

1 ILLINOIS FINANCE AUTHORITY BOARD
2 TAX-EXEMPT CONDUIT TRANSACTIONS COMMITTEE MEETING
3 June 9th, 2016, at 8:30 a.m.
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7 Report of Proceedings had at the Meeting of the
8 Illinois Finance Authority Board of Directors Tax-Exempt
9 Conduit Transactions Committee Meeting on June 9th, 2016, at
10 the hour of 8:30 a.m., pursuant to notice, at 160 North
11 LaSalle Street, Suite S1000, Chicago, Illinois.
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1 APPEARANCE:
2 COMMITTEE MEMBERS

3 MR. MICHAEL W. GOETZ
4 MR. LYLE McCOY, Vice-Chairman
MR. BRADLEY ZELLER
5 MS. ARLENE JURACEK
MR. ROBERT FUNDERBURG, ex-Officio
6 MR. ROBERT HORNE, Chairman (Via audio conference) (Added)
MR. ROGER POOLE

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8 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

9 MR. BRAD FLETCHER, Assistant Vice-President
MR. RICH FRAMPTON, Vice-President
10 MS. ELIZABETH WEBER, General Counsel
MR. CHRISTOPHER B. MEISTER, Executive Director
11 MR. PATRICK EVANS, Agricultural Banker
12 MS. TAMMY HARTER, Assistant/Healthcare (Via audio
conference)

13 GUESTS:

14 MR. PRAKASH RAMANI
MR. TONY SHIR
15 MR. DAVID KATES
MR. JIM BLAKE

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1 VICE-CHAIRMAN McCOY: I would like to call the
2 meeting to order. Will the Assistant Secretary
3 please call the roll.

4 FLETCHER: Certainly. The time is 8:30 a.m.
5 I'll call the roll. Of eight Members, we need five
6 for a quorum. Mr. Goetz?

7 GOETZ: Here.

8 FLETCHER: Ms. Juracek?
9 JURACEK: Here.
10 FLETCHER: Mr. McCoy?
11 VICE-CHAIRMAN McCOY: Here.
12 FLETCHER: Mr. Poole?
13 POOLE: Yes.
14 FLETCHER: Mr. Zeller?
15 ZELLER: Here.
16 FLETCHER: And Mr. Funderburg as ex-offi cio
17 non-voti ng?
18 FUNDERBURG: Here.
19 FLETCHER: Mr. Vi ce-Chai rman McCoy, we have a
20 quorum.
21 VICE-CHAIRMAN McCOY: Thank you very much.
22 Movi ng on to the second poi nt, does anyone wi sh to
23 make any addi ti on, edi ts or correcti ons to the
24 mi nutes from the May 12, 2016?
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1 Heari ng none, I wou ld l i ke to request a
2 moti on to approve the mi nutes. Is there such a
3 moti on?
4 GOETZ: So moved.
5 JURACEK: Second.
6 VICE-CHAIRMAN McCOY: All in favor?
7 (A chorus of ayes.)
8 VICE-CHAIRMAN McCOY: Movi ng on to the
9 Presentati on and Considerati on of the Project
10 Reports and Resol uti ons, I wou ld l i ke to ask for a
11 general consent of the Members to consider the

12 Project Reports and Resolutions collectively and
13 have a subsequent recorded vote applied to each
14 respective individual Project and Resolution, unless
15 there are any Specific Project Reports and
16 Resolutions that a Member would like to consider
17 separately.

18 GOETZ: I have to recuse myself from one,
19 Presence.

20 VICE-CHAIRMAN McCOY: Okay. I understand that,
21 Member Goetz. Is there anyone else? If not, I
22 would like to ask the staff to now present the
23 Project Reports and Resolutions, which would be
24 considered collectively.

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1 We'll consider Item 5, which is the
2 Presence Health Network, separately at the end.

3 EVANS: I'm Patrick Evans. The beginning
4 farmer bond, we have one project this month. It's
5 People's State Bank is requesting a beginning farmer
6 bond for Trevor A. Ochs.

7 He's purchasing 22 acres of farmland for
8 \$250,000 or \$4,850 per acre. The property is
9 located in southeastern portion of Jasper County in
10 southeast Illinois.

11 The loan will be originally VA, and on the
12 project that we disclosed, it says 50/50 with FSA,
13 but it should be FSA 10-percent equity by a
14 borrower, 45 percent by FSA, and 45 percent by IFA.
15 The risk is still the same at \$112,500 for the
16 loan.

17 FSA will subordinate the first position;
18 hence, the loan associated with IFA will have a
19 first position. This will be a 30-year amortization
20 with annual principal and interest payments.

21 The initial interest rate will be 3.25 for
22 the first 10 years. The interest rate will adjust
23 every 10 years at 2 percent below Wall Street prime,
24 with a floor of 3.25 and a cap of 12.99.

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1 Any questions?

2 VICE-CHAIRMAN McCOY: Any questions, anybody?
3 Thank you. I guess moving on, Mr. Fletcher, you
4 have two to present.

5 FLETCHER: Certainly. Next up is Item 3 in
6 your Board book, Item 2 on today's agenda. Lake
7 Forest Academy is a proposed Final Bond Resolution
8 in a not-to-exceed amount of \$17,000,000.

9 Lake Forest Academy is an independent
10 co-ed high school located in Lake Forest on a
11 150-acre campus, which is approximately 30 miles
12 north of Chicago. For those in the room that don't
13 know, Lake Forest Academy is quite possibly one of
14 the top five high schools in the country.

15 The plan to finance seeks to refund their
16 Series 1994 and Series 2000 bonds, which are
17 currently trading in the market at a variable rate,
18 and effectively seek to convert the \$7.25 million
19 outstanding to a bank-held debt with Northern Trust
20 Company.

21 Additi onally, bond proceeds will be used
 22 to finance constructi on and equippi ng of a new
 23 \$9.6 million student center on campus. Again,
 24 Northern Trust will be the direct bond purchaser for
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1 the initial three-year term, which will be at a
 2 variable rate for the initial three years, and
 3 Northern Trust will be secured by a general
 4 obligati on revenue pl edge.

5 If I may turn your attention to page 8 of
 6 the report, we have slightly discounted our fee,
 7 consistent with our historical practice. The bonds
 8 they are refunding are secured by a letter of
 9 credit. So I just wanted to note that for the
 10 Commi ttee.

11 Of course, Lake Forest Academy is
 12 non-rated, so we provided a confidential forecast.
 13 Our forecast results show that we expect them to
 14 generate more than sufficient operating cash flow
 15 going forward to cover their fixed obligations.

16 Notably, if you look at days cash in
 17 investments, it's quite outstanding for any high
 18 school. Any questions? Okay, if not, if I may.

19 VICE-CHAIRMAN McCOY: Please.

20 FLETCHER: Turning to tab No. 4 in your Board
 21 books, tab No. 3 on today's Committee agenda is the
 22 proposed Final Bond Resoluti on for Illi noi s Wesleyan
 23 Uni versi ty in a not-to-exceed amount of \$70,000,000.

24 Wesleyan is a private uni versi ty located

1 in Bloomington, which enrolled approximately 1842
2 students as of this last academic year, which began
3 in the fall 2015. The plan of finance here seeks to
4 refund their Series 2006, 2006B and Series 2008
5 bonds through a public offering, which will be
6 underwritten by RBC.

7 Subsequent to the printing and mailing of
8 the Board books, we were informed that co-managers
9 to be likely engaged here would be PNC Capital
10 Markets, as well as --

11 FRAMPTON: Morgan Stanley.

12 FLETCHER: Morgan Stanley. I'm sorry. Thank
13 you. As well as Morgan Stanley. Their current
14 ratings are Baa1 Moody's, and A- by S&P. They are
15 applying for new ratings, affirmation of ratings, if
16 you will, in connection with this transaction.

17 The refunding will generate interest
18 savings for the university, as well as reduce
19 principal repayments in the near term through an
20 extension of the weighted-average maturity of three
21 outstanding series of bonds.

22 If I can turn your attention to the
23 confidential section on the bottom of page 11, we
24 added a new section, if you will. Because this is a

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1 straight refunding, we added a section entitled
2 "Refunding Savings."

3 So this confidentially lays out the
4 current interest rate on the current bonds, as well
5 as what they likely could expect through the
6 issuance of the refunding bonds and how much the
7 savings will be in year one.

8 I'll take any questions.

9 VICE-CHAIRMAN McCOY: Okay.

10 FLETCHER: Thank you.

11 VICE-CHAIRMAN McCOY: Thanks, Brad. Moving on
12 to Ness Healthcare.

13 LENANE: Mr. Chairman, sorry. I forgot my
14 notes. Yes, Ness Healthcare is No. 5 in the book,
15 and it should be the same --

16 VICE-CHAIRMAN McCOY: I think it's 4.

17 LENANE: 4.

18 VICE-CHAIRMAN McCOY: For today's.

19 LENANE: Yes. Okay, got it. And today I have
20 with me a guest, who those of you who were at the
21 meeting last month, Mr. Tony Shir who is --

22 MR. SHIR: Right behind you.

23 LENANE: Who is right behind me, and Tony is
24 the president of Ness Healthcare; and also with him

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1 is his investment banker, Prakash Ramani, from Loop
2 Capital, and David Kates came for something else,
3 but he's bond counsel for this transaction. If you
4 have any questions, and David is from Chapman &
5 Cutler.

6 So Ness Healthcare is a not-for-profit
7 requesting a Final Bond Resolution approving a

8 series of tax-exempt and taxable bonds,
9 approximately \$40,000,000 tax exempt and a series of
10 taxable bonds in the amount of \$5,000,000 to finance
11 the cost of acquiring and constructing, equipping
12 certain psychiatric and assisted living facilities
13 to pay capitalized interest on the bonds, if
14 necessary, fund the debt service reserve, if
15 necessary, and pay cost of issuance.

16 Ness Healthcare is an Illinois
17 not-for-profit organized by HAHN Capital to provide
18 residential facilities for the elderly to meet their
19 physical, emotional, social and other needs. Ness
20 intends to amend its Articles of Incorporation to
21 include a provision for psychiatric and behavioral
22 healthcare.

23 HAHN, you may have heard of, is a
24 private-equity firm based in Chicago. Their focus
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1 is healthcare, self-storage and other value-added
2 properties. The firm has extensive experience in
3 owning and managing facilities.

4 Their current portfolio includes assisted
5 living in Minnesota and California. They will
6 be --- in the executive team is made up of
7 individuals with strong backgrounds in these areas.

8 Ness' corporate headquarters is going to
9 be in Lincolnwood, Illinois. They are projecting 10
10 new jobs at their corporate headquarters. The
11 facilities that they are going to be purchasing are

12 not in Illinois, but because they have their
13 corporate headquarters here in Illinois, we're able
14 to use our multi-state legislation to assist them in
15 the acquisition of these other facilities, and their
16 plan is to acquire more facilities as we go on.

17 That would be, I think, as time goes on.
18 One of the facilities is Beacon Children's Hospital.
19 It's a 28-bed hospital acute care psychiatric
20 hospital for children and adolescents in Laverne --
21 Luverne, Alabama, for a cost of \$6,600,000.

22 North Lake Behavioral Health System is a
23 psychiatric hospital located -- licensed for 205
24 beds and 65 psychiatric beds, psychiatric

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1 residential treatment beds located in Mandeville,
2 Louisiana, for a cost of \$25,000,000, and Valleyview
3 of Owatonna, a senior care campus renovated in 2004
4 containing 90 assisted living units in Owatonna,
5 Minnesota, 60 miles from downtown Minneapolis, and
6 40 miles from the Mayo Clinic in Rochester.

7 The acquisition cost of that facility is
8 expected to be \$4.5 million. The bonds will be
9 secured by a promissory note under the master
10 indenture and revenue pledges and mortgages on all
11 the financed properties.

12 The bonds are expected to be fixed rate
13 with rates estimated to be 4 to 6 percent that will
14 be sold in private placement by Loop Capital. The
15 bonds will be sold in denominations of \$100,00 or
16 more, and will be sold pursuant to a

17 private-placement memorandum that will explain the
18 risk of a non-rated facility, which is really a
19 startup.

20 Even though they have historical
21 financials, it's really a startup because of the new
22 owners, the new management, and the things they plan
23 to do to make these facilities run more efficiently
24 and economically.

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1 The Ness board of directors is comprised
2 of distinguished individuals, experienced
3 individuals, some you may know. Michael Tarnoff is
4 the Executive Vice-President and CFO of the Jewish
5 Federation. Scott Kellman is the Chief Executive
6 Officer of American Eagle Life Care Corporation that
7 runs assisted living facilities and senior
8 facilities.

9 And Michael Messing, interesting board
10 member, is a diagnostic radiologist at Hala
11 Comprehensive Breast Cancer Center in Jerusalem,
12 Israel, but he also has privileges here at hospitals
13 in Illinois, or maybe he had. I think he had
14 privileges at hospitals in Illinois.

15 SHIR: He works in Rockford.

16 LENANE: Pardon?

17 SHIR: He works in Rockford.

18 LENANE: He's still in Rockford?

19 SHIR: He's works in radiology in Rockford.

20 LENANE: Well, good. Thank you. All right.

21 Well, thank you. Do you know which hospital?

22 SHIR: No.

23 LENANE: Rockford Memorial, Swedish, St.

24 Anthony? No, okay. That was your test, Tony.

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1 Now I'm going to turn it over to Tony to
2 discuss the financials. If you go to page 6 of the
3 book. This would be page 6 in the book. I hope
4 it's in the package.

5 FLETCHER: Page 6 of the report.

6 LENANE: Okay, 6 page of the report. You'll
7 see they combined historical financials, revenue and
8 expenses, and they projected out their revenue for
9 under new management. So I think maybe I'll let
10 Tony talk for a few minutes.

11 SHIR: Briefly. Chairman, Board Members.
12 Thank you very much for having us here again. Ness
13 Healthcare is part of acquiring three facilities
14 will -- most of the facilities are stable, and
15 they're cash flowing, and there's opportunities to
16 increase revenue, specifically in North Lake where
17 the State will be adopting and spending Medicaid.

18 Right now, the facility is operating under
19 a special contract with the State of Louisiana. We
20 provide care for the indigent and the uninsured. So
21 it's a way for Louisiana hospitals to alleviate some
22 of the stress that is in their ERs.

23 They can shift the patients that are
24 uninsured, and that don't qualify for Medicaid yet,

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1 and have psychiatric or behavioral issues, and they
2 send them to North Lake.

3 It's the only facility in the entire state
4 that has this unique contract to provide care for
5 the indigent and the uninsured, and the same thing
6 for Alabama.

7 We have -- we are one of two facilities in
8 the entire state that provides basically 85 percent
9 of the revenues for Medicaid and is for children
10 that have acute psychiatric episodes. They are
11 suicidal, or they could have schizophrenia.

12 So it's -- those are the two facilities.
13 So most of the revenue comes from state and
14 government. There is opportunity for us to increase
15 revenue by negotiating private -- by negotiating
16 insurance contracts that haven't really been looked
17 at since the old owners that operated the buildings.

18 And the Owatonna facility is also in a
19 similar situation. We have 50 percent of the
20 revenue comes from Medicaid where patients are not
21 able to pay for their -- for their stays in a senior
22 housing facility.

23 So there's special county waivers that
24 reimburse approximately up to \$2,200 per patient,

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1 and the rest comes from Social Security. So really
2 the patients are left with \$97.13. That's what the

3 State allows them to have, and so there's really a
4 need for these kinds of services. We feel that all
5 the facilities meet the mission of Ness Healthcare.

6 VICE-CHAIRMAN McCOY: I appreciate it.

7 LENANE: Yes. I would just like to mention now
8 that we have given them a 50-percent discount on the
9 fee because this is multi-state, and we had
10 competitors that we had to match our fee to.

11 And I would like to thank Loop Capital and
12 Prakash for bringing this project to us, and David
13 Kates who was also instrumental in bringing this
14 project to us. I think it's very exciting. Are
15 there any questions?

16 GOETZ: I think I asked this last month. Are
17 you going to make any capital improvements for these
18 facilities?

19 SHIR: Yes. We're going to have -- we have
20 \$3,000,000 set aside for capital improvements. The
21 building in Owatonna needs a new roof, and the North
22 Lake facility has already has \$2,000,000 in
23 improvements. We're going to have an additional
24 \$2,000,000 of improvements.

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1 GOETZ: Okay, thank you.

2 VICE-CHAIRMAN McCOY: Mr. Shir, thank you for
3 coming in. We had a discussion at the last meeting
4 and, you know, I wish you all the best with the
5 project. So, thank you.

6 LENANE: Thank you. Mr. Chairman, next on the
7 agenda is No. 6 on --

8 FLETCHER: Today's agenda.

9 LENANE: On today's agenda. In the book -- oh,
10 I'm supposed to go to Riverside. Sorry. Item
11 No. 6, which is Riverside Healthcare, which is
12 No. 6 --

13 FLETCHER: 7 in the Board book.

14 LENANE: 7 in the Board book. Thanks, Brad.
15 Riverside Healthcare is seeking a Preliminary Bond
16 Resolution authorizing a financing of an amount
17 not-to-exceed \$90,000,000.

18 The funds are to be -- will be used by
19 Riverside Medical Center, Riverside Living Center
20 and Oakside Corporation, which are all members of
21 the Riverside Health System obligated group.

22 They are going to currently refund all or
23 a portion of the IFA Series 2006C bonds, advance
24 refund a portion of the IFA Series 2009 bonds.

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1 They're going to pay or reimburse Riverside for the
2 payment of certain work that has been done at the
3 facility.

4 Riverside is a regional health system
5 operating in the far southern portion of Chicago
6 metropolitan area and headquartered in Kankakee.
7 Riverside owns and operates a general acute care
8 hospital in Kankakee, which is licensed for 312
9 beds, currently using 247 beds.

10 In addition to the main Kankakee Hospital
11 facility, Riverside operates the Resolve Center in

12 Manteno, Illinois, which houses an 18-bed licensed
13 inpatient substance abuse program and associated
14 outpatient services.

15 They also operate multiple community
16 primary and specialty health centers in Kankakee,
17 Bourbonnais, Manteno, Monee, Momence, Hopkins Park,
18 Watseka, Gillman, Wilmington, Peotone, and Coal
19 City.

20 In 2011, Riverside opened a new a
21 multi-specialty physician and cancer infusion center
22 in Watseka, the home of our General Counsel. Prior
23 home of our General Counsel.

24 This facility provides diagnostic

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1 services, including lab and CT, and also includes
2 physical therapy and additional services. Riverside
3 also owns and operates a senior living community
4 that includes 90 independent living apartments known
5 as Westwood Oaks, 96 assisted living, known as
6 Butterfield Court, and 21 ranch-style homes for
7 seniors, known as Westwood Estates, and an 160 bed
8 nursing facility.

9 So they have the continuum of care, not
10 really all in one building, but in a separate
11 building. The senior living community is located
12 directly across from the medical center in Kankakee
13 making access very easy.

14 The Living Center also operates an
15 assisted living and memory care campus in
16 Bourbonnais, which consists of 48 studio units for

17 memory care and 32 assisted living units.

18 From growth and investments, the new
19 programs and service lines, Riverside has added 331
20 new full-time jobs since 2012. The Riverside
21 Healthcare Foundation raises funds for Riverside.
22 From 2013 to '15, the Foundation had total revenues
23 of \$6.39 million and provided \$2.9 million in
24 support of programs and initiatives for Riverside.

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1 The Foundation has committed up to
2 \$70,000,000 to support neurosurgery advancements in
3 2016. The Foundation had assets of \$18,600,000 as
4 of December 31, 2015. That's a nice strong
5 foundation for a hospital.

6 Riverside has a strong -- history of
7 strong operating margins and favorable liquidity
8 results. Revenue has increased. Net increase --
9 net income decreased primarily due to decrease in
10 investment income.

11 Days cash on hand has remained strong over
12 the past three years, and the FY -- days cash on
13 hand in FY2015 was approximately 379 days cash on
14 hand. The decrease in FY2014 days cash was
15 primarily due to Riverside's paying off a 16 --
16 paying off \$16,000,000 of their Series 2009 bonds
17 with cash.

18 The net present value of savings from the
19 current refunding of the Series 2016 and partial
20 advance refunding for Series 2009 bonds is estimated

21 at \$6.1 million, 8.2 percent of the refunded par
22 amount.

23 Does the Board have any questions?

24 VICE-CHAIRMAN McCOY: Thank you. It's good to
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1 hear its's good credit.

2 LENANE: Yeah, excellent credit.

3 VICE-CHAIRMAN McCOY: And again, you know, the
4 decline in investment income is pretty standard, it
5 doesn't stand out. Others suffered from it as well.

6 LENANE: I should have had the rating in my
7 presentation.

8 VICE-CHAIRMAN McCOY: Their an A, correct?

9 LENANE: Pardon?

10 VICE-CHAIRMAN McCOY: Their an A?

11 LENANE: Yes. They are A2 by Moody's, and A
12 plus by S&P with stable -- both with stable
13 outlooks, and they will come back for a final, I
14 believe, in July, if they're ready to go.

15 Everybody -- I think as our other guests
16 will tell you, Mr. Blake says the market is hot
17 right now. Everybody is trying to get to market,
18 get their refundings done.

19 So next on the agenda -- any questions?

20 VICE-CHAIRMAN McCOY: I think we're good. Go
21 ahead.

22 LENANE: Okay. Next on the agenda is
23 Washington and Jane Smith Community Beverly doing
24 business as Smith Village. It was previously known

1 as Washington and Jane Smith Community. A lot of
2 people know it by that name. It's the corporate
3 name, but they really use Smith Village now.

4 They are located in Beverly. They are
5 seeking a preliminary resolution in a not-to-exceed
6 amount of \$32,000,000 to currently refund their
7 Series 2005A bonds, and their Series 2005B2 bonds,
8 and pay a cost of issuance.

9 As I mentioned, Smith Village is located
10 in the Beverly neighborhood and operates a
11 continuing care retirement community consisting of
12 149 independent living units, 57 traditional
13 assisted living units, 24 memory care units, and 100
14 skilled nursing beds.

15 Smith Village is currently a non-rated
16 entity. The plan of finance contemplates the direct
17 purchase of the bonds by First Midwest and First
18 Merit Bank. The bonds will be issued as
19 floating-rate debt, but will be swapped to
20 fixed-rate debt.

21 They are going -- the refinancing of the
22 '05's As and B2s will result in a total savings of
23 \$11,000,000, \$11.3 million over the next 10 years.
24 So that's really a considerable savings, and an

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1 annual debt service savings of approximately
2 \$1,100,000.

3 As a result of the issuance, the long-term
4 debt obligation will be immediately reduced by
5 \$2,600,000. Their debt service coverage is 2.05.
6 Days cash on hand is 193. For a CCRC, these are
7 good numbers, good solid numbers and good operating
8 results.

9 They also operate Smith Crossings. You
10 may have heard of Smith Crossings, and now that I've
11 said that I can't remember where it is.

12 Does the Board have any questions?

13 GOETZ: Pam, are any of their units in the
14 Illinois supportive living program?

15 LENANE: That's an excellent question.

16 GOETZ: Don't know?

17 LENANE: No, I don't, but I don't think so. I
18 think -- you know, they are a Ziegler client, and I
19 don't think I've ever seen a Ziegler transaction
20 with the supportive living program.

21 GOETZ: Okay.

22 LENANE: But I'll check into that. I think
23 it's just not a business that, you know, that they
24 advise their clients to do. And, of course, are

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1 there still certificates left for that?

2 GOETZ: No.

3 LENANE: They have a license?

4 GOETZ: Yeah, they haven't opened up the
5 programming; they would have had to have been in it.

6 LENANE: Yeah, a while ago. Do you think they
7 will reopen it?

8 GOETZ: Yes.
9 LENANE: Oh, good.
10 GOETZ: I would be surprised if they don't.
11 LENANE: It's an excellent program.
12 GOETZ: Oh, it is.
13 CHAIRMAN HORNE: What was the question that was
14 asked? This is Bob Horne.
15 LENANE: Oh, Bob. Mike Goetz asked if they had
16 any SLFs, supportive living facilities. As you
17 know -- and I said I don't think so. Ziegler
18 doesn't usually do SLFs, but I can check by the
19 Board meeting.
20 CHAIRMAN HORNE: Okay.
21 LENANE: But then I asked Mike if there were
22 any licenses available for SLFs, and he said the
23 program is closed now; but they are thinking of
24 reopening it, or they are reopening it.
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1 GOETZ: They are thinking about it.
2 LENANE: They are thinking about it. Do you
3 know what a SLF is, Bob?
4 CHAIRMAN HORNE: I do not.
5 LENANE: A SLF is -- I think a good example of
6 a SLF that you might be familiar with is the one
7 down at Rush.
8 It is called senior supportive living, and
9 the proceeds come from -- it's for low-income
10 people -- come from their Social Security checks, go
11 directly to the SLF, and other funds that would be

12 coming in from other sources.

13 GOETZ: Medicare and Medicaid.

14 LENANE: Medicare and Medicaid. And they are
15 able to provide assisted senior living services of
16 the quality of a private.

17 GOETZ: For low and moderate income.

18 LENANE: For low- and moderate-income people by
19 taking a direct -- IHDA financed a SLF down At Rush
20 Hospital. I can't think of the name of it right
21 now. I don't think we've done any SLFs, have we?

22 FRAMPTON: Oh, sure we have.

23 LENANE: We have?

24 FRAMPTON: Yes.

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1 LENANE: We've done SLFs?

2 FRAMPTON: IFA has done SLFs. I've probably
3 done 10 of them.

4 GOETZ: I remember doing them.

5 LENANE: Where was I? How did you steal that
6 from me?

7 FRAMPTON: They are actually financed as
8 housing -- affordable housing projects. They are
9 developer deals.

10 LENANE: Okay. They SLFed in on me.

11 VICE-CHAIRMAN McCOY: Okay, any other
12 questions?

13 FLETCHER: So before we take a motion, I would
14 like to note for the record that Chairman Horne has
15 been added to the roll call at 8:58 a.m.

16 CHAIRMAN HORNE: Just for -- I have been

17 listening since 8:31, but I didn't chime in.

18 WEBER: I did hear the beep.

19 FLETCHER: Duly noted.

20 VICE-CHAIRMAN McCOY: Brad?

21 FLETCHER: So next would be on the agenda No. 8
22 on today's Committee Agenda, No. 12 in the Board
23 book, which is North Park University. This is an
24 interest rate reset that this Committee is certainly

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1 familiar with seeing at this point.

2 In 2012, we issued bonds on behalf of
3 North Park University in order to finance
4 construction and equipping of a new science and
5 community life building on campus of North Park
6 University. Pursuant to the bond documents at the
7 time of closing, the initial interest rate period
8 was through September 30th, 2017.

9 JP Morgan and the borrower at this time
10 have agreed to extend that initial interest rate
11 period through September 30th, 2021, at a reset
12 interest rate.

13 Additionally, they are going to smooth out
14 some of the principal amortization through the life
15 of the loan. So we're simply being asked for
16 consent. Accordingly, we're seeking a \$500 closing
17 fee.

18 Very simple, but I can take any questions.

19 VICE-CHAIRMAN McCOY: If there are no
20 questions, I would like to request a motion to

21 recommend for approval the following Project Reports
22 and Resolution: Items 1 through 4 and Items 6
23 through 8. Is there such a motion?

24 POOLE: So moved, Mr. Chairman.

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1 VICE-CHAIRMAN McCOY: Thank you.

2 ZELLER: Second.

3 VICE-CHAIRMAN McCOY: All those in favor?

4 (A chorus of ayes.)

5 VICE-CHAIRMAN McCOY: Opposed?

6 (No response.)

7 VICE-CHAIRMAN McCOY: The ayes have it.

8 LENANE: Presence?

9 GOETZ: On the next I've got to recuse myself
10 on this.

11 POOLE: Bye.

12 GOETZ: My son works for their financial
13 consulting firm.

14 FLETCHER: So we will let the record reflect
15 that Member Goetz has recused himself in
16 deliberations by leaving the room.

17 LENANE: Okay. Presence Healthcare Network is
18 No. 5 on the Committee agenda, and it is Item 6 in
19 the book. Presence is seeking a Preliminary Bond
20 Resolution to approve a series of tax-exempt and
21 taxable bonds in the amount of approximately
22 \$1.2 billion to refund all or a portion of their
23 outstanding bonds, including the bonds -- the 2016
24 bonds, which the Board approved at the special Board

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1 Meeting on May 24th; and they are very grateful, as
 2 we all are, for the Board Members coming in on short
 3 notice and getting this voted.

4 We closed on May 26th, and they were able
 5 to post clean audits on EMMA on May 27th, I think
 6 the next day. And David said this is the fastest
 7 bond deal he's ever done, 10 days start to finish.

8 VICE-CHAIRMAN McCOY: And never hoped to do it.

9 LENANE: He worked all weekend. Anyway, as you
 10 know from last month's meeting, Presence is the
 11 largest Catholic health system in Illinois, as well
 12 as the largest provider of Medicaid services and
 13 behavioral healthcare services.

14 Presence employs 20,000 people in Illinois
 15 and operates 11 acute care hospitals and 27 senior
 16 living facilities. They have hospitals in
 17 Des Plaines, Evanston, Aurora, Elgin, Joliet,
 18 Kankakee, Urbana, Danville and Chicago.

19 Presence's current ratings are Baa2 by
 20 Moody's, BBB- by S&P, and BBB by Fitch. Presence,
 21 however, will be going to the rating agencies once
 22 they have their plan of finance and seek
 23 reaffirmation of these ratings or better ratings, or
 24 hopefully not lesser ratings.

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1 Presence's financial advisor is Kaufman
 2 Hall, represented here today by Jim Blake, and their

3 investment banker is represented by Megan O'Keefe
4 from JP Morgan Chase, and they are available to
5 answer any questions.

6 Our plan -- their plan is to structure the
7 transaction over the next few weeks and return to
8 the final -- to the Authority for a final resolution
9 at the July 14th meeting and close in mid August.
10 That's their hope.

11 David is going to be working all summer
12 here and Megan and Jim. Would you like to say a few
13 words, Jim?

14 BLAKE: First and foremost, we're very thankful
15 for the Special Board Meeting being called. It
16 allowed us to move very quickly with the bridge loan
17 by JP Morgan, which we're very thankful to JP Morgan
18 for, and we're moving forward quickly. Markets are
19 excellent, very low interest rates. We're looking
20 at now in putting a capital structure in place. If
21 the markets are still where they are right now,
22 we'll have significant savings. So that's good for
23 everything.

24 LENANE: And smooth out the payments.

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1 BLAKE: And smooth out the payments and overall
2 help the level of debt service for the institution.

3 LENANE: It's really a wonderful thing we're
4 going to be able to do, and I hope the rating
5 agencies look positively on it.

6 BLAKE: It very much is.

7 LENANE: Last month Mike Englehart, the new

8 CEO, was here, and the CFO Jim Kelly, and next month
9 maybe one or the other of them will come and address
10 the final plan of finance.

11 So are there any further questions?

12 VICE-CHAIRMAN McCOY: I think at the Special
13 Board Meeting, I think a lot of questions were
14 answered. So, no, I think we've been through this.

15 We'll move forward. Any questions from
16 any of the Members? If not, I would like to request
17 a motion to recommend for approval the following
18 Project Report and Resolution Item 5. Is there such
19 a motion.

20 JURACEK: So moved.

21 VICE-CHAIRMAN McCOY: Second?

22 POOLE: Second.

23 VICE-CHAIRMAN McCOY: Thank you. I guess we'll
24 go with a roll call.

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1 FLETCHER: So on the motion and second, I'll
2 call the roll. Chairman Horne on the phone?

3 CHAIRMAN HORNE: Yes.

4 FLETCHER: Ms. Juracek?

5 JURACEK: Yes.

6 FLETCHER: Mr. McCoy?

7 VICE-CHAIRMAN McCOY: Yes.

8 FLETCHER: Mr. Pool e?

9 POOLE: Yes.

10 FLETCHER: And Mr. Zeller?

11 ZELLER: Yes.

12 FLETCHER: Mr. Chairman and Mr. Vice-Chairman,
13 the motion carries.

14 VICE-CHAIRMAN McCOY: Thank you very much. And
15 with Chairman Horne being on the phone, it gives us
16 the necessary quorum, correct?

17 FLETCHER: Correct.

18 VICE-CHAIRMAN McCOY: Good. Moving on, then,
19 to other business, is there any other business to
20 come before the Committee? If not, public comment.

21 Any public comment from this Committee?
22 With nothing forthcoming, I would like to request a
23 motion to adjourn.

24 POOLE: So moved.

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1 ZELLER: Second.

2 VICE-CHAIRMAN McCOY: All those in favor?

3 (A chorus of ayes.)

4 VICE-CHAIRMAN McCOY: Opposed?

5 (No response.)

6 VICE-CHAIRMAN McCOY: The ayes have it. Thank
7 you very much, everybody.

8 FLETCHER: The time is 9:07 a.m.)

9 (WHICH WERE ALL THE PROCEEDINGS HAD at 9:07 a.m..)

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PAMELA A. MARZULLO, C. S. R., being first duly sworn,
says that she is a court reporter doing business in the city
of Chicago; that she reported in shorthand the proceedings
had at the Proceedings of said cause; that the foregoing is
a true and correct transcript of her shorthand notes, so
taken as aforesaid, and contains all the proceedings of said
meeting.

PAMELA A. MARZULLO
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