

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

January 25, 2010

MEMBERS PRESENT: Briane House
Fred Miller
Jim Carr
Sahara Williams

MEMBERS ABSENT:
Justin Christian

BOND BANK PRESENT:

Kevin Taylor	Kyle Willis
Jacqui Fitzgerald	Dario Requiz
Laurie Canatsey	Brad Busse
Monica Durrett	Deron Kintner

OTHERS PRESENT:

Matt Gutwein, HHC	Dan Sellers, HHC
Clayton Graham, Graham & Assoc.	David Girton, Andes Capital
Kim Wilson, UMB Bank	Diana Hamilton, Sycamore Advisors
Curt Fritch, CRF Group	Tamara Zahn, IDI
Emily Loehr, Sycamore Advisors	John Kirkwood, Kreig DeVault
Angie Steeno, Crowe Horwath	Jean Landy, U.S. Bank
Molly Williams, IDI	Greg Reynolds, Blaylock Robert Van
Sharon Karst, Bank NY Mellon	Steve Meno, Fifth Third Bank
John Alexander, Wells Fargo	Sue Beesley, Bingham McHale
Sandra Mowell, Citizen	Joe Britt, Wells Fargo
Dennis Golem, Wells Fargo	Tom Guevara, Crowe Chizek
Jim Merten, City Securities	Kim Wilson, UMB Bank
Nancy Dorsa, Chase Bank	Joe Britt, Wells Fargo
Bob Kocher, BNY Mellon	Eric Green, Backstrom, McCarley & Berry
Terry Leffew, Raymond James	Katie Aeschliman, KeyBank

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:00 noon, Monday, January 25, 2010 in the City-County Building, 200 East Washington Street, Suite 107, Indianapolis, Indiana, pursuant to notice given in accordance with IC 5-14-1.5. Mr. House called the meeting to order after determining that a quorum was present.

Mr. House asked for the approval of the minutes from December 14, 2009. Mr. Miller made the motion to approve, seconded by Mr. Carr. All voted in favor and the motion passed.

Mr. Kintner discussed Resolution No.1 – Health & Hospital Corporation (“HHC”) and Resolution No. 2 – Marion County Building Authority. He explained that the two resolutions involve the new Wishard Hospital project. He then introduced Matt Gutwein and Dan Sellers from HHC to give an overview of the project and financing. Mr. Taylor provided copies of the ratings agency presentations for the Board and stated that Mr. Gutwein and Mr. Sellers would recap the information the working group presented to Moody’s, S&P and Fitch. He stated that the meetings with the ratings agencies went very well, and the ratings would be released Wednesday or Thursday of the current week.

Mr. Gutwein thanked the Board for allowing HHC to partner with the Bond Bank. He also complimented the Bond Bank staff for their hard work over the last year and stated that it was a wonderful relationship. He also stated that the group has done eight months of work in a few months time in order to take advantage of the highly favorable conditions of the market.

Mr. Gutwein explained that the project is to replace the current Wishard hospital. He provided background on the facility stating that Wishard is the fifth largest safety-net hospital system in the United States with over 1.2 million outpatient visits per year. He went on to say that Wishard operates the State of Indiana’s largest emergency department and the State’s first level-one trauma center. He also stated that HHC partners in the area of academics and listed the schools they are involved with.

Mr. Gutwein explained the current conditions of the buildings, stating that they are old and irreparable, adding that the hospital consists of 17 different buildings. He then gave the ages of the buildings to indicate why they are beyond the point of renovation. He then stated that this is the essence of why HHC has embarked on the project. The ability of HHC to issue debt for this project was put to a referendum in November 2009. HHC prevailed in all 590 precincts with approval from approximately 85% of the voters in the referendum.

Next, Mr. Kintner stated that the financing would consist of two bond issues. Both issues would be secured by a property tax pledge from HHC, which is possible due to the results of the aforementioned referendum. However, the expectation is that all debt service will be paid from operating revenues of HHC and there will be no increase in property taxes as a result of this project. Nevertheless, the property tax pledge is necessary to lower the cost of borrowing.

Mr. Kintner then stated that the first bonds going to market will be issued by HHC and be directly secured by the property tax pledge. Because this first issuance will put HHC at the maximum level of general obligation debt permitted under the State constitution, an alternative structure was necessary for the final piece. As a result, the second series of bonds will be issued by the Marion County Building Authority (the “Building Authority”). The Building Authority will own the facilities and lease them back to HHC, and these lease rentals will be the security for this second series of bonds. This structure is similar to the structure used for school facility financings in Indiana.

Mr. Kintner stated that although the resolution and referendum authorize a total issuance exceed \$703 million, only \$650 million expected to be needed to finance the projects. The General Obligation bonds are expected to be issued in the amount of approximately \$200 million, and approximately \$450 million for the Lease Revenue bonds of the Building Authority. He stated that the Bond Bank will price the HHC portion of the bond issue the following week. The Building Authority will price approximately two weeks later. Both series should close by the end of February 2010.

Mr. Sellers discussed results of the projects that have been bid. He discussed how good the market is and that the construction bids were coming in several million dollars under their budgeted numbers for the demolition, parking garage and site utilities. Ms. Williams asked what percentage the debt payments will be of HHC's total budget. Mr. Gutwein stated that their overall budget for 2010 will be approximately \$893 million. The exact cost will not be known until they go to market, but even at a budgeted interest rate of 6.1%, which is extremely conservative, he stated that the annual debt service payments would be approximately \$38 million a year, only about 3.5% of their budget. It is expected that the interest rates will be approximately 4.5% or lower. Mr. Gutwein then stated that HHC has set aside \$150 million in cash, which is about 20% of the project financing.

Mr. Miller asked about the cost of issuance amount. Mr. Kintner stated that the current estimate is \$6.5million, but that is a conservative estimate and they expect to come in under that figure. Mr. House asked what IU intends to do with the land in the lease swap. Mr. Gutwein stated that IU has stated that their intentions are to demolish to majority of the buildings and place the old structures with medical and life-science research buildings.

Mr. Gutwein acknowledged and thanked all of the working groups for their time and talents in seeing the financing of the project through. Mr. House expressed the same.

Mr. House asked for a motion to approve Resolution No.1- Health & Hospital Corporation. Mr. Miller made the motion, seconded by Mr. Carr. All voted in favor, with the exception of Ms. Williams, who abstained, and the motion passed. Mr. House then asked for a motion to approve, Resolution No. 2 – Building Authority. Mr. Carr made the motion, seconded by Mr. Miller. All voted in favor, with the exception of Ms. Williams, who abstained, and the motion passed.

There were no other questions. Mr. Carr made the motion to adjourn, seconded by Mr. Miller. All voted in favor and the meeting was adjourned at 12:25p.m.