

1 ILLINOIS FINANCE AUTHORITY
2 SPECIAL MEETING OF THE TAX-EXEMPT CONDUIT
3 TRANSACTIONS COMMITTEE MEMBERS
4 September 8th, 2016 at 8:31 a.m.
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8 Report of Proceedings had at the Special Meeting of the
9 of the Tax-Exempt Conduit Transactions Committee of the
10 Illinois Finance Authority on September 8, 2016, at the hour
11 of 8:30 a.m., pursuant to notice, at 160 North LaSalle
12 Street, Suite S1000, Chicago, Illinois.
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1 APPEARANCE:
2 COMMITTEE MEMBERS

3 MR. ROBERT HORNE, Chair (Via audio conference)
4 MR. JAMES J. FUENTES
5 MR. MICHAEL W. GOETZ
6 MR. LYLE McCOY (Added at 8:36)
7 MR. ROBERT FUNDERBURG, Ex-Offi cio
8 MR. GEORGE OBERNAGEL (Via audio conference)
9 MS. ARLENE JURACEK
10 MR. BRADLEY ZELLER

11 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

12 MR. BRAD FLETCHER, Assi stant Vi ce-Presi dent
13 MS. PAMELA LENANE, Vi ce-Presi dent
14 MS. ELIZABETH WEBER, General Counsel
15 MR. CHRISTOPHER B. MEISTER, Executi ve Di rector

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1 CHAIRMAN HORNE: I would like the call the
2 meeting to order, and would ask the Assistant
3 Secretary if he can take the roll.

4 FLETCHER: Certainly. The time is 8:31 a.m.
5 I'll take the roll. Mr. Fuentes?

6 FUENTES: Yes.

7 FLETCHER: MR. Goetz?

8 GOETZ: Here.
9 FLETCHER: Mr. Zeller?
10 ZELLER: Here.
11 FLETCHER: Ms. Juracek?
12 JURACEK: Here.
13 FLETCHER: Mr. Horne?
14 HORNE: Here.
15 FLETCHER: Mr. Obernagel?
16 OBERNAGEL: On the phone, here.
17 FLETCHER: And, Mr. Chairman Funderburg,
18 ex-officio non voting?
19 FUNDERBURG: Here.
20 FLETCHER: Mr. Chairman, we have a quorum at
21 this time.
22 CHAIRMAN HORNE: Great. So I would like to ask
23 to review the minutes and ask if there is any edits
24 to the minutes dated August 11, 2016?

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1 Hearing none, I would like to request a
2 motion to approve the minutes. Is there a motion?
3 GOETZ: So moved.
4 ZELLER: Second.
5 CHAIRMAN HORNE: All those in favor?
6 (A chorus of ayes.)
7 CHAIRMAN HORNE: Opposed?
8 (No response.)
9 CHAIRMAN HORNE: Okay. That's that. So our
10 agenda today we've got two projects on the agenda.
11 They're going to be two separate votes, because I

12 believe Mike Goetz is going to have to recuse
13 himself from one of the deliberations.

14 Mike, can you tell us why you need a
15 recusal?

16 GOETZ: Well, I haven't seen their consultant,
17 but I assume it's because --

18 LENANE: It's Kaufman Hall.

19 GOETZ: It's Kaufman Hall?

20 LENANE: Yes.

21 GOETZ: The firm that my son works for is their
22 financial advisor.

23 CHAIRMAN HORNE: Okay. So is there anyone else
24 that has to recuse on this matter? This is on

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1 Northwestern Memorial.

2 GOETZ: Yes.

3 CHAIRMAN HORNE: Okay. I guess not. So, Mike,
4 I don't know, you have to step out of the room?

5 GOETZ: Yes, I think I should, yeah. Are you
6 going to do that one first?

7 FLETCHER: Yes.

8 GOETZ: Okay.

9 FLETCHER: Let the record reflect that
10 Member Goetz has exited the room to recuse himself
11 from deliberations and voting.

12 CHAIRMAN HORNE: So, Pam, do you want to
13 present item No. 1?

14 LENANE: Sure. Northwestern is requesting a
15 one-time final bond resolution approving the mode
16 conversion of the Illinois Finance Authority 2011A,

17 B and C bonds, which were originally issued by
18 CDH-Delnor Health System.

19 Northwestern is the corporate parent of
20 Northwestern Medicine Health System with a staff of
21 more than 4,000 people, over 1600 employed
22 physicians, and more than 1,000 residents.

23 Northwestern Medicine serves patients at
24 nearly 100 diagnostic and ambulatory sites

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1 throughout the Chicago and area, including
2 approximately 1900 licensed beds among seven
3 hospitals in Illinois: Northwestern Memorial
4 Hospital in Chicago; Northwestern Medicine, Central
5 DuPage Hospital in Winfield; Northwestern Medicine
6 Lake Forest Hospital in Lake Forest; Northwestern
7 Medicine Delnor Hospital in Geneva; Northwestern
8 Medicine Kishwaukee Hospital in DeKalb; Northwestern
9 Medicine Valley West Hospital in Sandwich; and
10 Marionjoy Rehabilitation Hospital in Wheaton.

11 The current long-term ratings for
12 Northwestern Memorial Healthcare are AA2 by Moody's
13 and AA+ by S&P. The bonds will remain in a variable
14 rate bank direct purchase mode with the new
15 purchasers: U.S. Bank, Bank of America Public
16 Capital Corp, and Wells Fargo bank.

17 The initial rate will be determined at
18 pricing and will be priced off LIBOR. The initial
19 commitment period for the new bonds will be a
20 seven-year term for the 2011As, a five-year term for

21 the 2011Bs, and an initial term of three years for
22 the 2011C.

23 If you look at Northwestern's financials,
24 they have substantial strong financials with 7.6

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1 debt service coverage and 422 days cash on hand.

2 Any questions?

3 CHAIRMAN HORNE: So, Pam, it's Bob. We've
4 asked about this in the past. Basically it sounds
5 like a refinancing. Do we have any sense of the
6 interest savings that will occur as a result of
7 this?

8 LENANE: Bob, technically, it's not a
9 refinancing or a refunding. These bonds are
10 currently being held by JP Morgan. The 2011A, B and
11 Cs that were issued by Central DuPage Delnor,
12 they're having a mode conversion, and they're going
13 -- the bonds are going to three different banks:
14 U.S. Bank, Wells Fargo and Bank of America.

15 CHAIRMAN HORNE: I see. Okay. I understand.

16 LENANE: There will be some benefits, but they
17 are not determinable now. Because they are getting
18 a slight break on the interest rate, there will be,
19 but the bonds will be priced the day the bonds are
20 switched over.

21 I'm not supposed to say "reissued,"
22 converted to the new banks, and so there will be new
23 bonds; and if they had not switched banks, they
24 wouldn't have to come to us. But since they

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Page 6

1 switched banks, they have to come to us for our
2 approval on the mode conversion.

3 CHAIRMAN HORNE: I see.

4 LENANE: And they're also going to benefit from
5 lesser restrictions in the bank documents from the
6 three new banks than they had from the old bank, JP
7 Morgan.

8 CHAIRMAN HORNE: Okay. Are there any other
9 questions for Pam?

10 FLETCHER: Before we take a motion, let the
11 record reflect that Member McCoy has been added to
12 the quorum at 8:36 a.m.

13 CHAIRMAN HORNE: Okay, great. So Lyle I see
14 you got there before me on traffic?

15 McCOY: It took me almost two hours to get in.

16 CHAIRMAN HORNE: I am at an hour and 40 so far.

17 McCOY: I'm out of practice.

18 CHAIRMAN HORNE: Yeah, you and me both. So I
19 would like to request a motion to adopt this report.
20 Is there such a motion?

21 ZELLER: So moved.

22 McCOY: Second.

23 CHAIRMAN HORNE: Can the Assistant Secretary
24 take the roll?

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1 FLETCHER: Certainly. On the motion by
2 Mr. Zeller and the second by Mr. McCoy, I'll call

3 the roll. Mr. Fuentes?
4 FUENTES: Yes.
5 FLETCHER: Ms. Juracek?
6 JURACEK: Yes.
7 FLETCHER: Mr. McCoy?
8 MCCOY: Yes.
9 FLETCHER: Mr. Obernagel?
10 OBERNAGEL: Yes.
11 FLETCHER: Mr. Zeller?
12 ZELLER: Yes.
13 FLETCHER: And Committee Chairman Horne?
14 CHAIRMAN HORNE: Yes.
15 FLETCHER: Mr. Committee Chairman, the motion
16 carries.
17 CHAIRMAN HORNE: Great. Can we get Mike Goetz
18 back in the room now?
19 WEBER: Yes.
20 CHAIRMAN HORNE: Okay, thanks.
21 FLETCHER: Let the record reflect that Member
22 Goetz has returned to the room.
23 CHAIRMAN HORNE: Fantastic.
24 FLETCHER: Pam?

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1 CHAIRMAN HORNE: Go ahead, Pam.
2 LENANE: No. 2, would you like me to go there?
3 CHAIRMAN HORNE: Please.
4 LENANE: No. 2, tab 2, The University of
5 Chicago Medical Center is requesting a one-time
6 Final Bond Resolution in the amount of \$250,000,000,
7 approving the partial refunding of the Illinois

8 Finance Authority 2009A and B bonds.

9 The refunding of all of the Illinois
10 Finance Authority Series 2009C and 2011B, C bonds,
11 the reimbursement of UCMC for previously-paid
12 capital expenditures. That amount has not been
13 determined as yet.

14 They are still looking to see what they
15 might reimburse themselves for. Maybe some
16 preliminary work on the new level 1 trauma center,
17 the funding of any original issued discount premium,
18 if applicable, and to pay certain expenses in
19 connection with the issuance of the Series 2016
20 bonds.

21 The University of Chicago Medical Center
22 currently operates three hospitals and an ambulatory
23 care facility located on the main campus of The
24 University of Chicago, as well as certain outlying

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1 facilities and activities.

2 The three hospitals operated by UCMC
3 consists of the newly-opened adult patient care
4 facility for complex and specialty care, called the
5 Center for Care and Discovery, the original adult
6 patient care facility, Bernard Mitchell Hospital,
7 and a Children's Hospital, Comber Children's
8 Hospital.

9 The current long-term ratings for The
10 University of Chicago Medical Center are AA- by
11 Moody's, AA3 by S&P and AA- by Fitch.

12 The bonds will be sold in a public
13 underwriting by JP Morgan Securities, Citigroup
14 Global Markets and Loop Capital Markets. The rate
15 on the bonds will be determined at pricing.

16 The University of Chicago has strong
17 financials with 5.3 debt service coverage, and 230
18 days cash on hand.

19 Before you ask, Chairman Horne, there will
20 be substantial savings from this refunding. Because
21 that information isn't public, I shouldn't say it in
22 a public forum; but suffice it to say, the savings
23 are substantial.

24 CHAIRMAN HORNE: Great. Are there any
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1 questions on this presentation? If none, I'd ask
2 for a motion to approve or pass and adopt this
3 project report.

4 OBERNAGEL: Obernagel makes a motion.

5 FUENTES: Second.

6 CHAIRMAN HORNE: All those in it favor -- or
7 no, Brad, can you take a roll now, too?

8 FLETCHER: Certainly. So on the motion by
9 Mr. Obernagel and seconded by Mr. Fuentes, I'll call
10 the roll. Mr. Fuentes?

11 FUENTES: Yes.

12 FLETCHER: Mr. Goetz?

13 GOETZ: Yes.

14 FLETCHER: Ms. Juracek?

15 JURACEK: Yes.

16 FLETCHER: Mr. McCoy?

17 McCOY: Yes.
18 FLETCHER: Mr. Obernagel?
19 OBERNAGEL: Yes.
20 FLETCHER: Mr. Zeller?
21 ZELLER: Yes.
22 FLETCHER: And Committee Chairman Horne?
23 CHAIRMAN HORNE: Yes.
24 FLETCHER: Mr. Committee Chairman, the motion
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1 carries.
2 CHAIRMAN HORNE: Thank you. Is there any other
3 business for this Committee this morning? If none,
4 I would ask for a motion to adjourn.
5 FLETCHER: We should ask if there is any public
6 comment, just for the record.
7 CHAIRMAN HORNE: Oh, sure. Thank you.
8 FLETCHER: It appears there's none.
9 CHAIRMAN HORNE: Okay. Is there a motion,
10 then, to adjourn?
11 ZELLER: So moved.
12 GOETZ: Second.
13 CHAIRMAN HORNE: Great.
14 FLETCHER: All those in favor?
15 (A chorus of ayes.)
16 FLETCHER: Opposed?
17 (No response.)
18 CHAIRMAN HORNE: The ayes have it.
19 FLETCHER: The time is 8:43 a.m.
20 (WHICH WERE ALL THE PROCEEDINGS HAD at 8:43 a.m.)

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1 STATE OF ILLINOIS)
2 COUNTY OF C O O K) SS:

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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.

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PAMELA A. MARZULLO
License No. 084-001624

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