**ILLINOIS FINANCE AUTHORITY**

**March 11, 2014**

**AGENDA**

**COMMITTEE OF THE WHOLE MEETING**
**9:30 a.m.**
**IFA Chicago Office**
**Two Prudential Plaza**
**180 North Stetson Avenue, Suite 2555**
**Chicago, Illinois 60601**

I. Call to Order & Roll Call
II. Chairman's Remarks
III. Message from the Executive Director
IV. Consideration of the Minutes
V. Presentation and Consideration of the Financial Statements
VI. Committee Reports
VII. Project Reports and Resolutions
VIII. Other Business
IX. Public Comment
X. Adjournment

**BOARD MEETING**
**10:30 a.m.**
**Conference Center**
**One Prudential Plaza**
**130 East Randolph Street, Suite 750**
**Chicago, Illinois 60601**

I. Call to Order & Roll Call
II. Chairman's Remarks
III. Adoption of the Minutes
IV. Acceptance of the Financial Statements
V. Approval of Project Reports and Resolutions
VI. Other Business
VII. Public Comment
VIII. Adjournment

# PROJECT REPORTS AND RESOLUTIONS

## AGRICULTURE PROJECTS

| Tab | Project Name | Location | Amount | New Jobs | Const. Jobs | Staff |
|---|---|---|---|---|---|---|
| **Beginning Farmer Bonds**<br>***Final*** *(One-Time Consideration)* | | | | | | |
| **1** | A) Braden L. Short | Mayberry Township (Hamilton County) | $152,000 | - | - | LK |
| **TOTAL AGRICULTURE PROJECTS** | | | **$152,000** | - | - | |

## EDUCATIONAL, CULTURAL AND NON-HEALTHCARE 501(c)(3) PROJECTS

| Tab | Project Name | Location | Amount | New Jobs | Const. Jobs | FM |
|---|---|---|---|---|---|---|
| **501(c)(3) Revenue Bonds**<br>***Final*** *(One-Time Consideration)* | | | | | | |
| **2** | Little City Foundation | Palatine, Arlington Heights, Hanover Park, Streamwood (Cook County) | $5,370,000 | - | 25 | RF/BF |
| **TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS** | | | **$5,370,000** | - | **25** | |

## HEALTHCARE PROJECTS

| Tab | Project Name | Location | Amount | New Jobs | Const. Jobs | Staff |
|---|---|---|---|---|---|---|
| **501(c)(3) Revenue Bonds**<br>***Final*** | | | | | | |
| **3** | Centegra Health System | Huntley (McHenry County) | $193,000,000 | 1,100 | 800 | PL/NO |
| **TOTAL HEALTHCARE PROJECTS** | | | **$193,000,000** | **1,100** | **800** | |
| **GRAND TOTAL** | | | **$198,522,000** | **1,100** | **825** | |

## PROJECT REPORTS AND RESOLUTIONS

### RESOLUTIONS

| Tab | Action | Staff |
|---|---|---|
| **Resolutions** | | |
| **4** | Resolution Authorizing the Execution and Delivery of an Amended Intergovernmental Agreement and Ancillary Documents Among the Authority and Various State Agencies and Other Parties to Implement the Energy Efficiency Program; Authorizing Request for Proposals for a Bond Purchaser in Connection with the Energy Performance Contracting Pilot Program; Delegating Certain Powers to the Executive Director of the Authority; and Ratifying Certain Actions Relating Thereto | CM |
| **5** | Resolution Authorizing the Authority to Renegotiate the Terms and Conditions of the Illinois Intermediary Relending Program Work Plan with the United States Department of Agriculture; Deploy the Program to Units of Local Governments Affected by Natural Disasters; and Allocate Monies from the General Fund of the Authority to Match the Funds Available through the Program | SO |
| **6** | Resolution Granting Executive Director Authorization to Act on Behalf of Authority to Negotiate and Execute an Intergovernmental Agreement with the Office of the State Fire Marshal for the Fire Truck Revolving Loan Program and Related OSFM Programs | CM |
| **7** | Resolution Authorizing the Authority to Enter into an Intergovernmental Agreement with the Department of Transportation of the State of Illinois, and Concerning Related Matters | SO/PL |
| **8** | Resolution Authorizing the Executive Director of the Authority to Take Actions and Execute Documents Regarding IFA Loan Participation No. B-LL-TX-6090 | PL/NO |
| **9** | Resolution Expanding the Healthcare Committee of the Authority to Include Education and Creating the Healthcare and Education Committee of the Authority | PL/NO |
| **10** | Resolution Authorizing the Executive Director to Renew the Existing Financial Advisor Contracts with Acacia Financial Group, Inc. and Public Financial Management, Inc. and to Initiate a Procurement of Additional Financial Advisory Firms in Light of the Authority's Express Policy to Use Businesses Owned by Minorities, Women, Persons with Disabilities and Small Businesses | SO/XG |
| **11** | Resolution Authorizing the Executive Director of the Authority to Explore Office Lease Opportunities for the Authority | SO |
| **12** | Resolution Authorizing the Chairman of the Authority to Select Co-Chairs and Members of the Strategic Planning Committee of the Authority | |

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ILLINOIS FINANCE AUTHORITY

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March 11, 2014

TO: William A. Brandt, Jr., Chairman
Gila J. Bronner
James J. Fuentes
Norman M. Gold
Lerry Knox
Edward H. Leonard, Sr.
Carmen Lonstein
Terrence M. O'Brien
Michael W. Goetz, Vice-Chairman
Heather D. Parish
Mayor Barrett F. Pedersen
Roger Poole
Mordecai Tessler
David Vaught
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

***House Ways and Means Chairman Camp's Tax Reform Plan Threatens Conduit Bonds***

On February 26, 2014, United States House of Representatives Ways and Means Committee Chairman Dave Camp (R – MI) released a draft tax reform plan that would end the federal tax exemption for conduit bonds as a whole and for advanced refunding conduit bonds issued after 2014. The Camp Plan is an existential threat to federal tax exemption of conduit bonds (and to conduit borrowers that rely on the lower interest rate provided). The Camp Plan comes at a time when the Illinois Finance Authority (the "Authority") faces macroeconomic challenges of declining refundings in the municipal marketplace, a notable increase in taxable issuance of health care and education bonds, and having the economic value of tax-exemption to borrowers at historic lows. See., e.g., Chin, Tonya. *"With Sharp Decline in Refundings, New-Issue Supply Slid 12.5% in '13"*. The Bond Buyer. 23 Feb. 2014.

Fortunately, the Authority has long been active with two national organizations of issuers with a strong Capitol Hill presence: the Council of Development Finance Agencies ("CDFA"; focused on private "for profit" sector conduit bonds) and the National Association of Health and Educational Facilities Finance Authorities ("NAHEFFA"; focused on 501(c)(3) not-for-profit conduit bonds). Both CDFA and NAHEFFA provide an excellent return on the Authority's membership investment. Both organizations watch the wide variety of federal proposals that could negatively impact (or more rarely help) the Authority in fulfilling its job creation and retention mission through the issuance of federally tax-exempt conduit bonds. Going back to their public service with the Authority's predecessor agencies, ***Pam Lenane*** (*healthcare finance*) and ***Rich Frampton*** (*business, industry, non-profit, education finance*) have served in leadership roles in both CDFA and NAHEFFA. Rich is a long-time board member of CDFA and as a nationally recognized subject matter expert in private activity conduit finance teaches courses to public finance professionals through CDFA. Pam is completing her term as President of NAHEFFA and has long served in board and other leadership roles in that organization.

Through both NAHEFFA and CDFA, Authority staff understands that the informed view from Capitol Hill among members of both parties and in both the House and the Senate is that the Camp Tax Reform Plan is a non-starter. This is important to know because federally tax-exempt conduit finance is the Authority's primary job creation and retention tool – and consistently provides the Authority's largest single source of revenue to support our public mission.

Some years ago, we saw that the Bowles-Simpson Deficit Reduction plan suggested the elimination of tax-exempt conduit bonds. Now the Chairman of the House Ways and Means Committee has proposed the same thing in a lengthy and comprehensive tax reform proposal. The Authority, its Board and its staff need to continue to educate federal policy makers on the job creation and job retention value of federally tax-exempt conduit bonds. As the Board Members know, the Authority's work financing billions of dollars in the construction of hospitals, factories, universities, water infrastructure is dependent on the continued existence and economic viability of this important tool.

***American Manufacturing Bond Finance Act***

Sometimes the best defense is a good offense. The Authority's primary tool to help small and mid-sized manufacturing is the federally tax-exempt conduit industrial revenue bond. In decades past, industrial revenue bonds have been an excellent incentive for industrial capital investment keeping the Illinois manufacturing ecosystem competitive in the global economy. However, Congress has not updated industrial revenue bonds since the late 1970's – and a lot has changed in the American economy since that time.

Here at the Authority, we have seen first-hand the negative impact of an excellent job retention and creation tool that has become slowly outdated. In calendar year 2007, the Authority issued 27 conduit industrial revenue bonds with a total par value of just under $220 million. Between 2008 and 2013 (six calendar years), the Authority successfully closed a total of 21 conduit industrial revenue bonds equating to a total par value of just under $120 million. This decline in activity tracks national trends, but the decline cannot simply be attributed to the Great Recession and historically tight spreads between tax-exempt and taxable interest rates. We believe that it is the case of a tool that has failed to stay relevant to the needs of manufacturing borrowers and the capital markets.

Despite Washington gridlock, the Authority and CDFA have been steadily making the policy and fiscal case to Congress to update industrial revenue bonds. This is not only to preserve our remaining manufacturing infrastructure. Modernizing industrial revenue bonds will take advantage of the trend towards returning manufacturing assets to American shores ("reshoring") and encourage research and innovation among manufacturers here.

The result of this effort is the proposed American Manufacturing Bond Finance Act. A brief but detailed summary is attached to this letter and more information is available at www.cdfa.net.

We expect that Ohio U.S. Senator Sherrod Brown (D-OH) will soon introduce the American Manufacturing Bond Finance Act. Authority staff has also made the case, on a bipartisan basis, for the proposal among members of the Illinois federal delegation. The American Manufacturing Bond Finance Act also allows an opportunity to educate Congress about the benefits of conduit bond finance and the hospitals, universities, museums, water infrastructure and factories that it supports.

To date, this effort has been favorably received – and we hope to have favorable news to share shortly with you.

***The Business of the Authority – and New Potential Opportunities***

At our February 2014 meeting, there was a robust discussion regarding Authority revenues which, of course, through our enterprise model are tied to the dollar volume and number of conduit bond issued. In short, Authority income exceeded budget for the first half of Fiscal Year 2014 (July 2013 through December 2013). The third quarter of Fiscal Year 2014 (January 2014 through March 2014) is proving to be more challenging. Spreads between tax-exempt interest and taxable interest are not as wide as they were several years ago. A slow economic recovery, we believe, has also hurt volume. Most importantly, we recognize that conduit bond issuance is cyclical and it may well prove that we are currently experiencing a down-cycle. It is for this reason that we have been laying the foundation for a diverse set of initiatives.

A major contribution to the Authority's policy and financial success during the first half of Fiscal Year 2014 was closing the financing of Governor Quinn's "AAA-rated" Clean Water Initiative Bonds in December 2013. It should be noted that this success was the capstone of nearly eighteen months of Authority staff work in close partnership with the Illinois Environmental Protection Agency. We hope, in perhaps a more modest manner, to duplicate the success of the Clean Water Initiative through one or more of the following initiatives:

- Working with Governor Quinn and State sister agencies to provide below-market local government capital financing to storm and tornado-ravaged communities. Vice-Chairman Mike Goetz attended this announcement in Washington, Illinois on March 5, 2014;

- Next steps in a pilot energy efficiency project for State facilities;

- Next steps in partnership with the Office of the State Fire Marshal (OSFM) in updating the local government fire truck, ambulance and other capital investment loan program. The Authority and OSFM partnership on this effort resulted in Public Act 97-901;

- First steps in working with the Illinois Department of Transportation (IDOT) on innovative public-private partnerships;

- Expanding the jurisdiction of the Healthcare Committee to include Education; and

- Proactively confronting our revenue and program challenges by taking the next step in the Authority's strategic and enterprise planning process.

***News from Springfield***

On February 25, 2014, the Authority appeared before the Senate Appropriations I Committee led by Chair Heather Steans, Vice-Chair Dan Kotowski, and Minority Spokesperson Matt Murphy. Thanks in large part to the Board's leadership, the Authority was favorably received. However, the fact that the Authority receives no State taxpayer appropriation to support its operations in what is predicted to be a very difficult budget year probably didn't hurt either. Working with Howard Kenner, the Authority's Springfield representative, we are working on a variety of initiatives to improve our ability to help agriculture, education and infrastructure through financing. We will keep you advised as to how these efforts develop.

As of this date, the House Appropriations Hearing for the Authority has not yet been scheduled nor have we been informed of a release date for the Fiscal Year 2013 Auditor General Compliance Audit for the Authority. As you know, the Fiscal Year 2013 Auditor General Financial Audit was released on January 29, 2014.

As always, the Authority staff looks forward to working with all of you to fulfil our job creation and retention mission.

Respectfully,

____________________

Christopher B. Meister
Executive Director

Attachments:

Attachment 1 – Overview of American Manufacturing Bond Finance Act
Attachment 2 – Bonds Activity Reports; Schedule of Debt

# MEMORANDUM

**To:** United States Congress

**From:** Toby Rittner, President & CEO
Council of Development Finance Agencies

**Date:** March 5, 2014

**Re:** The American Manufacturing Bond Finance Act

Perhaps nothing is more pressing than the plight of American manufacturers over the past decade. Since 2001, nearly 5.7 million[1] manufacturing jobs have disappeared due to a variety of reasons. Low-cost, affordable, flexible, and efficient capital access, however, remains the number one concern for manufacturers. For small- to mid-sized manufacturers, access to capital remains elusive and problematic.

The **American Manufacturing Bond Finance Act** is a comprehensive reform package that will modernize and revolutionize **Qualified Small Issue Manufacturing Bonds**, more commonly known as Industrial Development Bonds (IDBs) or simply manufacturing bonds. Manufacturing bonds are a type of Private Activity Bond (PAB) that allow the public sector to pass considerable interest rate reductions on to private companies through the issuance of tax-exempt bonds.

This bedrock tool is the single most actively used bond tool for financing the small- to mid-sized manufacturing sector and are a key economic development tool for state and local economic development agencies. The eight reforms will expand the capacity and usability of manufacturing bonds to help create American jobs immediately.

The eight reforms are as follows:

1. **Expand the Definition of Manufacturing to Include both Tangible and Intangible Manufacturing Production for Manufacturing Bonds**
2. **Eliminate the Restrictions on "Functionally Related and Subordinate Facilities" for Manufacturing Bonds**
3. **Increase the Maximum Bond Size Limitation from $10M to $30M for Manufacturing Bonds**
4. **Increase the Capital Expenditure Limitation from $20M to $40M for Manufacturing Bonds**
5. **Expand and Raise the Limits for Bank Deductibility to $30M for Manufacturing Bonds and 501(c)(3) Bonds**
6. **Eliminate the Restriction on the Use of Accelerated Depreciation by Manufacturers Using Manufacturing Bonds**
7. **Expand the 2% De Minimis Rule to Financial Institutions for Manufacturing Bonds and 501(c)(3) Bonds**
8. **Allow Qualified Small Issue Manufacturing Bond volume cap allocation to be carried forward in accordance with other bonds subject to volume cap**

Manufacturing bonds have not been reformed in nearly thirty years, and this lack of reform has caused stagnation and decline in issuance. Over $3.1 billion in manufacturing bonds were issued nationwide in 2007. In 2010, just $666 million in manufacturing bonds were issued. The drop in manufacturing bond issuance is directly related to the outdated rules and regulations that govern these bonds. Improved tax policy will enable manufacturers to access bond financing again.

These eight recommended reforms would expand access to capital for manufacturers, support America's most productive industry, and create jobs now.

The **Council of Development Finance Agencies** is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities. For more information concerning the American Manufacturing Bond Finance Act, contact Toby Rittner (trittner@cdfa.net) or go to www.cdfa.net.

[1] AFL-CIO

# The American Manufacturing Bond Finance Act At A Glance

**Reform 1: Expand the Definition of Manufacturing to Include both Tangible and Intangible Manufacturing Production for Manufacturing Bonds**
The measure would broaden the definition to include facilities that manufacture, create, or produce intangible property. The expanded definition would be sufficiently broad to cover software, patents, copyrights, formulas, processes, designs, patterns, know-how, format, and similar intellectual property. Under this new definition, knowledge-based businesses could access low-cost, tax-exempt IDB financing. This updated definition would align the growing high-tech manufacturing sector with the tools necessary to finance industry growth and expansion.

**Reform 2: Eliminate the Restrictions on "Functionally Related and Subordinate Facilities" for Manufacturing Bonds**
This change would allow manufacturers to develop projects that support modern business practices, provide for a better quality-of-life work environment, and diminish the complexity of using low-cost bond financing. This change would also expand project possibilities and give manufacturers the resources to think about long-term capital improvements, investment, workforce development, and job creation.

**Reform 3: Increase the Maximum Bond Size Limitation from $10M to $30M for Manufacturing Bonds**
This relatively small change would have virtually no impact on the federal treasury as Qualified Small Issue Manufacturing Bonds remain under the national volume cap and cannot exceed total nationwide issuance beyond the total cap. In other words, this change will give manufacturers a new and improved resource for making investments and creating jobs for an investment already accounted for by the federal government.

**Reform 4: Increase the Capital Expenditure Limitation from $20M to $40M for Manufacturing Bonds**
This modest change will align this important limitation with the realities of the economy and cost of doing business in the United States. This change will open the door for hundreds of new manufacturing projects that have long-term expansion objectives, and will spur ongoing investment and create jobs.

**Reform 5: Expand and Raise the Limits for Bank Deductibility to $30M for Manufacturing Bonds and 501(c)(3) Bonds**
CDFA also proposes that Congress allow "bank qualified" debt to be applied on a borrower-by-borrower basis, rather than aggregating all "bank qualified" bonds issued by an issuer. This targeted change will open the financial markets for manufacturing deals by giving borrowers and issuers the ability to place their bonds with their local community banks. This change will significantly ease the complexity and cost of smaller manufacturing bond transactions. These changes will level the playing field and allow small and mid-sized manufacturers access to an economic development tool that most have not been able to access cost effectively since 1986.

**Reform 6: Eliminate the Restriction on the Use of Accelerated Depreciation by Manufacturers Using Manufacturing Bonds**
This very small, but significant, change would allow small- to medium-sized manufacturers to access the bond markets for more affordable rates while also benefiting from depreciation tax-savings in the early years of the investment. This change would encourage manufacturers to explore bond financing as an affordable and cost-effective way to make investments and ultimately create jobs.

**Reform 7: Expand the 2% De Minimis Rule to Financial Institutions for Manufacturing Bonds and 501(c)(3) Bonds**
This reform would permit financial institutions to purchase new money tax-exempt bonds issued in an aggregate amount not to exceed 2% of their adjusted bases of assets. This change would allow small, local lenders to purchase Qualified Small Issue Manufacturing Bonds that directly support manufacturing investment and job creation in their communities.

**Reform 8: Allow Qualified Small Issue Manufacturing Bond volume cap allocation to be carried forward in accordance with other bonds subject to volume cap**
CDFA proposes a simple legislative fix to allow volume cap to be carried forward for IDBs and allow the IRS to revise their interpretation. Alternatively, one could simply have the statute indicate that bonds which close and spend funds in a given year can be issued using volume cap from that year for the entire issue. This approach is consistent with the way counsel had treated bonds prior to the IRS issuing a contrary interpretation.

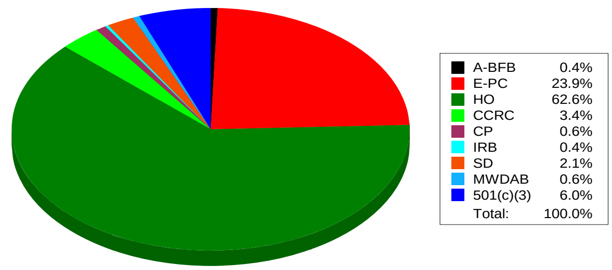

Council of Development Finance Agencies | 85 E. Gay Street, Suite 700, Columbus, OH 43215 | 614-224-1300 | info@cdfa.net | www.cdfa.net

## Bonds Issued - Fiscal Year Comparison
## for the Period Ending February 28, 2014

### Fiscal Year 2012

| # | Market Sector | | Principal Issued |
|---|---|---|---|
| 41 | Agriculture - Beginner Farmer | $ | 8,784,789 |
| 3 | Education | $ | 474,685,000 |
| 14 | Healthcare - Hospital | $ | 1,242,038,200 |
| 2 | Healthcare - CCRC | $ | 66,765,000 |
| 1 | Healthcare-Community Provider | $ | 12,700,000 |
| 2 | Industrial Revenue | $ | 7,295,000 |
| 1 | Local Government Schools | $ | 42,010,000 |
| 1 | Midwest Disaster Area Bonds | $ | 11,066,000 |
| 13 | 501(c)(3) Not-for-Profit | $ | 118,256,846 |
| 78 | | $ | 1,983,600,835 |

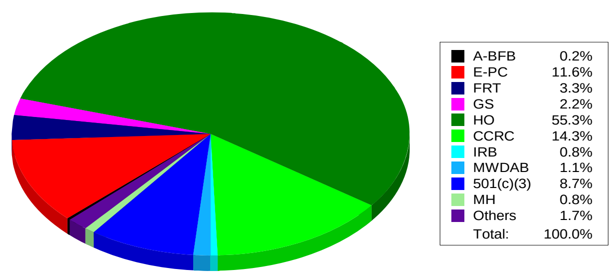
**Bonds Issued in Fiscal Year 2012**




### Fiscal Year 2013

| # | Market Sector | | Principal Issued |
|---|---|---|---|
| 14 | Agriculture - Beginner Farmer | $ | 4,461,655 |
| 8 | Education | $ | 264,865,000 |
| 1 | Gas Supply | $ | 50,000,000 |
| 10 | Healthcare - Hospital | $ | 1,262,625,000 |
| 5 | Healthcare - CCRC | $ | 326,840,068 |
| 3 | Industrial Revenue | $ | 18,112,280 |
| 3 | Midwest Disaster Area Bonds | $ | 25,700,000 |
| 11 | 501(c)(3) Not-for-Profit | $ | 198,592,750 |
| 1 | MultiFamily/Senior Housing | $ | 18,630,000 |
| 1 | Freight Transfer Facilities Bonds | $ | 75,000,000 |
| 2 | Local Government | $ | 15,025,000 |
| 1 | Environmental issued under 20 ILCS 3515/9 | $ | 10,935,000 |
| 60 | | $ | 2,270,786,752.83 |

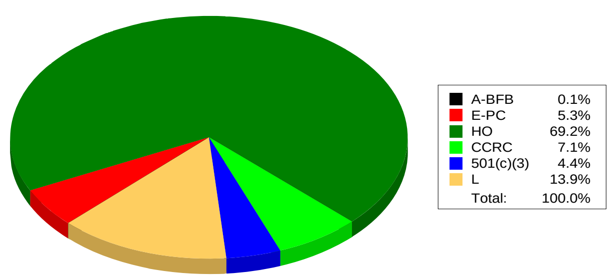
**Bonds Issued in Fiscal Year 2013**




### Fiscal Year 2014

| # | Market Sector | | Principal Issued |
|---|---|---|---|
| 9 | Agriculture - Beginner Farmer | $ | 2,031,928 |
| 4 | Education | $ | 93,895,000 |
| 6 | Healthcare - Hospital | $ | 1,230,795,000 |
| 5 | Healthcare - CCRC | $ | 125,660,000 |
| 7 | 501(c)(3) Not-for-Profit | $ | 93,512,000 |
| 6 | Local Government | $ | 247,360,000 |
| 37 | | | $1,793,253,928 |

**Bonds Issued in Fiscal Year 2014**



# Bonds Issued and Outstanding
# as of February 28, 2014

## Bonds Issued between July 01, 2013 and February 28, 2014

| Bond Issue | | Date Issued | Initial Interest Rate | Principal Issued | Bonds Refunded |
|---|---|---|---|---|---|
| E-PC | Concordia University | 07/01/2013 | Variable | 17,000,000 | 17,000,000 |
| L | Township High School District Number 113, Series 2013A | 07/01/2013 | Fixed at Schedule | 41,530,000 | 0 |
| HO | Rehabilitation Institute of Chicago | 07/01/2013 | Fixed at Schedule | 398,000,000 | 90,000,000 |
| A-BFB | Beginner Farmer Bonds | 07/01/2014 | various | 1,893,683 | 0 |
| 501(c)(3) | Lake Forest Country Day School | 08/01/2013 | Variable | 23,000,000 | 23,000,000 |
| HO | Advocate Health Care Network | 08/08/2013 | Fixed at Schedule | 96,905,000 | 0 |
| CCRC | Illinois College of Optometry | 08/15/2013 | Variable | 40,665,000 | 40,152,503 |
| L | Township High School District Number 113, Series 2013 B | 08/21/2013 | Fixed at Schedule | 8,470,000 | 0 |
| L | East Richland C.U.S.D. #1 | 08/29/2013 | Fixed at Schedule | 20,140,000 | 20,280,291 |
| 501(c)(3) | YMCA of Rock River Valley | 09/24/2013 | Variable | 6,750,000 | 0 |
| HO | Presence Health Network | 09/17/2013 | Variable | 366,865,000 | 366,865,000 |
| L | Community College District No. 532 | 09/27/2013 | Fixed at Schedule | 26,790,000 | 0 |
| CCRC | Westminster Village | 10/31/2013 | Variable | 7,000,000 | 0 |
| 501(c)(3) | Noble Network of Charter School | 10/24/2013 | Fixed at Schedule | 20,000,000 | 0 |
| CCRC | Peace Village | 10/29/2013 | Fixed at Schedule | 22,495,000 | 16,225,000 |
| E-PC | Columbia College Chicago | 10/30/2013 | Variable | 7,850,000 | 7,695,000 |
| 501(c)(3) | Elim Christian Services | 11/01/2013 | Variable | 14,577,000 | 14,400,000 |
| HO | Elmhurst Memorial Healthcare | 10/31/2013 | Fixed at Schedule | 109,025,000 | 126,760,629 |
| E-PC | Benedictine University | 11/20/2013 | Variable | 58,645,000 | 0 |
| CCRC | Smith Crossing | 11/08/2013 | Variable | 40,000,000 | 0 |
| 501(c)(3) | Lincoln Park Society | 11/22/2013 | Variable | 15,000,000 | 0 |
| L | Flora Connumity Unit School District | 12/05/2013 | Fixed at Schedule | 8,730,000 | 0 |
| L | Clean Water Initiative Revolving Fund | 12/05/2013 | Fixed at Schedule | 141,700,000 | 99,120,000 |
| CCRC | The Lodge of Northbrook | 12/30/2013 | Fixed at Schedule | 15,500,000 | 0 |
| HO | Elmhurst Memorial Healthcare | 12/17/2013 | Variable | 200,000,000 | 0 |
| A-BFB | Begining Farmer Bond | 01/01/2014 | Various | 138,245 | 0 |
| HO | Memorial Health System | 01/30/2014 | Fixed at Constant | 60,000,000 | 0 |
| E-PC | IIT Research Institute | 02/28/2014 | Variable | 10,400,000 | 10,400,000 |
| 501(c)(3) | North American Spine Society | 02/26/2014 | Variable | 8,860,000 | 8,860,000 |
| 501(c)(3) | New Hope Center | 02/28/2014 | Variable | 5,325,000 | 5,325,000 |
| | | Total Bonds Issued as of February 28, 2014 | | $ 1,793,253,928 | $ 846,083,423 |

**Legend** Fixed Rate Bonds as shown
DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond
VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.
Beginner Farmer Bonds interest rates are shown in section below.

## Beginner Farmer Bonds Funded between July 01, 2013 and February 28, 2014

| Borrower | Date Funded | Initial Interest Rate | Loan Proceeds | Acres | County |
|---|---|---|---|---|---|
| Scrivner, Wade David Hugh | 07/10/2013 | 3.80% | 440,000 | 164.63 | Jefferson |
| Haile, Joshua R | 10/07/2013 | 3.00 | 195,000 | 123.00 | Jefferson |
| Lynch, Derek C. and Lynch, Jonna \ | 10/25/2013 | 3.50 | 249,100 | 55.00 | Edwards |
| Curt & Stacey Robbins | 12/03/2013 | 4.99 | 250,000 | 1,250.00 | Wayne |
| Cody D. Heiden | 12/06/2013 | 3.25 | 285,000 | 40.00 | Fayette |
| Mason T. Muchow | 12/06/2013 | 3.25 | 246,783 | 41.15 | Effingham |
| Tyler Ethan Ory Vaughn | 12/06/2013 | 4.25 | 120,000 | 80.00 | Wayne |
| Gregory S. & Shyannon R. | 12/13/2013 | 3.25 | 107,800 | 98.00 | Hamilton |
| Daniel & Bobbi Ochs | 02/14/2014 | 3.25 | 138,245 | 75.95 | Jasper |
| Total Beginner Farmer Bonds Issued | | | $ 2,031,928 | 1,927.73 | |

**ILLINOIS FINANCE AUTHORITY**

Schedule of Debt [a]

Conduit debt issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)] which does not constitute an indebtedness or an obligation, either general or moral, or a pledge of the full faith or a loan of the Authority, the State of Illinois or any Political Subdivision of the State within the purview of any constitutional or statutory limitation or provisions with special limited obligations of the Authority secured under provisions of the individual Bond Indentures and Loan Agreements with the exception of the bonds identified below in Section I (b) -- General Purpose Moral Obligation/State Component Parts -- which are subject to the $28.15B cap in Section 845-5(a).

## Section I (a)

| | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Program Limitations | Remaining Capacity |
|---|---|---|---|---|
| **Illinois Finance Authority "IFA" [b]** | | | | |
| Agriculture | $ 50,122,850 | $ 52,154,778 | | |
| Education | 4,299,747,133 | 4,238,265,441 | | |
| Healthcare | 13,167,246,739 | 13,531,882,170 | | |
| Industrial Development [includes Recovery Zone/Midwest Disaster] | 727,007,782 | 782,172,882 | | |
| Local Government | 220,095,000 | 378,735,000 | | |
| Multifamily/Senior Housing | 173,925,220 | 172,107,670 | | |
| 501(c)(3) Not-for Profits | 1,360,842,375 | 1,390,949,207 | | |
| Exempt Facilities Bonds | 330,020,000 | 299,970,000 | | |
| **Total IFA Principal Outstanding** | **$ 20,329,007,099** | **$ 20,846,237,149** | | |
| **Illinois Development Finance Authority "IDFA" [b]** | | | | |
| Education | 12,911,388 | 12,126,388 | | |
| Healthcare | 180,475,000 | 180,475,000 | | |
| Industrial Development | 181,388,219 | 441,268,077 | | |
| Local Government | 395,170,898 | 314,596,906 | | |
| Multifamily/Senior Housing | 91,743,171 | 91,668,648 | | |
| 501(c)(3) Not-for Profits | 804,882,190 | 790,208,520 | | |
| Exempt Facilities Bonds | 75,000,000 | 75,000,000 | | |
| **Total IDFA Principal Outstanding** | **$ 1,741,570,867** | **$ 1,905,343,539** | | |
| **Illinois Rural Bond Bank "IRBB" [b]** | | | | |
| Bond Bank Revenue Bonds | 13,365,000 | 11,855,000 | | |
| **Total IRBB Principal Outstanding** | **$ 13,365,000** | **$ 11,855,000** | | |
| **Illinois Health Facilities Authority "IHFA"** | **$ 1,270,303,000** | **$ 981,228,000** | | |
| **Illinois Educational Facilities Authority "IEFA"** | **$ 1,030,201,000** | **$ 698,157,000** | | |
| **Illinois Farm Development Authority "IFDA" [f]** | **$ 21,609,864** | **$ 21,609,864** | | |
| **Total Illinois Finance Authority Debt** | **$ 24,406,056,830** | **$ 24,464,430,552** | **$ 28,150,000,000** | **$ 3,685,569,448** |

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]

## Section I (b)

| | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Program Limitations | Remaining Capacity |
|---|---|---|---|---|
| **General Purpose Moral Obligations** | | | | |
| Illinois Finance Authority Act [20 ILCS 3501/801-40(w)] | | | | |
| Issued through IRBB - Local Government Pools | 13,365,000 | $ 11,855,000 | | |
| Issued through IFA - Local Government Pools | 23,875,000 | 21,370,000 | | |
| Issued through IFA - Illinois Medical District Commission | 38,440,000 | 37,600,000 | | |
| **Total General Moral Obligations** | **$ 75,680,000** | **$ 70,825,000** | **$ 150,000,000** | **$ 79,175,000** |
| **Financially Distressed Cities Moral Obligations** | | | | |
| Illinois Finance Authority Act [20 ILCS 3501/825-60] | | | | |
| Issued through IFA | $ 2,630,000 | $ - | | |
| Issued through IDFA | 1,250,000 | - | | |
| **Total Financially Distressed Cities** | **$ 3,880,000** | **$ -** | **$ 50,000,000** | **$ 50,000,000** |
| **State Component Unit Bonds [c]** | | | | |
| Issued through IDFA [i] | 58,665,000 | 11,630,000 | | |
| Issued through IFA [i] | 69,679,739 | 149,294,985 | | |
| **Total State Component Unit Bonds** | **$ 128,344,739** | **$ 160,924,985** | | |

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwest Disaster Area Bonds in Illinois, February 11, 2010.

## Section I (c)

| | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Program Limitations | Remaining Capacity |
|---|---|---|---|---|
| **Midwest Disaster Bonds [Flood Relief]** | **$ 66,883,240** | **$ 66,331,524** | **$ -** | **$ 41,530,000** |

Designated by the Governor of the State of Illinois to manage and coordinate the re-allocation of Federal ARRA Volume Cap and the issuance of Recovery Zone Bonds in the State of Illinois to fully utilize RZBs before December 31, 2010.

## Section I (d)

| | ARRA Act of 2009 Volume Cap Allocated [h] | City/Counties Ceded Voluntarily to IFA | Bonds issued as of January 31, 2013 | Available "Ceded" Volume Cap |
|---|---|---|---|---|
| **Recovery Zone Economic Development Bonds;** | **$ 666,972,000** | **$ 16,940,000** | **$ 12,900,000** | **$ 4,040,000** |
| **Recovery Zone Facilities Bonds** | **$ 1,000,457,000** | **$ 206,344,371** | **$ 214,849,804** | **$ (8,505,433)** |
| **Qualified Energy Conservation Bonds** | **$ 133,846,000** | **$ -** | **$ 44,370,000** | **$ -** |

**ILLINOIS FINANCE AUTHORITY**

Schedule of Debt [a]

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(b)]

| Section II | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Program Limitations | Remaining Capacity |
|---|---|---|---|---|
| **Illinois Power Agency** | $ - | $ - | $ 4,000,000,000 | $ 4,000,000,000 |

Illinois Finance Authority Act [20 ILCS 3501 Section 825-65(f); 825-70 and 825-75] - see also P.A. 96-103 effective 01/01/2010

| Section III | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Program Limitations | Remaining Capacity |
|---|---|---|---|---|
| **Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects** | $ - | $ - | $ 3,000,000,000 [d] | $ 3,000,000,000 |

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 830-25 (see also P.A.96-103); 830-30; 830-35; 830-45 and 830-50]

| Section IV | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Program Limitations | Remaining Capacity | State Exposure |
|---|---|---|---|---|---|
| **Agri Debt Guarantees [Restructuring Existing Debt]** | | | | | |
| **Fund # 994 - Fund Balance $10,095,971.39** | **$ 13,029,800** | **$ 11,178,360** | **$ 160,000,000** | **$ 148,821,640** | **$ 9,493,116** |
| **AG Loan Guarantee Program** | | | | | |
| **Fund # 205 - Fund Balance $7,797,011.01** | **$ 13,107,200** | **$ 10,367,846** | **$ 225,000,000** [e] | **$ 214,632,154** | **$ 8,812,669** |
| Agri Industry Loan Guarantee Program | $ 7,256,577 | $ 5,380,414 | | | 4,573,352 |
| Farm Purchase Guarantee Program | 944,285 | 937,143 | | | 796,571 |
| Specialized Livestock Guarantee Program | 3,333,728 | 2,871,714 | | | 2,440,957 |
| Young Farmer Loan Guarantee Program | 1,572,606 | 1,178,576 | | | 1,001,790 |
| **Total State Guarantees** | **$ 26,137,000** | **$ 21,546,206** | **$ 385,000,000** | **$ 363,453,794** | **$ 18,305,786** |

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 825-80 and 825-85

| Section V | | | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Appropriation Fiscal Year 2014 | Fund Balance |
|---|---|---|---|---|---|---|
| 132 | Fire Truck Revolving Loan Program | **Fund # 572** | **$ 18,532,024** | **$ 17,052,813** | **$ 2,383,342** | **$ 4,332,175** |
| 8 | Ambulance Revolving Loan Program | **Fund # 334** | **$ 510,240** | **$ 415,920** | **$ 7,006,800** | **$ 3,765,684** |

**Note: Due to deposits in transit, the Cash Balance at the Illinois Office of the Comptroller may differ from the Illinois Finance Authority's General Ledger.**

Issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]

| Section VI | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 | Program Limitations | Remaining Capacity |
|---|---|---|---|---|
| **Environmental [Large Business]** | | | | |
| Issued through IFA | $ 78,235,000 | $ 76,495,000 | | |
| Issued through IDFA | 289,745,000 | 272,335,000 | | |
| **Total Environmental [Large Business]** | **$ 367,980,000** | **$ 348,830,000** | **$ 2,425,000,000** | **$ 2,076,170,000** |
| **Environmental [Small Business]** | $ - | $ - | **$ 75,000,000** | **$ 75,000,000** |
| **Total Environment Bonds Issued under Act** | **$ 367,980,000** | **$ 348,830,000** | **$ 2,500,000,000** | **$ 2,151,170,000** |

**Illinois Finance Authority Funds at Risk**

| Section VII | | Original Amount | Principal Outstanding June 30, 2013 | Principal Outstanding February 28, 2014 |
|---|---|---|---|---|
| | **Participation Loans** | | | |
| 9 | Business & Industry | 23,020,157.95 | 3,079,599.40 | 2,475,313.46 |
| 6 | Agriculture | 6,079,859.01 | 1,362,182.82 | 300,921.56 |
| 15 | **Participation Loans exluding Defaults & Allowances** | **$ 29,100,016.96** | **$ 4,441,782.22** | **$ 2,776,235.02** |
| | **Plus: Legacy IDFA Loans in Default** | | **858,458.00** | **858,458.00** |
| | **Less: Allowance for Doubtful Accounts** | | **1,162,656.00** | **1,045,643.00** |
| | **Total Participation Loans** | | **$ 4,137,584.22** | **$ 2,589,050.02** |
| 4 | **Local Government Direct Loans** | **$ 1,289,750.00** | **$ 188,820.52** | **167,688.88** |
| 3 | **FmHA Loans** | **$ 963,250.00** | **$ 246,141.72** | **228,489.60** |
| 2 | **Renewable Energy [RED Fund]** | **$ 2,000,000.00** | **$ 1,489,068.09** | **1,427,601.85** |
| 24 | **Total Loans Outstanding** | **$ 34,353,016.96** | **$ 6,061,621.55** | **$ 4,412,830.35** |

[a] Total subject to change; late month payment data may not be included at issuance of report.

[b] State Component Unit Bonds included in balance.

[c] Does not include Unamortized issuance premium as reported in Audited Financials.

[d] Program Limitation reflects the increase to $3 billion effective 01/01/2010 under P.A. 96-103.

[e] Program Limitation reflects the increase from $75 million to $225 million effective 01/01/2010 under P.A. 96-103.

[f] Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.

[g] Midwest Disaster Bonds - Illinois Counties eligible for Midwest Disaster Bonds include Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.

[h] Recovery Zone Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]

[i] Includes EPA Clean Water Revolving Fund

# COMMITTEE MINUTES

**ILLINOIS FINANCE AUTHORITY**
**COMMITTEE OF THE WHOLE**
**REGULAR MEETING**
**TUESDAY, FEBRUARY 11, 2014**
**9:31 A.M.**

## I. Call to Order & Roll Call

At the regular meeting of the Committee of the Whole of the Illinois Finance Authority (the "Committee" or "COW"), begun and held at Two Prudential Plaza, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601, on the second Tuesday of February in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the "Act"), William A. Brandt, Jr., Chairman of the Committee, called the Committee to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 11 Present.

On the question of a quorum of Members physically present at the location of this open meeting, the Assistant Secretary of the Board declared that a quorum had been constituted.

ILLINOIS FINANCE AUTHORITY
COMMITTEE OF THE WHOLE
COMMITTEE ROLL CALL
QUORUM ROLL CALL FOR ATTENDANCE

February 11, 2014

0 YEAS 0 NAYS 11 PRESENT

| | | | | | |
|---|---|---|---|---|---|
| P | Bronner | E | Leonard | P | Poole |
| P | Fuentes | P | Lonstein | E | Tessler |
| P | Goetz | P | O'Brien | P | Vaught |
| E | Gold | P | Parish | P | Zeller |
| P | Knox | E | Pedersen | P | Mr. Chairman |

E – Denotes Excused Absence

## II. Chairman's Remarks

Chairman Brandt welcomed Members of the Committee, Authority staff and all guests present.

## III. Message from the Executive Director

Executive Director Meister welcomed Member Vaught to the Authority Board. Mr. Vaught brings a wealth of private and public sector financial experience to the Authority as well as a unique regional perspective.

Executive Director Meister informed the Committee that he has provided materials detailing the accomplishments of the Authority over the last decade, as well as charts and graphs highlighting revenues throughout the years.

Next, Executive Director Meister informed the Committee he has been in discussions with the Office of the Governor on providing loans to nine impacted counties as a result of the tornado outbreak on Nov. 17, 2013 that killed eight people, damaged or destroyed 2,500 homes and severely impacted the towns of Brookport, Gifford, New Minden, Diamond and Washington, IL. The state was struck by 25 confirmed tornadoes in three hours, including two EF-4 twisters, the first ever of that strength during November. Governor Quinn successfully secured federal aid to assist people and businesses in 15 counties just nine days after the tornadoes caused widespread destruction across the state. However, Federal Emergency Management Agency ('FEMA") denied the state's request for federal assistance to help local governments in nine impacted counties, based on the existing federal criteria.

Chairman Brandt expressed his dissatisfaction with FEMA for denying the state's request for federal assistance.

Executive Director Meister briefly provided background for Item 10 to be discussed later which is a Resolution Authorizing the Executive Director to Return State Energy Program Monies Authorized under the American Recovery and Reinvestment Act of 2009 to the Illinois Department of Commerce and Economic Opportunity.

Chairman Brandt and Executive Director Meister engaged in a conversation concerning possible settlements funds that may be received as a result of pending litigation and the effect past settlements have had on the balance sheet of the Authority.

Executive Director Meister introduced new interns at the Authority.

Executive Director Meister informed the Committee he will be testifying before the Illinois Senate Appropriation I Committee on February 25, 2014.

Finally, Executive Director Meister informed the Committee that the Financial Audit for the Year Ended June 30, 2013 performed by the Office of the Illinois Auditor General was released on January 29, 2014. Chairman Brandt congratulated Member Bronner for her stewardship of the Audit Committee.

## IV. Consideration of the Minutes

Chairman Brandt asked if the Members wished to direct the Assistant Secretary of the Board to correct any errors in the Minutes of the regular meeting of the Committee held on December 10, 2013 or any errors in the Minutes of the regular meeting of the Board held on December 10, 2013.

Vice Chairman Goetz moved for the adoption of the Minutes of the regular meeting of the Committee held on December 10, 2013.

Member Poole seconded the motion.

The motion prevailed and the Minutes were adopted.

## V. Presentation and Consideration of the Financial Statements

Mr. Bailey presented the following analysis of Financial Statements for the Month Ended December 31, 2013 and Financial Statements for the Month Ended January 31, 2014

***Revenue***

<u>Year-To-Date Highlights</u>

As of December 31, 2013, Total Revenue for the fiscal year beginning July 1, 2013 was $2,291,728. This amount was $194,857 or 9.3% favorable to budget due to Administrations & Closing fees and annual issuance fees.

As of January 31, 2014, Total Revenue for the fiscal year beginning July 1, 2013 is $2,507,492. This amount is $15,113 or .6% unfavorable to budget due to slightly lower than budgeted revenues across all categories.

<u>Monthly Highlights</u>

Total Revenue for December 2013 was $505,633 which was favorable to budget by $167,506 or 49.5%. Major revenue driver for December 2013 were Administration & Application Fees (fees on bond closings). The Authority closed nine (9) transactions five (5) in Agriculture, two (2) in Healthcare and two (2) in Local Government including the Clean Water Initiative which generated total fees of $424,095.

Total Revenue for January 2014 was $215,764, which was negative to budget by $209,970 or 49.32%. Major revenue drivers for January 2014 included Investment Interest (from locally held funds) and Administration & Application Fees (fees on bond closings), all of which were below budget due to lower transaction volume and the low interest rate environment. The Authority closed one (1) transaction in addition to an administration fee for securing a Host TEFRA in January 2014 which generated total Administration and Closing Fees of $89,012. The Illinois Finance Authority (the "Authority") also recognized Miscellaneous Income of $70,818 received in February 2013 as part of multistate settlement agreements reached by the Office of the Illinois Attorney General with (i) Wells Fargo Bank N.A. for the activities of the former Wachovia Bank N.A. and (ii) GE Funding Capital Market Services, Inc. ("GE Funding").

***Expenses***

Year-To-Date Highlights

As of December 31, 2013, Total Expenses for the fiscal year beginning July 1, 2013 were $1,784,958. This amount was $245,700 or 12.1% favorable to budget, reflecting lower than budgeted expenses across all expense categories.

As of January 31, 2014, Total Expenses for the fiscal year beginning July 1, 2013 are $2,057,906. This amount is $311,199 or 13.1% favorable to budget, reflecting lower than budgeted expenses across all expense categories.

Monthly Highlights

Total Expenses for December 2013 were $298,279, which was 11.9% or $40,164 below budget. The primary drivers for December's better than budgeted expense performance were Employee Related Expenses and Professional Services reflecting delayed staffing, as well as lower legal and consulting expenses.

Total Expenses for January 2014 were $272,946, which was 19.3% or $65,497 below budget. The primary drivers for January's better than budgeted expense performance were Employee Related Expenses and Professional Services reflecting delayed staffing, as well as lower legal and consulting expenses.

***Net Income***

Year-To-Date Highlights

As of December 31, 2013, Net Income for the fiscal year beginning July 1, 2013 was $506,770 or $440,557 or 665.4% better than budget. The major drivers were Administrations and Applications fees and lower than budgeted expenses across all expense categories. In July 2013 a conservative budget was adopted with only $75,370 projected of Net Income.

As of January 31, 2014, Net Income for the fiscal year beginning July 1, 2013 is $437,484 or $283,980 or 185% better than budget. Again, in July 2013 a conservative budget was adopted with only $75,370 projected of Net Income.

Monthly Highlights

The Authority ended the month of December 2013 with a Net Income $207,354 due to Administration & Closing fees and lower than expected expenses.

The Authority ended the month of January 2014 with a Net loss of $69,288 due to less transaction volume and the low interest rate environment

***Note:***

In January 2014, the Authority started utilizing the contracted investment firms (Ziegler Lotsoff Capital Management, LLC and Clear Arc Capital Inc.) selected pursuant to the Authority's July 2013 procurement power. The Authority transferred $41.0 million (locally held funds) to the investment firms for managing. In January 2014, the Authority purchased short-term securities for a total of $4.0 million, consistent with the Authority's investment policy and statutory mandates. Under the Clean Water Initiative, one of these firms will be managing the Equity fund per the Intergovernmental Agreement with the Illinois Environmental Protection Agency ("IEPA").

Chairman Brandt and Vice Chairman Goetz engaged in a conversation relating to the overall budget and then specifically about the hiring of an Agricultural Regional Manager; Chairman Brandt confirmed that it was his expectation that the position would still be filled.

Chairman Brandt informed the Committee that for some time the Authority has been operating with vacant positions which remain unfilled due to the economic recession. However, it is his desire to allow for more time in the marketing of Authority business segments.

Chairman Brandt, Vice Chairman Goetz and Executive Director Meister discussed the historical revenue trends of the Authority. Specifically, issuance of Industrial Revenue Bonds continues to be historically weak due to the availability of accelerated depreciation and an antiquated tax code.

Member Lonstein and Executive Director Meister discussed the recently developed strategic plan.

Chairman Brandt discussed the effects of the low-interest rate environment on tax-exempt bond issuance throughout the country, and as a result the marketing needs required by the Authority in order to enhance revenues through a greater volume of healthcare financings.

Vice Chairman Goetz, Member Poole, Member Lonstein and Executive Director Meister engaged in a conversation about the healthcare sector of the Illinois economy as well as the historical revenue trends of the Authority. Furthermore, the compliance costs associated with a borrower issuing a tax-exempt bond in comparison to utilizing a taxable bond or securing a commercial loan was examined.

Mr. Frampton informed the Committee that the ability of borrowers to accelerate depreciation on equipment purchases, coupled with the fact that used equipment is historically cheap, means Industrial Revenue Bonds can provide only very marginal benefit.

Chairman Brandt, Member Knox and Member Vaught discussed the interest rate spread that Illinois Finance Authority conduit borrowers in Illinois pay as a result of the economic challenges facing the State of Illinois (the "Illinois Penalty"). Member Vaught stated that State of Illinois General Obligation Bonds are always over-subscribed despite these challenges. Recent pension reform efforts by the Illinois General Assembly were cited as being beneficial, nevertheless. Finally, Executive Director Meister cited the recent success of the Illinois Finance Authority Series 2013 Illinois Clean Water Initiative Bonds.

Ms. Lenane informed the Committee that general obligations bonds historically trade better than 501(c)(3) revenue bonds. As a result, the Illinois Penalty has a greater impact on the Authority's conduit borrowers.

## VI. Committee Reports

***Venture Capital Committee***

Member Fuentes reported that the Venture Capital Committee reviewed a Resolution Delegating to the Chair of the Venture Capital Committee the Power to Take Further Action Regarding Financial Assistance to a Start-Up Nonprofit in the Life Sciences Sector. The resolution was tabled by the Committee.

Ultimately, the Illinois Department of Commerce & Economic Opportunity committed to providing a grant for the Start-Up Nonprofit in the Life Sciences Sector and a loan from the Authority is no longer being requested.

Chairman Brandt and Member Fuentes engaged in a conversation about the project's ability to be successful.

***Healthcare Committee***

Chairman Brandt inquired if Member Knox, Member Lonstein and Member Vaught would be interested in serving on the Healthcare Committee. Members Knox, Lonstein and Vaught each expressed interest. Member Knox will serve as Healthcare Committee Chairman.

Vice Chairman Goetz reported that the Healthcare Committee reviewed and recommended approval of the following project reports: Items 3, 6 and 7.

***Agriculture Committee***

Member Zeller reported that the Agriculture Committee reviewed and recommended approval of the following project reports and resolutions: Items 1(A), 1(B), 1(C) and 1(D).

Member Zeller confirmed there have been ongoing discussions to hire an Agricultural Regional Manager. Chairman Brandt explained that there are many qualified individuals.

***Infrastructure, Transportation & Energy Committee***

Vice Chairman Goetz reported that the Infrastructure, Transportation & Energy Committee reviewed and recommended approval of the following resolution: Item 10.

Vice Chairman Goetz reiterated Executive Director Meister's earlier remarks about tornado relief.

## VII. Project Reports and Resolutions

Mr. Frampton presented the following projects:

*Agriculture Projects*

**Item 1(A):** Item 1(A) is a request for Beginning Farmer Revenue Bond financing.

**Derek P. Ifft** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **One Hundred Thousand Dollars** ($100,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 10 acres of farmland located in Pella Township in Ford County.

**Item 1(B):** Item 1(B) is a request for Beginning Farmer Revenue Bond financing.

**Philip Ryan & Rebecca Ellen Ochs** are requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Two Hundred Thirty-Seven Thousand Three Hundred and Forty-Four Dollars** ($237,344). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 75.95 acres of farmland located in Wade and Fox Townships in Jasper County.

**Item 1(C):** Item 1(C) is a request for Beginning Farmer Revenue Bond financing.

**Levi M. Spurlock** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **One Hundred Forty Thousand Dollars** ($140,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 40 acres of farmland located in Farrington Township in Jefferson County.

**Item 1(D):** Item 1(D) is a request for Beginning Farmer Revenue Bond financing.

**Mark L. Quade** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Three Hundred Twenty-Five Thousand Dollars** ($325,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 49.75 acres of farmland located in West Township in Effingham County.

Ms. O'Brien presented the following projects:

*Educational, Cultural and Non-Healthcare 501(c)(3) Projects*

**Item 2:** Item 2 is a request for 501(c)(3) Revenue Bond financing.

**North American Spine Society** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Eight Million Eight Hundred Sixty Thousand Dollars** ($8,860,000). This financing is being presented for one-time consideration.

Bond proceeds will be used by **North American Spine Society** to (i) refund the outstanding Illinois Finance Authority Variable Rate Demand Revenue Bonds (North American Spine Society Project) Series 2007 (the "Prior Bonds") and (ii) if desirable, pay certain costs and expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

***Healthcare Projects***

**Item 3:** Item 3 is a request for 501(c)(3) Revenue Bond financing.

**Centegra Health System** is requesting approval of a **Preliminary** Bond Resolution in an amount not-to-exceed **One Hundred Ninety Three Million Dollars** ($193,000,000).

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**").

Executive Director Meister and Ms. Lenane highlighted the competitive environment for issuing bonds for Centegra Health System.

Mr. Frampton presented the following resolutions:

***Resolutions***

**Item 4:** Item 4 is a Resolution Providing for the Issuance of Not to Exceed $11,850,000 Principal Amount Illinois Finance Authority Revenue Refunding Bond, Series 2014 (IIT Research Institute); Authorizing the Execution and Delivery of a Bond and Loan Agreement, a Tax Exemption Certificate and Agreement and Related Documents; and Approving Related Matters.

**Item 5:** Item 5 is a Resolution Authorizing the Amendment of the Bond and Loan Agreement Among the Illinois Finance Authority, National Hellenic Museum and First Midwest Bank Relating to the Authority's Cultural Facility Revenue Bond (National Hellenic Museum Project), Series 2012; and Related Matters.

Ms. Lenane presented the following resolutions:

***Resolutions***

**Item 6:** Item 6 is a Resolution Authorizing the Execution and Delivery of a First Supplemental Bond Indenture Providing for a Substitution of Obligation relating to Illinois Finance Authority Revenue Bonds, Series 2006 (Kewanee Hospital Project); and Related Matters.

**Item 7:** Item 7 is a Resolution Authorizing the Execution and Delivery of a First Supplemental Bond Indenture and a First Supplemental Loan Agreement in Connection with Illinois Finance Authority Revenue Bonds, Series 2012A (Hospital Sisters Services, Inc. – Obligated Group); and Related Matters.

Mr. Frampton presented the following resolution:

***Resolutions***

**Item 8:** Item 8 is a Resolution of Intent Requesting an Initial Allocation of Calendar Year 2014 Private Activity Bond Volume Cap in the Amount of $225,000,000.

Chairman Brandt and Mr. Frampton engaged in a conversation about the need for $25,000,000 in additional Calendar Year 2014 Private Activity Bond Volume Cap.

Executive Director Meister and Mr. Frampton engaged in a discussion about the 2011 Internal Revenue Service ("IRS) final regulations regarding the types of facilities that qualify as "solid waste disposal facilities" under section 142(a)(6) of the Internal Revenue Code of 1986, as amended (the "Code").

Member O'Brien made a motion to amend Item 8 as follows: Resolution of Intent Requesting an Initial Allocation of Calendar Year 2014 Private Activity Bond Volume Cap in the Amount of $250,000,000.

Vice Chairman Goetz seconded the motion.

The motion prevailed and Item 8 was amended.

Executive Director Meister presented the following resolutions:

***Resolutions***

**Item 9:** Item 9 is a Ratification of a Resolution Supporting Comments by Illinois Department of Agriculture on Proposed Rule for 2014 Standards for the Renewable Fuel Standard Program.

**Item 10:** Item 10 is a Resolution Authorizing the Executive Director to Return State Energy Program Monies Authorized under the American Recovery and Reinvestment Act of 2009 to the Illinois Department of Commerce and Economic Opportunity.

## VIII. Other Business

Ms. Lenane, Acting General Counsel, informed the Committee that on March 17, 2014, the Secretary of State Index Division will mail Statement of Economic Interest forms to the home addresses of Authority Members and employees.

## IX. Public Comment

None.

## X. Adjournment

At the time of 10:32 a.m., Member O'Brien moved that the Committee do now adjourn until March 11, 2014, at 9:30 a.m.

Member Bronner seconded the motion.

The motion prevailed.

And the Committee stood adjourned.

Minutes published by:
Brad R. Fletcher
Assistant Secretary of the Board

# BOARD MINUTES

**ILLINOIS FINANCE AUTHORITY**
**BOARD OF DIRECTORS**
**REGULAR MEETING**
**TUESDAY, FEBRUARY 11, 2014**
**10:44 A.M.**

## I. Call to Order & Roll Call

At the regular meeting of the Board of Directors of the Illinois Finance Authority (the "Board"), begun and held at One Prudential Plaza, 130 East Randolph Avenue, Suite 750, Chicago, Illinois 60601, on the second Tuesday of February in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the "Act"), William A. Brandt, Jr., Chairman of the Board, called the Board to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 11 Present.

On the question of a quorum of Members physically present at the location of this open meeting, the Assistant Secretary of the Board declared that a quorum had been constituted.

ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
QUORUM ROLL CALL FOR ATTENDANCE

February 11, 2014

| 0 YEAS | | 0 NAYS | | 11 PRESENT | |
|---|---|---|---|---|---|
| P | Bronner | E | Leonard | P | Poole |
| P | Fuentes | P | Lonstein | E | Tessler |
| P | Goetz | P | O'Brien | P | Vaught |
| E | Gold | P | Parish | P | Zeller |
| P | Knox | E | Pedersen | P | Mr. Chairman |

E – Denotes Excused Absence

## II. Chairman's Remarks

Chairman Brandt welcomed Members of the Board, Authority staff and all guests present. In addition, Chairman Brandt welcomed Member Vaught to the Board.

Chairman Brandt, Chairman, from the Committee of the Whole to which all items of this meeting's agenda were referred, action taken earlier on February 11, 2014, reported the same back and that all items were thoroughly reviewed.

## III. Adoption of the Minutes

Minutes of the regular meeting of the Board held on December 10, 2013 and the Financial Statements for the Months Ended December 31, 2013 and January 31, 2014 were taken up for consideration.

Vice Chairman Goetz moved for the adoption of the Minutes and the Financial Statements.

Member Knox seconded the motion.

And on that motion, a vote was taken resulting as follows: 11 Yeas; 0 Nays; 0 Answering Present.

The motion prevailed and the Minutes were adopted.

## IV. Acceptance of the Financial Statements

See Agenda Item III.

## V. Approval of Project Reports and Resolutions

Chairman Brandt directed Mr. Frampton to present the projects and resolutions without guests or abstentions to the Board.

Mr. Frampton presented the following project:

***Agriculture Projects***

**Item 1(A):** Item 1(A) is a request for Beginning Farmer Revenue Bond financing.

**Derek P. Ifft** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **One Hundred Thousand Dollars** ($100,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 10 acres of farmland located in Pella Township in Ford County.

Vice Chairman Goetz moved for the adoption of the following project: Item 1(A).

Member Poole seconded the motion.

And on that motion, a vote was taken resulting as follows: 11 Yeas; 0 Nays; 0 Answering Present.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

Chairman Brandt directed Mr. Frampton to present the projects and resolutions without guests or abstentions to the Board.

Mr. Frampton presented the following projects and resolutions:

***Agriculture Projects***

**Item 1(B):** Item 1(B) is a request for Beginning Farmer Revenue Bond financing.

**Philip Ryan & Rebecca Ellen Ochs** are requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Two Hundred Thirty-Seven Thousand Three Hundred and Forty-Four Dollars** ($237,344). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 75.95 acres of farmland located in Wade and Fox Townships in Jasper County.

**Item 1(C):** Item 1(C) is a request for Beginning Farmer Revenue Bond financing.

**Levi M. Spurlock** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **One Hundred Forty Thousand Dollars** ($140,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 40 acres of farmland located in Farrington Township in Jefferson County.

**Item 1(D):** Item 1(D) is a request for Beginning Farmer Revenue Bond financing.

**Mark L. Quade** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Three Hundred Twenty-Five Thousand Dollars** ($325,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 49.75 acres of farmland located in West Township in Effingham County.

***Educational, Cultural and Non-Healthcare 501(c)(3) Projects***

**Item 2:** Item 2 is a request for 501(c)(3) Revenue Bond financing.

**North American Spine Society** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Eight Million Eight Hundred Sixty Thousand Dollars** ($8,860,000). This financing is being presented for one-time consideration.

Bond proceeds will be used by **North American Spine Society** to (i) refund the outstanding Illinois Finance Authority Variable Rate Demand Revenue Bonds (North American Spine Society Project) Series 2007 (the "Prior Bonds") and (ii) if desirable, pay certain costs and expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

***Resolutions***

**Item 4:** Item 4 is a Resolution Providing for the Issuance of Not to Exceed $11,850,000 Principal Amount Illinois Finance Authority Revenue Refunding Bond, Series 2014 (IIT Research Institute); Authorizing the Execution and Delivery of a Bond and Loan Agreement, a Tax Exemption Certificate and Agreement and Related Documents; and Approving Related Matters.

**Item 5:** Item 5 is a Resolution Authorizing the Amendment of the Bond and Loan Agreement Among the Illinois Finance Authority, National Hellenic Museum and First Midwest Bank Relating to the Authority's Cultural Facility Revenue Bond (National Hellenic Museum Project), Series 2012; and Related Matters.

**Item 7:** Item 7 is a Resolution Authorizing the Execution and Delivery of a First Supplemental Bond Indenture and a First Supplemental Loan Agreement in Connection with Illinois Finance Authority Revenue Bonds, Series 2012A (Hospital Sisters Services, Inc. – Obligated Group); and Related Matters.

**Item 8:** Item 8 is a Resolution of Intent Requesting an Initial Allocation of Calendar Year 2014 Private Activity Bond Volume Cap in the Amount of $250,000,000.

**Item 9:** Item 9 is a Ratification of a Resolution Supporting Comments by Illinois Department of Agriculture on Proposed Rule for 2014 Standards for the Renewable Fuel Standard Program.

**Item 10:** Item 10 is a Resolution Authorizing the Executive Director to Return State Energy Program Monies Authorized Under the American Recovery and Reinvestment Act of 2009 to the Illinois Department of Commerce and Economic Opportunity.

Chairman Brandt requested leave of the Board to use the last unanimous vote for the adoption of the following projects and resolutions: Items 1(B), 1(C), 1(D), 2, 4, 5, 7, 8, 9 and 10.

Leave was granted.

These projects and resolutions, having received the votes of a quorum of the Members of the Board, were declared passed and adopted, respectively.

Chairman Brandt directed Mr. Frampton to present the resolution with a guest to the Board.

Mr. Frampton presented the following resolution:

***Resolutions***

**Item 6:** Item 6 is a Resolution Authorizing the Execution and Delivery of a First Supplemental Bond Indenture Providing for a Substitution of Obligation relating to Illinois Finance Authority Revenue Bonds, Series 2006 (Kewanee Hospital Project); and Related Matters.

Chairman Brandt announced that Ms. Anne M. Donahoe, Financial Advisor to OSF Healthcare, was present and ready to speak on behalf of the resolution.

Ms. Donahoe thanked the Members of the Board for their consideration of the financing.

Chairman Brandt recognized and thanked Ms. Donahoe.

Executive Director Meister recognized and thanked Ms. Donahoe.

Chairman Brandt requested leave of the Board to use the last unanimous vote for the adoption of the following resolution: Item 6.

Leave was granted.

This resolution, having received the votes of a quorum of the Members of the Board, was declared adopted.

Chairman Brandt directed Mr. Frampton to present the project which may require an abstention to the Board.

Mr. Frampton presented the following project:

***Healthcare Projects***

**Item 3:** Item 3 is a request for 501(c)(3) Revenue Bond financing.

**Centegra Health System** is requesting approval of a **Preliminary** Bond Resolution in an amount not-to-exceed **One Hundred Ninety Three Million Dollars** ($193,000,000).

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**").

Member Lonstein moved for the adoption of the following project: Item 3.

Member Knox seconded the motion.

And on that motion, a vote was taken resulting as follows: 10 Yeas; 0 Nays; 1 Abstention (Goetz); 0 Answering Present.

Vice Chairman Goetz desired to be recorded as abstaining from the vote due to a family member's contractual relationship with the Borrower.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

**VI. Other Business**

None.

**VII. Public Comment**

None.

**VIII. Adjournment**

Chairman Brandt reminded Members of the Board, Authority staff and all guests present that the regular meeting of the Board in March will be held on March 11, 2014.

At the time of 10:55 a.m., Vice Chairman Goetz moved that the Board do now adjourn until March 11, 2014, at 10:30 a.m.

Member Parish seconded the motion.

The motion prevailed.

And the Board stood adjourned.

Minutes published by:
Brad R. Fletcher
Assistant Secretary of the Board

ILLINOIS FINANCE AUTHORITY

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# Financial Analysis

February 28, 2014

**V. Presentation and Consideration of the Financial Statements**

***Revenue***

Year-To-Date Highlights

Total Revenue for the fiscal year beginning July 1, 2013 is $2,713,830. This amount is $234,509 or 7.9% unfavorable to budget due to lower than expected administration and closing fees.

Monthly Highlights

Total Revenue for February 2014 was $206,338, which was negative to budget by $219,396 or 51.53%. Major revenue drivers for February 2014 included Administration & Application Fees (fees on bond closings), all of which were below budget due to lower transaction volume. The Authority closed two (2) transactions in addition to an administration fee in February 2014 which generated total Administration and Closing Fees of $67,369.

***Expenses***

Year-To-Date Highlights

Total Expenses for the fiscal year beginning July 1, 2013 are $2,420,011. This amount is $287,533 or 10.6% favorable to budget, reflecting lower than budgeted expenses across all expense categories.

Monthly Highlights

Total Expenses for February 2014 were $362,108 which was 6.9% or $23,665 above budget. The primary driver for February's expenses was the Financial Advisory line item under Professional Services due to payments of invoices from prior months.

***Net Income***

Year-To-Date Highlights

Net Income for the fiscal year beginning July 1, 2013 is $205,884 or $34,911 or 14.5% below budget. The primary driver for the decrease is lower transaction volume and a change in the fair market value of investments. In July 2013, a conservative budget was adopted with only $75,370 projected of Net Income.

Monthly Highlights

The Authority ended the month of February 2014 with a Net loss of $231,599 due to lower transaction volume and a change in the fair market value of the investments.

***Note:***

In January 2014, the Authority started utilizing the contracted investment firms (Ziegler Lotsoff Capital Management, LLC and Clear Arc Capital Inc.) selected pursuant to the Authority's July 2013 procurement power. The Authority transferred $41.0 million (locally held funds) to the investment firms for managing. In January and February 2014, the Authority purchased short-term securities for a total of $34.9 million, consistent with the Authority's investment policy and statutory mandates.

Under the Illinois Clean Water Initiative one of these firms will be managing the Equity fund per the Intergovernmental Agreement with the Illinois Environmental Protection Agency ("IEPA").

# ILLINOIS FINANCE AUTHORITY
# STATEMENT OF ACTIVITIES
## for Period Ending
## February 28, 2014

| | CURRENT MONTH | | | | | YEAR TO DATE | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | Variance to Budget | | Variance to Prior Year | | Actual | Variance to Budget | | Variance to Prior Year | |
| | $ | $ | % | $ | % | $ | $ | % | $ | % |
| REVENUE | | | | | | | | | | |
| INTEREST ON LOANS | 7,530 | (5,899) | -43.93% | (8,025) | -51.59% | 88,551 | (18,881) | -17.57% | (63,976) | -41.94% |
| INVESTMENT INTEREST & GAIN(LOSS) | 70,173 | 53,506 | 321.03% | 67,438 | 2465.74% | 81,478 | (51,858) | -38.89% | 46,822 | 135.11% |
| ADMINISTRATIONS & APPLICATION FEES | 67,369 | (316,840) | -82.47% | (223,795) | -76.86% | 2,114,384 | (501,755) | -19.18% | (764,559) | -26.56% |
| ANNUAL ISSUANCE & LOAN FEES | 58,125 | 51,996 | 848.36% | 28,598 | 96.85% | 298,274 | 249,242 | 508.33% | 64,202 | 27.43% |
| OTHER INCOME | 3,141 | (2,159) | -40.74% | (1,974) | -38.59% | 131,143 | 88,743 | 209.30% | (261,084) | -66.56% |
| TOTAL REVENUE | 206,338 | (219,396) | -51.53% | (137,758) | -40.03% | 2,713,830 | (234,509) | -7.95% | (978,595) | -26.50% |
| EXPENSES | | | | | | | | | | |
| EMPLOYEE RELATED EXPENSES | | | | | | | | | | |
| COMPENSATION & TAXES | 135,719 | (6,862) | -4.81% | (6,585) | -4.63% | 1,028,635 | (112,013) | -9.82% | 84,738 | 8.98% |
| BENEFITS | 20,718 | (1,993) | -8.78% | (4,349) | -17.35% | 131,525 | (50,163) | -27.61% | (37,272) | -22.08% |
| EDUCATION & DEVELOPMENT | 320 | (180) | -36.00% | 320 | 0.00% | 10,972 | 6,972 | 174.30% | 10,377 | 1744.03% |
| TRAVEL & AUTO | 1,471 | (3,112) | -67.90% | 640 | 77.02% | 22,148 | (14,516) | -39.59% | (7,225) | -24.60% |
| TOTAL EMPLOYEE RELATED EXPENSES | 158,228 | (12,147) | -7.13% | 100 | 0.07% | 1,193,280 | (169,720) | -13.86% | 50,618 | 4.43% |
| PROFESSIONAL SERVICES | | | | | | | | | | |
| CONSULTING, LEGAL & ADMIN | 45,701 | 4,034 | 9.68% | 8,201 | 21.87% | 275,465 | (57,871) | -17.36% | (115,954) | -29.62% |
| LOAN EXPENSE & BANK FEE | 19,690 | 11,356 | 136.26% | 11,493 | 140.21% | 73,434 | 6,762 | 10.14% | 9,236 | 14.39% |
| ACCOUNTING & AUDITING | 23,604 | (2,230) | -8.63% | (1,390) | -5.56% | 171,102 | (35,570) | -17.21% | (47,625) | -21.77% |
| MARKETING GENERAL | 230 | (603) | -72.39% | 230 | #DIV/0! | 2,252 | (4,412) | -66.21% | (205) | -8.34% |
| FINANCIAL ADVISORY | 47,193 | 38,860 | 466.34% | 38,860 | 466.34% | 123,314 | 56,650 | 84.98% | 20,706 | 20.18% |
| CONFERENCE/TRAINING | 35 | (2,048) | -98.32% | (205) | -85.42% | 6,290 | (10,374) | -62.25% | (4,465) | -41.52% |
| MISCELLANEOUS PROFESSIONAL SERVICES | 2,175 | (4,492) | -67.38% | (4,075) | -65.20% | 78,464 | 25,128 | 47.11% | (207) | -0.26% |
| DATA PROCESSING | 9,842 | (4,325) | -30.53% | 1,901 | 23.94% | 44,765 | (68,571) | -60.50% | 8,918 | 24.88% |
| TOTAL PROFESSIONAL SERVICES | 148,470 | 40,552 | 37.58% | 55,015 | 58.87% | 775,086 | (88,258) | -10.22% | (129,596) | -14.33% |
| OCCUPANCY COSTS | | | | | | | | | | |
| OFFICE RENT | 21,807 | 140 | 0.65% | 175 | 0.81% | 163,941 | (9,395) | -5.42% | 3,178 | 1.98% |
| EQUIPMENT RENTAL AND PURCHASES | 1,012 | (238) | -19.04% | (27) | -2.60% | 11,806 | 1,806 | 18.06% | 2,431 | 25.93% |
| TELECOMMUNICATIONS | 2,764 | (153) | -5.25% | (403) | -12.72% | 21,925 | (1,411) | -6.05% | (678) | -3.00% |
| UTILITIES | 542 | (458) | -45.80% | (320) | -37.12% | 5,927 | (2,073) | -25.91% | (1,572) | -20.96% |
| DEPRECIATION | 3,846 | 54 | 1.42% | (217) | -5.34% | 30,330 | (6) | -0.02% | (1,870) | -5.81% |
| INSURANCE | 505 | (1,578) | -75.76% | 1 | 0.20% | 4,040 | (12,624) | -75.76% | (10,131) | -71.49% |
| TOTAL OCCUPANCY COSTS | 30,476 | (2,233) | -6.83% | (791) | -2.53% | 237,969 | (23,703) | -9.06% | (8,642) | -3.50% |
| GENERAL & ADMINISTRATION | | | | | | | | | | |
| OFFICE SUPPLIES | 2,470 | (513) | -17.20% | (2,018) | -44.96% | 19,541 | (4,323) | -18.12% | (7,243) | -27.04% |
| BOARD MEETING - EXPENSES | 1,233 | (1,267) | -50.68% | (1,159) | -48.45% | 15,138 | (4,862) | -24.31% | (4,198) | -21.71% |
| PRINTING | 464 | (203) | -30.43% | (52) | -10.08% | 3,369 | (1,967) | -36.86% | (973) | -22.41% |
| POSTAGE & FREIGHT | 1,052 | (198) | -15.84% | 409 | 63.61% | 6,709 | (3,291) | -32.91% | (3,993) | -37.31% |
| MEMBERSHIP, DUES & CONTRIBUTIONS | 53 | (2,447) | -97.88% | (197) | -78.80% | 12,788 | (7,212) | -36.06% | (10,894) | -46.00% |
| PUBLICATIONS | 50 | (158) | -75.96% | (31) | -38.27% | 581 | (1,083) | -65.08% | (146) | -20.08% |
| OFFICERS & DIRECTORS INSURANCE | 19,612 | 2,279 | 13.15% | 1,643 | 9.14% | 155,550 | 16,886 | 12.18% | 23,462 | 17.76% |
| TOTAL GENERAL & ADMINISTRATION EXPENSES | 24,934 | (2,507) | -9.14% | (1,405) | -5.33% | 213,676 | (5,852) | -2.67% | (3,985) | -1.83% |
| LOAN LOSS PROVISION/BAD DEBT | - | - | 0.00% | - | 0.00% | - | - | 0.00% | - | 0.00% |
| OTHER | - | - | - | | | | | | | |
| TOTAL EXPENSES | 362,108 | 23,665 | 6.99% | 42,845 | 13.42% | 2,420,011 | (287,533) | -10.62% | (91,605) | -3.65% |
| NET INCOME (LOSS) BEFORE UNREALIZED GAIN/(LOSS) | (155,770) | (243,061) | -278.45% | (180,603) | -727.27% | 293,819 | 53,024 | 22.02% | (886,990) | -75.12% |
| NET UNREALIZED/GAIN/(LOSS) ON INVESTMENT | (75,829) | - | 0.00% | (75,829) | 0.00% | (87,935) | (87,935) | 0.00% | (87,935) | 0.00% |
| TRANSFERS | - | - | 0.00% | - | #DIV/0! | - | - | 0.00% | (386,774) | -100.00% |
| NET INCOME/(LOSS) | (231,599) | (318,890) | -365.32% | (256,432) | -1032.63% | 205,884 | (34,911) | -14.50% | (1,361,699) | -86.87% |

**ILLINOIS FINANCE AUTHORITY**

**General Fund**

**Balance Sheet [unaudited]**

**For the Month Ended February 28, 2014**

| | February 2014 | February 2013 |
|---|---|---|
| **ASSETS** | | |
| CASH UNRESTRICTED | $ 11,752,933 | $ 44,137,082 |
| INVESTMENTS, UNRESTRICTED | 34,885,553 | - |
| RECEIVABLES, NET | 168,660 | 93,097 |
| LOAN RECEIVABLE, NET | 2,564,261 | 5,301,497 |
| OTHER RECEIVABLES | 616,579 | 33,067 |
| PREPAID EXPENSES | 121,605 | 115,530 |
| TOTAL CURRENT ASSETS | 50,109,592 | 49,680,273 |
| FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION | 91,024 | 126,133 |
| DEFERRED ISSUANCE COSTS | 184,994 | 217,899 |
| OTHER ASSETS | | |
| CASH RESTRICTED, INVESTMENTS & RESERVES | 3 | 875,479 |
| OTHER | - | - |
| TOTAL OTHER ASSETS | 3 | 875,479 |
| TOTAL ASSETS | $ 50,385,612 | $ 50,899,784 |
| **LIABILITIES** | | |
| CURRENT LIABILITIES | $ 597,179 | $ 1,309,116 |
| LONG-TERM LIABILITIES | 270,880 | 299,488 |
| TOTAL LIABILITIES | 868,059 | 1,608,604 |
| EQUITY | | |
| CONTRIBUTED CAPITAL | 4,111,479 | 4,111,479 |
| RETAINED EARNINGS | 33,228,893 | 31,640,819 |
| NET INCOME / (LOSS) | 205,884 | 1,567,584 |
| RESERVED/RESTRICTED FUND BALANCE | 1,732,164 | 1,732,164 |
| UNRESERVED FUND BALANCE | 10,239,134 | 10,239,134 |
| TOTAL EQUITY | 49,517,553 | 49,291,180 |
| TOTAL LIABILITIES & EQUITY | $ 50,385,612 | $ 50,899,784 |

## ILLINOIS FINANCE AUTHORITY

### Memorandum

To: IFA Board of Directors

From: Lorrie Karcher

Date: March11, 2014

Re: Overview Memo for Beginning Farmer Bonds

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- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to $509,600 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $152,000**
- **Calendar Year Summary:** (as of March 11, 2014)
  - Volume Cap: $12,000,000
  - Volume Cap Committed: $954,344
  - Volume Cap Remaining: $11,045,656
  - Average Farm Acreage: 42
  - Number of Farms Financed: 5
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds –** no direct IFA or State funds at risk
  - **New Money Bonds:**
    - Convey tax-exempt status
    - Will use dedicated 2014 IFA Volume Cap set-aside for Beginning Farmer Bond transactions
- **IFA Fees**:
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's bank (the "Bank")
  - The Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd.**
  Stephen F. Welcome, Esq.
  Three First National Plaza, Suite 4300
  Chicago, IL 60602

| | |
|---|---|
| **A. Project Number:** | **A-FB-TE-CD-8674** |
| **Borrower(s):** | **Short, Braden L.** |
| Borrower Benefit: | First Time Land Buyer |
| Town: | Broughton, IL |
| **IFA Bond Amount:** | **$152,000** |
| Use of Funds: | Farmland – 85.5 acres of farmland |
| Purchase Price: | $304,000 / ($3,555 per ac) |
| %Borrower Equity | 5% |
| % USDA Farm Service Agency | 45% *(Subordinate Financing)* |
| %IFA | 50% |
| Township: | Mayberry |
| Counties/Regions: | Hamilton / Southern |
| Lender/Bond Purchaser | Peoples National Bank / Terry Drone |
| **Legislative Districts:** | Congressional: 15<br>State Senate: 59<br>State House: 118 |

Principal shall be paid annually in installments determined pursuant to a thirty (30) year amortization schedule calculated at the initial interest rate, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin one year from the date of closing with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing. The note will have a 30-year amortization and maturity.

CONDUIT

March 11, 2014

## $5,370,000 (not-to-exceed)
## Little City Foundation

| | |
|---|---|
| **REQUEST** | **Purpose**: Bond proceeds, together with certain other funds, will be loaned to **Little City Foundation,** an Illinois not-for-profit corporation (the "**Borrower**"), to be used, together with certain other funds, to (i) current refund the outstanding principal amount of the Illinois Development Finance Authority Special Facility Revenue Bonds, Series 1994 (Little City Foundation Project) (the "**Series 1994 Bonds**"), (ii) pay or reimburse the Borrower for the payment of the costs of acquiring, constructing, renovating and equipping certain facilities of the Borrower, including but not limited to constructing and equipping a portion of the Children's Village Initiative Project, group homes that will be specifically designated for individuals with autism and located on the Borrower's main campus in Palatine, Illinois (the "**Project**"), and (iii) pay certain expenses incurred in connection with the issuance of the Bond and the refunding of the Series 1994 Bonds (and together with the Project, the "**Financing Purposes**").<br><br>**Program**: Conduit 501(c)(3) Revenue Bonds<br>**Extraordinary Conditions**: None. |
| **BOARD ACTION** | Final Bond Resolution (One-time consideration) |
| **MATERIAL CHANGES** | Not applicable. This is the first time this financing is being presented. |
| **JOB DATA** | 440 Current jobs; 0 New jobs projected<br>N/A Retained jobs; 25 Construction jobs projected (7+ months) |
| **DESCRIPTION** | ● Locations: Palatine, Arlington Heights, Hanover Park, Streamwood / Cook County / Northeast<br>● Type of entity: Little City Foundation is a 501(c)(3) organization incorporated under Illinois law and was established to provide vocational training and education, residential and related social services, primarily from locations in Suburban Cook County. The Borrower is governed by a 31-member Board of Trustees.<br>● Proceeds of the Series 1994 Bonds were used to (i) refinance certain debt of the Borrower, (ii) finance a portion of the costs of facilities of the Borrower and (iii) pay certain expenses incurred in connection with the issuance of the Series 1994 Bonds.<br>● The refunding of the Series 1994 Bonds will enable the Foundation to convert from a Bank Letter of Credit structure to a Bank Direct-Purchase structure and to smooth future debt service payments. |
| **CREDIT INDICATORS** | ● The plan of finance contemplates the Bonds to be issued in one or more series and be purchased directly by **North Shore Community Bank & Trust Co.** (also "**Wintrust Financial Corporation**", the "**Bank**" or "**Bond Purchaser**") and its affiliates. The Bank will be the secured lender and the direct bond investor.<br>● Given the anticipated Bank Direct-Purchase structure for the IFA Series 2014 Bond, the Series 2014 Bond will not be rated. (Little City Foundation is not currently rated by any rating agency.) |
| **SECURITY** | ● The Bank (as Bond Purchaser) will be secured by a perfected first lien on general business assets and an assignment of rents and leases on the Borrower's Palatine campus. |
| **MATURITY** | ● The Bonds will mature no later than 25 years from the issue date.<br>● The Bonds will have an initial term of 10 years. The initial interest rate will be negotiated by the Foundation and the Bank prior to closing based on prevailing market conditions and is currently estimated at between 2.00% and 4.00%. |

**SOURCES AND USES**

| **Sources:** | | **Uses:** | |
|---|---|---|---|
| IFA Bonds | $5,370,000 | New Capital Projects | $5,100,000 |
| Equity | 2,850,000 | Refund IDFA Ser. 1994 Bonds | 3,020,000 |
| | | Costs of Issuance | 100,000 |
| **Total** | **$8,220,000** | **Total** | **$8,220,000** |

**RECOMMENDATION** Credit Review Committee recommends approval.

# ILLINOIS FINANCE AUTHORITY
# BOARD SUMMARY
# March 11, 2014

## Project: Little City Foundation

### STATISTICS

| | | | |
|---|---|---|---|
| Project Number: | N-NP-TE-CD-8673 | Amount: | $5,370,000 (not-to-exceed amount) |
| Type: | 501(c)(3) Revenue Bonds | IFA Staff: | Rich Frampton and Brad R. Fletcher |
| Locations: | Palatine, Arlington Heights, Hanover Park, Streamwood | County/ Region: | Cook County/Northeast |

### BOARD ACTION

Final Bond Resolution (One-time consideration)
Conduit 501(c)(3) Revenue Bonds — No IFA funds at risk
Credit Review Committee recommends approval — No extraordinary conditions

### VOTING RECORD

Not applicable. This is the first time this financing is being presented.

### PURPOSE

Bond proceeds will be used to current refund (i.e., refinance) the outstanding principal amount of the Borrower's IDFA Series 1994 Bonds and to finance constructing, renovating and equipping various improvements at the Borrower's Children's Village campus in Palatine, Illinois. Additionally, a portion of the proceeds will be used to pay costs of issuance.

### IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bond financing that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower's interest expense.

### VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

### ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

| | | | | | |
|---|---|---|---|---|---|
| Sources: | IFA Bonds | $5,370,000 | Uses: | New Capital Projects | $5,100,000 |
| | Equity | 2,850,000 | | Refund IDFA 1994 Bonds | 3,020,000 |
| | | | | Cost of Issuance | 100,000 |
| | **Total** | **$8,220,000** | | **Total** | **$8,220,000** |

**Note: Although the not-to-exceed amount of the proposed IFA Series 2014 Bond is set at $5,370,000, the amounts allocated to financing the New Money Projects and the Refunding Bonds are subject to change.**

### JOBS

| | | | |
|---|---|---|---|
| Current employment: | 440 | Projected new jobs: | 0 |
| Jobs retained: | N/A | Construction jobs: | 25 (7 months on initial 2 homes; potentially up to 19 months on additional projects) |

## FINANCING SUMMARY

Structure/
Security: The Bond will be purchased directly by **North Shore Community Bank & Trust Co.** ("**Wintrust Financial**", the "**Bank**" or "**Bond Purchaser**") and held as an investment. The Bank will be secured by a first mortgage on the subject properties financed with proceeds of the IFA Series 2014 Bond.

Interest Rate: The Bank is expected to establish an initial interest rate for 10 years (with reset provisions thereafter), amortized over 25 years. The interest rate will be set at pre-closing based on prevailing market conditions, currently estimated at between 2.00% and 4.00%.

Underlying Debt
Ratings: The Foundation is not a rated entity. (The Bonds will be purchased directly by the Bank.)

Maturity: 2039 (estimated at up to 25 years from issuance date).

Estimated
Closing Date: March 2014

Rationale: The new IFA Series 2014 Bond will enable Little City to (i) convert from a Bank Letter of Credit structure to a Bank Direct-Purchase structure and (ii) smooth future scheduled principal payments.

Additionally, the IFA Series 2014 Bond will provide Little City with approximately $2.35 million of construction and permanent financing that will finance a portion of the costs of construction and equipping its new Children's Village Initiative Project that will result in development of several new group homes and other capital improvements at Little City's main campus in Palatine.

## PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds, together with certain other funds, will be loaned to **Little City Foundation,** an Illinois not-for-profit corporation (the "**Borrower**"), to be used, together with certain other funds, to (i) current refund the outstanding principal amount of the Illinois Development Finance Authority Special Facility Revenue Bonds, Series 1994 (Little City Foundation Project) (the "**Series 1994 Bonds**"), (ii) pay or reimburse the Borrower for the payment of the costs of acquiring, constructing, renovating and equipping certain facilities of the Borrower, including but not limited to constructing and equipping a portion of the Children's Village Initiative Project, group homes that will be specifically designated for individuals with autism and located on the Borrower's main campus in Palatine, Illinois (the "**Project**"), and (iii) pay certain expenses incurred in connection with the issuance of the Bond and the refunding of the Series 1994 Bonds (and together with the Project, the "**Financing Purposes**").

All of the facilities to be financed or refinanced with the proceeds of the Bond are located at 1760 West Algonquin Road, Palatine (Cook County), Illinois 60067 (the Borrower's main campus), 144 Hastings Mill Road, Streamwood (Cook County), Illinois 60107, 1015 Plum Grove Road, Palatine (Cook County), Illinois 60067, 2634 North Raleigh, Arlington Heights (Cook County), Illinois 60004 and 2025 Cherry Avenue, Hanover Park (Cook County), Illinois 60133.

The proceeds of the Series 1994 Bonds were used to (i) refinance certain debt of the Borrower, (ii) finance a portion of the costs of facilities of the Borrower, and (iii) pay certain expenses incurred in connection with the issuance of the Series 1994 Bonds.

## BUSINESS SUMMARY

Description: **Little City Foundation** (the "**Foundation**" or the "**Borrower**") is incorporated under State of Illinois law and was established in 1959. The Borrower is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

The Foundation is governed by a 31-member Board of Trustees (see Economic Disclosure Statement on page 6).

Background: Little City Foundation was founded by a group of concerned parents to provide help, hope, dignity and love for children with disabilities. It was a vision that would develop into a revolutionary new living environment providing comprehensive educational, residential, and social services for these children who "experts" often said should be institutionalized.

Little City initiated operations with just three buildings and 16 residents in 1959. Today, Little City continues to carry out its founders' mission by ensuring that both children and adults with intellectual and developmental disabilities are provided with the best options and opportunities to live safely, work productively, explore creatively, and learn continuously throughout their lifetime.

Since its founding in 1959, Little City has been providing innovative services at its 56-acre main campus in Palatine and through its offices in Chicago, which serve as its operations center for foster care, adoption and other therapeutic and clinical support services for families.

Little City assists hundreds of children and adults along with their families throughout the Chicago metropolitan area, by providing education, training, skills and encouragement that enable individuals to self-actualize.

For more than 50 years, Little City Foundation has developed innovative and personalized programs to fully assist and empower children and adults with autism and other intellectual and developmental disabilities (e.g., Down's syndrome, cerebral palsy, epilepsy, as well as visual, behavioral, hearing, and emotional challenges). With a commitment to attaining a greater quality of life for Illinois' most vulnerable citizens, Little City actively promotes choice, person-centered planning and a holistic approach to health and wellness.

- Little City's ChildBridge services include in-home personal and family supports, clinical and behavior intervention, 24/7 residential services and special needs foster care and adoption.
- Little City's LifePath Adult Services offers a variety of residential options, employment opportunities, home-based services, case management, day supports, Special Olympics, an award-winning Center for the Arts and more.

Little City's guiding principles include:

- Recognizing people who have autism and other intellectual and developmental disabilities as valued members of a diverse society.
- Creating innovative programs that are responsive to the changing needs of individuals with intellectual and developmental disabilities.
- Ensuring the highest levels of individual choice and opportunity for people who receive services.
- Serving as a public advocate and champion for those served and thousands of others in need.
- Partnering with families and other constituents to further effectiveness of all programs.
- Promoting the dynamics of a learning organization through a highly qualified professional staff committed to ongoing evaluation, renewal and retraining in state-of-the-art services.
- Operating on a fiscally sound basis to provide continuity of services to future generations.
- Enlisting the intellect, heart and financial support of the community at large to support Little City's mission.

As with most human service agencies, Little City Foundation relies upon state and local grants for most of its operating revenues.

Little City currently receives annual funding from several State of Illinois agencies including: (i) the Illinois Department of Human Services ("DHS"), (ii) the Illinois Department of Children and Family Services ("DCFS"), and (iii) the Illinois State Board of Education ("ISBE"). Little City currently receives over $5.5 million of contractual support from these agencies annually.

## ECONOMIC DISCLOSURE STATEMENT

| | |
|---|---|
| Applicant: | Little City Foundation, 1760 W. Algonquin Road, Palatine (Cook County), IL 60067 |
| Contact: | Linda LaPorte, Chief Financial Officer<br>(T) 847-221-7841; email: llaporte@littlecity.org |
| Website: | http://www.littlecity.org/ |
| Site Locations: | 1760 West Algonquin Road, Palatine, (Cook County) Illinois 60067 (the Borrower's main campus), 144 Hastings Mill Road, Streamwood (Cook County), Illinois 60107, 1015 Plum Grove Road, Palatine (Cook County), Illinois 60067, 2634 North Raleigh, Arlington Heights (Cook County), Illinois 60004 and 2025 Cherry Avenue, Hanover Park (Cook County), Illinois 60133. |
| Project name: | IFA 501(c)(3) Revenue and Revenue Refunding Bonds (Little City Foundation Project) Series 2014 |
| Organization: | Illinois not-for-profit established as a 501(c)(3) corporation under the Internal Revenue Code |
| Board of Directors: | The Little City Foundation Board of Directors oversees and guides the Foundation and its affiliates in fulfillment of its mission, and is composed of the following members: |

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

| Board of Directors | | |
|---|---|---|
| **Officers** | | |
| | | |
| *President* | **Edward J. Hockfield** | Time Tested Formulas, Inc. |
| *Executive Vice President* | **Matthew B. Schubert** | Paramount Staffing |
| *Vice President* | **Douglas A. Wilson** | Breakthrough Technologies, LLC |
| *Treasurer* | **Matthew B. Schubert** | Paramount Staffing |
| *Assistant Treasurer* | **Charles G. Fergus** | Office of the Illinois Attorney General |
| *Secretary* | **B. Timothy Desmond** | Central Station Development Corporation |
| *Assistant Secretary* | **Alex G. Alexandrou** | City of Aurora |
| *Immediate Past President* | | |
| *General Counsel* | **John J. George** | Schuyler, Roche & Crisham PC |
| | | |
| **Directors** | | |
| | **Ronald Ally** | William Rainey Harper College |
| | **Eleni P. Bousis** | Greek American Rehabilitation and Care Centre |
| | **Michele A. Carlin** | Motorola Solutions |
| | **Vernon L. Carson** | |
| | **Jane Denten** | Advocate Lutheran General |
| | **B. Timothy Desmond** | Central Station Development Corporation |
| | **John M. Duffey** | Six Flags Entertainment Corporation |
| | **Alexander A. Gianaras** | Alec K. and Viena P. Gianaras Foundation |
| | **Jeffrey A. Krug** | J. Krug & Associates, Inc. |
| | **Mitchell A. Kovitz** | Kovitz Investment Group |
| | **Fred G. Lebed** | The Prairie Group Consulting, Inc. |
| | **Joan M. Lebow** | Thompson Coburn, LLP |
| | **Daniel N. Luber** | Rabjohns Financial Group |
| | **Marcus D. Montanye** | The Private Bank |
| | **David Pfau** | MNJ Technology Services |
| | **J Todd Phillips** | Blue Cross/Blue Shield of Illinois |
| | **David Rose** | Coldwell Banker |
| | **Jerry I. Siegel** | Midway Moving and Storage, Inc. |
| | **James H. Stone** | Stone Management Corporation |
| | **James V. Testa** | Show Sage LLC |
| **Advisors** | | |
| | **Janet Barker-Evans** | Ryan Partnership |
| | **Paul A. Castiglione** | States Attorney Office |
| | **Kevin J. Conboy** | Oracle |
| | **Thomas J. Dart** | Sheriff's Office of Cook County |
| | **Jennifer Gavelek** | Mesirow Financial Corporation |
| | **Lincoln D. Germain** | Honeywell International |
| | **Steve Ginsburg** | RAM Racing |
| | **Jonathan C. Green** | City of Chicago |
| | **Quentin C. Johnson** | |
| | **Laurence M. Landsman** | Block & Landsman |
| | **Jennifer Maley** | The Prairie Group Consulting, Inc. |
| | **Mona Pearl** | BeyondAStrategy.com |
| | **Quintin E. Primo** | Capri Capital Advisors |
| | **Sue M. Saltsberg** | American Egg Board |
| | **Robert J. Samson** | Wells Fargo Advisors LLC |

## PROFESSIONAL & FINANCIAL

| | | | |
|---|---|---|---|
| Borrower's Counsel: | Schuyler, Roche & Crisham, P.C. | Chicago, IL | John "Jack" George<br>Chris Leach |
| Auditor: | McGladrey LLP | Chicago, IL | |
| Bond Counsel: | Dentons US LLP | St. Louis, MO | Karen Jordan |
| Bank/Direct Bond Purchaser: | North Shore Community Bank & Trust Co.<br>(Wintrust Financial Corp.) | Skokie, IL and Chicago, IL | Kandace Lenti<br>Erinn Katz |
| Bank/Purchaser's Counsel: | Dentons US LLP | Chicago, IL | Mary Wilson |
| IFA Counsel: | Holland & Knight LLP | Chicago, IL | Barb Adams |
| IFA Financial Advisor: | Public Financial Management, Inc. | Chicago, IL | Shannon Williams |

## LEGISLATIVE DISTRICTS (MULTIPLE)

| | |
|---|---|
| Congressional: | 6, 8, 9 |
| State Senate: | 22, 27 |
| State House: | 44, 53, 54 |

CONDUIT

March 11, 2014

**$193,000,000**
**Centegra Health System**

| | |
|---|---|
| **REQUEST** | **Purpose**: Bond proceeds of the Series 2014A and 2014B Bonds (which will be presented to the Board in April or May) will be used by **Centegra Health System** ("**Centegra**", or the "**Borrower**") 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 by the Borrowers or the Authority; (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Borrowers or the Authority; (iv) fund a debt service reserve fund, if deemed necessary or advisable by the Borrowers or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the "Financing Purposes").<br>**Program**: Conduit 501(c)(3) Revenue Bonds<br>**Extraordinary Conditions**: None. |
| **BOARD ACTIONS** | Final Bond Resolution<br>Preliminary Bond Resolution approved 2/11/2014<br>Yeas: 10; Nays: 0; Abstentions: 1 (Goetz); Absent 4 (Gold, Leonard, Pedersen, Tessler); Vacancies: 0 |
| **MATERIAL CHANGES** | The Series 2014A Bonds will be considered for final approval in March, the Series 2014B Bonds will be considered for final approval in April or May. |
| **JOB DATA** | N/A Current jobs — 1,100 New jobs projected<br>N/A Retained jobs — 800 Construction jobs projected |
| **DESCRIPTION** | ● Locations: The new Centegra Hospital- Huntley will be located in Huntley, Illinois. Centegra Health System also has hospitals in McHenry and Woodstock.<br>●Centegra Hospital-Huntley will be located in southern McHenry County to meet the existing bed need, as determined by the Illinois Department of Public Health and the Illinois Health Facilities and Services Review Board in their "Revised Bed Need Determinations" to the "Inventory of Health Care Facilities and Services and Need Determinations," as well as the anticipated increase in Medical/Surgical bed need that will occur between 2015 (the year for which the "Revised Bed Need Determinations" is made) and the hospital's second full year of operation (July, 2017 – June, 2018). The new hospital is proposed to have a total of 128 authorized beds: 100 Medical/Surgical beds; 8 Intensive Care beds; and 20 Obstetrical beds. |
| **SECURITY** | ● The plan of finance for both series contemplates the issuance of tax-exempt Bonds in an aggregate amount not to exceed $193,000,000 under a Master Financing Agreement. |
| **CREDIT INDICATORS** | ● Centegra Health System is currently rated "BBB+" Stable by Standard & Poor's (affirmed on 1/22/14); and rated "A-" Negative by Fitch (affirmed on 10/21/13) |
| **STRUCTURE** | ● The Series 2014A Bonds will be sold at a fixed rate in a public offering. |

**SOURCES AND USES**

| Sources: | | Uses: | |
|---|---|---|---|
| IFA Bonds | $193,000,000 | Centegra Hospital – Huntley | $180,650,000 |
| | | Routine capital expenditures | $10,000,000 |
| | | Cost of Issuance (estimated) | $2,350,000 |
| **Total** | **$193,000,000** | **Total** | **$193,000,000** |

**RECOMMENDATION** — Credit Review Committee recommends approval.

# ILLINOIS FINANCE AUTHORITY
# BOARD SUMMARY
# March 11, 2014

## Project: Centegra Health System

### STATISTICS

| | | | |
|---|---|---|---|
| Project Number: | H-HO-TE-CD-8671 | Amount: | $193,000,000 (not-to-exceed) |
| Type: | 501(c)(3) Bonds | IFA Staff: | Pam Lenane and Nora O'Brien |
| City: | Huntley | County/Region: | McHenry/Northeast |

### BOARD ACTION

| | |
|---|---|
| Final Bond Resolution | No IFA Funds at Risk |
| Conduit 501(c)(3) Bonds | No Extraordinary Conditions |
| Credit Review Committee recommends approval | |

### VOTING RECORD

Preliminary Bond Resolution approved 2/11/2014
Yeas: 10; Nays: 0; Abstentions: 1 (Goetz); Absent 4 (Gold, Leonard, Pedersen, Tessler); Vacancies:0

### PURPOSE

Bond proceeds will be used by **Centegra Health System** 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 by the Borrowers or the Authority; (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Borrowers or the Authority; (iv) fund a debt service reserve fund, if deemed necessary or advisable by the Borrowers or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the "Financing Purposes").

### IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance and refinance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

### VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

### JOBS

| | | |
|---|---|---|
| Current employment: N/A | Projected new jobs: | 1,100 |
| | Construction jobs: | 800 |

### ESTIMATED SOURCES AND USES OF FUNDS

| | | | |
|---|---|---|---|
| **Sources:** | | **Uses:** | |
| IFA Bonds | $193,000,000 | Centegra Hospital – Huntley | $180,650,000 |
| | | Other Routine Capital | $10,000,000 |
| | | Cost of Issuance (estimated) | $2,350,000 |
| **Total** | **$193,000,000** | **Total** | **$193,000,000** |

## FINANCING SUMMARY

| | |
|---|---|
| Security: | Revenue Pledge |
| Structure: | The plan of finance contemplates the issuance of fixed rate debt and floating rate debt. The Series 2014A fixed rate bonds will be sold in a public offering. The Series 2014B floating rate bonds will be purchased directly by one or more lenders. |
| Interest Rate: | To be determined on the day of pricing |
| Interest Mode: | The Series 2014A Bonds will be fixed rate. The Series 2014B Bonds will be floating rate (the Borrower will seek approval for the Series 2014A Bonds at the April or May Board Meeting). |
| Credit Enhancement: | To be determined |
| Maturity: | No later than 2044 |
| Rating: | The Series 2014A Bonds will be rated. Centegra Health System is currently rated BBB+ Stable by Standard & Poor's (affirmed on 1/22/14); and rated A- Negative by Fitch (affirmed on 10/21/13) |
| Estimated Closing Date: | April, 2014 |

## PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The proceeds of the Series 2014A and 2014B Bonds (which will be presented to the Board in April or May) 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 by the Borrowers or the Authority; (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Borrowers or the Authority; (iv) fund a debt service reserve fund, if deemed necessary or advisable by the Borrowers or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the "Financing Purposes").

## BUSINESS SUMMARY

Centegra Health System ("**Centegra**" and /or the "**System**") is an Illinois not-for-profit corporation that provides health care and other related services to Chicago's far northwestern suburban metropolitan area. Acute inpatient care services are provided at the System's two hospitals, the 166-acute-care-bed Northern Illinois Medical Center ("**NIMC**") in McHenry, IL, and the 86-acute-care-bed Memorial Medical Center ("**MMC**") in Woodstock, IL. Centegra is the parent and sole corporate member of NIMC and MMC. In July, 2012, the Illinois Health Facilities and Services Review Board approved the application for the 128-bed Centegra Hospital – Huntley.

In addition to acute inpatient services provided at NIMC and MMC, the System also provides health care services through other affiliates and subsidiary corporations. Such services include thirteen primary care clinics located in McHenry, Kane, and Lake Counties, two health and wellness centers, behavioral health services, rehabilitation and sports medicine, surgery, diabetes care, home health care, cardiac rehabilitation, occupational health, spine center, wound care center, sleep disorders clinic, bariatric, and neurology services.

Centegra Health System includes the following affiliated entities:

- Northern Illinois Medical Center
- Memorial Medical Center
- Centegra Health System Foundation;
- NIMED Corp., a not-for-profit entity that owns real estate, leases office space, and houses joint ventures;
- Health Bridge Corporation and Centegra Health Bridge Fitness Center L.L.C., health and wellness centers;
- Centegra Management Services, Inc., a for-profit general management services company for physician practices;
- Centegra Insurance Services, LTD, a captive insurance plan;
- Centegra Primary Care L.L.C., an operator of various group physician practices with an emphasis on primary care and 82 physicians;
- Centegra Clinical Laboratories, L.L.C., a reference laboratory providing laboratory and pathology services to Centegra Health System and its affiliates;
- Centegra Health & Wellness Network, a clinically integrated health care network encompassing Centegra's independent and employed medical staff, hospitals, and ancillary affiliates.

Only Centegra, NIMC, MMC and NIMED are presently members of the Centegra Health System Obligated Group. The intent is to add Centegra Hospital – Huntley to the Obligated Group in conjunction with this financing.

## ECONOMIC DISCLOSURE STATEMENT

| | |
|---|---|
| Applicant: | Centegra Health System |
| Location: | 4209 West Shamrock Lane<br>McHenry, Illinois 60050 |
| Project name: | Centegra Hospital Huntley |
| Organization: | 501(c)(3) Not-for-Profit Corporation |
| State: | Illinois |
| Contact: | Eric Zornow, Vice President of Finance and Treasury |



## PROFESSIONAL & FINANCIAL

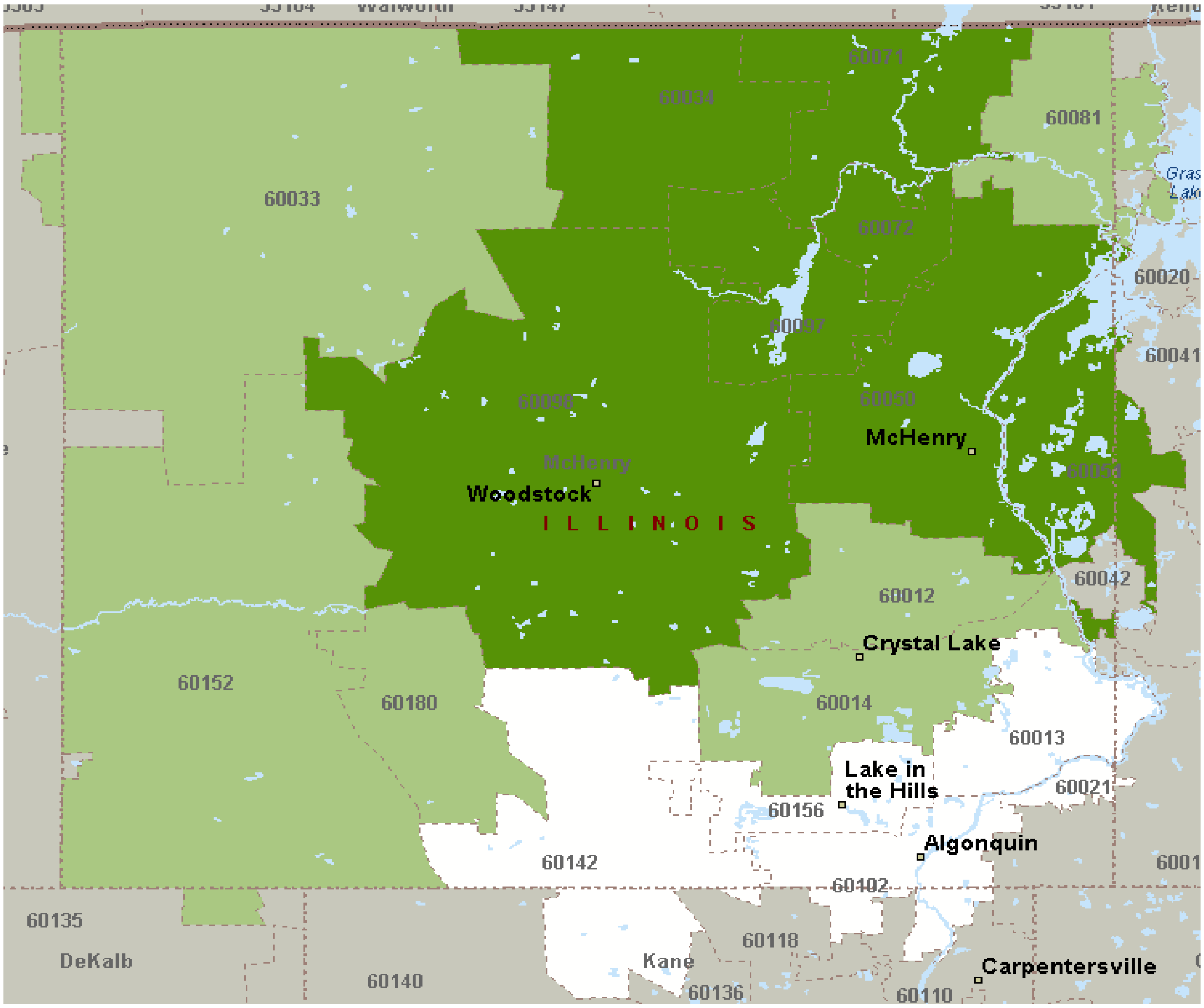
| | | | |
|---|---|---|---|
| Borrower's Counsel: | K&L Gates | Chicago | Richard Sevcik |
| Accountant: | KPMG LLP | Chicago | Darryl Buikema |
| Financial Advisor: | Kaufman Hall | Skokie | Eric A. Jordahl |
| Bond Counsel: | Chapman and Cutler | Chicago | Mike Mitchell |
| Underwriter: | J.P. Morgan Securities | Chicago | Timothy Wons |
| Underwriter's Counsel: | Ungaretti & Harris | Chicago | Ray Fricke |
| Issuer's Counsel: | Miller Canfield | Chicago | Paul Durbin |
| IFA Financial Advisor: | Acacia Financial Group, Inc. | Chicago | Jim Beck |

## LEGISLATIVE DISTRICTS

| | |
|---|---|
| Congressional: | 14 |
| State Senate: | 33 |
| State House: | 66 |

## SERVICE AREA

Centegra's total service area includes McHenry County, northern portions of Kane County and the western portion of Lake County.



## ILLINOIS FINANCE AUTHORITY

### Memorandum

To: IFA Board of Directors

From: Christopher B. Meister

Date: March 11, 2014

Re: Resolution Authorizing the Execution and Delivery of an Amended Intergovernmental Agreement and Ancillary Documents Among the Authority and Various State Agencies and Other Parties to Implement the Energy Efficiency Program; Authorizing Request for Proposals for a Bond Purchaser in Connection with the Energy Performance Contracting Pilot Program; Delegating Certain Powers to the Executive Director of the Authority; and Ratifying Certain Actions Relating Thereto

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**Background:**

Pursuant to the provisions of Article 820 of the Illinois Finance Authority Act (20 ILCS 3501/820-5, *et seq.*) (the "**Act**"), the Authority is authorized to cooperate with the Illinois Department of Commerce and Economic Opportunity ("**DCEO**") to promote economic development throughout the State of Illinois by, among other things, improving, repairing, altering, equipping or bettering any building or facility constituting an 'energy conservation project' as defined in 20 ILCS 3501/820-10(c), in order to lower energy or utility costs in State buildings or facilities. By statute, the Illinois Finance Authority ("**Authority**") is tasked to issue tax-exempt bonds for non-profits, hospitals, private education and industry institutions, as well as assisting governmental units, all in furtherance of, among other things, financing energy conservation projects.

The State of Illinois has a significant deferred maintenance backlog of projects in need of energy efficiency upgrades, improvements and new construction or rehabilitation. At the initiation of the Office of the Governor, several "State Agencies" as defined by the Illinois State Auditing Act (30 ILCS 5) are seeking to finance or refinance energy conservation projects in an expeditious and cost-effective manner through the Authority's Energy Efficiency Program ("**EEP**").

Rather than each State Agency independently identifying problem areas, bidding projects costs and independently seeking capital funding, the Authority's EEP utilizes the Authority's authorized powers to issue bonds to finance certain energy efficiency conservation projects throughout the State, using the services of the Authority and the Energy Service Companies ("**ESCOs**") previously selected by the Authority to effect cost savings and quickly implement such energy conservation projects.

**Procedural History:**

In June 2011, the Board of the Authority accepted the recommendation of its Energy Committee to implement an EEP. Consistent with the EEP, the Authority issued a Request for Proposals for ESCOs. As a result, the Authority has qualified, and executed contracts with, seven (7) ESCOs throughout the state to participate in its EEP.

In September 2011, the Board of the Authority modified the scope of the EEP as originally proposed, and authorized and directed the Executive Director and staff to enter into an Intergovernmental Agreement and ancillary documents with DCEO, Central Management Services ("**CMS**"), Capital Development Board ("**CDB**") and Governor's Office of Management and Budget ("**GOMB**") (collectively, the "**State Agency Pool**") to finance certain energy performance contract projects. All such actions and any such Intergovernmental Agreement and ancillary documents were subject to review and ratification by the Board of the Authority, as may be necessary.

In June 2012, an Intergovernmental Agreement by and through the State Agency Pool and IFA was executed (the "**Intergovernmental Agreement**"). Pursuant to the Intergovernmental Agreement, IFA's seven (7) ESCOs already under contract then competitively bid to perform certain construction and maintenance-related services in connection with undertaking certain energy conservation projects at State-owned facilities (the "**Projects**").

In April 2013, CMS awarded the Projects to Ameresco, Inc.

In July 2013, an Energy Audit Agreement among CMS, IFA and Ameresco, Inc. was executed (the "**Energy Audit Agreement**"), constituting an Energy Performance Contracting Pilot Program (the "**Pilot Program**") for the Projects under the Authority's EEP.

Now, through the course of analyzing the Pilot Program, additional State Agencies, including, but not limited to, the Department of Human Services (the "**Additional State Agency Pool**", and together with the State Agency Pool, the "**Amended State Agency Pool**") have been identified as a necessary party to the financing of the Projects.

**Request:**

Approval of the accompanying Resolution will (i) accept and ratify all actions taken by the Executive Director prior to the date of this Resolution for the EEP, including, but not limited to, execution of the Intergovernmental Agreement and execution of the Energy Audit Agreement, (ii) authorize and direct the Executive Director and staff to enter into an Amended Intergovernmental Agreement and ancillary documents with the Amended State Agency Pool to issue bonds (as defined by the Act) to finance the Projects, (iii) authorize the Authority to issue a Request for Proposals for commercial lenders to serve as the registered owner of the bonds issued to finance the Projects (the "**Bond Purchaser**") and (iv) authorize, empower and direct the Executive Director, or any designee thereof, to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Resolution.

Upon procuring a Bond Purchaser, next steps will include executing an Energy Project Agreement, negotiating business terms of the transaction, drafting substantially final bond documents and returning to the Board of the Authority for consideration of a Final Bond Resolution.

## PROFESSIONAL & FINANCIAL

| | | | |
|---|---|---|---|
| ESCO: | Ameresco, Inc. | Chicago, IL | |
| IFA Financial Advisor: | Public Financial Management, Inc. | Chicago, IL | Tom Morsch<br>Justin Faurer |

**RESOLUTION No. 2014-0311-____**

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED INTERGOVERNMENTAL AGREEMENT AND ANCILLARY DOCUMENTS AMONG THE AUTHORITY AND VARIOUS STATE AGENCIES AND OTHER PARTIES TO IMPLEMENT THE ENERGY EFFICIENCY PROGRAM; AUTHORIZING REQUEST FOR PROPOSALS FOR BOND PURCHASER IN CONNECTION WITH THE ENERGY PEFORMANCE CONTRACTING PILOT PROGRAM; DELEGATING CERTAIN POWERS TO THE EXECUTIVE DIRECTOR OF THE AUTHORITY; AND RATIFYING CERTAIN ACTIONS RELATING THERETO

**WHEREAS**, pursuant to the provisions of Article 820 of the Illinois Finance Authority Act (20 ILCS 3501/820-5, *et seq.*), the Illinois Finance Authority (the “Authority”) is authorized to cooperate with the Illinois Department of Commerce and Economic Opportunity (“DCEO”) to promote economic development throughout the State of Illinois by, among other things, improving, repairing, altering, equipping or bettering any building or facility constituting an ‘energy conservation project’ as defined in 20 ILCS 3501/820-10(c), in such manner as to lower energy or utility costs in connection with the operation or maintenance of such building or facility, the result of which will achieve energy cost savings; and

**WHEREAS**, the Board of the Authority, at its meeting in June 2011, accepted the recommendation of Authority’s Energy Committee to implement an Energy Efficiency Program (the “EEP”) which EEP provides, among other things, for the Authority to cooperate with various Energy Service Companies (“ESCOs”) throughout the State in order to finance at a lower cost certain energy conservation projects with qualified borrowers; and

**WHEREAS,** the Authority issued a Request for Proposals and pursuant to the responses received, qualified and executed contracts with seven (7) ESCOs throughout the State to participate in the EEP; and

**WHEREAS**, the Office of the Governor had identified a need to finance certain energy conservation projects throughout the State for various 'State Agencies' as defined in 30 ILCS 5/1-7; and

**WHEREAS,** the Board of the Authority, at its meeting in September 2011, modified the provisions of the EEP previously adopted in order to cooperate with the Office of the Governor, all in order to finance energy conservation projects throughout the State for various State Agencies; and

**WHEREAS,** the Executive Director entered into an Intergovernmental Agreement with DCEO, Central Management Services ("CMS"), Capital Development Board ("CDB") and Governor's Office of Management and Budget ("GOMB") (collectively, the "State Agency Pool") to utilize the authorized powers of the Authority, including, but not limited to, the powers of the Authority to issue 'bonds' as defined in 20 ILCS 3501/801-10(e) to finance certain energy conservation projects throughout the State for various State Agencies, using the services of the Authority and the ESCOs previously selected by the Authority to effect cost savings and quickly implement such energy conservation projects (the "Intergovernmental Agreement"); and

**WHEREAS,** pursuant to the Intergovernmental Agreement, the Executive Director entered into an Energy Audit Agreement with CMS and Ameresco, Inc. constituting an Energy Performance Contracting Pilot Program ("Pilot Program"); and

**WHEREAS**, the Office of the Governor has identified a need to finance certain energy conservation projects throughout the State at additional State Agencies, including, but not limited to, the Department of Human Services (the "Additional State Agency Pool", and together with the State Agency Pool, the "Amended State Agency Pool"); and

**WHEREAS,** the Authority desires to assist the Office of the Governor and the Amended State Agency Pool in these Pilot Program endeavors by entering into an Amended Intergovernmental Agreement (the "Amended Intergovernmental Agreement") and issuing a Request for Proposals for commercial lenders to serve as the registered owner of bonds which will finance certain energy conservation projects throughout the State for the Amended State Agency Pool.

**NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:**

**Section 1.** That the foregoing WHEREAS clauses are incorporated herein as if set forth in full.

**Section 2.** The Executive Director, or any designee thereof, is authorized to negotiate terms of an Amended Intergovernmental Agreement with the Office of the Governor and the Amended State Agency Pool as deemed appropriate by the Executive Director or his designee, all as may be necessary to finance or refinance any energy conservation project, throughout the State.

**Section 3.** The Executive Director, or any designee thereof, is authorized to negotiate terms of ancillary agreements with the Amended State Agency Pool and one or more other parties (including Ameresco, Inc.), all as may be necessary to finance energy conservation projects throughout the State.

**Section 4.** The Executive Director, or any designee thereof, is authorized to issue a Request for Proposals for commercial lenders to serve as the registered owner of bonds which will finance certain energy conservation projects throughout the State for the Amended State Agency Pool.

**Section 5.** The Executive Director of the Authority, or any designee thereof, is authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Resolution.

**Section 6.** All such actions heretofore taken by the Executive Director or any designee thereof, in furtherance of the purposes of this Resolution, whether upon oral or written direction of the Authority, are hereby approved, confirmed and ratified.

**Section 7.** All such actions and Agreements are subject to review and ratification by the Board of the Authority, as may be necessary in the determination of the Board.

Adopted by the following vote:

Yeas:

Nays:

Abstain:

Absent:

Vacant:

ILLINOIS FINANCE AUTHORITY

By: ________________________________
Chairman

ATTEST:

By: __________________________________
Assistant Secretary

[SEAL]

**ILLINOIS FINANCE AUTHORITY**

**MEMORANDUM**

**To:** Illinois Finance Authority Board of Directors

**From:** Christopher B. Meister

**Date:** March 11, 2014

**Subject:** Resolution Authorizing the Authority to Renegotiate the Terms and Conditions of the Illinois Intermediary Relending Program Work Plan with the United States Department of Agriculture; Deploy the Program to Units of Local Governments Affected by Natural Disasters; and Allocate Monies from the General Fund of the Authority to Match the Funds Available through the Program

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**Background:**

The Illinois Finance Authority ("IFA" or the "Authority") was created to assist units of local government in borrowing money to finance and refinance "public purpose projects" (as defined in the IFA Act), capital facilities and infrastructure and to finance other public purposes of such units of local government.

The Illinois Development Finance Authority ("IDFA"), predecessor to IFA, entered into a Loan Agreement with the United States Department of Agriculture/Farmers Home Administration ("FmHA" or the "Department") on December 14, 1990 for the purposes of providing loans to third parties for certain purposes under the Illinois Intermediary Relending Program ("IIRP" or the "Program"). Subsequently, IDFA established the IIRP Work Plan outlining the criteria of the Program.

As of February 28, 2014, the Program has three (3) loans outstanding in the total amount of $228,489.60 and a remaining balance of $1,900,995 to originate additional loans pursuant to the IIRP Work Plan.

Separately, certain units of local governments in the State of Illinois (the "State") were ravaged by tornados on November 17, 2014. The Federal Emergency Management Agency ("FEMA") denied the State's appeal for federal disaster assistance to these units of local governments. In response to FEMA's denial, the Governor directed certain State Agencies to assemble a relief package, including approximately $2 million under the IIRP and approximately $2.5 million under the Local Government Pooled Bond Program. See attached press release issued by the Governor's Office on March 5, 2014.

Furthermore, any unit of local government borrowing from the Program must evidence their debt with a legally authorized instrument. For home rule units of government, there is greater flexibility in terms of what the unit may issue. A home rule unit may issue general obligations bonds without regard to referendum or debt limit, which, despite some of the recent bankruptcy rulings in Detroit, Michigan, is generally considered the highest and best security of all obligations, except under very unusual circumstances. A home rule unit may also issue any of the forms of obligations described below for non-home rule units. For non-home rule units (i.e., cities, villages and incorporated towns), the possible instruments would include revenue bonds depending upon the facility that needs to be replaced, which could include water, sewer, water and sewer, motor fuel tax (roads, streets and bridges) and others. A non-home rule unit may also issue alternate bonds primarily secured by the foregoing revenues and others, as well as installment contracts. A school district might be able to issue general obligation life safety bonds if a school building was damaged in the tornadoes. Other units of local government may have a variety of options, as well, including counties, park districts, community college districts and other units of local government.

**Request:**

The Department has advised the Authority that the units of local governments affected by the November 17, 2014 tornados would be worthy loan recipients under the Program. Therefore, IFA Staff requests the IFA Board of Directors to authorize the Executive Director (i) to renegotiate the terms and conditions of the IIRP Work Plan with the Department, (ii) to deploy the Program to units of local governments affected by natural disasters, and (iii) to allocate monies from the General Fund of the Authority to match (twenty or twenty-five percent) the funds available through the Program.

OFFICE OF THE GOVERNOR
PAT QUINN

**For Immediate Release**
Wednesday, March 5, 2014

**Contact**
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Katie Hickey Katie.Hickey@illinois.gov
Dave Blanchette Dave.Blanchette@illinois.gov

# Gov. Quinn Announces $45 Million State Relief Package for Communities Devastated by November Tornadoes

## *Governor Secures State Resources After Denial of FEMA Funding Appeal; Aid Will Help Local Governments Recover*

SPRINGFIELD – Following federal denial of urgently-needed disaster assistance, Governor Pat Quinn today announced a $45 million state relief package to help Illinois local governments recover from the deadly November tornadoes. This assistance was assembled at the Governor's direction following the Federal Emergency Management Agency (FEMA) denial of the state's appeal for federal disaster assistance for local governments.

The relief package will provide much-needed aid for impacted municipalities, including Washington, Brookport, Gifford, New Minden, Diamond, Coal City and East Peoria. All local governments in the nine counties impacted by the historic tornadoes will be eligible for assistance. The counties are: Champaign, Douglas, Grundy, Massac, Tazewell, Vermilion, Washington, Wayne and Woodford.

“Our tornado-ravaged communities need help and they need it now,” Governor Quinn said. “While it's disappointing that our request for federal disaster relief was denied due to outdated rules, the state of Illinois is committed to providing assistance to communities that need it. Recovery won't happen overnight but this aid will help people rebuild their lives."

The state's multi-agency relief package for local governments includes assistance from the Illinois Department of Commerce and Economic Opportunity (DCEO), the Illinois Department of Transportation (IDOT), the Illinois Finance Authority (IFA), the Illinois Emergency Management Agency (IEMA), the Illinois Environmental Protection Agency (IEPA) and the Illinois Housing Development Authority (IHDA).

DCEO will provide up to $19.1 million in state and federal funds to be used toward disaster recovery. These commitments include:

- Up to $10 million in state funds to local governments to rebuild tornado-damaged infrastructure.

- Approximately $4.5 million of the agency's Community Development Assistance Program allocation from the U.S. Department of Housing and Urban Development (HUD) will be directed toward housing repair and reconstruction for low-income residents.
- An additional $3.6 million is expected from HUD this summer to address unmet housing needs from communities impacted by last spring's flooding or November's tornadoes.
- The DCEO Office of Employment and Training will supply up to $1 million in Rapid Response funding which will provide paid work experience to individuals to assist with disaster cleanup and recovery efforts – $138,875 of these funds are already being used for this purpose in Brookport.
- Low Income Home Energy Assistance Program (LIHEAP) and Weatherization funds are available to eligible recipients for a variety of storm-related issues including temporary shelter, transportation, utility reconnection, heating and air conditioning replacement, coats and blankets, insulation repair, generators, re-weatherization of damaged homes and technical assistance. The amount of funding available will depend on the number of eligible LIHEAP and weatherization households seeking assistance.

IDOT will provide up to $10 million for communities to repair storm-damaged infrastructure. IDOT continues to work with communities to identify eligible transportation infrastructure needs.

IFA, the state's infrastructure bank, will immediately make available up to $4.5 million in below-market rate loans to finance repairs constituting capital expenditures to publicly owned and operated facilities that sustained damage in the tornadoes, not otherwise covered by insurance. Due to the legal and credit requirements of each individual project, the IFA will work through the Governor's Response Team with individual local governments in the tornado-ravaged communities.

IEMA will provide $3.55 million to help municipalities pay for costs already incurred for items such as debris removal, emergency protective measures and overtime payments. This assistance comes from state General Revenue Funds.

IEPA will set aside up to $5.35 million in low-interest loans through the Illinois Clean Water Initiative to repair damaged water systems in impacted communities.

IHDA will provide $2.5 million in emergency rehabilitation assistance to approximately 50 low-income households affected by the severe storms. Eligible homeowners will receive up to $40,000 in assistance to pay insurance deductibles or provide home repairs. The assistance comes from the Affordable Housing Trust Fund.

For information on how local government can benefit from the relief package, please visit Ready.Illinois.gov.

The Governor recently addressed the National Journal's Disaster Forum in Washington, D.C. to push for needed changes to the FEMA disaster aid criteria. The Governor is working with U.S. Senator Dick Durbin and Illinois' congressional delegation to pass legislation that would give FEMA a clearer, more substantive formula when evaluating natural disasters. It will modify a flawed system that places small and rural communities in highly populated states at a disadvantage in the federal disaster declaration process. The bill assigns a specific weight to each of the factors already used by FEMA and adds other economic factors for the agency to consider when determining whether or not an area should receive federal assistance.

“FEMA has gotten it wrong in Illinois not once but twice,” Senator Durbin said. “The federal government can’t be expected to help after every weather event, but the damage I saw in Central Illinois convinced me that we need to be doing more. Senator Kirk and I have a bill—introduced in the House by members of the Illinois Congressional Delegation—that would fix FEMA’s funding formulas so communities in downstate Illinois are no longer at a disadvantage when disaster strikes. I am encouraged by Governor Quinn’s commitment today to help make these communities whole again and will be working with my colleagues to advance the Fairness in Federal Disaster Declarations Act and identify any additional federal funding opportunities.”

Shortly after the deadly storms on Nov. 17, 2013, Governor Quinn surveyed the damaged areas and activated the State Emergency Operations Center to coordinate the deployment of state resources and personnel in support of local response and recovery efforts. While federal assistance for local governments has been denied, just nine days after the storms the Governor successfully secured federal aid for families and businesses in 15 counties which has topped $23.5 million, including FEMA grants of more than $2.6 million and $21 million in low-interest loans from the U.S. Small Business Administration.

###

**Office of the Governor**
**Pat Quinn**

# Illinois Finance Authority
# Tornado Relief Fund

**What specific need would the relief apply to?**

- Below-market loans to finance repairs to publicly owned and operated facilities that sustained damage in the November 2013 tornadoes that will not otherwise be covered by insurance. Loan proceeds may be used to finance public infrastructure as well as machinery and equipment (e.g., public vehicles like fire trucks). This is not a working capital loan.

**Who can apply?**

- Units of local government. Home Rule Units of Local Government have greater flexibility in incurring public debt. Non-home rule units of government constitute the majority of the governments in the impacted communities.

**What is the application process?**

- Given the complexities of Non-Home Rule (the majority of potential borrowers) Local Government finance, it is best if interested local governments contact IFA through the existing disaster response team. A conference call between local government management staff and IFA staff will quickly identify the appropriate course of action. Once public projects and local government loan repayment sources are identified and legal and credit issues are identified and resolved, then IFA staff will work with the local government to prepare the matter for consideration by the IFA board at its monthly meeting. A key decision making point will be whether a publicly owned & operated facility generates project revenue (e.g., sewer or water system improvements and facilities) vs. a city hall or a police station building (i.e., non-revenue generating essential purpose public infrastructure).

**What is eligible?**

- Public infrastructure as well as machinery and equipment (e.g., public vehicles like emergency vehicles) but not working capital.

**Contact:**

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Financial and Legal Analyst
bfletcher@il-fa.com
312-651-1329

# ILLINOIS FINANCE AUTHORITY
## Memorandum

To: IFA Board of Directors

From: Christopher B. Meister, Executive Director

Date: March 11, 2014

Re: Resolution Granting Executive Director Authorization to Act on Behalf of Illinois Finance Authority to Negotiate and Execute an Intergovernmental Agreement with the Office of the State Fire Marshal for the Fire Truck Revolving Loan Program and Related OSFM Programs

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**Background:**

The Illinois Finance Authority ("**IFA**") and the Office of the State Fire Marshal ("**OSFM**") jointly administer the Fire Truck Revolving Loan Program (the "**Fire Truck Program**"), the Fire Station Revolving Loan Program (the "**Fire Station Program**") and the Ambulance Revolving Loan Program (the "**Ambulance Program**", and together with the Fire Truck Program and the Fire Station Program, the "**Fire Marshal Programs**") as defined in the Illinois Finance Authority Act, 20 ILCS 3501/801 et seq. (the "**IFA Act**"). Since inception, the Fire Marshal Programs have provided zero-interest loans (now zero-interest or low-interest) to fire departments, fire protection districts, and township fire departments for the purchase of fire trucks, the construction, rehabilitation, remodeling, or expansion of a fire station or the acquisition of land for the construction or expansion of a fire station, or the purchase of ambulances by a fire department, a fire protection district, a township fire department. Non-profit ambulance services may also utilize the Ambulance Program for the purchases of ambulances.

OSFM is responsible for undertaking a technical review of applications received in connection with the Fire Marshal Programs. Thereafter, applications are presented to IFA for prospective funding. IFA is responsible for evaluating the creditworthiness of each proposed loan. IFA's goal for the Fire Marshal Programs has been to assist OSFM in deploying available funds to smaller, under-resourced fire departments, fire protection districts, township fire departments and non-profit ambulance services.

**Program History:**

Effective July 2005, Public Act 94-221 created the Fire Truck Program. The maximum loan amount is currently $250,000 while the maximum loan term is 20 years (most loans are for terms of between 10 years and 20 years). Under the IFA Act, debt service must include principal repayment of at least 5% per annum. OSFM had approximately $4,352,220 in the Fire Truck Revolving Loan Fund as of 2/28/2014 that is presently available to fund new loans. Since inception, OSFM has forwarded applications to IFA periodically which enabled Fire Truck Program loans to close in Fiscal Years 2005, 2006, 2008, 2009, 2010 and 2012. However, OSFM did not forward applications to IFA and, consequently, no loans were funded in Fiscal Years 2007, 2011 and FY 2013. Most recently, in 2012, OSFM approved twenty-nine applications that were forwarded to IFA for financial due diligence review. Of the 29 applications, IFA credit approved 27 and closed 19 totaling $3,620,000. As of 1/31/2014, approximately 132 Fire Truck Program loans were outstanding totaling $17,052,813.

Effective August 2009, Public Act 96-135 created the Fire Station Program. The maximum loan amount is currently $2,000,000 while the maximum loan term is 25 years. Under the IFA Act, debt service must include principal repayment of at least 4% per annum. No Fire Station Program loans have been originated.

Effective January 2013, Public Act 97-901 created the Ambulance Program. The maximum loan amount is currently $100,000 while the maximum loan term is 10 years. Under the IFA Act, debt service must include principal repayment of at least 5% per annum. OSFM had approximately $3,765,684 in the Ambulance Revolving Loan Fund as of 2/28/2014 that is presently available to fund new loans. Since inception, OSFM has forwarded applications to IFA periodically which enabled Ambulance Program loans to close in Fiscal Years 2009. However, OSFM did not forward applications to IFA and, consequently, no loans were funded in Fiscal Years 2010, 2011, 2012 and 2013. Most recently, in 2009, OSFM approved 10 applications that were forwarded to IFA for financial due diligence review. Of the 10 applications, IFA credit approved 10 and closed 10 totaling $993,200. As of 1/31/2014, approximately 8 Ambulance Program loans were outstanding totaling $415,920.

**Annual Fire Marshal Program Cash Flows:**

The Fire Marshal Programs currently rely on Illinois General Assembly appropriations and ongoing loan repayments to generate lending volume. Historically, IFA has received repayments derived from outstanding Fire Marshal Program loans and forwarded these repayments to the Fire Truck Revolving Loan Fund, Fire Station Revolving Loan Fund or Ambulance Revolving Loan Fund, respectively, in the Office of the State Treasurer. All Fire Marshal Program borrowers currently make one annual payment each November to cover the required principal repayment.

Annual principal repayments to IFA for the Fire Truck Program total approximately $1.4 million per annum. Other Fire Truck Program income (derived from various revenues generated by fines) generates approximately $200,000 annually. Current available balances available for relending totaled approximately $4.4 million as of 2/28/2014. Assuming that the available $4.4 million balance was to be loaned immediately, additional annual repayments would total between $200,000 (assuming a 20-year average maturity) and $400,000 (assuming a 10-year average maturity).

Accordingly, in the absence of additional State appropriation funding, the Fire Truck Program would have annual capacity to originate annual volume of between $1.8 million and $2.0 million of new loans annually -- amounts sufficient to generate seven (7) or eight (8) loans annually at the current $250,000 loan maximum. The Fire Truck Program's annual cash flows (based on the Fire Truck Program's current capitalization) limit the ability of the Fire Truck Program to fund a significant number of new projects annually.

There are no loans outstanding for the Fire Station Program and likewise the Fire Station Program has never been capitalized by the Illinois General Assembly.

Annual principal repayments to IFA for the Ambulance Program total approximately $95,000 per annum. Current available balances for relending totaled approximately $3.765 million as of 2/28/2014. Assuming that the available $3.765 million balance was to be loaned immediately, additional annual repayments would total between $740,000 (assuming a 5-year average maturity) and $370,000 (assuming a 10-year average maturity).

Accordingly, in the absence of additional State appropriation funding, the Ambulance Program would have annual capacity to originate volume of between $95,000 and $100,000 of new loans annually – amounts sufficient to generate no more than one (1) loan annually at the current $100,000 loan maximum. The Ambulance Program's annual cash flows (based on the Ambulance Program's current capitalization) limit the ability of the Ambulance Program to fund a significant number of new projects annually.

**Resolution Authorizing Negotiation and Execution of an Intergovernmental Agreement with OSFM:**

Effective January 1, 2013, Public Act 97-901 requires that all future moneys deposited into the Fire Truck Revolving Loan Fund, Fire Station Revolving Loan Fund or Ambulance Revolving Loan Fund, respectively, in the Office of the State Treasurer from continuing Illinois General Assembly appropriations shall be paid by OSFM to IFA provided that IFA and OSFM enter into an Intergovernmental Agreement that further supports the Fire Marshal Program. The same would apply to current moneys on deposit in the respective State Treasurer accounts; that is, existing funds in the respective State Treasurer accounts shall also be paid to IFA provided that IFA and OSFM enter into an Intergovernmental Agreement that further supports the Fire Marshal Program.

The accompanying Resolution authorizes IFA's Executive Director to negotiate and execute an Intergovernmental Agreement with OSFM. Provisions of this Intergovernmental Agreement would apply to the Fire Truck Program, Fire Station Program and Ambulance Program.

IFA will be proposing the following terms to streamline program management and improve financial execution and results:

1. Increase the IFA financial due diligence and closing fee for each Fire Marshal Program loan that closes from $250 (currently) to $500 per closed transaction. This will better enable IFA to cover a portion of the staff time spent on application financial due diligence and for closing and administering each loan.

2. Increase the interest rate on Fire Marshal Program loans charged to investment grade-rated borrowers from 0.0% currently to the interest rate charged to Illinois Clean Water Initiative/State Revolving Fund borrowers (which is currently 1.995%). The Fire Marshal Program's interest rate would be reset each January 1st at a rate equal to the simple interest rate borne on Illinois Clean Water Initiative/State Revolving Fund loans. This interest rate would apply to any borrower that has one or more investment grade credit rating (i.e., at or above Baa3 / BBB- / BBB- or the equivalent from any other nationally recognized municipal credit rating agency).

   <u>Note:</u>
   - The proposed Illinois Clean Water Initiative/State Revolving Fund interest rate has proven sufficiently attractive to induce several high investment grade borrowers to participate heretofore. The Clean Water Initiative/State Revolving Fund interest rate is reset annually at a rate equal to 50% of the mean of the Bond Buyer's 20 GO Bond Index for the 12 month period as of each October 1st.

   - The new interest rate applicable to investment grade borrowers would still result in a below-market interest rate while setting the Fire Marshal Program's interest rate subsidy based on an "ability to pay" basis. Additionally, imposition of this higher interest rate on certain borrowers could modestly increase capitalization of the Fire Marshal Program funds over time.

3. IFA's Chief Financial Officer (or designee) would become an ex-officio member of the OSFM Loan Application Review Committee in order to assist in pre-screening loan applications prior to submission to IFA.

4. IFA will work with OSFM to promote the Fire Marshal Programs and obtain additional State funding. Ultimately, the objective of this cooperation will be to enable the Fire Marshal Programs to increase their respective capitalization, thereby providing more frequent, ongoing funding to prospective borrowers.

Separately, IFA will be proposing several technical changes to the Illinois Administrative Code relating to the Fire Marshal Programs. Among the specific changes, IFA will recommend that OSFM increase the minimum two-year audit report submission requirement for borrowers (as currently promulgated under the Administrative Code) to a three year audit report submission requirement, thereby conforming the Administrative Code requirements to IFA's internal financial due diligence practices and procedures (including those applicable to the Fire Marshal Programs).

These recommendations are intended to increase ongoing collaboration with OSFM, streamline day-to-day program management, and reduce audit exposure, while maintaining transparency and accountability.

**IFA Resolution No. 2014-0311-____**

**RESOLUTION GRANTING EXECUTIVE DIRECTOR AUTHORIZATION TO ACT ON BEHALF OF ILLINOIS FINANCE AUTHORITY TO NEGOTIATE AND EXECUTE AN INTERGOVERNMENTAL AGREEMENT WITH THE OFFICE OF THE STATE FIRE MARSHAL FOR THE FIRE TRUCK REVOLVING LOAN PROGRAM AND RELATED OSFM PROGRAMS**

**WHEREAS**, the Illinois Finance Authority (the "Authority") has been created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. (the "Act"); and

**WHEREAS**, the Fire Truck Revolving Loan Program has been established under the Act and jointly administered by the Authority and the Office of the Illinois State Fire Marshal ("OSFM") to provide loans for the purchase of fire trucks by a fire department, a fire protection district, or a township fire department (the "Fire Truck Program"); and

**WHEREAS**, the Fire Station Revolving Loan Program has been established under the Act and jointly administered by the Authority and OSFM for the construction, rehabilitation, remodeling, or expansion of a fire station or the acquisition of land for the construction or expansion of a fire station by a fire department, a fire protection district, or a township fire department (the "Fire Station Program"); and

**WHEREAS**, the Ambulance Revolving Loan Program has been established under the Act and jointly administered by the Authority and OSFM for the purchase of ambulances by a fire department, a fire protection district, a township fire department, or a non-profit ambulance service (the "Ambulance Program", and together with the Fire Truck Program and the Fire Station Program, the "Fire Marshal Programs"); and

**WHEREAS**, IFA's goal for Fire Marshal Programs has been to assist OSFM in deploying funds to smaller, under-resourced fire departments, fire protection districts, township fire departments and non-profit ambulance services; and

**WHEREAS**, it is in the best interest of IFA and OSFM to achieve optimal results through negotiation and execution of an Intergovernmental Agreement; and

**WHEREAS**, the Executive Director of the Authority (the "Executive Director") has taken certain actions from time to time regarding the Fire Marshal Programs, all in accordance with the wishes of the Authority and may continue to do so; and

**WHEREAS**, the Members of the Authority, acting pursuant to their power to adopt this Resolution pursuant to the provisions of Sections 801-25, 801-30 and 801-40 of the Act, hereby grant the Executive Director authorization to negotiate and execute an Intergovernmental Agreement on behalf of the Authority with OSFM with regard to ongoing management and administration of the Fire Marshal Programs;

**NOW, THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:**

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Ratification of Past Actions.** The Authority hereby accepts and ratifies all actions taken by the Executive Director prior to the date of this Resolution for the Fire Marshal Programs.

**Section 3. Clarification with Regard to All Future Action Taken by the Executive Director.** The Authority does hereby authorize, empower and direct the Executive Director to take or cause to be taken any and all such other and further actions, and to execute, acknowledge and deliver any and all such agreements, including but not limited to the Intergovernmental Agreement with OSFM as authorized herein, instruments, certificates and other documents, and to pay all such fees and expenses, as he may deem necessary, appropriate or advisable in order to administer the Fire Marshal Programs.

**Section 4. Enactment.** This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**ILLINOIS FINANCE AUTHORITY**

**Memorandum**

**To:** IFA Board of Directors

**From:** Sohair Omar and Pamela A. Lenane

**Date:** March 11, 2014

**Re:** Resolution Authorizing the Authority to Enter into an Intergovernmental Agreement with the Department of Transportation of the State of Illinois, and Concerning Related Matters

---

The Illinois Finance Authority ("*IFA*" or the "*Authority*") was created to assist units of local government in borrowing money to finance and refinance "public purpose projects" (as defined in the IFA Act), capital facilities and infrastructure and to finance other public purposes of such units of local government.

The Illiana Expressway is a proposed east-west transportation corridor between Illinois and Indiana, which the Illinois General Assembly has found will promote development and investment in the State of Illinois and serve as a critical transportation route in the region. *See* Public Private Agreements for the Illiana Expressway Act, 605 ILCS 130/5(b).

The IFA Act contains the following specific provision relating to financing for the Illiana Expressway: "For the purpose of financing the Illiana Expressway under the Public Private Agreements for the Illiana Expressway Act, the Authority is authorized to apply for an allocation of tax-exempt bond financing authorization provided by Section 142(m) of the United States Internal Revenue Code, as well as financing available under any other federal law or program." 20 ILCS 3501/825-105.

The Department of Transportation of the State of Illinois (the "*Department*") is spearheading the Illiana Expressway project, and has requested that the Authority assist the Department with securing one or more rating agencies on the credit instrument. The Department has asked the Authority to procure the necessary credit ratings, and the Authority is willing to provide such assistance to the Department.

The IFA Board is being requested to authorize the Executive Director to enter into an Intergovernmental Agreement with the Department pursuant to which the Authority will, in accordance with the pertinent provisions of the Procurement Code and the Authority's Procurement Policy, select one or more rating agencies to provide preliminary rating opinion(s).

**RESOLUTION NO. 2014-0311-____**

**RESOLUTION AUTHORIZING THE ILLINOIS FINANCE AUTHORITY TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION OF THE STATE OF ILLINOIS, AND CONCERNING RELATED MATTERS**

**WHEREAS**, the Illiana Expressway is a proposed east-west transportation corridor between Illinois and Indiana, which the Illinois General Assembly has found will promote development and investment in the State of Illinois and serve as a critical transportation route in the region, 605 ILCS 130/5(b); and

**WHEREAS**, the Illinois Finance Authority (the "*Authority*") was created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.*, as amended (the "*IFA Act"*), as a body politic and corporate of the State of Illinois and is authorized by the laws of the State of Illinois, including without limitation the IFA Act, to, *inter alia,* (i) apply for financing available under any federal law or program for the purpose of financing the Illiana Expressway under the Public Private Agreements for the Illiana Expressway Act, 605 ILCS 130/1 *et seq.*, as amended (the "*Illiana Expressway Act*"), and (ii) assist units of local government in borrowing money to finance and refinance "public purpose projects" (as defined in the IFA Act), capital facilities and infrastructure and to finance other public purposes of such units of local government; and

**WHEREAS**, the Department of Transportation of the State of Illinois (the "*Department*") is an executive branch department of State government created by the Departments of State Government Law, 20 ILCS 5/5-1, 5-15, with the powers set forth in the Department of Transportation Law, 20 ILCS 2707/2705-1 *et seq*. (the "*Transportation Law*"); and

**WHEREAS**, Section 2705-220 of the Transportation Law provides that the Department may exercise all powers granted to it under the Illiana Expressway Act; and

**WHEREAS**, the Illiana Expressway Act provides that the Department may, *inter alia*, "take any action to obtain federal, State, or local assistance for the Illiana Expressway project that serves the public purpose" of the Act, and "may enter into any contracts required to receive the federal assistance," including "federal credit assistance pursuant to the Transportation Infrastructure Finance and Innovation Act ("*TIFIA*")," 605 ILCS 130/95(b); and

**WHEREAS**, the Authority has been informed that the Department needs to provide a preliminary rating opinion(s) from one or more rating agencies on the credit instrument; and

**WHEREAS**, pursuant to the authority set forth herein and in the intergovernmental agreement described below, the Department has requested that the Authority assist it by procuring one or more rating agencies to deliver such preliminary rating(s); and

**WHEREAS**, the Authority is willing to provide such assistance; and

**WHEREAS**, Article 7, Section 10(a) of the 1970 Constitution of Illinois and the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq*., as amended, authorize "public agencies" to contract with other "public agencies" to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform, and the Authority and the Department are "public agencies" as that term is defined and used in the Intergovernmental Cooperation Act; and

**WHEREAS**, there has been prepared a draft of an intergovernmental agreement to be entered into by the Authority and the Department pursuant to the authority described herein and therein (the "*Intergovernmental Agreement*"), pursuant to which the Authority will assist the Department in financing the Illiana Expressway project by selecting one or more rating agencies to provide preliminary rating opinion(s) on the credit instrument; and

**WHEREAS**, the Department has obtained or will obtain any approvals from the Department, the Governor, and federal agencies required in connection with the execution of the Intergovernmental Agreement, as provided in Section 115(b) of the Illiana Expressway Act:

**NOW, THEREFORE, BE IT RESOLVED** by the members of the Illinois Finance Authority, as follows:

***Section 1. Recitals.*** The foregoing recitals are incorporated into and made a part of this resolution by this reference.

***Section 2. Intergovernmental Agreement.*** An Intergovernmental Agreement containing terms and provisions consistent with the intent of this resolution is authorized, approved and confirmed, and the form, terms and provisions of the Intergovernmental Agreement are approved, and the officers of the Authority executing and attesting the same, shall constitute conclusive evidence of such approval.

***Section 3. Execution of Intergovernmental Agreement.*** The Chairperson, the Vice Chairperson, the Executive Director, the Secretary and any Assistant Secretary of the Authority (or any person appointed to such office on an interim basis) are authorized and directed to execute, attest, seal and deliver this Resolution, the Intergovernmental Agreement, and any and all documents and do any and all things deemed necessary to carry out the intent and purposes of this Resolution.

***Section 4. Professional Services.*** Pursuant to the terms and conditions of the Intergovernmental Agreement and in accordance with Section 1-10(b)(12) of the Procurement Code (30 ILCS 500/1-10(b)(12)) and the Authority's Procurement Policy, the Authority will select one or more rating agencies for the purpose of assisting with securing rating opinion(s).

***Section 5. Certain Actions Ratified and Approved.*** All acts of the officials of the Authority which are in conformity with the purposes and intent of this Resolution and the Intergovernmental Agreement are, in all respects, ratified, approved and confirmed.

***Section 6. Severability.*** The provisions of this Resolution are declared to be separable and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions.

***Section 7. Conflicting Resolutions Repealed.*** All resolutions and parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

***Section 8. Resolution Effective.*** This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

**Item 8 will be distributed separately.**

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**ILLINOIS FINANCE AUTHORITY**

**Memorandum**

To: IFA Board of Directors

From: Nora O'Brien, Associate General Counsel

Date: March 11, 2014

Re: Resolution Expanding the Healthcare Committee of the Illinois Finance Authority to Include Education and Creating the Healthcare and Education Committee of the Illinois Finance Authority

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The Healthcare Committee of the Illinois Finance Authority (the "Authority") meets monthly via teleconference to discuss healthcare projects to be presented to the Board of Directors of the Authority (each a "Member" and, collectively, the "Board") at the monthly Committee of the Whole ("COW") and Board meetings. Dr. William Barclay, who served as Chairman of the Healthcare Committee from 2007 – 2013, has resigned from the Board and Member Knox will replace him as Chairman of the Healthcare Committee.

Member Knox has over 20 years of experience as an engineer, venture capitalist and investment banker, leading national organizations that provide solutions at the complex intersection of business, engineering, technology, infrastructure, healthcare, academia and public policy. Member Knox believes it is in the best interest of the Authority to expand the jurisdiction of the Healthcare Committee to include the Education market sector.

The accompanying resolution will expand the Healthcare Committee of the Authority to include the Education market sector and create the Healthcare and Education Committee of the Illinois Finance Authority.

## RESOLUTION NO. 2014-0311-AD

**RESOLUTION EXPANDING THE HEALTHCARE COMMITTEE OF THE ILLINOIS FINANCE AUTHORITY TO INCLUDE EDUCATION AND CREATING THE HEALTHCARE AND EDUCATION COMMITTEE OF THE ILLINOIS FINANCE AUTHORITY**

**WHEREAS**, the Illinois Finance Authority (the "Authority") has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the "Illinois Finance Authority Act")

**WHEREAS,** the Authority from time to time issues its tax-exempt bonds (the "Bonds") for the benefit of nonprofit healthcare institutions and academic institutions and expects that it will in the future; and

**WHEREAS**, the Authority has a Healthcare Committee (the "Healthcare Committee") that meets monthly via teleconference to discuss projects for healthcare institutions; and

**WHEREAS**, the Authority desires to expand the jurisdiction of the Healthcare Committee to include academic institutions;

**WHEREAS**, the Authority creates a new Healthcare and Education Committee (the "Healthcare and Education Committee") that will meet monthly via teleconference to discuss projects for healthcare institutions and academic institutions;

**NOW, THEREFORE**, Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Creation of a Healthcare and Education Committee.** The Authority hereby establishes a Healthcare and Education Committee to discuss projects for healthcare institutions and academic institutions.

**Section 2. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with the Healthcare and Education Committee.

**Section 3. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 4. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 5. Immediate Effect.** That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Ximena Granda, Controller/Agency Procurement Officer

Date: March 11, 2014

Re: Resolution Authorizing the Executive Director to Renew the Existing Financial Advisor Contracts with Acacia Financial Group, Inc. and Public Financial Management, Inc. and to Initiate a Procurement of Additional Financial Advisory Firms in Light of the Authority's Express Policy to Use Businesses Owned by Minorities, Women, Persons with Disabilities and Small Businesses

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**Financial Advisor Services**

On March 25, 2010, the Illinois Finance Authority (the "**Authority**" or **"IFA"**) entered into contracts with Acacia Financial Group, Inc. ("**Acacia**") and Scott Balice Strategies, LLC (now, Public Financial Management, Inc. or "**PFM**") to provide financial advising services to the Authority for a three year term with two one-year renewal options (each a "**Financial Advisor Contract**" and, collectively, the "**Financial Advisor Contracts**").

The Financial Advisor Contracts were renewed for a one-year term on March 24, 2013 and will expire on March 24, 2014. The Authority utilizes PFM and Acacia to perform the following services: (i) work with the Executive Director and designated Agency staff at the request of the Executive Director to strategically plan and develop new financial products and programs to reach target market sectors; (ii) review each project to be submitted to the Board for approval at its monthly board or special board meeting(s) and provide a review to the Credit Committee of such projects including any comments or suggestions to the project, and (iii) provide other services reasonably requested by the Executive Director in writing.

The Authority is seeking to renew the Financial Advisor Contracts with PFM and Acacia for the second one-year renewal option. If approved, the renewal term shall begin on March 25, 2014 and terminate on March 24, 2015. The total value for each Financial Advisor Contract renewal will be $177,500. Authority staff believes that it is necessary for enterprise reasons, including the avoidance of conflicts, that both existing Financial Advisor Contracts be renewed.

On September 14, 2004, the Authority adopted Resolution 2004-20 (attached as Exhibit A), "Expressing Policy Considerations of the Members on the Use of Businesses Owned by Minorities, Women, Persons with Disabilities and Small Businesses in Authority Conduit Financings." The Authority has diverse programs and needs with respect to financial advisors. In addition to renewing the existing Financial Advisor Contracts, Authority staff seeks to initiate a procurement to broaden the pool of financial advisory firms for consistent with regulation of financial advisors, to fulfill its public mission, and in light of Resolution 2004-20.

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE EXISTING FINANCIAL ADVISOR CONTRACTS WITH ACACIA FINANCIAL GROUP, INC. AND PUBLIC FINANCIAL MANAGEMENT, INC. AND TO INITIATE A PROCUREMENT OF ADDITIONAL FINANCIAL ADVISORY FIRMS IN LIGHT OF THE AUTHORITY'S EXPRESS POLICY TO USE BUSINESSES OWNED BY MINORITIES, WOMEN, PERSONS WITH DISABILITIES AND SMALL BUSINESSES**

**WHEREAS**, the Illinois Finance Authority (the "Authority") has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the "Illinois Finance Authority Act"); and

**WHEREAS,** on July 15, 2013, by Public Act 098-0090 (the "Act"), the Illinois State General Assembly amended the Illinois Procurement Code (30 ILCS 500/1-1 *et seq*.) (the "Code") by excluding certain contracts to be entered into by the Authority from the Code; and

**WHEREAS**, pursuant to Section 15 of the Act, contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 (the "Contracts") by the Authority in which the State of Illinois is not obligated are excluded from the requirements set forth in the Code; and

**WHEREAS**, the Act further provides that such contracts shall be awarded through a competitive process authorized by the Board of the Authority;

**WHEREAS**, on August 13, 2013 the Board of the Authority approved a written procurement policy (the "Policy") for the procurement of contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 by the Authority in which the State of Illinois is not obligated;

**WHEREAS**, on September 14, 2004 the Board adopted Authority Resolution 2004-20, which expresses policy considerations on the use of businesses owned by minorities, women, persons with disabilities and small businesses in Authority conduit financings.

**WHEREAS**, the Act further provides that the Board of the Authority shall approve the terms of such Contracts;

**NOW, THEREFORE**, Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Recitals**. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Approval of Financial Advisor Services Contract.** The Authority hereby approves the terms of the contract with Acacia Financial Group, Inc. ("Acacia") to provide financial advisory services to the Authority (the "Acacia Contract").

**Section 3. Approval of Financial Advisor Services Contract.** The Authority hereby approves the terms of the contract with Public Financial Management, Inc. ("PFM") to provide financial advisory services to the Authority (the "PFM Contract").

**Section 4. Initiation of Procurement of Additional Financial Advisory Firms.** The Authority hereby approves the initiation of a procurement to broaden the pool of financial advisory firms for its enterprise needs, consistent with regulation of financial advisors, to fulfill its public mission, and in light of Resolution 2004-20.

**Section 5. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with the Acacia Contract and the PFM Contract.

**Section 6. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 7. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 8. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 9. Immediate Effect.** That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

# EXHIBIT A

**RESOLUTION 2004-20**

**EXPRESSING THE POLICY CONSIDERATIONS OF THE MEMBERS ON THE USE OF BUSINESSES OWNED BY MINORITIES, WOMEN AND PERSONS WITH DISABILITIES AND SMALL BUSINESSES IN ILLINOIS FINANCE AUTHORITY CONDUIT FINANCINGS**

**WHEREAS**, as provided for in its policies and procedures manual, it is the policy of the Illinois Finance Authority (the "Authority"), in a conduit bond financing, to permit a borrower to recommend the selection of qualified Bond Counsel, Underwriter and Underwriter Counsel and other members of the financing teams and to directly negotiate the fees that said parties will be paid for their services; and

**WHEREAS**, the members recognize that the State of Illinois is composed of a diverse population, and the members believe that this diversity is a source of economic strength for the State; and

**WHEREAS**, the members are aware that the State of Illinois is home to tens of thousands of small businesses and that these small businesses are, in a very real sense, the backbone of the State's economic vitality; and

**WHEREAS**, the General Assembly, as set forth in 30 ILCS 575/1, has declared it to be a public policy of the State of Illinois to promote and encourage the continuing economic development of minority and female owned and operated businesses and businesses owned by persons with disabilities; and

**WHEREAS**, the General Assembly, as reflected in 30 ILCS 500/45-45, has found the promotion of small business to be of importance to the State; and

**WHEREAS**, the Authority itself is committed to appointing qualified minority and female owned and operated businesses, businesses owned by persons with disabilities and small businesses, and for those appointments and decisions over which it exercises direct selection, the Authority has and will continue to make all reasonable efforts to do business with minority and female owned and operated businesses, business owned by person with disabilities and small businesses; and

**WHEREAS**, the members of the Authority believe that its policy on the selection of Bond Counsel, Underwriter and Underwriter Counsel and other members of a financing team and the expressions of the General Assembly as set forth above are not inconsistent; and

**WHEREAS**, to date, the staff of the Authority has and will continue to encourage borrowers to employ minority and female owned and operated businesses, businesses owned by persons with disabilities and small businesses in any and all roles on the financing team, and the members of the Board believe it to be in the best interests of the Authority and the State that it also be on record supporting these efforts; and

**NOW, THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:**

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Use of Business Owned and Operated By Minorities, Females and Persons with Disabilities and Small Businesses.** The members of the Authority do hereby strongly encourage borrowers to consider recommending the use of and employing to the fullest extent possible businesses and firms owned by minorities, females and persons with disabilities and small businesses in conduit financings in any and all appropriate roles, including, but not limited to, Bond Counsel, Underwriter and Underwriter Counsel as well as financial advisor, printer, borrower's counsel and other professional roles. Further, the members of the Authority fully support the Authority's efforts to expand the opportunities for business owed by minorities, females and persons with disabilities and small businesses.

**Section 3. Publication.** The Executive Director is hereby directed to take all reasonable steps to publicize this Resolution, including, but not limited to, posting it on the Authority's website

**Section 4. Enactment.** This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

This Resolution 2004-20 is adopted this 14th day of September 2004 by roll vote as follows:

Ayes: 9

Nays: 0

Abstain: 0

Absent: 3

Chairman

Attested to:

Secretary

**Item 11 will be distributed separately and remain confidential pursuant to 5 ILCS 140/7(g)(r).**

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## ILLINOIS FINANCE AUTHORITY

## MEMORANDUM

**To:** Illinois Finance Authority Board of Directors

**From:** Christopher B. Meister, Executive Director

**Date:** March 11, 2014

**Subject:** Resolution Authorizing the Chairman of the Illinois Finance Authority to Select Co-Chairs and Members of the Strategic Planning Committee of the Illinois Finance Authority

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**Background:**

The Illinois Finance Authority ("IFA" or the "Authority") adopted a Strategic Plan for Fiscal Year 2013 through Fiscal Year 2015 (the "Plan") on July 10, 2012. The Plan established the following four (4) strategic goals that IFA uses to guide its investments: (i) strengthen and diversify product offering; (ii) improve stewardship of financial and human capital; (iii) expand partnership with the Governor and State and federal agencies; and (iv) enhance accountability, transparency and flow of information. Additionally, it established a framework to evaluate proposed initiatives and programs, including: (i) appropriateness to IFA's public mission; (ii) evaluation of risk; (iii) evaluation of competitive position; and (iv) net revenue impact.

**Request:**

To seize new opportunities and effectively tackle new challenges, given changes at the State- and federal-level and in the economy and capital markets, IFA proposes reevaluating the Plan and, therefore, requests the IFA Board of Directors to authorize the Chairman of the Authority to select co-chairs and members of the Strategic Planning Committee of the IFA.

**IFA RESOLUTION NO. 2014-0311-AD__**

**RESOLUTION AUTHORIZING THE CHAIRMAN OF THE ILLINOIS FINANCE AUTHORITY TO SELECT CO-CHAIRS AND MEMBERS OF THE STRATEGIC PLANNING COMMITTEE OF THE ILLINIOS FINANCE AUTHORITY**

**WHEREAS**, pursuant to Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. (the "Act"), the Illinois Finance Authority (the "Authority") possesses all the powers as a body corporate necessary and convenient to accomplish the purposes of the Act; and

**WHEREAS**, the Authority adopted a Strategic Plan for Fiscal Year 2013 through Fiscal Year 2015 (the "Plan"), attached hereto as Exhibit A, on July 10, 2012; and

**WHEREAS**, the Authority has determined that the reevaluation of the Plan is in the best interest of the Authority;

**NOW, THEREFORE, BE IT RESOLVED** by the Members of the Illinois Finance Authority as follows:

**Section 1. Recitals**. The recitals set forth above are found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Authorization.** The Authority hereby authorizes the Chairman of the Authority to select co-chairs and members of the Strategic Planning Committee of the Authority for the purposes of reevaluating the Plan.

**Section 4. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

**Section 5. Enactment.** This Resolution shall take effect immediately.

# IFA

## ILLINOIS FINANCE AUTHORITY

DRAFT STRATEGIC PLAN
FISCAL YEARS 2013—2015

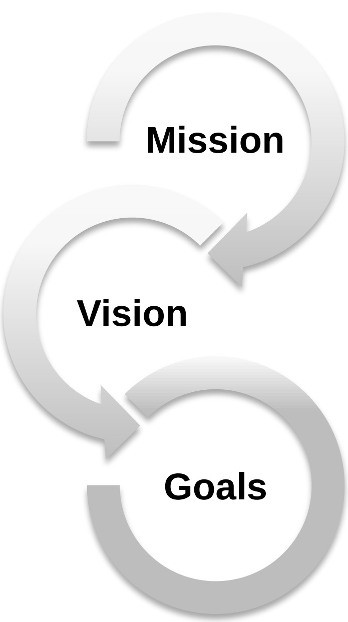
# Contents

# Introduction

The Illinois Finance Authority (the "IFA") is an Illinois body politic and corporate that provides capital asset financing to 501(c)(3) non-profit organizations and private-sector companies that retain and create jobs. A construct of federalism, the IFA is the primary Illinois delivery system for federal tax benefits that support lower interest rate financing of capital projects by qualified borrowers under the federal tax code (also known as "conduit debt"). In addition to issuing conduit debt, the IFA administers certain State-backed loan guarantee and credit enhancement programs as well as a limited number of direct and participation loan programs to support businesses and essential purpose infrastructure for local governments.

There are a number of challenges on the horizon that necessitate a broadening of the IFA's current strategic focus. The IFA needs to identify new programs and invest in new expertise to ensure long-term operational sustainability in an era of increased economic challenges. Over the past three years, the IFA has completed multiple rounds of cost-cutting initiatives. However, it is now vital that the IFA evaluate potential profitable, revenue-generating opportunities that leverage the organization's strengths.

In August 2011, the IFA initiated a strategic planning process that engaged its Board, staff and outside stakeholders to evaluate the competitive strengths as well as the best opportunities to maximize the value that the IFA can add in supporting job retention and creation in Illinois. The strategic planning process was led by IFA Board Member Heather D. Parish and IFA Executive Director Christopher B. Meister and included an analysis of the IFA's existing programs. The end result is a strategic plan that will ensure the long-term success of the IFA as a leading public financial institution.




To Provide Access to Capital to Public and Private Institutions that:

- Create and Retain Jobs
- Foster Economic Development
- Improve Quality of Life

The IFA strives to Strengthen Illinois' Infrastructure through Responsible Innovations in Finance and Public-Private Partnerships, in addition to Conduit Bond Finance that is supported by a Robust Post-issuance Compliance Framework.

1. Strengthen and Diversify Product Offering
2. Improve Stewardship of Financial and Human Capital
3. Expand Partnership with Governor and State and Federal Agencies
4. Enhance Accountability, Transparency and Flow of Information

# Challenges

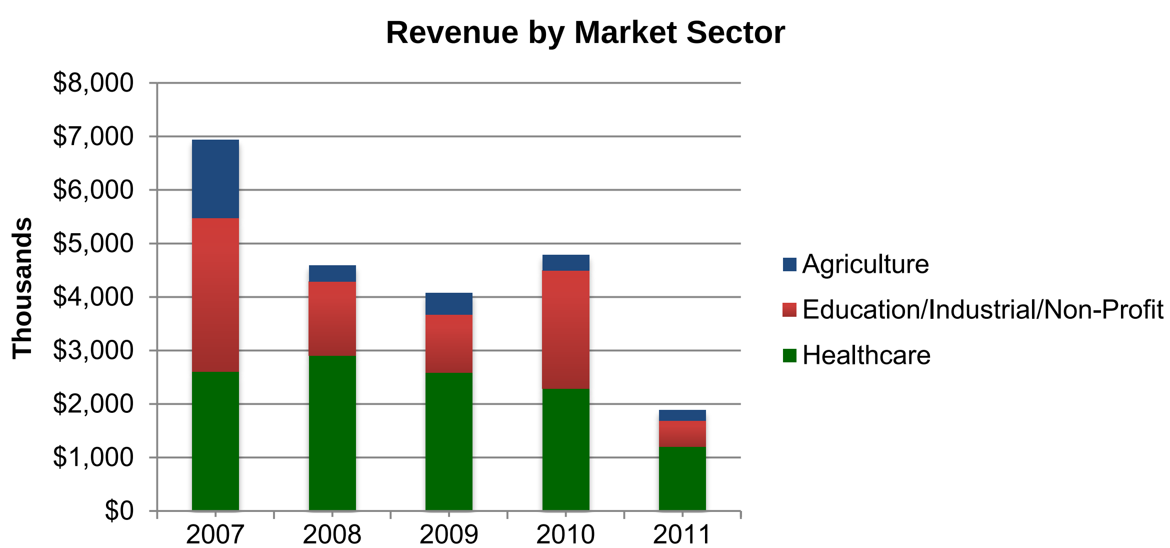
Federally tax-exempt conduit debt represented 98 percent of the total dollar value of IFA's program activity between Fiscal Year ("FY") 2009 and FY 2011. See Appendix III for the FY 2009-2011 Program Analysis. As IFA's core revenue source, federally tax-exempt financing faces a trifecta of unprecedented challenges: existential, regulatory and economic.

There is likely to be ongoing pressure at the federal-level to restrict or eliminate federally tax-exempt conduit financing in order to reduce the federal budget deficit. Any reduction or limitation on tax-exempt bond financing will have a material adverse effect on IFA's primary job retention and creation tool. Needless to say, this would diminish one of IFA's competitive advantages as a conduit issuer with statewide jurisdiction.

Additionally, expanded regulatory efforts by the Internal Revenue Service and the Securities & Exchange Commission could increase the compliance costs associated with conduit debt, thus reducing its viability as a job retention and creation tool.

Furthermore, efforts by the Federal Reserve to keep short-term interest rates low have temporarily reduced the effectiveness of tax-exempt conduit bonds as a job retention and creation tool. Difficult economic conditions have dissuaded borrowers from making capital investment decisions that require long-term conduit debt. Tax-exempt municipal market issuance volume fell to historically low-levels in the recent economic downturn. Certain proposed federal and State efforts to reduce deficits are expected to reduce funding for non-profit organizations which will further limit their debt capacity.

Every sector in which the IFA currently operates faces unprecedented challenges including, increased regulation, government deficit control, global competition and forecast for limited economic growth over the next several years.



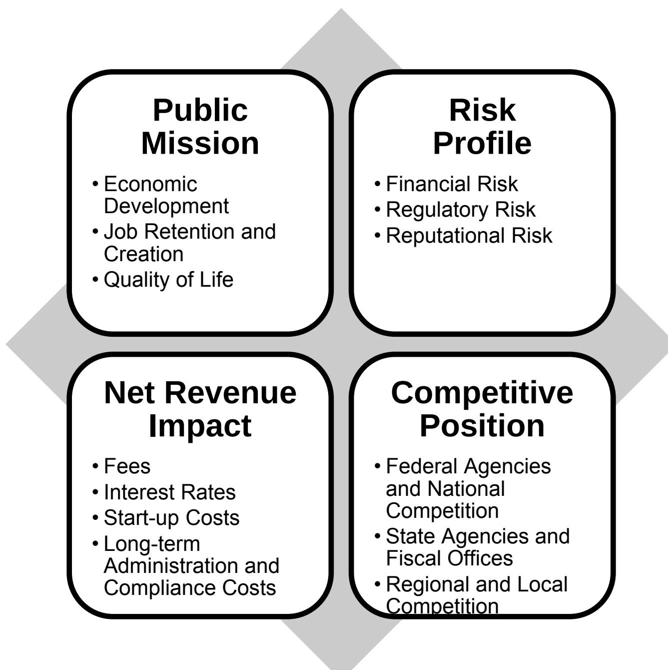
# Strategic Goals

The IFA has developed four strategic goals that it will use to guide investments and asset allocations going forward. Each strategic goal includes action items and evaluation criteria that will facilitate the effective implementation of this strategic plan.

## 1 Strengthen and Diversify Product Offering

- ### Establish a Framework to Evaluate New Programs

The IFA will evaluate proposed initiatives through a four-point test: (i) appropriateness to public mission; (ii) evaluation of risk; (iii) evaluation of competitive position; and (iv) net revenue impact.




Additionally, the viability of future programs will be assessed by evaluating funding capacity from the IFA or other available resources. Financing products should be replicable and funded adequately to generate a minimum of 20 to 30 closed projects in order to be both marketed and managed effectively by the IFA. Financing products that cannot be replicated may be developed selectively on a pilot basis.

- **Eliminate Inactive Programs and Consolidate Related Programs**

The IFA markets 30 programs on its website, many of which have not closed a transaction since FY 2009. It is time to streamline the IFA's product offerings. The IFA will work with its Board and the Illinois General Assembly, where applicable, to eliminate:

- Motion Picture Production Program;
- Emerald Ash Borer Revolving Loan Program;
- E.D.A. Title IX Restricted RLF; and
- Other inactive programs.

Inactive or unviable programs create an unnecessary compliance burden on the IFA's staff and also result in increased audit expenses that compound over time.

Additionally, as part of the IFA's efforts to reinvigorate its long-standing agricultural guarantee programs, the IFA will combine its Young Farmer and Farm Purchase guarantee programs.

## 2 Improve Stewardship of Financial and Human Capital

- **Maintain Adequate Reserves against Financial Risk**

The IFA will construct reserves for each of its agricultural guarantee programs, which are backed by the Illinois Farmer and Agri-business Loan Guarantee Fund, the Illinois Agricultural Loan Guarantee Fund and the Industrial Revenue Bond Insurance Fund, based on a widely-used methodology.

Currently, the IFA maintains a 1:1 reserve ratio due to recent payoffs on several guarantees. This is too high. Over the past 8 fiscal years, the default rate for these programs has been 0.27 percent.

| Program | Number of Loans | Default Amount | Percentage of Total Default Amount |
|---|---|---|---|
| Original Guarantee | 1 | $431,998 | 22.85% |
| Specialized Livestock | 4 | $460,232 | 24.35% |
| Ag Industry | 2 | $998,168 | 52.80% |
| **TOTAL** | 7 | $1,890,398 | 100% |

After having surveyed several banks, the IFA recommends establishing a reserve policy for its agricultural guarantee portfolio based on a conservative loan-to-value ratio method:

- 5 percent reserve for loans with a loan-to-value ratio above 70 percent;
- 3 percent reserve for loans with a loan-to-value ratio between 50 and 70 percent; and
- 1 percent reserve for loans with a loan-to-value ratio less than 50 percent.

Further, the IFA will augment reserves for two of its guarantee programs with the greatest financial exposure: Specialized Livestock and Ag Industry. It will add an additional 10 percent reserve for a loan to one borrower, who represents 75 percent of the Ag Industry portfolio and an additional 5 percent reserve for the entire Specialized Livestock portfolio, where collateral is less likely to be farmland.

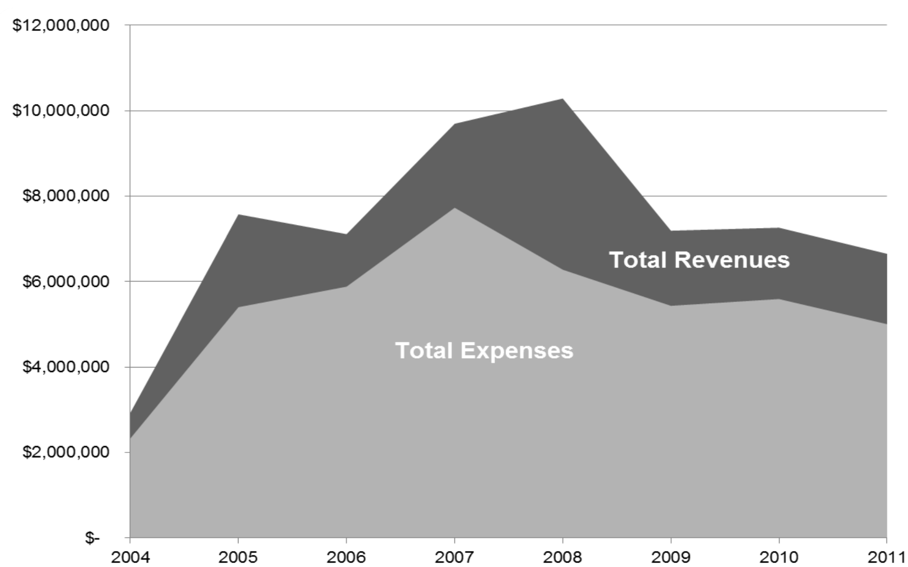
Combining these adjustments, the IFA will reserve approximately $2 million for its agricultural guarantee portfolio, which will provide the IFA capacity to approve an additional $18 million in guarantees.

As for the IFA's participation loan portfolio, the IFA will continue to reserve 100 percent of the total outstanding balance of delinquent loans, in addition to a 5 percent reserve of the entire participation loan portfolio. As of May 31, 2012, the loan loss provision for this portfolio was approximately $1.3 million.

Lastly, the IFA will continue to judiciously monitor outstanding IFA bonds secured by the State of Illinois' moral obligation as well as any new proposals to use the IFA's moral obligation issuance authority.

- **Secure Operating Reserves for Three Years**

The IFA will set-aside approximately $12 million in operating reserves for the next 36 months. In a time of economic recession and budgetary crisis at the State, local and national levels, it is vital that the IFA have sufficient reserves to sustain its current operations.



- **Actively Manage Funds**

The IFA will procure an investment manager to improve investment return on its available funds pursuant to the Accountability for the Investment of Public Funds Act. As of May 31, 2012, the amount held by the IFA was approximately $62 million. The asset allocation of the IFA's investments is:

| | Book Value | Book Yield | Percentage of Portfolio |
|---|---|---|---|
| Money Market Accounts | $40,448,599 | .11% | 65.21% |
| Bank Certificates | $85,000 | .45% | .14% |
| Repurchase Agreements | $21,497,034 | .03% | 34.65% |
| TOTAL | $62,030,633 | | 100% |

The IFA has accumulated several funds – some from predecessor authorities and others from participating in federal programs. See Appendix I for the description of each fund. As of May 31, 2012, the balance of each fund was:

| | | | | |
|---|---|---|---|---|
| State Held | Ambulance Revolving Loan Fund $3,484,538 | Fire Truck Revolving Loan Fund $4,432,552 | Illinois Farmer and Agri-business Loan Guarantee Fund $7,743,993 | Illinois Agricultural Loan Guarantee Fund $10,027,323 |
| Cannot Be Co-Mingled | Renewable Energy Development Fund $587,050 | EDA Title IX Restricted Revolving Loan Fund $749,059 | Rural Development Revolving Loan Program $1,979,077 | Rural Bond Bank Bond Fund $9,147,307 |
| Can Be Co-Mingled | Credit Enhancement Development Fund $609,250 | Illinois Housing Partnership Program $1,828,305 | IRBB Special Reserve Fund $2,661,375 | Industrial Revenue Bond Insurance Fund $11,649,624 |
| | | General Operating Fund $41,966,891 | | |

The IFA received an American Recovery and Reinvestment Act grant (not shown above) from the Illinois Department of Commerce and Economic Opportunity ("DCEO") to set-up a credit enhancement program for renewable energy and energy efficiency projects.

To clearly understand the IFA's cash balances and how they can be deployed in the future to support program activity, these balances need to be disaggregated into:

- IFA's General Fund (Unrestricted); and
- IFA's Restricted Funds for Specific Programs.

- **Invest in Professional Development and Subject Matter Expertise**

The IFA will continue to invest in professional development of its current staff and consider the addition of subject matter experts. Currently, the IFA's existing competencies include, but are not limited to:

- Marketing, originating and closing conduit 501(c)(3) revenue bonds; and
- Assessing fixed asset capital expansion projects for manufacturers, distributors and other businesses.

Moreover, the IFA must address existing gaps, which include:

- Insufficient operational capacity to fully comply with State and federal laws and regulations;
- Inadequate administrative and legal capacity to originate, service and work-out direct loans across the State; and
- Insufficient internal capacity to analyze infrastructure and local government credit.

- **Implement Managerial Cost Accounting**

The IFA will implement managerial cost accounting to demonstrate accountability, improve program performance and, most importantly, allocate human capital more efficiently.

## 3 Expand Partnership with Governor and State and Federal Agencies

- **Support the Governor's Illinois Jobs Agenda**

The IFA will partner with Governor Quinn on his Illinois Jobs Agenda to put the people of Illinois to work today and develop Illinois' workforce for jobs tomorrow. Already, the IFA is facilitating the Governor's jobs goals by financing higher education and affordable housing projects and working with the Illinois Environmental Protection Agency on his Clean Water Initiative.

Additionally, the IFA will partner with its sister State agencies on infrastructure, transportation and energy projects. The IFA will continue to work with the Illinois Department of Central Management Services, the Capital Development Board and DCEO on an energy efficiency financing program based on performance contracting. The IFA will also work with the Illinois Department of Transportation on leveraging private capital, expertise and efficiency through public-private partnerships.

# 4 Enhance Accountability, Transparency and Flow of Information

- ## Annually Reexamine and Reenact Policies and Handbooks

The IFA will annually reexamine and reenact its policies and handbooks to reduce audit exposure from outdated or inapplicable mandates. These include:

- Policies & Procedures Manual
- Bond Handbook
- Employee Handbook
- By-Laws Resolution
- Omnibus Resolution

The IFA will also continue to work with the Illinois General Assembly to amend the Illinois Finance Authority Act so that it reflects the actual mission and operation of the IFA.

- ## Move Towards a Paperless Office Environment

The Moving Towards Paperless initiative consists of (i) the adoption of paper reduction policies, (ii) the acquisition and use of paper reduction technologies, and (iii) the implementation of a records management program.

The IFA will consider the implementation of online applications as a next step.

- ## Improve Data Access for Board, Staff and Stakeholders

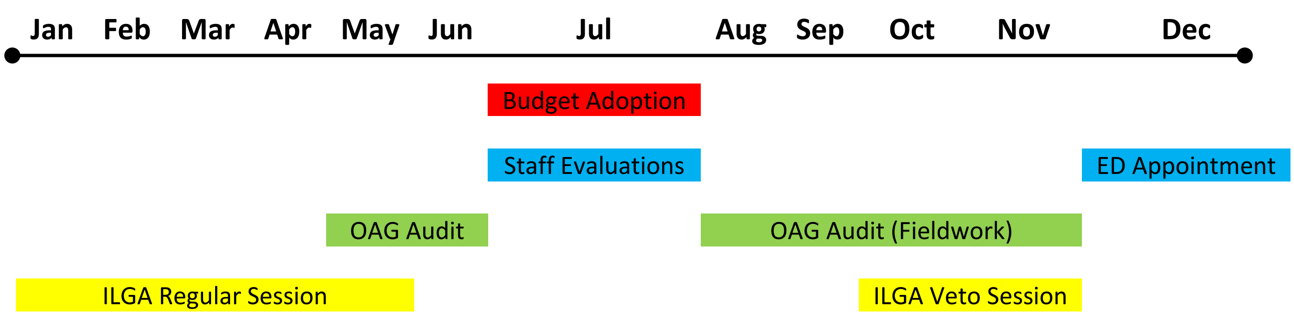
The Easy Data Access project consists of (i) the acquisition of a new bond and loan database management system, (ii) the integration of existing procurement and accounting databases, and (iii) the implementation of data reporting and mapping applications.

# Appendix I: Fund Descriptions

| Name | Description |
|---|---|
| **Ambulance Revolving Loan Fund** | This fund is used to account for the activity of the Ambulance Revolving Loan Program as authorized by Public Act 94-829 (20 ILCS 3501/825-85). The program provides zero-interest loans for the purchase of Ambulances by fire departments, fire protection districts, or non-profit ambulance services based on need as determined by the State Fire Marshal. SB3373 provides the needed flexibility to make this program sustainable and predictable. |
| **Credit Enhancement Development Fund** | The IFA's Treasurer and Assistant Treasurer shall have custody of the fund which shall be held outside the State Treasury. Custody may be transferred to and held by any fiduciary with which IFA executes a trust agreement. All or any portion of such amounts may be used (i) to pay principal, interest and premium, if any, on bonds issued by the IFA or to fund any reserves or accounts created for such purpose, (ii) to pay the cost of any letter of credit, insurance or third party guarantee provided with respect to any bond issued by the IFA or loan made by IFA, (iii) to guarantee or otherwise enhance the credit of any bond issued by the IFA or loan made by the IFA, or (iv) to make loans to any person, corporation or unit of local government for any project authorized to be financed by IFA under this Act. |
| **E.D.A. Title IX Restricted RLF** | This fund is used by the IFA to account for the activity of the Revolving Loan Program capitalized by an Economic Adjustment Assistance Grant awarded to the Illinois Department of Commerce and Economic Opportunity. This fund provides low-cost supplemental financing to manufacturing companies located in areas declared eligible for Title IX assistance by the Economic Development Administration of the U.S. Department of Commerce. |
| **Fire Truck Revolving Loan Fund** | This fund is used to account for the fire truck revolving loan program authorized by Public Act 94-221 as a continuation and re-enactment of the fire truck revolving loan program enacted by Public Act 93-35 (20 ILCS 3501/825-80). The program provides zero interest loans for the purchase of fire trucks by fire departments, fire protection districts, or township fire departments based on need, as determined by the State Fire Marshal. SB3373 provides the needed flexibility to make this program sustainable and predictable. |
| **General Operating Fund** | The operating fund of the IFA which receives all revenues from program applications. All administrative expenses for establishing and monitoring the IFA's programs are paid out of this fund as set forth in Public Act 93-205 (as originally established by Public Act 83-669). |
| **Illinois Agricultural Loan Guarantee Fund** | The IFA is authorized to issue State Guarantees for farmers' existing debts held by a lender, as set forth in Public Act 93-205 (as originally established by Public Act 84-1027, as amended). The State Treasurer shall be custodian of this fund. All payments by IFA shall be made from the Illinois Agricultural Loan Guarantee Fund to satisfy claims against the State Guarantee Loan Program. |
| **Illinois Farmer and Agri-business Loan Guarantee Fund** | The IFA is authorized to issue State Guarantees to a lender for loans to eligible farmers and agri-business, as set forth in Public Act 93-205 (originally established by Public Act 84-1027, 87-1268 and 89-527, all as amended). The State Treasurer shall be the custodian of this Fund. All payments by the IFA shall be made from the Illinois Farmer and Agri-business Loan Guarantee Fund to satisfy claims against the State Guarantee Loan Program. |
| **Illinois Housing Partnership Program** | This program assists in financing housing improvements for low and moderate income residents. It provides zero-interest loans to municipalities for rehabilitation of affordable multi-unit housing. This fund consisted of a $5,000,000 appropriation of State funds from the Build Illinois Bond Fund held by the State Treasury as set forth in Public Act 93-205 (as originally established by Public Act 84-110). The costs of operating and administering the program in excess of program income are met by the IFA with resources from the General Operating Fund. |
| **Industrial Revenue Bond Insurance Fund** | The operating fund of the IFA which accounts for the activity of the Industrial Project Insurance Fund Program was established to give small and midsize businesses access to Industrial Revenue Bond funds at advantageous rates as set forth in Public Act 93-205 (as originally established by Public Act 83-965) (20 ILCS 3501/805-15). Additionally, the IFA is authorized to make payments on State Guarantees from the Industrial Revenue Bond Fund pursuant to SB3719. |

| | |
|---|---|
| **IRBB Special Reserve Fund** | This fund accounts for the funds which were received as a result of appropriations by the State by the Illinois Rural Bond Bank prior to its merger with the IFA. The monies in this fund may be used for any lawful purpose under the IFA Act, including the payment of principal and interest on moral obligation bonds. |
| **Renewable Energy Development Fund** | This fund is used to account for the activity of the IFA's Renewable Energy Development Loan Program. The program provides loans and loan guarantees to qualified farmers and farmer co-operatives who construct wind turbines for use as alternative energy. This program was funded by a $2,000,000 grant received from the Illinois Clean Energy Community Foundation. |
| **Rural Bond Bank Bond Fund** | This fund is a reserve fund into which is deposited (i) all money appropriated by the State for the purposes of the fund, (ii) all proceeds of bonds required to be deposited into the fund by the terms of any contract between the IFA and its bondholders or any resolution of the IFA with respect to the proceeds of bonds, (iii) any other money or funds of the IFA which it determines to deposit in the fund, and (iv) any other money made available to the IFA for the purposes of the fund from any other source(s). Money in this fund is to be held and applied solely to the payment of the interest on and principal of bonds issued by the Illinois Rural Bond Bank or the IFA, as its successor, and sinking fund payments related thereto. Money may not be withdrawn from the fund if the withdrawal would reduce the amount in the fund to an amount less than required debt service reserve (20 ILCS 3501/820-15). |
| **Rural Development Revolving Loan Program** | The operating fund of the IFA which accounts for the activity of loans received under the Farmer's Home Administration Intermediary Relending Program and was established to provide a source of monies for direct loans to business facilities and community development projects in rural areas as set forth under the loan agreement and Public Act 93-205 (as originally established by Public Act by 83-669). |

# Appendix II: FY 2013-2015 Timeline




### FY 2013

- May: Peoria Office Lease Expiration
- Jul: Board Member Term Expiration (Gold; Leonard; Poole; Zeller)
- Jul-Jun: Internal Audit Testing
- Nov: Presidential and ILGA General Elections

### FY 2014

- Jul: Board Member Term Expiration (Parish; Pedersen)
- Mar: Gubernatorial and ILGA Primary Elections

### FY 2015

- Jul: Board Member Term Expiration (Bronner; Goetz; O'Brien)
- Aug: Chicago Office Lease Expiration
- Nov: Gubernatorial and ILGA General Elections

# ILLINOIS FINANCE AUTHORITY (IFA)

Program Review Analysis

***DRAFT***

January 2012

# INDEX

***OBJECTIVE***

A construct of federalism, the IFA is the primary Illinois delivery system for tax benefits that support discounted financing of capital projects by qualified borrowers under the federal tax code ("conduit debt"). Borrowers qualified for conduit debt include not-for-profit corporations (hospitals-healthcare and private higher education/other non-profits) as well as certain individuals (beginning farmers) and certain for-profit corporations (family-owned and closely-held manufacturing companies, privately-owned water and gas utilities, etc.). Repayment of principal and interest on conduit debt is the responsibility of the borrower, not the State or the IFA. In addition to issuing conduit debt, the IFA administers certain State-backed loan guarantee and credit enhancement programs (e.g., agricultural guarantees and moral obligations) as well as certain Federal, State and internally funded loan programs.

The IFA requested Crowe Horwath LLP (Crowe) to perform an analysis of all its Programs in addition to the Program audit, which is part of the internal audit work plan. This report is a result of that review.

***PROCEDURES***

The following procedures encompassed the scope of this review:

- Met with IFA management to gain an understanding of the IFA Programs, discussed requirements for the Program Review, and determined where data and documentation is maintained.

- Compared the IFA Act (statute) to the Bonds and Loans listed on the IFA Website and Programs reports provided by IFA staff; ***see pages 4-6 for detail.***

- Obtained the June 30, 2009, June 30, 2010, and July 30, 2011 Bonds and Loans report/listing and summarized the reports by type of Bond and Loan; ***see pages 7-14 for detail***.

- Performed trend analysis for the past 3 fiscal years based on the reports obtained above; ***see pages 7-14 for detail***.

- Compared the results from the analysis performed to IFA Board Books and determined that there were no inconsistencies.

# IFA Programs

Crowe performed a high-level review of the IFA Act in comparison to the IFA Website and IFA Loans/Bonds/Schedule of Debt programs. During our review noted the following:

| | |
|---|---|
| (yellow) | Not listed on IFA Website and IFA Loans/Bonds/Schedule of Debt Programs |
| (black) | Not Applicable, listed on either the IFA Website or IFA Schedules |

| IFA Citation | Requirement | IFA Program from IFA Act (Loans/Bonds) | IFA Program Names from IFA Website (Loans/Bonds) | IFA Program Names from IFA Schedules |
|---|---|---|---|---|
| 20 ILCS 3501/830‑5 | Shall | Agricultural Assistance & Illinois Agricultural Loan Guarantee Fund | Agricultural Manufacturing Revenue Bond Program | Agricultural Industry |
| | | | Agricultural Participation Loan Program | Agricultural Loan Guarantee Program |
| | | | Agricultural-Debt Restructuring Guarantee Program | Agricultural Debt Guarantees |
| | | | Agricultural-Industry Guarantee Program | Agricultural Industry Loan Guarantee Program |
| | | | Beginning Farmer Bond Program | Beginner Farmer Bond Program |
| | | | Value Added Stock Financing Program | Guarantee Loans |
| 20 ILCS 3501/825‑85 | Shall | Ambulance Revolving Loan Program | | Ambulance Revolving Loan Program |
| 20 ILCS 3501/825‑80 | Shall | Fire Truck Revolving Loan Program | Fire Truck Revolving Loan Program | Fire Truck Revolving Loan Program |
| 20 ILCS 3501/840‑5 | Shall | Health Facilities Development | Healthcare 501(c)(3) Bond Program | Healthcare 501(c)(3) Bond Program |
| | | | Healthcare 501(c)(3) Equipment Finance Program | |
| | | | Healthcare Initiative - Capital Opportunity Bond (COB), Private Placement Program | |
| | | | Healthcare Initiative - Private Placement Program | |
| | | | Healthcare Initiative - Public Offering Program for Critical Access Hospitals (CAH's) | |
| | | | | Healthcare 501(c)(3) Bond Program - Bond Anticipation Notes |
| | | | | Healthcare 501(c)(3) Bond Program - Commercial Paper |
| | | | | Healthcare 501(c)(3) Lease Program |
| 20 ILCS 3501/830‑50 | Shall | Specialized Livestock Guarantee Program | Specialized Livestock Guarantee Program | Specialized Livestock Guarantee Program |
| 20 ILCS 3501/805‑15<br>20 ILCS 3501/805‑20 | Shall | Industrial Project Insurance Fund | | |
| 20 ILCS 3501/805‑5 | Shall | Industrial Revenue Bond Insurance Fund | | |

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# IFA Programs

Not listed on IFA Website and IFA Loans/Bonds/Schedule of Debt Programs

Not Applicable, listed on either the IFA Website or IFA Schedules

| IFA Citation | Requirement | IFA Program from IFA Act (Loans/Bonds) | IFA Program Names from IFA Website (Loans/Bonds) | IFA Program Names from IFA Schedules |
|---|---|---|---|---|
| 20 ILCS 3501/825‑95 | Shall | Emerald Ash Borer Revolving Loan Program | | |
| 20 ILCS 3501/830‑15 | Shall | Interest Buy Back Program | | |
| 20 ILCS 3501/830‑10 | Shall | Farm Debt Relief Program | | |
| 20 ILCS 3501/825‑100 | Shall/May | School Wind and Solar Generation Program | | |
| 20 ILCS 3515/9 | May | Environmental Bonds Programs | | Environmental Bonds Programs |
| 20 ILCS 3501/825‑81 | May | Fire Station Revolving Loan Program | Fire Truck Revolving Loan Program | Fire Truck Revolving Loan Program |
| 20 ILCS 3501/825‑12 | May | Conservation Projects | | |
| 20 ILCS 3501/801‑40(n) | May | Urban Development Action Grant Program | | |
| 20 ILCS 3501/825‑65 | Authorized | Clean Coal, Coal, Energy Efficiency, Renewable Energy Project Financing | Clean Coal Bond Program | Clean Coal, Coal ,Renewable Energy and Energy Efficiency Projects |
| 20 ILCS 3501/830‑30 | Authorized | State Guarantees for Existing Debt | | Debt Restructure |
| 20 ILCS 3501/830‑35 | Authorized | State Guarantees for Loans to Farmers and Agribusiness | Farm Purchase Guarantee Program | Farm Purchase Guarantee Program |
| 20 ILCS 3501/830‑55 | Authorized | Working Capital Loan Guarantee Program | Working Capital Guarantee Program | |
| 20 ILCS 3501/830‑45 | Authorized | Young Farmer Loan Guarantee Program | Young Farmer Guarantee Program | Young Farmer Loan Guarantee Program |
| 20 ILCS 3501/825‑20 | Declared | Financially Distressed City Assistance Program | | Financially Distressed Cities Moral Obligations |
| 20 ILCS 3501/820‑5 | Declared | Illinois Local Government Financing Assistance Program | Local Government Bond & IFA Bond Bank Program | Bond Bank Revenue Bonds<br>Local Government Bond Program<br>Municipalities<br>IFA Bond Bank Program |

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# IFA Programs

| | |
|---|---|
| (yellow) | Not listed on IFA Website and IFA Loans/Bonds/Schedule of Debt Programs |
| (black) | Not Applicable, listed on either the IFA Website or IFA Schedules |

| IFA Citation | Requirement | IFA Program from IFA Act (Loans/Bonds) | IFA Program Names from IFA Website (Loans/Bonds) | IFA Program Names from IFA Schedules |
|---|---|---|---|---|
| 20 ILCS 3501/825‑110 | Declared | Implementation of ARRA Provisions Regarding Qualified Energy Conservation Bonds | Qualified Energy Conservation Bonds ("QECB") | |
| 20 ILCS 3501/825‑107 | Declared | Implementation of ARRA Provisions Regarding Recovery Zone Bonds | | Recovery Zone Economic Development Bonds |
| 20 ILCS 3501/810‑15 | Declared | Illinois Venture Investment Fund | Technology Development Bridge | |
| 20 ILCS 3501/815‑15 | Declared | Illinois Land Bank Fund | | |
| 20 ILCS 3501/825‑5 | Declared | Motion Picture Production Program | | |
| 20 ILCS 3501/801‑40 | Power | Accept Grants, Loans, or Appropriations | | Renewable Energy [RED Fund] & Other Loans |
| 20 ILCS 3501/801‑40 | Power | Direct Loan | | Direct Loan |
| 20 ILCS 3501/801‑30 | Power | Loans, Contracts, Agreements and Mortgages | | Participation Loan |
| 20 ILCS 3501/830‑30 | Power | State Guarantee Loan | | Guarantee Loan |
| | | | 1985 Revolving Fund Pooled Financing Program | |
| | | | 501(c)(3) Bond Program | 501(c)(3) Bond Program |
| | | | 501(c)(3) Lease Program | 501(c)(3) Lease Program |
| | | | Industrial Revenue Bond Program (includes Freight Transfer Facilities Revenue Bonds, Midwest Disaster Area Bonds, and Recovery Zone Facilities Bonds) | Industrial Revenue Bond Program (includes Freight Transfer Facilities Revenue Bonds, Midwest Disaster Area Bonds, and Recovery Zone Facilities Bonds) |
| | | | Multi-Family Housing Revenue Bond Program | Multi-Family Housing Revenue Bond Program |
| | | | Revenue Anticipation Note (RAN) Program | 501(c)(3) Bond Program - Revenue Anticipation Notes |
| | | | Rural Development Loan Program | FmHA Loans (Federal Program) |
| | | | Solid Waste Disposal Revenue Bond | Waste Management |
| | | | Housing Bond Program | |
| | | | Secondary Market Loan Program | |
| | | | | 501(c)(3) Bond & Lease Program - Education |
| | | | | Exempt Facilities Bonds |

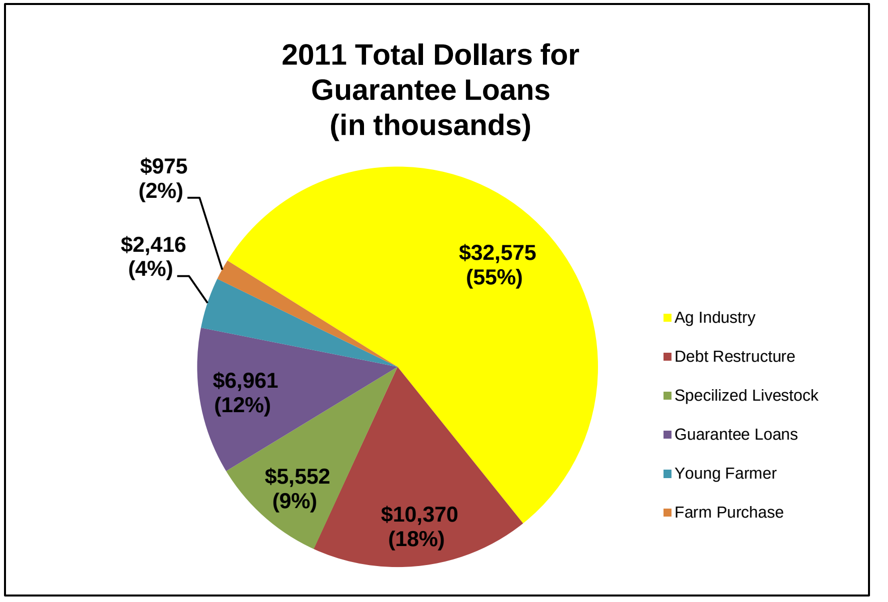
*Note - Crowe noted "Cooperative Agreement with the University of Illinois" in the IFA Act; however per discussion with IFA this is not a program but an agreement which expired in 2004.*

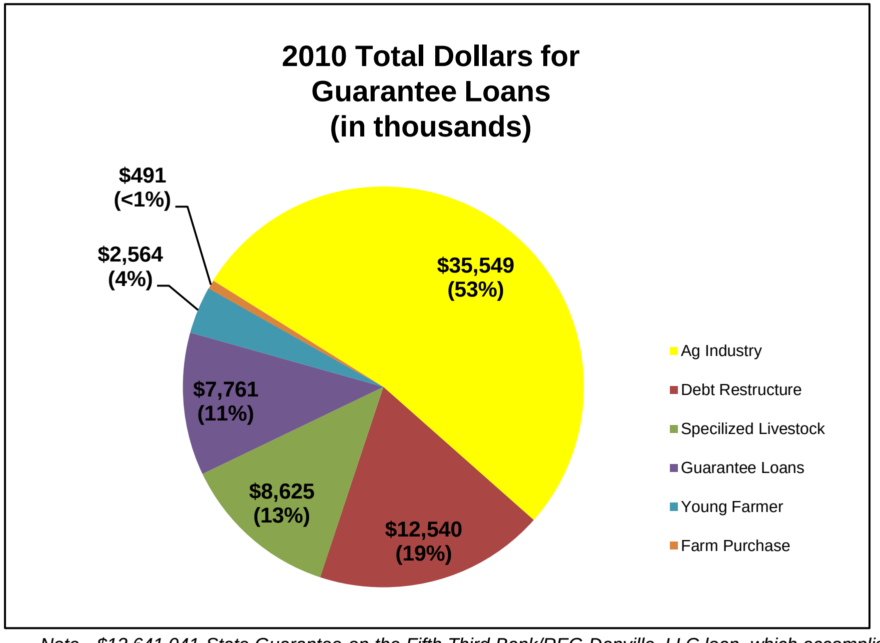
# 2009-2011Total Dollars for Guarantee Loans

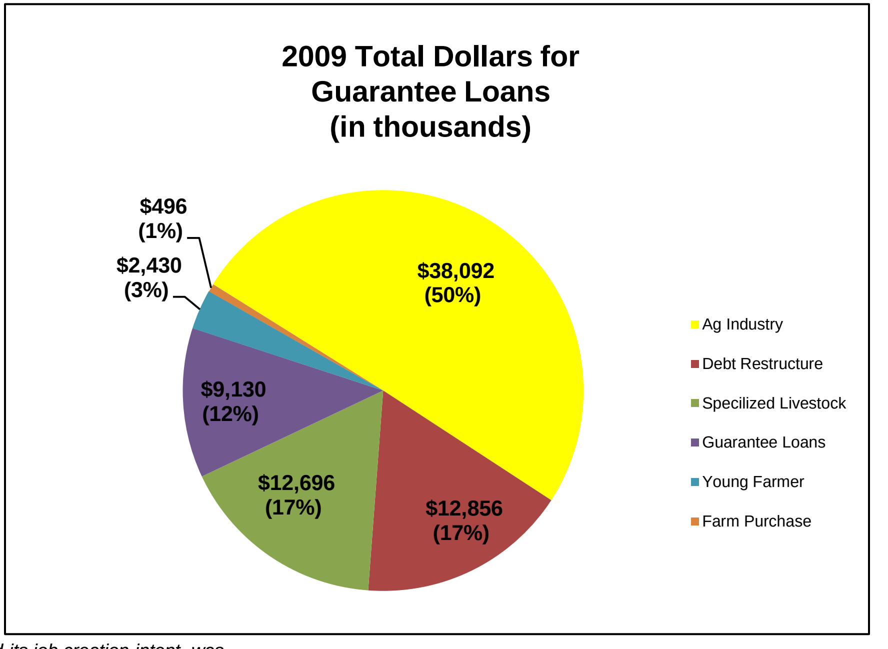
(Current Balance)

**Summary Points:**

- These loans are monitored by MASBCO
- Overall, from fiscal year 2009-2011 Guarantee Loans decreased in value by $16,850,546 , negative 22%
- From fiscal year 2009-2011 Specialized Livestock decreased by $7,143,980, negative 8%



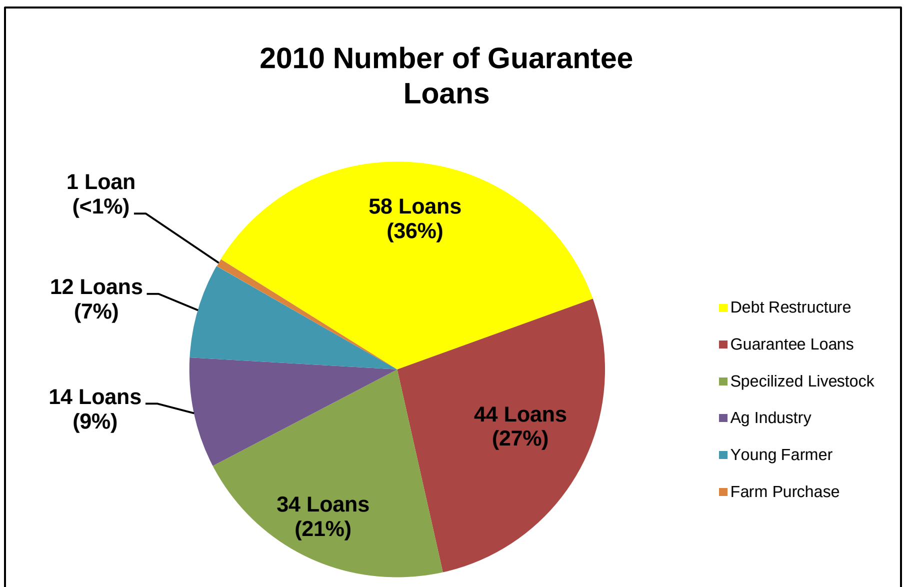

*Note - $13,641,041 State Guarantee on the Fifth Third Bank/REG Danville, LLC loan, which accomplished its job creation intent, was released on October 31, 2011. As of this date, it no longer appears as a liability on the IFA's financial statements.*

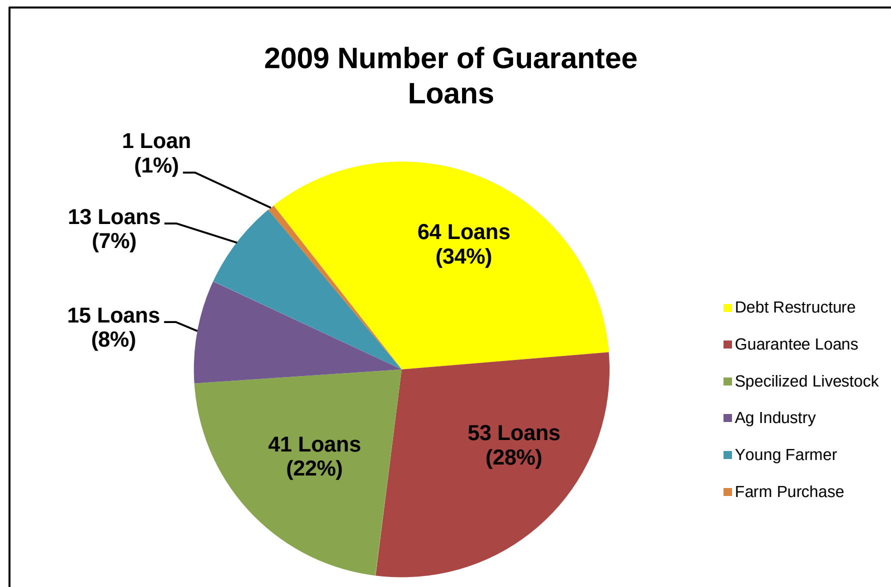
# <u>2009-2011 Number of Guarantee Loans</u>

(Current Balance)

**Summary Points:**

- These loans are monitored by MASBCO
- Overall, from fiscal year 2009-2011 Guarantee Loans decreased in value by 50 Loans, negative 27%
- From fiscal year 2009-2011 Specialized Livestock decreased by 19 Loans, negative 50%

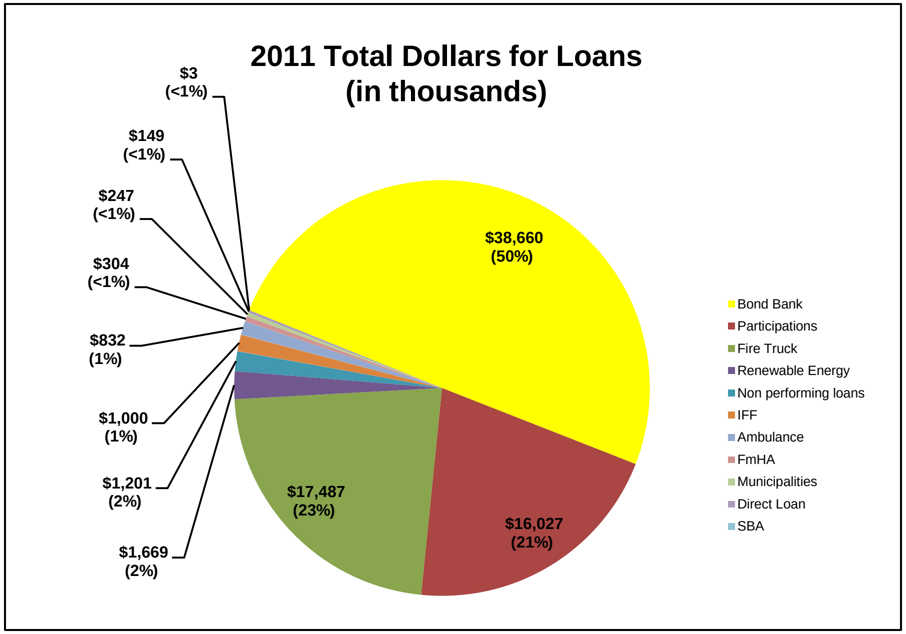

*Note - $13,641,041 State Guarantee on the Fifth Third Bank/REG Danville, LLC loan, which accomplished its job creation intent, was released on October 31, 2011. As of this date, it no longer appears as a liability on the IFA's financial statements.*

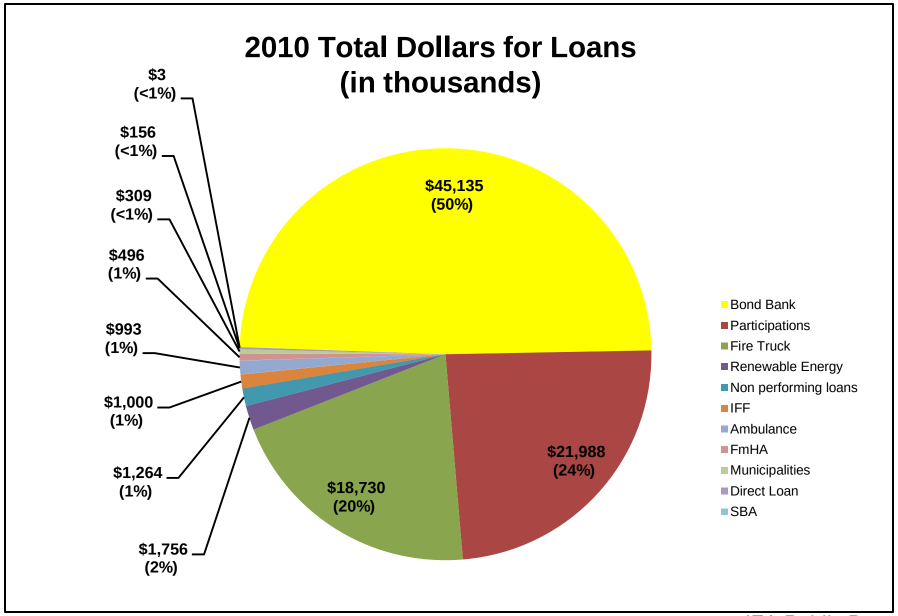
# 2009-2011 Total Dollars for Loans

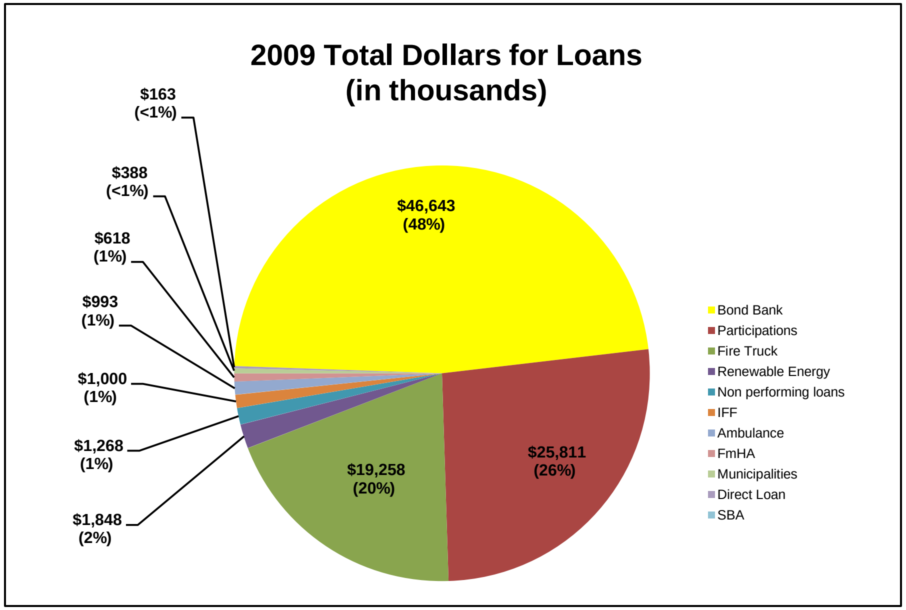
(Current Balance)

**Summary Points:**

- Overall, from fiscal year 2009-2011 Loans decreased in value by $20,315,197, negative 21%
- From fiscal year 2009-2011 Bond Bank Loans decreased in value by $7,983,200, negative 17%
- From fiscal year 2009-2011 Participation Loans decreased in value by $9,783,570, negative 38%



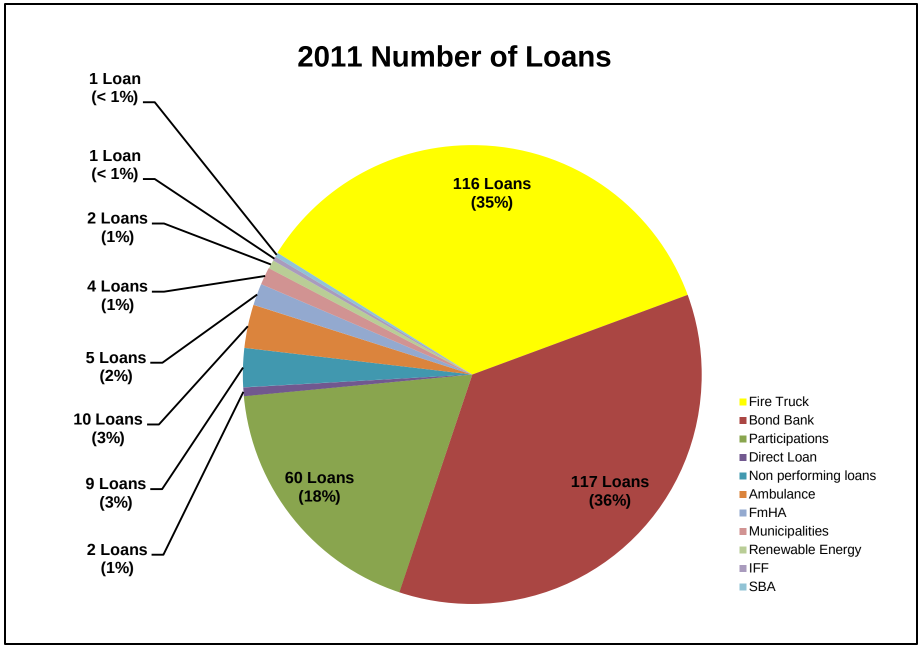

*Note – Bond Bank are Moral Obligations*

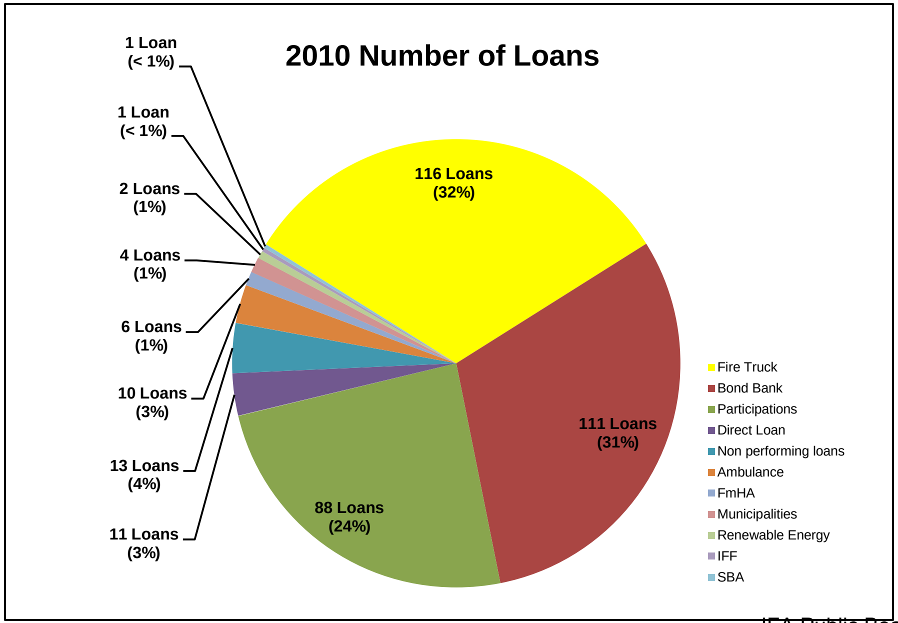
# 2009-2011 Number of Loans

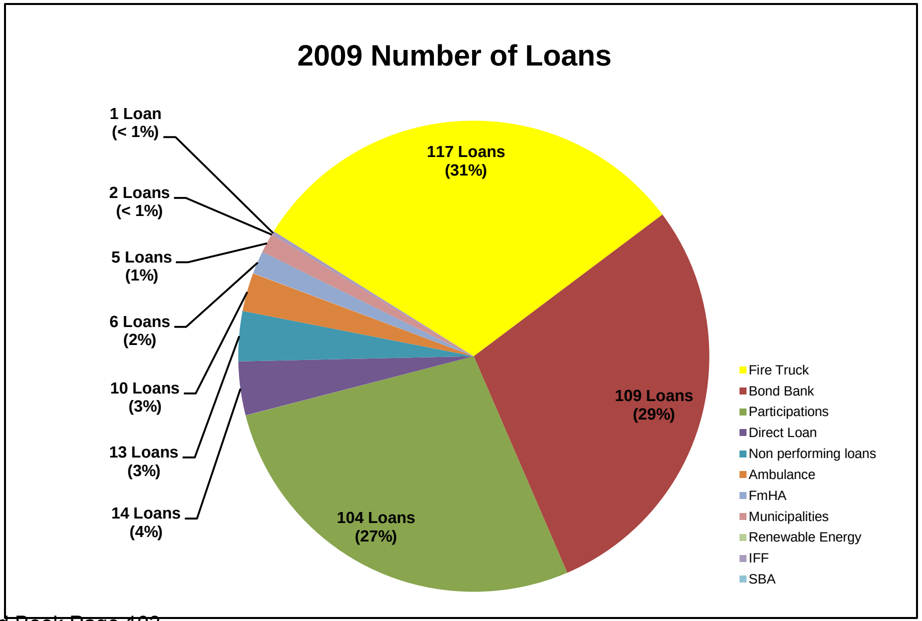
(Current Balance)

**Summary Points:**

- Overall, from fiscal year 2009-2001 Loans decreased in value by 38 Loans, negative 10%
- From fiscal year 2009-2001 Participation Loans decreased in value by 42 Loans, negative 42%
- From fiscal year 2009-2001 Fire Truck Loans increased in value by 8 Loans, positive 7%

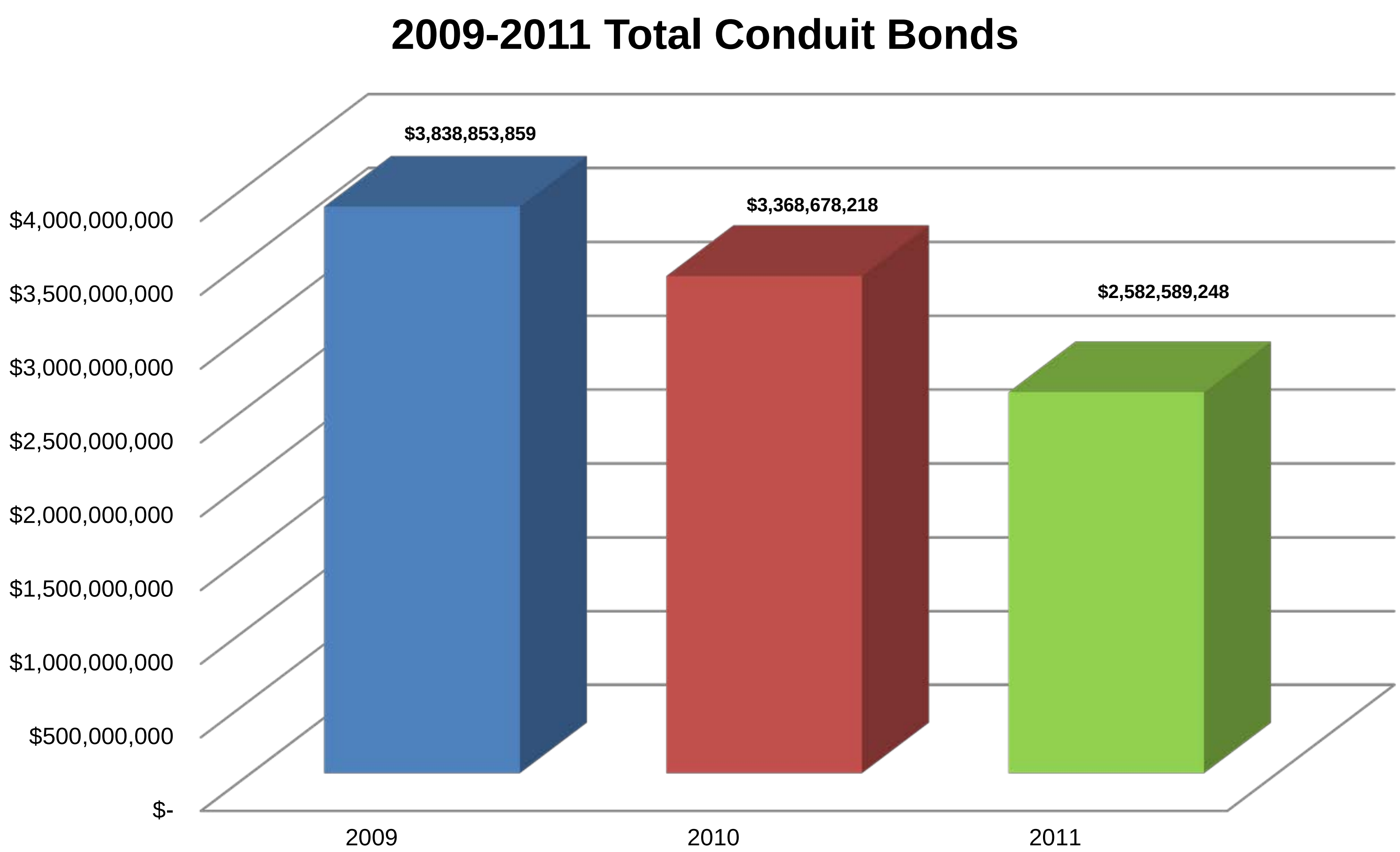



*Note – Bond Bank are Moral Obligations*

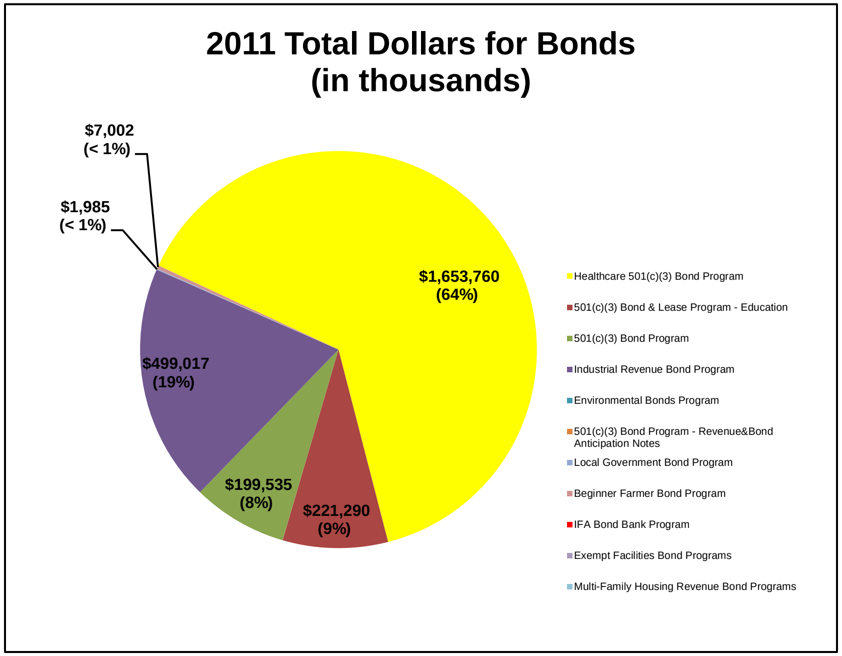
# 2009-2011 Total Conduit Bond Dollars Issued

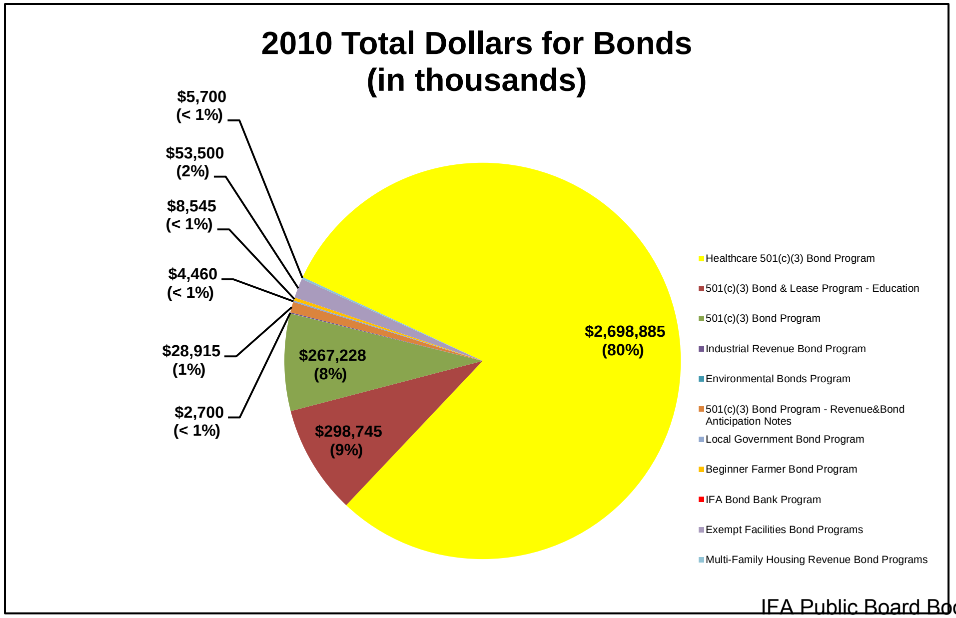


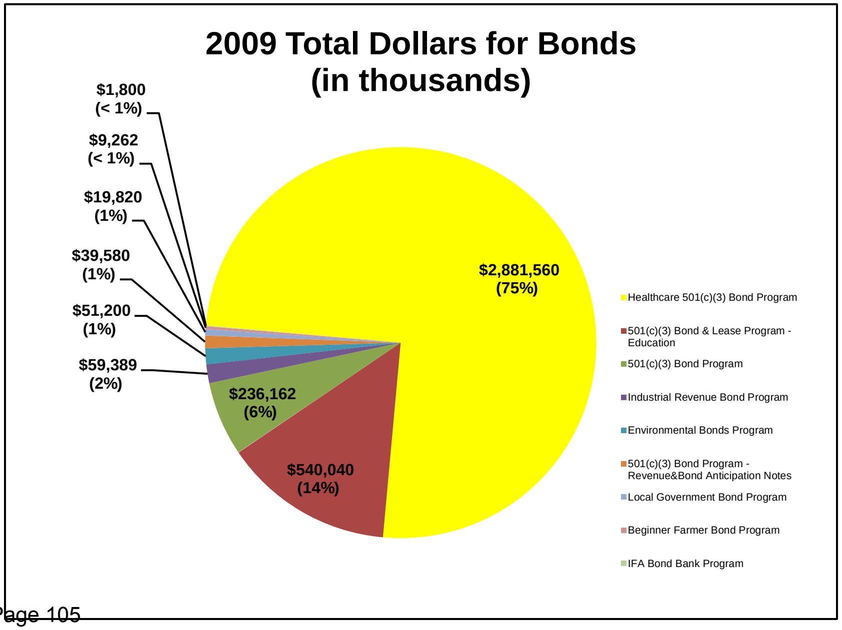
# 2009-2011 Total Dollars for Conduit Bonds Issued

**Summary Points:**

- Overall, from fiscal year 2009 to 2011, bonds decreased in value by $1,256,264,611, negative 37%. From fiscal year 2009-2011 the following occurred:
    - Healthcare 501(c)(3) Bond Program decreased in value over $1.2 Billion, negative 43%
    - 501(c)(3) Bond & Lease Program – Education decreased in value over $318 Million, negative 24%
    - Local Government Bond Program decreased in value over $17 Million, negative 90%
    - Beginner Farmer Bond Program decreased in value over $2 Million, negative 24%
- The Environmental Bond Program appeared to have no activity in fiscal year 2010 and 2011
- The following Conduit Bonds appeared to have no activity in fiscal year 2010 to 2011:
    - 501(c)(3) Bond Program - Revenue&Bond Anticipation Notes
    - Exempt Facilities Bonds
    - Multi-Family Housing Revenue Bond Program
- From fiscal year 2009 to 2011 the Industrial Revenue Bond Program increased in value by $439,628,184, positive 14%, due to the addition of the following tools: Freight Transfer Facilities Revenue Bonds, Midwest Disaster Area Bonds, and Recovery Zone Facilities Bonds



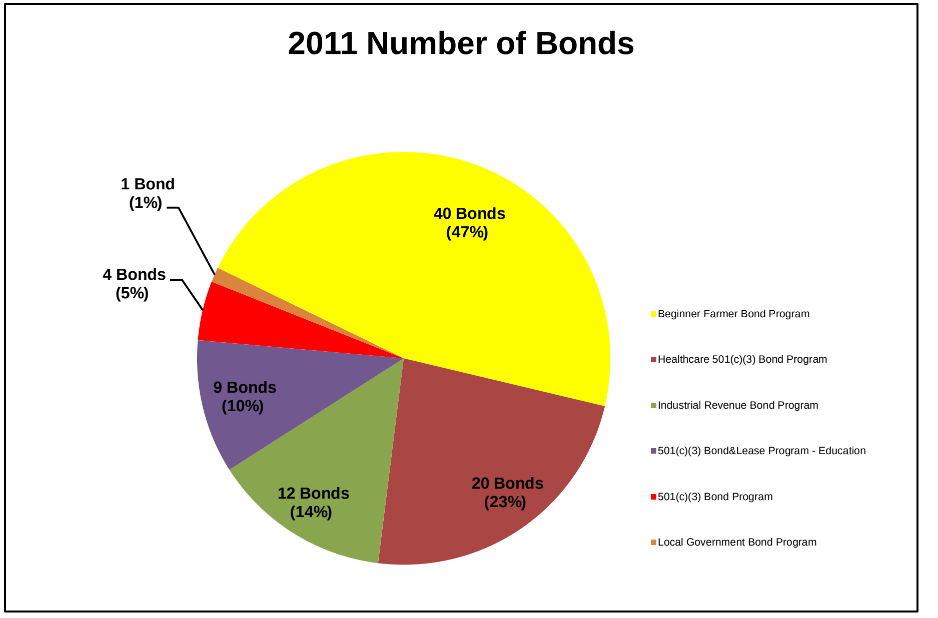


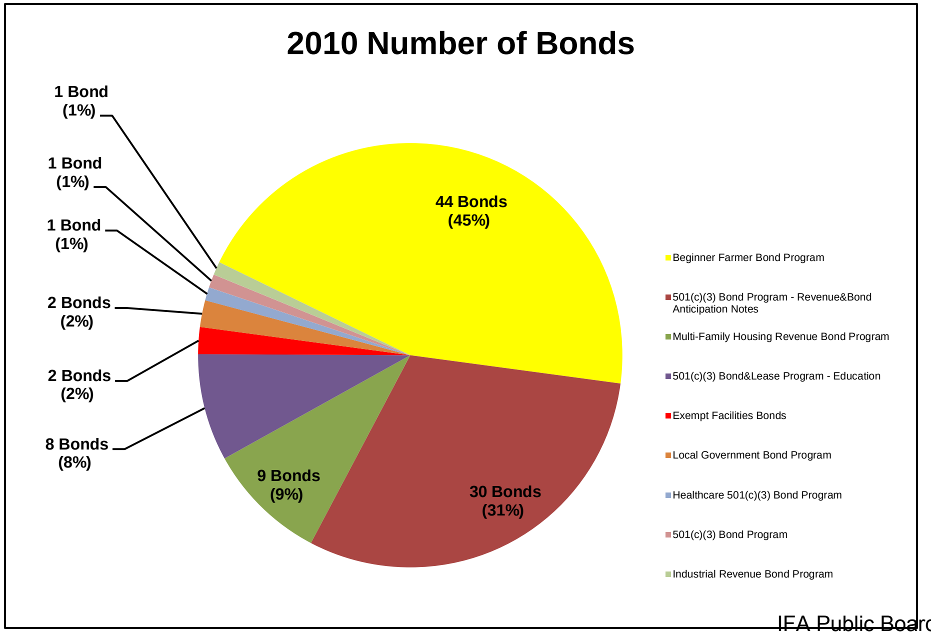

*Note – The 2009 IFA Bond Bank Program is a Conduit Bond*

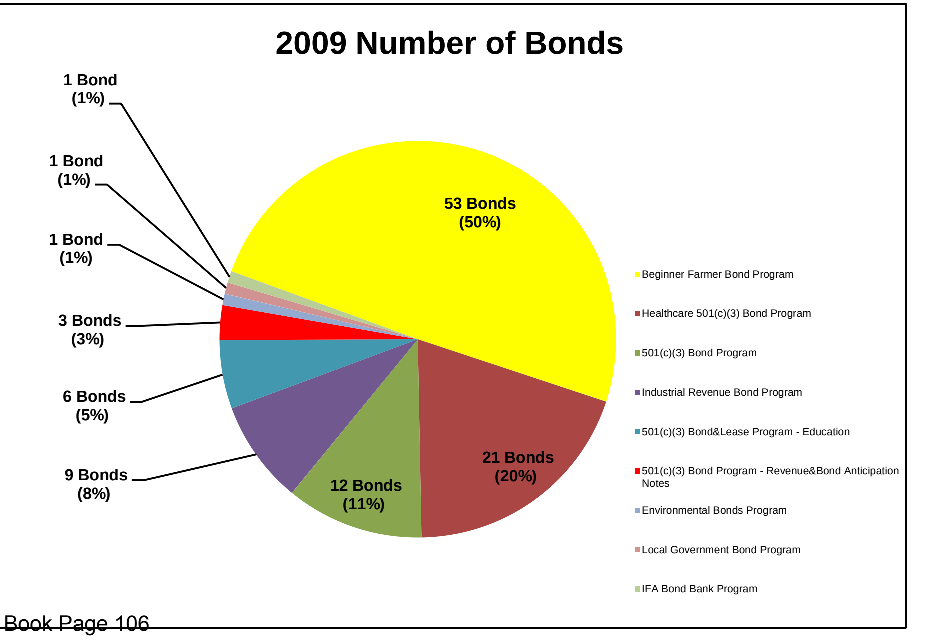
# 2009-2011 Number of Conduit Bonds Issued

**Summary Points:**

- Overall, from fiscal year 2009 to 2011, bonds decreased in value by 22 bonds, negative 21%. From fiscal year 2009-2011 the following occurred:
  - Beginning Farmer bonds decreased in value by 13 Bonds, negative 25%
  - 501(c)(3) Bond Program decreased in value by 8 Bonds, negative 67%
- The Environmental Bond Program appeared to have no activity in fiscal year 2010 and 2011
- The following Conduit Bonds appeared to have no activity in fiscal year 2010 to 2011:
  - 501(c)(3) Bond Program - Revenue&Bond Anticipation Notes
  - Exempt Facilities Bonds
  - Multi-Family Housing Revenue Bond Program
- From fiscal year 2009 to 2011 the 501(c)(3) Bond&Lease Program – Education increased in value by 3 Bonds, positive 50%



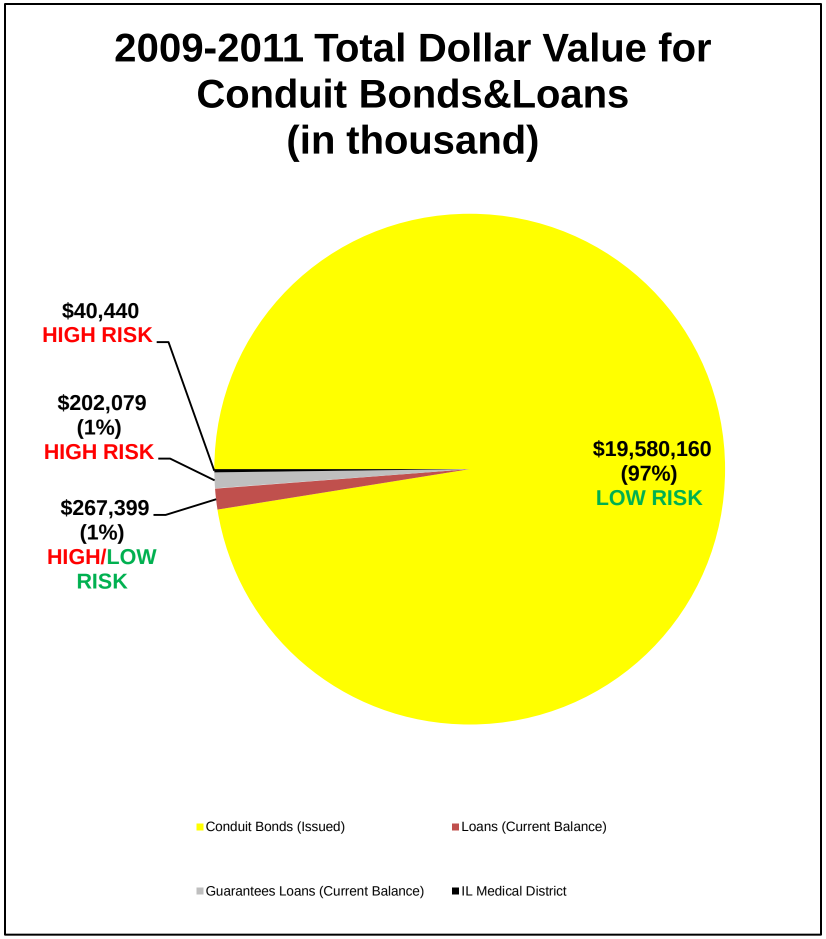



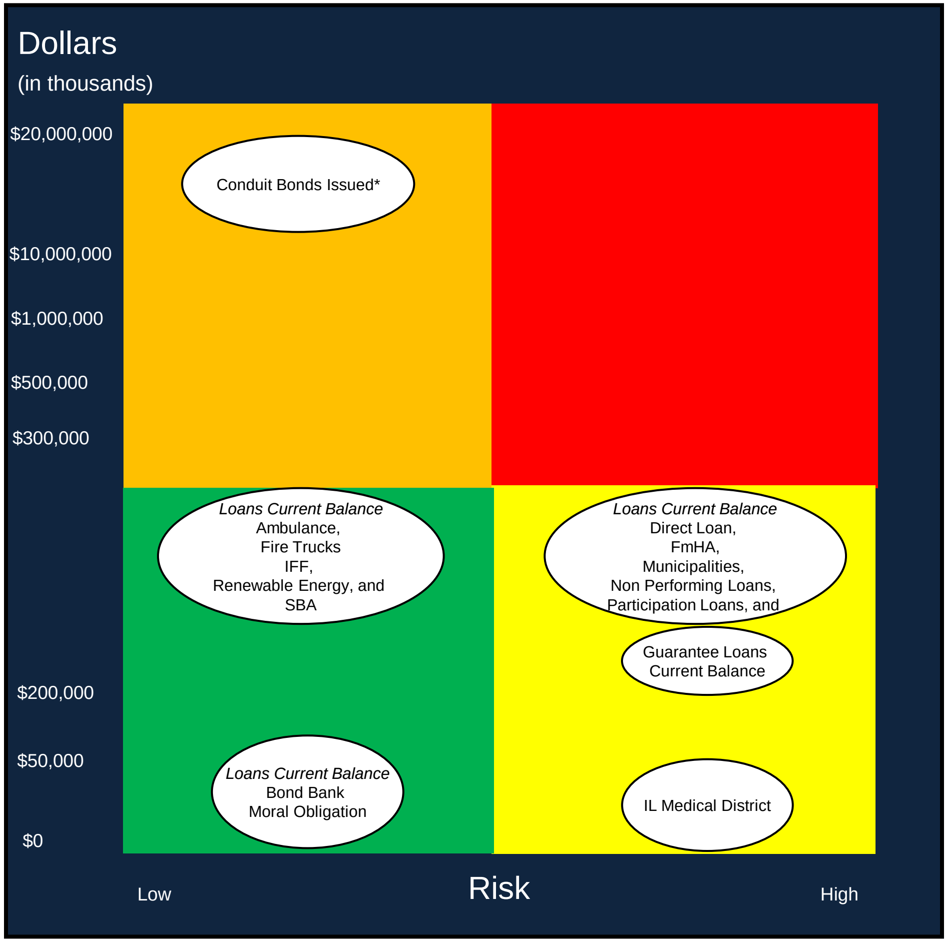






*Note – The 2009 IFA Bond Bank Program is a Conduit Bond*

# 2009-2011 TOTAL CONDUIT BOND AND LOAN DOLLARS




** Conduit Bonds Issued have a high brand/reputational risk*