

1 ILLINOIS FINANCE AUTHORITY BOARD
2 BOARD OF DIRECTORS REGULAR MEETING
3 May 12th, 2016 at 9:30 a.m.
4
5
6

7 Report of Proceedings had at the Meeting of the
8 Illinois Finance Authority Board of Directors Regular
9 Meeting on May 12th, 2016, at the hour of 9:30, a.m.,
10 pursuant to notice, at 160 North LaSalle Street, Suite
11 S1000, Chicago, Illinois.
12
13
14
15
16
17
18
19
20
21
22
23
24

MARZULLO REPORTING AGENCY (312) 321-9365

1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS
Page 1

MINUTES B 5-12-16finance Final.txt

3 MR. R. ROBERT FUNDERBURG, Chairman
MR. ROBERT HORNE
4 MS. ARLENE JURACEK
MR. LERRY KNOX
5 MS. GILA J. BRONNER
MR. MICHAEL W. GOETZ
6 MR. ROGER POOLE
MR. BRADLEY A ZELLER
7 MR. LYLE McCOY
MR. JOHN YONOVER
8
9
10 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
MR. BRAD FLETCHER, Assistant Vice-President
11 MR. RICH FRAMPTON, Vice-President
MS. MELINDA GILDART, CFO
12 MS. PAMELA LENANE, Vice-President
MS. ELIZABETH WEBER, General Counsel
13 MR. CHRISTOPHER B. MEISTER, Executive Director
MR. PATRICK EVANS, Agricultural Banker
14 MR. MASANARI KATSUMI, Legal extern

15
16
17
18
19
20
21
22
23
24

MARZULLO REPORTING AGENCY (312) 321-9365

3

1 CHAIRMAN FUNDERBURG: Good morning, everyone.
2 It looks like everyone is here.
3 I would like to go ahead and call to order
4 the Board Meeting of the Illinois Finance Authority.
5 Mr. Fletcher, would you please take roll?
6 FLETCHER: Certainly. The time is 9:30 a.m. I

MINUTES B 5-12-16finance Final.txt

7 will take the roll of Members currently present in
8 the room. Ms. Bronner?
9 BRONNER: Here.
10 FLETCHER: Mr. Goetz?
11 GOETZ: Here.
12 FLETCHER: Mr. Horne?
13 HORNE: Here.
14 FLETCHER: Ms. Juracek?
15 JURACEK: Here.
16 FLETCHER: Mr. Knox?
17 KNOX: Here.
18 FLETCHER: Mr. McCoy?
19 McCOY: Here.
20 FLETCHER: Mr. Pool e?
21 POOLE: Here.
22 FLETCHER: Mr. Yonover?
23 YONOVER: Here.
24 FLETCHER: Mr. Zeller?

MARZULLO REPORTING AGENCY (312) 321-9365

4

1 ZELLER: Here.
2 FLETCHER: Mr. Chairman?
3 CHAIRMAN FUNDERBURG: Here.
4 FLETCHER: Mr. Chairman, at this time we have a
5 quorum of the Members presently physically in the
6 room.
7 I would like to ask if there are any
8 Members participating by audio conference at this
9 time? Hearing none, we may continue.
10 CHAIRMAN FUNDERBURG: Okay. Thank you. We

MINUTES B 5-12-16finance Final.txt

11 won't need to approve that. So we'll move on.

12 Next I would like to ask if there is
13 anyone who would like to correct any errors or make
14 any changes to today's agenda of the regular meeting
15 of the Board?

16 Okay, I hear none. So I would like to
17 request if there's a motion to amend the agenda to
18 reflect that Ness Healthcare NFP, Item No. 5 on the
19 Project Reports and Resolutions will be considered
20 as a Preliminary Bond Resolution.

21 Is there such a motion?

22 HORNE: So moved.

23 KNOX: Second.

24 CHAIRMAN FUNDERBURG: Second by Mr. Knox. All
MARZULLO REPORTING AGENCY (312) 321-9365

5

1 in favor, say aye.

2 (A chorus of ayes.)

3 CHAIRMAN FUNDERBURG: Any opposed?

4 (No response.)

5 CHAIRMAN FUNDERBURG: And then we will take the
6 roll.

7 FLETCHER: General counsel Weber, her
8 suggestion is we take a roll call vote on the
9 amended agenda.

10 CHAIRMAN FUNDERBURG: Yes, please.

11 FLETCHER: On the motion by Mr. Horne, and
12 seconded by Mr. Knox, I will call the roll for the
13 amended agenda.

14 Ms. Bronner?

MINUTES B 5-12-16finance Final .txt

15 BRONNER: Yes.

16 FLETCHER: Mr. Goetz?

17 GOETZ: Yes.

18 FLETCHER: Mr. Horne?

19 HORNE: Yes.

20 FLETCHER: Ms. Juracek?

21 JURACEK: Yes.

22 FLETCHER: Mr. Knox?

23 KNOX: Yes.

24 FLETCHER: Mr. McCoy?

MARZULLO REPORTING AGENCY (312) 321-9365

6

1 McCOY: Yes.

2 FLETCHER: Mr. Pool e?

3 POOLE: Yes.

4 FLETCHER: Mr. Yonover?

5 YONOVER: Yes.

6 FLETCHER: Mr. Zeller?

7 ZELLER: Yes.

8 FLETCHER: And Mr. Chair man?

9 CHAIRMAN FUNDERBURG: Yes.

10 FLETCHER: Mr. Chair man, the moti on carries.

11 CHAIRMAN FUNDERBURG: Thank you. I have no
12 remarks, I would like to turn it over to Executive
13 Director Meister.

14 MEISTER: Thank you, Mr. Chair man. I
15 emphasized in my written message from the Executive
16 Director in the online Board book and printed Board
17 book, the importance of healthcare both to the
18 Authority and to the State, and I went over in some

19 detail the geographic particulars of our healthcare
20 and hospital systems, along with senior living.

21 I do want to highlight we have one
22 particular project that is an educational project
23 related to healthcare, the American Academy of
24 Pediatrics.

MARZULLO REPORTING AGENCY (312) 321-9365

7

1 They are expanding their facility in
2 proximity to O'Hare Airport and the Tollway's work
3 on the Elgin O'Hare. Rich Frampton has a very
4 compelling story and some facts that he highlighted
5 this morning at the Conduit Committee, and I hope he
6 will do again.

7 I also want to congratulate Mayor Juracek
8 on a recent accomplishment. We're fortunate Mayor
9 Juracek wears three public service hats, Mayor of
10 Mount Prospect, Illinois Finance Authority, and
11 Chair of the O'Hare Noise Commission, and she had a
12 significant victory of building regional consensus
13 around a long-time --

14 FLETCHER: Issue.

15 MEISTER: Let's see, an issue that I'm trying
16 to pick the right word. Sometimes contentious
17 issue.

18 JURACEK: Yes.

19 GOETZ: That is what I was going to use.

20 MEISTER: Yes, sometimes. But thank you. As a
21 resident of Illinois, with an interest in economic
22 development, we are deeply appreciative.

23 JURACEK: We hope we conduct it well.

24 MEISTER: Thank you, Mr. Chairman.

MARZULLO REPORTING AGENCY (312) 321-9365

8

1 CHAIRMAN FUNDERBURG: Thank you. Next is
2 consideration of the minutes. Does anybody have any
3 additions, corrections, edits to the minutes of last
4 month's meeting? If not, then I would like to ask
5 for a motion to approve those minutes.

6 BRONNER: So moved.

7 GOETZ: Second.

8 CHAIRMAN FUNDERBURG: Okay. All in favor,
9 please say aye.

10 (A chorus of ayes.)

11 CHAIRMAN FUNDERBURG: Any opposed?

12 (No response.)

13 CHAIRMAN FUNDERBURG: Okay, it passes.

14 Ms. Gildart.

15 GILDART: Good morning. I'm Melinda Gildart,
16 Chief Financial Officer of the Authority, and this
17 month's financial presentation is as follows: For
18 our fiscal year 2016, unaudited results, the
19 Authority has earned \$4.3 million in revenue, and
20 that's 4 percent higher than budget.

21 In April, we generated \$449,000 in closing
22 fees. That's the second highest monthly total in
23 fiscal year FY16. It's also much higher than the
24 budgeted amount of \$279,000.

MARZULLO REPORTING AGENCY (312) 321-9365

1 Closing fees are received from
2 Presbyterian Homes for \$138,000, Park Place for
3 \$138,000, DePaul University for \$124,000, Harrisburg
4 Community School for \$22,000, Association House for
5 \$20,000, and various ag-related closings for about
6 \$7,000.

7 In march, we recorded a net investment
8 gain of \$32,000, and that's our third highest total
9 in FY16. Total for the year closing fees are \$2.9
10 million. Our total annual expenses are
11 \$3.5 million, and that's just under \$700,000 below
12 budget or 16 percent below budget.

13 In April, we recorded operating expense of
14 \$305,000, and that's below the monthly budgeted
15 total of \$419,000. Total monthly net income is just
16 under \$300,000 for April. That's driven by lower
17 closing fees and lower professional services cost.

18 Total annual net income is just over
19 \$800,000. The major driver being, again, 16 percent
20 below budget in spending, and also higher
21 administrator and annual service fees.

22 The Authority's balance sheet represents a
23 total of \$120,000,000 net position, which also
24 accounts for \$266,000,000 in total debt, including

MARZULLO REPORTING AGENCY (312) 321-9365

1 the other State of Illinois agencies.

2 Just in the general funds, we have a net

MINUTES B 5-12-16finance Final.txt
3 position of \$53,000,000, most of which is assets.
4 We issued 28 new fire trucks revolving loans this
5 year in FY16, and we're looking to issue 13 new
6 ambulance loans before the end of the fiscal year.
7 And the Auditor's -- Office of the Auditor
8 General, are fees are now closed. The Authority
9 will have new auditors beginning with the FY16
10 financial audit, which will also kick off later this
11 month.

12 In addition, we have the schedule of debt,
13 and the State of Illinois receivable summary and
14 other documents included as supplementary financial
15 information in the new Board package.

16 Are there any questions?

17 CHAIRMAN FUNDERBURG: Okay. If there are no
18 questions, then, is there a motion to accept the
19 financial report?

20 JURACEK: So moved.

21 POOLE: Second.

22 CHAIRMAN FUNDERBURG: All in favor, please say
23 aye.

24 (A chorus of ayes.)

MARZULLO REPORTING AGENCY (312) 321-9365

11

1 CHAIRMAN FUNDERBURG: Any opposed?

2 (No response.)

3 CHAIRMAN FUNDERBURG: Okay. Next is the
4 Procurement Report.

5 GILDART: The Authority is currently seeking
6 approval from the Chief Procurement Officer to

7 extend its current emergency contract with ADP Total
8 Source for employees benefits and payroll services.
9 A public hearing on the matter is scheduled for
10 May 26th.

11 We're also seeking to execute an emergency
12 contract for temporary staffing services and execute
13 a contract for the debt management software. We
14 have upcoming contract renewals this year for
15 financial advisory services, investment management
16 services, and state revolving fund trustee services.

17 The Authority is also evaluating the
18 resources necessary to move forward on projects on
19 behalf of the Illinois Environmental Protection
20 Agency, in addition to other procurements necessary
21 for the Authority to move forward in the next 90
22 days to five months.

23 CHAIRMAN FUNDERBURG: Okay. Yes?

24 JURACEK: I have a question. I attended a
MARZULLO REPORTING AGENCY (312) 321-9365

12

1 symposium a couple weeks ago: Smarter Illinois, and
2 the new chief technology and innovation officer for
3 the State is looking in putting in a home ERP system
4 for the State of Illinois, and long needed in many,
5 many agencies.

6 BRONNER: Yes.

7 JURACEK: And recognizing the somewhat
8 independent nature of this Authority here, I'm just
9 wondering if we're part of that effort. Will our
10 systems be able to be meshed with theirs, or do they

11 need to be --

12 GILDART: We have had conversations with
13 Hardik, who is the State CIO. At the time we are
14 not included in the ERP program, but our major State
15 of Illinois unit that we account for, the Illinois
16 Environmental Protection Agency, is one of the pilot
17 agencies.

18 So they are participating in which we
19 carry their debt on our books. So, in essence, we
20 are involved.

21 JURACEK: Okay, thank you.

22 CHAIRMAN FUNDERBURG: Okay, thank you. Next on
23 the agenda are committee reports. I would like to
24 report that yesterday afternoon, the Executive

MARZULLO REPORTING AGENCY (312) 321-9365

13

1 Committee of the Illinois Finance Authority met.

2 The purpose of the meeting was to discuss
3 potential growth, possible new business lines, and
4 some other matters. Also, this morning, the Conduit
5 Committee met. Mr. Horne?

6 HORNE: Yes, the Tax-Exempt Conduit Committee
7 met this morning and unanimously is recommending for
8 approval each of the tax-exempt conduit transactions
9 on the amended agenda for today, with the exception
10 of the Northwest Community Hospital proposal, and
11 that was only because one of our Members had to
12 recuse himself from the vote, but the Committee was
13 fully satisfied with all their questions on that
14 proposal.

MINUTES B 5-12-16finance Final.txt
And I just would also -- there's a

15
16 proposal from Ness Healthcare, which is preliminary,
17 and we unanimously approved their preliminary app
18 proposal.

19 CHAIRMAN FUNDERBURG: Great. Thank you. At
20 this point, I would like to ask the Members of the
21 Board if there's general consent to consider the
22 Project Reports and Resolutions collectively, and
23 then voted on collectively, unless there is
24 something someone would like to pull from that.

MARZULLO REPORTING AGENCY (312) 321-9365

14

1 GOETZ: Just the northwest one.

2 CHAIRMAN FUNDERBURG: So we're going to pull
3 Agenda Item No. 4, Northwest Community Hospital from
4 consideration in the aggregate.

5 So if there are no objections to that, I
6 would like to ask the staff now to present Items
7 No. 1A, B, 2, 3, 5 and 6 of the Project Reports and
8 Resolutions.

9 EVANS: Good morning. I'm Patrick Evans.
10 Today we had two beginning farmer bonds. The first
11 one is Keith and Kimberly Kocher. People's State
12 Bank of Newton will be financing \$153,000 of a
13 \$306,000 purchase relating to 60 acres of farmland
14 valued at \$5100.

15 This is a 50/50 FSA guarantee, meaning
16 that FSA has a lien on the property that
17 subordinates the first position to IFA; hence, the
18 bank -- to the bank. Hence, the IFA risk is very

19 limited in this. It's a conduit, and it's very
20 limited. It lowers the rate to the bank so the bank
21 can pass it on to the customer.

22 The rate on this loan will be 3.25. It
23 adjusts every 10 years at a rate of 2 percent below
24 Wall Street prime. It would be a 30-year am, with a

MARZULLO REPORTING AGENCY (312) 321-9365

15

1 floor of 3.25 and a ceiling of 12.99.

2 The second loan is also with People's
3 State Bank is Graham and Janet Wagner. People's
4 State Bank is financing \$300,000 of a \$600,000
5 purchase on 80 acres valued the \$7500 an acre.

6 This is also FSA, but it's a 5/45/50 FSA
7 guarantee where the individual puts in 5 percent,
8 FSA guarantees 50 percent, and subordinates the
9 remaining 50 -- 45 percent, subordinating the
10 remaining 50 percent to the bank, having the first
11 position on the property.

12 Again, this is a 3.25 adjustable 10-year
13 adjustable rate with a ceiling of \$12.9 million with
14 a floor of 3.25.

15 The second project that I have is No. 2,
16 Item 2, is regarding King's project, which we
17 approved back in December 2015. Resource Bank is
18 requesting a change in payment from monthly to
19 annually.

20 Originally, Resource Bank requested
21 financing of the specialized assets, a feed lot, out
22 buildings, and a house that contained 80 acres.

23 From the recommendation of us, we asked the bank to
24 consider in its collateral specialized 129.54 acres
MARZULLO REPORTING AGENCY (312) 321-9365

16

1 of bare land in specialized collateral.

2 The bank cooperated with the original
3 thought that specialized assets to deter risk. A
4 lot of times those are monthly payments. With real
5 estate, competitive banks usually do annual payments
6 on real estate lending and usually set them up in
7 the spring so after the commodity is taken out, they
8 can sell the commodity and make their spring
9 payment, annual payment.

10 That is what this request is. The
11 collateral will be \$129,000 -- I mean, 129 acres
12 valued at -- in December, valued at \$1.495 million.
13 The exposure to IFA is \$150,000, and that indicates
14 to about 65.60 percent acre.

15 We'll have a first mortgage subordinated
16 any prior mortgages to us. The officer did indicate
17 that he just received the title. I received it.
18 I'll go ahead and look at it, just to make sure
19 there is no exceptions or anything. Is there any
20 questions?

21 CHAIRMAN FUNDERBURG: Okay, thank you.

22 FRAMPTON: Good morning, everyone. I'm Rich
23 Frampton. I'll be presenting Item 3 or Tab 3 in
24 your Board book. It's a one-time Final Bond

MARZULLO REPORTING AGENCY (312) 321-9365

1 Resolution being considered and requested by the
2 American Academy of Pediatrics.

3 Again, the Academy is requesting approval
4 of a one-time final bond resolution. The amount is
5 not to exceed \$50,000,000, and the underlying
6 project is considered an educational facility for
7 purposes of IFA statute.

8 Bond proceeds will be used to finance the
9 acquisition of land, the construction and equipping
10 of a new 183,000 square-foot office building, with
11 an approximately 40,000 square-foot conference
12 center located at 345 Park Boulevard in Itasca.

13 If you flip to page 6 of the report, there
14 is a map of the project site. This project will be
15 located directly across the street from the Westin
16 Chicago Northwest Hotel, which is at the interchange
17 of I290 and Thorndale Avenue, which will soon become
18 the Elgin O'Hare Expressway or Tollway, and Illinois
19 Route 390.

20 The Academy has been located in Elk Grove
21 Village for the past 30 years. During this time,
22 the membership of the Academy, which board certifies
23 pediatricians, both in the United States.

24 They also provide professional training to

MARZULLO REPORTING AGENCY (312) 321-9365

18

1 physicians -- pediatric physicians internationally.
2 Their membership has grown from 26,000 to 64,000,
3 while their employment in Elk Grove has increased

4 from 124 to 460.

5 So since they've been in Elk Grove
6 Village, their employment has nearly tripled or
7 quadrupled, rather, and they've been averaging three
8 percent annual employment growth in Elk Grove.

9 So they're undertaking this project for
10 two principal reasons: One, to provide room for
11 future growth. Additionally, what they are looking
12 to do is, you know, is have a facility where they
13 can host conferences on site.

14 And one of the things that the 40,000
15 square-foot conference center will enable them to do
16 is to bring several conferences that are hosted out
17 of state to Illinois. During the first two years,
18 they are expecting that ten large meetings with at
19 least 100 attendees, each will be relocated to
20 Itasca.

21 Additionally, or as a result, they expect
22 at least 2,000 additional room nights to be booked
23 in Illinois during the first two years that the
24 project is open.

MARZULLO REPORTING AGENCY (312) 321-9365

19

1 Obviously, too, in addition to this, there
2 will be an additional travel and entertainment
3 expenses by those traveling to the meetings. The
4 conference facility will actually be able to
5 accommodate up to 450 people at a time.

6 In terms of the financing structure, this
7 will be a bank purchase transaction. First Merit

8 Bank will be the bond purchaser. The bonds will be
9 priced at a variable rate and synthetically fixed,
10 in all likelihood, although the -- with an initial
11 maturity of 15 years.

12 The bonds will have a maximum maturity of
13 30 years. The documents currently provide for a
14 maturity of 25 years. Given the bank direct
15 purchase structure, clearly the Authority has no
16 risk on this, and neither the staff Credit
17 Committee, the staff Credit Review Committee, has no
18 significant concerns.

19 Finally, just for some additional context,
20 we have been working on this project for the last 18
21 to 20 months. An initial call on this came in from
22 DCEO to Brad Fletcher. So Bard initiated some of
23 the work on this.

24 But in the past, this segment for medical
MARZULLO REPORTING AGENCY (312) 321-9365

20

1 and professional education facilities has been a
2 very important and significant element of what both
3 IFA have done -- has done, as well as its
4 predecessors.

5 Some of the projects we've worked on, both
6 at IFA and the Development Finance Authority, have
7 included the American Academy of Dermatology in
8 Schaumburg, the American College of Surgeons in
9 Streeterville, the Radiologic Society of North
10 American Oak Brook, the North American Spine Society
11 in Burr Ridge, the Gift of Hope Organ and Tissue

12 Donor Network in Itasca, and most recently the
13 American College of Chest Physicians in Glenview,
14 and the Joint Commission on Accreditation of
15 Healthcare Facilities.

16 All these associations provide
17 professional employment opportunities and result in
18 hotel stays and other benefits to the Chicago
19 metropolitan area.

20 And with that, I'll conclude my remarks.
21 Are there any questions? Okay, great. Thank you.

22 CHAIRMAN FUNDERBURG: Thank you.

23 LENANE: Good morning, Mr. Chairman, Board
24 Members.

MARZULLO REPORTING AGENCY (312) 321-9365

21

1 CHAIRMAN FUNDERBURG: Good morning.

2 LENANE: I have just a little bit of voice left
3 here. We're going to consider first Tab 5, Ness
4 Healthcare. Ness Healthcare is coming for a
5 Preliminary Bond Resolution, not a Final Bond
6 Resolution, in the amount of \$45,000,000.

7 Ness Healthcare is a corporation, Illinois
8 not-for-profit corporation, organized by HAHN
9 Capital, which is an Illinois equity -- private
10 equity firm to provide residential care facilities
11 for the elderly, and to -- and also psychiatric and
12 behavioral healthcare services for youth.

13 The headquarters of Ness Healthcare is
14 located at 7300 North Cicero Avenue in Illinois.
15 The facilities they are acquiring are in Alabama,

16 Louisiana, and Minnesota.

17 Hence, we have a multi-state transaction,
18 which we are allowed to do under our statute,
19 provided there's a situs to Illinois, and we have
20 that with the corporate headquarters being in
21 Lincolnwood, and they'll have six jobs there and ten
22 new jobs projected.

23 This qualifies as multi-state because the
24 headquarters is Illinois, and also the purpose of

MARZULLO REPORTING AGENCY (312) 321-9365

22

1 the multi-state is to bring business to Illinois,
2 support business. Bring business to Illinois, and
3 to create jobs. So this provides both.

4 The three facilities that they are
5 acquiring are the Beacon Children's Hospital in
6 Luverne, Alabama, which is a 28-bed acute
7 psychiatric hospital for children and adolescents.

8 The acquisition cost is approximately
9 \$6,600,000. They are also acquiring North Lake
10 Behavioral Health System, located in Mandeville,
11 Louisiana, which is a psychiatric hospital with 205
12 licensed beds.

13 It was the former county hospital, and it
14 is now for indigent and receives its funding from --
15 it has a state contract, and it receives its funding
16 from Medicare and Medicaid.

17 That acquisition cost is approximately
18 \$25,000,000. They are also going to acquire Valley
19 View of Otonowwa, Minnesota. It is a senior living

20 campus that was renovated in 2004. They have 90
21 assisted living units. It's located 60 minutes from
22 downtown Minneapolis and 40 miles from the Mayo
23 Clinic.

24 The acquisition cost is to be
MARZULLO REPORTING AGENCY (312) 321-9365

23

1 approximately \$4,500,000. Currently it is
2 100 percent occupied. As you'll note, approximately
3 \$5,000,000 of the \$45,000,000 being issued will be
4 for taxable purposes.

5 This is to cover some capital expenditures
6 at the facilities and also cost of issuance in
7 excess of 2 percent of the purchase price. As I
8 indicated in the preliminary resolution, it will be
9 back next month in June.

10 The bonds are expected to be fixed-rate
11 bonds that will be sold in a private placement with
12 Loop Capital Markets, who have been engaged as
13 placement agent, and they will -- the bonds will be
14 non-rated and sold in denominations of \$100,000.

15 They expect fixed rates in the 4- to
16 6-percent range. I think just to mention, Ness
17 Healthcare has a very substantial board. They are
18 described in the Board Summary Report.

19 Scott Kellman, who is Chairman and Chief
20 Executive Officer of American Eagle Life Care
21 Corporation, a private -- a provider of
22 senior-living services to the elderly, Michael
23 Tarnoff, who is the CFO of the Jewish Federation,

24 and also Michael Messing, who is a diagnostic

MARZULLO REPORTING AGENCY (312) 321-9365

24

1 radiologist at the Hala Comprehensive Breast Center
2 in Jerusalem, Israel. So we have multi-state and
3 multi-national.

4 Anyway, we have pro forma financials in
5 the report, and we still need to combine -- we're
6 working on combining, which we'll have for the
7 final, the historical financials, of all three
8 facilities combined, which will be very helpful.

9 Are there any questions?

10 YONOVER: So when you say "financials," all I
11 see is the balance sheet. I don't see --

12 LENANE: We will have that for the final.

13 YONOVER: And just to clarify, none of the
14 acquisitions are in the State of Illinois?

15 LENANE: No. Just to clarify, they don't have
16 to be under our-multi state.

17 YONOVER: Thank you.

18 LENANE: Oh, yes, and I would like to introduce
19 the president of Ness Healthcare, Mr. Tony Shir, who
20 attended the Board Committee Meeting this morning.
21 If you want to say a few words, please.

22 SHIR: Sure. Mr. Chairman, Committee Members.
23 Thank you very much for your time. Ness Healthcare
24 is a not-for-profit focused on providing care to the

MARZULLO REPORTING AGENCY (312) 321-9365

25

1 elderly and to the mentally disabled, and we've been
2 fortunate enough to have been working on this
3 transaction for over a year.

4 I think, hopefully, we will look for
5 around mid July close, and each of the facilities --
6 as previously mentioned, each of the facilities does
7 provide most of the care to the Medicaid population.
8 Medicaid or indigent people have no insurance.
9 Thank you very much again.

10 GOETZ: I know you have said this to the
11 committee, but how much of the bond proceeds will be
12 used for capital improvements?

13 SHIR: About three to three-and-a-half will be
14 used for capital improvements.

15 CHAIRMAN FUNDERBURG: Other questions?

16 JURACEK: Just a quick one. Do you currently
17 operate any healthcare facilities in Illinois or
18 just your corporate headquarters?

19 SHIR: Ness Healthcare is a newly-formed entity
20 as a not-for-profit.

21 JURACEK: Okay.

22 GOETZ: Do you have any plans to acquire any
23 Illinois facilities?

24 SHIR: Certainly, if the opportunity comes up.

MARZULLO REPORTING AGENCY (312) 321-9365

26

1 The idea is to grow the management company.

2 GOETZ: Yes, sir.

3 SHIR: And to be able to have regionals and

4 have a CFO, bookkeeper, CEO, and to grow -- to
5 expand the management company here bringing jobs to
6 Illinois.

7 This is where I live. This is where my
8 family is. I don't intend to move out.

9 GOETZ: Thank you.

10 LENANE: Okay. Next we have Rush, which is
11 Rush University Medical Center, which is Tab 6.

12 Rush University Medical Center is seeking
13 a one-time Final Bond Resolution. The proceeds for
14 \$50,000,000, the proceeds of which will be used by
15 Rush University Medical Center to refund their
16 Series 2008 A bonds, which were used to finance a
17 portion of the project funds in the Chicago campus,
18 including the east patient tower central plant,
19 loading docks and the parking lot.

20 Rush currently has 10,878 jobs located in
21 the Chicago and area. These bonds will be a bank
22 direct placement with the Northern Trust Company.
23 The rates will be variable, 67 percent, 30-day
24 LIBOR, plus 80 basis points.

MARZULLO REPORTING AGENCY (312) 321-9365

27

1 Rush's current underlying ratings are A1,
2 A plus, and A plus by Moody's, S&P and Fitch. The
3 -- I think we all know Rush Hospital. I don't have
4 to make an explanation of Rush.

5 The audited financials you'll find in the
6 confidential section. Their audited financials for
7 2015 shows strong performance, 5.0 debt service

MINUTES B 5-12-16finance Final.txt
8 ratio coverage, and their unaudited for the six
9 months ending 12-31-2015 showed debt service
10 coverage of 6.2 percent.

11 Any questions?

12 CHAIRMAN FUNDERBURG: No questions. Thank you.

13 LENANE: Thank you. And then, Mr. Chairman, I
14 think we're going to go back -- not yet.

15 CHAIRMAN FUNDERBURG: We'll get to that in a
16 minute.

17 LENANE: Sorry.

18 CHAIRMAN FUNDERBURG: All right. So at this
19 point, I would like to ask if there is a motion to
20 pass and adopt the following Project, reports and
21 and Resolutions Items 1A, 1B, 2, 3, 5 and 6?

22 GOETZ: So moved.

23 CHAIRMAN FUNDERBURG: Is there a second?

24 KNOX: Second.

MARZULLO REPORTING AGENCY (312) 321-9365

28

1 CHAIRMAN FUNDERBURG: All in favor, please say
2 aye.

3 (A chorus of ayes.)

4 CHAIRMAN FUNDERBURG: Excuse me, we are going
5 to do a roll call.

6 FLETCHER: There's a motion and second. I'll
7 call the roll. Mr. Bronner?

8 BRONNER: Yes.

9 FLETCHER: Mr. Goetz?

10 GOETZ: Yes.

11 FLETCHER: Mr. Horne?

12 HORNE: Yes.
13 FLETCHER: Ms. Juracek?
14 JURACEK: Yes.
15 FLETCHER: Mr. Knox?
16 KNOX: Yes.
17 FLETCHER: Mr. McCoy?
18 MCCOY: Yes.
19 FLETCHER: Mr. Pool e?
20 POOLE: Yes.
21 FLETCHER: Mr. Yonover?
22 YONOVER: Yes.
23 FLETCHER: Mr. Zeller?
24 ZELLER: Yes.

MARZULLO REPORTING AGENCY (312) 321-9365

29

1 FLETCHER: Mr. Chair man?
2 CHAIRMAN FUNDERBURG: Yes.
3 FLETCHER: Mr. Chair man, the motion carries.
4 CHAIRMAN FUNDERBURG: Okay, thank you. At this
5 point, Mr. Goetz --
6 GOETZ: Yes, I have to abstain on the Northwest
7 Community Hospital because my son works for the
8 financial advisor. With that, I'll step out.
9 CHAIRMAN FUNDERBURG: Okay, thank you.
10 LENANE: Thank you. Northwest Community
11 Hospital is located in Arlington Heights, Illinois,
12 is seeking a one-time Final Bond Resolution for not
13 to exceed \$160,000,000.
14 They are advance refunding their series
15 2008 A bonds. They have currently 2,602 jobs in the

MINUTES B 5-12-16finance Final.txt
16 hospital system. They are currently rated A2, A
17 plus by Moody's and S&P, and they are waiting --
18 they've already met with the rating agencies, and
19 they are waiting for hopefully a confirmation of
20 those ratings soon.

21 The bonds will be issued in a public
22 offering fixed rate bonds. The underwriter is
23 Goldman Sachs. The pricing will be -- the interest
24 rate will be determined on the day of pricing.

MARZULLO REPORTING AGENCY (312) 321-9365

30

1 If we go to the financial section,
2 Northwest Community Hospital has strong financials.
3 Their audited for 2015 was 2.64 debt service
4 coverage at 311 days cash on hand.

5 Their unaudited three month for 12-31-2015
6 is 4.32 with 271 days on cash. Are there any
7 questions? We have with us here today Mr. John
8 Skeans, who is the executive vice-president and CFO
9 of Northwest Community Hospital.

10 Would you like to stand up and say hello?

11 MR. SKEANS: Thank you. No comments, but we'll
12 take questions.

13 LENANE: Okay, thank you.

14 CHAIRMAN FUNDERBURG: Any questions? Okay, if
15 not, then I would like to ask for a motion to adopt
16 the Resolution Item No. 4. Is there such a motion?

17 POOLE: So moved.

18 JURACEK: Second.

19 CHAIRMAN FUNDERBURG: We'll take a roll call

20 vote.

21 FLETCHER: On the motion and second, I will
22 call the roll. Ms. Bronner?

23 BRONNER: Yes.

24 FLETCHER: Mr. Horne?

MARZULLO REPORTING AGENCY (312) 321-9365

31

1 HORNE: Yes.

2 FLETCHER: Ms. Juracek?

3 JURACEK: Yes.

4 FLETCHER: Mr. Knox?

5 KNOX: Yes.

6 FLETCHER: Mr. McCoy?

7 McCOY: Yes.

8 FLETCHER: Mr. Poole?

9 POOLE: Yes.

10 FLETCHER: Mr. Yonover?

11 YONOVER: Yes.

12 FLETCHER: Mr. Zeller?

13 ZELLER: Yes.

14 FLETCHER: Mr. Chairman?

15 CHAIRMAN FUNDERBURG: Yes.

16 FLETCHER: Mr. Chairman, the motion carries.

17 CHAIRMAN FUNDERBURG: Thank you. Okay, at this
18 point, I would like to ask if there is any other
19 business to come before the Board?

20 Okay. If not, then I would like to
21 request a motion to excuse the absences of Members
22 unable to participate today. Is there such a
23 motion?

24

KNOX: So moved.

MARZULLO REPORTING AGENCY (312) 321-9365

32

1 ZELLER: Second.

2 CHAIRMAN FUNDERBURG: Mr. Zeller seconded. All
3 in favor, please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN FUNDERBURG: Any opposed?

6 (No response.)

7 CHAIRMAN FUNDERBURG: Okay. Any public
8 comment? No public comment? Okay. If there's
9 none, then I would like to go ahead and just
10 announce the next Board Meeting is on June 9th,
11 2016, here at 9:30, and I would like to ask for a
12 motion to adjourn. Is there such a motion?

13 BRONNER: So moved.

14 ZELLER: Second.

15 CHAIRMAN FUNDERBURG: Seconded by Mr. Zeller.
16 All in favor, please say aye.

17 (A chorus of ayes.)

18 CHAIRMAN FUNDERBURG: Any opposed?

19 (No response.)

20 CHAIRMAN FUNDERBURG: Okay, the meeting is
21 adjourned.

22 FLETCHER: The time is 10:04 a.m.

23 (WHICH WERE ALL THE PROCEEDINGS HAD at 10:04 a.m.)

24

MARZULLO REPORTING AGENCY (312) 321-9365

33

1 STATE OF ILLINOIS)
2 COUNTY OF COOK) SS:

3

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

11

PAMELA A. MARZULLO
License No. 084-001624

12

13

14

15

16

17

18

19

20

21

22

23

24

MARZULLO REPORTING AGENCY (312) 321-9365