

MINUTES OF THE OCTOBER 5TH, 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 Monday, October 5, 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
Kara Boulahanis, Project Coordinator &
Asst. Secretary

Others Participating via Phone:

Julia Harris, Scott Balice
Lois Scott, Scott Balice

GENERAL BUSINESS

Call to Order and Roll Call

The meeting was called to order by Chairman Barclay at 1:05 p.m. with the above Board Members, IFA staff, and other participants both present and participating by phone.

Approval of Minutes

The minutes from the August 31, 2009 Committee meetings were reviewed. Mr. Goetz motioned to approve the minutes and Mr. Zeller seconded that motion. The Committee unanimously approved the minutes.

Discussion of Projects

H-HO-TE-CD-8090 – Advocate Health Care

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$280 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’s (“MPG”) tax-exempt bonds if deemed necessary or advisable; 4) restructure a portion of Advocate’s outstanding debt if deemed necessary or advisable; 5) fund a debt service reserve fund, if deemed necessary or advisable; and 6) pay bond issuance costs. This project is located in multiple locations throughout Illinois.

Ms. Lenane stated that Advocate needed IFA’s approval for the BroMenn project to move forward. She added that Advocate was considering adding additional minority underwriters. A

motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

H-HO-TE-CD-8119 – Central DuPage Health

Request for final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$280 million. The proceeds of this issuance will be used to (i) refund all or a portion of the Illinois Health Facilities Authority Variable Rate Demand Revenue Bonds, Series 2000A, 2000B, 2000C, 2004A, 2004B, and 2004C, (ii) fund capital expenditures for the health care facilities of the Borrower or its affiliates, (iii) pay a portion of the interest on the Series 2009B Bonds that are issued to fund capital expenditures (iv) provide working capital (v) fund a debt service reserve fund and (vi) pay costs of issuance. This project is located in Winfield, IL (DuPage County).

Ms. Lenane stated this project was previously approved by the Board but that Central DuPage Health had subsequently added additional Series to be refunded in their issuance. Central DuPage Health is also considering adding a minority or woman owned underwriting firm to their team. A motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

H-HO-TE-CD-8259 – Edward Hospital

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$55 million. The proceeds of this issuance will be used to current refund IHFA Series 2001C Bonds and pay costs of issuance. This project is located in Naperville, IL (DuPage County).

Mr. Claus explained that Edward Hospital was trying to drive down costs by utilizing Variable Rate Demand Bonds. A motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

H-HO-TE-CD-8268 – Lake Forest Hospital

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$60 million. The proceeds of this issuance will be used to (1) Finance the addition of an outpatient surgery center, radiation oncology center, and observation beds at the Grayslake Campus; (2) finance additional renovation projects at Grayslake site; (3) potentially fund small projects at the Lake Forest Campus; and (4) pay bond issuance costs. This project is located in Grayslake and Lake Forest, IL (Cook and Lake Counties).

Mr. Govia clarified for the Committee Members that this project will be a private placement with Northern Trust Bank. Additionally, in September of 2009, Lake Forest Hospital signed an agreement with Northwestern Memorial Hospital to create an integrated health care system. Northwestern is aware of the transaction. A motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

H-HO-TE-CD-8276 – Memorial Health

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$170 million. The proceeds of this issuance will be used to (i) fund capital expenditures for the health care facilities of the Borrower and/or its affiliates (located in Lincoln, Springfield, and Taylorville, IL), (ii) refund all or a portion of the Illinois Health Facilities Authority Revenue Bonds Series 1997 (Memorial Health System) (the “Prior Bonds”), (iii) fund a debt service

reserve fund, if deemed necessary or advisable, and (iv) pay bond issuance costs. This project is located in multiple locations throughout Illinois.

Ms. Lenane stated that Memorial Health would be receiving a rating in late October and the project is expected to be funded by the end of the year. A motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

H-HO-CD-TE-8061 – Resurrection Health Care

Request for the preliminary 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.

Ms. Lenane briefly discussed the lack of a Letter of Credit with the Committee. Ms. Lenane stated that Resurrection expects to be well received in the Fixed Rate market. A motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

H-SL-RE-TE-CD-8173 – Timothy Place, NFP D/B/A Park Place Christian Community of Elmhurst

Request for the final approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$195 million. The proceeds of this issuance will be used to (i) construct and equip a new Continuing Care Retirement Community, (ii) repay monies used to finance pre-development costs, (iii) fund one or more Debt Service Reserve Funds, (iv) fund interest expense on the bonds for a period of approximately 28 months, and (v) fund certain professional and bond issuance costs. This project is located in Elmhurst, IL (DuPage County).

Mr. Claus stated that Timothy Place received preliminary approval in November of 2008. Mr. Claus discussed with the Committee the structure of the financing project. A motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

H-SL-RE-TE-CD-8283 – Villa Guadalupe Senior Services Corporation

Request for the preliminary approval of the issuance of 501(c)(3) Bonds in an amount not to exceed \$5 million. The proceeds of this issuance will be used to: 1) refund the existing Series 1990 Variable Rate Demand Bonds issued by Cook County 2) fund future capital expenditures, and 3) pay bond issuance costs. This project is located in Chicago, IL (Cook County).

Mr. Claus stated that Villa Guadalupe is being fully guaranteed by the Claretians and their support is integral to the project moving forward. A motion to recommend approval to the Board was made by Mr. Goetz and then seconded by Mr. Zeller. The motion passed unanimously.

Other Business

HAP Securitization Pool

Ms. Lenane discussed the risk factors which had been mitigated throughout discussions between the HAP working group and the tentative Bond Insurer. The most recent concern of the Insurer, being the risk associated with Federal Health Reform on the Pool Program. The Healthcare Team continues to seek solutions to this issue.

Diversity Forum

Ms. Lenane thanked Dr. Barclay for attending IFA's first Diversity Forum. Five major health systems attended and it was a success.

NAHEFFA

Ms. Lenane reported that the NAHEFFA conference was a great success. Chairman Brandt gave the opening address that was very well received.

IHA Leadership Summit

Ms. Lenane congratulated Mr. Govia on representing the IFA at the Illinois Hospital Association Leadership Summit. He promoted the HAP program and other Healthcare product offerings. Mr. Govia was a great success, spurring interest in IFA programs and building relationships with perspective IFA Borrowers.

Adjournment

Mr. Zeller 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,
Kara Nystrom-Boulahanis