

**MINUTES OF THE FEBRUARY 4, 2014, 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 a Healthcare Committee (the “Committee”) Teleconference Meeting at 10:00 a.m. on February 4, 2014, at the Chicago Office of the Illinois Finance Authority, 180 North Stetson Avenue, Suite 2555, Chicago, IL 60601.

IFA Staff Participants:

Board Members Participating:

Others Participating:

Michael Goetz
Roger Poole
Brad Zeller
Heather Parish

Christopher Meister, Executive Director
Pam Lenane, Vice President/Acting General
Counsel
Nora O’Brien, Associate General Counsel

Brie Callahan, Marj Halperin Consulting
Andrew Wong, Crains Chicago Business

GENERAL BUSINESS

I. Call to Order and Roll Call

The Committee meeting was called to order at 10:01 a.m. with the above Board Members, IFA staff and other participants present. Mr. Goetz asked Ms. O’Brien to call the roll. There being four members present, Mr. Goetz declared a quorum had been met.

II. Review and Approval of the December 3, 2013 Minutes

The Minutes from the Healthcare Committee meeting held on December 3, 2013, were reviewed. Mr. Zeller moved to approve the minutes and the motion was seconded by Mr. Poole. By voice vote, the Committee approved the above referenced minutes.

IV. Project Approvals

Ms. O’Brien presented the following projects:

Item A: Centegra Health Systems – Preliminary Resolution

Centegra Health System is requesting approval of a **Preliminary Bond Resolution** in an amount not-to-exceed **Two Hundred and Three Million Dollars** (\$203,000,000). The proceeds of the Bonds will be used by Centegra Health System, an Illinois not for profit corporation (“**Centegra**”), on behalf of itself and Northern Illinois Medical Center (d/b/a Centegra Hospital McHenry), Memorial Medical Center – Woodstock (d/b/a Centegra Hospital – Woodstock), NIMED Corp. and Centegra Hospital – Huntley, each an Illinois not for profit corporation and an affiliate of Centegra (collectively, the “**Borrowers**”) to: (i) pay or reimburse one or more of the Borrowers for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain “projects” (as such term is defined in the Act), including, but not limited to, the construction and equipping of an approximately 384,000-square foot, 128-bed acute care hospital facility expected to be owned, operated and managed by Centegra Hospital – Huntley; (ii) provide working capital to one or more of the Borrowers, if deemed necessary or advisable; (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable; (iv) fund a debt service reserve fund, if deemed necessary or advisable; and (v) pay certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

The Committee did not have any questions regarding this project. Mr. Poole moved to approve the project and the motion was seconded by Mr. Zeller.

Item B: Hospital Sisters Services, Inc. – Amendatory Resolution

The Illinois Finance Authority (the “**Authority**”) has authorized the issuance of its Revenue Bonds, Series 2012A (Hospital Sisters Services, Inc. – Obligated Group) (The “**Series 2012A Bonds**”) from time to time in an aggregate principle amount not to exceed **One Hundred and Twenty Million, Four Hundred and Fifteen Thousand Dollars** (\$120,415,000). The proceeds of the Series 2012A Bonds are being used for the acquisition, constructing and equipping of a 25-bed critical mass hospital located in Highland, Illinois and the construction, remodeling, renovation and equipping of inpatient surgery facilities and a patient tower in Springfield, Illinois (the “**Project**”). The Corporation anticipates that the Project will not be completed until December, 2014. However, pursuant to the Bond Indenture, the Corporation may only request to receive Series 2012A Bond proceeds until March 1, 2014. The Corporation is requesting that the Authority amend the Bond Indenture and Loan Agreement to permit the Corporation to request to receive Series 2012A Bond Proceeds until December 1, 2014 (the “**Completion Date Extension**”). The Purchaser, as sole holder of the Series 2012A Bonds, will consent to the Amendments set forth in the First Supplemental Bond Trust Indenture and the First Supplemental Loan Agreement.

The Committee did not have any questions regarding this resolution. Mr. Poole moved to approve the project and the motion was seconded by Mr. Zeller. By voice vote, the Committee agreed that this resolution be recommended for Board approval.

Item C: Kewanee Hospital – Amendatory Resolution

The Illinois Finance Authority (the “**Authority**”) issued its **Thirty-Two Million Two Hundred Five Thousand Dollars** (\$32,205,000) Revenue Bonds, Series 2006 (Kewanee Hospital Project) (the “**Series 2006 Bonds**”) pursuant to a Bond Trust Indenture dated as of August 1, 2006. The Series 2006 Bonds are secured by a Direct Note Obligation issued by Kewanee (the “**Kewanee Obligation**”). Kewanee and OSF Healthcare System (“**OSF**”) executed an Affiliation Agreement dated as of October 4, 2013 (The “**Affiliation Agreement**”) for the purpose of merging Kewanee into OSF (the “**Merger**”). Kewanee and OSF have requested that, simultaneously with the Merger, the 2006 Bond Trustee accept a Direct Note Obligation issued by OSF (the “**OSF Substitute Obligation**”) in exchange for the existing Kewanee Obligation (the “**Substitution of Obligation**”). OSF is requesting that the Authority authorize and approve a First Supplemental Bond Trust Indenture that provides for the Substitution of Obligation.

The Committee did not have any questions regarding this resolution. Mr. Poole moved to approve the project and the motion was seconded by Mr. Zeller. By voice vote, the Committee agreed that this resolution be recommended for Board approval.

V. Other Business

Ms. Lenane discussed a full agenda for the March and April meetings.

VI. Public Comment

There was no public comment.

VII. Adjournment

Mr. Zeller moved to adjourn the meeting and the motion was seconded by Mr. Poole. The meeting adjourned at 10:09 a.m.

Minutes submitted by:
Nora O’Brien
Associate General Counsel