

MINUTES OF THE MAY 2, 2011, MEETING OF THE HEALTHCARE COMMITTEE OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held an Healthcare Committee Teleconference Meeting at 1:30 p.m. on May 2, 2011, at the Chicago Office of the Illinois Finance Authority, 180 North Stetson, Suite 2555, Chicago, IL 60601.

Board Members Participating:

Dr. William J. Barclay, Chairman
Michael W. Goetz
Heather D. Parish

IFA Staff Participants:

Pam A. Lenane, VP Healthcare
Ahad F. Syed, Administrative
Assistant

Others Participating:

Courtney Shea, Senior Vice President, Acacia
Fiona McCarthy, Associate, Acacia

GENERAL BUSINESS

I. Call to Order and Roll Call

Dr. Barclay called the Committee meeting to order at 1:32 p.m. with the above Board Members, IFA staff and other participants present. Dr. Barclay asked Mr. Syed to call the roll. There being three members present, Mr. Syed declared the quorum met.

II. Review and Approval of the April 4, 2011 Minutes

The Minutes from the Healthcare Committee meeting held on April 4, 2011, were reviewed. Mr. Goetz motioned to approve the Minutes and Ms. Parish seconded the motion. The Committee unanimously agreed to approve the Minutes.

III. Project Approvals

Ms. Lenane presented the following projects for approval:

A. Methodist Medical Center of Illinois - \$120,000,000 - Final Bond Resolution

Methodist Medical Center of Illinois ("Methodist") is requesting approval of a Final Bond Resolution in an amount not-to-exceed \$120,000,000. Bond proceeds will be used to (i) current refund Methodist Medical Center of Illinois Series 1998 fixed rate bonds; (ii) refinance a taxable bank line of credit used for hospital renovations at its campus in Peoria; (iii) fund a portion of the swap termination costs associated with an outstanding fixed payor swap with a current notional value of \$150,000,000; and (iv) pay Bond issuance costs.

Dr. Barclay asked for a motion to approve the above project. Mr. Goetz motioned to approve the above project and the motion was seconded by Ms. Parish. The Committee concurred that this project be recommended for Board approval.

B. Swedish Covenant Hospital - \$20,000,000 - Preliminary Bond Resolution

Swedish Covenant Hospital (the "Hospital") is requesting approval of a Preliminary Bond Resolution in an amount not-to-exceed \$20,000,000. Bond proceeds will be used to (i) pay or reimburse the Hospital for the cost of renovation and remodeling of Hospital buildings and the acquisition of medical and information systems equipment; and (ii) to pay Bond issuance costs.

Dr. Barclay asked for a motion to approve the above project. Mr. Goetz motioned to approve the above project subject to certain revisions of the Board Summary and the motion was seconded by Ms. Parish. The Committee concurred that this project be recommended for Board approval.

IV. Other Business

Ms. Lenane stated that there is a potential, in the near future, for increased acquisitions of certain Chicagoland-based hospital systems. Ascension Health System (headquartered in St. Louis) is having discussions with Alexian Brothers Health System regarding acquisition. Ms. Lenane stated that if acquired the Authority would like to see Ascension Health System as a borrower. Advocate Medical System is also having discussions regarding acquisition with Sherman Hospital.

Ms. Lenane explained that she has attended meetings with Illinois Department of Healthcare and Family Services Director Julie Hamos. Director Hamos has recently been speaking about Medicaid rate reform in Illinois and supports a rate reform plan. According to Ms. Lenane the plan is based on a best practices approach adopted by the State of New York. The details and logistics of how the plan would be implemented have not been completely drawn up at this time but it appears that Director Hamos has the backing of Illinois Governor Pat Quinn. Director Hamos has expressed her opposition to extending the HAPP program to 2016 due to her belief that it creates a short-term deficit because dollars temporarily leave the State. Director Hamos hopes to have this plan functional by the end of summer 2012.

Dr. Barclay and Mr. Goetz asked Ms. Lenane questions relating to the nature of inner-city safety net hospitals and the effect this program would have on their finances—particularly since many of these hospitals issued bonds through the Authority around the current Medicaid reimbursement rates. Ms. Lenane stated that it seems that this program may create additional burdens for some safety net hospitals but added that the details of the plan have not yet reached the preliminary stage.

IV. Adjournment

Dr. Barclay asked if any other business was to come before the Committee. Hearing none he asked for a motion to adjourn. Mr. Goetz moved to adjourn and Ms. Parish seconded the motion.

The meeting adjourned at 1:57 p.m.

Minutes submitted by:
Ahad Syed
Administrative Assistant
Assistant Board Secretary