MINUTES OF THE SEPTEMBER 4, 2012, 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 1:00 p.m. on September 4, 2012, at the Chicago Office of the Illinois Finance Authority, 180 North Stetson Avenue, Suite 2555, Chicago, IL 60601.

Board Members Participating:	**IFA Staff Participants:**	**Others Participating:**
Dr. William J. Barclay, Committee Chairman	Christopher Meister, Executive Director	Courtney Shea, Acacia Financial Group
Roger Poole	Pam Lenane, Acting General Counsel	
	Nora O'Brien, Legal/Financial Analyst	

GENERAL BUSINESS

I. Call to Order and Roll Call

Chairman Dr. Barclay called the Committee meeting to order at 1:03 p.m. with the above Board Members, IFA staff and other participants present. The Chairman asked Ms. O'Brien to call the roll. There being two members present, Chairman Dr. Barclay declared a quorum had not been met, so the committee would not be able to approve the minutes from the last meeting or make a formal recommendation to the Committee of the Whole.

II. Review and Approval of the August 6, 2012 Minutes

The Minutes from the Healthcare Committee meeting held on August 6, 2012, were reviewed. Since a quorum was not met, it was determined the minutes would be approved at the next meeting, scheduled for October 1, 2012.

III. Project Approvals

Ms. O'Brien presented the following projects:

Item A: **Lutheran Home and Services Obligated Group - $120,000,000 – Final Resolution**

Lutheran Home and Services Obligated Group is requesting approval of a Final Resolution in an amount not-to-exceed $120,000,000. Bond proceeds will be used by **Lutheran Home and Services Obligated Group** ("**Lutheran Homes**", "**LHS**", the "**Corporation**" or the "**Borrower**") to (i) pay or reimburse the Borrowers for, or refinance certain indebtedness, the proceeds of which were used for, the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain "projects" (as such term is defined in the Illinois Finance Authority Act, as amended) for the Borrowers' senior living community, including, but not limited to, the renovation of an existing long term care facility, totaling approximately 126,000 square feet, known as the Olson Pavilion and the constructing and equipping of four additions to the Olson Pavilion totaling approximately 81,000 square feet, which additions will include 78-bed skilled nursing beds, resident dining rooms, rehabilitation rooms and other common areas; (ii) refund all or a portion of the outstanding $13,200,000 Illinois Health Facilities Authority Weekly Adjustable Rate Revenue Bonds, Series 2001 (Lutheran Home and Services) (the "Series 2001 Bonds"); (iii) refund all or a portion of the outstanding $14,350,000 Illinois Health Facilities Authority Variable Rate Demand Revenue Refunding Bonds, Series 2003 (Lutheran Home and Services) (the "Series 2003 Bonds" and, together with the Series 2001 Bonds, the "Prior Bonds"); (iv) pay a portion of the interest on the Bonds; (v) establish a debt service reserve fund with respect to the Bonds; and (vi) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

Chairman Dr. Barclay and Mr. Poole did not have any questions regarding this project.

Item B: **Rosecrance, Inc. - $18,000,000 – One-Time Final Resolution**

Rosecrance, Inc. ("**Rosecrance**", the "**Corporation**" or the "**Borrower**") is requesting approval of a Final Resolution in an amount not-to-exceed $18,000,000. Bond proceeds will be used to: (i) pay or reimburse the Corporation, Rosecrance Properties and Rosecrance Health Network, each an Illinois not for profit corporation (collectively, the "Users") for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Users; (ii) currently refund all or a portion of the outstanding $2,500,000 County of Winnebago, Illinois Adjustable Rate Health Care Facility Revenue Bonds, Series 1998 (Janet Wattles Center Project) (the "*Series 1998 Bonds*"); (iii) currently refund all or a portion of the outstanding $11,900,000 Illinois Development Finance Authority Variable Rate Demand Revenue Bonds (Rosecrance, Inc. Project), Series 2003 (the "*Series 2003 Bonds*") and, together with the Series 1998 Bonds, (the "*Prior Bonds*"); (iv) refinance certain taxable mortgage loans of the Users (the "*Taxable Loans*") and (v) pay certain expenses incurred in connection with the issuance of the Series 2012 Bonds, the refinancing of the Taxable Loans and the current refunding of the Prior Bonds, all as permitted by the Act (collectively, the "*Financing Purposes*").

Mr. Poole asked why there were no projected construction jobs given the $1,000,000 of new money. Ms. O'Brien responded that she thought the work was being done internally, but would confirm with the CFO.

Dr. Barclay asked why the cost of issuance was high, around 4%. Ms. O'Brien responded that she thought it was a plug number, but would confirm with the CFO and give an update on both issues at the Board Meeting.

IV. Amendatory Resolution

Ms. Lenane presented the following Resolution:

Item A: **Presence Health**

Presence Health ("**Presence**" or the "**Borrower**") has recently become the parent of both **Resurrection Health Care Corporation** ("**Resurrection**") and **Provena Health** ("**Provena**"). In furtherance of the affiliation, Presence hopes to combine the Resurrection and Provena obligated groups under a single restated master trust indenture. The new Presence Health master indenture will be a restatement of the existing Resurrection master indenture. All current members of each the two obligated groups, together with Presence Health and Holy Family Medical Center, are expected to be members of the new obligated group. Obligations of the group under the master indenture will be secured by a pledge of "pledged revenues", as well as mortgages on nine hospital facilities owned by members of the obligated group.

In order to implement the new Presence MTI, Presence is requesting that the bond trustee under various of the Provena bond indentures (1998A, 2009A, 2009B, 2009C, 2009D, 2010A, 2010B, 2010C, and 2010D), as well as the bond trustee under the Holy Family 1997 bond indenture (in each case, BONYM), accept Presence Health master notes in exchange for Provena Health master notes. To permit such an exchange, the bond indentures will be supplemented to either add or amend existing "note swap" provisions.

Various of the bond indentures have different requirements for such an amendment and exchange. Certain of the indentures will require bondholder consent, which in certain instances can be provided by the related credit enhancer. Other of the indentures will require consent from a stated percentage of the bondholders, which JPMorgan is attempting to obtain. Consents will obviously be solicited from all of the related bond insurers and letter of credit banks. In each case, the Authority and the bond trustee will need to execute the related supplement.

Dr. Barclay and Mr. Poole did not have any questions on this Amendatory Resolution.

V. Other Business

Ms. Lenane discussed her visit to Washington for the Symposium on Access to Rural Healthcare. She informed the Committee that HUD is currently out of money, but the USDA has $2 Billion to make direct loans to hospitals around the country.

There was a lengthy discussion about minority underwriting participation in the healthcare sector. It was decided that a lunch be held, possibly after the October 9th Board Meeting to meet with minority underwriters to further discuss the issues.

V. Adjournment

The meeting adjourned at 1:41 p.m.

Minutes submitted by:
Nora O'Brien
Legal/Financial Analyst