

1 ILLINOIS FINANCE AUTHORITY

2 CONDUIT FINANCING COMMITTEE MEETING

3 August 13, 2019, at 9:00 a.m.

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6 REPORT OF PROCEEDINGS had at the Conduit
7 Financing Meeting of the Illinois Finance Authority
8 on August 13, 2019, at the hour of 9:00 a.m. pursuant
9 to notice, at 160 North LaSalle Street, Suite S-1000,
10 Chicago, Illinois.

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12 APPEARANCES:

13 CHAIRMAN LYLE McCOY

14 MR. ERIC ANDERBERG

15 MR. JAMES J. FUENTES

16 MR. MIKE GOETZ

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18 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

19 MR. BRAD FLETCHER, Vice President

20 MR. RYAN OECHSLER, IFA Deputy General Counsel

21 MS. ELIZABETH WEBER, General Counsel and Legal

22 Adviser to the Board

23 MS. SARA PERUGINI, Vice President, Healthcare

24 Mr. Charles Myart, Vice President, Loan & Guarantee

1 ALSO PRESENT

2 Mr. Logan Wilhelm

3 Mr. Edward Kurth

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7 SULLIVAN REPORTING COMPANY, by

8 Renee E. Brass, CSR, RPR

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1 CHAIR McCOY: I would like to call the
2 meeting to order. Would the Assistant Secretary
3 please call the roll.

4 OECHSLER: Certainly. The time is 9 a.m.
5 Mr. Fuentes.

6 FUENTES: Here.

7 OECHSLER: Mr. Goetz via audio conference.

8 GOETZ: Here.

9 OECHSLER: Mr. Hobert.

10 HOBERT: Here.

11 OECHSLER: Committee Chair McCoy.

12 McCOY: Here.

13 OECHSLER: Chair Anderberg, ex-officio
14 non-voting.

15 ANDERBERG: Here.

16 OECHSLER: Committee Chair McCoy, a quorum
17 of Committee Members has been constituted.

18 CHAIR McCOY: Thank you very much.

19 With respect to the minutes from the last
20 meeting of July 9, 2019, does anybody wish to make
21 any additions, edits, corrections to said minutes?

22 (No response.)

23 Hearing none, I would like to request a
24 motion to approve the minutes. Is there such a

1 motion?

2 FUENTES: So moved.

3 CHAIR McCOY: Thank you, Member Fuentes.

4 HOBERT: Second.

5 CHAIR McCOY: All those in favor?

6 (Chorus of ayes.)

7 CHAIR McCOY: Opposed?

8 (No response.)

9 CHAIR McCOY: The ayes have it.

10 Moving on to presentation and consideration
11 of new business: I would like to ask for the general
12 consent of the members to consider each of the New
13 Business items collectively and to have the
14 subsequent recorded vote applied to each respective
15 individual item, unless there are any specific New
16 Business items that a Member would like to consider
17 separately.

18 Okay. I think we're good then.

19 Sara, it's on to you.

20 PERUGINI: Thank you. Item No. 1 is Tab
21 No. 1 in your books. It's for an issuance of bonds in
22 a not-to-exceed amount of \$40 million, Rush
23 University Medical Center Obligated Group, and the
24 proceeds of these bonds will be loaned to Copley

1 Memorial Hospital, and they will be used to finance
2 or reimburse the costs of acquiring, constructing,
3 renovating and equipping certain hospital and
4 healthcare facilities located at Copley Memorial
5 Hospital, specifically the modernization and
6 expansion of some surgical suites and related
7 facilities at the hospital and also the cost of
8 acquiring and installing equipment.

9 The proceeds will also be used to refinance
10 all or a portion of a bank line of credit that was
11 issued by J.P. Morgan Chase, and the purpose of the
12 bank line was to pay certain costs of the project and
13 also to pay costs of issuance relating to the bonds
14 and the refinancing of the line.

15 This is a final bond resolution, one-time
16 consideration.

17 A little bit about the borrower: Copley
18 Memorial Hospital owns and operates an acute care
19 hospital which is located approximately 35 miles west
20 of Rush University Medical Center in Aurora,
21 Illinois. It's licensed by the State of Illinois to
22 operate 210 beds, all of which are currently staffed.

23 CMH is a market leader in its primary
24 service area and certain strategic programs,

1 including cancer care, neurosciences, heart and
2 vascular, women's health and emergency services.

3 And Copley is part of an Obligated Group
4 which is created under the Rush Master Indenture.

5 Other members of the Obligated Group
6 include Rush University Medical Center, Rush Oak Park
7 Hospital, Rush Copley Medical Center, Rush Copley
8 Foundation, Copley Ventures, and, finally, Rush
9 Copley Medical Group MFP.

10 And why this is important is security for
11 the issuance is that of the Obligated Group, and they
12 will give a revenue pledge with certain covenants
13 negotiated under the master.

14 The structure of this financing is a bank
15 direct purchase by Bank of America. It's fixed rate,
16 10-year maturity, and if you turn to Page 4 of your
17 board book, it gives a little more detail.

18 The interest rate is 2.22 percent. It's
19 estimated to close August 29, 2019.

20 If you flip to Page 8 of your board book,
21 it gives you a little bit of information about the
22 service area that Copley operates in, and Page 9, the
23 fee information is detailed, and also the financials
24 of Rush University Obligated Group, because they are

1 the security on the bonds.

2 Overall, the financials are strong and
3 consistent with what we have seen in past years from
4 Rush.

5 As I chatted with their CPA, they did have
6 some increases in their expenses in fiscal year 2019.
7 Some of those are detailed on Page 10 of the board
8 report.

9 They include some early retirement options
10 that they have offered out to some of their
11 employees. They also have an increase in some of
12 their salaries and wages in their supply and drug
13 costs and also in their capital expenditures.

14 And, finally, on Page 10 of the board book,
15 there is also some details about the present value
16 savings that they will see as a result of refinancing
17 the line of credit.

18 And apologies. If you skip back to Page 2
19 of your board book, there's a detail about the source
20 and uses, so they plan to finance or reimburse about
21 \$3 million of new money or reimbursement, and then
22 they plan to take out about \$33 million and some
23 change on the line and then also pay costs of
24 issuance.

1 CHAIR McCOY: Okay. Thank you.

2 PERUGINI: Any questions?

3 CHAIR McCOY: I think we are good. Thank
4 you.

5 PERUGINI: Thank you.

6 Item No. 2.

7 CHAIR McCOY: Yes.

8 PERUGINI: Item No. 2 is in tab 2 of your
9 board book.

10 It's a resolution for the Moorings of
11 Arlington Heights, LLC. In 2016 the IFA issued four
12 series of bonds for the benefit of the Moorings of
13 Arlington Heights, LLC, Series 2016A, B, C and D.

14 The proceeds of these bonds were used to
15 construct a 73-bed assisted living facility which
16 also includes a 20-bed memory care unit facility and
17 common space for independent living which are located
18 at the continuing care retirement community known as
19 the Moorings of Arlington Heights.

20 The aggregate maximum principal amount
21 of those bonds was \$69,615,000.

22 The structure of this issuance is the
23 bonds, the four series, were bank direct purchased,
24 but they are what are known as drawdown bonds,

1 meaning that the borrower will take an initial
2 advance from each series of bonds and then they will
3 do subsequent advances for the remaining money until
4 the bonds are drawn down and the project is paid off.

5 The way that the deal was structured is
6 that all of these draws need to be completed by the
7 third year anniversary of the issuance of this bond,
8 which would be September 30, 2019.

9 The borrower reached out to us that there
10 was about \$1 million left, and they are not going to
11 be able to complete their draws by September 30,
12 2019, so they have asked for an extension until
13 December 31, 2019, which is an additional three
14 months to draw down the additional \$1 million, which
15 is why we are here today.

16 So the bond indenture will need to be
17 amended to allow for the extension of this draw
18 period and, the additional covenant agreements, of
19 which there are four that the borrower has with each
20 bank, also have to be amended to allow for the
21 extension of this date, so the proposed IFA
22 resolution, which is included starting on Page 3 of
23 your board book, would approve the amendment to the
24 bond indentures via an amendment instrument, and this

1 instrument would also approve the amendments to the
2 additional covenants agreements.

3 And the amendment to the bond indentures is
4 authorized by the existing terms of the indentures.
5 The trustee has agreed to approve the amendments and
6 each of the private placement purchasers who are the
7 holders of the bonds will also consent and agree to
8 this amendment.

9 And in addition, Chapman & Cutler is
10 expected to provide an opinion that the amendment
11 will not adversely affect the tax exempt status of
12 any of the Series 2016 bonds.

13 Chapman served as bond counsel on this
14 transaction. And the IFA staff recommends the
15 approval of the resolution.

16 Any questions?

17 CHAIR McCOY: I think we are good. Thank
18 you, Sara.

19 Moving on, I would like to request a motion
20 to recommend for approval of the following business
21 items: 1 and 2. Is there such a motion?

22 FUENTES: So moved.

23 Thank you, Member Fuentes.

24 Second?

1 HOBERT: Second.

2 CHAIR McCOY: Member Hobert, please. Thank
3 you.

4 Will the Assistant Secretary please call
5 the roll.

6 OECHSLER: On the motion second, I will
7 call the role.

8 Mr. Fuentes.

9 FUENTES: Yes.

10 OECHSLER: Mr. Goetz.

11 GOETZ: Yes.

12 OECHSLER: Mr. Hobert?

13 HOBERT: Yes.

14 OECHSLER: Committee Chair McCoy?

15 CHAIR McCOY: Yes.

16 OECHSLER: Committee Chair McCoy, the
17 motion carries.

18 CHAIR McCOY: Thank you very much.

19 Moving on. Is there any other business to
20 come before the Committee?

21 Hearing none, is there any public comment
22 for the Committee?

23 Again, hearing none, I would like to
24 request a motion to adjourn.

1 Is there such a motion?

2 FUENTES: So moved.

3 CHAIR McCOY: Thank you, Member Fuentes.

4 HOBERT: Second.

5 CHAIR McCOY: Member Hobert, thank you.

6 All those in favor.

7 (Chorus of ayes.)

8 CHAIR McCOY: Opposed?

9 (No response.)

10 CHAIR McCOY: The ayes have it. Thank you.

11 OECHSLER: The time is 9:08 a.m.

12 (Whereupon the above
13 matter was adjourned.)

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