

**MINUTES OF THE OCTOBER 9, 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 October 9, 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
Heather Parish
Roger Poole
Bradley Zeller

IFA Staff Participants:

Brad Fletcher, Financial Analyst
Rich Frampton, Vice President
Pam Lenane, Vice President/Acting General
Counsel
Nora O’Brien, Associate General Counsel
John Dark, Law Clerk

Others Participating:

GENERAL BUSINESS

I. Call to Order and Roll Call

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

II. Review and Approval of the September 8, 2014 Minutes

The minutes from the Healthcare and Education Committee meeting held on September 8, 2014, were reviewed. Ms. Parish 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. Project Approvals

Mr. Frampton presented the following project:

Item A: Lake Forest College – One-Time Final Bond Resolution

Lake Forest College (the “College” or “Borrower”) is requesting approval of a **One-Time Final Bond Resolution** in an amount not-to-exceed **Nineteen Million Dollars** (\$19,000,000). The bonds will be Revenue Refunding Bonds and may be issued in one or more series the proceeds of which will provide the College with the necessary funds to (i) refund and redeem the Illinois Educational Facilities Authority Revenue Bonds, Lake Forest College, Series 1998 (the “**Series 1998 Bonds**”) (including, without limitation, financing both the principal and accrued interest component of the redemption price if deemed desirable by the College) and (ii) pay costs relating to the issuance of the Bonds and the refunding and redemption of the Series 1998 Bonds, if deemed necessary or desirable by the College, all as permitted under the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

Mr. Frampton noted that as a result of this financing the parties expect the College’s rate to drop from five percent to approximately three percent. It will generate significant present value savings and significantly improve their debt service coverage from 3.54 to 4.08. This will also allow the College to streamline their lending covenants, get rid of their municipal bond insurance and consolidate all of their banking relationship with Northern Trust Bank.

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

Mr. Fletcher presented the following project:

Item B: North Central College – Preliminary Bond Resolution

North Central College (the “College” or “Borrower”) is requesting approval of a **Preliminary Bond Resolution** in an amount not-to-exceed **Ninety Seven Million Five Hundred Thousand Dollars** (\$97,500,000). Bond proceeds, together with certain other funds, will be used to (i) finance, refinance or reimburse the Borrower for all or a portion of the costs, including capitalized interest, if any, of the planning, design, acquisition, construction, furnishing and equipping of certain new educational facilities, including, without limitation, the planning, design, acquisition, construction, furnishing and equipping of a new residence hall and new science center, and including related infrastructure, landscaping, signage and other similar improvements (collectively, the “**New Projects**”), (ii) current refund and redeem certain tax-exempt revenue bonds (the “**Prior Bonds**”), the proceeds of which were used to, among other things, finance, refinance or reimburse the Borrower for certain costs relating to the acquisition, construction, renovation, relocation, improvement and remodeling of certain of its educational facilities, and (iv) pay certain costs relating to the issuance of the Bonds, including the costs of bond insurance or other credit or liquidity enhancement, if any, certain costs incurred in connection with the refunding and redemption of the Prior Bonds and certain payments incurred in connection with the termination of certain interest rate exchange agreements, all as permitted under the Act (collectively, the “**Financing Purposes**”).

Mr. Fletcher noted that **Thirty-Three Million Dollars** (\$33,000,000) of equity will be injected by the College into the proposed financing. The bonds will be directly purchased in three tranches: two tranches purchased by BMO Harris Bank and the third will be purchased by PNC Bank. With respect to the two tranches purchased by BMO Harris Bank, **Thirty Million Dollars** (\$30,000,000) will be issued to construct a **Sixty Million Dollar** (\$60,000,000) state of the art science building. The second issuance will be **Thirty-Five Million Five Hundred Thousand Dollars** (\$35,500,000) to refund the Series 1998 Cultural Pool Bonds and refund the IFA Series 2008 Revenue Bonds. The third issuance purchased by PNC Bank, currently expected to be amortized over thirty years and initially fixed at 3.25 percent, will be in an aggregate amount of **Thirty Two Million Dollars** (\$32,000,000) to construct a brand new residence hall and refund the Series 1999 Cultural Pool Bonds that are outstanding.

Mr. Fletcher further noted that College has had historically strong debt service coverage except for the year 2012. Debt service coverage normalized the year after and remains consistently above 3.36 where it will be when the new bonds are issued.

Mr. Goetz inquired about where this deal came from and Mr. Fletcher noted that it came through the financial advisor Longhouse Capital.

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

Ms. O’Brien presented the following projects:

Item C: The Lodge of Northbrook – Preliminary Bond Resolution

The Lodge of Northbrook, Inc. (the “Corporation” or the “Borrower”) is requesting approval of a **Preliminary Bond Resolution** in an amount not-to-exceed **Nineteen Million Dollars** (\$19,000,000). Bond proceeds will be used to: (i) repay the Borrower’s construction loan, the proceeds of which were used to pay or reimburse the Borrower 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 Act) for the Borrower’s housing complex for the elderly located in Northbrook, Illinois; (ii) the acquisition, construction, renovation and refinancing of various other capital improvements and equipment related to the complex; and (iii)

pay certain expenses incurred in connection with the issuance of the Series 2015 (estimated) Bonds and the refinancing of the construction loan, all as permitted by the Act (collectively, the “**Financing Purposes**”).

There were no questions on the project. Ms. O’Brien noted that this project was recommended last month but could not be presented to the Board due to the cancellation of the September meeting of the Board of Directors. Therefore, it was not necessary for the Committee to vote again on this project.

Item D: Villa St. Benedict – Preliminary Bond Resolution

Villa St. Benedict (the “**Corporation**” or “**Borrower**”) is requesting approval of a **Preliminary Bond Resolution** in an amount not-to-exceed **Forty Three Million Dollars** (\$43,000,000). Bond proceeds will be used to: (i) refund all or a portion of the outstanding Illinois Health Facilities Authority Revenue Bonds, Series 2003A-1 (the “**Prior Bonds**”); and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

The Bond will be a direct purchase of a tax-exempt mortgage with a single lender at a fixed rate. The rate is expected to be between four and five percent and the bonds are currently at almost a seven percent rate; this will generate significant cost savings and drastically reduce debt service payments. The bonds are expected to be secured by an assignment of a first leasehold mortgage and a collateral assignment of rents and leases.

Ms. O’Brien noted that in January of 2013 the Authority did a resolution authorizing the execution and delivery of a reissuance tax exemption agreement in connection with an extension of the forbearance agreement. There was an event of default on these bonds in 2009 and the Borrower has been operating under a forbearance agreement with the Bondholders since August 1, 2010. The Borrower caught up on the outstanding interest payments in May, 2014, and currently has less than four million dollars in principal outstanding. As a result of this refinancing the Bondholders will be paid in full.

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

IV. Other Business

There was no other business.

V. Public Comment

There was no public comment.

VI. Adjournment

Mr. Goetz moved to adjourn the meeting and the motion was seconded by Mr. Poole. The meeting adjourned at 10:21 a.m.

Minutes submitted by:
John Dark
Law Clerk