant**” or the “**Borrower**”) is requesting approval of a resolution approving and ratifying the substitution of Credit Facility Provider for certain outstanding bonds issued on behalf of Swedish Covenant; approving and ratifying the replacement of remarketing agent for certain outstanding bonds issued on behalf of Swedish Covenant Hospital; and authorizing, approving and ratifying certain other matters

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

V. Other Business

Ms. Lenane informed the group that she would be participating in the Office of Rural Health Policy Access to Capital for Rural Healthcare Symposium on August 21, 2012 in Washington, DC.

VI. Public Comment

There was no public comment.

VII. Adjournment

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

The meeting adjourned at 1:41 p.m.

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