ILLINOIS FINANCE AUTHORITY

CONDUIT FINANCING COMMITTEE MEETING

REPORT OF PROCEEDINGS of the Special Meeting of the Illinois Finance Authority Conduit Financing Committee HELD IN PERSON and VIA AUDIO CONFERENCE on Tuesday, October 13, 2020 at 8:30 a.m., pursuant to notice.

PRESENT VIA AUDIO CONFERENCE:

COMMITTEE CHAIR MIKE GOETZ
MEMBER JAMES FUENTES
MEMBER ARLENE JURACEK
MEMBER JEFFREY WRIGHT
MEMBER BRADLEY ZELLER
CHAIR WILL HOBERT, ex-officio, non-voting

ALSO PRESENT:

BRAD FLETCHER, Vice-President, Assistant Secretary
RICH FRAMPTON, Executive Vice-President
CHRISTOPHER MEISTER, Executive Director (in person and via audio conference)
SARA PERUGINI, Vice-President, Healthcare/CCRC

CHAIR GOETZ: Good morning, this is Mike Goetz. Thank you everyone for joining today.

I've been asked by Chairman Hobert to lead this meeting for the Conduit Financing Committee as the most senior Member because there is no Committee Chair at this point in time.

I would like to welcome our new members, and I would like for them to introduce themselves so I don't mess up the pronunciation of their names.

So, Drew, we want to start with you.

MR. BERES: Hi. Drew Beres here from Chicago. Thank you.

CHAIR GOETZ: Peter.

MR. AMARO: Hi. Peter Amaro with -- from Chicago as well.

CHAIR GOETZ: Eduardo.

MR. TOBON: Eduardo Tobon in Chicago as well.

CHAIR GOETZ: And Jose.

MR. RESTITUYO: Good morning. Jose Restituyo from Chicago.

CHAIR GOETZ: All right. Thank you, guys.

For our new Members joining this Committee as guests this morning, please refrain from making any motions or voting during the Committee's proceedings.

Our hope is that by listening to the operations of this Committee today you will be given a chance to hear about each of the conduit financing projects that will be ultimately considered at the meeting of all the Members later this morning at 9:30. Nevertheless, you are welcome to ask questions during the Committee meeting as well as during the regular meeting of all Members that follows.

I'd like to call the Committee meeting to order.

MR. FLETCHER: Good morning. This is Brad Fletcher. Thank you, Mr. Goetz.

Today's date is October 13th, 2020, and this special meeting of the Authority's Conduit Financing Committee has been called to order by Committee Chair Goetz at the time of 8:31 a.m.

CHAIR GOETZ: All right. This is Mike Goetz again. Thank you, Brad.

The Governor of the State of Illinois issued a Gubernatorial Disaster Proclamation on September 18th, 2020 finding that, pursuant to the provisions of the Illinois Emergency Management Agency Act, a disaster exists within the State of Illinois related to public health concerns caused by Coronavirus

2019 and declaring all counties in the State of Illinois as a disaster area, which proclamation remains in effect for 30 days.

In accordance with the provisions of Section 7(e) of the Open Meetings Act, as amended, the Chair of the Authority, Will Hobert, has determined that an in-person meeting of the Authority and any of its Committees today, is not practicable or prudent because of the disaster declared. Therefore, the Conduit Financing Committee meeting is being conducted via audio conference, without the physical presence of a quorum of the members.

Executive Director Meister is currently in the Authority's office at the location of the meeting and hosting the audio conference. All members will attend this meeting via audio conference.

As we take the roll calls, the response of Members will be taken as an indication that they can hear all other Members, discussion and testimony.

Will the Assistant Secretary please call the roll.

MR. FLETCHER: Certainly. This is Brad Fletcher. I'll call the roll.

Mr. Fuentes?

MR. FUENTES: Here.
MR. FLETCHER: Ms. Juracek?
MS. JURACEK: Here.
MR. FLETCHER: Mr. Wright?
MR. WRIGHT: Here.
MR. FLETCHER: Mr. Zeller?
MR. ZELLER: Here.
MR. FLETCHER: Committee Chair Goetz?
CHAIR GOETZ: Here.
MR. FLETCHER: And Chair Hobert, ex-officio, non-voting?
CHAIR HOBERT: Here.
MR. FLETCHER: Again, this is Brad Fletcher.
Committee Chair Goetz, in accordance with Section 7(e) of the Open Meetings Act as amended, a quorum of Members has been constituted.
CHAIR GOETZ: This is Mike Goetz.
Thank you, Brad.
Before we begin making our way through today's agenda, I'd like to request that each member mute their audio when possible to eliminate any background noise unless you are making or seconding a motion, voting or otherwise providing any comments for the record. To mute and unmute your line, you may press *6 on your key

pad if you do not have that feature on your phone.

As a reminder, we are being recorded, and a court reporter is transcribing today's proceedings. For the consideration of the court reporter, I'd also like to ask that each member state their name before making or seconding a motion or otherwise providing any comments for the record.

Finally, I would like to confirm that all members of the public attending in person or via audio conference can hear this meeting clearly.

Chris, can you confirm that this audio conference is clearly heard at the physical location of the meeting?

MR. MEISTER: This is Executive Director Chris Meister. Thank you, Committee Chair Goetz.

I'm physically present in the conference room on the 10th Floor of 160 North LaSalle Street in Chicago. I can confirm that I can hear all discussions, presentations and votes here at the Committee location.

I've advised the security guards on the first floor that we have two public meetings today, of which this is one. The agendas for both meetings have been posted both on this floor, the 10th Floor, and on the first floor of 160 North LaSalle as well as on the

Authority's website last Wednesday, October 7th, 2020.

Building security has been advised that any members of the public who choose to do so and who choose to comply with the building's public health and safety requirements may take the elevator, come into this room and listen to the proceedings and publicly comment if they wish.

At the moment there is no one on either the floor or this room. The door is open.

Thank you, Chairman Goetz.

CHAIR GOETZ: This is Mike Goetz.

Thank you, Chris.

If any members of the public participating via audio conference find that they cannot hear these proceedings clearly, please call area code (312) 651-1300 or write info@il-fa.com immediately to let us know, and we will endeavor to solve the audio issue.

Okay. Due to a lack of quorum on September 8, 2020, we will be voting on two sets of minutes.

Does anyone wish to make any additions, edits or corrections to the minutes from both August 11th, 2020 and September 8, 2020?

(No response.)

Hearing none, I would like to request a motion to approve the minutes.

Is there such a motion?

MR. FUENTES: This is James Fuentes.

So moved.

MR. WRIGHT: This is Jeffrey Wright.

So moved.

CHAIR GOETZ: All right. Will the Assistant Secretary please call the roll.

MR. FLETCHER: This is Brad Fletcher.

On the motion by Member Fuentes and I believe that was a second by Member Wright, I will call the roll.

Mr. Fuentes?

MR. FUENTES: Yes.

MR. FLETCHER: Ms. Juracek?

MS. JURACEK: Yes.

MR. FLETCHER: Mr. Wright?

MR. WRIGHT: Yes.

MR. FLETCHER: Mr. Zeller?

MR. ZELLER: Yes.

MR. FLETCHER: And Committee Chair Goetz?

CHAIR GOETZ: Yes.

MR. FLETCHER: Again, this is Brad Fletcher.

Committee Chair Goetz, the motion carries.

CHAIR GOETZ: All right. This is Mike Goetz.

Thank you, Brad.

I'd now like to ask for the general consent of the Members to consider each of the new business items collectively and to have the subsequent recorded vote applied to each respective individual item unless there are any specific new business items that a Member would like to consider separately.

Mr. Frampton, please present Item Number 1.

MR. FRAMPTON: Thank you, Committee Chair Goetz.

Item 1 is a 501(c)(3) revenue bond request. Staff requests approval of a one-time final bond resolution for Clare Oaks authorizing the issuance of Series 2020 Bonds in an amount not to exceed $52,000,000.

Because the issuance of the IFA Series 2020 Bonds is pursuant to the terms of a confirmed plan of reorganization approved by the U.S. Bankruptcy Court, approval of this Final Bond Resolution would enable issuance of the Series 2020 Bonds, thereby enabling Clare Oaks to satisfy a key pre-condition to exiting Chapter

11.

Before discussing the Clare Oaks request further I just would like to point out that the presentation format for this project is comprised first of a three-page cover memo which begins on Page 66 of the Conduit packet. That cover memo will be the primary focus of my presentation. It covers the most pertinent facts and considerations for the IFA Board and this Committee.

Secondly, beginning on Page 69 of the Conduit packet is the traditional project report format for this Clare Oaks project. The project report is really an informational appendix that reports supplemental background information describing the terms and structure that were specified in the confirmed plan.

So with that, I'm going to begin walking through the three-page cover memo beginning with the history of the Clare Oaks project.

Clare Oaks is a continuing care retirement community or CCRC located in Bartlett, Illinois in northwest Cook County, a few miles southeast of Elgin. The project is approximately 1.6 miles south/southeast of the US-20 Illinois 59 interchange.

Since its inception Clare Oaks has used an entrance fee based residency model under which prospective residents sell their home in order to pay the entrance fee. I will be contrasting key changes in the new Clare Oaks entrance fee refund policy that has been voted on and approved by the residents and also confirmed pursuant to the Court's order.

IFA issued approximately $113,000,000 of bonds which financed the original construction and equipping of the Clare Oaks campus which opened in 2008. Clare Oaks filed for Chapter 11 bankruptcy for the first time in 2011. The primary reason cited at that time was a slower than expected fill rate reflective of reduced housing values associated with the Great Recession. Notably, this factor was also cited by other CCRCs financed by the Illinois Finance Authority at that time.

In circumstances similar to the subject 2020 Clare Oaks request to issue the Series 2020 Bonds, pursuant to a confirmed plan of the Bankruptcy Court in 2012, the U.S. Bankruptcy Court issued a confirmation order that provided for the issuance of approximately $9.5 million of Series 2012 Refunding Bonds by IFA which refunded and ratably exchanged the Series 2006 Bonds.

As typical with most bankruptcy reorganizations for real estate projects, IFA issued approximately $9.5 million of Series 2012 Bonds, the proceeds of which restructured and deleveraged the project by reducing the outstanding principal balance of the bonds as a result of the debt restructuring.

In order to accommodate the Court's 2012 debt restructuring plan, the outstanding principal balance was reduced, and the remaining balance was allocated on a pro rata basis among the bond holders.

As a result, at that time it was necessary for the Authority to waive both its $100,000 minimum bond denomination policy and three-year no-default requirement that normally applied to the issuance of non-rated bonds that seek to be sold in non-institutional denominations. So because of the Court order, it was a necessity in 2012 to issue bonds with a waiver of the minimum $100,000 denomination policy, and it is again in connection with the Series 2020 Bonds.

Anyway, on June 11, 2019, Clare Oaks filed for Chapter 11 bankruptcy for a second time. Following extensive negotiations with plan sponsors, the committee of unsecured creditors and Clare Oaks reached global settlement on the terms of the consensual restructuring plan which was set forth in the plan of reorganization that was confirmed by the U.S. Bankruptcy Court on

Tuesday, September 29th, 2020.

As the judge of the Bankruptcy Court cited during the September 29th confirmation hearing, the plan of reorganization was overwhelmingly approved by all classes of secured creditors. The secured creditors were namely the 2012 Bond Holders and also unsecured creditors who were entitled to vote on the reorganization plan proposal. The unsecured creditors were primarily comprised of current and former residents of Clare Oaks eligible now or in the future for entrance fund -- entrance fee refunds.

The last two bullets on Page 1 of the cover memo are the most critical decision points per the IFA Board. First, issuance of the IFA Series 2020 Bonds is a necessary pre-condition to enabling Clare Oaks to effectuate its plan of reorganization. Secondly, the first -- the confirmed plan noted that in the -- or the plan of reorganization prior to confirmation had noted that in the event Clare Oaks is unable to proceed with its plan Clare Oaks would file for Chapter 11 bankruptcy.

Moving onto Page 2, the four key anticipated results of implementing the plan of reorganization reflecting issuance of the IFA Series 2020 Bonds are enumerated in points numbered 1 through 4 at the top of Page 2, and those include, number 1, deleveraging the project. As a result of the reorganization, total debt outstanding will be reduced from approximately $90.6 million to roughly $51,000,000 according to the plan, thereby significantly deleveraging the project.

The second key result is that in connection with the reorganization there will also be 5,000,000 of -- $5,000,000 series of new money bonds that will be specifically earmarked for capital improvements. A small portion may be used to fund reserves, but the majority of those proceeds are expected to fund deferred capital improvements at the project subsequent to the bankruptcy filing and more importantly and critically to funding renovations to the project that will reposition the property by converting 60 units of skilled nursing into 32 new units of assisted living.

Just in terms of occupancy at the Clare Oaks campus, skilled nursing as of the bankruptcy filing date in June 2011, occupancies across Clare Oaks independent living, assisted living and skilled nursing units were as follows: Independent living occupancy was 80.5 percent. Assisted living occupancy was 87.9 percent. That was the highest. Skilled nursing occupancy was the lowest at 63.3 percent. So the current sponsors believe that by repositioning the unit mix performance will improve.

The third key anticipated result is the reorganization and provides for modified residency agreements which have been accepted by all the independent living residents that will provide for entrance fee refunds only upon resale and collection of a new entrance fee for the former resident's unit.

Up to now the -- when a Clare Oaks resident exits Clare Oaks, Clare Oaks has been obligated to repay the resident's entrance fee within 12 months or 24 months of leaving Clare Oaks, so leaving the facility triggered repayment of the entrance fee. Under the modified residency agreement the vacated unit will need to be resold and a new residency -- a new entrance fee will need to be collected before the entrance fee refund will be paid. This is expected to help solve a long-term issue that has created ongoing liquidity problems for Clare Oaks.

Fourth, the restructuring is anticipated to improve cash flows. That reflects the deleveraging of the project to pay various classes of unsecured creditors. Those classes of unsecured creditors are primarily comprised of the former residents of Clare Oaks.

Moving to the staff recommendation, we recommend approval of the final bond resolution as presented in connection with this financing which includes a waiver to IFA's $100,000 minimum denomination requirement on non-rated bonds as required in the confirmed plan approved by the Bankruptcy Court. This waiver will be limited to an anticipated $43.5 million of the Series 2020 Bonds. That $43.5 million of Series 2020 Bonds will be provided to the -- will be exchanged for certain of the Series 2012 Bonds.

In order to conform with the plan of reorganization, those bonds will be sold -- will be -- will be in denominations of less than $100,000. Additionally, a second waiver will be necessary that waives a three-year no-default requirement that's associated with IFA's waiver policy. Clearly the Bankruptcy Court order mandates waiver of both the $100,000 minimum bond denomination requirement for non-rated bonds as well as the associated three-year note default requirement. So $43.5 million of the bonds will be subject to both of the waivers.

In contrast, the $7 1/2 million of new

money bonds that will be sold to the bond holders -- to the two plan sponsors and the new project manager will be sold in conformance with IFA handbook policies. Those will be sold in minimum denominations of $100,000 to preclude distribution to resale holders. All that is consistent with Board-approved IFA Bond handbook requirements.

The bottom of Page 2 provides supplemental information on the two plan sponsors -- Amundi Pioneer Asset Management and Lapis Advisors, LP. Amundi Pioneer was actually an original 2006 investor in the Clare Oaks project, so Amundi Pioneer has stuck with this project through the first bankruptcy and also has been instrumental as a plan sponsor in this plan of reorganization that's been confirmed by the Court. Lapis became a Clare Oaks Bond Holder in 2018 prior to the June 11, 2019 filing.

On Page 3 of the report, the list of professional -- the list of financing professionals is noted. The new property management company is ER Senior Management, LLC in Abilene, Texas. They also operate under the name of Evergreen Senior Living. They are investing in the subordinate Series 2020B Bonds.

Just moving onto the report. Briefly,

Page 69 of the Conduit packet, the reconfiguration of the unit mix is noted on the last two bullets, Pages 69 and 70. The project will continue to feature 164 independent living units, but the configuration of skilled nursing units will go from 120 units to 60 units while the number of assisted living units will go from 33 units up to 65 units.

Moving onto Page 70 of the packet which is the second page of the report, there is a chart that demonstrates how the bonds will be restructured. Under the estimated claims there are three series of 2012 Bonds -- the A1s, A2s and 2012Bs. Those will be exchanged for $43.5 million of new bonds, so roughly $48,000,000 of 2012 Bonds will be exchanged for 43.5 million of new bonds. That is the reason why the plan of reorganization provides for the bond denominations to be amounts less than $100,000.

The 2012 -- the Series 2012C Bonds in the second row of that chart totaling just over $35,000,000, those were junior subordinate bonds. They were really hope bonds. Those have been canceled and discharged.

Finally, just moving onto the participants in the plan, Pages 73 through 75 present the new board of directors, the new executive director and also provide information on the new management company for Clare Oaks all as set forth in the confirmed plan.

So, again, the terms of the Clare Oaks financing have been all established by the confirmation hearing of the Bankruptcy Court, and IFA -- the Clare Oaks ask of IFA in this case is to approve the resolution authorizing the issuance of the bonds subject to the -- satisfying the -- subject to providing for the policy waivers I've discussed, and all this will enable Clare Oaks to clear a necessary hurdle and pre-condition for Clare Oaks to exit Chapter 11 bankruptcy, and we recommend approval.

CHAIR GOETZ: Any questions for Rich?

(No response.)

This is Mike again.

Brad, you want to take us through Resurrection University.

MR. FLETCHER: Yes.

This is Brad Fletcher.

Thank you, Vice-Chair Goetz.

Tab 2 in your Board books is a Final Bond Resolution on behalf of Resurrection University in a not-to-exceed amount of $9,000,000. Because Resurrection is a first time university, I would like to step through a little bit of their background.

Resurrection University was originally founded in 1914 as the West Suburban School for Nurses in Oak Park. The upper division university accredited by the Higher Learning Commission today offers undergraduate, graduate and professional programs in both its college of nursing as well as its college of health sciences, each of which are currently located at Presence Health St. Elizabeth Hospital in the Wicker Park neighborhood of Chicago.

Resurrection is somewhat unique relative to its peers in that it is an upper division university and, therefore, only accepts students who have already completed a minimum of two years college course work. That is to say, students complete their general education requirements elsewhere, often at community colleges aligned for a more cost-effective master's or bachelor's degree.

The University enrolled 792 students in the fall of 2017, 867 students in the fall of 2018 and 860 students in the fall of 2019, a positive trend, demonstrating that the University is meeting both parent and students' expectations.

Of the 860 students enrolled in the fall of 2019, 754 were undergraduate students and 106 were graduate students. Also, the University currently has a network of over 5,600 alumni.

To the transaction before us, the plan of finance contemplates issuance of the IFA Series 2020 Bonds to fund in part construction of proposed leasehold improvements at the University's proposed new 88,000-square foot Oak Brook campus to be located at 2122 York Road.

In addition to proceeds of the IFA Series 2020 Bonds, the landlord will be providing approximately $5 1/2 million to the University through a tenant improvement allowance to complete the overall $15 1/2 million construction project.

Construction and leasehold improvements at the new Oak Brook satellite campus is scheduled to begin this fall, although site work has already been initiated, and will offer immediate additional classroom capacity to students and staff upon its completion next summer.

Once completed, the Oak Brook campus will provide greater access to more parking for the University's increasingly metropolitan wide student body. While the University will maintain programmatic and administrative functions in its existing Chicago location, the Oak Brook campus will provide an additional campus site to accommodate its growing operations.

The IFA Series 2020 Bonds will be purchased in whole by Fifth Third Commercial Funding, Inc. which is an affiliate of the Fifth Third Bank National Association under common ownership. Both entities are wholly-owned subsidiaries of Fifth Third Bank Corp. Fifth Third Commercial Funding will be the Bond Purchaser for an initial term of seven years, and the IFA Series 2020 Bonds will have an anticipated final maturity date of November 1st, 2043. Although the Bond Resolution states a not to exceed parameter of 40 years during an initial 12-month interest only period, the IFA Series 2020 Bonds will bear a variable interest rate for nine months based on LIBOR that the University draws down funds during construction of the proposed leasehold improvements which is expected to create 75 construction jobs. Upon project completion next summer the IFA Series 2020s Bond will convert to a fixed interest rate which is anticipated to be between 3 and 3 1/2 percent at this time.

The principal on the IFA Bond will begin to amortize in November 2021 following a 12-month interest only period extinguishable. Fifth Third

Commercial Funding will be secured by a first mortgage and the security interest in the University's gross revenues.

Turning to Page 6 in the confidential section of the report, because the University is a non-rated institution, we provided both a three-year historical financial summary and a four-year financial forecast. As you can see from the table, the University has derived on average 97 percent of its operating revenues from net tuition resident fees over the last three fiscal years.

As University management has coupled its increasing enrollment with tuition rate increases during the last three years, the University's unrestricted revenues creates for a compound annual growth rate of almost 13 percent over the last three years. As a result, the University's net income in 2019 was over $4,600,000. In fact, the University posted an adjusted EBITDA which is a better metric of profitability of over $5,600,000 in 2019 and has covered all its fixed charges which historically has only included rent expenses, as the University is currently debt free by a multiple of an outstanding 4.49 times or better over the past three years.

Today because of COVID-19 the in-person portions of all classes are currently being delivered virtually during the pandemic. Management has informed the Authority that it continues to assess the situation as it relates to when the University believes it will be appropriate and safe to change that modality. However, students still are anticipating in-person for clinical experience, simulation and lab work.

Moving on from COVID, while University enrollment saw a drop this fall because of COVID-19, management's unaudited financial statements provided to the Authority report that operating revenues for the fiscal year ending June 30th, 2021 will remain flat because the University received over $2,630,000 from the Federal Paycheck Protection Loan Program. Furthermore, the University expects virtually all of those funds to be forgivable given the University's emphasis on retaining employees during the pandemic.

Moreover, the University is receiving over $1,060,000 in U.S. Department of Education funds dedicated to address institutional and student-related costs related to the pandemic. These funds were allocated under the Higher Education Emergency Relief Fund portion of the Federal Cares Act.

Thereafter, in fiscal years '22 and '23, we forecast that the University will be able to cover its new debt service and rent expense at both the Chicago campus and Oak Brook campus by a multiple of 1.62 times or better. Beginning with fiscal year 2022, the University debt service payments will increase by approximately $327,000 as a result of the first principal payments coming due and a full 12 months of interest being recorded for the IFA Series 2020 Bond.

Finally, we further expect that the University will be able to retain a strong liquidity as evidenced by its historical cash and investment balances. Specifically, the University posted combined unrestricted cash and investment balances of $22,160,000 on its balance sheet as of June 30th, 2020 which is good enough for 346 days of operating expenses. For an institution this size, that is somewhat outstanding.

Additionally, Fifth Third Bank National Association will provide a $1,000,000 line of credit facility to further support the University's ongoing expenses as needed. This line of credit facility is expected to close contemporaneously with the issuance of the IFA Series 2020 Bonds.

We recommend approval. I'd be happy to

answer any questions.

I'd also like to point out that we'll have the CFO of Resurrection University available to answer any questions at our 9:30 a.m. Board meeting following the conclusion of this meeting.

Are there any questions?

CHAIR GOETZ: This is Mike Goetz.

Brad, this sounds like a great project. You said this is -- they're first-time clients of ours, Resurrection?

MR. FLETCHER: Yes, so this is the first time that we've worked with them. This is the first time that they've looked to expand their campus. Just previously this year they became independently operated. They were previously affiliated with Presence Health. Now that they are independently operated, they are making the strategic management decision to meet both parent and student expectations, one of which is increasing their capacity in opening this satellite campus in Oak Brook, so we're happy to work with them, and we fully expect that this will not be the last time that we see them either.

CHAIR GOETZ: Looks like a great project.

Any questions for Brad?

(No response.)

If not, Sara, are you on the line? You want to take us through the resolutions?

MS. PERUGINI: I'm here. Good morning, Chair Goetz.

This is Sara Perugini.

CHAIR GOETZ: Good morning.

MS. PERUGINI: Item Number 3 in your Board book which starts on Page 34 of the PDF is a memo and resolution for Illinois Valley Community Hospital who is the Borrower.

The memo details the amendment it would like to make to its Series 2014A, Series 2014B and Series 2014C bonds and accompanying documents. Each series of the Series 2014 Bonds was purchased by one or two different banks pursuant to its own bond issuance and loan agreement. Each Purchaser or Purchasers owns all of its respective series of bonds.

The Borrower and its affiliate corporation, ID Health Corp., Inc., Illinois Valley Community Hospital Foundation and Hygienic Institute for LaSalle, Peru and Ogilvie, collectively the Illinois Valley entities, have engaged in discussions with Sisters of Mary of the Presentation Health System, a North Dakota nonprofit corporation doing business as SMP Health System, and its affiliate, St. Margaret's Hospital, an Illinois non-for-profit corporation doing business as St. Margaret's Health, to explore the possibility of the Illinois Valley entity affiliating with and becoming a part of the SMP Health System. The parties executed a formal affiliation agreement yesterday.

To assist the Borrower and the other Illinois Valley entities in completing the affiliation, each of the Purchasers has agreed to accept a 20 percent discount on the outstanding principal amount of the bonds in connection with the prepayment of the bonds at the time the affiliation is closed.

To document the Purchaser's agreement, the Illinois Valley entities, the Purchasers, and the Master Trustee will enter into a Second Supplemental Master Trust Indenture and Bond Repayment Agreement that will, among other things, amend the terms of each of the loan agreements to provide for the 20 percent discount on the bonds.

The Borrowers and Purchasers have requested that the IFA be a party to the repayment agreement because the terms of each loan agreement require that any amendment be by written instrument, signed by parties to the loan agreement.

The proposed IFA resolution approves the execution of an acknowledgement and acceptance of the repayment agreement upon the execution and delivery of the document by the Purchasers along with authorizing the officers of the IFA to execute any additional documents or certificates necessary in order to implement the repayment agreement, the affiliation of the Illinois Valley entities with SMP Health System and St. Margaret's and prepayment of the bonds. The repayment agreement will result in modifications to the terms of the bond that will cause the bonds to be reissued for tax purposes. Chapman & Cutler, LLP is expected to provide an opinion that such amendments will not adversely affect the tax-exempt status of the bonds.

The IFA's anticipated fee and the Borrower's financials are also included.

IFA staff recommends approval.

Does any member have any questions or comments?

(No response.)

CHAIR GOETZ: Hearing none, Sara, you want to go with Item 4?

MS. PERUGINI: Absolutely.

Item Number 4 in your Board book which starts on Page 46 of the PDF is a memo and resolution for Sarah Bush Lincoln Health Center who you will recall was just before the Board with the financing in July.

The following details amendments it would like to make to its Series 2011 Bonds and accompanying documents. J.P. Morgan Chase Bank purchased the bonds pursuant to a Bond Purchase and Loan Agreement and currently holds all of the outstanding Series 2011 Bonds. The Series 2011 Bonds are subject to mandatory tender on March 18th, 2021, and on such date, the lender will adjust the interest rate borne by the Series 2011 Bonds to an adjusted rate as defined in the loan agreement.

In connection with the rate adjustment, the Borrower has requested that the Authority and the lender amend the loan agreement to change the definition of one-month LIBOR rate to include a floor thereon. The lender has agreed to the proposed amendment.

The proposed Authority resolution approves the execution by the Authority of a supplement to the loan agreement containing the amendment described above. The lender will be a party to the supplement, and Chapman & Cutler is expected to a provide an opinion that such amendment will not adversely affect the tax-exempt status of the Series 2011 Bonds. There's no fee associated with this amendment and the follow-up from the recent financing.

The Sarah Bush Lincoln Health System financials are included.

IFA staff recommends approval.

Does any member have any questions or comments?

(No response.)

CHAIR GOETZ: Hearing none, Sara, you want to do Item 5?

MS. PERUGINI: Sure.

Item Number 5 in your Board book which starts on Page 54 of the PDF is a memo and resolution for Trinity Health Corporation.

The following details amendments it would like to make to its Series 2011A Bonds and accompanying documents. On the closing date, the Series 2011A Bonds were purchased by J.P. Morgan Chase Bank National Association and are now held by one of its affiliates, DNT Asset Trust, and currently bear interest at a bank index rate until the end of the current bank index rate period which is December 1st, 2020.

In order to afford the Borrower the

ability to convert the Series 2011A Bonds to bear interest at a newly established bank term rate, the Borrower has requested that the Authority and the Bond Trustee amend and restate the Bond Indenture in its entirety to add new provisions providing for a Bank Term Rate Mode and to make other modifications consistent with more recent multi-modal indentures.

The Purchaser and an authorized affiliate have agreed to the proposed amendment and have agreed to continue holding the Series 2011A Bonds for approximately four years. The changes would be effective on receipt of consent of the Purchaser or an authorized affiliate as the sole holder of the Series 2011A Bonds.

The proposed Authority resolution approves execution by the Authority of an Amended and Restated Bond Indenture containing the amendments described above and certain other related matters. The amendments to the Amended and Restated Bond Indenture and the bonds will cause the bonds to be reissued for tax purposes. Hawkins, Delafield & Wood, LLP is expected to provide an opinion as to the validity and enforceability of the Amended and Restated Bond Indenture, and such amendments will not adversely affect the tax-exempt status of the bonds.

The IFA'S anticipated fee and the Borrower's financials are also included.

IFA staff recommends approval.

Does any Member have any questions or comments?

CHAIR GOETZ: Any questions for Sara?

(No response.)

If not, Brad, you want to move onto Item 6?

MR. FLETCHER: Yes. Thank you.

This is Brad Fletcher again.

Tab 6 in your Board books is an authorizing resolution on behalf of the Authority's pooled tax-exempt commercial paper program which was first established by the Authority's predecessor agency, the Illinois Educational Facility's Authority, in 1995.

Since its inception, the commercial paper program has required the Authority's renewal every five years. This resolution authorizes the program's continuance for another five years through December 1st, 2025.

For the past 25 years this "financing" program has issued commercial paper revenue notes that have repriced in the short-term market at least once every 7 to 270 days to provide short-term and immediate-term funding for the various Borrowers that have utilized the program throughout its history.

Each Borrower that has issued commercial paper revenue notes through the pool has since paid off its indebtedness over the course of time with the lone exception currently being the University of Chicago Medical Center. As of October 1st, 2020 the program had revenue notes outstanding in the aggregate principal amount of approximately $62,590,000 for UCMC. J.P. Morgan Securities remains engaged by the members of the pool as the Program's broker-dealer, and the Program is currently secured by a letter of credit provided by J.P. Morgan Chase National Association. This letter of credit is not scheduled for renewal until May 31st, 2022.

Once again, this resolution simply authorizes the program's continuance for another five years through December 1st, 2025. The Authority is not charging a fee for this five-year renewal consistent with previous renewals in the past.

We recommend approval.

We'd be happy to take any questions.

CHAIR GOETZ: Any questions?

(No response.)

This is Mike Goetz.

Thank you, Brad.

I would like to request a motion to recommend for approval the following new business items: Items Number 1, 2, 3, 4, 5 and 6.

Is there such a motion?

MR. FLETCHER: Mr. Zeller, would you like --

CHAIR GOETZ: Brad. I think we might have lost Brad.

Would someone else like to make a motion?

MR. FUENTES: This is Jim Fuentes.

So moved.

CHAIR GOETZ: Thanks, Jim.

MS. JURACEK: This is Arlene Juracek.

I'll second.

CHAIR GOETZ: Will the Assistant Secretary please call the roll.

MR. FLETCHER: Certainly.

This is Brad Fletcher.

On the motion by Member Fuentes and seconded by Member Juracek, I'll call the roll.

Mr. Fuentes?

MR. FUENTES: Yes.

MR. FLETCHER: Ms. Juracek?

MS. JURACEK: Yes.
MR. FLETCHER: Mr. Wright?
MR. WRIGHT: Yes.
MR. FLETCHER: Mr. Zeller, are you there?
(No response.)
No response from Mr. Zeller.
And Committee Chair Goetz?
CHAIR GOETZ: Yes.
MR. FLETCHER: Again, this is Brad Fletcher.
With four members voting yes, Committee Chair Goetz, the motion carries.
CHAIR GOETZ: This is Mike Goetz.
Is there any other business to come before the Committee?
(No response.)
Hearing none, is there any public comment before the Committee?
(No response.)
Hearing none, I'd like to request a motion to adjourn.
Additionally, when responding to the roll call for this motion, I would ask each member to confirm that they were able to hear the participants, discussions and testimony of the proceedings.

Is there such a motion?
MR. FUENTES: This is Jim Fuentes.
So moved.
CHAIR GOETZ: Can we have a second?
MS. JURACEK: This is Arlene Juracek.
I'll second.
CHAIR GOETZ: Will the Assistant Secretary please call the roll.
MR. FLETCHER: Certainly.
On the motion by Member Fuentes and second by Ms. Juracek, I'll call the roll.
Mr. Fuentes?
MR. FUENTES: Aye, and I confirm that I could hear all participants, discussion and testimony.
MR. FLETCHER: Mayor Juracek?
MS. JURACEK: Aye, and I confirm that I could hear all participants, testimony and discussion.
MR. FLETCHER: Mr. Jeffrey Wright?
MR. WRIGHT: Aye, and I confirm that I could hear all participants, testimony and discussion.
MR. FLETCHER: Mr. Zeller?
(No response.)
Committee Chair Goetz?
CHAIR GOETZ: Aye, and I confirm that I could

hear all participants, discussion and testimony.

MR. FLETCHER: And Chair Hobert, ex-officio non-voting?

CHAIR HOBERT: I confirm that I could hear all participants, discussion and testimony.

MR. FLETCHER: Again, this is Brad Fletcher.

Committee Chair Goetz, the motion carries.

The time is 9:17 a.m., and with that, this Committee meeting is adjourned.

CHAIR GOETZ: Thank you, everybody.

STATE OF ILLINOIS)
) ss.
COUNTY OF C O O K)

KELLY A. BRICHETTO, being first duly sworn, on oath says that she is a Certified Shorthand Reporter doing business in the City of Chicago, County of Cook and State of Illinois;

That she reported in shorthand the proceedings had at the meeting of the Conduit Financing Committee;

And that the foregoing is a true and correct transcript of her shorthand notes so taken as aforesaid and contains all of the proceedings had at said meeting.

Kelly Brichetto

KELLY A. BRICHETTO, C.S.R.

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