

Date: July 14, 2020

To: Eric Anderberg, Chair
Michael W. Goetz, Vice Chair
James J. Fuentes
William Hobert
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
Roxanne Nava

George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Randal Wexler
Jeffrey Wright
Bradley A. Zeller

From: Chris Meister, Executive Director

Subject: *Message from the Executive Director*

Dear Member of the Authority:

COVID-19, Municipal Finance and the Authority

“With nearly 138,000 Americans dead, at a daily rate now re-approaching 1,000, near- and medium-term economic prospects continue to soften, with knock-on consequences for financial instrument prices and issuer credit quality.”

MMA-Municipal Market Journal: July 13, 2020

At best, it is uncertain when the Members and staff of the Authority will return to the office for regularly scheduled in-person meetings and regular staff operations. Authority staff shifted to remote work on Sunday, March 15, 2020. This process has gone more smoothly than we had thought possible thanks to our dedicated team of professionals. Last month, we had hoped that the nation’s general public health and economic situation would be improving. Thanks to strong and competent leadership here in Illinois, things are better. However, as reported in the media, the same cannot be said of other states and nations. At some point, the errors of others as well as the aggressive and novel nature of the virus may result in further negative impacts on our state. Accordingly, we expect the regularly scheduled August 11, 2020 meeting to be conducted remotely. If anything changes, we will let you know.

Navistar International Corporation

A decade ago, during the Great Recession, the State of Illinois worked in close partnership with DuPage County, Winnebago County, Will County, Cook County, and many others in a bipartisan federal-state-local effort to keep the world headquarters of *Navistar International Corporation* (“*Navistar*”) as well as two of its economic anchors, an engine testing facility and a parts distribution center, in Illinois. *Navistar* has a long and proud history in Illinois dating to 1902 with the formation of the International Harvester Company and, before that, to the opening of the McCormick Reaper Works in Chicago in 1851. The Illinois effort to keep *Navistar* was successful. Today, *Navistar’s* world headquarters is in Lisle, an engine testing and technical center is in Melrose Park, and a warehouse/distribution center is in Joliet.



The Authority played a key role in this Illinois job retention success through the issuance of federally tax-exempt conduit bonds, known as Recovery Zone Facilities Bonds, temporarily available under federal economic stimulus legislation that expired at the end of 2010.

On today's agenda, the Authority will consider a resolution to approve the refinancing of *Navistar's* tax-exempt conduit Recovery Zone Facilities Bonds issued by Cook County and the Authority.

Provident Group – UIC Surgery Center LLC

This innovative and cost-efficient public-private project will result in the construction of an approximately 200,000 square foot outpatient surgery and specialty clinic on the campus of the University of Illinois Hospital and Clinics located at the southeast corner of West Taylor Street and South Wood Street in Chicago. Upon closing and funding, this project will be the ninth such conduit transaction that the Authority or its predecessor, the Illinois Development Finance Authority, has issued on behalf of Illinois public universities.

Sarah Bush Lincoln Health Center

With nearly 2,000 full time equivalent employees, *Sarah Bush Lincoln Health Center*, located in Coles County, provides healthcare to a ten-county region through a hospital with 145 licensed beds as well as 17 extended campus primary care locations and four walk-in clinics. This transaction will refund the borrower's Series 2015 Variable Rate Revenue Bonds. We are grateful for the opportunity to again work with *Sarah Bush Lincoln Health Center*, an anchor for healthcare, quality of life and jobs in East Central Illinois.

Amendments

The Authority will also consider amendments on behalf of *Walcott School* now doing business as *Wolcott College Preparatory High School* (Chicago), *SwedishAmerican Hospital* (Chicago) and *Rosalind Franklin University* (North Chicago, Lake County).

Furthermore, with respect to governance matters, the Authority will conduct its annual Vice Chair election and consider an amendment to confirm and ratify past actions at the May 2020 and June 2020 meetings.

Some Positive News from Capitol Hill

Based on the Authority's experience with the 2017 federal tax legislation that completely eliminated advance refunding (federally tax-exempt refinancing) and nearly eliminated federally tax-exempt conduit bonds altogether, the phrase, "news from Capitol Hill," generally evokes a sense of dread. The beginning of July 2020, however, was something altogether different and positive.

First, the House of Representatives passed H.R. 2, the *Moving Forward Act*, which includes:

1. The restoration of advance refunding;
2. The restoration of Build America Bonds (subsidized interest for state and local governments; conduit issuers like the Authority were not involved in the last iteration of this structure);

3. Increase in Private Activity Volume cap (necessary for individual and corporate borrowers that are neither government nor not-for-profits);
4. Increased Volume Cap for Multi-Modal Transportation (like the CenterPoint project in Joliet);
5. No Volume Cap for Privately-Owned Water and Sewer Projects (like the American Water projects);
6. New Exemption for Bonds for Zero Emission Charging Stations (would require volume cap like beginning farmer and industrial revenue bonds);
7. The restoration of Qualified Zone Academy bonds (“QZAB”) (the Authority was not involved in the last iteration of this structure);
8. New Qualified School Infrastructure Bonds (subsidized taxable bonds with a set aside for broadband projects);
9. Expansion of the Small Issuer Manufacturing Exemption (modernizes industrial revenue bonds by increasing the aggregate cap from \$10 million to \$30 million and would index the cap for inflation; the Authority and one of its national organizations, the Council of Development Finance Agencies, have long advocated for this improvement); and
10. Increase in Bank Qualified Bond Eligibility (increases the current cap from \$10 million to \$30 million and indexes cap for inflation; adds non-profits to the definition of small borrower).

Second, in the United States Senate, Senator Wicker introduced S. 4129 to restore advance refunding on a bipartisan basis as well as S. 4303 to rename and restore Build America Bonds.

The proposals above could be considered at the beginning of the next Congress in January 2021.¹

Congratulations Roger Poole and Randy Wexler

On July 10, 2020, Governor Pritzker re-appointed Roger Poole and Randy Wexler as Members of the Authority. Congratulations to you both. We look forward to continuing to work with you to advance the Authority’s mission and impact on behalf of the people of Illinois.

Staff Recognition: Mari Money, Brad Fletcher and Erin White

On July 13, 2020, Mari Money and Brad Fletcher celebrated their tenth anniversaries as our Authority colleagues. The Authority is stronger and more effective because of Mari’s and Brad’s important contributions. We are also grateful for the contributions of Erin White, a paralegal, who is joining another public entity.

Respectfully,



Christopher B. Meister
Executive Director

¹ Summary source (among others), Goldman Sachs, Public Sector & Infrastructure Update, July 13, 2020