

ILLINOIS FINANCE AUTHORITY

February 14, 2019

9:30 a.m.

SPECIAL MEETING

Michael A. Bilandic Building

160 North LaSalle Street

Suite S-1000

Chicago, Illinois 60601

- I. Call to Order & Roll Call
- II. Approval of Agenda
- III. Public Comment
- IV. Chairman's Remarks
- V. Message from the Executive Director
- VI. Committee Reports
- VII. Presentation and Consideration of New Business Items
- VIII. Presentation and Consideration of Financial Reports
- IX. Monthly Procurement Report
- X. Correction and Approval of Minutes
- XI. Other Business
- XII. Closed Session
- XIII. Adjournment

NEW BUSINESS

TAX-EXEMPT CONDUIT TRANSACTION PROJECTS

| Tab | Project Name | Location | Amount | New Jobs | Const. Jobs | Staff |
|--|---|-----------------------------------|---------------------|-----------|-------------|-------|
| Private Activity Bonds - Revenue Bonds <i>Final (One-Time Consideration)</i> | | | | | | |
| 1 | Steppenwolf Theatre Company | Chicago (Cook County) | \$40,000,000 | 10 | 200 | RF/BF |
| 2 | A) Beginning Farmer - Shane A. and Donna M. Reymond | Mills Township (Bond County) | \$543,800 | - | - | LK |
| | B) Beginning Farmer - Jason and Jessica Wenger | Lawndale Township (McLean County) | \$241,500 | - | - | LK |
| | C) Beginning Farmer - Mitchell D. and Melissa Wirth | Prairie Township (Shelby County) | \$145,084 | - | - | LK |
| | D) Beginning Farmer - Rollin Wenger | Lawndale Township (McLean County) | \$131,000 | - | - | LK |
| TOTAL TAX-EXEMPT CONDUIT TRANSACTION PROJECTS | | | \$41,061,384 | 10 | 200 | |

DIRECT AND ALTERNATIVE FINANCING PROJECTS

| Tab | Project Name | Location | Amount | New Jobs | Const. Jobs | Staff |
|---|--|-----------|----------------------|-----------|-------------|----------|
| State of Illinois Clean Water Initiative Revolving Fund Bonds - Revenue Bonds <i>Final (One-Time Consideration)</i> | | | | | | |
| 3 | State of Illinois Clean Water Initiative Revolving Fund Bonds, Series 2019 | Statewide | \$450,000,000 | - | - | LB/BF/XG |
| Property Assessed Clean Energy Bonds - Revenue Bonds <i>Final (One-Time Consideration)</i> | | | | | | |
| 4 | Counterpointe Sustainable Real Estate LLC | Statewide | \$200,000,000 | - | - | BF |
| TOTAL DIRECT AND ALTERNATIVE FINANCING PROJECTS | | | \$650,000,000 | - | - | |
| GRAND TOTAL | | | \$691,061,384 | 10 | 200 | |

NEW BUSINESS

RESOLUTIONS

| Tab | Action | Staff |
|--|---|-------|
| Direct and Alternative Financings | | |
| 5 | Resolution Authorizing Various Matters Relating to Bond Financing for Commercial Property Assessed Clean Energy Projects including Approval of Updates to the Authority's Bond Handbook, Fee Schedule, and Other Mattes Related Thereto | BF |
| Audit, Budget, Finance, Legislation, Investment and Procurement | | |
| 6 | Resolution Approving and Confirming the Selection of Underwriters for the State of Illinois Clean Water Initiative State Revolving Fund ("SRF") Calendar Year 2019 Issuance; and Related Matters | CM |
| 7 | Resolution to Accept the Fiscal Year 2018 Financial Audit | CM/XG |
| Governance, Personnel, and Ethics | | |
| 8 | Resolution for the Election of a Vice Chair of the Illinois Finance Authority | EW/RO |
| Executive | | |
| 9 | Resolution Honoring Gila Bronner, Former Member of the Illinois Finance Authority | CM |
| 10 | Resolution Honoring Robert Horne, Former Member of the Illinois Finance Authority | CM |
| 11 | Withdrawn | |

Date: February 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Neil Heller
Roger Poole
Beth Smoots
Bradley A. Zeller

Lyle McCoy
Shaun C. Murphy
George Obernagel
Terrence M. O'Brien
Mayor Arlene A. Juracek
Lerry Knox

From: Christopher B. Meister, Executive Director

Subject: *Message from the Executive Director*

Dear Member of the Authority:

Congratulations to Governor Pritzker and Lieutenant Governor Stratton

The Authority congratulates and looks forward to working with Governor JB Pritzker and Lieutenant Governor Juliana Stratton. The Authority also looks forward to working with Deputy Governor Dan Hynes and all of the members of the Pritzker-Stratton team on the administration's priorities. To date, Governor Pritzker has issued a number of Executive Orders, copies of which are enclosed.

Congratulations to the New and Returning Members of the 101st General Assembly

The Authority congratulates the new and returning members of the 101st General Assembly for their choice of public service on behalf of all of the residents of our State.

The Authority looks forward to continuing our productive working relationships with House Speaker Michael J. Madigan, Senate President John J. Cullerton, House Minority Leader Jim Durkin, Senate Minority Leader William E. Brady, their respective leadership teams and all of General Assembly members. The Authority is grateful for the General Assembly's consistent support for its mission, operations and initiatives since our creation in 2004.

Congratulations to all of our Illinois Constitutional Officers

Finally, the Authority congratulates Attorney General Kwame Raoul, Secretary of State Jesse White, Illinois Comptroller Susana A. Mendoza, and State Treasurer Michael W. Frerichs. We look forward to continuing the Authority's productive relationships with each of these offices and their respective leaderships.

The Purpose of the Authority

The statutory purpose of the Authority is to encourage a vigorous, growing Illinois economy by providing access to lower-cost financing resulting in:

1. The creation and retention of both permanent and construction jobs;
2. A lower cost of government;
3. Increased access to healthcare, water, educational, recreational, transportation and cultural resources; and
4. The development of agricultural, commercial, industrial, and energy projects.

Traditionally and in furtherance of its purpose, the Authority works to provide access to capital and to lower the cost of government through the issuance of federally tax-exempt conduit or private activity bonds and the “AAA-rated” *Clean Water Initiative* or State Revolving Fund (“SRF”) in partnership with the Illinois Environmental Protection Agency (“IEPA”). But since February 2018, the Authority, through our *Transformation Initiative*, has moved rapidly to expand the avenues through which it fulfills its statutory purpose. This means developing and implementing new products and services.

February Project Agenda

Pursuant to an enabling state statute, commercial property owners in Illinois can finance or refinance up to 100% of their energy efficiency, renewable energy, and water conservation projects on a long-term basis through a local unit of government that has established a property assessed clean energy area within its jurisdictional boundaries. This month, the Authority is launching its “Commercial Property Assessed Clean Energy (“C-PACE”)” bond financing services to offer borrowers, local units of government, program administrators, and capital providers (or bond purchasers) a turnkey solution for standardized, efficient, and affordable bond issuance. Local units of government assign assessment contracts originated by capital providers to the Authority in order to utilize standardized bond documents and effectively pool assessment contracts across multiple jurisdictions in a program administrator’s market area to achieve economies of scale.

Commensurate with approval of the Authority’s revised Bond Handbook for PACE, Members will consider a \$200 million PACE Bond Resolution on behalf of Counterpointe Sustainable Real Estate LLC to finance energy projects.

I am also pleased to announce that our colleague, ***Lisa Bonnett***, the architect of the Illinois Clean Water Initiative/SRF and a former Director and Chief Financial Officer of IEPA, is leading the **2019 *Clean Water Initiative/SRF*** transaction on behalf of the Authority and IEPA. Members will consider \$450 million Authorizing Resolution for the contemplated Series 2019 issuance.

In the Authority’s traditional conduit bond sector, we are pleased to welcome ***Steppenwolf Theater Company*** and beginning farmers in Bond, McLean and Shelby counties to this month’s agenda.

Thank you for your service Gila Bronner and Bob Horne

It is with sadness that the Authority says goodbye to Gila Bronner and Bob Horne who have recently resigned as Members of the Authority. Gila served with distinction as the Authority’s longtime Audit Plus Committee Chair and during the past several years as Vice-Chair of the Board. Bob served as Chair of the Conduit Committee. The Members and staff team will miss their wisdom, engagement, and judgment. We thank Gila and Bob for their contributions and wish them success on their future plans.



Authority Vice-Chair

Chair Anderberg has asked longtime Member Mike Goetz to lead the Authority's Audit Plus Committee. He has also recommended that Mike be nominated and considered as Authority Vice-Chair.

Confirmation of the Appointment of the Executive Director

Legislation enacted in 2015 requires the confirmation of the appointment of the Executive Director in present circumstances. This matter is on today's agenda.

As always, I look forward to continuing to work with you in support of jobs and financing capital expansion projects throughout our state.

Respectfully,

A handwritten signature in black ink, appearing to read "C. Meister", with a long horizontal line extending to the right.

Christopher B. Meister
Executive Director



EXECUTIVE ORDER

2019-01

**EXECUTIVE ORDER STRENGTHENING THE STATE'S COMMITMENT TO
EFFECTIVE AND TRANSPARENT GOVERNMENT IN
COMPLIANCE WITH THE LAWS**

WHEREAS, the agencies of the State of Illinois provide services and oversee programs that are critical to the health, safety and welfare of the people of this State; and

WHEREAS, the people of Illinois are entitled to demand that the State agencies operate efficiently, effectively and in full compliance with the laws; and

WHEREAS, the people of Illinois deserve the opportunity to review data regarding the performance of the agencies and to assess how the agencies are fulfilling their mission to serve the public; and

WHEREAS, in many instances over the last four years, agencies have failed to publish data that would allow the people of this State to determine the effectiveness and efficiency of government services, depriving Illinois taxpayers of the ability to hold their government accountable;

WHEREAS, Illinois government must uncover and address the failures of the previous administration head-on, get back to the basics of effective governing and create a plan to move our state forward into a new day; and

WHEREAS, the people of Illinois deserve to be served by agencies who hold themselves to the highest degree of transparency accountability standards; and

THEREFORE, I, JB Pritzker, Governor of Illinois, by virtue of the executive authority vested in me by Article V of the Constitution of the State of Illinois, hereby order as follows:

I. Definitions

As used in this Executive Order, "State Agency" means any office, department, agency, board, commission or authority of the Executive Branch of the State of Illinois under the jurisdiction of the Governor.

II. Review of Compliance with Statutory Mandates

Every State Agency shall, within 60 days of the effective date of this Executive Order, conduct a review of (a) all statutory obligations, and (b) all audit findings within the last four years and provide a plan to the Office of the Governor detailing steps to ensure statutory compliance and to address audit findings.



III. Review of and Compliance with Transparency and Data Publication Laws

Every State Agency, shall, within 30 days of the effective date of this Executive Order, conduct a comprehensive review of laws and regulations requiring the publication of data and take action to ensure compliance with these laws and regulations.

IV. Review of Publication Practices to Increase Transparency

Every State Agency shall, within 60 days of the effective date of this Executive Order, conduct a comprehensive review of its practices regarding the publication of data, including an analysis of past practices involving greater data disclosure, and provide a report to the Office of the Governor detailing plans to increase transparency by making more data accessible to the public.

V. Savings Clause

Nothing in this Executive Order shall be construed to contravene any federal or State law or regulation. Nothing in this Executive Order shall affect or alter the existing statutory powers of any State agency or be construed as a reassignment or reorganization of any State agency.

VI. Prior Executive Orders

This Executive Order supersedes any contrary provision of any other prior Executive Order.

VII. Severability Clause

If any part of this Executive Order is found to be invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. The provisions of this Executive Order are severable.

VIII. Effective Date

This Executive Order shall take effect immediately upon its filing with the Secretary of State.

JB Pritzker, Governor

Issued by Governor: January 15, 2019
Filed with Secretary of State: January 15, 2019



EXECUTIVE ORDER

2019-02

EXECUTIVE ORDER STRENGTHENING WORKING FAMILIES

WHEREAS, the economy of Illinois is powered by hardworking families in every corner of the state; and

WHEREAS, the laws and policies that impact working families should reflect their importance to our State and create sustainable economic opportunity for the middle class and those striving to get to the middle class; and

WHEREAS, labor unions are vital partners in Illinois' efforts to build a strong middle class; and

WHEREAS, Illinois should enforce the laws and policies that protect, support and strengthen working families; and

WHEREAS, in addition to strengthening working families, the State of Illinois has a compelling interest in awarding public works contracts in a manner that ensures the highest standards of quality and efficiency at the lowest responsible cost; and

WHEREAS, a project labor agreement, a pre-hire collective bargaining agreement covering all terms and conditions of employment on a specific project, can ensure that public works projects proceed with the highest standards of quality and efficiency at the lowest responsible cost; and

WHEREAS, the State of Illinois has a compelling interest in having a highly skilled workforce employed on public works projects to ensure lower costs over the lifetime of the completed project for construction, repairs and maintenance; and

WHEREAS, project labor agreements provide the State with an assurance that public works projects will be completed with highly skilled workers; and

WHEREAS, project labor agreements provide for peaceful, orderly and mutually binding procedures for resolving labor issues without labor disruption, which historically has resulted in significant lost time on construction projects; and

WHEREAS, project labor agreements allow public agencies to predict more accurately the actual cost of the public works project; and



WHEREAS, the use of project labor agreements can be of specific benefit to complex construction projects; and

WHEREAS, equity in the workplace is vital to ensuring every Illinoisan can work with dignity for fair wages; and

WHEREAS, in many instances over the last four years, Illinois government has failed working families and actively pursued policies to undermine the protections for working families' and the rights of workers; and

WHEREAS, Illinois government must address these failures and take action to ensure that all offices, departments, agencies, boards, commissions and authorities of the Executive Branch are striving to strengthen the rights of and opportunities for workers;

THEREFORE, I, JB Pritzker, Governor of Illinois, by virtue of the executive authority vested in me by Article V of the Constitution of the State of Illinois, hereby order as follows:

I. Definitions

As used in this Executive Order, "State Agency" means any office, department, agency, board, commission or authority of the Executive Branch of the State of Illinois under the jurisdiction of the Governor.

II. Project Labor Agreements

All State Agencies shall immediately take action to comply with the Project Labor Agreements Act, 30 ILCS 571/1 et seq.

III. Review of Wage Cases by the Illinois Department of Labor

The Illinois Department of Labor ("Department") shall, within 60 days of the effective date of this Executive Order, review all pending cases under the wage laws, including the Wage Payment and Collection Act, the Minimum Wage Law, and the Day and Temporary Labor Services Act.

For cases under the Wage Payment and Collection Act, the Department shall (a) refer egregious and repeated violations directly to the Office of the Illinois Attorney General for civil prosecution, and (b) take action to ensure that all other cases are proceeding quickly to binding administrative hearings and, then, are referred to the Office of the Illinois Attorney General for enforcement of the administrative decision.



For cases under all other wage laws, the Department shall review and assess all pending cases and take action to (a) when possible, resolve them, or (b) when not possible to resolve them, refer them as quickly as possible to the Office of the Illinois Attorney General for civil prosecution.

IV. Increase Workplace Equity in State Government

The Department of Central Management Services and the Department of Human Rights shall review the State's pay plan to eliminate bias generated by asking employees for salary history, which often disadvantages women, with women of color experiencing the most inequity.

V. Savings Clause

Nothing in this Executive Order shall be construed to contravene any federal or State law or regulation. Nothing in this Executive Order shall affect or alter the existing statutory powers of any State Agency or be construed as a reassignment or reorganization of any State Agency.

VI. Prior Executive Orders

This Executive Order supersedes any contrary provision of any other prior Executive Order.

VII. Severability Clause

If any part of this Executive Order is found to be invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. The provisions of this Executive Order are severable.

VIII. Effective Date

This Executive Order shall take effect immediately upon its filing with the Secretary of State.

JB Pritzker, Governor

Issued by Governor: January 15, 2019
Filed with Secretary of State: January 15, 2019



EXECUTIVE ORDER

2019-03

**EXECUTIVE ORDER STRENGTHENING THE STATE'S COMMITMENT TO
WORKFORCE DEVELOPMENT AND JOB CREATION**

WHEREAS, the State of Illinois should prioritize revitalizing economic growth and creating economic opportunity in communities across the entire state; and

WHEREAS, the State of Illinois has failed to fully identify and embrace innovative strategies to focus workforce development dollars on emerging growth industries; and

WHEREAS, identifying and investing in growth industries, such as health care, information technology, and green technology, in growing manufacturing sectors, and in innovation to strengthen Illinois' critical agriculture industry will maximize job creation across the state and help us build a stronger economic foundation; and

WHEREAS, the State of Illinois should place a high priority on aligning workforce development resources across related economic development, education, and workforce-based human services programs to ensure efficient and effective investment in emerging growth industries; and

WHEREAS, the State of Illinois should work with employers to meet real-time shifts in market demand, using a data-driven approach and scaling best practices to ensure that resources are used effectively to train workers for industries that are hiring and position the State to attract federal funding; and

WHEREAS, the State of Illinois has the opportunity to position itself to attract additional federal funding by better focusing existing resources, particularly by expanding state-, local- and industry-led partnerships that create and scale work-based learning to meet in-demand occupations; and

WHEREAS, Illinois government must address the failures of the previous administration head-on, get back to the basics of effective governing and create a plan to move our state forward into a new day; and

THEREFORE, I, JB Pritzker, Governor of Illinois, by virtue of the executive authority vested in me by Article V of the Constitution of the State of Illinois, hereby order as follows:

I. Review of Identified Targeted Growth Industries

The Department of Commerce and Economic Opportunity shall, within 90 days of the effective date of this Executive Order, deliver a report to the Governor containing a comprehensive review of industries the Department has identified for targeted growth to determine the ongoing effectiveness of investment in those industries and to identify emerging opportunities for investment in growing industries.



II. Review of Effective and Efficient Investment in Targeted Industries

The Department of Commerce and Economic Opportunity shall, within 90 days of the effective date of this Executive Order, deliver a report to the Governor containing a comprehensive review of the return on investment for targeted industries with recommendations for improving the efficiency and effectiveness of existing investment, and best practices and lessons learned for future investment in emerging growth industries.

III. Report on Improved Alignment of Workforce Resources for Disenfranchised Communities

The Department of Commerce and Economic Opportunity shall, within 90 days of the effective date of this Executive Order, deliver a report to the Governor containing comprehensive recommendations for improving alignment of workforce resources for communities that have been disenfranchised, including rural and urban communities.

IV. Savings Clause

Nothing in this Executive Order shall be construed to contravene any federal or State law or regulation. Nothing in this Executive Order shall affect or alter the existing statutory powers of any State agency or be construed as a reassignment or reorganization of any State agency.

V. Prior Executive Orders

This Executive Order supersedes any contrary provision of any other prior Executive Order.

VI. Severability Clause

If any part of this Executive Order is found to be invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. The provisions of this Executive Order are severable.

VII. Effective Date

This Executive Order shall take effect immediately upon its filing with the Secretary of State.

JB Pritzker, Governor

Issued by Governor: January 16, 2019
Filed with Secretary of State: _____

Date: February 14, 2019

To: James J. Fuentes
Michael W. Goetz
Neil Heller
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy

Shaun Murphy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Eric Anderberg, Chairman

Subject: ***Amendment of Illinois Finance Authority Fiscal Year 2019 Committee Membership***

As Chairman of the Illinois Finance Authority (“Authority”) and pursuant to the powers set forth in the Administrative Rules, 74 Ill. Admin. Code 1100.105(c), and as set forth in Authority Resolution No. 2015-0709-AD09, I am amending membership for the standing committees of the Authority to be as set forth in Exhibit A hereto for the remainder of Fiscal Year 2019. Changes to committee membership are effective as of the date of this letter and are as follows:

1. Mike Goetz, Member of the Authority, is appointed as a member of the Audit, Budget, Finance, Investment and Procurement Committee (the “Audit Plus Committee”) and as Chair of the Audit Plus Committee. Pursuant to Authority Resolution No. 2015-0709-AD09, Member Goetz shall be an ex-officio member of the Executive Committee. Member Goetz replaces Gila Bronner, former Member of the Authority, in these roles. We thank Member Bronner for her years of service as Chair of the Audit Plus Committee and ex-officio member of the Executive Committee.

Exhibit B hereto shows these changes marked against the prior version of Exhibit A, in effect prior to the date of this letter.

Thank you for your continued service to the Authority and to the State and people of Illinois as a member of the Authority and its committees.

Sincerely,

Eric Anderberg, Chairman
Illinois Finance Authority

Exhibit A
Illinois Finance Authority Committees
(for Fiscal Year 2019, as of February 14, 2019)

The Chair appoints one member to chair each of the committees for a term of one year, and one vice chair to serve for a one-year term. Standing committees of the Authority are appointed by the Chair, and include the following:

1. **Audit, Budget, Finance, Investment and Procurement** ("Audit Plus")

Mike Goetz, Chair

Neil Heller

Lerry Knox

Lyle McCoy

George Obernagel

Roger Poole

Beth Smoots

Total 7

The charge to this committee is to oversee the work of the external and internal auditors, review proposed revenue-generating activities as well as policy as recommended by the executive director, chief financial officer, and recommend actions to the Board.

2. **Governance, Personnel, Legislation and Ethics** ("Governance Plus")

Beth Smoots, Chair

Mike Goetz

George Obernagel

Terry O'Brien

Roger Poole

Total 5

The responsibilities of this committee are to oversee the structure and functioning of the Authority and attend to matters involving its members, and to ensure a proper "tone at the top" including definition of and compliance with proper standards of ethical conduct for the board and Authority personnel, including recruitment, advancement and development, legislative proposals and recommend actions to the board. The Governance committee approves the Authority's staff compensation package with exception of the Executive Director.

3. **Tax-Exempt Conduit Transactions** ("Tax-Exempt")

Lyle McCoy, Chair

James Fuentes

Mike Goetz

Arlene Juracek

Shaun Murphy

Brad Zeller

Total 6

This committee shall consider federally tax-exempt conduit transactions presented by staff and recommend actions to the board.

4. **Direct and Alternative Financing** ("Direct/Alternative")

Lerry Knox, Chair

Eric Anderberg

James Fuentes

Neil Heller

Arlene Juracek

Lyle McCoy

Brad Zeller

Total 7

This committee shall consider credit or risk transactions, including those with risk to Illinois taxpayers and to the Authority, in light of the Authority's four-point strategic plan (i. Public Purpose; ii. Clear Articulation of All Risks; iii. Short and Long-term revenue to sustain operations and compliance; and iv. "but for"/other competition in the sector/business line).

5. **Executive**

Eric Anderberg, Chair

Mike Goetz (ex officio-Chair of Audit, Budget, Finance, Investment and Procurement)

Lyle McCoy (ex officio-Chair of Tax-Exempt Conduit Transactions)

Lerry Knox (ex officio-Chair of Direct and Alternative Financing)

Beth Smoots (ex-officio-Chair of Governance, Personnel, Legislation and Ethics)

Total 5

The Executive Committee is composed of the Chair, (who serves as chairman *ex-officio*), the Vice-Chair and the chairs of the four functional committees. The Executive Committee meets on call of the chair or of any two members for the transaction of operational (not transactional) business that is urgent and cannot be postponed until the next regular meeting of the full board, which in turn is anticipated to ratify the actions of the Executive Committee at the next scheduled Authority meeting. The Executive Committee determines the Authority's Executive Director's compensation package.

Pursuant to Resolution No. 2014-0311-AD, adopted on July 9th, 2015 as Resolution No. 2015-0709-AD09, the Authority authorized the formation of said committees. Pursuant to Resolution No. 2016-0114-AD10, the Chair of the Authority shall serve as an ex-officio committee member in a non-voting capacity of the Audit Plus, Governance Plus, Tax-Exempt and Direct/Alternative Committees, and the Chair's membership in such committees shall not be deemed to increase the membership of such committees for quorum purposes.

Exhibit B
Illinois Finance Authority Committees
(for Fiscal Year 2019, as of ~~November 7, 2018~~ February 14, 2019)

The Chair appoints one member to chair each of the committees for a term of one year, and one vice chair to serve for a one-year term. Standing committees of the Authority are appointed by the Chair, and include the following:

1. **Audit, Budget, Finance, Investment and Procurement** ("Audit Plus")

~~Gila Bronner~~ Mike Goetz, Chair

Neil Heller

Lerry Knox

Lyle McCoy

George Obernagel

Roger Poole

Beth Smoots

Total 7

The charge to this committee is to oversee the work of the external and internal auditors, review proposed revenue-generating activities as well as policy as recommended by the executive director, chief financial officer, and recommend actions to the Board.

2. **Governance, Personnel, Legislation and Ethics** ("Governance Plus")

Beth Smoots, Chair

~~Gila Bronner~~

Mike Goetz

~~Robert Horne~~

George Obernagel

Terry O'Brien

Roger Poole

Total 75

The responsibilities of this committee are to oversee the structure and functioning of the Authority and attend to matters involving its members, and to ensure a proper "tone at the top" including definition of and compliance with proper standards of ethical conduct for the board and Authority personnel, including recruitment, advancement and development, legislative proposals and recommend actions to the board. The Governance committee approves the Authority's staff compensation package with exception of the Executive Director.

3. **Tax-Exempt Conduit Transactions** ("Tax-Exempt")

Lyle McCoy, Chair

James Fuentes

Mike Goetz

~~Robert Horne~~

Arlene Juracek

Shaun Murphy

Brad Zeller
Total 76

This committee shall consider federally tax-exempt conduit transactions presented by staff and recommend actions to the board.

4. **Direct and Alternative Financing** ("Direct/Alternative")

Lerry Knox, Chair
Eric Anderberg
James Fuentes
Neil Heller
Arlene Juracek
Lyle McCoy
Brad Zeller
Total 7

This committee shall consider credit or risk transactions, including those with risk to Illinois taxpayers and to the Authority, in light of the Authority's four-point strategic plan (i. Public Purpose; ii. Clear Articulation of All Risks; iii. Short and Long-term revenue to sustain operations and compliance; and iv. "but for"/other competition in the sector/business line).

5. **Executive**

Eric Anderberg, Chair
~~Gila Bronner~~ Mike Goetz (ex officio-Chair of Audit, Budget, Finance, Investment and Procurement)
Lyle McCoy (ex officio-Chair of Tax-Exempt Conduit Transactions)
Lerry Knox (ex officio-Chair of Direct and Alternative Financing)
Beth Smoots (ex-officio-Chair of Governance, Personnel, Legislation and Ethics)
Total 5

The Executive Committee is composed of the Chair, (who serves as chairman *ex-officio*), the Vice-Chair and the chairs of the four functional committees. The Executive Committee meets on call of the chair or of any two members for the transaction of operational (not transactional) business that is urgent and cannot be postponed until the next regular meeting of the full board, which in turn is anticipated to ratify the actions of the Executive Committee at the next scheduled Authority meeting. The Executive Committee determines the Authority's Executive Director's compensation package.

Pursuant to Resolution No. 2014-0311-AD, adopted on July 9th, 2015 as Resolution No. 2015-0709-AD09, the Authority authorized the formation of said committees. Pursuant to Resolution No. 2016-0114-AD10, the Chair of the Authority shall serve as an ex-officio committee member in a non-voting capacity of the Audit Plus, Governance Plus, Tax-Exempt and Direct/Alternative Committees,

and the Chair's membership in such committees shall not be deemed to increase the membership of such committees for quorum purposes.

February 14, 2019

\$40,000,000 (not-to-exceed amount)
Steppenwolf Theatre Company

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------------------------------|---|--------------|------------------------------|---------------------|---------------|---------|---|-----------------|-------------------|-------------------|--------------|--|--|---------------------------------|-----------|--|--|------------------------|-----------|--|--|----------------------------------|-----------|--|--|-------------------|----------------|--------------|----------------------------|--------------|----------------------------|
| REQUEST | <p>Purpose: Bond proceeds will be loaned to Steppenwolf Theatre Company, an Illinois not-for-profit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“Steppenwolf” or the “Borrower”), in order to (a) finance or reimburse the Borrower for the costs of acquiring, constructing, renovating, improving, furnishing and equipping real property owned and operated by the Borrower located at 1624-1700 North Halsted Street, Chicago (Cook County), Illinois, including capitalized interest (the “Project”) and (b) pay the costs of issuance of the Bonds, including the costs of credit enhancement, all as permitted by the Illinois Finance Authority Act (the “Act”).</p> <p>Program: 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BOARD ACTIONS | Final Bond Resolution (<i>One-time consideration</i>) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MATERIAL CHANGES | None. This is the first time this financing proposal has been presented to the IFA Board of Directors. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| JOB DATA | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">378</td> <td style="width: 33%; text-align: center;">Current jobs</td> <td style="width: 10%; text-align: center;">10</td> <td style="width: 24%; text-align: center;">New jobs projected (2 years)</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">Retained jobs</td> <td style="text-align: center;">200</td> <td style="text-align: center;">Construction jobs projected (24 months)</td> </tr> </table> | 378 | Current jobs | 10 | New jobs projected (2 years) | N/A | Retained jobs | 200 | Construction jobs projected (24 months) | | | | | | | | | | | | | | | | | | | | | | | | |
| 378 | Current jobs | 10 | New jobs projected (2 years) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| N/A | Retained jobs | 200 | Construction jobs projected (24 months) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DESCRIPTION | <ul style="list-style-type: none"> ● Project Location: Chicago/Cook County/ Northeast Region ● Type of entity: Steppenwolf Theatre Company, a 501(c)(3) organization incorporated under Illinois law, is a Tony Award-winning Chicago theatre company founded in 1976 and governed by a self-perpetuating board of trustees (the “Board”). Trustees are nominated by a Board-appointed nominating committee and elected by a majority vote of the Board. Fifty-three (53) trustees sit on the Board or its Executive Committee. Additionally, there are ten (10) emeritus trustees who are <i>ex officio</i> members of the Board. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CREDIT INDICATORS | <ul style="list-style-type: none"> ● The plan of finance contemplates Bonds will be secured by a Direct Pay Letter of Credit from The Northern Trust Company (the “LOC Bank”). The Bonds will be rated by S&P Global Ratings (“S&P”). The Northern Trust Company was rated ‘A+’ long-term and ‘A-1+’ short-term by S&P as of 1/31/2019. ● Steppenwolf Theatre Company is a non-rated entity. ● PNC Capital Markets LLC has been engaged by the Borrower to serve as the Underwriter and Remarketing Agent. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SECURITY | <ul style="list-style-type: none"> ● The Bonds will be a general unsecured corporate obligation of the Company and as such will not be secured by a mortgage or security interest on any of the Company’s assets, properties or funds. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MATURITY | <ul style="list-style-type: none"> ● Bonds will have an anticipated final maturity date of March 1, 2049 (the Bond Resolution will provide for a final maturity date parameter of 40 years from the date of issuance). ● The Bonds will bear interest initially in a Daily or Weekly Variable Rate Mode that will be set based on market conditions by PNC Capital Markets LLC as Remarketing Agent for the IFA Series 2019 Bonds. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SOURCES & USES OF FUNDS – ESTIMATED (SUBJECT TO CHANGE): | <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="vertical-align: top;">Sources:</td> <td colspan="2" style="vertical-align: top;">Uses:</td> </tr> <tr> <td style="width: 33%;">IFA New Money Bonds</td> <td style="width: 17%; text-align: right;">\$40,000,000</td> <td style="width: 33%;">Project</td> <td style="width: 17%;"></td> </tr> <tr> <td>Borrower Equity</td> <td style="text-align: right;"><u>18,200,000</u></td> <td>Costs/Contingency</td> <td style="text-align: right;">\$45,400,000</td> </tr> <tr> <td></td> <td></td> <td>Furniture, Fixtures & Equipment</td> <td style="text-align: right;">3,900,000</td> </tr> <tr> <td></td> <td></td> <td>Legal and Professional</td> <td style="text-align: right;">4,460,000</td> </tr> <tr> <td></td> <td></td> <td>Capitalized Interest (estimated)</td> <td style="text-align: right;">4,000,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>440,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$58,200,000</u></td> <td>Total</td> <td style="text-align: right;"><u>\$58,200,000</u></td> </tr> </table> | Sources: | | Uses: | | IFA New Money Bonds | \$40,000,000 | Project | | Borrower Equity | <u>18,200,000</u> | Costs/Contingency | \$45,400,000 | | | Furniture, Fixtures & Equipment | 3,900,000 | | | Legal and Professional | 4,460,000 | | | Capitalized Interest (estimated) | 4,000,000 | | | Costs of Issuance | <u>440,000</u> | Total | <u>\$58,200,000</u> | Total | <u>\$58,200,000</u> |
| Sources: | | Uses: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IFA New Money Bonds | \$40,000,000 | Project | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrower Equity | <u>18,200,000</u> | Costs/Contingency | \$45,400,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Furniture, Fixtures & Equipment | 3,900,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Legal and Professional | 4,460,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Capitalized Interest (estimated) | 4,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Costs of Issuance | <u>440,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | <u>\$58,200,000</u> | Total | <u>\$58,200,000</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RECOMMENDATION | Project Review Committee recommends approval. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**ILLINOIS FINANCE AUTHORITY
 PROJECT SUMMARY REPORT
 February 14, 2019**

Project: Steppenwolf Theatre Company

STATISTICS

| | |
|----------------------------------|---|
| Project Number: E-PC-TE-CD-12445 | Amount: \$40,000,000 (not-to-exceed) |
| Type: 501(c)(3) Revenue Bonds | IFA Staff: Rich Frampton and Brad R. Fletcher |
| Location: Chicago | Counties/ Regions: Cook/Northeast |

BOARD ACTION

| | |
|---|-----------------------------|
| Final Bond Resolution (<i>One-time consideration</i>) | |
| Conduit 501(c)(3) Revenue Bonds | No IFA funds at risk |
| Project Review Committee recommends approval | No extraordinary conditions |

VOTING RECORD

None. This is the first time this project has been presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be loaned to **Steppenwolf Theatre Company**, an Illinois not-for-profit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“**Steppenwolf**” or the “**Borrower**”), in order to (a) finance or reimburse the Borrower for the costs of acquiring, constructing, renovating, improving, furnishing and equipping real property owned and operated by the Borrower located at 1624-1700 North Halsted Street, Chicago (Cook County), Illinois, including capitalized interest (the “**Project**”) and (b) pay the costs of issuance of the Bonds, including the costs of credit enhancement, all as permitted by the Illinois Finance Authority Act (the “**Act**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds 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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

501(c)(3) Bonds do not require an allocation of Section 146 Volume Cap.

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

| | | | |
|------------------------------|----------------------------|----------------------------------|----------------------------|
| Sources: IFA New Money Bonds | \$40,000,000 | Uses: Project Costs/Contingency | \$45,400,000 |
| Borrower Equity | <u>18,200,000</u> | Furniture, Fixtures, and Equip. | 3,900,000 |
| | | Legal & Professional | 4,460,000 |
| | | Capitalized Interest (estimated) | 4,000,000 |
| | | Costs of Issuance | <u>440,000</u> |
| Total | <u>\$58,200,000</u> | Total | <u>\$58,200,000</u> |

JOBS

| | | | |
|---------------------|-----|---------------------|-----------------|
| Current employment: | 378 | Projected new jobs: | 10 |
| Jobs retained: | N/A | Construction jobs: | 200 (24 months) |

FINANCING SUMMARY

- Security:** The Bonds will be secured by a Direct Pay Letter of Credit provided by **The Northern Trust Company** (the “**LOC Bank**”) and underwritten by **PNC Capital Markets LLC** (the “**Underwriter**” and “**Remarketing Agent**”).
- Structure:** Bondholders will be solely secured by a Direct Pay Letter of Credit from The Northern Trust Company. The Northern Trust Company’s long-term ratings are (A2/ A+/ AA-) each with Stable outlooks while the LOC Bank’s short-term ratings are (MIG 1/A-1+/ F1+) from Moody’s/S&P/Fitch. Steppenwolf, The Northern Trust, and the Borrower’s advisor (Starshak Winzenburg & Co.) have applied to S&P Global Ratings for a rating on the IFA Series 2019 Bonds.
- The Series 2019 Bonds will be a general unsecured general obligation of the Steppenwolf Theatre Company. Neither the Financed Properties nor any Property of the Steppenwolf Theatre Company will be specifically mortgaged or pledged as security for its reimbursement obligation to The Northern Trust Company.
- Interest Rate:** Variable Rate: The Trust Indenture authorizes 4 modes for the Series 2019 Bonds: a Daily Rate, a Weekly Rate, an Adjustable Rate, and a Fixed Rate.
- Pursuant to the draft underwriting documents, PNC Capital Markets LLC will serve as Remarketing Agent and the Series 2019 Bonds will initially bear interest in either a Daily or Weekly Floating Interest Rate Mode.
- Underlying Debt Rating:** The Borrower is not currently a rated entity (and does not contemplate applying for a stand-alone rating in connection with this financing).
- The Bonds will be rated by S&P Global Ratings based on the rating of The Northern Trust Company’s Direct Pay Letter of Credit that will secure bondholders (see above).
- Final Maturity:** Although the anticipated final maturity date is March 1, 2049, the Bond Resolution will authorize a final maturity date parameter of up to 40 years from the date of issuance (February 2059).
- Estimated Closing Date:** Late February 2019

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to **Steppenwolf Theatre Company**, an Illinois not-for-profit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“**Steppenwolf**” or the “**Borrower**”), in order to (a) finance or reimburse the Borrower for the costs of acquiring, constructing, renovating, improving, furnishing and equipping real property owned and operated by the Borrower located at 1624-1700 North Halsted Street, Chicago (Cook County), Illinois, including capitalized interest (the “**Project**”), and (b) pay the costs of issuance of the Bonds, including capitalized interest, all as permitted by the Illinois Finance Authority Act (the “**Act**”).

BUSINESS SUMMARY

- Background:** **Steppenwolf Theatre Company** (“**Steppenwolf**”, or the “**Borrower**”) is a 501(c)(3) organization founded in 1976. A list of the Theatre’s current Board of Trustees is presented on pp. 6-10 of this report.
- Steppenwolf Theatre Company is affiliated with Steppenwolf Foundation I and Steppenwolf Foundation II, each of which own real estate for use in support of Steppenwolf Theatre Company operations.
- Description:** According to the Borrower, Steppenwolf Theatre Company is the nation’s premier ensemble theater. Formed by a collective of actors in 1976 (incorporated August 1976), the 51 member and

4 in memoriam ensemble represents a remarkable cross-section of actors, directors and playwrights. Thrilling and powerful productions from *Balm in Gilead* to *August: Osage County*, *Downstate* and *Pass Over*—and accolades that include the National Medal of Arts and 12 Tony Awards—have made the Steppenwolf Theatre Company legendary.

Steppenwolf produces hundreds of performances and events annually in its three main spaces. Artistic programming includes a seven-play season; a two-play Steppenwolf for Young Adults season; Visiting Company engagements; and LookOut, a multi-genre performances series.

Steppenwolf's Educational efforts include City Connections, providing free community education programming; the esteemed School at Steppenwolf; and Professional Leadership Programs for arts administration training.

While firmly grounded in the Chicago community, nearly 40 original Steppenwolf productions have enjoyed success both nationally and internationally, including Broadway, Off-Broadway, London, Sydney, Galway and Dublin.

Based on Artistic Director Anna D. Shapiro and Executive Director David Schmitz' shared vision, Steppenwolf's primary priorities include: (i) presenting Steppenwolf's world-class ensemble, (ii) innovative new play development with an increased focus on diversity, and (iii) education and engagement. Accordingly, Steppenwolf's work will continue to explore and celebrate the dynamic and ever-changing story of the world—both the literal and emotional—while also aspiring to offering insights into experiences beyond our own. According to its management, Steppenwolf remains an artist-driven theatre, whose vitality is defined by its sharp appetite for ambitious, compelling work. Steppenwolf is dedicated to advancing theater arts through programming that features its multi-generational and culturally diverse ensemble.

Steppenwolf's innovative programming and year-round operations provide access to the theater to over 165,000 people annually, of which most reside in the Chicago metropolitan area and four neighboring Midwest states. Steppenwolf presents up to 9 full-scale productions and more than 600 performances, readings and other events on its three stages each season. Focused on creating a setting for multigenerational conversations, Steppenwolf's audiences range in age from 12 to 65 and older.

Project
Rationale:

The facility expansion (to be partially financed with IFA bond proceeds) will enable Steppenwolf to serve an increased annual audience and an increased number of students served from Chicago area high schools by providing dedicated space for education supporting both Steppenwolf for Young Adults and The School at Steppenwolf.

Steppenwolf will continue to be a community anchor that provides world-class productions and enriched education programs, thus establishing one of the most innovative models for a performing arts center nationwide.

Existing IFA
Bonds:

IFA issued \$17.0 million of Bonds for Steppenwolf Theatre Company in February 2013 and there was an outstanding balance of \$14,230,000 as of 12/31/2018. All scheduled payments have been remitted when due on the IFA Series 2013.

The Northern Trust Direct Pay LOC is the source of bondholder security.

The Bank receives payments from Steppenwolf pursuant to a Letter of Credit Reimbursement Agreement between The Northern Trust Company and Steppenwolf Theatre Company. Payments to bondholders under this structure are made (via draws by the Trustee on the LOC) irrespective of whether or not the conduit borrower (i.e., Steppenwolf Theatre Company) remits scheduled payments to The Northern Trust Company. (Steppenwolf's repayment obligation to The Northern Trust Company for each bond issue is pursuant to a Letter of Credit Reimbursement Agreement between Steppenwolf and The Northern Trust Company.)

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicant: Steppenwolf Theatre Company, 1700 N. Halsted St., Chicago, IL 60614
 Website: www.steppenwolf.org
 Contact: Mr. David Schmitz, Executive Director
 Project Name: Steppenwolf Theatre Company Series 2019 Bonds
 Organization: Illinois 501(c)(3) organization
 Board Membership: *See list of Board of Trustees on pp. 6-10*

PROFESSIONAL & FINANCIAL

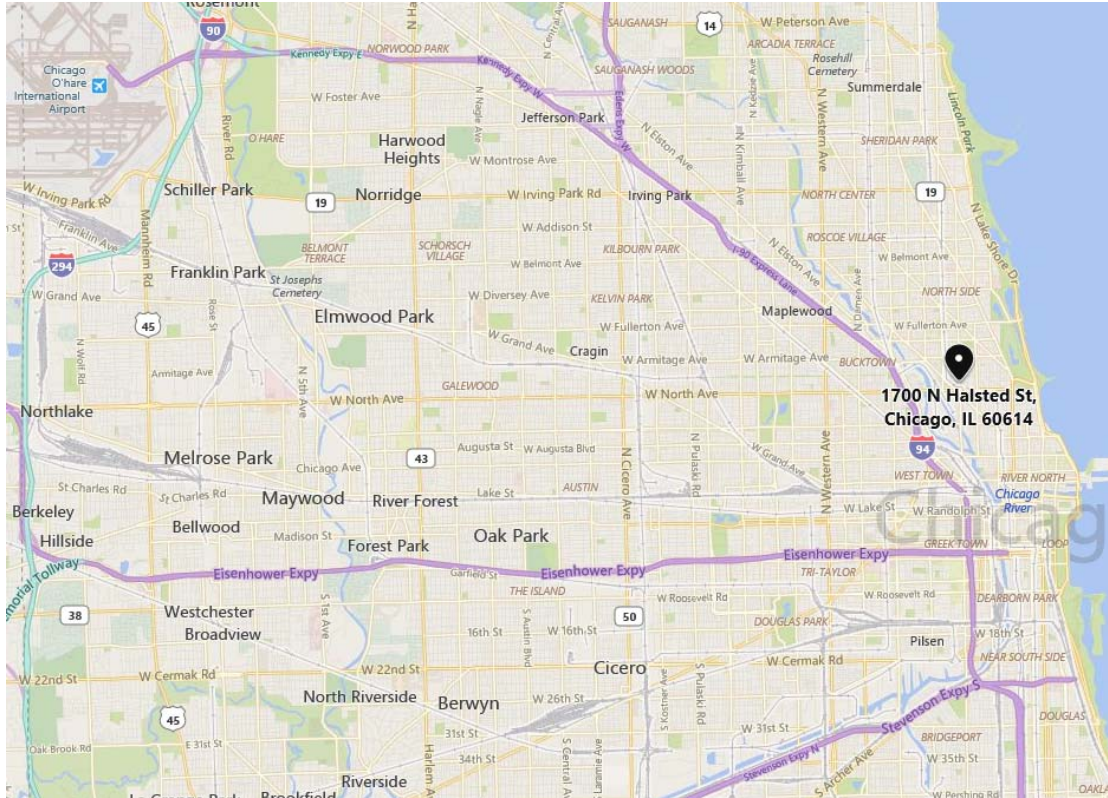
| | | | |
|----------------------------------|---|---------------|---|
| Borrower's Counsel: | Schiff Hardin LLP | Chicago, IL | Bruce Weisenthal, Victoria Pool |
| Borrower's Financial Advisor: | Starshak Winzenburg & Co. | Chicago, IL | Joseph P. Starshak, Thomas Starshak |
| Auditor: | Plante & Moran, PLLC | Chicago, IL | |
| Bond Counsel: | Mayer Brown LLP | Chicago, IL | David Narefsky, Stephanie Wagner Casey Williams |
| LOC Bank (Credit Enhancement): | The Northern Trust Company | Chicago, IL | Bonnie Althoff |
| Bank Counsel: | Dentons | Chicago, IL | Mary G. Wilson |
| Underwriter & Remarketing Agent: | PNC Capital Markets LLC | Cleveland, OH | Mary Grace Pattison |
| Trustee: | The Bank of New York Mellon Trust Company, N.A. | Chicago, IL | Eydie Wrobel |
| Underwriter's Counsel: | Sanchez Daniels & Hoffman LLP | Chicago, IL | Manuel Sanchez Heather Erickson |
| Rating Agency: | S&P Global Ratings | Chicago, IL | |
| Architect: | Adrian Smith + Gordon Gill Architecture | Chicago, IL | Laura Jiminez |
| General Contractor: | Norcon, Inc. | | |
| Issuer's Counsel: | Charity & Associates, P.C. | Chicago, IL | Tim Hinchman |
| IFA Advisors: | Acacia Financial Group, Inc. | Chicago, IL | Phoebe Selden, Siamac Afshar |

LEGISLATIVE DISTRICTS

Congressional: 7
 State Senate: 5
 State House: 9

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PROJECT LOCATION



Source: Bing Maps

STEPENWOLF THEATRE COMPANY – BOARD OF TRUSTEES

EXECUTIVE COMMITTEE

Chair

Eric Lefkofsky
Chairman and Co-Founder
Groupon

Vice Chair

Keating Crown
Principal
Sterling Bay

Treasurer

L. Heather Mitchell
Civic Leader

Secretary

Deborah H. Quazzo
Managing Partner
GSV AccelerATE

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Northwestern University

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TPN

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One Chicago Fund

Bruce Sagan
Publisher

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Manager
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Vice President and Chief Human Resources Officer
DePaul University

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Chairman and Chief Executive Officer
ASHLIN Management Company

Helen Zell
Executive Director
Zell Family Foundation

TRUSTEES

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Managing Director of Management Consulting
Accenture

Michael W. Bender
Senior Partner & Leader
Digital McKinsey

Susan O. Berghoef
President
The Orlebeke Foundation

Jonathan Blanc
Co-President
Steppenwolf Associates

Amy Bluhm
Civic Leader

Meredith Bluhm-Wolf
Principal
Lamb Partners

Marlene Breslow-Blitstein
Civic Leader

Carole L. Brown
Chief Financial Officer
City of Chicago

Ebs Burnough
Founder and President
Ebs Burnough Solutions International (EBSI)

Beth Boosalis Davis
Retired Attorney

Amy Eshleman
Learning Consultant, Digital Youth Network
DePaul University

D. Cameron Findlay
Senior Vice President General Counsel and Secretary
Archer Daniels Midland Company

Matthew Gray
Co-Chairman
Graycor

Robert J. Greenebaum, Jr.
Executive Vice President
CRC Swett

Caryn Harris
Civic Leader

John Hart
Founder- Chairman Emeritus
Hart Davis Hart Wine Co.

Jon Michael Hill
Ensemble Member
Steppenwolf Theatre Company

Dennis D. Howarter
Partner
PricewaterhouseCoopers

Tina Landau
Ensemble Member
Steppenwolf Theatre Company

Tracy Letts
Ensemble Member
Steppenwolf Theatre Company

Mary Ludford
Vice President, Deputy Chief Security Officer
Exelon Corporation

Ronald J. Mallicoat, Jr.
Market President and Managing Director- Wealth Management
The Northern Trust Company

Holly Maloney
Civic Leader

Tarell Alvin McCraney
Ensemble Member
Steppenwolf Theatre Company

David E. Mendelsohn
Partner, Chicago Office
DLA Piper

Verett Mims
Assistant Treasurer
The Boeing Company

Christopher M. Murphy
Partner
McDermott Will & Emery LLP

Pam Netzky
Founder
Amplify Snack Brands, Inc.

Yasen Peyankov
Ensemble Member
Steppenwolf Theater Company

Anne Phillips
Owner, Managing Director
The Edge Theater

Cari B. Sacks
Civic Leader

Robert Sanborn
Co-Founder
Sanborn Kilcollin Partners

Manuel “Manny” Sanchez
Founder and Managing Partner
Sanchez Daniels & Hoffman LLP

Anna D. Shapiro
Artistic Director
Steppenwolf Theatre Company

Colette Cachey Smithburg
Broker
Coldwell Banker Residential Brokerage

Elliot A. Stultz
Senior Vice President Investments and Business Transactions Law
Allstate Insurance

Bryan Traubert
Chairman
Pritzker Traubert Family Foundation

EMERITUS TRUSTEES

J. Robert Barr
Retired Partner
Sidley Austin LLP

Lawrence Block
Retired Partner
Schiff Hardin LLP

Michael Cahan
Chairman and Chief Executive Officer
MAC Management Company, Inc.

John N. Fox, Jr.
Retired Vice Chairman and Global Director
Deloitte

Lawrence Gill
Retired Attorney and Executive

Donna LaPietra
Executive Producer
Kurtis Productions, Ltd.

Kenneth J. Porrello
Executive Director
CEO Perspectives Program

Merle Reskin
Civic Leader

Randall K. Rowe
Chairman
Green Courte Partners, LLC

Gloria Scoby
Group Publisher
Crain Communications

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Lorrie Karcher
Date: February 14, 2019
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to \$543,800 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$1,061,384**
- **Calendar Year Summary:** (as of February 14, 2019)
 - Volume Cap: \$TBD (Note: IFA allocation request/award pending for CY 2019)
 - Volume Cap Committed: \$TBD
 - Volume Cap Remaining: \$TBD
 - Average Farm Acreage: 54
 - Number of Farms Financed: 6
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - IFA conveys tax-exempt, municipal bond status onto the financing
 - Will use dedicated 2019 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 (typically 1st Mortgage)
 - 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: 30423

Borrower(s): **Reymond, Shane A. & Donna M.**
Borrower Benefit: First Time Land Buyer
Town: Greenville, IL
IFA Bond Amount: **\$543,800**
Use of Funds: Farmland –120 acres of farmland
Purchase Price: \$833,000 / \$6,942 per acre
% Borrower Equity: 0%
% IFA Bonds: 64.5% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”): 35.5% (*Subordinate Financing – 2nd Mortgage*)
Township: Mills
Counties/Regions: Bond / Southwestern
Lender/Bond Purchase: The Bradford National Bank of Greenville / Robert Tompkins
Legislative Districts: Congressional: 15
State Senate: 54
State House: 107

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, 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.

B. Project Number: 30422

Borrower(s): **Wenger, Jason and Jessica**
Borrower Benefit: First Time Land Buyer
Town: Fairbury, IL
IFA Bond Amount: **\$241,500**
Use of Funds: Farmland –46 acres of farmland
Purchase Price: \$483,000 / \$10,500 per acre
% Borrower Equity: 5%
% IFA Bonds: 50% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”): 45% (*Subordinate Financing – 2nd Mortgage*)
Township: Lawndale
Counties/Regions: McLean / North Central
Lender/Bond Purchase: Bank of Pontiac / Brad Brown
Legislative Districts: Congressional: 15
State Senate: 55
State House: 110

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 15, 2020. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 15, 2020 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

C. Project Number: 30424

Borrower(s): **Wirth, Mitchell D. & Melissa**
Borrower Benefit: First Time Land Buyer
Town: Mattoon, IL
IFA Bond Amount: **\$145,084**
Use of Funds: Farmland –33.2 acres of farmland
Purchase Price: \$290,168 / \$8,740 per acre
% Borrower Equity: 5%
% IFA Bonds: 50% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”): 45% (*Subordinate Financing – 2nd Mortgage*)

Township: Prairie
Counties/Regions: Shelby / Central
Lender/Bond Purchase: First Mid Bank & Trust / Mark Cox
Legislative Districts: Congressional: 15
State Senate: 55
State House: 110

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, 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.

D. Project Number: 30421

Borrower(s): Wenger, Rollin
Borrower Benefit: First Time Land Buyer
Town: Fairbury, IL
IFA Bond Amount: \$131,000
Use of Funds: Farmland –40 acres of farmland
Purchase Price: \$420,000 / \$10,500 per acre
% Borrower Equity 24%
% IFA Bonds 31% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”) 45% (*Subordinate Financing – 2nd Mortgage*)
Township: Lawndale
Counties/Regions: McLean / North Central
Lender/Bond Purchase: Bank of Pontiac / Brad Brown
Legislative Districts: Congressional: 16
State Senate: 53
State House: 105

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on March 1, 2020. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on March 1, 2020 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.



February 14, 2019

\$450,000,000 (Not-to-exceed amount)
State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2019

| | |
|---------------------------|--|
| REQUEST | <p>Purpose: Proceeds of the Bonds will be used to (i) fund loans (including certain amounts of the State Match Portion as defined below) made by the Illinois Environmental Protection Agency (“IEPA”) to units of local government in the State of Illinois (“State”) to finance eligible clean water projects, including wastewater treatment facilities and non-point pollution mitigation projects, and drinking water facilities and (ii) to pay costs of issuance.</p> <p>Program: IFA State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds</p> <p>Volume Cap: <i>None required (all underlying project borrowers will be Illinois units of local government)</i></p> <p>Extraordinary Conditions: None</p> |
| BOARD ACTION | <p>Authorizing Resolution (i.e., Final Bond Resolution) <i>One-time consideration.</i></p> |
| MATERIAL CHANGES | <p>None. This is the first time this matter has been presented to the IFA Board of Directors. No prior voting record.</p> |
| DESCRIPTION | <ul style="list-style-type: none"> ● Project Locations: Statewide ● Pursuant to the Federal Clean Water Act, IEPA established a clean water state revolving fund as part of its Water Pollution Control Loan Program (the “Clean Water Program”) and, pursuant to the Federal Drinking Water Act, has established a safe drinking water state revolving fund as part of its Public Water Supply Loan Program (the “Drinking Water Program”). ● IFA is issuing the State of Illinois Revolving Fund Revenue Bonds, Series 2019 (the “Bonds”) on behalf of the IEPA (See Proposed Structure below). ● The Bonds will be structured to enable IEPA to leverage existing SRF Program assets, thereby enabling additional loan financing to Illinois local governmental units (e.g., municipalities and public sanitary districts) to finance capital improvements designed to improve both wastewater and drinking water quality to assure compliance with USEPA requirements. ● A portion of the proceeds from the Bonds will be used to fund the State match required to obtain United States Environmental Protection Agency (“USEPA”) grants (the “State Match Portion”). Based on the proposed \$22.9 million of Bond proceeds anticipated to fund the State Match Portion, the USEPA will provide \$114.5 million in anticipated funding (“Federal Receipts”) to be received within the next 12 months. ● IEPA currently lends funds to municipalities according to administrative rules that set the fixed interest rate at a rate equal to 50% of the <i>The Bond Buyer’s</i> 20-Bond General Obligation Index for the preceding State fiscal year and federal fiscal year for the Clean Water and Drinking Water Programs, respectively. The current rate is 1.84% for both the Clean Water and for the Drinking Water Programs. |
| CREDIT INDICATORS | <ul style="list-style-type: none"> ● The Bonds are expected to be rated ‘AAA’ by both Standard and Poor’s and Fitch Ratings. In general, payments from the pledged loans will be used to credit enhance the Bonds (to potentially service debt payments associated with the Bonds). ● The IDFA Series 2002, IFA Series 2004, IFA Series 2013, IFA Series 2016, and 2017 Series State Revolving Fund Bonds (the “Prior Bonds”) were rated ‘AAA’ by the applicable rating agencies. |
| PROPOSED STRUCTURE | <ul style="list-style-type: none"> ● The Bonds to be issued are the fourth series of bonds issued under and secured by a Master Trust Agreement dated as of November 1, 2013 (collectively, with all supplements and amendments thereto, including a Second Supplemental Master Trust Agreement providing for the issuance of the Bonds, the “Master Trust Agreement”). The Bonds will be secured on a parity basis with the \$40.365 million aggregate principal amount of Series 2013 Bonds outstanding (which refunded the IDFA 2002 State Revolving Fund Bonds and IFA 2004 State Revolving Fund Bonds) and the \$447.740 million aggregate principal amount of Series 2016 Bonds outstanding, and \$541.325 million aggregate principal amount of the Series 2017 Bonds outstanding. ● Bonds to be sold and rated as a structured financing, secured solely on the basis of the pledged loans (or assigned loans) by IEPA under the Master Trust Agreement. The Bonds will not be a direct, indirect, moral or contingent obligation of IFA, IEPA or the State. ● Bond Interest Rates: The Bonds will be priced based upon market conditions and the SRF Program’s anticipated ‘AAA’ ratings. ● Maturity: Not to exceed 30 years (no later than July 1, 2049) |
| RECOMMENDATION | <p>Staff recommends approval.</p> |

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 14, 2019**

STATISTICS

| | |
|----------------------------|--|
| IFA Project: 12446 | Amount: \$450,000,000 (not-to-exceed amount) |
| Type: State Revolving Fund | IFA Staff: Lisa Bonnett, Brad R. Fletcher, and Ximena Granda |
| Revenue Bonds | County/ |
| Locations: Statewide | Region: All counties in Illinois |

BOARD ACTION

Authorizing Resolution (Final Bond Resolution)

Bond proceeds will leverage the existing Illinois Environmental Protection Agency (“IEPA”) loan portfolio and be used by IEPA to fund loans under its Clean Water and Drinking Water Revolving Loan Programs, including the State Match Portion that will enable IEPA to receive Federal Receipts from the USEPA.

No extraordinary conditions

Notes: The current outstanding principal amount of the Illinois Finance Authority Series 2013 Bonds is \$40.365 million.

The combined bond funded State Match Portion of approximately \$22.9 million for the Clean Water Program for Federal fiscal year 2019 and Drinking Water Program for Federal fiscal year 2019 will result in Federal Receipts from the USEPA under separate Capitalization Grant Agreements (the “Capitalization Agreements”) in the initial anticipated aggregate amount of \$114.5 million from grants to be awarded in September of 2019.

Staff recommends approval of the Authorizing Resolution presented for consideration in connection with this financing.

FINANCING SUMMARY – IFA SERIES 2019 BONDS

Structure: Bonds to be underwritten by _____ (as lead book running manager) and _____, as Senior Managers, and (i) _____, (ii) _____, (iii) _____, (iv) _____, and (v) _____, as Co-Managers.

The Bonds will be sold by the Senior Managers and Co-Managers based on the expected 'AAA'/'AAA' (S&P/Fitch) ratings resulting from the program security described below.

Bondholder Security: The Bonds will be secured by the following (subject to exceptions that will be detailed in the Official Statement for the Series 2019 State Revolving Fund Revenue Bonds):

1. All Local Obligations and Pledged Agreements (i.e., IEPA loans to local governments) which may be, from time to time assigned by IEPA to the Master (Bond) Trustee or held by the Master Trustee under the terms of the Master Trust Agreement.
2. All moneys, securities and earnings thereon in all funds, sub-funds, accounts and sub-accounts established under the Master Trust Agreement and any Supplemental Master Trust Agreement.
 - Exceptions: moneys deposited in the Rebate Fund and moneys deposited with or paid to the Master Trustee for the redemption of Bonds and any other exceptions specified in the Master Trust Agreement.
3. Any and all other moneys and securities furnished from time to time to the Master Trustee under terms of the Master Trust Agreement.

The Bonds and the interest thereon do not constitute an indebtedness or an obligation, general or moral, or a pledge of the faith or a loan of credit of the Authority, IEPA, the State, or any political subdivision thereof, within the purview of any constitutional limitation or provision. Only revenues (i.e., from IEPA local government loans) pledged pursuant to the Master Trust Agreement may be used to pay principal and interest on the Bonds.

Credit Ratings: The anticipated long-term credit rating on the subject Bonds is 'AAA'/'AAA' (S&P/Fitch) based on discussions with the financing team.

Estimated Interest Rate: Fixed interest rate to be determined based on market conditions at pricing based on the anticipated 'AAA'/'AAA' (S&P/Fitch) ratings.

Amortization: Serial and Term Bonds with various maturities.

Final Maturity Date: Not to exceed 30 years (no later than July 1, 2049)

Anticipated Closing Date: May 2019

**COMMENTS ON TERMS OF IEPA’S LOANS TO LOCAL GOVERNMENT BORROWERS
(ORIGINATED FROM IFA SERIES 2019 BOND PROCEEDS):**

Origination Requirements of IFA Series SRF 2019 Bond Proceeds under federal law (due to undesignated pool structure):

The IFA State Revolving Fund Revenues Bonds are being issued to enable IEPA to originate loans to (an undesignated) pool of local government borrowers (i.e., as a “pooled financing”).

As a pooled financing, the Series 2019 Bonds will be subject to the federal Tax Increase Prevention and Reconciliation Act (“TIPRA”) of 2005, which imposes additional requirements and conditions in order for the interest on the Series 2019 Bonds to be and to remain exempt from federal income taxation.

TIPRA specifies that unless certain minimum percentages of the Bond proceeds are originated (i.e., by IEPA) as loans for eligible projects within certain prescribed time periods (i.e., there are minimum origination requirements after years 1 and 3 detailed below), the IFA Series 2019 Bonds would be subject to mandatory redemption.

In particular, TIPRA requires:

1. The issuer (i.e., IFA based on reliance on a loan demand assessment provided by the IEPA) reasonably expects (a) within the one-year period beginning on the date of issue that at least 30 percent of the net proceeds of the issue will be originated as loans by IEPA, and (b) within the three-year period beginning on the date of issue, that at least 95% of the net proceeds will be originated as loans by IEPA.
2. The issuer (i.e., IFA) shall redeem outstanding bonds to the extent required if the spend-down requirements under TIPRA are not attained.

IEPA Deeply Subsidizes the Interest Rate to Underlying Borrowers to Minimize Risk of Redemption due to a violation of TIPRA:

IEPA subsidizes the interest rate provided to each underlying borrower to an amount equal to 50% of *The Bond Buyer’s* 20-Bond General Obligation Index for the preceding State fiscal year and federal fiscal year for the Clean Water and Drinking Water Programs, respectively. The current rates are 1.84% for both the Clean Water Program and the Drinking Water Program. IEPA’s procedures for determining this subsidized rate (which is reset annually are established pursuant to administrative rules (i.e., Title 35 Part 65 for the Clean Water Program and Title 35 Part 662 for the Drinking Water Program).

The below-market interest rate offered by IEPA under the SRF Programs:

- helps drive SRF Program demand, thereby helping assure compliance with the applicable TIPRA spend-down requirements for the bond proceeds (as noted in the preceding section), and
- has been sufficient to induce several investment grade local government borrowers to participate in the SRF Programs (examples include: Chicago, DeKalb, Evanston, Hanover Park, Libertyville, Mattoon, Skokie, Springfield, St. Charles, Sterling, and Wilmette).

**PROJECT DESCRIPTION –
SUMMARY OF PLAN OF FINANCE AND AUTHORIZING RESOLUTION**

The proceeds of the Bonds shall be used to (i) fund loans made by IEPA to units of local government to finance eligible (a) wastewater treatment and sanitary sewerage facilities and (b) drinking water facilities pursuant to the funding of the State Match Portion for Federal fiscal year 2019 and (ii) pay for costs associated with the issuance of the Bonds.

The Authorizing Resolution will also authorize the execution of (i) the Fourth Supplemental Master Trust Agreement, (ii) the Bond Purchase Agreement, (iv) the Preliminary Official Statement, (v) the Continuing Disclosure Undertaking, and (vi) the Bonds.

A portion of the Bond proceeds used to fund new loans shall be further apportioned as (i) a State Match Clean Water Portion; and (ii) a State Match Drinking Water Portion.

The State Match Portion of the Bond proceeds along with other available funds will meet the State match requirement of approximately \$22.9 million for (i) the Clean Water Program for Federal fiscal year 2019 and (ii) the Drinking Water Program for Federal fiscal year 2019, which will enable Federal Receipts to be received for the Clean Water Program and Drinking Water Program under Capitalization Grant Agreements (the “Capitalization Agreements”) in the initial anticipated aggregate amount of \$114.5 million.

This Summary of the Plan of Finance is summarized and preliminary. The final, comprehensive version of the Plan of Finance will be contained in the Official Statement for the Bonds when posted.

BACKGROUND INFORMATION ON IEPA’S STATE REVOLVING FUND (“SRF”) PROGRAMS

Federal Statutory
Framework:

1. *For Clean Water (i.e., sewage and wastewater treatment)*: The federal Clean Water Act provides for the establishment of state revolving fund programs, the funds of which are to be used to provide financial assistance to various entities in connection with the construction of systems for the storage, treatment, recycling, and reclamation of sewage and certain other qualified water pollution control projects.
2. *For Safe Drinking Water (i.e., drinking water supply)*: The federal Safe Drinking Water Act Amendments of 1996 amended existing Safe Drinking Water Act requirements to provide for the establishment of state revolving fund loan programs, the funds of which are used to provide financial assistance to various community water systems in connection with the construction of qualified drinking water projects.

Each state created a separate state revolving loan fund to receive federal capitalization grants and receipts (from USEPA), and for each, states are required to provide state matching funds equal to at least twenty percent (20%) of each federal (USEPA) capitalization grant or receipt under the Clean Water Act and Drinking Water Act.

IEPA entered into separate Capitalization Grants Agreements with the USEPA to administer the Clean Water State Revolving Fund (“CWSRF”) and Drinking Water State Revolving Fund (“DWSRF”).

The federal Clean Water Act and Drinking Water Act currently authorize the federal government (through USEPA) to continue to provide annual capitalization funding (subject to the minimum required state matching requirement) for both Clean Water State Revolving Funds (“CWSRF”) and Drinking Water State Revolving Funds (“DWSRF”).

Although USEPA annual capitalization grant funding for both state revolving fund programs have a long history (since 1988 for Clean Water projects and 1996 for Drinking Water projects), there can be no assurance that these programs will continue to be funded at current levels.

USEPA has Encouraged States to Undertake Bond Issues to Leverage Existing Grant Funded Assets:

Since the late 1990’s, the USEPA has encouraged states to further leverage existing CWSRF and DWSRF program assets by using existing cash flows from each state’s respective loan portfolios (and principal and interest payments thereon, to the extent permitted by USEPA) to securitize bond issues, the proceeds of which would be used by the states (e.g., through state-level EPA’s) to originate additional loans to local governments under the SRF Program.

These leveraged bond issues enable state-level EPAs to increase loan volume dedicated to Clean Water and Drinking Water projects, thereby enabling funding beyond levels funded directly by USEPA through its annual capitalization funding (and required State Matching Funds) for the Clean Water and Drinking Water Programs.

Consistent with this policy objective, the Illinois EPA successfully completed Leveraged State Revolving Bond issues through the Illinois Development Finance Authority in 2002 (\$150.0 million) and through IFA in 2004 (\$130.0 million), 2013 (\$141.7 million), 2016 (\$500.0 million), and 2017 (\$560.0 million) (collectively, the “Prior Bonds”). Proceeds of the Prior Bonds enabled IEPA to originate additional loans (by pledging payments from a portion of its existing loan portfolio to secure payments on the Prior Bonds).

IEPA’s Management of the Clean Water & Drinking Water SRF Programs:

Pursuant to authority granted in the federal Clean Water Act, the State (through the IEPA) created the Clean Water Program in 1988 to implement the provisions of Title VI of the Clean Water Act. Similarly, the State created the Drinking Water Program in 1996 to implement the Safe Drinking Water Act Amendments of 1996.

Under both the Clean Water and Drinking Water Programs, IEPA has utilized both federal capitalization receipts and the required twenty percent (20%) state match for the purpose of making low interest loans for Clean Water and Drinking Water projects to units of local government to finance the construction of wastewater treatment and sanitary sewerage facility projects (CWSRF Projects) and drinking water supply projects (DWSRF Projects), respectively.

IEPA annually prepares an Intended Use Plan to USEPA, which is presented in public hearings. These Intended Use Plans identify projects eligible for assistance under the Clean Water Program (i.e., wastewater treatment projects) and the Drinking Water Program (i.e., drinking water projects).

IEPA SRF Programs – Loan Originations to Date:

IEPA has closed and funded 907 Clean Water Program Loans to Clean Water participants totaling approximately \$5.259 billion since inception in 1988 to June 30, 2018, of which approximately \$3.014 billion are outstanding. No payment defaults have occurred with respect to any of the Clean Water State Revolving Fund Loans.

IEPA has closed and funded 601 Drinking Water Program Loans to Drinking Water participants totaling approximately \$1.641 billion since inception in 1996, of which approximately \$1.103 billion are outstanding. No payment defaults have occurred with respect to any of the Drinking Water Program State Revolving Fund Loans.

IEPA is Responsible for Originating, Reviewing Applications, Closing, Servicing and Reporting on all Loans:

IEPA is responsible for the overall technical and financial management of the SRF Programs, including ongoing financial reporting on the underlying Loan Program Portfolios to the USEPA and other external parties, review and approval of planning documents, plans and specifications, legal authority, dedicated sources of revenue, fund management, and disbursement requests.

Memorandum of Agreement between IEPA and IFA:

IFA and IEPA entered into a Memorandum of Agreement dated as of November 1, 2013 as amended by the First Amendment to Memorandum of Agreement dated as of June 30, 2014, the Second Amendment to Memorandum of Agreement dated as of September 1, 2016, the Third Amendment to Memorandum of Agreement dated as of April 1, 2017, and the Fourth Amendment to Memorandum of Agreement dated as of September 1, 2017 (the “MOA”) to specify IFA and IEPA’s respective roles including, but not limited to, originating and managing the loan program (IEPA), reporting on the performance of the SRF loan portfolio (IEPA) to external parties, issuance of the Bonds (IFA), and specifying collaboration and roles to enable IFA to comply with material event and other required reporting in connection with a Continuing Disclosure Undertaking (“CDU”). The Second Amendment, Third Amendment and Fourth Amendment further clarify certain of these roles and responsibilities.

Pursuant to the MOA and Master Trust Agreement, IEPA will continue to administer, structure, and monitor the SRF Programs. IEPA will have primary responsibility for filing financial reports as required by USEPA, and for providing external financial reports on its loan portfolio as required by the underlying bond documents and to help ensure prompt and comprehensive reporting to assure compliance with continuing disclosure requirements on the Bonds and for maintenance of ratings on the Bonds. IEPA’s responsibilities will include (but not be limited to) promptly notifying the Authority to request any changes in pledged loans, promptly notifying the Authority regarding any underlying Borrower that exceeds the 20% loan concentration threshold requiring EMMA filings under the Continuing Disclosure Undertaking, advising IFA regarding the origination of loans from Bond Proceeds relating to TIPRA spend-down requirements, and for any other consent or notice specified under the Master Trust Agreement, or any related documents necessary to comply with regulatory requirements in effect.

Effective with execution of the MOA, the Authority assumed certain responsibilities (including, for example, procurement of certain professionals and advisors and continuing disclosure on the Bonds based on reports and filings provided by IEPA) and other information required under the Continuing Disclosure Undertaking.

The Authority, as Issuer, will continue to undertake such actions as necessary to facilitate issuance of Bonds on behalf of IEPA as with issuance of the Prior Bonds.

ECONOMIC DISCLOSURE STATEMENT

Initial Beneficiary of Bond Proceeds – IEPA’s SRF Programs: Illinois Environmental Protection Agency, 1021 North Grand Avenue East, P.O. Box 19276, Springfield, IL 62794-9276; Phone: (217) 782-3397

Web site for IEPA’s Bureau of Water and Loan Programs: [Illinois EPA:
www.epa.state.il.us](http://www.epa.state.il.us)

[IEPA Bureau of Water – Clean Water Initiative:
www.epa.state.il.us/water/financial-assistance/clean-water-initiative/index.html.com](http://www.epa.state.il.us/water/financial-assistance/clean-water-initiative/index.html.com)

Project name: IFA State Revolving Fund Revenue Bonds, Series 2019

Underlying Borrowers/ Locations: IEPA will use the Bond proceeds (i.e., associated with the 2019 State Match) to originate new loans to finance local government clean water and drinking water systems located statewide.

PROFESSIONAL & FINANCIAL

| | | | |
|--|------------------------------|---------------------------------|------------------------------------|
| Illinois EPA: | John Kim, Director | Springfield, IL | |
| Bond Counsel: | Katten Muchin Rosenman LLP | Chicago, IL | Lew Greenbaum Renee Friedman |
| Financial Advisors (for SRF Revenue Bond Program): | Acacia Financial Group, Inc. | Chicago, IL New York, NY | Phoebe Selden Noreen White |
| | Sycamore Advisors, LLC | Chicago, IL Indianapolis, IN | Olyvia Jarmoszka Diana Hamilton |
| Senior Managers: | TBD | | |
| Co-Managers: | TBD | | |
| Co-Underwriter’s Counsel: | TBD | | |
| Trustee/Fiscal Agent: | Amalgamated Bank of Chicago | Chicago, IL | |
| Rating Agencies: | Standard & Poor’s | Chicago, IL | |
| | Fitch Ratings | Chicago, IL | |
| IFA Counsel: | Schiff Hardin LLP | Chicago, IL | Bruce Weisenthal Victoria Pool |

LEGISLATIVE DISTRICTS

Available to units of local government for wastewater treatment and drinking water projects statewide.

DISCLAIMER:

All information provided in this report is preliminary based on information available as of 2/7/2019 and subject to change.

All information regarding the proposed IFA Series 2019 State of Illinois Clean Water Initiative Revenue Bonds as contained herein will be superseded by information posted in the Preliminary Official Statement and Final Official Statement, respectively, immediately upon dissemination.

RESOLUTION 2019-0214-DA__

RESOLUTION AUTHORIZING THE ISSUANCE BY THE ILLINOIS FINANCE AUTHORITY OF NOT TO EXCEED \$450,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS STATE OF ILLINOIS CLEAN WATER INITIATIVE REVOLVING FUND REVENUE BONDS, SERIES 2019; AUTHORIZING THE SALE THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS; APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “*Authority*”), including without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.*, (the “*Act*”), is authorized by the laws of the State of Illinois, including without limitation the Act, to issue its revenue bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to finance or refinance, among other things, the costs of “public purpose projects,” as defined in the Act, “industrial projects,” as defined in the Act, and to finance the costs of “environmental facilities,” as referenced in the Act; and

WHEREAS, the Water Quality Act of 1987, 33 U.S.C., Section 1381 *et seq.*, as supplemented and amended (the “*Federal Clean Water Act*”), and the Safe Drinking Water Act, 42 U.S.C. Section 300f *et seq.*, as supplemented and amended (the “*Federal Drinking Water Act*”), authorize the Administrator of the United States Environmental Protection Agency (the “*EPA*”) to make capitalization grants to states for deposit in state revolving funds to provide assistance for constructing publicly owned wastewater treatment facilities and publicly and privately owned drinking water treatment facilities and for certain other eligible purposes; and

WHEREAS, pursuant to Title IV of the Environmental Protection Act, 415 ILCS 5/19.1 *et seq.*, as supplemented and amended, there has been established a “Water Pollution Control Loan Program,” and a “Public Water Supply Loan Program” (collectively, the “*SRF Program*”); and

WHEREAS, pursuant to the Federal Clean Water Act, the Illinois Environmental Protection Agency (“*IEPA*”) has established a clean water state revolving fund in the State as part of its Water Pollution Control Loan Program (the “*Clean Water Program*”) and, pursuant to the Federal Drinking Water Act, has established a safe drinking water state revolving fund in the State as part of its Public Water Supply Loan Program (the “*Drinking Water Program*”); and

WHEREAS, the Departments of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, Public Act 105-65, as supplemented and amended, authorizes each state to cross-collateralize the assets of such state revolving funds established under the Federal Clean Water Act and the Federal Drinking Water Act as security for bond issues to enhance the lending capacity of one or both state revolving funds; and

WHEREAS, IEPA has made loans from the revolving funds as part of the Clean Water Program and as part of the Drinking Water Program, which loans are currently outstanding (collectively, the “*Loans*”); and

WHEREAS, the Authority has heretofore issued its State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2013 (the “*Series 2013 Bonds*”) in the aggregate principal amount of \$141,700,000; its State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2016 (the “*Series 2016 Bonds*”) in the aggregate principal amount of \$500,000,000; and its State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2017 (the “*Series 2017 Bonds*”) in the aggregate principal amount of \$560,025,000 under the Master Trust Agreement dated as of November 1, 2013, as supplemented by the First Supplemental Master Trust Agreement dated as of November 1, 2013, the Second Supplemental Master Trust Agreement dated as of September 1, 2016 and the Third Supplemental Master Trust Agreement dated as of September 1, 2017 (collectively, the “*Master Trust Agreement*”), between the Authority and Amalgamated Bank of Chicago, as Master Trustee (the “*Master Trustee*”); and

WHEREAS, the Series 2013 Bonds, the Series 2016 Bonds and the Series 2017 Bonds are outstanding in the aggregate principal amount of \$ 1,029,430,000; and

WHEREAS, a portion of the Loans have heretofore been assigned by the IEPA to the Authority pursuant to a Third Amended and Restated Assignment of Loans dated as of October 1, 2018 (the “*Original Pledge Agreement*”) to provide security for the payment of the Series 2013 Bonds, the Series 2016 Bonds and the Series 2017 Bonds; and

WHEREAS, the Authority desires to provide additional funds to be used for loans for the SRF Program, including the funding of a portion of the State Match required under the Clean Water Program for federal fiscal year 2019 and the Drinking Water Program for federal fiscal year 2019 (the “*Project*”); and

WHEREAS, the Authority has determined that it is necessary and desirable to issue its revenue bonds to finance the Project which constitutes a “public purpose project” under the Act in connection with the SRF Program, and to pay costs of issuing such bonds; and

WHEREAS, in furtherance of the purposes set forth in the Act, the Authority wishes to provide for the financing of the Project by the sale and issuance of its revenue bonds, and by authorizing such actions as might be required to implement such stated intention; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Authority is now prepared to authorize, issue and sell its State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2019, in an aggregate principal amount not to exceed \$450,000,000 (the “*Bonds*”) in order to finance the Project, such Bonds to be secured by the Master Trust Agreement on a parity with the Series 2013 Bonds, the Series 2016 Bonds and the Series 2017 Bonds; and

WHEREAS, to better secure the Bonds, the Series 2013 Bonds, the Series 2016 Bonds and the Series 2017 Bonds, it may be necessary to pledge additional Loans pursuant to a Fourth Amended and Restated Assignment of Loans (the “*Restated Pledge Agreement*”); and

WHEREAS, it is desirable that the Bonds be sold at public sale; and

WHEREAS, the Bonds, together with the Series 2013 Bonds, the Series 2016 Bonds and the Series 2017 Bonds, shall be payable solely from the Loans pledged under the Original Pledge Agreement or a Restated Pledge Agreement and all moneys, securities and earnings in all funds and accounts established under the Master Trust Agreement, except as set forth in the Master Trust Agreement; and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Fourth Supplemental Master Trust Agreement to supplement the Master Trust Agreement (the “*Supplement*”), between the Authority and the Master Trustee in connection with the issuance of the Bonds; and

WHEREAS, the Authority and the IEPA entered into a Memorandum of Agreement (Clean Water Initiative) dated as of November 1, 2013 (the “*Original MOA*”), as amended by the First Amendment to Memorandum of Agreement (Clean Water Initiative) dated as of June 30, 2014, the Second Amendment to Memorandum of Agreement (Clean Water Initiative) dated as of September 1, 2016, the Third Amendment to Memorandum of Agreement (Clean Water Initiative) dated as of April 1, 2017 and the Fourth Amendment to Memorandum of Agreement (Clean Water Initiative) dated as of September 1, 2017 (the Original MOA, together with all amendments to date, the “*Memorandum of Agreement*”), describing the duties and obligations of such entities in connection with the Clean Water Program and Drinking Water Program; and

WHEREAS, the Chairperson, the Vice Chairperson or the Executive Director of the Authority may determine that it is necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Fifth Amendment to Memorandum of Agreement (Clean Water Initiative) between the Authority and the IEPA (the “*Fifth Amendment to MOA*”); and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Bond Purchase Agreement (the “*Purchase Contract*”) with respect to the sale of and delivery of the Bonds, by and among the Authority, the IEPA and _____ (the “*Representative*”), on behalf of itself and such other underwriters set forth on the cover of the hereinafter defined Preliminary Official Statement (collectively, the “*Underwriters*”); and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of a Tax Exemption Certificate and Agreement dated the date of issuance of the Bonds, by and among the Authority, the IEPA and the Master Trustee (the “*Tax Exemption Agreement*”); and

WHEREAS, it is now necessary, desirable and in the best interests of the Authority to approve the distribution of a Preliminary Official Statement (the “*Preliminary Official Statement*”) and an official statement (the “*Official Statement*”) in connection with the public sale of the Bonds; and

WHEREAS, it is now necessary, desirable and in the best interest of the Authority to authorize the execution and delivery of a Continuing Disclosure Undertaking dated the date of issuance of the Bonds, by the Authority (the “*Undertaking*”) in order to meet its continuing disclosure obligations to the Underwriters pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934; and

WHEREAS, the following documents are those which the Members of the Authority propose to approve the terms of or enter into:

- (i) a Supplement,
- (ii) a Purchase Contract,
- (iii) a Restated Pledge Agreement
- (iii) a Preliminary Official Statement,
- (iv) a Fifth Amendment to MOA,
- (v) an Undertaking, and
- (vi) the Bonds;

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

Section 1. That the Authority hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct, and does incorporate them into this Resolution by this reference; that the Project constitutes a “public purpose project” under the Act; and that the financing of the Project through the issuance of the Bonds will accomplish valid public purposes as set forth and in accordance with the Act. The Authority intends to designate the Bonds as “green bonds.”

Section 2. That the Authority is hereby authorized to enter into the Supplement, the Restated Pledge Agreement, the Fifth Amendment to MOA and the Undertaking (the “*Authority Documents*”) in substantially the same forms of such documents as used in connection with the issuance of the Series 2017 Bonds or in the forms thereof executed by the officer(s) of the Authority authorized hereby to execute such documents; that the forms, terms and provisions of the Authority Documents be, and they hereby are, in all respects approved; that the Chairperson, the Vice Chairperson or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver, and the Secretary or any Assistant Secretary of the Authority be and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Authority Documents (as applicable) in the name, for and on behalf of the Authority, and thereupon to cause the Authority Documents to be executed, acknowledged and delivered in the form as the individual executing each Authority Document on behalf of the Authority shall approve, his or her

execution thereof to constitute conclusive evidence of such approval; that when the Authority Documents are executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Authority Documents shall be binding on the Authority; that from and after the execution and delivery of the Authority Documents, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Authority Documents as executed; and a copy of the Authority Documents shall be placed in the official records of the Authority, and shall be available for public inspection at the office of the Authority.

Section 3. That the form of the Bonds, in substantially the same form as the Series 2017 Bonds and that contained in the Supplement, be, and the same hereby is approved; that the Bonds may be issued pursuant to the Supplement; that the Bonds may be sold at public sale; that the Bonds may be given such series designations deemed necessary and appropriate by the officers of the Authority executing the Authority Documents; that the Bonds shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of its Chairperson, Vice Chairperson or Executive Director and attested with the manual or facsimile signature of its Secretary or Assistant Secretary and the seal of the Authority or a facsimile thereof shall be affixed, impressed, imprinted or otherwise reproduced thereon and any officer of the Authority shall cause the Bonds, as so executed and attested, to be delivered to the Master Trustee for authentication; and that when the Bonds shall be executed on behalf of the Authority in the manner contemplated by the Master Trust Agreement and the Supplement and this Resolution, they shall represent the approved forms of Bonds of the Authority; *provided* that the Bonds shall mature in such amount or amounts payable on such date or dates not later than July 1, 2049, and shall bear interest at such rate or rates not to exceed six percent (6%) per annum, and produce an arbitrage yield of not to exceed six percent (6%) per annum, payable on such date or dates as provided in the Supplement, and subject to redemption as provided in the Master Trust Agreement and Supplement; *provided further*, that the Authority deems it proper to delegate to the Chairperson, the Vice Chairperson or the Executive Director of the Authority, as the case may be, the power to approve any and all changes to the Supplement, the Purchase Contract, the Restated Pledge Agreement, the Fifth Amendment to MOA, the Bonds, the Undertaking, the Preliminary Official Statement, and the Official Statement as he or she shall, on behalf of the Authority, determine, subject to the preceding proviso and Section 4.

Section 4. That sale of the Bonds in an aggregate principal amount not to exceed \$450,000,000 to the Underwriters, at a purchase price of not less than 98% of the aggregate principal amount thereof being sold (exclusive of original issue discount and original issue premium) plus accrued interest, if any, to the date of delivery, is hereby approved and confirmed; that the Authority is hereby authorized to enter into the Purchase Contract in substantially the same form as the purchase contract executed in connection with the sale of the Series 2017 Bonds; that the form, terms and provisions of the Purchase Contract be, and they hereby are, in all respects approved; that the Chairperson, the Vice Chairperson or the Executive Director of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Purchase Contract, such Purchase Contract to provide for the issuance and sale of the Bonds of the Authority in the aggregate principal amount not exceeding that maximum principal amount set forth above, with such changes therein as the individual executing such Purchase Contract on behalf of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes and revisions therein from the form of Purchase Contract approved hereby; that when a Purchase Contract is executed and delivered on behalf of the Authority as hereinabove provided, such Purchase Contract shall be binding upon the Authority; that from and after the execution and delivery of the Purchase Contract, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Purchase Contract as executed; and a copy of each Purchase Contract shall be placed in the official records of the Authority, and shall be available for public inspection at the office of the Authority.

Section 5. That the distribution of a Preliminary Official Statement and an Official Statement by the Underwriters with respect to each series of Bonds is hereby approved, such Preliminary Official Statement and Official Statement to be in substantially the same form as the preliminary official statement used with respect to the Series 2017 Bonds, or with such changes thereto as shall be approved by the Chairperson, the Vice

Chairperson or the Executive Director of the Authority. That the Chairperson, the Vice Chairperson or the Executive Director are, and each of them hereby is, authorized to execute the Official Statement.

Section 6. That the Chairperson, the Vice Chairperson, the Executive Director, the Treasurer, the Secretary and any Assistant Secretary of the Authority be, and each of them hereby is, authorized to execute and deliver such other documents, certificates, and undertakings of the Authority, including, without limitation, a Tax Exemption Agreement with respect to the Bonds, and to take such other actions as may be required in connection with the execution, delivery and performance of the Master Trust Agreement, the Supplement, the Undertaking, the Purchase Contract, the Restated Pledge Agreement and the Fifth Amendment to MOA and the distribution of the Preliminary Official Statement and the Official Statement authorized by this Resolution.

Section 7. That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

Section 8. That the provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision hereof 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 of this Resolution.

Section 9. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 10. That this Resolution shall be in full force and effect immediately upon its adoption, as by law provided.

Date: February 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Neil Heller
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy

Shaun Murphy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Brad R. Fletcher, Vice President

Subject: *Issuance of Property Assessed Clean Energy Revenue Bonds*

At the request of Counterpointe Sustainable Real Estate LLC, a Delaware limited liability company (the “**Capital Provider**” and “**Initial Purchaser**”), I transmit herewith a Property Assessed Clean Energy (“**PACE**”) Bond Resolution authorizing the issuance of revenue bonds by the Illinois Finance Authority to be purchased by the Initial Purchaser.

Respectfully submitted,

/s/ Brad R. Fletcher

Vice President

PACE BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE IN ONE OR MORE SERIES OF NOT TO EXCEED \$200,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY TAXABLE PROPERTY ASSESSED CLEAN ENERGY REVENUE BONDS FOR PURCHASE BY COUNTERPOINTE SUSTAINABLE REAL ESTATE LLC OR ITS DESIGNATED TRANSFEREE.

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

WHEREAS, the Authority is authorized pursuant to the Act in general and Article 825 thereof specifically, to issue revenue bonds to finance, among other things, “PACE Projects” (as defined or provided for in the Act);

WHEREAS, pursuant to the Property Assessed Clean Energy Act (50 ILCS 501/ *et seq.*) (the “PACE Act”), local units of government (as defined in the PACE Act) may create a property assessed clean energy program (a “PACE Program”) within their respective jurisdictional boundaries known as a “PACE area” (as defined in the PACE Act, each a “PACE Area” hereunder), and may further delegate the administration of such PACE Program to a program administrator (a “Program Administrator”);

WHEREAS, pursuant to the PACE Act, a “record owner” (as defined in the PACE Act, and a “Record Owner” hereunder) of commercial property within a PACE Area may apply to a local unit of government or its Program Administrator for funding to finance or refinance certain “energy projects” (as defined in the PACE Act, and “PACE Projects” as defined in the Act, which are known as “Energy Projects” herein) and that the local unit of government may impose an assessment under a PACE Program pursuant to the terms of the recorded assessment contract (“Assessment Contract”) with the Record Owner of the commercial property to be assessed;

WHEREAS, the Authority is authorized under the PACE Act to issue property assessed clean energy revenue bonds (“PACE Bonds”) or provide a warehouse fund, in each case to provide liquidity for the financing or refinancing of certain Energy Projects for Record Owners that have complied with the requirements of the PACE Act and the rules and guidelines of a PACE Program administered on behalf of or at the discretion of a local unit of government by a Program Administrator;

WHEREAS, Counterpointe Sustainable Real Estate LLC, a Delaware limited liability company (the “Capital Provider”) wishes to purchase PACE Bonds secured by Assessment Contracts related to a PACE Program administered on behalf of or at the direction of a local unit of government by a Program Administrator;

WHEREAS, such PACE Bonds shall be issued pursuant to a Master Indenture (a “Master Indenture”) among the Authority, the applicable Program Administrator and a bank or other financial institution selected by the Capital Provider or the applicable Program Administrator to serve as bond trustee (a “Bond Trustee”), setting out the parameters, terms and conditions pursuant to which a series of PACE Bonds may be issued pursuant to an Issuance Certificate (an “Issuance Certificate”) among the Authority, the applicable Program Administrator, the Bond Trustee and the Capital Provider as Initial Purchaser (or its Designated Transferee as defined in the applicable Issuance Certificate); and

WHEREAS, PACE Bonds shall be secured by certain related Assessment Contracts assigned to the Authority by the applicable local unit of government (acting at the direction of the applicable Program Administrator [and the Capital Provider]) pursuant to an Assignment Agreement (an “Assignment Agreement” and together with the Master Indenture and Issuance Certificate, the “PACE Bond Documents”), executed by the Authority and the applicable local unit of government.

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

Section 1. Bonds. In order to obtain the funds to loan to certain Record Owners party to Assessment Contracts to be used for the purposes of financing Energy Projects, the Authority hereby authorizes the issuance of PACE Bonds subject to the terms and conditions set forth in a Master Indenture and a related Issuance Certificate in substantially the form attached to such Master Indenture, along with the execution and delivery of Master Indentures and related Issuance Certificates in substantially the forms previously provided to and on file with the Authority, and with such changes as are permitted by Section 2 hereof. PACE Bonds shall be issued, executed and delivered under and secured by applicable Assessment Contracts (“Assigned Contracts”) assigned to the Authority pursuant to an Assignment Agreement, and shall have the terms and provisions set forth in the Master Indenture and an applicable Issuance Certificate, subject to the following limitations:

- (a) the aggregate principal amount of PACE Bonds that may be issued pursuant a Master Indenture and any Issuance Certificate and purchased by the Capital Provider or an affiliate thereof as “Initial Purchaser” (as defined in the applicable Master Indenture) or its Designated Transferee (as defined in the Master Indenture) collectively, “PACE Bond Purchaser”) shall not exceed \$200,000,000;
- (b) the PACE Bonds for sale to the PACE Bond Purchaser may be issued in one or more series, of which any such series may be issued in two or more subseries, with such additional series or subseries designated in such manner as approved by an Authorized Officer (as defined herein) of the Authority, which approval shall be evidenced by such Authorized Officer’s execution and delivery of a Master Indenture and applicable Issuance Certificate;
- (c) no PACE Bonds for sale to the PACE Bond Purchaser shall have a maturity later than 30 years from the date of their issuance, provided the PACE Bonds may be subject to serial maturities or mandatory bond sinking fund redemption as provided in a Master Indenture and applicable Issuance Certificate;
- (d) no PACE Bonds for sale to the PACE Bond Purchaser shall bear interest at stated rates exceeding 20.00% per annum;
- (e) no PACE Bonds for sale to the PACE Bond Purchaser shall be issued pursuant to a Master Indenture and a related Issuance Certificate after the date that is three (3) years

after the date of approval of this Resolution;

- (f) PACE Bonds for sale to the PACE Bond Purchaser shall be subject to optional, mandatory and extraordinary redemption and be payable all as set forth in a Master Indenture and the applicable Issuance Certificate;
- (g) PACE Bonds for sale to the PACE Bond Purchaser shall be issued only as fully registered bonds without coupons;
- (h) PACE Bonds for sale to the PACE Bond Purchaser shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairperson, Vice Chairperson or Executive Director and attested by the manual or facsimile signature of its Secretary or any Assistant Secretary, or any person duly appointed by the Members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon; and
- (i) PACE Bonds for sale to the PACE Bond Purchaser shall be issued by the Authority for the consideration set forth in a Master Indenture and applicable Issuance Certificate at par value.

Any PACE Bonds for sale to the PACE Bond Purchaser issued pursuant to a Master Indenture and any applicable Issuance Certificate and the interest thereon shall be limited obligations of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to the Assigned Contracts and certain amounts on deposit with the applicable Bond Trustee in a Master Indenture. PACE Bonds for sale to the PACE Bond Purchaser issued pursuant to a Master Indenture and any applicable Issuance Certificate and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) proceeds of the sale of such PACE Bonds, (ii) the income and revenues derived by the Authority pursuant to Assigned Contracts and other amounts available under a Master Indenture and any applicable Issuance Certificate and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

The Authority hereby delegates to the Chairperson, Vice Chairperson or the Executive Director of the Authority or any other Authorized Officer (as hereinafter defined), the power and duty to make final determinations as to the PACE Bonds to be issued and sold to the PACE Bond Purchaser, including but not limited to, the principal amount, number of series or subseries of such PACE Bonds and any names or other designations therefor, dated date, maturities, purchase price, any mandatory sinking fund redemption dates and amounts, optional and extraordinary redemption provisions, and the interest rates of each series or subseries of such PACE Bonds, each series or subseries of which may be issued or sold on separate dates pursuant to separate Issuance Certificates, and further to issue, execute and deliver such PACE Bonds pursuant to a Master Indenture and related Issuance Certificate, all within the parameters set forth herein.

Section 2. PACE Bond Documents. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director, or General Counsel, or any person duly appointed by the Members to serve in such

offices on an interim basis (each an “*Authorized Officer*”), and the delivery and use, of the PACE Bond Documents. The Secretary or any Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to any PACE Bond Document. The definitive PACE Bond Documents shall be substantially in the forms previously provided to the Members and on file with the Authority, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution and delivery to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of any changes or revisions therein from such forms of the PACE Bond Documents and to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of the terms of any PACE Bonds issued pursuant to the PACE Bond Documents and the purchase thereof.

Section 3. Authorization and Ratification of Subsequent Acts. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including, without limitation, the execution and delivery of one or more supplemental bond indentures, escrow agreements or other agreements providing for the payment of the PACE Bonds and any additional documents that may be necessary to provide for one or more additional series or subseries of PACE Bonds) as may be necessary to carry out and comply with the provisions of these resolutions, the PACE Bond Documents, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the PACE Bond Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the PACE Bond Documents.

Section 4. Severability. The provisions of this PACE Bond Resolution are hereby declared to be separable, and if any section, phrase or provision hereof 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 of this PACE Bond Resolution.

Section 5. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 6. Effectiveness. This PACE Bond Resolution shall be in full force and effect immediately upon its passage, as by law provided.

**ILLINOIS FINANCE AUTHORITY
PROJECT SUMMARY REPORT
February 14, 2019**

Capital Provider: Counterpointe Sustainable Real Estate LLC

BOARD ACTION

PACE Bond Resolution (*One-Time Consideration*)
No extraordinary conditions.

Amount: Not to exceed \$200,000,000
No IFA funds at risk.

RECOMMENDATION

Staff recommends approval of the PACE Bond Resolution presented for consideration in connection with bond issuances to be purchased by the Initial Purchaser.

PURPOSE

Proceeds of the Property Assessed Clean Energy Revenue Bonds will be loaned to record owners of privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property to finance “energy projects” as defined by the Property Assessed Clean Energy Act, 50 ILCS 50/1 et seq.

AUTHORITY PROGRAM AND CONTRIBUTION

Under Illinois law, a record owner of a commercial property may voluntarily enter into an assessment contract with a local unit of government in order to finance or refinance up to 100% of the commercial property owner’s energy efficiency, renewable energy, and water conservation projects through the sale of municipal bonds. Program administrators administer commercial property assessed clean energy programs on behalf of or at the discretion of counties, cities, and villages to facilitate access to capital within their jurisdictions.

Local units of government may sell, assign, and transfer to the Authority all right, title, and interest in, to, and under an assessment contract in order for the Authority to issue bonds pursuant to subsection (d) of Section 825-65 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., in accordance with the Property Assessed Clean Energy Act.

VOLUME CAP

Property Assessed Clean Energy Revenue Bonds do not require volume cap.

JOB DATA

N/A Current Jobs
N/A Retained Jobs

N/A New Jobs Protected
* Construction Jobs Projected

*The Authority reasonably anticipates reporting at a later time the amount of construction jobs, if any, created as a result of energy projects financed by the Authority’s bond proceeds.

ESTIMATED SOURCES & USES

| | | | |
|-----------------|-----------------------------|--|-----------------------------|
| Sources: | | Uses: | |
| PACE Bonds | <u>\$200,000,000</u> | Energy Project Costs (including but not limited to Capitalized Interest and/or Debt Service Reserve Funds, if any) | <u>\$200,000,000</u> |
| Total | <u>\$200,000,000</u> | Total | <u>\$200,000,000</u> |

FINANCING SUMMARY

The conduit transactions authorized by the PACE Bond Resolution will not be rated. The plan of finance contemplates that the Initial Purchaser, as an Accredited Investor and Qualified Institutional Buyer, will purchase the Property Assessed Clean Energy Revenue Bonds in minimum denominations of \$100,000 or more. Bonds will be issued pursuant to Issuance Certificates under a Master Indenture specific to the Initial Purchaser.

The aggregate principal amount, final maturity date, and the interest rate or rates for each energy project funded by bond proceeds shall be as set forth in the Issuance Certificates.

The Initial Purchaser will be secured by assessment contracts which constitute liens against properties against which assessments are imposed and recorded in the office of the applicable County Recorder. The lien of an assessment contract shall run with the property until the assessment is paid in full and shall have the same priority and status as other property tax and assessment liens. The local unit of government (and Initial Purchaser) shall have all rights and remedies in the case of default or delinquency in the payment of an assessment as it does with respect to delinquent real estate taxes.

Mortgage holder consent is required.

PROJECT SUMMARY

As amended, supplemented, modified or replaced, the Property Assessed Clean Energy Act states that an energy project means the installation or modification of an alternative energy improvement, energy efficiency improvement, or water use improvement, or the acquisition, installation, or improvement of a renewable energy system that is affixed to a stabilized existing property (including new construction).

BUSINESS SUMMARY

Under Illinois law, an assessment of the existing water or energy use and a modeling of expected monetary savings is required for any proposed energy project before a record owner of commercial property may enter into an assessment contract with a local unit of government.

By entering into assessment contracts with local units of government, record owners expect the monetary savings to be greater than the repayment costs of energy projects financed or refinanced through assessments imposed upon their respective properties.

ECONOMIC DISCLOSURE STATEMENT

Record Owners: Names of (a) shareholders holding more than 7.5% of equity interests, or (b) all general partners (if the record owner is a partnership), or (c) members holding more than 7.5% of the economic or voting interest of the record owner (if the record owner is a limited liability company), or (d) if the record owner or any property financed would be a land trust, an identification of the trust and all beneficiaries of the trust including the percentage of beneficial interest of each beneficiary of the trust, will be reported to the Authority's Secretary (or Assistant Secretary).

Initial Purchaser

Ownership: Counterpointe Sustainable Real Estate LLC is a Delaware limited liability company that is 50%-owned by HASRE Holdings LLC, an indirect wholly owned subsidiary of Hannon Armstrong Sustainable Infrastructure, Inc., 44.44% by Counterpointe Energy Partners LLC, and 5.56% owned by CSRE Capital LLC.

- HASRE Holdings, LLC and Hannon Armstrong Sustainable Infrastructure, Inc.
1906 Towne Centre Blvd
Suite 370
Annapolis, Maryland 21401
- Counterpointe Energy Partners LLC and CSRE Capital LLC
2600 Maitland Center Parkway
Suite 163
Maitland, Florida 32751

Managers of Counterpointe Sustainable Real Estate LLC: Jeff Eckel, Daniel McMahon, Eric Alini and David Schaefer.

PROFESSIONAL & FINANCIAL

Initial Purchaser/Capital

| | | | |
|-----------|---|-----------------------------------|------------------------------|
| Provider: | Counterpointe Sustainable Real Estate LLC | Old Greenwich, CT Maitland, FL | Eric Alini David Schaefer |
|-----------|---|-----------------------------------|------------------------------|

Authority Financial

| | | | |
|-----------|------------------------------|---------------------------------|------------------------------------|
| Advisors: | Acacia Financial Group, Inc. | Chicago, IL New York, NY | Phoebe Selden Noreen White |
| | Sycamore Advisors, LLC | Chicago, IL Indianapolis, IN | Olyvia Jarmoszka Diana Hamilton |

SERVICE AREA

The PACE Bond Resolution authorizes the Initial Purchaser to purchase PACE Bonds issued by the Authority for energy projects statewide.

LEGISLATIVE DISTRICTS

| | |
|----------------|-----|
| Congressional: | TBD |
| State Senate: | TBD |
| State House: | TBD |

Date: February 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Neil Heller
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy

Shaun Murphy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Brad R. Fletcher, Vice President

Subject: ***Resolution Authorizing Various Matters Relating to Bond Financing for Commercial Property Assessed Clean Energy Projects including Approval of Updates to the Authority's Bond Handbook, Fee Schedule, and Other Matters Related Thereto***

Request:

The accompanying Resolution requests approval of an updated Bond Handbook and Fee Schedule in connection with the Illinois Finance Authority's (the "Authority") commencement of offering Commercial Property Assessed Clean Energy ("C-PACE") bond financing services, and delegates authorization to Authorized Officers (as defined therein) to perform certain actions within established parameters.

Previously, on February 15, 2018, Members of the Authority adopted a Resolution conveying to the Executive Director and staff its support to develop financing options in response to failed implementation of state legislation enacted into law for local units of government on August 11, 2017.

Impact:

The Authority's launch of C-PACE bond financing services offers borrowers, local units of government, program administrators, and capital providers (or bond purchasers) a turnkey solution for standardized, efficient, and affordable bond issuance. Local units of government assign assessment contracts originated by capital providers to the Authority in order to utilize standardized bond documents and effectively pool assessment contracts across multiple jurisdictions in a program administrator's market area to achieve economies of scale. The Authority's C-PACE bond financing services promote standardization of an otherwise fractured Illinois C-PACE market to improve liquidity and bring about cost savings for all. The Authority has been granted \$2.0 billion of bonding authorization by the Illinois General Assembly to finance or refinance "PACE Projects" as defined in the Illinois Finance Authority Act (20 ILCS 3501/801-1 et seq.), which are "energy projects" as defined in the Property Assessed Clean Energy Act (50 ILCS 501/ et seq.) (collectively, "Energy Projects" herein). This \$2.0 billion of bonding authorization for Energy Projects is separate and apart from the Authority's general \$28.15 billion debt limit.

In furtherance of achieving economies of scale, private warehouse lenders can interim fund small Energy Projects that are otherwise uneconomical for purposes of long-term bond financing for up to three years. Small Energy Projects can therefore receive immediate funding to expedite construction and installation.

Upon a critical mass of assessment contracts being originated by a capital provider for small Energy Projects, the Authority, as a statewide body politic and corporate, can issue a pooled bond to the applicable capital provider, prorating the costs of issuance amongst the various borrowers in a program administrator's market area.

Background:

Pursuant to an enabling state statute, commercial property owners in Illinois can finance or refinance up to 100% of their energy efficiency, renewable energy, and water conservation projects on a long-term basis through a local unit of government that has established a PACE area within its jurisdictional boundaries.

Upon establishment of a PACE area by the adoption of a local unit of government ordinance, a commercial property owner can voluntarily enter into an assessment contract with that local unit of government to finance a qualifying Energy Project on the commercial property. Proceeds of a municipal bond issue by the local unit of government fund the Energy Project, and bonds are repaid through an assessment imposed by the local unit of government on the commercial property. The assessment contract constitutes a lien against the commercial property on which the assessment is imposed until the assessment, including any interest or penalty, is paid in full. The lien is recorded with the county and becomes a line-item on the property owner's real estate (i.e., property) tax bill. Like any other property tax, the lien is senior to any outstanding commercial mortgage. Accordingly, mortgage holder consent is required.

Bond repayment obligations financed through this voluntary assessment seamlessly transfer to any new owner upon sale of the commercial property. Similarly, the new owner of the respective commercial property continues to benefit from the ongoing savings from the energy efficiency, renewable energy, and water conservation project.

Importantly, bondholders are entitled to the same rights and remedies that a local unit of government has regarding delinquent property taxes. Cumulatively, these factors allow C-PACE bond financing terms to exceed standard commercial lending terms that are otherwise only 5-7 years, and as a result, C-PACE bond financing terms are more aligned with the useful life of Energy Projects. The useful life of Energy Projects can extend to 20 and even 30 years, depending on the Energy Project.

Finally, unless issued for a qualifying project under federal law (which are likely going to be in the minority of C-PACE bond financings), bonds issued for Energy Projects are not entitled to a tax-exempt interest rate benefit, unlike the vast majority of private activity bonds issued by the Authority.

Transformation Initiative:

On November 2, 2017, federal tax legislation was introduced in the United States House of Representatives that threatened to eliminate issuance of private activity bonds, the primary service by which the Authority generates income. Ultimately, however, Congress chose to eliminate advance refundings and mostly preserved the Authority's capacity to issue private activity bonds.

In response, the Authority undertook an effort to diversify its products and services (the "Transformation Initiative") while continuing to fulfill its public mission. The Transformation Initiative is based upon guiding principles established by the Authority's 2013-2015 Strategic Plan.

Initiating C-PACE Bond financing services was a cornerstone of the Transformation Initiative.

Legislative History:

I. Enabling State Statute

On August 11, 2017, the Governor signed into law HB2831 (Public Act 100-0077) cited as the Property Assessed Clean Energy Act. The law enables Illinois local units of government, including counties, cities, and villages, to establish property assessed clean energy programs within their respective jurisdictional boundaries.

Pursuant to the enabling state statute, a record owner of commercial property within a PACE area may enter into an assessment contract with a local unit of government to finance or refinance one or more qualifying Energy Projects. Eligible property includes privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property, but does not include property owned by the local unit of government or a homeowner's or condominium association. Furthermore, the statute does not enable residential property assessed clean energy ("R-PACE") programs.

Unfortunately, no local unit of government created a commercial property assessed clean energy program within the first six months following enactment of the law. As a result, the Authority adopted a Resolution on February 15, 2018, conveying to the Executive Director and staff its support to develop statewide, centralized financing options for Illinois local units of government that desire to establish commercial property assessed clean energy programs in their communities. Implementation of this policy by the Authority required changes to the enabling state statute.

II. SB43 – IFA Act Amendment

On April 13, 2018, an amendment to the Illinois Finance Authority Act was filed in the Illinois Senate. After receiving recommendation by the Senate Commerce and Economic Development Committee, the Senate unanimously passed SB43 on its third reading April 24, 2018. SB43 arrived in the Illinois House of Representatives that same day. After receiving recommendation by House Revenue and Finance Committee, the Illinois House passed SB43 on its third reading May 22, 2018. On August 17, 2018, the Governor signed into law SB43 (Public Act 100-0919), amending the Illinois Finance Authority Act as advocated for by the Authority.

In addition to various amendments related to the Authority's rejuvenated Participation Loan Program, SB43 clarifies that a financeable "project" under the Illinois Finance Authority Act is a "PACE Project," which is an "energy project" as provided for under the Property Assessed Clean Energy Act. Within this statutory framework, SB43 further provides that the Authority may utilize its available assets to make loans for Energy Projects, including but not limited to assets in the Industrial Project Insurance Fund, and similarly apply its experience as a conduit bond issuer for long-term bond financing of Energy Projects. Local units of government are not mandated by SB43 to utilize the Authority. Finally, SB43 makes clear that the Authority's previous authorization to issue bonds in an amount not to exceed \$2 billion for Clean Coal, Coal, Energy Efficiency and Renewable Energy Projects also includes Energy Projects.

III. SB2773 – PACE Act Amendment

On April 17, 2018, an amendment to the Property Assessed Clean Energy Act was filed in the Illinois Senate. After receiving recommendation by the Senate Commerce and Economic Development Committee, the Senate unanimously passed SB2773 on its third reading May 2, 2018. SB2773 arrived in the Illinois House of Representatives on May 3, 2018. After receiving recommendation by House Revenue and Finance Committee, the Illinois House passed SB2773 on its third reading May 30, 2018. On August 19, 2018, the Governor signed into law SB2773 (Public Act 100-0980), amending the

Property Assessed Clean Energy Act as advocated for by the Authority. The effective date of the amendment was January 1, 2019.

SB2773 provides that local units of government may assign assessment contracts to any body politic and corporate (such as the Authority), any bond trustee for purposes of properly structuring required legal documents, or any warehouse lender or warehouse fund for purposes of making interim loans for Energy Projects.

By permitting assignment of assessment contracts to the Authority pursuant to SB2773, the Authority can be provided the necessary collateral required to issue municipal bonds for Energy Projects under its own corporate powers (“PACE Bonds”). Issuance of PACE Bonds by the Authority will drive standardization of bond documents and avail a more efficient PACE Bond issuance process, while also reducing legal and operational costs for borrowers, local units of government, program administrators, and capital providers. Furthermore, this standardization will improve liquidity in the Illinois C-PACE market.

SB2773 also accommodates the complexity of financing small Energy Projects by allowing a warehouse lender (i.e., private financial institution) or a warehouse fund (i.e., established by either a local unit of government or potentially the Authority) to make interim loans as long-term bond financing of small Energy Projects may be considered uneconomical. As a result, small Energy Projects can receive immediate interim funding rather than being delayed until a pooled PACE Bond financing can be completed in an economical manner. The pooling of assessment contracts for small Energy Projects together creates economies of scale when issuing a long-term PACE Bond. Importantly, as a statewide body politic and corporate, the Authority can effectively pool these assessment contracts across multiple jurisdictions in a program administrator’s market area for purposes of PACE Bond financing.

SB2773 also improves the enforcement provisions of assessment contracts, necessary for Energy Projects to be financeable in general. Other legislative improvements include availing property assessed clean energy programs for new construction, clarifying what is required when recording a lien with the county clerk as a result of a voluntary assessment contract, making clear that a local unit of government may procure more than one program administrator to incentivize competition, and mandating that any public hearings that may be required by a local unit of government establishing a PACE area must be held by the local unit of government itself to achieve transparency.

Finally, while existing law provides that municipal bonds secured by assessment contracts are never general obligations of taxpayers, SB2773 further restricts any PACE Bonds issued by the Authority from utilizing the moral obligation of the State of Illinois.

Administrative Law:

Previously, on November 13, 2018, Members of the Authority adopted a Resolution approving the proposed repeal, modification, and amendment of existing rules, including implementation of certain new rules, to the Illinois Administrative Code. Specifically, the Authority determined that an emergency exists necessitating the urgent adoption of an emergency rule regarding “Bond Counsel on Pooled Financings.”

The Illinois Administrative Code previously stated that the Authority shall select bond counsel on all pooled financings. However, the Authority reasonably expects some PACE Bond financings to be pooled financings, and likewise asserts that program administrators and capital providers in a pooled PACE Bond financing should be able to engage their own transaction team, including bond counsel.

As a result, an emergency rule is being submitted to the Secretary of State Index Department exempting pooled PACE Bond financings from the mandate that the Authority shall select bond counsel. The emergency rule will remain in effect for approximately 150 days upon its submission.

During the 150-day period, the Authority will be submitting and publishing in its entirety the proposed repeal, modification, and amendment of existing rules, including implementation of certain new rules, to the Illinois Administrative Code.

C-PACE Bond Financing Services; Parameters:

I. Standardized Documents

The Authority has drafted a standardized ordinance local units of government can download from the Authority's website or request from staff in order to establish a PACE area within their jurisdictional boundaries upon selecting a program administrator. The standardized ordinance the Authority avails to local units of government establishes the PACE area, approves the statutorily required program administrator program report, delegates an Authorized Officer (as defined therein) to both execute assessment contracts and assign assessment contracts to the Authority, and approves the form of assessment contract.

The Authority, therefore, has crafted provisions that must be incorporated into a form assessment contract adopted by a local unit of government in order for the Authority to accept its assignment as security for PACE Bond issuance by the Authority.

Accordingly, approval of the Authority's updated Bond Handbook is requested in connection with the Authority's commencement of offering C-PACE bond financing services. Referenced as Exhibit 1 to the accompanying Resolution, the substantially final updates to the Bond Handbook set forth the Authority's requirements and policies applicable to PACE Bonds issued by the Authority, including but not limited to the requisite assessment contract provisions, the PACE Bond application process, and the form of PACE Bond Resolution.

As the standardized form of PACE Bond Resolution in the Bond Handbook to be utilized by any bond counsel will approve a form Master Indenture and related Issuance Certificate, the Authority has expended time and resources drafting a form Master Indenture and form Issuance Certificate in furtherance of upholding standardization principles and fostering diminished legal costs of property assessed clean energy programs across the state. The form Master Indenture and related Issuance Certificate is available to program administrators upon request.

II. Efficient Bond Issuance

The PACE Bond Resolution will approve the maximum term, interest rate and principal amount of PACE Bonds that may be issued by the Authority for purchase by a capital provider for Energy Projects located throughout the state, provided that an Energy Project is located in a PACE area and a program administrator is administering the property assessed clean energy program on behalf of or at the discretion of the applicable local unit of government. Thereafter, Authorized Officers (as defined in the PACE Bond Resolution) may execute Issuance Certificates under the approved form of Master Indenture for the applicable capital provider to finance Energy Projects. This delegation ensures efficient and timely funding of Energy Projects by capital providers consistent with market expectations.

Accordingly, the Authority will have a separate, distinct Master Indenture and related Issuance Certificates for each capital provider in a program administrator's market area. As a result, a capital

provider can fund multiple Energy Projects through a single Master Indenture, improving liquidity in the Illinois C-PACE market as the PACE Bonds issued by the Authority for a particular capital provider are therefore easier to securitize in the secondary market. Multiple Energy Projects can also be financed in a single Issuance Certificate, if necessary, to achieve economies of scale for bond financing of small Energy Projects located in multiple jurisdictions, if applicable.

Upon approval of a capital provider's PACE Bond Resolution, the respective capital provider will submit an application for each Energy Project it wishes to finance through the issuance of PACE Bonds by the Authority. As outlined in the updates to the Bond Handbook, staff will review each application in order for Authorized Officers to execute and deliver the requisite Issuance Certificate and bond closing documents for each Energy Project. Bond counsel will confirm the assigned assessment contract satisfies the requirements detailed in the Bond Handbook of the Authority.

Finally, no PACE Bonds may be issued pursuant to a PACE Bond Resolution for any capital provider more than three years after the approval date of the PACE Bond Resolution. This sunset provision allows the Authority to properly manage its available bonding capacity pursuant to state statute and has the effect of requiring capital providers to seek additional approval for additional bonding authorization as needed.

Authority staff anticipates providing a synopsis of successful PACE Bond closings to Members of the Authority on a quarterly basis, at a minimum.

III. Affordable Fees

Approval of the Authority's Fee Schedule for issuing PACE Bonds is requested in connection with the Authority's commencement of offering C-PACE bond financing services. Referenced as confidential Exhibit 2 to the accompanying Resolution, the Fee Schedule for issuance of PACE Bonds suggests a flat basis point fee (based on an Issuance Certificate's total par amount) for services rendered, provided that there is both a minimum and maximum fee.

There is no application fee for issuance of PACE bonds upon assignment of an assessment contract from a local unit of government. Typically, borrowers have already paid an application fee to program administrators administering the property assessed clean energy program on behalf of or at the discretion of a local unit of government.

Future C-PACE Opportunity: Interim Funding Product

The Authority may at a later time consider dedicating a portion of its unrestricted balance sheet assets from the defeasance of the former Illinois Local Government Bond Bank for interim funding small Energy Projects that are otherwise uneconomical for purposes of long-term bond financing. The goal of the Authority's warehouse fund would be to offer capital providers a low cost of capital while providing borrowers immediate funding, in addition to generating interest income. The interest rate of the Authority's warehouse fund would be designed to drive C-PACE business to the Authority while also minimizing any opportunity costs associated with otherwise investing the Authority's unrestricted balance sheet assets at maximum yield per the Authority's Investment Policy Statement.

Notably, unrestricted assets from the defeasance of the former Illinois Local Government Bond and otherwise restricted monies held in the Authority's Industrial Revenue Bond Insurance Fund (in addition to otherwise restricted monies held in both the Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer and Agribusiness Loan Guarantee Fund) can be made available for interim funding small Energy Projects if needed, ensuring sufficient available capital as the Authority's C-PACE interim funding product develops and matures. Given that the non-operating (investment) assets of the Authority are held

with one custodian, the Authority reasonably anticipates engaging its custodian to serve as the depository for the Authority warehouse fund, the engagement of which may be accomplished as a small purchase by Authority staff.

Recommendation:

Authority staff recommends approval of the accompanying Resolution, including Exhibit 1 and Exhibit 2.

Based on the success of the Authority's C-PACE bond financing services and market reaction, staff may request approval of a subsequent resolution to implement a C-PACE interim funding product.

Respectfully submitted,

/s/ Brad R. Fletcher
Vice President

Enclosures: Resolution
Exhibit 1 Updated Bond Handbook
Exhibit 2 PACE Fee Schedule (Confidential)

RESOLUTION NO. 2019-0214-DA05

RESOLUTION AUTHORIZING VARIOUS MATTERS RELATING TO BOND FINANCING FOR COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROJECTS INCLUDING APPROVAL OF UPDATES TO THE AUTHORITY'S BOND HANDBOOK, FEE SCHEDULE, AND OTHER MATTERS RELATED THERETO.

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

WHEREAS, the Authority is authorized pursuant to the Act in general and Article 825 thereof specifically, to issue revenue bonds to finance, among other things, "PACE Projects" (as defined or provided for in the Act);

WHEREAS, pursuant to the Property Assessed Clean Energy Act (50 ILCS 501/ *et seq.*) (the "PACE Act"), local units of government (as defined in the PACE Act) may create a property assessed clean energy program (a "PACE Program") within their respective jurisdictional boundaries known as a "PACE area" (as defined in the PACE Act, each a "PACE Area" hereunder), and may further delegate the administration of such PACE Program to a program administrator (a "Program Administrator");

WHEREAS, pursuant to the PACE Act, a "record owner" (as defined in the PACE Act, and a "Record Owner" hereunder) of commercial property within a PACE Area may apply to a local unit of government or its Program Administrator for funding to finance or refinance certain "energy projects" (as defined in the PACE Act, and "PACE Projects" as defined in the Act, which are known as "Energy Projects" herein) and that the local unit of government may impose an assessment under a PACE Program pursuant to the terms of the recorded assessment contract ("Assessment Contract") with the Record Owner of the commercial property to be assessed;

WHEREAS, the Authority is authorized under the PACE Act to issue property assessed clean energy revenue bonds ("PACE Bonds") or provide a warehouse fund (a "Warehouse Fund"), in each case to provide loans or other interim funding for the financing or refinancing of certain Energy Projects for Record Owners that have complied with the requirements of the PACE Act and the rules and guidelines of a PACE Program administered on behalf of or at the discretion of a local unit of government by a Program Administrator;

WHEREAS, the Authority desires to issue PACE Bonds for the financing or refinancing of Energy Projects in accordance with its powers and authority under the Act and the PACE Act for purchase by certain capital providers ("Capital Providers") and secured by related Assessment Contracts;

WHEREAS, the Authority may in a subsequent resolution authorize implementation and offering of a Warehouse Fund for interim financing of Assessment Contracts;

WHEREAS, the Authority maintains a bond handbook (“Bond Handbook”) setting forth the general procedures, terms and conditions pursuant to which the Authority will agree to issue bonds;

WHEREAS, the Authority proposes certain updates to the Bond Handbook in the form attached hereto as Exhibit 1 primarily to set forth the Authority’s requirements and policies applicable to PACE Bonds issued by the Authority, including but not limited to requisite Assessment Contract provisions, the PACE Bond application process, and the form of bond resolution approving the issuance of PACE Bonds; and

WHEREAS, the Authority’s Fee Schedule is attached hereto as Exhibit 2 pursuant to which the Authority will be compensated for issuing PACE Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AUTHORITY AS FOLLOWS:

Section 1. Approval of the Updates to the Bond Handbook and all Provisions Contained Therein Pertaining to the Issuance of PACE Bonds. The updated Bond Handbook in substantially the form attached hereto as Exhibit 1, and with such changes as are permitted by Section 3 hereof, is approved in all respects.

Section 2. Approval of the Authority’s Fee Schedule for Issuance of PACE Bonds. The Authority’s Fee Schedule attached hereto as Exhibit 2 is hereby approved in all respects.

Section 3. Delegation to the Authorized Officers. The Chairperson, Vice Chairperson, Executive Director, or General Counsel, or any person duly appointed by the Members to serve in such offices on an interim basis (the “Authorized Officers”) are hereby authorized to do all things necessary to implement the updates to the Bond Handbook in substantially the form approved pursuant to Section 1, or with such changes as may be approved by an Authorized Officer, and implement the Authority Fee Schedule in connection with issuing PACE Bonds; provided, that, further authorization by the Members in a subsequent resolution shall be necessary before the Authority may issue any PACE Bonds to be purchased by a Capital Provider.

Section 4. Ratification. All prior acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved, and confirmed.

Section 5. 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 6. Enactment. These Resolutions shall be in full force and effect immediately upon their passage, as provided by law.

Approved and effective this 14th day of February, 2019 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By _____
Executive Director

[SEAL]
ATTEST:

By _____
Assistant Secretary

EXHIBIT 1

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ILLINOIS FINANCE AUTHORITY

BOND ~~PROGRAM~~ HANDBOOK

Updated as of ~~September 15, 2014~~ February 14, 2019

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SECTION I
INTRODUCTION

A. GENERAL INFORMATION

A. GENERAL INFORMATION

The Illinois Finance Authority (the “Authority”) is a body politic and corporate of the State of Illinois (the “State”). The Authority was created under the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.* (the “Act”). In accordance with the Act, the Authority is governed by a 15-~~member~~Member board (the “Board”), with each ~~member~~Member appointed by the Governor of the State and approved by the State Senate.

This Bond ~~Program~~-Handbook (this “Handbook”) sets forth the Authority’s requirements and policies applicable to all bonds issued by the Authority (with the exception of ~~its~~-Beginning Farmer ~~Bond Program and Agricultural Guarantee Program~~Bonds, which have separate bond issuance guidelines). All potential borrowers (“Borrowers” and individually, a “Borrower”), legal, financial and consulting representatives participating in Authority bond transactions should carefully review this Handbook and its requirements. Any questions concerning the matters contained in this Handbook should be directed to the Authority’s General Counsel. The contact information for the Authority and its representatives is as follows:

Illinois Finance Authority
160 North LaSalle Street, Suite ~~C-800~~S-1000
Chicago, Illinois 60601
Telephone: (312) 651-1300 | (800) 717-6066 | (800) 526-0844 (TTY)
Facsimile: (312) 651-1350
Website: www.il-fa.com

B. POLICY CONSIDERATIONS

B. POLICY CONSIDERATIONS

This Handbook provides guidelines that allow for the fair, efficient and effective issuance of Authority bonds. It provides Borrowers with significant input in the structuring of their transactions while protecting the interests of the Authority. This Handbook also reflects the Authority’s philosophy of providing its Borrowers with a customer-driven bond transaction process. It also details the procedure for Program Administrators of a commercial Property Assessed Clean Energy (“PACE”) program administered on behalf of or at the direction of a Local Unit of Government in the State of Illinois to issue bonds secured by PACE Assessment Contracts (“PACE Bonds”).

C. APPLICABILITY AND CHANGE

C. APPLICABILITY AND CHANGE

The terms, provisions and conditions of this Handbook shall apply to all bonds issued through the Authority (except as noted above) and reflects the current policies and thinking of the Authority. Like any policy, it is subject to modification, revision and amendment at the sole discretion of the Authority. Certain terms and provisions herein may differ from documents executed and

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delivered with respect to bonds approved or issued prior to the effective date of this revised Handbook.

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SECTION II **SECTION II** **THE MECHANICS OF AUTHORITY** **BOND FINANCING**

A. THE APPLICATION PROCESS

A. THE APPLICATION PROCESS

1. **Application.** The bond issuance process commences when the Borrower or a Program Administrator with respect to a PACE Project files a complete application, with supporting documentation, with the Authority. Applications are available for the following project categories: (a) Industrial Projects, (b) Hospital and Healthcare Projects, (c) Local Government Projects, (d) Not-For-Profit / Cultural / Educational Projects, Environmental / Pollution Control / Solid Waste / Water or Gas Distribution Projects, (e) Agriculture Projects, ~~and~~ (f) Housing Projects and (g) PACE Projects. Applications and instructions for completing and filing the same can be downloaded from the Authority's website (~~www.il-fa.com~~ <http://www.il-fa.com>) or can be secured by contacting the Authority at (312) 651-1300. ~~Borrowers for Industrial and Environmental / Pollution Control / Solid Waste Projects must also complete and file an Economic Disclosure Statement (the "EDS"), which is available on the Authority's website or by calling (312) 651-1300.~~

2. **Authority Fees.** The Authority's current fee schedule is available by contacting the Authority at (312) 651-1300. The Authority reserves the right, in its sole discretion, to modify the fee schedule (or adjust the required fees for a specific proposed transaction) at any time and without notice. Upon submission of an application, a Borrower must pay a nonrefundable application fee (except with respect to PACE Projects, for which there is no application fee). The Authority's closing fee and its issuer's counsel fee are payable at the bond closing.¹ In the event that a project, approved by the Authority's Board, does not close, the Borrower shall not have to pay the Authority's closing fee; however, the Borrower shall be liable for and shall pay any and all costs associated with the Authority's retention of outside professionals, including, but not limited to, issuer's counsel, in connection with said project.

3. **Application Review.** It is the obligation of the Borrower to provide to the appropriate Vice President ~~or Legal/Financial Analyst~~ of the Authority (hereinafter, each a "Manager") a completed application, all required supporting documentation and the non-refundable application fee ~~to the~~ (except with respect to PACE Projects, for which there is no application fee) to the Authority for its review no later than two (2) weeks prior to the date of the board meeting at which it is to be considered. Each applicant is required to acknowledge the underwriting and legal requirements for approval and for issuance of the bonds, as well as the requirement that the conduit borrower's proposed project and transaction will

¹ Note: The Authority does not anticipate utilizing issuer's counsel for PACE Bonds for the majority of issuances.

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comply with the requirements of this Handbook, the Authority's policies and procedures and any other requirements of the Manager of the application.

4. ~~4.~~ Conduit Bond Transaction Process. As a "conduit issuer", the Authority issues bonds for the benefit of the Borrower. Such bonds are not general obligations of the Authority or the State, rather the payment obligation remains with the Borrower. The Authority's conduit bond transaction typically includes, but is not limited to, the following processes and milestones:

- (a) Application submitted to the Authority, including:
 - (i) a signed application form, ~~with signed EDS if applicable;~~
 - (ii) a non-refundable application fee; and
 - (iii) financial statements prepared by a licensed Certified Public Accounting ("CPA") firm, unless otherwise approved by the Authority.
- (b) Authority staff reviews the application package, and prepares a write-up for presentation to the ~~Credit~~Project Review Committee (the "Committee").
- (c) Submission of the Preliminary Bond Resolution ("Preliminary Resolution") to the Board for its approval, if applicable.
- (d) Award of volume cap, if applicable.
- (e) Review and publishing of the TEFRA hearing notice, if applicable.
- (f) Public TEFRA hearing held, if applicable.
- (g) Issuer's counsel reviews bond and closing documents.
- (h) The Board votes on the Final Bond Resolution ("Final Bond Resolution").
- (i) Closing dates and final bond issuance amount set.
- (j) Authority submits request to Governor's Office for approval letter.
- (k) Receipt and execution of signature pages.
- (l) Bond pre-closing and closing.
- (m) Receipt of electronic version and three (3) final official statements or disclosure documents.
- (n) Receipt of two (2) CD-ROM disks containing all closing documents.
- (o) Post-closing monitoring.

5. PACE Bond Transaction Process. The Authority expects that the majority of PACE bonds will not be tax exempt, and therefore the process outlined above may generally not apply. The Authority's PACE Bond transaction typically includes, but is not limited to, the following processes and milestones:

- (a) Submission of the PACE Bond Resolution ("PACE Bond Resolution") to the Board for its approval, which shall approve the maximum term, interest rate and principal amount of PACE Bonds that may be issued to an applicable Capital Provider pursuant to a Master Indenture and Issuance Certificate among the Authority, the Program Administrator and the Trustee in substantially the form on file with the Authority.

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- (b) Application submitted to the Authority by the applicable Program Administrator on behalf of a Capital Provider, which should include the following:
 - (i) a signed application form;
 - (ii) a copy of the PACE Assessment Contract(s), including the requisite exhibits; and
 - (iii) assessment of the existing water or energy use and a modeling of expected monetary savings for the proposed PACE Project pursuant to 50 ILCS 25(c)(10).
- (c) Authority staff reviews the application package, and prepares a write-up for presentation to the Project Review Committee (the “Committee”).
- (d) Program Administrator shall utilize a PACE Assessment Contract form that incorporates the required provisions approved by the Board, and any deviations to such provisions shall be subject to approval by the IFA General Counsel. (See Section III.H for further details regarding the Authority’s requisite PACE Assessment Contract provisions.)
- (e) The applicable Local Unit of Government and the Authority shall execute an Assignment Agreement in the form on file with the Authority pursuant to which the Local Unit of Government will assign the PACE Assessment Contract that will be the security for the PACE Bonds to be issued.
- (f) Bond Counsel shall prepare the Issuance Certificate for the applicable PACE Bonds to be secured by the applicable PACE Assessment Contract(s) in substantially the form on file with the Authority.
- (g) Authority staff, and if required by the Authority, issuer’s counsel, reviews bond and closing documents.
- (h) Closing dates, interest rates and final bond issuance amount shall be set within parameters approved pursuant to the PACE Bond Resolution applicable to the Capital Provider, and which shall be finalized by a designated officer within such parameters.
- (i) Receipt and execution of signature pages.
- (j) Bond pre-closing and closing.
- (k) Receipt of electronic versions of final documents, including the final Issuance Certificate(s), and disclosure documents (if applicable).
- (l) Receipt of two (2) CD-ROM disks containing all closing documents.

B. COUNSEL ENGAGEMENT AND CONFLICTS

Note: Section II.C (Preliminary (Inducement) Resolution, Section II.E (Volume Cap Allocation Procedures), Section II.F (TEFRA Procedures), Section II.I (Disclosure Compliance), and Section II.N (IRS Form 8038) shall not apply to PACE Bonds, unless any PACE Bonds or series thereof are to be issued as tax-exempt bonds.

B. COUNSEL ENGAGEMENT AND CONFLICTS

It is the policy of the Authority to allow conduit borrowers, and Program Administrators or Capital Providers for PACE Bonds, to assemble their financing team members, with an understanding that such members are duly qualified and recognized professionals in their

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respective fields. The Authority does not mandate the use of particular professionals, except that the Authority may require that bond counsel establish an attorney-client relationship with the Authority (with respect to bond authorization, bond issuance and tax exemption matters, if applicable), with such relationship being memorialized in an engagement letter.

Notwithstanding the right of the conduit borrower to assemble its team and legal advisors, the Authority, as the issuer of the bonds, must maintain the confidence of the markets and use all reasonable efforts to make sure that its bonds are issued in full compliance with all applicable federal and State laws. To that end, the Authority has established guidelines (as set forth in the following paragraph) to determine when a law firm (including, without limitation, bond, underwriter's, borrower's or bank's counsel) may serve in multiple roles on a particular transaction.

Any law firm seeking to serve in more than a single capacity in a particular transaction shall seek a waiver from the Authority's General Counsel prior to preliminary approval (or final approval if preliminary approval is not sought) of a resolution by the Board, provided that, if the facts giving rise to the need for a waiver arise after approval, a waiver should be sought as soon as possible thereafter. A waiver will be granted in circumstances where a bank chooses counsel from a firm that is also acting as bond counsel to the Authority with respect to a transaction, so long as the Borrower is represented by another firm with respect to such transaction. In its waiver request, the law firm shall identify the roles that it will be seeking to perform, affirm that the proposed engagements conform with the applicable rules of professional responsibility, and address the steps that it will take to avoid conflicts or the appearance of conflicts. The Authority's General Counsel may grant waivers consistent with this policy and any other applicable laws or rules, as determined to be in the best interests of the Authority. Notwithstanding the foregoing, issuer's counsel should not serve in any other capacity in a particular issuance.

C. PRELIMINARY (INDUCEMENT) RESOLUTION

~~G. PRELIMINARY (INDUCEMENT) RESOLUTION~~

After the Committee makes its recommendation, the Board holds discretionary power to accept or reject the recommendation upon consideration of a board resolution, the Preliminary Resolution, which is drafted based on the Borrower's application and the Committee's review thereof, and all limitations imposed by current federal and State law, including without limitation and where applicable, the availability of sufficient volume cap at the time of the bond issuance. For these reasons, a Borrower's full disclosure of the uses of bond proceeds, including the use of bond proceeds to reimburse the Borrower for expenditures made prior to the issuance of the bonds, and the description of the financing are essential. To ensure compliance with all applicable laws, the Borrower is expected to have consulted counsel prior to submitting its application and financing description. Exhibit A sets forth the Authority's preferred form of Preliminary Resolution; however, the Authority retains the right, as it deems necessary, to make changes to a Preliminary Resolution, both in general and as it may relate to a particular financing. Bond counsel shall draft a project's Preliminary Resolution, consistent with the form of resolution in Exhibit A, and deliver an electronic version thereof, in Word format, to the Authority's General Counsel no later than 5:00 p.m. ~~the Friday~~ at least three business days before

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the scheduled ~~board~~Board meeting, at which said Preliminary Resolution will be considered for adoption.

The Authority understands that in certain instances a Borrower may have no need for a Preliminary Resolution, and the Borrower may wish to proceed directly to a Final Bond Resolution. The Authority will make all reasonable efforts to accommodate such a request. The Borrower should contact the Manager and/or the General Counsel to discuss such a request as soon as possible, preferably at the time the Borrower files its application. The Authority's granting of such a request will, in substantial part, depend upon the nature and complexity of the proposed financing and the time constraints then confronting the Authority.

D. FINAL BOND RESOLUTION; PACE BOND RESOLUTION

D. FINAL BOND RESOLUTION

In general, bond counsel and/or the Borrower should inform the Manager and General Counsel as early as possible, but in no event less than two (2) weeks prior to the anticipated adoption date of the Final Bond Resolution of the plan for final document production (except as otherwise approved by the General Counsel).

Before final Board consideration of a financing can occur, copies of all major financing documents, including, as applicable and without limitation, the loan agreement, the trust indenture, the official statement (or other disclosure document), the bond purchase agreement, and the Final Bond Resolution **must be delivered to the Authority's General Counsel** in substantially final form satisfactory to the Authority and its issuer's counsel **no later than 5:00 p.m. on the Wednesday at least three business days prior to the ~~board~~Board meeting** (except as otherwise approved by the General Counsel). Exhibit ~~BB-1~~ sets forth the Authority's preferred form of Final Bond Resolution; however, the Authority retains the right, as it deems necessary, to make changes to a Final Bond Resolution, both in general and as it may relate to a particular financing. The Authority expects bond counsel to work in concert with its issuer's counsel to prepare these documents. The Authority understands that the tax agreement, escrow documents and closing certificate may not be in final form by this time, but should be in a form previously approved by the Authority in similar transactions to the matter at hand, subject to pricing information and other information dependent upon the sale of the Bonds. Once received, the Authority's General Counsel will review the submitted materials. If this review finds that the documents are insufficient regarding material information, the Authority reserves the right to remove the financing from the meeting agenda. Documents may be deemed insufficient in the following circumstances: 1) the structure or material terms of the financing remain unsettled, 2) a committed bond purchaser or underwriter is not identified, 3) documents are not in substantially final form or 4) the adoption of a final resolution in the sole discretion of the Authority is otherwise not appropriate.

With respect to PACE Bonds, the Authority anticipates there will be a single bond resolution for each Capital Provider ("PACE Bond Resolution") authorizing the issuance of PACE Bonds for purchase by a Capital Provider for a period of three years, and which shall outline the parameters of acceptable PACE Bond issuances pursuant to the Master Indenture and related Issuance Certificate in substantially the form on file with the Authority. In other words, each Capital Provider that wishes to purchase PACE Bonds must obtain Board approval pursuant to a PACE

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Bond Resolution before PACE Bonds may be issued and sold to such Capital Provider or its designee. Bond counsel and/or the Program Administrator should inform the Manager and General Counsel as early as possible, but in no event less than two (2) weeks prior to the anticipated adoption date of the PACE Bond Resolution of the plan for finalization of the Master Indenture (except as otherwise approved by the General Counsel). Before Board consideration of a Master Indenture applicable to a Capital Provider can occur, the substantially final Master Indenture, any documentation required to be executed concurrently therewith, and the PACE Bond resolution **must be delivered to the Authority's General Counsel** in substantially final form satisfactory to the Authority **no later than 5:00 p.m. at least three business days prior to the Board meeting** (except as otherwise approved by the General Counsel). Exhibit B-2 sets forth the Authority's preferred form of PACE Bond Resolution; however, the Authority retains the right, as it deems necessary, to make changes to a PACE Bond Resolution, both in general and as it may relate to a particular financing.

After adoption of a PACE Bond Resolution approving the issuance and sale of PACE Bonds to a particular Capital Provider, a further PACE Bond Resolution would not be required to authorize issuance of subsequent PACE Bonds, provided that subsequent issuances remain within the parameters set forth in the applicable PACE Bond Resolution (including utilization of bond documents in substantially similar to those approved). For the avoidance of doubt, Issuance Certificates may authorize multiple series of bonds, with respect to issuances secured by multiple PACE Assessment Contracts.

E. VOLUME CAP ALLOCATION PROCEDURES

E. VOLUME CAP ALLOCATION PROCEDURES

In general, under federal law, the amount of certain tax-exempt bonds that the Authority may issue is limited to the amount of volume cap allocated to it. Currently the tax-exempt issuances that require an allocation of volume cap include industrial revenue bonds, housing bonds, beginning farmer bonds, water and gas distribution bonds, waste disposal revenue bonds, and pollution control bonds. The Authority's issuance of tax-exempt bonds for not-for-profit hospitals and healthcare facilities, educational, cultural and academic institutions, other 501(c)(3) entities and units of local government currently do not require an allocation of volume cap. It is the responsibility of the Borrower and bond counsel to determine whether a particular financing will require volume cap and to request volume cap from the Authority.

1. ~~4.~~ **State Agency Allocation.** States receive allocations of volume cap based on population. After federal allocation, states dictate the method of distribution. In accordance with the provisions of Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), the State established volume cap allocation procedures for "qualified private activity bonds" through the enactment of the "Illinois Private Activity Bond Allocation Act", as codified in 30 ILCS 345/1 *et seq.* In addition, the Governor's Office issues guidelines and procedures that define the method of allocating State volume cap to issuers. For the most recent Allocation Procedures, visit the website of the Governor's Office of Management and Budget at ~~<http://www.state.il.us/budget>~~—<http://www.state.il.us/budget>.

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2. **Authority Cap Allocation.** State agencies generally receive volume cap allocation in bulk, all cap amounts are to be used by year-end. However, federal law provides for carrying forward amounts for certain uses during the subsequent three years. All cap not used within this three-year period expires.

The Authority controls the distribution of its volume cap. The two main objectives behind Authority project prioritization are economic development and revenue generation. Borrowers must secure the amount of requested volume cap and a request for volume cap should be made simultaneous with the submission of the Borrower's application to the Authority. Borrowers and bond counsels must note that **all** requests for an allocation of volume cap **must** be submitted by and through the Authority, not the Governor's Office. If the Authority grants a Borrower's request for volume cap, it will issue an allocation letter to the Borrower, dated no later than the date of closing. Shortly after closing, the Authority's General Counsel will prepare a confirmation of issuance letter, addressed to the Governor, which confirms the bond issuance and the allocation and use of volume cap, and submit this letter to the Governor's Office. (In order to file this letter, the General Counsel must receive a final IRS Form 8038 for the transaction.) The General Counsel will also deliver a copy of this letter to bond counsel, who must file, by certified mail, return receipt requested, said Form 8038 and the letter, with the Internal Revenue Service (the "IRS") within the time prescribed by applicable rules and regulations.

Note: If a Borrower has secured volume cap from another source (i.e., a unit of local government) that is to be ceded to the Authority for its project, the Authority must receive the duly adopted resolution(s) no less than two (2) weeks prior to closing. The Authority will not close a financing prior to its receipt of the resolution(s).

F. ~~F.~~ TEFRA PROCEDURES

Prior to consideration of a Final Bond Resolution, each applicant (except local government borrowers) must satisfy the public notice and hearing requirements of the Tax Equity and Fiscal Responsibility Act of 1984 ("TEFRA"). Though not preferred, the Authority may consider requests to hold a TEFRA Hearing after adoption of a Final Bond Resolution. Such a request must be made to the Authority's General Counsel and the Authority may grant such requests at its sole discretion. Responsibility for compliance with TEFRA requirements rests solely with bond counsel. Section 147(f) of the Code requires holding a TEFRA hearing prior to the Authority's issuance of tax-exempt bonds, except in very limited circumstances where a TEFRA hearing is not required. Borrowers have no obligation to attend the TEFRA hearing. Additionally, the Governor's Office requires a TEFRA hearing transcript prior to the Governor's execution of an approval letter. The following procedures will assist bond counsel with satisfying TEFRA procedures.

1. Bond counsel must draft and publish the TEFRA hearing notice in the appropriate newspaper(s) a minimum of fourteen (14) days prior to the scheduled TEFRA Hearing date. Bond counsel must publish a legal notice in the project area local

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newspaper and in the State Journal-Register of Springfield, Illinois. If the project area includes multiple locations that are not served by a single paper, then the notice must be published in a newspaper that serves each community. The notice must include a project description sufficiently detailed to include all possible uses of bond proceeds, all as required by federal law. In addition, the notice must note the Authority's acceptance of written comments via email at ~~publiccommetns@il-fa.com~~publiccomments@il-fa.com or (i) at its Chicago office, currently located at 160 North LaSalle Street, Suite ~~C-800~~S-1000, Chicago, Illinois 60601 (overnight delivery), or (ii) P.O. Box ~~641187~~641249, Chicago, Illinois 60664 (mail). Exhibit C sets forth the Authority's preferred TEFRA format. The Authority is not responsible for the cost of publishing the required notices.

2. The Authority holds TEFRA hearings on the Friday preceding the Authority's monthly board meeting. In the event of a State holiday on the scheduled Friday, the TEFRA hearing will take place on the Thursday preceding the monthly board meeting. TEFRA hearings commence at 9:00 a.m. in the 11th Floor conference room at 500 East Monroe Street, Springfield, Illinois.
3. Bond counsel must confirm the TEFRA hearing for a particular issuance with the Authority's General Counsel no later than four weeks before the scheduled TEFRA hearing. Confirmation shall include sending to the General Counsel, via e-mail, in Word format, a draft copy of the notice.
4. To evidence the required publication notice, bond counsel must obtain affidavits of publication of the notice of the TEFRA hearing, copies of which shall be promptly provided to the Authority.
5. The Authority will prepare and provide a transcript of the TEFRA hearing as a part of its Closing Certificate (the "Certificate of the Authority").
6. The Governor's Office acts as the ~~"~~"applicable elected representative" for purposes of the public approval requirement of Section 147(f)(2)(E) of the Code. The Governor's staff processes requests for approval upon satisfaction of: (a) a TEFRA hearing and (b) adoption of Final Bond Resolution. Accordingly, the Authority only submits completed requests, which consists of affidavits of publication, a TEFRA hearing transcript and a Final Bond Resolution. Bond counsel must allow sufficient time for processing a request for approval. Bond counsel should assume a minimum turnaround time of seven (7) business days. (Generally, local government Borrowers do not require a Governor's approval letter.)

G. DUE DILIGENCE RESPONSIBILITIES

G. DUE DILIGENCE RESPONSIBILITIES

The Authority requires that all participants comply with any and all applicable federal and state securities laws, including, but not limited to, those requiring full and complete disclosure of all material facts to potential investors. It is the responsibility of the participants to determine the

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appropriate investigations, material facts, and required disclosures to prospective purchasers of bonds. The Authority will not assume any responsibility for such investigations or disclosures, and the Authority's issuer's counsel specifically disclaims any responsibility for such disclosures in its opinion. The Authority expects that the due diligence process undertaken for Authority financings will meet the following standards.

1. Underwriter's counsel, who must be well experienced in securities law matters, is expected to take responsibility for due diligence investigations and official statement preparation and distribution.
2. Underwriter's counsel is expected to issue an opinion in connection with the transaction and the adequacy of disclosure in the official statement. The opinion must comply with the usual "10b-5" opinion in a form applicable to the transaction, without any exceptions considered material by the Authority's issuer's counsel or General Counsel. The Authority considers financial and statistical information and financial statements as permissible exceptions.
3. Prior to official statement circulation, the Authority and its issuer's counsel must have a meaningful opportunity to review all portions of the official statement relating to the Authority, and all material comments of the Authority and its issuer's counsel should be incorporated into the official statement that is presented to bondholders.
4. As a general matter, the Authority expects not to execute an official statement, offering memorandum or other disclosure documents. Borrowers must execute all such documentation.

With respect to private placement/direct purchase transactions (including those for PACE Bonds), the foregoing may not apply if the appropriate assurances, agreements and acknowledgments (including the delivery of a form of investor letter acceptable to the Authority) are provided to and approved by the Authority (or in the case of PACE Bonds, the form Master Indenture and Issuance Certificate, and any related exhibits are executed).

H. INDEMNIFICATION OF THE AUTHORITY

H. INDEMNIFICATION OF THE AUTHORITY

The Act grants broad powers to the Authority to accomplish the objectives of the Act. The Act expressly permits the Authority to issue bonds in accordance with its corporate purposes. In order to foster the Authority's statutory role and to enable the Authority to provide Borrowers with discretion relative to their financings, all issues must provide for indemnification of the Authority. For the standard indemnification provisions that the Authority expects, see Section ~~III.B~~ III.B (Loan Agreement) and ~~III.D~~ III.D (Bond Purchase or Placement Agreement) of this Handbook.

Compliance with the indemnification requirements of the Authority is essential to securing the Board's approval of the proposed bond financing. The Authority will not participate in a bond financing if its indemnification requirements are not met. As stated in Section ~~G~~ G above, the

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Authority does not take any responsibility for due diligence investigations or disclosure and the Authority's issuer's counsel specifically disclaims any responsibility for such disclosure in its opinion. (See Section ~~III.D-III.D~~ (Bond Purchase or Placement Agreement) ~~of this Handbook, or the form Master Indenture and Issuance Certificate on file with the Authority and available upon request of a Program Administrator~~). The existence of credit enhancement does not eliminate the obligation to indemnify the Authority. Credit enhancement does not release the underwriter, placement agent, remarketing agent or comparable entity of the obligation to abide by covenants in the bond documents.

A clear statement of the Authority's indemnification must appear in all relevant bond documents (loan agreement, bond purchase agreement, [Master Indenture and/or Issuance Certificate](#), etc.). In addition, the official statement, offering memorandum and other disclosure documents must clearly state that the Authority has only reviewed or approved particular information relating to the Authority under specific headings. Furthermore, the bond purchase agreement must articulate the Authority's non-participation in the preparation of the offering document, except for the information relating to the Authority under specific headings. (See Section ~~III.F-III.F~~ (Official Statement) for additional information.)

I. DISCLOSURE COMPLIANCE

~~I. DISCLOSURE COMPLIANCE~~

1. ~~4.~~ **Private Placements / Direct Purchases.** A bond issue constitutes a private placement/direct purchase if (a) it is offered to a limited number of accredited investors or qualified institutional buyers, as those terms are defined by the Securities and Exchange Commission (the "SEC"), and (b) the bond issue transcript includes a certificate or letter from each bond purchaser covering the matters set forth in Exhibit D (except as may be otherwise approved by the Authority's General Counsel). Under certain limited circumstances, a certificate or letter from the underwriter or placement agent for the bonds covering substantially the matters set forth in Exhibit D is acceptable; however, this matter must be discussed with and approved by the Authority's General Counsel prior to the adoption of the Final Bond Resolution authorizing the bonds. The decision to accept such a certificate or letter rests solely with the Authority. The Authority and its issuer's counsel assume that purchasers in a private placement/direct purchase transaction will insist on receiving from the other parties to the transaction the information that the purchasers deem necessary to finalize their investment decisions.
2. ~~2.~~ **Public Offerings.** In the Final Bond Resolution, the Authority will, upon request, authorize or ratify the distribution of a disclosure document in the form of an official statement, offering memorandum or similar form. In the Certificate of the Authority, however, the Authority will only certify to those portions of the official statement or offering memorandum describing the Authority and material litigation pending or threatened against the Authority, if any.
3. ~~3.~~ **Secondary Market.** As a conduit issuer, the Authority typically does not provide secondary market disclosure. At the time of sale of the bonds, the

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Authority requires the Borrower and/or other participants to provide secondary market disclosure of financial information, operational data and other material information, as required by law. If applicable given the particulars of the financing, the official statement or offering memorandum must contain language stating that the Authority does not provide secondary market disclosure, either at closing or on an on-going basis.

J. BLUE SKY LAWS

~~J.~~ BLUE SKY LAWS

Compliance with Blue Sky Laws is the responsibility of the underwriter. The Authority and its issuer's counsel shall disclaim such responsibility.

K. BOND DENOMINATIONS

~~K.~~ BOND DENOMINATIONS

1. ~~4.~~ **Investment Grade Bonds.** The Authority will issue bonds in denominations of \$5,000 upon satisfaction of specific credit rating requirements. To qualify for a \$5,000 denomination, the Borrower must obtain an investment grade rating for the proposed bonds. Proposed bonds that are ~~non-rated~~nonrated or have a rating below investment grade must satisfy the requirements set forth in Section K.~~2-~~2 below.

2. ~~2.~~ **~~Non-rated~~Nonrated Bonds and Bonds Rated Below Investment Grade.** Due to greater credit risk, ~~non-rated~~nonrated bonds and bonds rated below investment grade tend to have a higher interest rate than other investments. These high risk and high yield investments generally require a greater level of investor sophistication and securities expertise. Except as noted below, the Authority requires that all ~~non-rated~~nonrated bonds and bonds rated below investment grade be sold only to accredited investors or qualified institutional buyers (as such terms are defined by the SEC) in minimum denominations of at least \$100,000. A Borrower wishing to issue ~~non-rated~~nonrated bonds or bonds rated below investment grade should contact the Authority as early in the process as possible to discuss the appropriate minimum bond denomination amount for the particular issue. A Borrower (or its parent or sponsor) that is not currently in default on any bonds, has not missed a payment date relative to any bonds in the immediately preceding three (3) years and meets the criteria set forth below, may request a waiver of the conditions set forth in this Section:

- (a) The Borrower has issued, in the immediately preceding seven (7) years, at least two (2) series of bonds that were ~~non-rated~~nonrated or rated below investment grade, in an aggregate total of not less than \$40,000,000; or
- (b) The Borrower has secured a feasibility study or compilation, demonstrating the financial viability of the project, from an independent and qualified accounting or consulting firm acceptable to the Authority; or

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- (c) The bonds are being issued to refund or restructure ~~non-rated~~nonrated bonds or bonds rated below investment grade of the Authority, a Predecessor Authority or another conduit issuer, and will result in a positive impact on the financial viability of the Borrower.

In order to secure a waiver, the Borrower shall provide a written waiver request to the General Counsel (which may be provided via email) along with sufficient evidence to demonstrate that it satisfies the foregoing criteria.

L. CLOSING PROCEDURES

~~L. CLOSING PROCEDURES~~

Bond counsel must notify the Authority's General Counsel, Manager and issuer's counsel of the scheduled closing date at least fourteen (14) business days in advance. In scheduling closings, bond counsel should allow sufficient time (minimum of seven (7) business days) for the Governor's Office to process a request for an approval letter (provided, that this parameter is generally inapplicable to PACE Bonds).

1. ~~4.~~ **Signatures.** Bond counsel must (i) submit, via electronic delivery in Word or PDF format, one complete copy of all final bond documents to the Authority's General Counsel and its issuer's counsel, **and** (ii) deliver the appropriate number of signature pages, duly marked, to the General Counsel or Manager, if so instructed. Bond counsel should deliver signature pages to the Authority no less than three (3) business days prior to the pre-closing. **Bonds** will be executed on behalf of the Authority with the manual or facsimile signature of the Board Chairperson (or other officer of the Authority so authorized) and shall have impressed or imprinted thereon the official seal of the Authority or a facsimile thereof and shall be attested to by the manual or facsimile signature of its Secretary or Assistant Secretary. Facsimile signature certificates have been filed with the Illinois Secretary of State under the Uniform Facsimile Signature of Public Officials Act for the Authority's Chairperson and the Executive Director. Other closing papers should be prepared for execution by the Executive Director, with attestation, as needed, by either the Secretary or Assistant Secretary. Documents should provide for the impressing or imprinting thereon of the official seal of the Authority or a facsimile thereof only as needed.

2. ~~2.~~ **Exhibits to Certificate of the Authority.** The Authority's General Counsel or Manager will provide the exhibits called for in the Certificate of the Authority. A model Certificate of the Authority is attached as Exhibit E. The Authority expects this model to be used, unless the particulars of a transaction demand modification. If modification is deemed necessary, bond counsel should contact the Authority's General Counsel to discuss the matter **prior** to the delivery of signature pages. The documents cited as exhibits in Exhibit E will be delivered to bond counsel with the executed signature pages.

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3. **Execution Documents.** As a condition of closing, bond and issuer’s counsel must arrange for the Authority to receive the following fully executed documents (in electronic form) within a week of the bond closing:
 - (a) An electronic version and one (1) final official statements (or disclosure documents);
 - (b) One (1) copy each of the indenture, loan (or financing) agreement and tax agreement (and in the case of PACE Bonds, the Master Indenture, applicable Issuance Certificate and Assessment Contract(s));
 - (c) One (1) copy of each opinion;
 - (d) One (1) copy of the Form 8038 (if applicable);
 - (e) One (1) copy of the assurance letter; and
 - (f) One (1) statement of all bond issuance costs.

~~M.~~ OPINIONS OF COUNSEL

M. OPINIONS OF COUNSEL

All opinions of counsel must be addressed to the Authority. Specific to underwriter’s counsel is the requirement that a Section 10(b)(5) reliance letter be provided to the Authority. Issuer’s counsel opinion addresses various parties to the transaction. Because the scope and content of issuer’s counsel opinion may vary due to the transaction, participants must contact issuer’s counsel to negotiate the coverage of the particular opinion. A list of matters typically addressed in an opinion of issuer’s counsel is attached as Exhibit F. Please note, because the Authority seeks the most cost-efficient price for services, the Authority does not anticipate that its issuer’s counsel will undertake the kind of diligence necessary to render an enforceability opinion of documents drafted by other parties to the transaction (i.e., trust indenture, bond purchase agreement, or loan agreement). Instead, the Authority expects that third parties will rely on the opinion of bond counsel for enforceability of the bonds and such documents.

Issuer’s counsel **must** deliver, no later than the date of the pre-closing, an assurance letter (the “Assurance Letter”), addressed to the Authority, evidencing its determination that the final bond documents have been prepared in compliance with the terms, provisions, and policies set forth in this Handbook (except for any exceptions approved by the Authority’s General Counsel). The preferred form of the Assurance Letter is attached as Exhibit G hereto; provided, however, that if the form documents included in this Bond Handbook for PACE Projects are utilized, an Assurance Letter will not be required.

~~N.~~ IRS FormFORM 8038

At the time of the issuance of the bonds, the Authority must comply with certain information filing requirements under Section 149(e) of the Code. In most cases, the Authority is required to timely file Form 8038 to satisfy such requirements. Bond counsel shall prepare for execution by the Authority all applicable IRS Form 8038s required in connection with a particular financing. Form 8038s shall be executed by the Executive Director of the Authority or any other Authorized Officer of the Authority. After execution of a Form 8038, the Authority will return it

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to bond counsel, who shall be responsible for filing it with the IRS, on behalf of the Authority, within the applicable time period.

In addition to its obligation to timely file Form 8038, the Authority has adopted certain written procedures to monitor the requirements of Section 148 of the Code relating to arbitrage, yield restriction and rebate, and written procedures to ensure that all “non-qualified bonds” of a series of tax-exempt bonds are remediated in accordance with the requirements of the Code and related regulations. Such written procedures shall be contained in all tax exemption agreements delivered in connection with Authority conduit bond transactions, as more particularly described in Section ~~III.E~~III.E.

O. BOND TRANSCRIPTS

~~O.~~ BOND TRANSCRIPTS

The Authority **must** receive, as soon as possible after closing, but within six (6) months of closing, two (2) CD-ROM disks containing all closing documents. The Authority requires that the cover of the CD-ROM contain the following information:

1. The name of the project;
2. The type and amount of the bond issue;
3. The name, “Illinois Finance Authority”;
4. The issue date of the bonds; and
5. The series designation, if any.

The cost of the Authority’s bond transcripts shall be the sole responsibility of the Borrower (or Program Administrator in the case of PACE Bonds).

~~SECTION III~~SECTION III STANDARD DOCUMENT PROVISIONS

A. GENERAL

~~A.~~ GENERAL

In order to establish consistency among its various issuances and to maximize the level of flexibility and discretion that it can provide its Borrowers in structuring their financings, the Authority requires the inclusion of the standard provisions of this Section in all of its conduit bond documents, unless expressly waived by the Authority in accordance with this Section.

1. **General Application of Standard Provisions.** Except as provided in subparagraphs ~~3-3~~ and ~~4-4~~ of this Section, all Authority conduit bond transactions must include the delivery of transaction documents containing the required provisions of this Section and this Handbook.
2. **Application to Private Placement and Direct Purchase Transactions.** The Authority recognizes that certain private placement and direct purchase conduit bond transactions may be facilitated through bond documentation other than the traditional loan agreement and bond indenture. In such cases, the Authority will consider the use of a document rider approved by the Authority to be attached to

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the proposed operative bond documents, which rider contains all of the required provisions of this Handbook. Further, in the event that no trustee is designated for the proposed transaction, the Authority reserves the right to require the engagement of a designated paying agent or other party serving in a similar role.

3. **Application to Borrowers with Existing IFA Bond Documentation.** The Authority recognizes that certain Borrowers have entered into master trust indentures and other bond documents prior to the release of this revised Handbook, and in some cases, under predecessor agencies of the Authority. In such cases, the Authority will consider the applicability of such existing documentation and material provisions, if the Borrower provides written evidence in a form acceptable to the Authority's General Counsel that such alternative provisions in no way adversely impact the rights that the Authority would have otherwise had under the standard document provisions. It is within the sole discretion of the General Counsel of the Authority to grant such a waiver of the applicability of the standard document provisions.
4. [Application to PACE Bonds.](#) The Authority maintains a form Master Indenture and Issuance Certificate for the issuance of PACE Bonds on file and available upon request of a Program Administrator. Program Administrators and Capital Providers should expect to utilize these form bond documents for the issuance of PACE Bonds by the Authority. Therefore, Section III.B (Loan Agreement), Section III.C (Indenture), Section III.D (Bond Purchase or Placement Agreement), Section III.E (Tax Exemption Matters / Arbitrage Matters) and Section III.F (Official Statement) may generally be disregarded for purposes of PACE Bonds.
5. ~~4.~~ **Exception Request Process.** In the event that a Borrower or transaction participant to a conduit bond transaction proposes bond documentation or provisions that deviates from the standard provisions of this Section and this Handbook, such party must prepare and deliver a written request for the waiver of the applicability of the standard document provisions and supporting documentation to the General Counsel of the Authority and the assigned issuer's counsel for the specific transaction. The written request must include a detailed statement that the proposed deviations in no way adversely impact the rights that the Authority would have otherwise had under the standard document provisions. It is within the sole discretion of the General Counsel of the Authority to grant such a waiver of the applicability of the standard document provisions.

B. LOAN AGREEMENT

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B. LOAN AGREEMENT

1. ~~4.~~ **No Recourse.** The obligations of the Authority are special, limited obligations of the Authority, payable solely out of the revenues and income derived under the Indenture. The obligations of the Authority shall not be deemed to constitute indebtedness or an obligation of the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or statutory provision, or a charge against the credit or general taxing powers, if any, of any of them. The Authority does not have the power to levy taxes for any purposes whatsoever. Neither the Authority nor any member, director, officer, employee or agent of the Authority nor any person executing the Bonds shall be liable personally for the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds. No recourse shall be had for the payment of the principal of, premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture, this Loan Agreement or the Bond Purchase Agreement against any past, present or future member, officer, agent or employee of the Authority, or any incorporator, member, officer, employee, director or trustee of any successor corporation, as such, either directly or through the Authority or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, agent or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and, this Loan Agreement and the issuance of the Bonds.

2. ~~2.~~ **Indemnification.** ~~(a)~~ ~~(1)~~ The Borrower will pay, and will protect, indemnify and save the Authority and Trustee and its respective past, present and future members, officers, directors, employees, agents, successor, assigns and any other person, if any, who “controls” the Authority or Trustee, as the case may be, as that term is defined in Section 15 of the Securities Act of 1933, as amended (the Authority, the Trustee and the other listed persons, collectively referred to as, the “Indemnified Persons”) harmless from and against any and all liabilities, losses, damages, taxes, penalties, costs and expenses (including attorneys’ fees and expenses of the Authority and Trustee), causes of action, suits, proceedings, claims, demands, tax reviews, investigations and judgments of whatsoever kind and nature (including, but not limited to, those arising or resulting from any injury to or death of any person or damage to property) arising from or in any manner directly or indirectly growing out of or connected with the following:

- (1) the use, financing, non-use, condition or occupancy of the Project [**“Project” should be broadly defined**], any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any such Project including adjoining sidewalks, streets or alleys and any equipment or facilities at any time located on or connected with such Project or

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used in connection therewith but which are not the result of the gross negligence of the Authority or Trustee;

(2) a violation of any agreement, warranty, covenant or condition of this Loan Agreement or any other agreement executed in connection with this Loan Agreement;

(3) ~~(3)~~ a violation of any contract, agreement or restriction by the Borrower relating to its Project;

(4) ~~(4)~~ a violation of any law, ordinance, rule, regulation or court order affecting the Project or the ownership, occupancy or use thereof or the Bonds or use of the proceeds thereof;

(5) ~~(5)~~ a violation of any law, ordinance, rule, regulation or court order relating to the sale of the Bonds or the use of any official statement (or other disclosure document) related thereto;

(6) ~~(6)~~ any statement or information concerning the Borrower, any of its officers and members, its operations or financial condition generally or the Project, contained in any official statement or supplement or amendment thereto furnished to the Authority or the purchaser of any Bonds, that is untrue or incorrect in any material respect, and any omission from such official statement or any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Borrower, any of its officers and members and the Project not misleading in any material respect, provided that such official statement or supplement or amendment has been approved by the Borrower; and

(7) ~~(7)~~ the acceptance or administration of the Indenture, including without limitation the enforcement of any remedies under the Indenture and related documents, provided that the Trustee shall not be entitled to any indemnity related to liabilities described in this clause (6) caused solely by the negligence or bad faith of the Trustee.

(a) ~~(b)~~ In case any claim shall be made or any action shall be brought against one or more of the Indemnified Persons in respect of which indemnity can be sought against the Borrower pursuant to either of the preceding paragraphs (a), the Indemnified Party seeking indemnity shall promptly notify the Borrower, in writing, and the Borrower shall promptly assume the defense thereof, including the employment of counsel chosen by the Borrower and approved by the Authority or Trustee, or both (provided, that such approval by the Authority or Trustee shall not be

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unreasonably withheld), the payment of all expenses and the right to negotiate and consent to settlement. If any Indemnified Person is advised in a written opinion of counsel that there may be legal defenses available to such Indemnified Person which are adverse to or in conflict with those available to the Borrower, or that the defense of such Indemnified Person should be handled by separate counsel, the Borrower shall not have the right to assume the defense of such Indemnified Person, but the Borrower shall be responsible for the reasonable fees and expenses of counsel retained by such Indemnified Person in assuming its own defense, and provided also that, if the Borrower shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Authority or Trustee within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Person shall be paid by the Borrower. Notwithstanding the foregoing, any one or more of the Indemnified Persons shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Person unless the employment of such counsel has been specifically authorized by the Borrower or unless the provisions of the immediately preceding sentence are applicable. The Borrower shall not be liable for any settlement of any such action affected without the consent of the Borrower, but if settled with the consent of the Borrower or if there be a final judgment for the plaintiff in any such action with or without consent, the Borrower agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

- (b) ~~(e)~~ The Borrower shall also indemnify the Authority, Trustee and such Indemnified Persons for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Borrower under this Loan Agreement or any related agreement, (ii) taking any action requested by the Borrower, (iii) taking any action required by this Loan Agreement or any related agreement, or (iv) taking any action considered necessary by the Authority ~~and which~~ and which is authorized by this Loan Agreement or any related agreement. If the Authority is to take any action under this Loan Agreement or any other instrument executed in connection herewith for the benefit of the Borrower, it will do so if and only if (i) the Authority is a necessary party to any such action or proceeding, and (ii) the Authority has received specific written direction from the Borrower, as required hereunder or under any other instrument executed in connection herewith, as to the action to be taken by the Authority.
- (c) ~~(e)~~ All amounts payable to the Authority under this Section _ shall be deemed to be fees and expenses payable to the Authority for the purposes of the provisions hereof and of the Indenture dealing with assignment of

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the Authority's rights hereunder. The Authority and its members, officers, agents, employees and their successors and assigns shall not be liable to the Borrower for any reason.

- (d) ~~(e)~~ Any provision of this Loan Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Authority retains the right to (i) enforce any applicable federal or State law or regulation or resolution of the Authority, and (ii) enforce any rights accorded to the Authority by federal or State law or policy or procedure of the Authority, and nothing in this Loan Agreement shall be construed as an express or implied waiver thereof.

[In those instances where the Borrower is a Land Trust and the Real Obligors are the Beneficiaries and/or the Project is leased by the Borrower to an operating entity, the Authority will require the beneficiaries and lessee, as the case may be, to execute and deliver a guaranty in a form satisfactory to the Authority.]

3. **Representations and Warranties of the Authority.** The Authority represents and warrants that:

- (a) ~~(a)~~ The Authority is a body politic and corporate validly created and existing under the Act, is authorized to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder, and has been duly authorized to execute and deliver this Loan Agreement;
- (b) ~~(b)~~ It is the Authority's understanding, based upon certain representations of the Borrower, that the issuance and sale of the Bonds and the lending of the proceeds of the Bonds to the Borrower (which proceeds, along with certain other moneys, will be applied for the benefit of the Borrower) is to provide a portion of the moneys required to **[Insert Uses]**;
- (c) ~~(c)~~ To provide funds to lend to the Borrower for the purposes described in (b) above, the Authority has authorized its Bonds in the aggregate principal amount of \$_____ **[Insert other Series, if any]** to be issued upon the terms set forth in the Indenture, under the provisions of which the Authority's interest in this Loan Agreement and the payments of principal, premium, if any, interest and other revenues hereunder (other than Unassigned Authority Rights) and under the Note are pledged and assigned to the Trustee as security for the payment of the principal of, premium, if any, and interest on the Bonds. The Authority covenants that it has not, and will not, pledged or assigned its interest in this Loan Agreement, or the revenue and receipts derived pursuant to this Loan

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Agreement, excepting Unassigned Authority Rights, other than to the Trustee under the Indenture to secure the Bonds.

- (d) ~~(d)~~ To the best of its knowledge, no member of the Authority or officer, agent or employee thereof is, in his or her own name or in the name of a nominee, an officer, director or holder of an ownership interest of more than 7 1/2% in any person, association, trust, corporation, partnership or other entity which is, in its own name or in the name of a nominee, a party to any contract or agreement upon which the member or officer, agent or employee may be called upon to act or vote in connection with the Project.
- (e) ~~(e)~~ To the best of its knowledge, no member of the Authority or officer, agent or employee thereof is, in his or her own name or in the name of a nominee, a holder of any direct or indirect interest (other than a prohibited interest described in paragraph (d) above) in any contract or agreement upon which the member or officer, agent or employee may be called upon to act or vote in connection with the Project, except for direct or indirect interests (other than prohibited interests), (i) which such member, officer, agent or employee has disclosed to the Secretary of the Authority prior to the taking of final action by the Authority with respect to such contract or agreement in the manner required by Section 845-45(b) of the Act, which disclosure has been publicly acknowledged by the Authority and entered upon the minutes of the Authority, and (ii) as to which the member, officer, agent or employee has refrained from taking the actions described in said Section 845-45(b).
- (f) ~~(f)~~ Neither the Authority's execution of this Loan Agreement, its consummation of the transaction contemplated on its part thereby, nor the Authority's fulfillment or compliance with the terms and conditions thereof conflicts with or results in a breach of the terms, conditions and provisions of any material restriction, agreement or instrument to which the Authority is a party, or by which it or any of its property is bound, or constitutes a default under any of the foregoing.

4. ~~4.~~ **Representations and Warranties of the Borrower.**

[The Authority is aware, and expects, certain changes and additions to these representations and warranties where necessary to fit the particulars of the Act or the structure of the financing or when the Bond to be issued is an Industrial Revenue Bond, Multi-Family Housing Bond, or Environmental/Solid Waste/Pollution Control/Gas or Water Distribution Bond.]

The Borrower makes the following representations and warranties as the basis for its covenants herein:

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- (a) ~~(a)~~ The Borrower is a _____ duly incorporated under the laws of the State of _____, is in good standing and duly authorized to conduct its business in this State, is duly authorized and has full power under all applicable laws and its articles of incorporation and ~~by-laws~~ bylaws to create, issue, enter into, execute and deliver, as the case may be, this Loan Agreement, the Remarketing Agreement, the Tax Exemption Agreement, the Official Statement, the Bond Purchase Agreement and the Note **[Include any other relevant documents]** (collectively, the “Borrower Agreements”).
- (b) ~~(b)~~ The execution and delivery of the Borrower Agreements on the Borrower’s part have been duly authorized by all necessary corporate action, and neither the Borrower’s execution and delivery of the Borrower Agreements, the Borrower’s consummation of the transactions contemplated on its part thereby, nor the Borrower’s fulfillment of or compliance with the terms and conditions thereof, conflicts with or results in a material breach of the articles of incorporation or ~~by-laws~~ bylaws of the Borrower or any material agreement or instrument to which the Borrower is now a party or by which it is bound (except for any such breaches for which the Borrower has obtained a waiver or a required consent), or constitutes a material default (or would constitute a material default with due notice or the passage of time or both) under any of the foregoing.
- (c) ~~(c)~~ The Project (i) is comprised of the acquisition, construction, furnishing and equipping of facilities for use by the Borrower as a _____ and the Borrower presently intends to operate the Project for such purpose from the Completion Date to the expiration or earlier termination of this Loan Agreement, and (ii) constitutes a “_____” as defined in the Act. No portion of the Project includes any property used or to be used for sectarian instruction or study or as a place for devotional activities or religious worship or any property which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.
- (d) ~~(d)~~ No litigation, proceedings or investigations are pending or, to the knowledge of the Borrower, threatened against the Borrower seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of the Borrower Agreements, or which would in any manner challenge or adversely affect the corporate existence or powers of the Borrower to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the Borrower of the Borrower Agreements. In addition, except as described in the Official Statement, no litigation, proceedings or investigations are pending or, to the knowledge of the Borrower, threatened in writing against the Borrower, except litigation, proceedings or investigations involving claims for which the probable ultimate recoveries and the estimated costs and

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expenses of defense, in the opinion of management of the Borrower (i) will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total of the available assets held under applicable self-insurance programs or (ii) will not have a material adverse effect on the operations or condition, financial or otherwise, of the Borrower.

(e) ~~(e)~~ The Borrower is a Tax-Exempt Organization; the Borrower has received a determination letter from the Internal Revenue Service to the foregoing effect, which letter is still in full force and effect; and the Borrower has not declared and has not been determined to have any “unrelated business taxable income” as defined in Section 512 of the Code, in an amount which could have a material adverse effect on the Borrower’s status as a Tax-Exempt Organization, or which, if such income were subject to federal income taxation, would have a material adverse effect on the condition, financial or otherwise, of the Borrower.

(f) ~~(f)~~ The (i) consolidated audited financial statements of revenues, expenses and changes in net position of the Borrower for each of the fiscal years ended _____, 20__, 20__ and 20__ and the statement of net position as of _____, 20__, 20__ and 20__, all prepared and certified by _____ independent licensed certified public accountants, all included in the Official Statement, correctly and fairly present the financial condition of the Borrower as of said dates, and the results of the operations of the Borrower for each of such periods, respectively, all in accordance with generally accepted accounting principles consistently applied except as stated in the notes thereto, and there has been no material adverse change in the condition, financial or otherwise, of the Borrower since _____, 20__ from that set forth in the information so utilized except as disclosed in the Official Statement. **[This representation should be modified to cover interim financials, if applicable to the particular transaction.]**

(g) ~~(g)~~ The information used in the preparation of the financial statements referred to in paragraph (f) above, this Loan Agreement, the Tax Exemption Agreement and any other written statement furnished by the Borrower to the Authority (including the descriptions and information contained in the Official Statement relating to (i) the Borrower and the Project, (ii) the operations, financials and other affairs of the Borrower, (iii) the application by the Borrower of the proceeds to be received by it from the loan of the proceeds of the sale of the Bonds, and (iv) the participation by the Borrower in the transactions contemplated herein and in the Official Statement, and the material relating to the Borrower under the caption “Bondholders’ Risks”) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact

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which is not disclosed in the Official Statement or otherwise disclosed by the Borrower to the Authority in writing which materially adversely affects or, so far as the Borrower can now foresee, will materially adversely affect the financial condition of the Borrower, the tax-exempt status of the Borrower, the ability of the Borrower to own and operate the Project or the Borrower's ability to make payments on the Note and under this Loan Agreement when and as the same become due and payable.

(h) ~~(h)~~ Compliance by the Borrower with the provisions of the Borrower Agreements will not involve, to the extent applicable, any prohibited transaction within the meaning of the Employee Retirement Income Security Act of 1974, as amended (herein sometimes referred to as "ERISA"), or Section 4975 of the Code. No "employee pension benefit plans", that are subject to Title IV of ERISA (herein sometimes referred to as "Plans"), maintained by the Borrower, nor any trust created thereunder, have incurred any "accumulated funding deficiency" as defined in Section 302 of ERISA, to the extent applicable and the present value of all benefits vested under all Plans, if any, did not exceed, as of the last annual valuation date, the value of the assets of the Plans allocable to such vested benefits.

(i) The Borrower has any and all necessary licenses and permits to occupy and operate its existing facilities and has obtained, will obtain or will cause to be obtained all necessary licenses and permits to acquire, occupy and operate the Project including, but not limited to, any Certificate of Need, as they become required. *[For transactions in which bond proceeds are being applied for new, project-related expenses]* *[With respect to the construction of the Project with proceeds of the Bonds, the Borrower has complied with and will comply with the Illinois Prevailing Wage Act, 820 ILCS 130/1 to 130/12, to the extent required by the Act and other applicable laws.]*

(j) ~~(j)~~ The representations and certifications contained in the Tax Exemption Agreement and the Project Certificate executed by the Borrowers on the Closing Date are true and correct, and are incorporated by reference herein.

(k) ~~(k)~~ No amounts shall be withdrawn from the Project Fund except to ~~pay or to~~ pay or to reimburse the Borrower ~~for any~~ for any Costs of the Project, ~~or except~~ or except as otherwise permitted in Section ___.

5. ~~5.~~ **Recording and Maintenance of Liens.**

(a) ~~(a)~~ The Borrower will, at its own expense, take all necessary action to maintain and preserve the liens and security interest of the **[Loan Agreement, Indenture, and any other relevant documents**

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(collectively, the (“Agreements”)) so long as any principal, premium, if any, or interest on the Bonds remains unpaid.

(b) ~~(b)~~ The Borrower will, forthwith after the execution and delivery of the Agreements and thereafter from time to time, cause the Agreements, including any amendments thereof and supplements thereto, and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect (i) the lien and security interest thereof upon and the title of the Borrower to the Project, and (ii) the lien and security interest therein granted to the Trustee or Bond Purchaser, if any, to the rights, if any, of the Authority assigned under the Agreements, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments necessary for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Borrower will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Agreements and such instruments of further assurance.

(c) ~~(c)~~ The Authority shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected thereby. The Authority will execute such instruments provided to it by the Borrower as may be reasonably necessary in connection with such filing or recording.

6. ~~6.~~ **Payment of Authority Fees.** The Borrower shall pay a one-time issuance fee of _____ to the Authority and the fee of its issuers counsel prior to or contemporaneously with the issuance of the Bonds.

7. ~~7.~~ **No Warranty by Authority.** THE BORROWER RECOGNIZES THAT THE AUTHORITY HAS NOT MADE AN INSPECTION OF THE BOND FINANCED PROPERTY OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE AUTHORITY MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, CONDITION, WORKMANSHIP, OR FITNESS, SUITABILITY OR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF. THE BORROWER FURTHER RECOGNIZES THAT THE AUTHORITY HAS NO TITLE OR INTEREST TO ANY PART OF THE BOND FINANCED PROPERTY AND THAT THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND AS TO THE

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BORROWER'S TITLE THERETO OR OWNERSHIP THEREOF OR OTHERWISE, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE BOND FINANCED PROPERTY OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE AUTHORITY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION ___ HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE AUTHORITY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OF ILLINOIS OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

8. ~~8.~~ **Assignment and Pledge of Authority's Rights; Obligations of Borrower Unconditional.** As security for the payment of the Bonds, the Authority will assign and pledge to the Trustee all right, title and interest of the Authority in and to this Loan Agreement and the Note, including the right to receive payments hereunder and thereunder (except its Unassigned Rights, including without limitation, the right to receive payment of expenses, fees, indemnification and the rights to make determinations and receive notices as herein provided under Sections _ hereof), and hereby directs the Borrower to make said payments directly to the Trustee. The Borrower herewith assents to such assignment and pledge and will make payments directly to the Trustee without defense or set-off by reason of any dispute between the Borrower and the Authority or Trustee, and hereby agrees that its obligation to make payments hereunder and to perform its other agreements contained herein are absolute and unconditional. Until the principal of and interest on the Bonds shall have been fully paid or provision for the payment of the Bonds made in accordance with the Indenture, the Borrower (a) will not suspend or discontinue any payments provided for in this Loan Agreement, (b) will perform all its other duties and responsibilities called for by this Loan Agreement, and (c) will not terminate this Loan Agreement for any cause including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the Authority to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Loan Agreement.
9. ~~9.~~ **Supplements and Amendments to Loan Agreement; Amendment of Liquidity Facility; Waivers.** Subject to the terms, conditions and provisions of Article _ of the Indenture, the Borrower and the Authority may from time to time enter into supplements and amendments to this Loan Agreement. The Liquidity

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Facility may from time to time be modified in accordance with Section _____ of the Indenture. An executed copy of any of the foregoing amendments, changes or modification shall be filed with the Trustee. The Trustee may grant such waivers of compliance by the Borrower with provisions of this Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes or intent hereof and which, in the opinion of the Trustee, do not have a material adverse effect upon the interests of the Bondholders, provided that the Trustee shall file with the Authority any and all such waivers granted by the Trustee within three (3) business days thereof.

10. ~~40.~~ **Authority's and Trustee's Right of Access to the Project.** The Borrower agrees that during the term of this Loan Agreement the Authority, Trustee, and their duly authorized agents shall have the right, but shall be under no duty or obligation to exercise this right, during regular business hours, with reasonable notice, to enter upon the premises and examine and inspect the Project, subject to such limitations, restrictions and requirements as the Borrower may reasonably prescribe.
11. ~~44.~~ **Maintenance and Repair; Insurance.** The Borrower will maintain the Project in a safe and sound operating condition; making from time to time all needed material repairs thereto, and shall maintain reasonable amounts of insurance coverage with respect to the Project and shall pay all costs of such maintenance, repair and insurance. **[This provision is not intended to prohibit self-insurance, provided that it is adequately funded, determined by the Authority.]**
12. ~~42.~~ **Annual Certificate.** For each year that the Loan Agreement remains in effect, the Borrower will furnish to the Authority and Trustee on or before January 31 of each succeeding year, a certificate of the Borrower, signed by an Authorized Borrower Representative, stating that (i) the Borrower has made a review of its activities during the preceding calendar year for the purpose of determining whether or not the Borrower has complied with all federal tax and federal securities law requirements relating to the bond issue and has determined that the Borrower is in compliance with all requirements, (ii) the Borrower's post-issuance compliance policy contains at least: (a) an identification of a responsible officer or officers for bond compliance, (b) procedures for record retention, including a requirement to maintain records for the entire Record Retention Period (generally, four years after the date on which the last bond of the issue is retired), (c) procedures to assure that the arbitrage yield restriction and rebate requirements are met, and (d) procedures to take remedial action, if required, including acknowledgement of the voluntary closing agreement program of the Internal Revenue Service, (iii) the Borrower is in compliance with its post-issuance compliance policy, (iv) the Borrower has made a review of its activities during the preceding calendar year for the purpose of determining whether or not the Borrower has complied with all of the terms, provisions and conditions of this Loan Agreement, (v) the Borrower has kept, observed, performed and fulfilled

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each and every covenant, provision and condition of this Loan Agreement on its part to be performed, and (vi) the Borrower is not in default in the performance or observance of any of the covenants, provisions or conditions hereof, or if the Borrower shall be in default, such certificate shall specify all such defaults and the nature thereof.

13. ~~13.~~ **Compliance with Laws.** The Borrower shall, through the term of this Loan Agreement and at no expense to the Authority, promptly comply or cause compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Bond Financed Property, or to the repair and alteration thereof, or to the use or manner of use of the Project, including, but not limited to, the Americans with Disabilities Act, Illinois Accessibility Code, all federal, State and local environmental, health and safety laws, rules, regulations and orders applicable to or pertaining to the Bond Financed Property, Federal Worker Adjustment and Retraining Notification Act and, if applicable, the Illinois Prevailing Wage Act.

14. ~~14.~~ **Maintenance of Corporate Existence and Qualification.**

Any dissolution, liquidation, disposition, consolidation or merger of the Borrower shall be subject to the following conditions:

- (a) no event of default exists under this Loan Agreement, the Indenture or the Borrower Agreements and no event of default thereunder will be caused by the dissolution, liquidation, disposition, consolidation or merger;
- (b) the entity surviving the dissolution, liquidation, disposition, consolidation or merger assumes (or if the surviving entity is the Borrower, affirms) in writing and without condition or qualification the obligations of the Borrower under each of the Borrower Agreements;
- (c) neither the validity nor the enforceability of the Bonds, Indenture or the Borrower Agreements is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;
- (d) the exclusion of the interest on the Bonds from gross income for federal income tax purposes is not adversely affected by the dissolution, liquidation, disposition, consolidation or merger, and the provisions of the Act and the Indenture are complied with concerning the dissolution, liquidation, disposition, consolidation or merger;
- (e) the Project continues to be as described herein;
- (f) any successor to the Borrower shall be qualified to do business in the State and shall continue to be qualified to do business in the State throughout the term hereof; and

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- (g) the Authority has executed a certificate acknowledging receipt and approval of all documents, information and materials required by this Section ____ .

As of the effective date of the dissolution, liquidation, disposition, consolidation or merger, the Borrower (at its cost) shall furnish to the Authority (i) an opinion of Bond Counsel, in form and substance satisfactory to the Authority, as to item (d) above, (ii) an opinion of counsel (of high reputation and expertise as determined by the Authority), in form and substance satisfactory to the Authority, as to the legal, valid and binding nature of items (b) and (c) above, (iii) a certificate of the Borrower, in form and substance satisfactory to the Authority, as to items (a), (e) and (f), and (iv) a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger.

[The requirements of this Section may be satisfied by substantively similar provisions contained in a master trust indenture, as reviewed and approved by the Authority in accordance with Section IIIA of this Handbook.]

- 15. ~~15.~~ **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Authority or Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement and the Indenture, now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

- 16. ~~16.~~ **Notice.** Unless otherwise specifically provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when the same is: (i) deposited in the United States mail and sent by first class mail, postage prepaid or (ii) delivered, in each case to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

If to the Authority:
Illinois Finance Authority
P.O. Box 641249
Chicago, Illinois 60664
Attention: Executive
Director

with a copy to:
Illinois Finance Authority
P.O. Box 641249
Chicago, Illinois 60664
Attention: General Counsel

~~If to the Authority:~~
~~Illinois Finance Authority~~
~~P.O. Box 641187~~
~~Chicago, Illinois 60664~~
~~Attention: Executive Director~~

~~with a copy to:~~
~~Illinois Finance Authority~~
~~P.O. Box 641187~~
~~Chicago, Illinois 60664~~
~~Attention: General Counsel~~

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17. ~~47.~~ **Governing Law.** This Loan Agreement shall be governed exclusively by and construed in accordance with the internal laws of the State of Illinois applicable to contracts to be wholly performed therein.
18. ~~48.~~ **Term of this Loan Agreement.** This Loan Agreement shall be in full force and effect from the date hereof, and shall continue in effect until the payment in full of all principal of, premium, if any, and interest on the Bonds, or provision for the payment thereof shall have been made pursuant to Article _ of the Indenture; all fees, charges, indemnities and expenses of the Authority, Trustee, Bond Registrar and Remarketing Agent have been fully paid or provision made for such payment (the payment of which fees, charges, indemnities and expenses shall be evidenced by a written certification of the Borrower that it has fully paid or provided for all such fees, charges, indemnities and expenses); and all other amounts due hereunder and under the Note have been duly paid or provision made for such payment. All representations, certifications and covenants by the Borrower as to the indemnification of various parties and the payment of fees and expenses of the Authority as described in Section _ hereof, and all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.
19. ~~49.~~ **Indenture Provisions.** The Indenture provisions concerning the Bonds and other matters therein are an integral part of the terms and conditions of the loan made by the Authority to the Borrower pursuant to this Loan Agreement, and the execution of this Loan Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower. Additionally, the Borrower agrees that whenever the Indenture, by its terms, imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower hereby agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.
- ~~20.~~ **Borrower Required to Pay Costs in the Event Project Fund Insufficient.**
20. In the event the money in the Project Fund available for payment of the costs of the Project shall not be sufficient to make such payment in full, the Borrower agrees to pay directly, or to deposit moneys in the Project Fund for the payment of, such costs of completing the Project as may be in excess of the moneys available therefor in the Project Fund. THE AUTHORITY DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, THAT THE MONEYS WHICH WILL BE DEPOSITED INTO THE PROJECT FUND CREATED UNDER THE INDENTURE, AND WHICH UNDER THE PROVISIONS OF THIS LOAN AGREEMENT WILL BE AVAILABLE FOR PAYMENT OF THE COSTS OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL OF THE COSTS WHICH WILL BE INCURRED IN CONNECTION THEREWITH. The Borrower agrees that if, after exhaustion of the moneys in the Project Fund, the Borrower should pay, or deposit monies in

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the Project Fund for the payment of, any portion of the costs of the Project pursuant to the provisions of this Section ____, it shall not be entitled to any reimbursement therefor from the Authority, Trustee, Credit Entity or owners of any of the Bonds, nor shall they be entitled to any diminution of the amounts payable under Section ____ hereof.

21. ~~24.~~ **Default by the Authority - Limited Liability.** Notwithstanding any provision or obligation to the contrary set forth herein, no provision of this Loan Agreement shall be construed so as to give rise to a pecuniary liability of the Authority or to give rise to a charge upon the general credit of the Authority, the liability of the Authority hereunder shall be limited to its interest in the Project, this Loan Agreement, the Note, and all other related documents and collateral and the lien of any judgment shall be restricted thereto. In the performance of the agreements of the Authority herein contained, any obligation it may incur for the payment of money shall not be a debt of the Authority, nor shall the Authority be liable on any obligation so incurred. The Authority does not assume general liability for the repayment of the bonds or for the costs, fees, penalties, taxes, interest, commissions, charges, insurance or any other payments recited herein, and shall be obligated to pay the same only out of the amounts payable by the Borrower hereunder. The Authority shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Borrower if a default shall occur hereunder.

22. ~~22.~~ **Additional Payments.** The Borrower will also pay the following within 30 days after receipt of an invoice therefor:

(a) ~~(a)~~ The reasonable fees and expenses of the Authority in connection with and as provided in this Loan Agreement and the Bonds, with such fees and expenses to be paid directly to the Authority or as otherwise directed in writing by the Authority;

(b) ~~(b)~~ (i) The fees and expenses of the Trustee and all other fiduciaries and agents serving under the Indenture (including any expenses in connection with any redemption of the Bonds), and (ii) all fees and expenses, including attorneys' fees, of the Trustee for any extraordinary services rendered by it under the Indenture. All such fees and expenses are to be paid directly to the Trustee or other fiduciary or agent for its own account as and when such fees and expenses become due and payable; and

(c) ~~(c)~~ All other reasonable fees and expenses incurred in connection with the issuance of the Bonds.

23. ~~23.~~ **Completion Certificate.** The Corporation will deliver to the Bond Trustee and the Authority within 90 days after the completion of the Project (or the portion thereof which is being financed with the proceeds of the Bonds) a certificate of the Corporation certifying:

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- (a) ~~(a)~~ that the Project (or portion thereof) has been completed;
- (b) ~~(b)~~ that the Project (or portion thereof) has been completed in accordance with the Plans and Specifications, the Schedule, and the date of completion;
- (c) ~~(c)~~ if any item was added, deleted or substituted from the Project as described in the Project Certificate Exhibit, the average reasonably expected economic life of the Bond Financed Property recalculated as follows:

 - (i) ~~(i)~~ any item which was not originally listed on the Project Certificate Exhibit but for which a draw was made from the Project Fund shall be included in the Project Certificate Exhibit and the Obligated Group Agent shall specify the reasonably expected economic life to the Users of the additional item, the date on which such additional item was placed in service, and the original cost thereof;
 - (ii) ~~(ii)~~ any item which was originally listed on such Project Certificate Exhibit but which the Corporation subsequently deleted from the Project pursuant to an amendment to the Project Documents shall be deleted from such Project Certificate Exhibit; and
 - (iii) ~~(iii)~~ all other items shall be assumed to have the economic life and the cost originally assigned to them on the Closing Date as reflected on such Project Certificate Exhibit;
- (d) ~~(d)~~ that the Project or portion thereof (to the extent of the Plans and Specifications and Schedule) has been fully paid for and no claim or claims exist against the Authority or the Users or against such Project out of which a lien based on furnishing labor or material exists or might, with the passage of time or the giving of notice, ripen; *provided, however,* there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might, with the passage of time or the giving of notice, ripen in the event that the applicable User intends to contest such claim or claims, in which event such claim or claims shall be described; *provided* that sufficient funds are on deposit in the Project Fund or are available to the Users through enumerated bank loans, including letters of credit, or state or federal grants (as certified by the Obligated Group Agent) or other funds of the Users for the Project sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims in which event such claim or claims shall be described.

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C. **INDENTURE**

G. **INDENTURE**

1. ~~4.~~ **Limited Obligation.** The Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are special, limited obligations of the Authority secured by the Loan Agreement and the Note [**and any and all other relevant documents/security**] and shall always be payable solely from the revenues and income derived from the Loan Agreement and the Note [**and any and all other relevant documents/security**] (except to the extent paid out of moneys attributable to proceeds of the Bonds, the income from the temporary investment thereof or payments made pursuant to or derived from a mortgage or assignment of leases and rents or credit enhancement device), are and shall always be a valid claim of the owner thereof only against the revenues and income derived from the Loan Agreement and the Note [**and any other instruments assigned to or held by the Trustee or Bond Purchaser**], which revenues and income shall be used for no other purpose than to pay the principal installments of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture or Final Bond Resolution and in the Loan Agreement.

The Bonds and the obligation to pay principal and interest thereon and any premium with respect thereto do not now and shall never constitute an indebtedness or an obligation of the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Loan Agreement and the Note [**and any other relevant document/security**] (except as stated aforesaid). No owner of the Bonds shall have the right to compel the exercise of the taxing power, if any, of the State of Illinois or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

2. ~~2.~~ **Execution.** The Bonds shall be executed on behalf of the Authority with the manual or facsimile signature of its Chairperson (or other officer of the Authority so authorized) and shall have impressed or imprinted thereon the official seal of the Authority or a facsimile thereof and shall be attested by the manual or facsimile signature of its Secretary or any Assistant Secretary. All authorized facsimile signatures shall have the same force and effect as if manually signed. In case any official whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such official before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery. The Bonds may be signed on behalf of the Authority by such persons who, at the time of the execution of such Bonds, are duly authorized or hold the appropriate office of the Authority, although on the date of the Bonds such persons were not so authorized or did not hold such offices.

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3. ~~3.~~ **No Recourse.** No recourse shall be had for the payment of the principal of, premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture or Loan Agreement or Bond Purchase Agreement against any past, present or future member, officer, agent or employee of the Authority, or any incorporator, member, officer, employee, director or trustee of any successor corporation, as such, either directly or through the Authority or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, agent or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture or the Loan Agreement and the issuance of the Bonds.
4. ~~4.~~ **Performance of Covenants; Authority.** The Authority covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto; provided, however, that except for the matters set forth in any documents hereof relating to payment of the Bonds, the Authority shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or by the Trustee, or shall have received the instrument to be executed and at the option of the Authority shall have received from the party requesting such action or execution assurance satisfactory to the Authority that the Authority shall be reimbursed for its reasonable expenses, including legal counsel fees, incurred or to be incurred in connection with taking such action or executing such instrument. The Authority covenants that it is duly authorized under the Constitution and the laws of the State, including particularly the Act and the Final Bond Resolution to issue the Bonds authorized hereby and to execute this Indenture, to grant the security interest herein provided, to assign and pledge the Loan Agreement and the Note (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof and hereof. Anything contained in this Indenture to the contrary notwithstanding, it is hereby understood that none of the covenants of the Authority contained in this Indenture are intended to create a general obligation of the Authority.
5. ~~5.~~ **Recordation and Other Instruments.** In order to perfect the security interest of the Trustee in the Trust Estate and to perfect the security interest in the Note, the Authority, to the extent permitted by law, will execute such security agreements or financing statements, naming the Trustee as assignee and pledgee of the Trust Estate assigned and pledged under this Indenture for the payment of the principal of, premium, if any, and interest on the Bonds and as otherwise

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provided herein, and the Trustee or Borrower, as the case may be, will cause the same to be duly filed and recorded, as the case may be, in the appropriate State and county offices as required by the provisions of the Uniform Commercial Code or other similar law as adopted in the State, as from time to time amended. To continue the security interest evidenced by such security agreements or financing statements, the Trustee or Borrower, as the case may be, shall file and record or cause to be filed and recorded such necessary continuation statements or supplements thereto and other instruments from time to time as may be required pursuant to the provisions of the said Uniform Commercial Code or other similar law to fully preserve and protect the security interest of the Trustee in the Trust Estate and to perfect the security interest in the Note. The Authority, to the extent permitted by law, at the expense of the Borrower, shall execute and cause to be executed any and all further instruments as shall be reasonably required by the Trustee [**or Credit Provider**] for such protection and perfection of the interests of the Trustee, the registered owners [**or Credit Provider,**] and the Trustee, Borrower [**or Credit Provider**] or its agent, as the case may be, shall file and refile or cause to be filed and refiled such instruments which shall be necessary to preserve and perfect the lien of this Indenture upon the Trust Estate until the principal of, premium, if any, and interest on the Bonds issued hereunder shall have been paid or provision for their payment shall be made as herein provided.

6. ~~6.~~ **Prohibited Activities.** Subject to the limitations on its liability as stated herein and to the extent permitted by law, the Authority covenants and agrees that it has not knowingly engaged and will not knowingly engage in any activities and that it has not knowingly taken and will not knowingly take any action which might result in any interest on the Bonds becoming includable in the gross income of the owners thereof for purposes of Federal income taxation.
7. ~~7.~~ **Fees, Charges and Expenses of the Trustee, the Bond Registrar and the Authority.** The Trustee, Bond Registrar and Authority shall be entitled to payment and reimbursement for reasonable fees for their respective services rendered hereunder and all advances, counsel fees and other expenses reasonably made or incurred by the Trustee, Bond Registrar and Authority in connection with such services and in connection with entering into this Indenture, including any such fees and expenses incurred in connection with action taken hereunder.
8. ~~8.~~ **Appointment of Successor Trustee, Bond Registrar or Tender Agent by Bondholders or the Authority.** In the event that the Trustee, Bond Registrar or Tender Agent hereunder shall give notice of resignation or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public office or offices, or of a receiver appointed by a court, the Borrower may (to the extent that no “Event of Default” shall have occurred and be continuing under the Loan Agreement),,with the prior written consent of the Authority and the Credit Provider, appoint a successor Trustee and shall confirm

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such appointment in writing delivered personally or sent by first class mail, postage prepaid, to the Authority, retiring Trustee, successor Trustee, Bond Registrar or successor Bond Registrar, Tender Agent or successor Tender Agent, Borrower, Bank and Remarketing Agent.

In the event that Bond Registrar or Tender Agent hereunder shall give notice of resignation or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public office or offices, or of a receiver appointed by a court, to the extent that an “Event of Default” shall have occurred and be continuing under the Loan Agreement, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their duly authorized attorneys in fact, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the Authority, retiring Trustee, successor Trustee, Bond Registrar or successor Bond Registrar, Tender Agent or successor Tender Agent, Borrower, Bank and Remarketing Agent.

Pending such appointment by the Borrower or the Bondholders, the Authority may, with the consent of the Borrower (to the extent that no ~~“Event of Default”~~ shall have occurred and be continuing under the Loan Agreement) and the Credit Provider, appoint a temporary successor Trustee, Bond Registrar or Tender Agent by an instrument in writing signed by an authorized officer of the Authority, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the retiring Trustee, successor Trustee, Bond Registrar or successor Bond Registrar, Tender Agent or successor Tender Agent, Borrower, Bank and Remarketing Agent. If no permanent successor Trustee shall have been appointed by the Borrower or the [Bondholders] within the six calendar months next succeeding the month during which the Authority appoints such a temporary Trustee, such temporary Trustee shall without further action on the part of the Authority or the [Bondholders] become the permanent successor Trustee.

If the Borrower, the registered owners or the Authority fail to so appoint a successor Trustee (whether permanent or temporary), Bond Registrar or Tender Agent hereunder within forty-five (45) days after the Trustee, Bond Registrar or Tender Agent has given notice of its resignation, has been removed, has been dissolved, has otherwise become incapable of acting hereunder or has been taken under control by a public officer or receiver, the Trustee, Bond Registrar or Tender Agent shall have the right to petition a court of competent jurisdiction to appoint a successor hereunder. Every such Trustee, Bond Registrar or Tender Agent appointed pursuant to the provisions of this Section _ shall be a trust company or bank organized and in good standing under the laws of Illinois or any state or the District of Columbia and have a combined capital and surplus of not less than \$50,000,000 as set forth in its most recent published annual report of condition, or alternatively, a liability policy having the type of coverage and in an amount acceptable to the Authority and the Borrower. Every such Trustee shall

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have an operations group of at least four (4) experienced trust officers, with primary responsibility for municipal bond issues and shall have at least 25 municipal bond indentures aggregating at least \$25,000,000 under its administration.

[Notwithstanding any of the provisions of this Article _ to the contrary concerning the resignation or removal of the Trustee or the appointment of a successor Trustee, no such resignation, removal or appointment shall be effective until the Bank shall have issued and delivered to the successor Trustee (i) a substitute Letter of Credit in favor of the successor Trustee in substantially the same form as the existing Letter of Credit, or (ii) an amendment to the existing Letter of Credit, evidencing transfer thereof in all respects to the successor Trustee, to the extent permitted by law and by the terms of the Letter of Credit.]

[The Authority will consider a request from the Borrower that it retain the right to remove and appoint the Trustee provided there is no default. Such request should be made to the Authority's General Counsel.]

~~9.~~ **Amendments of Loan Agreement Not Requiring Consent of Bond Owners; Waivers.**

9. Subject to the terms and provisions of Sections _ of this Indenture, the Authority and the Borrower may amend or modify the Loan Agreement, or any provision thereof, or may consent to the amendment or modification thereof, in any manner not inconsistent with the terms and provisions of this Indenture, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect in the Loan Agreement; (b) to grant to or confer upon the Authority or Trustee, for the benefit of the Bond Owners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Trustee; (c) to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds; (d) to provide that the Bonds may be secured by a Credit Facility or other additional security not otherwise provided for in the Indenture or the Loan Agreement; (e) to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Trustee, Borrower [and Remarketing Agent][*if applicable*] deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Bonds; (f) to provide for the appointment of a successor securities depository; (g) to provide for the availability of certificated Bonds; (h) to provide for changes in the components of the Project, to the extent permitted by this Indenture and the Loan Agreement; (i) to provide for the addition of any interest rate mode, including, without limitation, an auction rate mode, or to provide for the modification or deletion of any interest rate mode so long as no Bonds will be operating in the interest rate mode when it is to be so modified or deleted, or to

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amend, modify or alter the interest rate setting provisions, tender provision or conversion provisions for any then existing interest rate mode so long as no Bonds will be operating in the interest mode when such provisions are to be so amended, modified or altered; provided that, in each case, there is delivered to the Trustee an opinion of Bond Counsel stating that any such addition, deletion, amendment, modification or alteration will not adversely affect any exclusion from gross income for purposes of federal income taxation of interest on the Bonds; and (j) to make any other change which does not, in the opinion of the Trustee, have a material adverse effect upon the interests of the Bondholders. In addition, subject to the terms and provisions contained in Section ___ hereof, the Trustee, may grant such waivers of compliance by the Borrower with the provisions of the Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes of the intent of the Loan Agreement and which, in the opinion of the Trustee, do not have a material adverse effect upon the interests of the Bondholders, provided that the Trustee shall file with the Authority any and all such waivers granted by the Trustee within three (3) business days thereof.

10. ~~40.~~ **Notices.** Unless otherwise specifically provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when the same are: (i) deposited in the United States mail and sent by first class mail, postage prepaid, or (ii) delivered, in each case to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

If to the Authority:
Illinois Finance Authority
P.O. Box 641249
Chicago, Illinois 60664
Attention: Executive
Director

with a copy to:
Illinois Finance Authority
P.O. Box 641249
Chicago, Illinois 60664
Attention: General Counsel

~~If to the Authority:~~

~~Illinois Finance Authority
P.O. Box 641187
Chicago, Illinois 60664
Attention: Executive Director~~

~~with a copy to:~~

~~Illinois Finance Authority
P.O. Box 641187
Chicago, Illinois 60664
Attention: General Counsel~~

11. ~~44.~~ **Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the State of Illinois.

12. ~~42.~~ **Provisions for Payment of Expenses.** The Authority shall not be obligated to execute any documents or take any other action under or pursuant to this Indenture, the Loan Agreement, the Note or any other document in connection with the Bonds unless and until provision for the payment of expenses of the Authority, including legal counsel fees, shall have been made. Provisions for expenses shall be deemed to have been made upon arrangements reasonably

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satisfactory to the Authority for the provision of expenses being agreed upon by the Authority and the party requesting such execution.

13. ~~13.~~ **Representations, Warranties and Covenants of the Trustee.** All federal, State and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by the Trustee with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, the Trustee of the Indenture have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with. The Trustee is not (i) required to qualify or obtain any certificate of authority to do business in the State of Illinois or (ii) subject to any filing requirement to make any or pay any fees or taxes required of foreign entities doing business in the State of Illinois, in either case solely as a result of executing, delivering, or performing the Indenture. **[The foregoing provision is applicable to Trustees who do not have an office in or other presence in the State of Illinois.]** The Trustee has a combined capital and surplus of at least \$50,000,000, as set forth in its most recent published annual report of condition, or, alternatively, a liability policy having the type of coverage and in an amount acceptable to the Authority and the Borrower. The Trustee has an operations group of at least four (4) experienced trust officers, with primary responsibility for municipal bond issues. The Trustee administers at least 25 municipal bond indentures aggregating at least \$25,000,000 under its administration.

14. ~~14.~~ **Required Reporting to the Authority.**

- (a) ~~(a)~~—The Trustee shall keep, or cause to be kept, proper books of records and accounts in which complete and accurate entries shall be made of all funds and accounts established by or pursuant to this Indenture, which shall at all reasonable times be subject to the inspection by the Authority, or owners (or a designated representative thereof).
- (b) ~~(b)~~—No later than 30 days after a principal and/or interest payment is made, the Trustee (or other designated paying agent approved by the Authority) will prepare and file with the Office of Comptroller of the State of Illinois a C-08, Notice of Payment of Bond Interest and/or Principal (~~bondpayments@mail.ioc.state.il.us~~bondpayments@mail.ioc.state.il.us). A copy of the C-08 should be forwarded to the Authority by e-mail (bondpayments@il-fa.com).

[In private placement/direct purchase transactions, if a trustee has not been designated for the transaction, a comparable provision must be included in an appropriate document to ensure that the reports referenced therein are required to be timely filed by a designated paying agent approved by the Authority.]

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15. ~~45.~~ Required Provision on Face of Bond – Limited Obligation.

THIS BOND AND THE OBLIGATION TO PAY PRINCIPAL OR PREMIUM, IF ANY, WITH RESPECT HERETO, AND INTEREST HEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, SECURED AS AFORESAID AND PAYABLE SOLELY OUT OF THE REVENUES AND INCOME DERIVED FROM THE LOAN AGREEMENT AND THE NOTE AND AS OTHERWISE PROVIDED IN THE INDENTURE OR FINAL BOND RESOLUTION AND LOAN AGREEMENT. THIS BOND AND THE OBLIGATION TO PAY PRINCIPAL OR PREMIUM, IF ANY, WITH RESPECT HERETO, AND INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS, IF ANY, OF ANY OF THEM. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES FOR ANY PURPOSES WHATSOEVER. NO OWNER OF THIS BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

D. BOND PURCHASE OR PLACEMENT AGREEMENT

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D. BOND PURCHASE OR PLACEMENT AGREEMENT

1. ~~4.~~ Rule 15c2-12.

The Authority and Borrower hereby certify that the Preliminary Official Statement, as of its date, was deemed final by the Authority and the Borrower for purposes of Rule 15c2-12, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, provided that the Authority makes the representations in this paragraph only with respect to information contained under the captions “THE AUTHORITY” and “LITIGATION - The Authority” in the Preliminary Official Statement and the Official Statement. The Borrower hereby approves the form of and authorizes the Underwriter to prepare, use and distribute the Official Statement in final form in connection with the public offering and sale of the Bonds. The Borrower agrees to execute the Official Statement in such final form as soon as possible at the discretion of the Underwriter. The Borrower agrees to provide to the Underwriter, within seven (7) Business Days of the date hereof, sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board. If, between the date of this Bond Purchase Agreement and the date which is the “end of the underwriting period”, any event shall occur which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Borrower shall notify the Underwriter and if, in the opinion of the Underwriter or Authority, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Borrower will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and the Authority. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter and Authority of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement if, in the reasonable judgment of the Underwriter such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds.

2. ~~2.~~ Representations, Warranties and Covenants of the Authority. The Authority represents and warrants to and covenants with the Purchaser and the Borrower that:

(a) ~~(a)~~ The Authority is a body politic and corporate of the State of Illinois (the “State”) created and existing under the Illinois Finance Authority Act, as amended from time to time (the “Act”).

(b) ~~(b)~~ The Authority is authorized under the laws of the State, including particularly the Act, to (i) issue the Bonds for the purposes for which they are to be issued, as set forth in the Official Statement; (ii) lend the

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proceeds of the Bonds to the Borrower for the purposes set forth in the Loan Agreement; (iii) enter into this Bond Purchase Agreement, the Indenture, Loan Agreement and Tax Exemption Agreement; and (iv) pledge and assign to the Trustee the payments to be made by the Borrower on the Note and the Authority's rights under the Loan Agreement (other than the Unassigned Rights) as security for the payment of the principal of and interest on the Bonds.

(c) ~~(c)~~ The Authority has full power and authority to consummate the transactions contemplated to be consummated by it in this Bond Purchase Agreement, the Indenture, Loan Agreement, Tax Exemption Agreement and Official Statement, and the Authority has duly authorized and approved the execution and delivery of the same as well as any and all such other agreements and documents as may be required to be executed, delivered or received by the Authority in order to carry out, give effect to and consummate the transactions contemplated herein and in the Official Statement.

(d) ~~(d)~~ The Bonds, when issued, delivered and paid for as provided herein and in the Indenture, will have been duly authorized and issued and will constitute valid and binding limited obligations of the Authority enforceable in accordance with their terms and entitled to the benefits and security of the Indenture and Loan Agreement (subject in each instance to applicable bankruptcy, reorganization, insolvency, moratorium or other similar law or laws affecting the enforcement of creditors' rights generally or relating to a public body such as the Authority, as from time to time in effect, and further subject to the availability of applicable equitable principles). Under no circumstances shall the Bonds and the interest thereon be or become an indebtedness or obligation of the State, within the purview of any constitutional or statutory limitation or provision, or a charge against the credit of, or a pledge of the taxing power of, the State or any political subdivision thereof payable from any sources other than the receipts, revenues and income derived pursuant to the Loan Agreement and related documents. The Bonds shall be limited obligations of the Authority, and no taxes are required to be levied for the payment of the principal of, premium, if any, and interest on the Bonds; such principal of, premium, if any, and interest on the Bonds being payable (except as otherwise provided in the Indenture) solely out of receipts, revenues and income to be received by the Authority as proceeds from the sale of the Bonds or payments or prepayments to be made on the Note pledged under the Indenture, from receipts, revenues and income payable under the Loan Agreement, from certain receipts, revenues and income on deposit with the Trustee pursuant to the Indenture and from certain income, if any, from the temporary investment of any of the foregoing. The Authority does not have the power to levy taxes for any purpose whatsoever,

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including, but not limited to payment of principal of, premium, if any, and interest on the Bonds.

- (e) ~~(e)~~ The execution and delivery by the Authority of this Bond Purchase Agreement, the Bonds, Indenture, Loan Agreement, Tax Exemption Agreement and other documents contemplated herein or in the Official Statement to be executed and delivered by the Authority, and compliance by the Authority with their provisions, and the pledge of the Note and the assignment of the Loan Agreement (other than Unassigned Rights) to the Trustee, do not and will not, in any material respect, conflict with or constitute on the part of the Authority a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage or lease by which the Authority is or may be bound; provided, no representation is made with respect to federal or State securities laws, rules or regulations.
- (f) ~~(f)~~ The information relating to the Authority under the headings “THE AUTHORITY” and “LITIGATION - The Authority” contained in the Official Statement as of its date will not, and as of the date of the Closing will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.
- (g) ~~(g)~~ Except as may be set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Authority, threatened against or affecting the Authority (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened against or affecting the Authority (or to the actual knowledge of the Authority, any meritorious basis therefor) wherein an unfavorable decision, ruling or finding (i) would adversely affect the transactions contemplated herein or in the Official Statement, (ii) the validity or enforceability against the Authority of the Bonds, Indenture, Loan Agreement, Tax Exemption Agreement, this Bond Purchase Agreement or any other agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation by the Authority of the transactions contemplated herein or in the Official Statement or (iii) question the exclusion of the interest on the Bonds from gross income for federal income tax purposes.
- (h) ~~(h)~~ Neither the corporate existence of the Authority nor the right of the members of the Authority to their offices nor the title of the officers of the Authority to their respective offices are being contested and no grant of authority or outcome of proceeding of the Authority for the issuance of the Bonds has been repealed, revoked or rescinded.

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- (i) (†) The Authority agrees to cooperate reasonably with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or “blue sky” laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Authority shall not be required with respect to the offer or sale of the Bonds to consent to suit or to consent to service of process in any jurisdiction or take any action which it deems unreasonably burdensome and shall not be deemed to have made any representations with regard to securities or “blue sky” laws of any state or the securities laws of the United States. The Authority consents to the use by the Purchaser of drafts of the Official Statement prior to the availability of the Official Statement in obtaining such qualification, subject to the right of the Authority to withdraw such consent for cause by written notice to the Purchaser. The Authority shall not be obligated to pay any expenses or costs (including legal fees) incurred in connection with such qualification.

[The Authority will consider a request to consent to suit or service of process in another jurisdiction, if and only if, doing so is materially necessary to the financing and the Authority receives the following indemnification: “In addition to the other provisions of this Section ___, the Underwriter agrees to pay, indemnify and hold harmless the Authority and each Indemnified Party from and against all costs, losses, fees, claims, expenses, damages or injuries related to the Authority’s consent to suit or service of process in any jurisdiction on account of the issuance of the Bonds, whether pursuant to the execution of a Form U-2 or otherwise. Such indemnification shall include, without limitation, any legal fees or travel expenses incurred by the Authority or any Indemnified Party necessary to appear before or defend a matter in any court, agency or tribunal in connection with the Bonds.” The Authority will make a decision on such a request as it deems appropriate in its sole discretion.]

- (j) (†) Any certificate signed by an authorized officer of the Authority and delivered to the Purchaser shall be deemed a representation and warranty by the Authority to the Purchaser as to the statements made therein.

3. ~~3.~~ **RepresentationsRepresentation, Warranties and Covenants of the Borrower.**

[The Authority is aware, and expects, certain changes and additions to these representations and warranties where necessary to fit the particulars of the Act and/or the structure of a financing and when the Bond to be issued is an Industrial Revenue Bond, Multi-Family Housing Bond, or Environmental/Solid Waste/Pollution Control/Water and Gas Distribution Bond.]

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In order (i) to induce the Purchaser to enter into this Bond Purchase Agreement and (ii) to induce the Authority to enter into the Indenture, Loan Agreement, Tax Exemption Agreement and this Bond Purchase Agreement and to issue the Bonds for the purposes stated above, with full acknowledgment and appreciation that the investment value of the Bonds and the ability of the Authority to sell and the Purchaser to resell the Bonds are dependent upon the credit standing of the Borrower, and in consideration of the foregoing and of the execution and delivery of this Bond Purchase Agreement by the other parties hereto, the Borrower represents and warrants and covenants with the Authority and the Purchaser that:

- (a) ~~(a)~~ The Borrower is a _____ duly incorporated and validly existing and in good standing under the laws of _____ and has all necessary material licenses and permits required to date to carry on its business and to operate the Project. The Borrower has not received any notice of an alleged violation and, to the best of its knowledge, the Borrower is not in violation of any zoning, land use or other similar law or regulation applicable to any of its Project which would materially adversely affect the operations or financial condition of the Borrower. The Borrower has the full right, power and authority to approve, or enter into and deliver the Official Statement, Loan Agreement, Tax Exemption Agreement, Note, Continuing Disclosure Agreement, Remarketing Agreement, Mortgage and this Bond Purchase Agreement (collectively, the “Borrower Agreements”) and to perform other acts and things as provided for in each of the foregoing.
- (b) ~~(b)~~ The execution and delivery by the Borrower of the Borrower Agreements and the other documents contemplated herein and therein and the compliance with the provisions of any and all of the foregoing documents and the application of the proceeds of the Bonds, together with certain other moneys, for the purposes described in the Official Statement, do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, the Articles of Incorporation, as amended, or the ~~by-laws~~ bylaws, as amended, of the Borrower or any other material agreement, indenture, mortgage, lease or instrument by which the Borrower or any of its respective property is bound or any existing law or court or administrative regulation, decree or order which is applicable to the Borrower or its property.
- (c) ~~(c)~~ To the best of its knowledge, no default, event of default or event which, with notice or lapse of time, or both, would constitute a default or an event of default under the Borrower Agreement or any other material agreement or material instrument to which the Borrower is a party or by which it is or may be bound or to which any of its respective property is or may be subject has occurred and is continuing.
- (d) ~~(d)~~ The Borrower has duly authorized all necessary action required to be taken by it for (i) the issuance and sale of the Bonds by the Authority

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upon the terms and conditions set forth herein, in the Official Statement and in the Indenture, (ii) the approval of the Bonds and the Indenture, (iii) the approval and execution of the Official Statement and (iv) the execution, delivery and performance of the Borrower Agreements and any and all such other agreements and documents as may be required to be executed, delivered and performed by the Borrower in order to carry out, effectuate and consummate the transactions contemplated on the Borrower's part by the Borrower Agreements and by the Official Statement.

- (e) ~~(e)~~ At the Closing, no liens, encumbrances, covenants, conditions and restrictions, if any, will be then-existing (not otherwise previously disclosed to the Underwriter or created on the date thereof pursuant to the Borrower Agreements) which would interfere with or impair the operation, or materially adversely affect the value, of the Project or the Borrower's other assets, given the purposes for which the same are being used.
- (f) ~~(f)~~ The Official Statement did not, as of its date, and will not as of the date of the Closing, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading; provided, however, that the Borrower makes no representation or warranty as to the statements and information contained in the Official Statement under the captions "THE AUTHORITY", "THE SERIES 20__ BONDS - Global Book-Entry System - General", "REMARKETING AGENT", "LITIGATION - The Authority", "TAX MATTERS", "RATINGS" and ~~"UNDERWRITING"~~, except to the extent that information under such captions was based upon information supplied by, or solely within the knowledge of, the Borrower. The Borrower hereby consents to the use of the Official Statement in connection with the solicitation of purchases of the Bonds by the Underwriter and confirms that it has consented to the use the Preliminary Official Statement for such purpose prior to the availability of the Official Statement.
- (g) ~~(g)~~ The Borrower will not take or omit to take any action which will in any way cause or result in the proceeds of the sale of the Bonds being applied in a manner other than as provided in the Indenture, Loan Agreement, Tax Exemption Agreement or as described in the Official Statement.
- (h) ~~(h)~~ Except as may be described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, or to the knowledge of the Borrower any meritorious basis therefor, wherein an

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unfavorable decision, ruling or finding would have a material adverse ~~effect~~effect on the financial condition of the Borrower, the operation by the Borrower of its facilities and the transactions contemplated by the Borrower Agreements and the Official Statement or the tax-exempt status of the Borrower or would have an adverse ~~effect~~effect on the validity or enforceability of the Borrower Agreements or any other agreement or instrument by which the Borrower is or may be bound or would in any way contest the corporate existence or powers of the Borrower.

(i) ~~(i)~~ This Bond Purchase Agreement is, and upon their execution and delivery of the other Borrower Agreements will be, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect and to applicable legal principles and procedural requirements if equitable and other specific remedies are sought and subject to the qualification that enforcement of the indemnification provisions of this Bond Purchase Agreement and the Remarketing Agreement may be limited by federal or State securities laws as the same may have been interpreted by judicial decisions).

(j) ~~(j)~~ The Borrower has been determined to be and is exempt from federal income taxes under Section 501(a) of the Code, by virtue of being an organization described in Section 501(c)(3) of the Code, and it is not a "private foundation" as defined in Section 509(a) of the Code. The Borrower has not impaired its status as an organization exempt from federal income taxes under the Code and will not, either from and including the date hereof to and including the date of the Closing and, thereafter, while any of the Bonds remain outstanding, impair its status as an exempt person as that term is used in Section 103 of the Code. There are no facts or circumstances presently existing which could cause such determination to be withdrawn or revoked.

(k) ~~(k)~~ Any certificate signed by an authorized officer of Borrower and which has been delivered to the Authority or Purchaser shall be deemed a representation and warranty by the Borrower to the Authority and Purchaser as to the statements made therein.

(l) ~~(l)~~ The Borrower agrees to cooperate reasonably with the Purchaser and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Purchaser may request, provided that the Borrower shall not be required to qualify to do business in any jurisdiction where it is not now so qualified, or to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject. The Borrower ratifies and consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the

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Official Statement prior to the availability of the Official Statement by the Purchaser in obtaining such qualification. The Borrower shall pay all reasonable expenses and costs (including legal fees) incurred in connection with such qualification.

(m) ~~(m)~~ To the best knowledge of the Borrower, after due inquiry, (i) other than those Hazardous Substances (as hereinafter defined) used in the course of operation of the facility in accordance with federal, state and local laws and regulations, no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, “Environmental Regulations”), including ureaformaldehyde, polychlorinated biphenyls, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, material, substance, pollutant or contaminant which would subject the owner of the Property (as that term is defined in the Master Indenture) to any damages, penalties or liabilities under any applicable Environmental Regulation (collectively, “Hazardous Substances”) are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Property, including real estate; (ii) the Property has not been used as or for a mine, a landfill, a dump or other disposal facility or a gasoline service station; (iii) no person, party, or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (i) above; (iv) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances in, upon, under, over or from the Property; and (v) the Property is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

(n) ~~(n)~~ With respect to any employee retirement plan (a “Plan”) in which the Borrower or any person or entity under common control with, or treated as a single employer, with the Borrower, within the meaning of Section 414(b), (c), (m), or (o) of the Code (each, an “ERISA Affiliate”) participates and with regard to compliance by the Borrower and each ERISA Affiliate with the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (i) neither any Plan nor the trusts created thereunder, nor any trustee or administrator thereof, has engaged in a “prohibited transaction,” as such term is defined in ERISA or Section 4975 of the Code, which could subject the Plan, any such trust, or any trustee or administrator thereof, or any party dealing with the Plan or any such trust

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to the tax or penalty on prohibited transactions imposed by ERISA or Section 4975 of the Code; (ii) the performance of the transactions contemplated by the Official Statement will not involve any prohibited transaction (other than an exempt prohibited transaction); (iii) neither any Plan nor any such trusts have been terminated, nor have there been any “reportable events,” as such term is defined in Section 4043 of ERISA, since the effective date of ERISA except for the reportable events heretofore disclosed to the Underwriters in writing which had no material adverse effect on the financial conditions or results of operation of the Borrower; (iv) the Borrower and each ERISA Affiliate have timely made all contributions to each Plan that may have been required to be made under Section 302 of ERISA or of Section 412 of the Code, there has been no application for or waiver of the minimum funding standards imposed by Section 412 of the Code with respect to any Plan, and no Plan has a funding shortfall as of the most recent plan year; and (v) there are no existing or pending (or to the knowledge of Borrower or each ERISA Affiliate, threatened) claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits, or other proceedings or investigations involving any Plan. In addition, the Borrower and each ERISA Affiliate (i) have fulfilled in all material respects their obligations under the minimum funding standards of ERISA and the Code with respect to each Plan; (ii) are in compliance in all material respects with the presently applicable provisions of ERISA, the Code and governing documents of each Plan; and (iii) have not incurred any material and past due liability to the Pension Benefit Guaranty Corporation. Each Plan that is intended to qualify under Section 401(a) of the Code has received a current favorable determination letter from the IRS (or an application for such letter is currently being processed by the IRS), each Plan has been timely amended to reflect change in the qualification requirements under Section 401(a) of the Code, and to the knowledge of Borrower and each ERISA Affiliate, nothing has occurred that would prevent, or cause the loss of, such qualification. Neither the Borrower nor any ERISA Affiliate has ever had an obligation (contingent or otherwise) to contribute to, been required to make or accrue a contribution to, or ever made or accrued a contribution to, a “multiemployer plan” as defined in Section 4001(a)(3) or 3(37) of ERISA or Section 414 of the Code.

- (o) ~~(e)~~ Subsequent to _____ ____, 20____, there have been no material adverse changes in the assets, liabilities or condition of the Borrower, financial or otherwise, and neither the operations nor the properties of the Borrower have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God.
- (p) ~~(e)~~ All approvals, consents, authorizations, certifications and other orders of any government authority, board, agency or commission having

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jurisdiction, including, but not limited to, any applicable Certificate of Need, and all filings with such entities, which would constitute a condition precedent to or would adversely affect the performance by the Borrower of its obligations under the Borrower Agreements have been or will be (when needed) obtained.

(q) ~~(q)~~ The Borrower has complied with all previous continuing disclosure undertakings executed by it pursuant to Rule 15c2-12.

4. ~~4.~~ **Representation, Covenant and Warranty of the Underwriter.** The Underwriter represents, warrants and covenants to the Authority and Borrower that the Bonds will be offered in accordance with all applicable State and federal laws. The Underwriter further represents, warrants and covenants that it has been duly authorized to execute this Bond Purchase Agreement, and that when executed by the Underwriter and the other parties thereto, this Bond Purchase Agreement will be a valid and binding obligation of the Underwriter.

5. ~~5.~~ **Indemnification.**

(a) ~~(a)~~ The Borrower agrees to indemnify and hold harmless the Authority, each director, official, trustee, member, officer or employee of the Authority and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Authority pursuant to the Act or the Authority's rules and regulations or ~~by-laws~~bylaws (collectively, the "Authority Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses, including reasonable attorneys' fees and expenses, whatsoever arising from or in any manner directly or indirectly growing out of or connected with any of the matters set forth in Section _ of the Loan Agreement between the Authority and the Borrower.

(b) ~~(b)~~ **[This provision should set forth the indemnification that the Borrower will provide to the Underwriter/Purchaser.]**

(c) ~~(c)~~ In case any claim shall be made or any action shall be brought against one or more of the Authority Indemnified Parties or the Purchaser Indemnified Parties (the Authority Indemnified Parties and the Purchaser Indemnified Parties, collectively the "Indemnified Party") in respect of which indemnity can be sought against the Borrower pursuant to either of the preceding paragraphs (a) and (b), the Indemnified Party seeking indemnity shall promptly notify the Borrower, in writing, and the Borrower shall promptly assume the defense thereof, including the employment of counsel chosen by the Borrower and approved by the Purchaser or Authority, or both (provided that such approval by the Purchaser or Authority shall not be unreasonably withheld), the payment of all expenses and the right to negotiate and consent to settlement. If any Indemnified Party is advised in a written opinion of counsel that there may

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be legal defenses available to such Indemnified Party which are adverse to or in conflict with those available to the Borrower or that the defense of such Indemnified Party should be handled by separate counsel, the Borrower shall not have the right to assume the defense of such Indemnified Party, but the Borrower shall be responsible for the reasonable fees and expenses of counsel retained by such Indemnified Party in assuming its own defense, and provided also that, if the Borrower shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Purchaser or Authority within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Party shall be paid by the Borrower. Notwithstanding the foregoing, any one or more of the Indemnified Parties shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless the employment of such counsel has been specifically authorized by the Borrower or unless the provisions of the immediately preceding sentence are applicable. The Borrower shall not be liable for any settlement of any such action affected without the consent of the Borrower, but if settled with the consent of the Borrower or if there be a final judgment for the plaintiff in any such action with or without consent, the Borrower agrees to indemnify and hold harmless the Indemnified Party from and against any loss, liability or expense by reason of such settlement or judgment.

- (d) ~~(e)~~ The Underwriter agrees, at its expense, to indemnify, defend and hold harmless the Authority Indemnified Parties and the Borrower, each director, official, trustee, member, officer or employee of the Borrower and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the Borrower (collectively, the “Borrower Indemnified Parties”) from and against any and all losses, claims, damages, demands, liabilities, costs or expenses (for purposes of this paragraph (d), collectively, “Claims”), including attorneys’ fees and expenses, if such Claims are a result of, arise out of or would not exist but for (A) untrue statements or omissions, or alleged untrue statements or omissions, made in the Official Statement (or any amendment or supplement thereto) under the heading “UNDERWRITING” or in reliance upon and in conformity with written information furnished to the Borrower or the Authority, as the case may be, by the Underwriter expressly for use in the Official Statement (or any amendment or supplement thereto); or (B) any material misstatements or omissions made by any agent, employee or officer of the Underwriter or anyone authorized by the Underwriter to sell the Bonds made in connection with any offer to sell a Bond if such misstatements or omissions arise from providing any information concerning the Bonds to purchasers or potential purchasers of a Bond other than a complete Official Statement. The foregoing indemnification obligations of the

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Underwriter shall in no way be deemed to limit or affect the rights of the Authority, at law and equity, to enforce its rights under the terms of this Bond Purchase Agreement.

(e) ~~(e)~~ In case any claim shall be made or any action shall be brought against one or more of the Authority Indemnified Parties or the Borrower Indemnified Parties (collectively, the “Indemnified Person”) in respect of which indemnity can be sought against the Purchaser pursuant to the preceding paragraph (d), the Indemnified Person seeking indemnity shall promptly notify the Purchaser in writing, and the Purchaser shall promptly assume the defense thereof, including the employment of counsel chosen by the Purchaser and approved by the Borrower or Authority, or both (provided, that such approval by the Borrower or Authority shall not be unreasonably withheld), the payment of all expenses and the right to negotiate and consent to settlement. If any Indemnified Person is advised in a written opinion of counsel that there may be legal defenses available to such Indemnified Person which are adverse to or in conflict with those available to the Purchaser, or that the defense of such Indemnified Person should be handled by separate counsel, the Purchaser shall not have the right to assume the defense of such Indemnified Person, but shall be responsible for the fees and expenses of counsel retained by such Indemnified Person in assuming its own defense, and provided also that, if the Purchaser shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Authority or Borrower within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Person shall be paid by the Purchaser. Notwithstanding the foregoing, any one or more of the Indemnified Persons shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless the employment of such counsel has been specifically authorized, in writing, by the Purchaser or unless the provisions of the immediately preceding sentence are applicable. The Purchaser shall not be liable for any settlement of any such action affected without its written consent, but if settled with the written consent of the Purchaser or if there be a final judgment for the plaintiff in any such action with or without consent, the Purchaser agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

(f) ~~(f)~~ In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section ___ is for any reason held to be unavailable to the Purchaser, Authority or Borrower other than in accordance with its terms, the Purchaser and Borrower, jointly and severally, shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by

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said indemnity agreement incurred by the Purchaser, Authority, and Borrower in such proportions that the Purchaser is responsible for that portion represented by the percentage that the underwriting discount bears to the initial public offering price appearing on the cover page of the Official Statement and the Borrower is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Purchaser shall have the same rights to contribution as such Purchaser.

- (g) ~~(g)~~ The covenants and agreements of the Borrower and Purchaser herein contained shall survive the delivery of the Bonds.

E. ~~E.~~ TAX EXEMPTION MATTERS / ~~ARBITRAGE MATTERS~~ ARBITRAGE MATTERS

1. Tax Exemption Matters.

The Authority requires the Borrower, for bond transactions in which tax-exempt bonds are being issued, to execute a tax exemption agreement in form and substance acceptable to the Authority and Bond Counsel (“Tax Exemption Agreement”), which Tax Exemption Agreement shall include the following provisions:

To be Included in Introduction Section of Tax Exemption Agreement

One purpose of executing this Tax Exemption Agreement is to set forth various facts regarding the Bonds and to establish the expectations of the Authority and the Borrower as to future events regarding the Bonds and the use of the proceeds of the Bonds. To the extent such facts do not relate directly to the Authority or the Trustee, the Authority and the Trustee are reasonably and prudently relying on the certifications of the Underwriters [and other parties, if applicable, such as credit enhancers and swap advisors] and the covenants and certifications of the Borrower. The certifications and representations made herein and the Borrower’s compliance with the covenants contained herein are intended, and may be relied on, as a certification of an officer of the Authority given in good faith as described in Regulations Section 1.148-2(b)(2) for all purposes of this Tax Exemption Agreement and for purposes of the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, to be filed with the Internal Revenue Service (“IRS”) with respect to the Bonds (“Form 8038”).

The execution and delivery of this Tax Exemption Agreement by the Authority and the Borrower will be treated by the Authority and the Borrower as the establishment of a portion of the written procedures (i) to ensure that any Bonds that become nonqualified bonds are identified and remediated in accordance with the requirements of the Code and Regulations, including the remediation

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provisions of Regulations Section [1.141-12, 1.142-2, 1.144-2 or other applicable regulation], and (ii) to monitor compliance with the arbitrage, yield restriction and rebate requirements of Code Section 148. By executing this Tax Exemption Agreement, the Authority and the Borrower agree that the Authority may rely upon the Borrower's compliance with the covenants and procedures described in this Tax Exemption Agreement, including all Exhibits hereto, for purposes of maintaining the tax-exempt status of interest on the Bonds and complying with the requirements of Form 8038.

To be Included in Text of Tax Exemption Agreement

Remedial Actions. The Borrower hereby (i) acknowledges that the disposition and certain uses of the [Financed Property] may require remediation in accordance with Regulations Section [1.141-12, 1.142-2, 1.144-2 or other applicable regulation], (ii) covenants to track the use and disposition of all [Financed Property] as required by the Code and Regulations and to comply with the remediation requirements of Regulations Section [1.141-12, 1.142-2, 1.144-2 or other applicable regulation] and (iii) acknowledges that the Authority will rely on the establishment of the covenants set forth in this Section _____, and the Borrower's compliance with those covenants as the establishment by the Authority and the Borrower of a portion of the written procedures to comply with the remediation requirements of the Code and the Regulations.

2. ~~2.~~ **Arbitrage Matters.**

The Authority requires the Borrower to maintain responsibility for all arbitrage rebate calculations. The Authority directs the creation, and orders maintained, as a separate deposit account (except when invested as provided in Section _ hereof) in the custody of the Trustee, a fund designated "Illinois Finance Authority Rebate Fund."² The moneys and investments deposited in and credited to the Rebate Fund shall be free and clear of any lien created by the Indenture. The Borrower shall, within fourteen (14) days prior to the end of each fifth Bond Year and within fourteen days (14) prior to the payment in full of all Outstanding Bonds, retain an Arbitrage Rebate Consultant^{4 2} to calculate and furnish to the Trustee in writing the amount of Excess Earnings as of the end of that fifth Bond Year or the date of such payment in full. The costs and all expenses of said Consultant are the sole responsibility of the Borrower.

⁴~~The term Arbitrage Rebate Consultant shall mean a firm of recognized expertise in the area of arbitrage rebate calculations and its requirements engaged by Borrower and which is acceptable to the Authority and Trustee.~~

² The term Arbitrage Rebate Consultant shall mean a firm of recognized expertise in the area of arbitrage rebate calculations and its requirements engaged by Borrower and which is acceptable to the Authority and Trustee.

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[The Authority would have no objection to a Borrower making annual payments; and this language may be modified to reflect such annual payment option.]

The Trustee agrees to maintain and furnish the Arbitrage Rebate Consultant with all such information and data as such Consultant shall reasonably require to make the calculations described in this Section within forty-five (45) days after being retained by the Borrower. The Trustee shall also notify the Borrower and Authority in writing of the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Excess Earnings, then the Trustee shall forthwith pay that excess amount to the Borrower. If the amount then on deposit in the Rebate Fund is less than the Excess Earnings, then the Borrower shall, within ten (10) days after receipt of the aforesaid notice from the Trustee, pay to the Trustee for deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Excess Earnings. Within sixty (60) days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee, acting on behalf of the Authority and Borrower, shall pay to the United States of America in accordance with Section 148(f) of the Code from moneys then on deposit in the Rebate Fund an amount equal to ninety percent (90%) (or such greater percentage not in excess of one hundred percent (100%) as the Borrower may direct in writing to the Trustee to pay) of the Excess Earnings earned from the Closing Date through the end of such fifth Bond Year (less the amount of Excess Earnings, if any, previously paid to the United States of America pursuant to this Section). Within 60 days after the payment in full of all Outstanding Bonds, the Trustee shall pay to the United States of America in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to one hundred percent (100%) of the Excess Earnings earned from the Closing Date through the date of such payment in full (less the amount of Excess Earnings, if any, previously paid to the United States of America pursuant to this Section) and any moneys remaining in the Rebate Fund following such payment shall be paid to the Borrower in accordance with Section of the Loan Agreement. All computations of Excess Earnings pursuant to this Section shall treat the amount or amounts, if any, previously paid to the United States of America pursuant to this Section as amounts on deposit in the Rebate Fund.

In addition, in accordance with Section 148(f)(4)(B)(iv) of the Code, the Arbitrage Rebate Consultant shall calculate and the Borrower shall pay to the Trustee for payment to the United States of America such penalty amount (if any) required under such Section with respect to nonpurpose investments allocable to the construction subaccount of the Project Fund which are not spent in accordance with the schedule required by Section 148(f)(4)(B)(iv) of the Code and set forth in the Certificate as to Arbitrage, dated the Closing Date, executed by the Authority and the Borrower.

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The Trustee and Authority shall be entitled conclusively to rely on the calculations and directions of the Consultant made pursuant to this Section and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations and directions.

The Trustee shall maintain a record of any investments of gross proceeds of the Bonds (within the meaning of Section 148(f) of the Code) held by the Trustee, including, without limitation, investments of amounts held in the Bond Fund and Project Fund. This record with respect to obligations in which gross proceeds of the Bonds are invested will include their date of purchase, purchase price, coupon rate and period, and the amount and date of receipt of payments of principal, premium and interest, and of sale, redemption and retirement proceeds with respect thereto.

The Trustee shall obtain and keep such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code. Notwithstanding the foregoing, the Trustee shall keep such records at least until three years following the final payment or maturity of all Bonds.

[The Authority will accept a provision to the effect that if the Borrower provides the Authority with an unconditional opinion of bond counsel stating that arbitrage rebate is not a relevant issue to a particular transaction, the need for a Consultant's Report may be waived.]

F. OFFICIAL STATEMENT

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F. OFFICIAL STATEMENT

1. ~~4.~~ **Secondary Market Disclosure.** The Authority has not made and will not make any provision to provide any annual financial statements or other credit information of the Borrower to investors on a periodic basis.

2. ~~2.~~ **Cover Page.**

THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE INDENTURE, AND EXCEPT TO SUCH LIMITED EXTENT, THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF THE RECEIPTS, REVENUES AND INCOME SPECIFIED IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS OR OTHER COSTS INCIDENTAL THERETO. NO OWNER OF ANY BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES FOR ANY PURPOSES WHATSOEVER.

3. ~~3.~~ **Inside Cover Page.** The information set forth herein relating to the Authority under the headings "THE AUTHORITY" and "LITIGATION- The Authority" has been obtained from the Authority. All other information herein has been obtained by the Underwriters from the Borrower, the Underwriters and other sources deemed by the Underwriters to be reliable, and is not to be construed as a representation by the Authority or Underwriters. The Authority has not reviewed or approved any information in this Official Statement except information relating to the Authority under the headings "THE AUTHORITY" and "LITIGATION - The Authority". The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof.

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4. ~~4.~~ **Security for and Source of Payment of the Bonds.** The Bonds, any premium thereon and the interest thereon constitute special, limited obligations of the Authority and, except to such limited extent, do not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the Authority, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The Authority is obligated to pay the principal of, premium, if any, and interest on the Bonds and other costs incidental thereto only from the sources specified in the Indenture. Neither the full faith and credit nor the taxing powers of the Authority, the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Bonds. No owner of any Bond shall have the right to compel the taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Bonds. The Authority does not have the power to levy taxes for any purpose whatsoever.
5. ~~5.~~ **The Project.** The Authority makes no warranty or representation, whether express or implied, with respect to the Project or the location, use, operation, design, workmanship, merchantability, fitness, suitability or use for particular purpose, condition or durability thereof or title thereto.
6. ~~6.~~ **Bondholder's Risk.** In all circumstances, except as may be approved by the Authority's General Counsel, including but not limited to the use of credit enhancement, both the Preliminary Official Statement and Official Statement must have a Bondholder's Risk section in form and substance acceptable to the Authority and its issuer's counsel.
7. ~~7.~~ **Execution.** The Authority does not sign the Official Statement; the Authority requires the Borrower to sign the Official Statement.
8. ~~8.~~ **The Authority.**
- (a) ~~(a)~~ **Description of the Authority.** The Authority is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act, as amended from time to time (the "Act"), which consolidated seven of the State's previously existing financing authorities (the "Predecessor Authorities"). All bonds, notes or other evidences of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding \$28,150,000,000 (subject to change, from time to time, by acts of the State Legislature), excluding bonds issued to refund the bonds of the Authority or bonds of the Predecessor Authorities. Pursuant to the Act, the Authority is governed by a 15-member board appointed by the Governor of the State of Illinois with the advice and consent of the State Senate. Presently, _____ members have been duly appointed and _____ vacancies

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exist. The members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

- (b) ~~(b)~~ **Bonds of the Authority.** The Authority may from time to time issue bonds as provided in the Act for the purposes set forth in the Act. The Bonds of the Authority as described herein are special, limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the Final Bond Resolution and Indenture authorizing the issuance of such bonds. Any bonds issued by the Authority (and any premium thereon and the interest thereon) do not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. No Owner of any Bond shall have the right to compel any taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power.

The Authority makes no warranty or representation, whether express or implied, with respect to the Project or the use thereof. Further, the Authority has not prepared any material for inclusion in this Official Statement, except that material under the headings “THE AUTHORITY” and “LITIGATION - The Authority”. The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

The offices of the Authority are located at 160 North LaSalle Street, Suite ~~C-800~~[S-1000](#), Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

- (c) ~~(c)~~ **Authority Counsel.** Certain legal matters with respect to the Bonds will be passed upon for the Authority by its special counsel _____, _____, Illinois.

- (d) ~~(d)~~ **Litigation -- The Authority.** There is not now pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened, any litigation against the Authority restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which the Bonds are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present members or other officers of the Authority to their respective offices is being contested. There is no litigation against the Authority

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pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened, which in any manner questions the right of the Authority to enter into the Indenture, the Loan Agreement or the Bond Purchase Agreement or to secure the Bonds in the manner provided in the Indenture, the Final Bond Resolution and the Act.

G. ~~**G.**~~ **CHAIN OF TITLE**

~~To~~Except with respect to PACE Assessment Contracts, to the fullest extent possible given the circumstances of the particular financing, the Authority prefers to remain outside of the chain of title, whether by lease, deed, mortgage, assignment or other such document, relative to any property involved with or affected by the Project.

H. **PACE BONDS**

In order for a Program Administrator to have the Authority issue PACE Bonds (and thereby facilitate access to capital to potential PACE borrowers in the Program Administrator's program), a Program Administrator must execute a Master Indenture and related Issuance Certificate in substantially the form on file with the Authority.

1. **PACE Assessment Contract.** The Authority prefers that each Program Administrator incorporates the following provisions in its form PACE Assessment Contract approved by a Local Unit of Government, though the Authority may be able to accommodate non-uniform PACE Assessment Contracts with approval of the Authority General Counsel. It is anticipated that the following provisions would be contained in any PACE Assessment Contract, or alternatively, in a supplemental financing agreement with the applicable PACE Borrower and to which the Authority obtains satisfactory rights as determined in its sole discretion. These provisions should be in any PACE Assessment Contract or supplemental financing agreement for which PACE Bonds are to be issued.

General Terms for the PACE Assessment Contract (or supplemental financing agreement)

(a) *Identification of Record Owner; Title to Property; Description of Project.* [Person or legal entity] is the titleholder or owner of the beneficial interest (the "Record Owner") in the property described on Exhibit A (the "Property"). The Record Owner has completed an application (the "PACE Project Application") for financing under the PACE Program ("PACE Funding") for the energy project, including the construction and installation thereof, described in Exhibit A (the "Project") and has satisfied the PACE Program requirements, including without limitation, obtaining a written consent from any and all holders or loan servicers of mortgages recorded against the Property, and the Program Administrator has issued an approval of the Record Owner's PACE Project Application, all in accordance with the Program Guidebook administered by the Program Administrator with respect to the PACE Program and in effect on the date hereof (the "Program Guidebook"). This Contract relates to the Property.

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The Record Owner has provided to the [Local Unit of Government] sufficient evidence that the Record Owner is the titleholder or owner of the beneficial interest in the Property and possesses all legal authority necessary to execute this Contract. This Contract relates to the Property. The Record Owner has provided to the [Local Unit of Government] sufficient evidence that the Record Owner is the titleholder or owner of the beneficial interest in the Property and possesses all legal authority necessary to execute this Contract.

- (b) *PACE Requirements Verification.* The Record Owner has requested the [Local Unit of Government] enter into this Contract and the [Local Unit of Government] has verified the information required by Section 25(c) of the Act as further described herein. The Record Owner hereby certifies to the [Local Unit of Government] that the [Local Unit of Government] has complied with the provisions of Section 25 of the Act.

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- (c) *The Assessment.* The Record Owner hereby freely and willingly agrees that an assessment in the amount specified in Schedule I (the “Assessment”) shall be levied by the [Local Unit of Government] on the Property pursuant to the Act. The amount of the Assessment shall be the amount specified in Schedule I, which includes an amount to pay all or a portion of the costs of (i) the Project, (ii) incidental expenses, if so specified in Schedule I, (iii) capitalized interest on bonds to be issued or, if applicable, the Warehouse Fund, if so specified in Schedule I, and (iv) funding any required debt service reserve, if so specified in Schedule I (collectively, the “Financing Purposes”). The Record Owner acknowledges and agrees that the amount of the Assessment does not exceed the special benefit conferred on the Property by the Financing Purposes thereon. Interest on the Assessment shall begin to run from the date *[insert applicable date (e.g., date of issuance of Bonds, Warehouse Fund placement, etc.)]*, and shall be computed at the rate specified in Schedule I. The unpaid Assessment shall be payable in installments of principal and interest as set forth in Schedule I.
- (d) *Collection.* The annual proportion of the Assessment coming due in any year, together with the annual interest thereon, shall be payable in the same manner and at the same time and in the same installments as the general taxes on the Property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on the Property. The [Local Unit of Government] may delegate the authority to collect the Assessment to the Program Administrator.
- SECTION IV**
- (e) *Administrative Expenses.* In addition to the annual installment of the Assessment described in subsection (c) of this Section, the [Local Unit of Government] or any Assignee (as defined below) may (or may direct the Program Administrator on behalf of the [Local Unit of Government] or any such Assignee, as the case may be, to), in accordance with the Act, add thereto amounts in order to pay for the costs of collecting the Assessment, the annual administration of the Assessment, the annual administration of the Bonds or the Warehouse Fund and other administrative costs (the “Annual Assessment Administrative Fee”), if so specified in Schedule I.
- (f) *No reduction or offset.* The Record Owner hereby acknowledges and agrees that the Assessment will not be subject to reduction, offset or credit of any kind in the event that the Project fails to perform in any way or for any reason.
- (g) *No Acceleration; Survival.* Amounts due under the Assessment will not accelerate upon a default or late payment or enforcement of remedies

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under this Contract and the Assessment, the lien thereof and the obligation to pay Assessment installments when they become due shall survive any such event and continue until paid in full.

(h) Record Owner representations and warranties, such as:

(i) *Organization and Authority.* The Record Owner, if a legal entity, is duly organized, validly existing and in good standing in the state of its organization and with authority to do business under the laws of the State of Illinois. The Record Owner has all necessary power and authority to own the Property and to conduct its business and enter into the transactions contemplated hereby. The Record Owner has the right to enter into and perform this Contract, and the execution, delivery and performance of this Contract [and each and every document specified in the List of Documents contained in Exhibit A³ executed in connection therewith (collectively, the “Transaction Documents”)] have been duly authorized, executed and delivered and constitute valid and binding obligations of the Record Owner, each enforceable in accordance with its terms, and will not violate any applicable law or result in the creation of a lien against the Property except as contemplated by this Contract.

(ii) *Financial Statements.* All financial statements delivered to the [Local Unit of Government] or the Program Administrator are true and correct, have been prepared in accordance with United States generally accepted accounting principles consistently applied, fairly represent the financial condition of the Record Owner as of the date thereof, and no material adverse change has occurred in the financial condition presented therein since such date.

(iii) *No Litigation.* There are no actions, suits or proceedings pending or, to the knowledge of the Record Owner, threatened, against or affecting it or the Property which could materially adversely affect the Record Owner, its financial condition, the Property or the construction of the Project or the Record Owner’s ability to satisfy its obligations under this Contract and any of the Transaction Documents, if applicable.

(iv) *Title.* The Record Owner has good and insurable title to the Property. There are no involuntary liens on the Property, including, but not limited to, construction or mechanics liens, *lis pendens* or

³ Note: References to Exhibit A in this Section III.H of the Handbook refer to an exhibit that may be utilized in an assessment contract to set out the applicable terms.

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judgments against the Record Owner, environmental proceedings, or eminent domain proceedings.

- (v) *Compliance with Laws.* The Record Owner has complied with, and will continue to comply with, all applicable statutes, regulations and ordinances in connection with the Property and construction of the Project. All permits, consents, approvals and authorizations required to be issued by any governmental body (collectively, the “Permits”) necessary for (a) the construction of the Project in accordance with the plans and specifications (together, the “Plans”) submitted by the Record Owner; (b) the construction, connection and operation of all utilities necessary to service the Project; and (c) the construction and use of all roadways, driveways, curb cuts and other vehicular or other access to and egress from the Project, as shown on the Plans either (i) have been obtained, are valid, are in full force and effect and have been complied with by the Record Owner in all respects; or (ii) will be obtained, will be valid, will be in full force and effect prior to the initiation of construction of the Project, and Record Owner will be in compliance therewith in all respects prior to any “permitted assignee” (as defined in the Act) to which this Contract has been assigned (the “Assignee”) disbursing any Bond proceeds [or interim financing provided by a Warehouse Fund, if applicable].. Construction of the Project in accordance with the Plans will comply with applicable zoning, use, building or other applicable codes, laws, regulations, ordinances and Permits and any restrictive covenants affecting the Property.
- (vi) *Mortgage Holder Consent.* The Record Owner represents and warrants that the Record Owner has (i) disclosed to the [Local Unit of Government] or the Program Administrator, the identities of all persons, if any, that hold mortgage liens against the Property (whether recorded or unrecorded) that may be affected by the Assessment; (ii) has obtained and delivered to the [Local Unit of Government] or the Program Administrator the written consent of all such persons to the Assessment; and (iii) to the Record Owner’s knowledge, no such consent has been withdrawn or revoked.
- (vii) *Insurance.* The Record Owner has provided to the [Local Unit of Government] or the Program Administrator satisfactory evidence of current insurance policies on the Property. Such policies shall meet the specifications set forth in accordance with the Program Guidebook incorporated herein by reference but, notwithstanding such specifications, to the extent Bonds are issued under the Act, the Authority, any Bond Trustee and any Warehouse Fund shall be

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named as an additional insured (mortgagee/loss payee) on all insurance policies required hereunder.

(viii) *PACE Application; Project Constitutes Energy Project.* All representations, warranties, statements, exhibits, instruments and other documents contained in or included as a part of the PACE Application are true, correct and complete as of the Effective Date. The Project constitutes an “energy project” and the Property constitutes “property” as each term is defined in the PACE Act.

(ix) *Fraud.* No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to the Property, Plans, Budget, Construction Contract or Project has taken place on the part of the Record Owner or any other person, including, without limitation, any appraiser, title company, closing or settlement agent, realtor, builder or developer or any other party involved in the Property, Plans, Budget, Construction Contract or Project, that would impair in any way the rights of the [Local Unit of Government] or the Program Administrator in the Property, Plans, Budget, Construction Contract or Project or that violated applicable law.

(x) *Environmental Matters.* Except as shown on Schedule II attached hereto (the “Environmental Schedule”), there are no underground storage tanks located on the Property; there is no past or present non-compliance with environmental laws, or with permits issued pursuant thereto, in connection with the Property (which has not been fully remediated in accordance with environmental laws); there is no environmental remediation required (or anticipated to be required) with respect to the Property; and Record Owner does not know of, and has not received, any written or oral notice or other communication from any person (including but not limited to a governmental entity) relating to hazardous substances or remediation thereof, of possible liability of any person pursuant to any environmental law, other environmental conditions in connection with the Property, or any actual or potential administrative or judicial proceedings in connection with the foregoing.

(i) Record Owner covenants, such as:

(i) *Maintenance of Property.* The Record Owner shall, at all times, maintain the Property and, after construction, the Project. The Record Owner shall pay when due all taxes, assessments (including the Assessment), water charges, sewer charges and all other charges levied on or against the Property, and upon written

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request, submit to the [Local Unit of Government] or the Program Administrator official receipts evidencing such payments.

- (ii) *Construction Start and Completion.* The Record Owner shall commence construction of the Project and shall diligently proceed with construction of the Project in accordance with the approved Plans and Budget and in a good, substantial and workmanlike manner in accordance with the Construction Contract and all applicable laws, ordinances, codes, rules and regulations. [Construction of the Project shall be completed on or prior to the Outside Completion Date as defined in Exhibit A, if applicable.]
- (iii) *Protection Against Liens.* The Record Owner shall promptly pay and discharge all claims for labor performed and material and services furnished in connection with construction of the Project, and take all other steps necessary to prevent the assertion of claims or liens either against the Property or the Project, other than (i) the claims and lien provided herein, (ii) liens, if any, for taxes imposed by any governmental authority not yet due or delinquent, and (iii) such other title and survey exceptions as the [Local Unit of Government] or the Program Administrator has approved or may approve in writing in its sole discretion.
- (iv) *Periodic Reports/Certifications.* Upon request by the [Local Unit of Government] or the Program Administrator during the period construction of the Project begins on the Property until the Project has been accepted as completed pursuant to the terms of the Construction Contract, the Record Owner shall provide to the [Local Unit of Government] or the Program Administrator a written statement, certified as true, correct and complete, setting forth the status of the Project, including an updated schedule for completion of construction of the Project. Such certification shall be in such form and with such detail as the [Local Unit of Government] or the Program Administrator shall specify and may be included in completion certificate(s) as set forth in the Guidebook.
- (v) *Notice of Claims; Adverse Matters.* The Record Owner shall promptly notify the [Local Unit of Government] or the Program Administrator in writing of any potential Insolvency Event and all pending or threatened litigation or other matters that may materially and adversely affect the Property or Record Owner's ability to meet its obligations under the Transaction Documents or otherwise with respect to the Financing Purposes. "Insolvency Event" shall mean the Record Owner has (i) consented to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets

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and liabilities or similar proceeding or of relating to the Record Owner or relating to all or substantially all of such Record Owner's property, (ii) fails to pay its debts as they become due and such failure has not been cured within thirty (30) days of the event; (iii) admitted in writing its inability to pay its debts as they become due, (iv) filed a petition to take advantage of any applicable insolvency or reorganization statute, (v) made an assignment for the benefit of its creditors, (vi) has filed against it a petition for involuntary bankruptcy or some other involuntary insolvency proceeding which is not dismissed within thirty (30) days, or (vii) voluntarily suspended payment of its obligations.

(vi) *Waiver and Release of Claims Against [Local Unit of Government], the Program Administrator, the Authority and Related Parties.* For and in consideration of the [Local Unit of Government]'s execution and delivery of this Contract and the Authority and, if applicable, the Warehouse Fund providing capital to finance the Project, Record Owner (for itself and for any successor-in-interest to the Property and for anyone claiming by, through or under Record Owner, including without limitation, heirs, personal representatives, mortgagees and transferees), hereby waive the right to recover from the [Local Unit of Government], the Program Administrator, the Authority, the Warehouse Fund and any and all members, officers, officials, agents, bond trustee, employees, attorneys and representatives of any of them, as well as their successors and assigns (collectively, the "Financing Parties"), and fully and irrevocably release the Financing Parties from, any and all claims, obligations, liabilities, causes of action or damages (including attorneys' fees and court costs), that Record Owner may now have or hereafter acquire against any of the Financing Parties and accruing from or related to (i) this Contract, (ii) the disbursement of Bond proceeds or interim financing provided by a Warehouse Fund, if applicable, (iii) the levy and collection of the Assessment, (iv) the imposition of the lien of the Assessment, (v) the performance of the Project, (vi) the Project, (vii) any damage to or diminution in value of the Property that may result from construction or installation of the Project, (viii) any injury or death that may result from the construction or installation of the Project, (ix) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Project, (x) the merchantability and fitness for any particular purpose, use or application of the Project, (xi) the amount of energy savings, energy production, water conservation or other performance outcomes resulting from the Project or any assured performance guaranty, (xii) the workmanship of any third parties under any

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agreements including, without limitation, any Construction Contract, and (xiii) any other matter with respect to the PACE Program (collectively, the “Liabilities”).

This release includes claims, obligations, liabilities, causes of action and damages of which the Record Owner is not presently aware or which the Record Owner does not suspect to exist which, if known by the Record Owner, would materially affect Record Owner’s release of the Financing Parties. Notwithstanding the foregoing, Record Owner’s releases under this Section shall not extend to Liabilities arising from any Financing Parties willful misconduct. The Record Owner acknowledges that the Financing Parties established the PACE Program solely for the purpose of facilitating financing of energy projects arranged by owners of commercial property located in the PACE Area. The Financing Parties are not responsible for the selection, management and/or supervision of the Project, the Project’s performance, the Construction Contracts or any assumed performance guaranty. Any issues related to performance of the Project should be discussed with chosen contractors, installers, manufacturers and/or distributors involved with the Project. The waivers and releases by Record Owner contained in this Section shall survive the disbursement of any Bond proceeds, interim financing provided by a Warehouse Fund, if applicable, or any portion thereof, the transfer or sale of the Property by Record Owner and the termination of this Contract.

Notwithstanding the foregoing or anything to the contrary contained in this Contract, the waiver and release provided for in this Section shall not bar the Record Owner, its successors-in-interest to the Property, from bringing an equitable action against [Local Unit of Government] for specific performance of its respective duties and obligations under this Contract, or to enjoin or prevent the violation of this Contract thereby, it being understood and agreed, however, that the Financing Parties shall not be liable for money damages or costs of such equitable proceeding except insofar and to the extent such Liabilities arise from their willful misconduct.

(j) *Lien; Foreclosure.*

(i) *Lien.* The Assessment, and each installment thereof and the interest and any penalties thereon shall constitute a lien against the Property until they are paid, which lien shall be coequal to and independent of the lien for general taxes.

(ii) *Foreclosure.* The Record Owner acknowledges and agrees that if any Assessment installment is not paid when due, the Assignee has

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the right to enforce the lien through tax sale or through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Record Owner acknowledges that the Assignee may obligate itself, through a covenant with the owners of the Bonds, to exercise judicial foreclosure rights with respect to enforcement of delinquent Assessments under circumstances specified in such covenant.

(k) *Contract runs with the Land.* This Contract establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land. The obligation to pay the Assessment is an obligation of the Property and no agreement or action of the Record Owner shall be competent to impair in any way the rights of the City or the Program Administrator or the rights of any Assignee, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

(l) *Recordation of Documents.* The [Local Unit of Government] or the Program Administrator shall record or cause to be recorded in the office of the County Recorder this Contract and any other documents required by applicable law or any Assignee to be recorded.

(m) *Waivers, Acknowledgment and Contract.*

Since the Assessment is voluntary and imposed, in accordance with the Act, pursuant to this Contract, the Record Owner hereby waives any otherwise applicable requirements of the Special Assessment Supplemental Bond and Procedures Act, or any other provision of Illinois law, for notice or public hearing (provided, however, that this waiver shall apply only if the Bonds are issued through the Act).

The Record Owner hereby waives its right to appeal or contest the Assessment or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the [Local Unit of Government] undertaken in connection with the PACE Program. The Record Owner hereby agrees that the Record Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Project. The Record Owner hereby acknowledges that the Record Owner and its successor in interest to fee title in the Property will be responsible for payment of the Assessment regardless of whether the Project is properly installed, operated, maintained or performs as expected.

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The Record Owner hereby agrees that [Local Unit of Government] is entering into this Contract solely for the purpose of assisting the Record Owner with the financing or refinancing of the Project, and that neither [Local Unit of Government] nor the Program Administrator has any responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing, maintenance or performance of the Project. The Record Owner hereby certifies to [Local Unit of Government] that [Local Unit of Government] has complied with the provisions of Section 25 of the PACE Act. The Record Owner hereby waives the right to recover from and fully and irrevocably releases the Financing Parties from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Contract that the Record Owner may now have or hereafter acquire against the Financing Parties.

(n) *Indemnification.*

The Record Owner agrees to indemnify, defend, protect, and hold harmless the Financing Parties from and against all losses, Liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all out-of-pocket litigation costs and attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with (i) the Record Owner's participation in the PACE Program, (ii) the Assessment, (iii) the Project, or (iv) any other fact, circumstance or event related to the subject matter of this Contract, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all out-of-pocket litigation costs and attorney's fees) accrue before or after the date of this Contract.

The provisions of this Section shall survive the termination of this Contract.

(o) *Amendments.* This Contract may be modified or amended only by the written agreement of [Local Unit of Government] (or its Assignee, as applicable) and the Record Owner and the consent of the Assignee, if any.

(p) *Assignment.* This Contract inures to the benefit of and is binding upon [Local Unit of Government] and the Record Owner and its respective successors and assigns. [Local Unit of Government] has the right to assign any or all of its rights and obligations under this Contract without the consent of the Record Owner. Each of the Program Administrator, the Authority (either directly or via the Program Administrator), the Bond Trustee and the Warehouse Fund shall be a "permitted assignee" (as

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defined in the PACE Act) of [Local Unit of Government], for any purpose hereunder.

(q) *Governing Law; Venue.* This Contract shall be construed in accordance with and governed by the laws of the State of Illinois applicable to contracts made and performed in the State of Illinois. This Contract shall be enforceable in the State of Illinois, and any action arising hereunder shall (unless waived by the [Local Unit of Government] in writing) be filed and maintained in the Circuit Court of [THE COUNTY IN WHICH THE PROPERTY IS LOCATED] County; provided, however, that if Bonds are issued through the Act, such action shall be filed and maintained in the Circuit Court of Cook County; provided further, however, that actions to foreclose delinquent installments of the Assessment shall be filed and maintained in the Circuit Court of the County identified in Exhibit A.

(r) *Exhibit A (Contents):*

(i) *Identification of Record Owner;*

(ii) *Description of Property (i.e., Property Address, PINs, County, Legal Description)*

(iii) *Description of Project (i.e., Energy Efficiency Improvement, Water Use Improvement, Alternative Energy Improvement, Renewable Energy System, etc.)*

(iv) *Identification of Transaction Documents*

(v) *Identification of Outside Completion Date*

(vi) *Identification of Circuit Court for Foreclosure Actions*

(s) *Schedule I (Contents):*

(i) *Assessment Amount identification, such as: The amount of the Assessment (the "Assessment Amount"), is allocable to the cost of the Project ("Project Cost"), including the cost of materials and labor necessary for installation, permit fees, inspection fees, and other eligible costs, fees and expenses related to the Project, to program administrative fees ("Program Fees), allocable to the costs and fees of operating the Program or other fees that may be incurred by the Record Owner pursuant to the installation and the issuance of Bonds on a specific pro rata basis and the provision of interim financing by the Warehouse Fund, to other incidental fees and expenses ("Other Fees"), allocable to all other capitalized closing fees that may be incurred by the Record Owner to pay administrative costs including property specific legal reviews and recording fees, to capitalized interest ("Capitalized Interest"), to a debt service reserve (if required) ("Debt Service Reserve"), and to any fees charged by a private lender or capital provider ("Capital*

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Authority. Through this Assignment Agreement the Local Unit of Government will assign the PACE Assessment Contract to the Authority that will be the security for the PACE Bonds to be issued.

3. **Master Indenture.** Prior to the issuance of PACE Bonds, a form Master Indenture (and form Issuance Certificate) for an applicable Capital Provider must be put in place for such purpose and broad parameters for PACE Bonds that may be issued pursuant thereto approved by the Board in the PACE Bond Resolution.

The Authority will require that each Capital Provider have in place a PACE Bond Resolution before PACE Bonds would be issued and sold to such Capital Provider or its designee.

After the issuance and sale of PACE Bonds to a Capital Provider is approved pursuant to a PACE Bond Resolution, any issuance of PACE Bonds to such Capital Provider shall be documented through the Master Indenture and a related Issuance Certificate (included as Exhibit A to the Master Indenture) in substantially the form on file with the Authority. Any substantive deviations from the Master Indenture or Issuance Certificate may require further Board and/or Authority General Counsel approval.

SECTION IV **TRUSTEE QUALIFICATIONS**

The role of a trustee is essential to the bond transaction and performs vital functions. Because of the trustee's complex role, the Authority requires the trustee to satisfy specific qualifications. Specifically, Borrowers (or Program Administrators in the case of PACE Bonds) may use any bank or trust company to serve as trustee as long as the selection meets the following conditions:

1. ~~4.~~ The trustee must demonstrate continuing experience with similar bond issues.
2. ~~2.~~ The trustee must demonstrate work and experience with defaulted issues.
3. ~~3.~~ The trustee must have a combined capital and surplus of at least \$50,000,000 (or with respect to PACE Bonds, such higher amount as may be required by the applicable Program Administrator), as set forth in its most recent published annual report of condition, or, alternatively, a liability insurance policy having the type of coverage and in an amount acceptable to the Authority.
4. ~~4.~~ The trustee must have an operations group of at least four (4) experienced trust officers, with primary responsibility for municipal bond issues.
5. ~~5.~~ The trustee must have at least 25 municipal bond indentures aggregating at least \$25,000,000 under its administration.
6. ~~6.~~ The trustee must have the ability to transfer (manually and electronically) principal and interest payment information to the Authority, and to file any bond payment reports (including the "Notice of Payment of Bond Interest and/or Principal" C-08 Notice Forms) required to be filed by the Authority.
7. ~~7.~~ In the event that a trustee is not designated for a transaction, at a minimum, a paying agent acceptable to the Authority must be designated, which

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paying agent must satisfy all of the foregoing requirements of a trustee, unless expressly waived by the Authority.

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~~SECTION V~~ **POST-CLOSING MONITORING AND COMPLIANCE**

The Authority considers post-closing monitoring important to accomplishing its public mission. The general policy of the Authority is that all requirements of bond compliance are the responsibility of the Borrower, except to the extent specifically required by federal or State law and to the limited extent the Authority may undertake other responsibilities by contract or as a matter of policy. Borrowers are required to conduct post-closing monitoring tasks with respect to certain aspects of the closed transaction and, if applicable, the financed project, including, but not limited to the matters below. [Unless issued as tax-exempt bonds, this Section V is generally inapplicable to PACE Bonds.](#)

~~A. REGULATORY AND POLICY REQUIREMENTS~~

A. REGULATORY AND POLICY REQUIREMENTS

As a conduit issuer of bonds, the general approach of the Authority is that all requirements of bond compliance are the responsibility of the Borrower, except to the extent requirements of federal and State law directly apply to the Authority and to the limited extent the Authority may undertake responsibilities by contract or a matter of policy. Each Borrower generally agrees to comply with to all applicable laws, including applicable provisions of the Code and IRS regulations and other published guidance.

The Authority has adopted written post-issuance procedures, which are intended to facilitate compliance of its bond issues with applicable laws, including applicable federal tax requirements. In addition to its internal controls, the Authority generally requires the cooperation of its Borrowers and expects the cooperation of other transaction participants. Such cooperation may include, but not be limited to: tax compliance and IRS examination matters, bond document modifications, external and internal audit matters, and records retention matters.

In addition to the requirements referenced above, the Authority may require that its Borrowers comply with certain other post-closing requirements, including, but not limited to:

1. Require that Borrowers identify a particular official or officials responsible for post-issuance compliance containing certain core provisions required by the Authority.
2. Requirement that Borrowers demonstrate that they have adopted written post-issuance compliance procedures before the approval of a bond issue.
3. Timely completion by Borrowers of any remedial actions to correct (including voluntary closing agreement requests) or otherwise resolve identified noncompliance.

~~B. CERTIFICATE OF COMPLETION~~

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B. CERTIFICATE OF COMPLETION

The Authority requires that conduit ~~borrowers~~Borrowers complete and submit a certificate stating that the project is completed (a "Certificate of Completion"). The Certificate of Completion should be delivered to both the applicable Manager and the Authority's General Counsel, as required by applicable bond documents, which generally is within thirty (30) days of project completion.

C. SITE VISIT

C. SITE VISIT

Prior to, during or after completion of the Project, the Authority, at its discretion, and without obligation, reserves the right to conduct a site visit, upon reasonable notice to the Borrower.

EXHIBIT A
FORM OF PRELIMINARY BOND RESOLUTION

A PRELIMINARY BOND RESOLUTION APPROVING THE ISSUANCE OF ILLINOIS FINANCE AUTHORITY REVENUE BONDS, SERIES 20__ FOR [THE NAME OF BORROWER] FOR THE PURPOSES SET FORTH HEREIN IN AN AGGREGATE PRINCIPAL AMOUNT NOW ESTIMATED NOT-TO-EXCEED \$__,000,000

WHEREAS, there has been presented to the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the “Authority”), by _____, an _____ (the “Borrower”), an application for the issuance of Revenue Bonds by the Authority for the benefit of the Borrower in an amount now estimated not- to-exceed _____ Million and No/100 Dollars (\$__,000,000) (the “Bonds”); and

WHEREAS, the Borrower’s application has been made with respect to a “project” within the meaning of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.*, as supplemented and amended (the “Act”), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in **[insert appropriate description of the project and uses of the proceeds]**, all as permitted by the Act (collectively, the “Project”); and

[WHEREAS, as part of the issuance of the Bonds, the Borrower has requested an estimated not to exceed _____ Dollars and No/100 (\$__,000,000) in 20__ volume cap of the Authority; and]**[IF APPLICABLE]**

WHEREAS, no expenditures relating to the Project for which the Borrower may seek reimbursement from the proceeds of the Bonds (the “Expenditures”) have been made more than sixty (60) days prior to the adoption of this Resolution or, if applicable, any such similar resolution adopted by the Board of Directors of the Borrower, and any further Expenditures will be made on or after the date that this Resolution is adopted; and

WHEREAS, a determination has been made by the Authority that its issuance of the Bonds for the Project will be consistent and in accord with the provisions and purposes of the Act; and

WHEREAS, each of the Members of the Authority present is familiar with the form of this Preliminary Bond Resolution; and

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

Section 1. Approval. The application of the Borrower is approved.

Section 2. Adoption of Resolution. The Chairperson or Executive Director of the Authority is authorized and directed to execute, and the Secretary or any Assistant Secretary of the Authority is authorized to seal and attest to the adoption of this Preliminary Bond Resolution

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and to do any and all things necessary or desirable in order to carry out the intention of the parties expressed herein.

Section 3. Issuance of Bonds. Upon final determination of the details of the financing and provided that, on or before _____ 20__, the Authority and the Borrower shall have agreed to mutually acceptable terms for the Bonds and the contracts, agreements and proceedings related thereto, including, but not limited to a bond purchase agreement (or comparable agreement) for the sale of the Bonds, the Authority will use all reasonable efforts to take the further steps necessary, including, but not limited to, execution of said bond purchase agreement, to issue its Bonds on behalf of the Borrower to finance all or a portion of the Project in an amount now estimated not-to-exceed _____ Million and No/100 Dollars (\$____,000,000) [**which issuance is contemplated to and may include as part thereof not to exceed _____ Million and No/100 (\$____,000,000) in Authority 20__ Volume Cap.**][IF APPLICABLE]

Section 4. Expenditure Reimbursement. The Authority, on behalf of the Borrower, reasonably expects to reimburse all or a portion of any Expenditures that may have been incurred with the proceeds of the Bonds, to the extent allowed under the Act and the Internal Revenue Code of 1986, as amended. [**If the Expenditures include uses other than project-related uses (such as refundings), any and all dollar amounts of reimbursement should be specified, as required by law**]

Section 5. Notice and Hearing. The Executive Director of the Authority, or his designee, is hereby authorized, empowered and directed to cause notice to the public of a public hearing on the plan of financing for the Project to be published, such notice to be published at a time and in a manner determined by him to be appropriate and at least fourteen (14) days prior to the date on which such public hearing is to be held, and the Executive Director of the Authority (or any officer, employee or agent of the Authority designated by the Director) is further authorized, empowered and directed to hold the public hearing referred to in said notice.

Approved and effective this ___ day of _____ 20__ by vote as follows:

ILLINOIS FINANCE AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary (of Assistant Secretary)

[SEAL]

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ILLINOIS FINANCE AUTHORITY

By: _____

Chairperson

ATTEST:

Secretary (or Assistant Secretary)

{SEAL}

EXHIBIT BB-1
FORM OF FINAL BOND RESOLUTION

~~RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED~~ RESOLUTION
AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$ _____ IN
~~AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY REVENUE BONDS,~~
~~SERIES~~ IN AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE
AUTHORITY REVENUE BONDS, SERIES 20__ (_____), ~~THE PROCEEDS~~
~~OF WHICH ARE TO BE LOANED TO~~ THE PROCEEDS OF WHICH ARE TO BE LOANED
TO [NAME OF BORROWER].

WHEREAS, the ILLINOIS FINANCE AUTHORITY (the “*Authority*”) has been created by the Illinois Finance Authority Act, 20 ILCS 3501-801-1, et. seq., as amended (the “*Act*”); and

WHEREAS, [THE NAME OF BORROWER], _____ not for profit corporation (the “*Corporation*”), has requested that the Authority issue not to exceed \$ _____ (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Bonds, Series 20__ (_____) (the “*Series 20__ Bonds*”) and loan the proceeds thereof to the Corporation in order to assist the Corporation in providing a portion of the funds necessary to do any or all of the following: [(i) refund all of the \$ _____ Bonds, Series _____ (_____) (the “*Series _____ Bonds*”); (ii) pay or reimburse the Corporation for the payment of the cost of acquiring, constructing, renovating, remodeling and equipping certain of its health facilities, including without limitation the renovation of the Corporation’s _____ (the “*Project*”); (iii) pay a portion of the interest on the Series 20__ Bonds; (iv) provide working capital; (v) establish a debt service reserve fund for the benefit of the Series 20__ Bonds, if deemed necessary or desirable; and (vi) pay certain expenses incurred in connection with the issuance of the Series 20__ Bonds and the refunding of the Series _____ Bonds, all as permitted by the Act (collectively, the “*Financing Purposes*”); and

WHEREAS, drafts of the following documents have been previously provided to and are on file with the Authority (collectively, the “*Authority Documents*”):

~~(a)~~ (a) a Bond Trust Indenture (the “*Bond Indenture*”) between the Authority and _____, as bond trustee (the “*Bond Trustee*”), providing for the issuance thereunder of the Series 20__ Bonds and setting forth the terms and provisions applicable to the Series 20__ Bonds, including securing the Series 20__ Bonds by an assignment thereunder to the Bond Trustee of the Authority’s right, title and interest in and to the Series

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20__ Obligation (as hereinafter defined) and certain of the Authority's rights in and to the Loan Agreement (as hereinafter defined);

~~(b)~~(b) a Loan Agreement (the "Loan Agreement") between the Authority and the Corporation, under which the Authority will loan the proceeds of the Series 20__ Bonds to the Corporation, all as more fully described in the Loan Agreement;

~~(c)~~(c) a Bond Purchase Agreement (the "Purchase Contract") among the Authority, the Corporation, and such firm or firms of municipal bond underwriters as may be approved by the Authority (with execution of the Purchase Contract constituting approval by the Authority) and the Corporation including, without limitation, _____ (the "Underwriters"), as purchaser of the Series 20__ Bonds, providing for the sale by the Authority and the purchase by the Underwriters of the Series 20__ Bonds;

~~(d)~~(d) Supplemental Bond Trust Indenture between the Authority and _____, as bond trustee, providing for the refunding of the Series _____ Bonds; and

WHEREAS, in connection with the issuance of the Series 20__ Bonds, the following additional documents may be executed and delivered by parties other than the Authority (collectively, the "Additional Transaction Documents"):

~~(a)~~(a) a _____ Supplemental Master Trust Indenture between _____, _____ corporation (the "Parent"), as Obligated Group Agent, or behalf of itself, the Corporation, _____, _____ and _____ (collectively, the "Members of the Obligated Group"), and _____, as master trustee (the "Master Trustee"), supplementing and amending the Amended and Restated Master Trust Indenture dated as of _____, _____ among the Parent and the other Members of the Obligated Group and the Master Trustee, providing for, among other things, the issuance thereunder of the Series 20__ Obligation (as hereinafter defined);

~~(b)~~(b) one or more Direct Note Obligations, Series 20__ of the Parent (collectively, the "Series 20__ Obligation"), which will be pledged as security for the Series 20__ Bonds, in an aggregate principal amount equal to the aggregate principal amount of the Series 20__ Bonds and with prepayment, maturity and interest rate provisions similar to the Series 20__ Bonds; and

(c) an Official Statement, substantially in the form of the draft Preliminary Official Statement (the "Official Statement") previously provided to and on file with the Authority, relating to the offering of the Series 20__ Bonds;

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

Section 1. Findings. Based upon the representations of the Corporation, the Authority hereby makes the following findings and determinations with respect to the Corporation, the Series 20__

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Bonds to be issued by the Authority and the facilities financed or refinanced with the proceeds of the Series 20__ Bonds:

~~(a)~~(a) The Corporation is a not for profit corporation organized under the laws of the State of _____ and is qualified to do business in the State of _____;

~~(b)~~(b) The Corporation is a “*participating health institution*” (as defined in the Act) and owns and operates _____;

~~(c)~~(c) The Corporation has properly filed with the Authority its request for assistance in providing funds to the Corporation and the funds will be used for the Financing Purposes, and the facilities financed or refinanced with the proceeds of the Series 20__ Bonds will be owned and operated by the Corporation and such facilities are included within the term “*project*” as defined in the Act;

~~(d)~~(d) The facilities to be financed or refinanced with the proceeds of the Series 20__ Bonds do not include any institution, place or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship;

~~(e)~~(e) The indebtedness to be refinanced with the proceeds of the Series 20__ Bonds was issued for purposes which constitute valid purposes under the Act, all of the proceeds of such indebtedness made available to the Corporation were expended to pay, or refinance indebtedness the proceeds of which were expended to pay, a portion of the cost of a “*project*” (as defined in the Act) owned or operated by the Corporation, such refinancing is in the public interest, is in connection with other financings by the Authority for the Corporation and is permitted and authorized under the Act; and

~~(f)~~(f) The Series 20__ Bonds are being issued for a valid purpose under and in accordance with the provisions of the Act.

Section 2. Series 20__ Bonds. In order to obtain the funds to loan to the Corporation to be used for the purposes aforesaid, the Authority hereby authorizes the issuance of the Series 20__ Bonds. The Series 20__ Bonds shall be issued under and secured by and shall have the terms and provisions set forth in the Bond Indenture in an aggregate principal amount not exceeding \$_____, excluding original issue discount or premium, if any. The Series 20__ Bonds may be issued in one or more series, of which any such series may be issued in two or more subseries, with such additional series or subseries designated in such manner as approved by the Authorized Officer (as defined herein) of the Authority, which approval shall be evidenced by such Authorized Officer’s execution and delivery of the Bond Indenture.

The Series 20__ Bonds shall mature not later than __ years from the date of their issuance, may be subject to serial maturities or mandatory bond sinking fund redemption as provided in the Bond Indenture and shall bear interest at stated rates not exceeding __.____% per annum. The Series 20__ Bonds shall be subject to optional and extraordinary redemption and be payable all as set forth in the Bond Indenture.

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The Series 20__ Bonds shall be issued only as fully registered bonds without coupons. The Series 20__ Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairperson ~~or its~~, Vice Chairperson or its Executive Director and attested by the manual or facsimile signature of its Executive Director, Secretary or any Assistant Secretary, or any person duly appointed by the Members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon.

The Series 20__ Bonds shall be issued and sold by the Authority and purchased by the Underwriters at a purchase price of not less than __.____% of the principal amount of such Series 20__ Bonds, excluding any original issue discount or premium, if any, plus accrued interest, if any. The Underwriters shall receive total underwriting compensation with respect to the sale of the Series 20__ Bonds, including underwriting discount, not in excess of __.____% of the principal amount of the Series 20__ Bonds, excluding original issue discount or premium, if any, in connection with the sale of the Series 20__ Bonds.

The Series 20__ Bonds and the interest thereon shall be limited obligations of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to the Loan Agreement (except such income and revenues as may be derived by the Authority pursuant to the Unassigned Rights (as defined in the Bond Indenture)). The Series 20__ Bonds and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) proceeds of the sale of the Series 20__ Bonds, (ii) the income and revenues derived by the Authority pursuant to the Loan Agreement and the Series 20__ Obligation and other amounts available under the Bond Indenture and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

The Authority hereby delegates to the Chairperson or the Executive Director of the Authority or any other Authorized Officer (as hereinafter defined), the power and duty to make final determinations as to the Series _____ Bonds to be refunded, the principal amount, number of series or subseries of Series 20__ Bonds and any names or other designations therefor, dated date, maturities, purchase price, any mandatory sinking fund redemption dates and amounts, optional and extraordinary redemption provisions, the Underwriters of the Series 20__ Bonds, and the interest rates of each series of the Series 20__ Bonds, all within the parameters set forth herein.

Section 3. Authority Documents. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director, or General Counsel, or any person duly appointed by the Members to serve in such offices on an interim basis (each an “*Authorized Officer*”), and the delivery and use, of the Authority Documents. The Secretary or any Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to any Authority Document. The Authority Documents shall be substantially in the forms previously provided to and on file with the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of any changes or revisions therein from such forms of the Authority Documents and to constitute

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conclusive evidence of such Authorized Officer's approval and the Authority's approval of the terms of the Series 20__ Bonds and the purchase thereof.

Section 4. Additional Transaction Documents. The Authority does hereby approve the execution and delivery of the Additional Transaction Documents. The Additional Transaction Documents shall be in substantially the forms previously provided to and on file with the Authority and hereby approved, with such changes therein as shall be approved by, or in such final forms as are approved by, the Authorized Officer of the Authority executing the Bond Indenture, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of the final forms of the Additional Transaction Documents or any changes or revisions therein from such forms of the Additional Transaction Documents.

Section 5. Distribution of the Preliminary Official Statement and Official Statement. The Authority does hereby approve the distribution of the Preliminary Official Statement and the Official Statement by the Underwriters in connection with the offering and sale of the Series 20__ Bonds. The Official Statement shall be substantially in the form of the draft Preliminary Official Statement provided to and on file with the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the Bond Indenture, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of the final form of the Official Statement.

Section 6. Authorization and Ratification of Subsequent Acts. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including, without limitation, the execution and delivery of one or more tax exemption agreements, supplemental bond indentures, escrow agreements or other agreements providing for the payment of the Series _____ Bonds and any additional documents that may be necessary to provide for one or more additional series or subseries of Series 20__ Bonds and the acceptance of any continuing disclosure agreement of the Corporation pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended) as may be necessary to carry out and comply with the provisions of these resolutions, the Authority Documents and the Additional Transaction Documents, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Authority Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Bond Indenture.

Section 7. Severability. The provisions of this Final Bond Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be

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invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Final Bond Resolution.

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

Section 9. Effectiveness. This Final Bond Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this ___ day of _____ 20___ by vote as follows:

ILLINOIS FINANCE AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary (of Assistant Secretary)

[SEAL]

~~ILLINOIS FINANCE AUTHORITY~~

~~By: _____
_____ Chairperson~~

~~ATTEST:~~

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EXHIBIT B-2
FORM OF PACE BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE IN ONE OR MORE SERIES OF NOT TO EXCEED \$ _____ IN AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY [TAXABLE] PROPERTY ASSESSED CLEAN ENERGY REVENUE BONDS FOR PURCHASE BY [INSERT NAME OF CAPITAL PROVIDER] OR ITS DESIGNATED TRANSFEREE.

WHEREAS, the ILLINOIS FINANCE AUTHORITY (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act, as amended (20 ILCS 3501/801-1 *et seq.*) (the “Act”);

WHEREAS, the Authority is authorized pursuant to the Act in general and Article 825 thereof specifically, to issue revenue bonds to finance, among other things, “PACE Projects” (as defined or provided for in the Act);

WHEREAS, pursuant to the Property Assessed Clean Energy Act (50 ILCS 501/ *et seq.*) (the “PACE Act”), local units of government (as defined in the PACE Act) may create a property assessed clean energy program (a “PACE Program”) within their respective jurisdictional boundaries known as a “PACE area” (as defined in the PACE Act, each a “PACE Area” hereunder), and may further delegate the administration of such PACE Program to a program administrator (a “Program Administrator”);

WHEREAS, pursuant to the PACE Act, a “record owner” (as defined in the PACE Act, and a “Record Owner” hereunder) of commercial property within a PACE Area may apply to a local unit of government or its Program Administrator for funding to finance or refinance certain “energy projects” (as defined in the PACE Act, and “PACE Projects” as defined in the Act, which are known as “Energy Projects” herein) and that the local unit of government may impose an assessment under a PACE Program pursuant to the terms of the recorded assessment contract (“Assessment Contract”) with the Record Owner of the commercial property to be assessed;

WHEREAS, the Authority is authorized under the PACE Act to issue property assessed clean energy revenue bonds (“PACE Bonds”) or provide a warehouse fund, in each case to provide liquidity for the financing or refinancing of certain Energy Projects for Record Owners that have complied with the requirements of the PACE Act and the rules and guidelines of a PACE Program administered on behalf of or at the discretion of a local unit of government by a Program Administrator;

WHEREAS, [INSERT NAME OF CAPITAL PROVIDER], a [INSERT CORPORATE DESIGNATION] (the “Capital Provider”) wishes to purchase PACE Bonds secured by Assessment Contracts related to a PACE Program administered on behalf of or at the direction of a local unit of government by a Program Administrator;

WHEREAS, such PACE Bonds shall be issued pursuant to a Master Indenture (a “Master Indenture”) among the Authority, the applicable Program Administrator and a bank or other financial institution selected by the Capital Provider or the applicable Program Administrator to

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serve as bond trustee (a “Bond Trustee”), setting out the parameters, terms and conditions pursuant to which a series of PACE Bonds may be issued pursuant to an Issuance Certificate (an “Issuance Certificate”) among the Authority, the applicable Program Administrator, the Bond Trustee and the Capital Provider as Initial Purchaser (or its Designated Transferee as defined in the applicable Issuance Certificate); and

WHEREAS, PACE Bonds shall be secured by certain related Assessment Contracts assigned to the Authority by the applicable local unit of government (acting at the direction of the applicable Program Administrator [and the Capital Provider]) pursuant to an Assignment Agreement (an “Assignment Agreement” and together with the Master Indenture and Issuance Certificate, the “PACE Bond Documents”), executed by the Authority and the applicable local unit of government.

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

Section 1. Bonds. In order to obtain the funds to loan to certain Record Owners party to Assessment Contracts to be used for the purposes of financing Energy Projects, the Authority hereby authorizes the issuance of PACE Bonds subject to the terms and conditions set forth in a Master Indenture and a related Issuance Certificate in substantially the form attached to such Master Indenture, along with the execution and delivery of Master Indentures and related Issuance Certificates in substantially the forms previously provided to and on file with the Authority, and with such changes as are permitted by Section 2 hereof. PACE Bonds shall be issued, executed and delivered under and secured by applicable Assessment Contracts (“Assigned Contracts”) assigned to the Authority pursuant to an Assignment Agreement, and shall have the terms and provisions set forth in the Master Indenture and an applicable Issuance Certificate, subject to the following limitations:

- (a) the aggregate principal amount of PACE Bonds that may be issued pursuant a Master Indenture and any Issuance Certificate and purchased by the Capital Provider or an affiliate thereof as “Initial Purchaser” (as defined the applicable Master Indenture) or its Designated Transferee (as defined in the Master Indenture) collectively, “PACE Bond Purchaser”) shall not exceed \$_____;
- (b) the PACE Bonds for sale to the PACE Bond Purchaser may be issued in one or more series, of which any such series may be issued in two or more subseries, with such additional series or subseries designated in such manner as approved by an Authorized Officer (as defined herein) of the Authority, which approval shall be evidenced by such Authorized Officer’s execution and delivery of a Master Indenture and applicable Issuance Certificate;
- (c) no PACE Bonds for sale to the PACE Bond Purchaser shall have a maturity later than [40] years from the date of their issuance, provided the PACE Bonds may be subject to serial maturities or mandatory bond sinking fund redemption as provided in a Master Indenture and applicable Issuance Certificate;

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- (d) no PACE Bonds for sale to the PACE Bond Purchaser shall bear interest at stated rates exceeding $__\%$ per annum;
- (e) no PACE Bonds for sale to the PACE Bond Purchaser shall be issued pursuant to a Master Indenture and a related Issuance Certificate after the date that is three (3) years after the date of approval of this Resolution;
- (f) PACE Bonds for sale to the PACE Bond Purchaser shall be subject to optional, mandatory and extraordinary redemption and be payable all as set forth in a Master Indenture and the applicable Issuance Certificate;
- (g) PACE Bonds for sale to the PACE Bond Purchaser shall be issued only as fully registered bonds without coupons;
- (h) PACE Bonds for sale to the PACE Bond Purchaser shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairperson, Vice Chairperson or Executive Director and attested by the manual or facsimile signature of its Secretary or any Assistant Secretary, or any person duly appointed by the Members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon; and
- (i) PACE Bonds for sale to the PACE Bond Purchaser shall be issued by the Authority for the consideration set forth in a Master Indenture and applicable Issuance Certificate at par value.

Any PACE Bonds for sale to the PACE Bond Purchaser issued pursuant to a Master Indenture and any applicable Issuance Certificate and the interest thereon shall be limited obligations of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to the Assigned Contracts and certain amounts on deposit with the applicable Bond Trustee in a Master Indenture. PACE Bonds for sale to the PACE Bond Purchaser issued pursuant to a Master Indenture and any applicable Issuance Certificate and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) proceeds of the sale of such PACE Bonds, (ii) the income and revenues derived by the Authority pursuant to Assigned Contracts and other amounts available under a Master Indenture and any applicable Issuance Certificate and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

The Authority hereby delegates to the Chairperson, Vice Chairperson or the Executive Director of the Authority or any other Authorized Officer (as hereinafter defined), the power and duty to make final determinations as to the PACE Bonds to be issued and sold to the PACE Bond Purchaser, including but not limited to, the principal amount, number of series or subseries of such PACE Bonds and any names or other designations therefor, dated date, maturities, purchase price, any mandatory sinking fund redemption dates and amounts, optional and extraordinary redemption provisions, and the interest rates of each series or subseries of such PACE Bonds, each series or subseries of which may be issued or sold on separate dates pursuant to separate

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Issuance Certificates, and further to issue, execute and deliver such PACE Bonds pursuant to a Master Indenture and related Issuance Certificate, all within the parameters set forth herein.

Section 2. PACE Bond Documents. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director, or General Counsel, or any person duly appointed by the Members to serve in such offices on an interim basis (each an “Authorized Officer”), and the delivery and use, of the PACE Bond Documents. The Secretary or any Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to any PACE Bond Document. The definitive PACE Bond Documents shall be substantially in the forms previously provided to the Members and on file with the Authority, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution and delivery to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of any changes or revisions therein from such forms of the PACE Bond Documents and to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of the terms of any PACE Bonds issued pursuant to the PACE Bond Documents and the purchase thereof.

Section 3. Authorization and Ratification of Subsequent Acts. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including, without limitation, the execution and delivery of one or more supplemental bond indentures, escrow agreements or other agreements providing for the payment of the PACE Bonds and any additional documents that may be necessary to provide for one or more additional series or subseries of PACE Bonds) as may be necessary to carry out and comply with the provisions of these resolutions, the PACE Bond Documents, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the PACE Bond Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the PACE Bond Documents.

Section 4. Severability. The provisions of this PACE Bond Resolution are hereby declared to be separable, and if any section, phrase or provision hereof 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 of this PACE Bond Resolution.

Section 5. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 6. Effectiveness. This PACE Bond Resolution shall be in full force and effect immediately upon its passage, as by law provided.

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Approved and effective this ___ day of _____ 20___ by vote as follows:

ILLINOIS FINANCE AUTHORITY

By: _____

Executive Director

ATTEST:

Secretary (or Assistant Secretary)
[SEAL]

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EXHIBIT C
FORM OF TEFRA NOTICE

NOTICE OF PUBLIC HEARING

Notice is hereby given that on _____, _____, 20____, at 9:00 A.M., in ~~the 11th Floor Conference Room at 500 East Monroe Street~~ suite 501 of the office of Hart, Southworth & Witsman located at One North Old State Capitol Plaza, Springfield, Illinois, a public hearing will be held before the Executive Director of the Illinois Finance Authority (the "Authority"), or his designee, regarding a plan to issue not to exceed \$_____ aggregate principal amount of _____ Revenue Bonds, Series _____ (_____ Project), of the Authority, in one or more series (the "Bonds"). The proceeds of the Bonds will be loaned to _____, an _____ (the "Borrower"), and will be used to **[insert project description and use of proceeds]**.

The initial owner, operator or manager of the facilities being financed or refinanced with the proceeds of the Bonds is the Borrower. A general functional description, and the location of each such facility to be financed or refinanced with the proceeds of the Bonds are listed below.

1. _____
2. _____
3. _____

The Bonds are special, limited obligations of the Authority, payable solely out of the revenues and other funds pledged and assigned for their payment in accordance with one or more loan agreements each between the Borrower and the Authority and the indentures pursuant to which the Bonds are issued. The Bonds do not constitute a debt of the State of Illinois within the meaning of any provisions of the Constitution or statutes of the State of Illinois or a pledge of the faith and credit of the State of Illinois or grant to the owners thereof any right to have the General Assembly levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon.

The above notice of public hearing is required by Section 147(f) of the Internal Revenue Code of 1986, as amended. At the time and place set for the public hearing, residents, taxpayers and other interested persons will be given the opportunity to express their views for or against the proposed plan of financing. Written comments may also be submitted to the Executive Director of the Authority via email at publiccomments@il-fa.com or (i) at his office located at 160 North LaSalle Street, Suite ~~C-800~~S-1000, Chicago, Illinois 60601 (overnight delivery), or (ii) at P.O. Box ~~641187~~641249, Chicago, Illinois 60664 (mail) until _____, 20____ [48 hours prior to hearing].

In accordance with the Americans with Disabilities Act ("ADA"), if any person with a disability as defined by the ADA needs special accommodations to participate in the public

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hearing, then not later than _____, _____, [24 hours prior to hearing] he or she should contact the Authority at (312) 651-1300.

NOTICE DATED: _____, 20__.

ILLINOIS FINANCE AUTHORITY

By: /s/ _____

Executive Director

Illinois Finance Authority

~~NOTICE DATED: _____, 20__.~~

~~ILLINOIS FINANCE AUTHORITY~~

~~By /s/ _____~~

~~Executive Director~~

~~Illinois Finance Authority~~

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EXHIBIT D

FORM OF INVESTOR LETTER FOR CONDUIT (NON-PACE) BONDS

[~~LETTERHEAD OF INVESTOR~~ LETTERHEAD OF INVESTOR]

[Date]

| | | |
|---------------------------------------|-------|---|
| <u>Illinois Finance Authority</u> | _____ | 2 |
| Illinois Finance Authority | _____ | |
| 160 North LaSalle, | _____ | |
| Suite C-800 | _____ | |
| S-1000 Chicago, IL 60604 | | |
| <u>Chicago, IL 60601</u> | _____ | 2 |

Re: \$_____ Illinois Finance Authority Revenue Bonds, Series _____
(_____) (the "Bonds")

Ladies & Gentleman:

The undersigned, on behalf of _____ (the "Investor"), hereby represents and warrants to you as follows:

~~4-1.~~ 1. The Investor proposes to purchase the Bonds. The Investor understands that the Bonds have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state, and will be sold to the Investor in reliance upon certain exemptions from registration and in reliance upon the representations and warranties of the Investor set forth herein. Capitalized terms used herein shall have the meanings given to them in the Bond Trust Indenture dated as of _____ 1, 20__ (the "Bond Indenture") between the Illinois Finance Authority (the "Authority") and _____, as bond trustee (the "Bond Trustee").

~~2-2.~~ 2. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, and is capable of evaluating the merits and risks involved in an investment in the Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

~~3-3.~~ 3. The Investor acknowledges it has had an opportunity to ask questions of and has received answers from _____, an Illinois not-for-profit corporation (the "Borrower"); and it has received from the Borrower all information and materials which it regards as necessary to evaluate all merits and risks of its investment. [The Investor has not received nor relied upon any offering or disclosure document with respect the Bonds in making its decision to purchase the Bonds.]

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~~4-4.~~ The Investor acknowledges and understands that an investment in the Bonds involves a high degree of risk regarding, among other things, the payment of current interest and the payment of principal on the Bonds.

~~5-5.~~ The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

~~6-6.~~ The Investor understands and acknowledges that (i) under no circumstances shall the Bonds and the interest thereon be or become an indebtedness or obligation of the State of Illinois (the “State”), within the purview of any constitutional or statutory limitation or provision, or a charge against the credit of, or a pledge of the taxing power of, the State or any political subdivision thereof, (ii) the Bonds shall be limited obligations of the Authority, and no taxes are required to be levied for the payment of principal, premium, if any, and interest on the Bonds; such principal of, premium, if any, and interest on the Bonds being payable (except as otherwise provided in the Bond Indenture) solely out of moneys to be received by the Authority as proceeds from the sale of the Bonds or payments or prepayments to be made on the obligations pledged under the Bond Indenture, from amounts payable under the Loan Agreement, from certain amounts on deposit with the Bond Trustee pursuant to the Bond Indenture and from certain income, if any, from the temporary investment of any of the foregoing and (iii) the Authority does not have the power to levy taxes for any purpose whatsoever, including, but not limited to payment of principal of, premium, if any, and interest on the Bonds. The Investor also acknowledges that the Bonds do not represent general obligations of the Authority, the State of Illinois or any political subdivision thereof. The Investor understands that the Bonds are not payable from taxes or any moneys provided by or to the Authority, other than those described in the Bond Indenture.

~~7-7.~~ The Investor acknowledges and understands that the Bonds: (i) have not been and will not be registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, (iii) will carry no rating from any rating service, and (iv) will not be readily marketable.

~~8-8.~~ The Investor is purchasing the Bonds solely for its own account for investment purposes and has no intention to resell or distribute all or any portion of, or interest in, the Bonds; provided that the Investor reserves the right to transfer or dispose of the Bonds at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 9 and 10 of this letter. Under no circumstances will the Bonds (or any portion thereof) become a part of any securitization whereby beneficial interests in the Bonds are offered and sold to downstream investors as a separate security.

~~9-9.~~ The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bonds (or any legal or beneficial interest therein) in whole, and then only (i) in accordance with an available exemption from the registration requirements of Section 5 of the 1933 Act, and (ii) in accordance with any applicable state securities laws.

~~10-10.~~

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[FOR QUALIFIED INSTITUTIONAL BUYER TRANSACTIONS][The Investor is an “qualified institutional buyer” within the meaning of Section 144A of the 1933 Act and understands and acknowledges that the Bonds may be offered, resold, pledged or transferred only (i) to a person who is an institutional “accredited investor” within the meaning of Regulation D, Section 501 through 506 of the 1993 Act or a qualified institutional buyer,” within the meaning of Section 144A of the 1933 Act, which institutional accredited investor or qualified institutional buyer, as the case may be, executes and delivers to the Authority an “investor letter” in the form of this letter, and (ii) in compliance with the Bond Indenture.]

[FOR INSTITUTIONAL ACCREDITED INVESTOR TRANSACTIONS] [The Investor is an institutional “accredited investor” within the meaning of Regulation D, Section 501 through 506 of the 1933 Act and understands and acknowledges that the Bonds may be offered, resold, pledged or transferred only (i) to a person who is an institutional “accredited investor” (as defined above) or a “qualified institutional buyer,” within the meaning of Section 144A of the 1933 Act, which institutional accredited investor or qualified institutional buyer, as the case may be, executes and delivers to the Authority an “investor letter” in the form of this letter, and (ii) in compliance with the Bond Indenture.]

~~44-~~11. In entering into this transaction the Investor has not relied upon any representations or opinions made by the Authority or its counsel relating to the legal or financial consequences or other aspects of the transactions, nor has it looked to, nor expected, the Authority to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Borrower's facilities (including the financing, operation or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of any collateral pledged to secure repayment of the Bonds.

~~42-~~12. The Investor hereby indemnifies the Authority and the Bond Trustee against any failure by the Investor to transfer the Bonds in accordance with the restrictions relating thereto set forth in the Bonds, the Bond Indenture and herein.

By: _____

Its: _____

By: _____

Its: _____

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EXHIBIT E **FORM OF CERTIFICATE OF THE AUTHORITY**

This closing certificate is delivered to you simultaneously with the purchase of and payment for \$ _____ in aggregate principal amount of _____ Revenue Bonds (_____) Series 20__ (the “Bonds”) of the Illinois Finance Authority (the “Authority”). The Bonds are issued under and pursuant to the terms and provisions of the Trust Indenture dated as of _____, 20__ (the “Indenture”) between the Authority and _____, as trustee (the “Trustee”). Terms not otherwise defined herein shall have the meanings set forth in the Indenture. The undersigned, Executive Director and Secretary (or Assistant Secretary), respectively, of the Authority, acting for the Authority, do hereby certify as follows:

~~1-1.~~ They are the duly appointed, qualified and acting Executive Director and Secretary (or Assistant Secretary), respectively, of the Authority and as such Executive Director and Secretary (or Assistant Secretary) are familiar with the books and corporate records of the Authority

~~2-2.~~ Attached hereto as Exhibit A is a true, complete and correct copy of a resolution duly adopted by an affirmative vote of at least eight (8) members of the Authority voting at a duly called meeting of the members of the Authority held on _____, 20__, at which a quorum was present and acting throughout (the “Preliminary Bond Resolution”); such Preliminary Bond Resolution is in full force and effect and has not been altered, amended or repealed as of the date hereof; said meeting was duly called in accordance with law and the ~~By-laws~~Bylaws of the Authority; and notice of said meeting, including the agenda therefore, in the form attached hereto as Exhibit B, was given to the media and was posted at the principal office of the Authority at least 48 hours before the time of the meeting and remained as posted until the meeting was held. Copies of each notice were mailed to all persons, if any, who had submitted a request for it. **[This paragraph should be removed if no Preliminary Bond Resolution exists, or it is not relevant (as in the case for PACE Bonds). If removed, other paragraph and exhibit references should be revised, as appropriate.]**

~~3-3.~~ Attached hereto as Exhibit C is a true, complete and correct copy of a resolution duly adopted by an affirmative vote of at least eight (8) members of the Authority voting at a duly called meeting of the members of the Authority held on _____, 20__, at which a quorum was present and acting throughout (the “Final Bond Resolution”); the Final Bond Resolution is in full force and effect and has not been altered, amended or repealed as of the date hereof; said meeting was duly called in accordance with law and the ~~By-laws~~Bylaws of the Authority; and notice of said meeting, including the agenda therefor, in the form attached hereto as Exhibit D, was given to the media and was posted at the principal office of the Authority at least 48 hours before the time of the meeting and remained so posted until the meeting was held. Copies of each notice were mailed to all persons, if any, who had submitted a request for it. **[References to “Final Bond Resolution” should be replaced with “PACE Bond Resolution” in the case of PACE Bonds.]**

~~4-4.~~ The following described instruments, as executed and/or attested and delivered by the Chairperson, Executive Director, Secretary (or Assistant Secretary) of the Authority, are in

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substantially the same form and text as the copies of such instruments which were previously provided to and on file with the Authority at the meeting referred to in paragraph [2][3] above, with such changes and revisions as have been approved by said officers in conformity with the Final Bond Resolution:

| <u>Instrument</u> | <u>Date</u> | <u>Other Parties</u> |
|--------------------------------|-------------------|---|
| <u>Loan Agreement</u> | <u>____, 20__</u> | <u>_____, (the "Borrower")</u> |
| <u>Trust Indenture</u> | <u>____, 20__</u> | <u>Trustee</u> |
| <u>Bond Purchase Agreement</u> | <u>____, 20__</u> | <u>_____, (the "Underwriter") and <u>Borrower</u></u> |

| <u>Instrument</u> | <u>Date</u> | <u>Other Parties</u> |
|--------------------------------|-------------------|---|
| <u>Loan Agreement</u> | <u>____, 20__</u> | <u>_____, (the "Borrower")</u> |
| <u>Trust Indenture</u> | <u>____, 20__</u> | <u>Trustee</u> |
| <u>Bond Purchase Agreement</u> | <u>____, 20__</u> | <u>_____, (the "Underwriter") and <u>Borrower</u></u> |

The instruments set forth above, together with the Arbitrage and Tax Compliance Agreement dated as of _____, 20__ among the Authority, Borrower and Trustee, are sometimes collectively referred to as the "Authority Documents." **[Other documents may be added as needed, with the consent of the Authority's General Counsel. In the case of PACE Bonds, such Authority Documents shall be the Master Indenture and Issuance Certificate.]**

5. A schedule of the names of the incumbent members of the Authority and their terms of office is set out in Exhibit E attached hereto. The members listed in such Exhibit were in office on the date of the meeting(s) set forth in paragraph(s) [2][3] above. The undersigned are the Executive Director and Secretary (or Assistant Secretary), respectively, of the Authority and are, on the date hereof, the duly appointed and qualified incumbents of the offices of the Authority set opposite their respective names. The signatures appearing at the right of their respective names are the true and genuine signatures of said officers.

6. The Executive Director and the Secretary (or Assistant Secretary) of the Authority did manually execute and attest, respectively, on behalf of the Authority, the Authority Documents and the Executive Director or Chairperson did manually or by facsimile signature execute and the Secretary (or Assistant Secretary) manually attest the Bonds issued under the Final Bond Resolution, as more fully described in paragraph 7 herein. The official seal of the Authority has been affixed to, impressed or printed on, the Bonds and impressed on this Closing Certificate. Attached hereto as Exhibit F is a certified copy of the facsimile signature of the Chairperson of the Authority as filed with the Secretary of the State of Illinois.

7. The Bonds are being issued in registered form, numbered ____ and dated _____, 20__, maturing as to principal and bearing interest as provided therein and in the Indenture, such principal and interest being payable as set forth therein and in the Indenture. **[For PACE**

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Bonds, references to the Indenture should be replaced with Master Indenture and Issuance Certificate.]

8. Attached hereto as Exhibit G is a true, complete and correct copy of the ~~By-laws~~Bylaws of the Authority which were in full force and effect on the dates of the meetings of the members of the Authority referred to in paragraphs 2 and 3 above, and which are presently in effect.

9. To our knowledge, except as otherwise noted herein, no amendments to the Illinois Finance Authority Act (the “Act”) the effect of which would adversely affect the issuance of the Bonds, have become law subsequent to _____, 20__, the date of the adoption of the Final Bond Resolution.

10. The Authority has duly authorized, executed and delivered by all necessary action, the Bonds and each of the Authority Documents, and as of the date hereof, each is in full force and effect and constitutes the valid, binding and enforceable obligation of the Authority. The obligations of the Authority and the enforceability thereof with respect to the Authority Documents are subject, in part, to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium of similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect. Certain of the obligations and the enforcement thereof, contained in the Bonds and the Authority Documents are also subject to general equity principles which may limit the specific enforcement of certain remedies, but which do not affect the validity of such documents. The Authority has duly approved for use and distribution the Official Statement dated _____, 20__ relating to the Bonds (the “Official Statement”). **[Unless publicly offered, reference to the Official Statement should be removed for PACE Bonds.]**

11. Any certificate signed by an officer of the Authority and delivered to the purchaser of the Bonds shall be deemed a representation and warranty by the Authority as to the statements made by the Authority therein.

12. The representations and warranties of the Authority contained in the Indenture, the Loan Agreement and the Bond Purchase Agreement are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof. **[For PACE Bonds, references to the Indenture, Loan Agreement and Bond Purchase Agreement should be replaced with Master Indenture and Issuance Certificate.]**

13. The Authority has complied in all material respects with all covenants and satisfied in all material respects all conditions and terms of the Indenture, the Loan Agreement and the Bond Purchase Agreement on its part to be complied with or satisfied at or prior to the date hereof. **[For PACE Bonds, references to the Indenture, Loan Agreement and Bond Purchase Agreement should be replaced with Master Indenture and Issuance Certificate.]**

14. No action, suit, proceeding or investigation, at law or in equity, before or by any court, any governmental agency, authority, body, board or arbitrator or any public board or body is pending (as to which authority has received service of process) or, to the Authority’s actual knowledge, threatened (a) in any way seeking to restrain or enjoin the issuance, sale or delivery

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of any of the Bonds or the payment, collection or application of the proceeds thereof or the payments of other receipts, revenues or income or other properties pledged or to be pledged under the Indenture and the Loan Agreement, (b) in any way contesting, questioning or affecting the validity, issuance or delivery of the Bonds or the authority of the Authority to issue, to deliver or to secure the Bonds in the manner provided in the Indenture and the Act or the proceedings of the Authority under which the Bonds were issued, or the validity of, or the Authority's power to engage in any of the transactions contemplated by, the Authority Documents, the Final Bond Resolution or the Bonds, (c) in any way questioning or contesting the creation, the organization, the existence or the powers of the Authority, (d) in any way contesting the title of any of the present members or other officials of the Authority to their respective offices, or (e) in any way contesting or questioning the exclusion from federal gross income of the owners of interest paid on the Bonds.

15. As of the date hereof, the Authority has no actual knowledge of an event of default by the Authority, as specified in any of the Authority Documents, and no event which, with the giving of notice or the lapse of time, or both, would become such an event of default under any of the Authority Documents, occurring.

16. The receipts, revenues and income to be derived from the Loan Agreement and assigned and pledged under the Indenture, have not been assigned, pledged or hypothecated by the Authority except to the Trustee in the manner set forth in the Indenture for the payment of the Bonds. [\[In the case of PACE Bonds, reference to the Loan Agreement should be replaced with “the applicable assessment contracts”.\]](#)

17. The meetings of the Authority referred to in paragraph(s) 2 [and 3] above have been open to the public and held in accordance with procedures adopted by the Authority, the ~~By-laws~~Bylaws of the Authority and the Illinois Open Meetings Act, as supplemented and amended.

18. The execution, delivery and performance of the Authority Documents and the issuance and sale of the Bonds will not violate the ~~By-laws~~Bylaws of the Authority or any resolution or proceedings of the Authority, or any judgment, order, rule or regulation of any court or of any public or governmental agency or authority applicable to the Authority (other than federal and state securities and arbitrage laws and regulations, as to which no statement is made), and will not conflict with, violate or result in a material breach of any of the provisions of, or constitute a default under any indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party, or by which it or its properties are bound.

19. All approvals, consents, authorizations and orders required to be obtained by the Authority in connection with the issuance, sale and delivery of the Bonds and the execution, delivery and performance of, and the consummation of the transactions contemplated by, the Authority Documents have been duly obtained as required by law (provided, however, no representation is made as to any federal and state securities laws).

20. Attached hereto as Exhibit H is a publisher's affidavit with newspaper clipping attached, evidencing publication on _____, 20__ of a notice of a public hearing in The State Journal-Register, a newspaper qualified by law to publish legal notices in [location of

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Project] of the State of Illinois and a publisher’s affidavit with newspaper clipping attached, evidencing publication on _____, 20__ of a notice of public hearing in _____, a newspaper qualified by law to publish legal notices of the State of Illinois and a publisher’s affidavit with newspaper clipping attached. Attached hereto as Exhibit I is a true, complete and correct copy of the minutes of a public hearing held in compliance with Section 147(1) of the Internal Revenue Code of 1986, as amended (the “Code”), on _____, 20__, by the designee of the Executive Director of the Authority, relating to the financing of the Project. Attached hereto as Exhibit J is a true, complete and correct copy of the approval of the Governor of the State of Illinois of the Project and the financing thereof through the issuance of the Bonds, pursuant to Section 147(f) of the Code. **[All applicable newspapers should be listed in the first sentence of this paragraph. This paragraph should be deleted ~~for~~ if not applicable. For PACE Bonds, this Section 20 should be removed.]**

21. As of the date hereof, the Authority does not have bonds and notes outstanding for any of its corporate purposes, including the Bonds, in an aggregate principal amount exceeding \$28,150,000,000, excluding bonds and notes issued to refund outstanding bonds and notes of the Authority or a Predecessor Authority.

22. To the actual knowledge of the undersigned, those portions of the Official Statement captioned “THE AUTHORITY” and “LITIGATION - The Authority” do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and no event affecting the Authority has occurred since the date of the Official Statement that is required to be disclosed in the Official Statement for the purposes for which it and said portions are to be used, or that is necessary to be disclosed therein to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect. [Unless publicly offered, reference to the Official Statement should be removed for PACE Bonds.]

IN WITNESS WHEREOF, the undersigned have hereunto set their signatures and affixed the official seal of the Authority this ___ day of _____, 20__.

ILLINOIS FINANCE AUTHORITY

By: _____
Executive Director

By: _____
Secretary (or Assistant Secretary)

[Seal]

~~ILLINOIS FINANCE AUTHORITY~~

~~By: _____
Executive Director~~

~~By: _____~~

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~~____ Secretary (or Assistant Secretary)~~

~~{SEAL}~~

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EXHIBIT F **FORM OF ISSUER'S COUNSEL OPINION**

Recognizing that each law firm will have its own form of opinion, the Authority does not mandate a specific form; however, all issuer's counsel opinions must cover, at a minimum, the following matters:

(i) The Authority is a body politic and corporate duly organized and validly existing under the laws of the State of Illinois;

(ii) The Authority has all necessary power and authority (a) to execute and deliver the [Indenture, Loan Agreement, [and list any other documents to which the Authority is a party]] (collectively, the "Authority Documents"), (b) to issue the Bonds in the manner contemplated by the Final Bond Resolution and the Indenture and (c) otherwise to consummate all of the actions contemplated by the Final Bond Resolution and the Authority Documents; **[If an Issuer's Counsel opinion will be required for PACE Bonds, the Master Indenture and Issuance Certificate should replace the Loan Agreement and Indenture references, and references to "Final Bond Resolution" should be replaced with "PACE Bond Resolution".]**

(iii) At the time of its adoption, the Authority had all necessary power and authority to adopt the Final Bond Resolution and the Final Bond Resolution has been duly adopted by the members of the Authority at a meeting duly called and held in accordance with applicable law and the Final Bond Resolution is in full force and effect and has not been rescinded, amended or modified;

(iv) The Bonds have been duly authorized by all necessary action on the part of the Authority and have been duly executed by authorized officers of the Authority;

(v) To the best of our knowledge, based solely upon certificates of officers of the Authority and inquiry of the General Counsel of the Authority, and without independent investigation, there is no legal action or other proceedings, or any investigation or inquiry (before or by any court, agency, arbitrator or otherwise), pending or, to the knowledge of the Authority, threatened against or affecting the Authority or any of its officials, in their respective capacities as such, that may reasonably be expected to have a material and adverse effect upon the sale of the Bonds as contemplated by the Final Bond Resolution or the validity of the Bonds and the Authority Documents or the performance by the Authority of its obligation under the Authority Documents;

(vi) All consents, approvals, orders or authorizations of any governmental authority, agency or commission having jurisdiction that are required for the execution and delivery by the Authority of the Authority Documents or the Bonds or the consummation by the Authority of the actions contemplated by the foregoing documents have been obtained, provided that no opinion is expressed with respect to any "Blue Sky" laws of any State;

(vii) Neither the Authority's execution and delivery of the Authority Documents, the Authority's consummation of the transactions therein contemplated or the Authority's compliance with the

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provisions thereof do or will conflict with or result in a breach of, or constitute a default under, any provision of the Act;

(viii) The Authority has full and lawful authority under the Act to pledge and assign its rights to receipts, revenues and income to be made by the Borrower under the Loan Agreement as security for payment of the principal of, premium, if any, and interest on the Bonds; ~~and~~**[In the case of PACE Bonds, reference to the Loan Agreement should be replaced with “the applicable assessment contracts” and Borrower should be replaced with “applicable Property Owner”.] and**

(ix) The Authority has deemed final the Official Statement and has duly approved the Official Statement for use and distribution. **[Unless publicly offered, reference to the Official Statement should be removed for PACE Bonds.]**

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EXHIBIT G
FORM OF ASSURANCE LETTER

[ON ISSUER'S COUNSEL LETTERHEAD]

General Counsel
Illinois Finance Authority
160 North LaSalle, Suite ~~C-800~~[S-1000](#)
Chicago, Illinois 60601

Re: Project Name:

Dear _____:

As Issuer's Counsel, we have examined documents generated in connection with the captioned bond issue to ensure compliance with the policies and requirements of the Authority, and we have found them to be in such compliance, except for matters expressly approved by the General Counsel of the Authority. The [final bond resolution][[PACE Bond Resolution](#)], which we have also reviewed, authorizes the Executive Director and other designated officers of the Authority to execute and deliver these documents.

Based on our review of the following documents together with certain other documents, which the Authority does not execute, we conclude that these documents will accomplish the issuance and sale of the bonds and provide for the loan of the proceeds to, and the repayment by, the bond obligor: Bond, Bond Purchase Agreement or Private Placement Memorandum, Indenture, Loan Agreement, Official Statement or Limited Offering Memorandum, Tax Compliance Agreement, [Master Indenture, Issuance Certificate](#), Certificate of Authority and other related and relevant documents.

[Sincerely,](#)

[Attorney's Signature](#)

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Sincerely,

Attorney's Signature

EXHIBIT H
COST OF ISSUANCE FORM

| PROJECT NAME: | | | |
|---|-------------|-----------------------|-----------------|
| PAR AMOUNT: \$ | | | |
| DATE OF ISSUE: | | | |
| INTEREST RATE (Variable/Fixed): | | | |
| RATING (Rated/Unrated): | | | |
| CREDIT ENHANCEMENT (LOC/Bond Insurance/Other): | | | |
| TYPE OF OFFERING (Public/Private Placement/Direct Purchase): | | | |
| EXPENSE BY TYPE | FIRM | SOURCE OF FEE* | FEE (\$) |
| IFA Fee | IFA | | |
| IFA Counsel | | | |
| Bond Counsel | | | |
| Underwriter/Placement Agent | | | |
| Underwriter/Placement Agent Counsel | | | |
| Borrower/ <u>Program Administrator</u> Counsel | | | |
| Borrower's/ <u>Program Administrator's</u> Financial Advisor | | | |
| Credit Enhancement (LOC Provider/Bond Insurer) | | | |
| Credit Enhancement Counsel | | | |
| Remarketing Agent | | | |
| Liquidity Provider | | | |
| Bond Trustee | | | |
| Paying Agent | | | |
| Escrow Agent <u>Agency</u> | | | |
| Rating Agency | | | |
| Feasibility Consultant | | | |
| Accountant | | | |
| Other Parties and Expenses | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Remarks: | | | |
| *Indicate Source: (P) Proceeds, (D) Discount or (C) Corporate. | | | |

On behalf of the above-listed project, I hereby submit this form to the Illinois Finance Authority for and in connection with the above-referenced transaction and I do hereby attest to its accuracy.

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~~On behalf of the above listed project, I hereby submit this form to the Illinois Finance Authority for and in connection with the above referenced transaction and I do hereby attest to its accuracy.~~

Signature

Date

Name

Telephone number

| Summary report: | |
|---|-------------|
| Litéra® Change-Pro TDC 10.1.0.500 Document comparison done on 2/19/2019 3:18:24 PM | |
| Style name: Default Style | |
| Intelligent Table Comparison: Active | |
| Original filename: IFA Bond Handbook FINAL (as of 11-23-14).doc | |
| Modified filename: IFA Bond Handbook (PACE Updates).docx | |
| Changes: | |
| Add | 696 |
| Delete | 412 |
| Move From | 3 |
| Move To | 3 |
| Table Insert | 22 |
| Table Delete | 10 |
| Table moves to | 0 |
| Table moves from | 0 |
| Embedded Graphics (Visio, ChemDraw, Images etc.) | 0 |
| Embedded Excel | 0 |
| Format changes | 0 |
| Total Changes: | 1146 |

EXHIBIT 2

Date: February 14, 2019
To: Illinois Finance Authority Members
From: Chris Meister, Executive Director
Subject: SRF 2019 Series – Selection of Underwriters

Recommendation: As a matter of contract administration, the Illinois Finance Authority has the express right to utilize any underwriter under contract on an as-needed basis as determined by the Authority from time to time in its sole and absolute discretion.

In order to prudently and expeditiously move the transaction forward, it is my recommendation to retain the same team of underwriters for the 2019 SRF Series as were utilized in the similar issuance in 2017. In so doing we will benefit from attractive interest rates and ensure adequate cash flow for this spring's water infrastructure construction projects.

Recommended Firms:

- Merrill Lynch, Pierce, Fenner & Smith Incorporated – Book Running/Co-Senior Manager
- Citigroup Global Markets Inc. – Co-Senior Manager

- Co-Managers
Academy Securities, Inc.
Cabrera Capital Markets, LLC
Janney Montgomery Scott, LLC
Loop Capital Markets, LLC
Mesirow Financial, Inc.

Rationale:

- **Highest Scoring Firms** - The underwriting team utilized for the 2017 SRF Series were the highest scoring firms in a competitive procurement conducted in 2017. These scores appear to be reflective of the experience and expertise of the underwriting team and have been validated by past performance.

Senior Managers had a maximum possible score of 600 points and a minimum required score of 450 points. Scores of selected Senior Managers ranged from 547 points to 456 points. Merrill Lynch (also sometimes referred to as Bank of America Merrill Lynch or BofAML) and Citigroup were the two highest scoring firms in this category.

Co-Managers had a maximum possible score of 300 points with a minimum required score of 225 points. Scores of selected Co-Managers ranged from 234 points to 271 points. The five recommended Co-Manager firms were the five highest scoring firms in this category.

- **Diversity and Local Participation** - Current underwriting team reflects Illinois' workforce, as well as provides for local participation.
 - Loop Capital Markets and Cabrera Capital Markets are minority-owned firms and Academy Securities is a veteran-owned firm.
 - Local firms include Cabrera Capital Markets, Loop Capital Markets and Mesirow Financial.

- Minority and Veteran-owned participation in compensation has increased from 18% in 2013 to 21% in 2016 and 24% in 2017.
- **Success of the SRF 2017 Series** - The underwriting team achieved a low Total Interest Cost of 2.84% despite a volatile market that was impacted by the geopolitical tensions that flared on the pricing date between the United States and North Korea. This success is attributable to the following:
 - The underwriters, led by BofAML, conducted a strategic marketing campaign that included seven one-on-one calls with prospective institutional investors as well as an internet roadshow that garnered 22 unique viewers. The BofAML-led marketing efforts attracted 15 new buyers who had not been initial investors on the Series 2013 and Series 2016 transactions.
 - The retail order period was extremely successful with the BofAML-led syndicate generating close to \$386 million in orders, most of which were from professional retail accounts.
 - Momentum from the retail order period allowed BofAML to garner over \$1.6 billion in total priority orders resulting in oversubscription of 2.8x.
 - A strong marketing effort led to robust order flow and allowed BofAML to tighten spreads across the yield curve.
- **Interest Rates and Cash Flows** - Attractive interest rates and cash flow needs require an efficient and expeditious path to closing the 2019 Series by April 30, 2019.
 - IEPA cash flow projections for projects under construction this spring will require bond proceeds to be available no later than May 1, 2019. The 2019 Series will provide cash for known loan commitments.
 - IFA Financial Advisors indicate municipal market interest rates are favorable at this time and retaining the same knowledge base of the financing team and maintaining the same deal structure is paramount to being in a position to benefit from these rates.
- **Green Bonds** - The recommended Co-Senior Managers have experience in the municipal bond market with self-certified SRF Green Bonds. The IFA will be issuing its first SRF Green Bonds with the 2019 SRF Series. Expertise and experience is critical to meeting this goal in the timeframe outlined above. Expertise will be needed with regard to disclosures and reporting requirements.

RESOLUTION NO. 2019-0214-AP__

RESOLUTION APPROVING AND CONFIRMING THE SELECTION OF UNDERWRITERS FOR THE STATE OF ILLINOIS CLEAN WATER INITIATIVE STATE REVOLVING FUND (“SRF”) CALENDAR YEAR 2019 ISSUANCE; AND RELATED MATTERS

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 “Act”); and

WHEREAS, under the Act, the Authority has the power to enter into certain contracts; and

WHEREAS, in May, 2017, the Authority published a Request for Qualifications (“RFQ”) on the Authority’s website and on the Illinois Procurement Bulletin requesting responses from underwriting firms in connection with the provision of investment banking, underwriting and additional services for the SRF financing program, including the Authority’s issuance of (i) SRF revenue bonds in calendar year 2017, and (ii) at the Authority’s discretion, additional series of parity bonds in future years (each a “Future SRF Issuance”); and

WHEREAS, the Authority now anticipates a Future SRF Issuance in calendar year 2019 (the “Series 2019 Bonds”); and

WHEREAS, from the responses to the RFQ, the Authority created lists of (a) fourteen (14) underwriters to act as senior managers (which include any lead book runner) (the “Senior Manager Approved List”) and (b) ten (10) underwriters to act as co-managers (the “Co-Manager Approved List”; the Senior Manager Approved List and the Co-manager Approved List, each an “Approved List” and, collectively, the “Approved Lists”), provided that those on the Senior Manager Approved List are also qualified to serve as Co-Managers on a bond financing and the Authority does not guarantee in any event that work will be assigned to any particular underwriter on any Approved List; and

WHEREAS, the Senior Manager Approved List and the Co-Manager Approved List are attached hereto as Annex I, and may be supplemented by further resolution; and

WHEREAS, from the Approved Lists, the Authority intends to select one or more Senior Managers and Co-Managers for the issuance of the Series 2019 Bonds; and

WHEREAS, the Authority now desires to approve the engagement of the Senior Managers and Co-Managers selected hereunder for the issuance of the Series 2019 Bonds;

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 Engagements for the Series 2019 Bonds. The Authority hereby approves the engagement of the following for underwriting services in connection with the Series 2019 Bonds: _____ (as lead book running manager) and _____, as Senior Managers, and (i) _____, (ii) _____, (iii) _____, (iv) _____, and (v) _____, as Co-Managers.

Section 3. Delegation to the Executive Director. The Authority hereby confirms its prior delegation to the Executive Director of the Authority, in conjunction with the other officers of the Authority, of the power to take or cause to be taken any and all actions, including but not limited to determining the compensation for the Senior Managers and Co-Managers selected for the Series 2019 Bonds, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents as may be required in the determination of the Executive Director in connection with the Series 2019 Bonds.

Section 4. 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 purposes 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 5. 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 6. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 7. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This Resolution No. 2019-0214-AP__ is approved this 14th day of February, 2019 by roll call vote as follows:

Yeas:

Nays:

Abstain:

Absent:

ILLINOIS FINANCE AUTHORITY

By _____
Executive Director

[SEAL]

Assistant Secretary

ANNEX I

Senior Manager Approved List:

1. Citigroup Global Markets Inc.
2. Goldman Sachs & Co. LLC
3. Jefferies LLC
4. J. P. Morgan Securities LLC
5. Merrill Lynch, Pierce, Fenner & Smith Incorporated
6. Morgan Stanley & Co. LLC
7. Piper Jaffray & Co.
8. PNC Capital Markets LLC
9. RBC Capital Markets, LLC
10. Samuel A. Ramirez & Company, Inc.
11. Siebert, Cisneros, Shank & Co., L.L.C.
12. Stifel, Nicolaus & Company, Incorporated
13. Wells Fargo Bank, N.A.
14. William Blair & Company, L.L.C.

Co-Manager Approved List:

1. Academy Securities, Inc.
2. Cabrera Capital Markets LLC
3. First Tennessee National Bank N.A. DBA FTN Financial Capital Markets
4. Hilltop Securities Inc.
5. Hutchinson, Shockey, Erley & Co.
6. J.J.B. Hilliard, W. L. Lyons LLC
7. Janney Montgomery Scott LLC
8. Loop Capital Markets LLC
9. Mesirow Financial, Inc.
10. The Williams Capital Group, L.P.

IFA RESOLUTION NO. 2019-0214-AP__

**RESOLUTION TO ACCEPT THE FISCAL YEAR 2018 FINANCIAL
AUDIT**

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, pursuant to the Act, the Auditor General shall conduct financial audits and program audits of the Authority, in accordance with the Illinois State Auditing Act (30 ILCS 5/1-1 *et seq.*) (the “Illinois State Auditing Act”);

WHEREAS, it is the Auditor General’s responsibility to express an opinion on the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, a component unit of the State of Illinois, as of and for the year ended June 30, 2018 (“Fiscal Year 2018”), and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements;

WHEREAS, RSM US LLP performs as Special Assistant Auditors for the Auditor General;

WHEREAS, RSM US LLP conducted the Authority’s Financial Audit for Fiscal Year 2018 (the “Fiscal Year 2018 Financial Audit”) in accordance with Government Auditing Standards, issued by the Comptroller General of the United States;

WHEREAS, on December 27, 2018, the Auditor General released the Authority’s Fiscal Year 2018 Financial Audit; and

WHEREAS, in the opinion of the Independent Auditors’ Report, the Authority’s Fiscal Year 2018 Financial Audit presents fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information for Illinois Finance Authority, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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. Acceptance of Illinois Finance Authority Fiscal Year 2018 Financial Audit. The Authority hereby accepts the Financial Audit for fiscal year ended June 30, 2018.

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.

This Resolution No. 2019-0214-AP__ approved and effective this 14th day of February, 2019 by vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By: _____
Executive Director

ATTEST:

Assistant Secretary

[SEAL]

Date: February 14, 2019

To: James J. Fuentes
Michael W. Goetz
Neil Heller
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy

Shaun Murphy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Eric Anderberg, Chairman

Subject: ***Illinois Finance Authority Vice Chairperson***

As you know, Member Gila Bronner recently resigned from her position as a Member of the Authority and consequently as Vice Chairperson of the Authority, leaving that office vacant.

Member Mike Goetz has served as a Member of the Authority for many years and has previously served as Vice Chairperson of the Authority, carrying out both roles with distinction. Therefore, as Chairman of the Authority, I would recommend to the Members that Member Goetz be elected to serve as Vice Chairperson of the Authority.

Sincerely,

Eric Anderberg, Chairman
Illinois Finance Authority

IFA RESOLUTION 2019-0214-GP__

**RESOLUTION FOR THE ELECTION OF A VICE CHAIR OF
THE ILLINOIS FINANCE AUTHORITY**

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (“the Authority”), was created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as amended from time to time (the “Act”); and

WHEREAS, in accordance with Section 801-30 of the Act, the Authority is provided with “all of the powers as a body corporate necessary and convenient to accomplish the purposes of the Act,” including, and without limitation, the power to adopt resolutions and bylaws (20 ILCS 3501/801-30(e)); and

WHEREAS, Article III, Section 2 of the By-Laws of the Authority provides that “[a]t the direction of the Authority, a Vice Chairperson ... shall be elected by the Authority from among its Members for a term expiring on the date of the next annual meeting following such election and if so elected he or she shall preside at meetings of the Authority and perform all duties incumbent upon the Chairperson during the absence or disability of the Chairperson”; and

WHEREAS, the incumbent Vice Chair, whose term began on July 10, 2018 and was set to expire on the date of the July 2019 meeting of the Authority, resigned effective January 10, 2019 as a Member of the Authority and consequently as Vice Chair of the Authority; and

WHEREAS, the Members of the Authority desire to elect a new Vice Chair to ensure, among other reasons, that bonds of the Authority are duly executed; and

WHEREAS, the Members of the Authority find it in its best interest to elect _____ as the duly appointed Vice Chair of the Authority; and

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. Election of Vice Chair. The Members of the Authority elect _____ to the Office of Vice Chair of the Authority in accordance with the terms of the By-Laws. The Members of the Authority hereby authorize and grant to the Vice Chair all rights, powers, duties and responsibilities of the Office of Vice Chair, including the power to preside at meetings of the Authority and to perform all duties incumbent upon the Chair during the absence or disability of the Chair as provided in Article III, Section 2 of the By-Laws, and which may include, without limitation, in the absence or disability of the Chair, the powers set forth in Article III, Section 1; Article IV, Sections 1, 3, 4, 5 and 6; and Article VI, Sections 5 and 6 of the By-Laws as well as those powers provided in Sections 801-15, 801-40(w), 825-40, 825-75, and 845-40 of the Act, and any other powers that may be necessary and appropriate to the performance of the Office of Vice Chair that are authorized by the Act, the By-Laws and any pending bond resolutions of the Authority.

Section 3. Implementation. The Authority hereby authorizes, empowers and directs the Executive Director of the Authority, or his designee(s), 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, instruments, certificates and other documents, and to pay all such fees and expenses, as he may deem necessary, appropriate or advisable in order to carry out the purpose and intent of this Resolution.

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.

This Resolution No. 2019-0214-GP__ is approved this 14th day of February, 2019 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

Executive Director

[SEAL]

Assistant Secretary

IFA RESOLUTION NO. 2019-0214-EX__

**RESOLUTION HONORING GILA BRONNER, FORMER MEMBER OF THE
ILLINOIS FINANCE AUTHORITY**

WHEREAS, the Illinois Finance Authority (“Authority”), its Members and staff wish to thank Gila Bronner for her service as a Member of the Authority; and

WHEREAS, Ms. Bronner earned a Bachelor’s degree at the University of Illinois and was inducted into its College of Business Administration’s Institute for Entrepreneurial Studies Hall of Fame; and

WHEREAS, Ms. Bronner has had a distinguished career as a Certified Public Accountant, Governmental Consultant, Entrepreneur, Business Owner and Executive; and

WHEREAS, Ms. Bronner has served as a member of the Holocaust Memorial Council Board, as a member of NASA’s Advisory Council Financial Audit Committee, and as a member of the Board of Directors of the American Institute of Certified Public Accountants; and

WHEREAS, Ms. Bronner is Founder, Chair, and Chief Executive Officer of the Bronner Group, LLC; and

WHEREAS, Ms. Bronner faithfully executed her duties as a Member of the Authority for over nine years, serving from time to time as Chair of the Audit Committee and Vice Chair of the Authority, utilizing her considerable talents and leadership for the betterment of the Authority and always striving to do what was in the best interest of the Authority and the people of Illinois; and

WHEREAS, during Ms. Bronner’s tenure as a Member of the Authority, the Authority issued nearly 600 bonds, providing approximately \$26.9 billion in capital for hospitals, universities, farms, local governments, water infrastructure such as sewers and drinking water systems, and Illinois businesses; and

WHEREAS, while we will miss our friend and colleague, we take comfort in knowing that Ms. Bronner and her family will enjoy happiness and success in her future endeavors; and

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

Section 1. On this February 14, 2019, the Members and staff and of the Authority wish to honor and thank Gila Bronner for her unwavering dedication to service as a Member of the Authority. We will miss her knowledge, her professionalism and her dedication to the Authority.

Section 2. In order that all may know of the esteem and honor in which the Authority, its Members, and staff hold Gila Bronner, this Resolution shall be entered on the permanent record of the Authority and a copy of this Resolution shall be suitably engraved and presented to Gila Bronner as a token of our respect and gratitude for her valued service to the Authority, its Members and staff and to the people of the State of Illinois.

This Resolution No. 2019-0214-EX__ adopted this 14th day of February, 2019 by vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By: _____
Chairperson

By: _____
Executive Director

ATTEST:

Assistant Secretary

[SEAL]

IFA RESOLUTION NO. 2019-0214-EX__

**RESOLUTION HONORING ROBERT HORNE, FORMER MEMBER OF THE
ILLINOIS FINANCE AUTHORITY**

WHEREAS, the Illinois Finance Authority (“Authority”), its Members and staff wish to thank Robert Horne for his service as a Member of the Authority; and

WHEREAS, Mr. Horne earned a Bachelor’s degree at Boston College and a Master’s degree at Northwestern University; and

WHEREAS, Mr. Horne has had a distinguished career as a commercial real estate developer and is the Founder of Dodge Capital, LLC; and

WHEREAS, Mr. Horne has served as a member of the Economic Club of Chicago, as a member of the Commonwealth Club of Chicago, as a member of the Chicago Foundation for Education Board, as a member of the Lurie Children’s Hospital Board, and as a member of the Alain Locke Charter Academy Board; and

WHEREAS, Mr. Horne faithfully executed his duties as a Member of the Authority for over three years, serving as Chair of the Tax-Exempt Conduit Transactions Committee, utilizing his more than twenty years of management and leadership experience for the betterment of the Authority and always striving to do what was in the best interest of the Authority and the people of Illinois; and

WHEREAS, during Mr. Horne’s tenure as a Member of the Authority, the Authority issued nearly 170 bonds, providing approximately \$12 billion in capital for hospitals, universities, farms, local governments, water infrastructure such as sewers and drinking water systems, and Illinois businesses; and

WHEREAS, while we will miss our friend and colleague, we take comfort in knowing that Mr. Horne and his family will enjoy happiness and success in his future endeavors; and

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

Section 1. On this February 14, 2019, the Members and staff of the Authority wish to honor and thank Robert Horne for his unwavering dedication to service as a Member of the Authority. We will miss his enthusiasm, his professionalism and his dedication to the Authority.

Section 2. In order that all may know of the esteem and honor in which the Authority, its Members, and staff hold Robert Horne, this Resolution shall be entered on the permanent record of the Authority and a copy of this Resolution shall be suitably engraved and presented to Robert Horne as a token of our respect and gratitude for his valued service to the Authority, its Members and staff and to the people of the State of Illinois.

This Resolution No. 2019-0214-EX__ adopted this 14th day of February, 2019 by vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By: _____
Chairperson

By: _____
Executive Director

ATTEST:

Assistant Secretary

[SEAL]

Item No. 11 has been withdrawn.

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Date: February 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Neil Heller
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy

Shaun C. Murphy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Ximena Granda, Senior Controller

Subject: *Presentation and Consideration of Financial Reports as of January 31, 2019***

****All information is preliminary and unaudited.**

FISCAL YEAR 2019-UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

a. **Total Annual Revenues** equal **\$2.6** million and are **\$294** thousand or **12.9%** higher than budget due primarily to **higher** administrative service fees and interest and investment income. Closing fees year-to-date of \$1.3 million are \$269 thousand or 17.4% **lower** than budget. Annual fees of \$144 thousand are \$11 thousand higher than the budgeted amount. Administrative service fees of \$191 thousand are \$132 thousand higher than budget. Application fees total \$13 thousand and are \$4 thousand lower than the budgeted amount. Total accrued interest income from loans in connection with the former Illinois Rural Bond Bank local government borrowers and other loans totaled \$302 thousand (which has represented a declining asset since 2014). Net investment income position is at \$636 thousand for the fiscal year and is \$474 thousand higher than budget.*

In **January**, the Authority generated \$197 thousand in closing fees, lower than the monthly budgeted amount of \$221 thousand.

b. **Total Annual Expenses** of \$2.5 million were \$373 thousand or 12.9% lower than budget, which was mostly driven by below budget spending on employee related expenses. Year-to-date, employee related expenses total \$1.4 million or 20.7% lower than budget. Professional services expenses total \$749 thousand or 5.7% higher than budget. Annual occupancy costs of \$101 thousand are 2.3% lower than budget, while general and administrative costs are \$226 thousand for the year, which is 9.0% lower than budget. Total depreciation cost of \$10 thousand is 59.2% below budget. Total cash transfers in from the Primary Government Borrowing Fund (setup to track financial activity on behalf of the State of Illinois) to the General Operating Fund is \$158 thousand. In January, the Authority received a total of \$155 thousand for prompt interest payments from the State Receivables program.

c. In **January**, the Authority recorded operating expenses of \$342 thousand, which was lower than the monthly budgeted amount of \$413 thousand.

- d. **Total Monthly Net Income** of \$37 thousand was driven by lower than expected expenses and an increase in non-operating income. As reported by the Authority's Investment Manager, the increase was primarily attributable to changes in federal economic policy during January, consistent with market expectations, which resulted in a continuation of relatively low interest rates and positioning certain investments for a positive gain.
- e. **Total Annual Net Income** is \$49 thousand which is \$619 thousand higher than the budgeted amount of -\$443 thousand. The major drivers of the annual positive bottom line continue to be higher than expected interest and investment income in addition to effective expense control as the level of overall spending is 12.9% below budget.

2. GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION

In the General Fund, the Authority continues to maintain a strong balance sheet, with total net position of \$59.7 million. Total assets in the General Fund are \$60.2 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total \$45.4 million (with \$11.9 million in cash). Notes receivable from the former Illinois Rural Bond Bank local governments total \$10.0 million. Participation loans, DACA (pilot medical student loans in exchange for service in medically underserved areas in Illinois) and other loans receivable are \$3.8 million.

3. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION

Financial information for all other funds is not available at this time. Other Fund information will be presented at the March Board meeting.

4. AUTHORITY AUDITS AND REGULATORY UPDATES

The internal auditors have started the Payroll, Personnel, and Personal Information Audit. As the audit continues, updates will be provided to the Board.

5. OTHER SUPPLEMENTARY FINANCIAL INFORMATION

The Fiscal Year Comparison of Bonds Issued, the Fiscal Year 2019 Bonds Issued and Schedule of Debt is being presented as supplementary financial information in your Board package.

Respectfully submitted,

/s/ Ximena Granda
Controller



ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
GENERAL OPERATING FUND
FOR FISCAL YEAR 2019 AS OF JANUARY 31, 2019
(PRELIMINARY AND UNAUDITED)

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE | YEAR TO DATE ACTUAL | YEAR TO DATE BUDGET | BUDGET VARIANCE (\$) | BUDGET VARIANCE (%) |
|---|--------------------|---------------------|--------------------|-------------------|--------------------|---------------------|--------------------|-------------|-------------|-------------|-------------|-------------|---------------------|---------------------|----------------------|---------------------|
| Operating Revenues: | | | | | | | | | | | | | | | | |
| Closing Fees | \$ 95,566 | \$ 65,005 | \$ 103,688 | \$ 412,135 | \$ 245,429 | \$ 158,030 | \$ 197,260 | | | | | | \$ 1,277,113 | \$ 1,545,615 | \$ (268,502) | -17.4% |
| Annual Fees | 18,091 | 20,824 | 18,496 | 21,439 | 20,271 | 28,105 | 17,189 | | | | | | 144,415 | 133,583 | 10,832 | 8.1% |
| Administrative Service Fees | 35,500 | 20,000 | 50,000 | - | 30,000 | 45,000 | 10,000 | | | | | | 190,500 | 58,333 | 132,167 | 226.6% |
| Application Fees | 1,200 | 3,250 | 2,200 | - | 1,600 | 3,950 | 1,200 | | | | | | 13,400 | 17,500 | (4,100) | -23.4% |
| Miscellaneous Fees | 111 | - | 2,169 | 338 | - | - | 118 | | | | | | 2,736 | - | 2,736 | n/a |
| Interest Income-Loans | 46,345 | 34,256 | 43,119 | 45,094 | 52,153 | 34,434 | 46,544 | | | | | | 301,945 | 355,266 | (53,321) | -15.0% |
| Other Revenue | 148 | 147 | 143 | 145 | 138 | 137 | 136 | | | | | | 994 | 1,167 | (173) | -14.8% |
| Total Operating Revenue: | \$ 196,961 | \$ 143,482 | \$ 219,815 | \$ 479,151 | \$ 349,591 | \$ 269,656 | \$ 272,447 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,931,103 | \$ 2,111,464 | \$ (180,361) | -8.5% |
| Operating Expenses: | | | | | | | | | | | | | | | | |
| Employee Related Expense | \$ 184,691 | \$ 205,508 | \$ 202,630 | \$ 211,818 | \$ 209,727 | \$ 210,697 | \$ 209,225 | | | | | | \$ 1,434,296 | \$ 1,808,429 | \$ (374,133) | -20.7% |
| Professional Services | 34,833 | 55,636 | 63,693 | 142,590 | 175,140 | 190,831 | 85,788 | | | | | | 748,511 | 708,167 | 40,344 | 5.7% |
| Occupancy Costs | 14,675 | 14,638 | 14,601 | 13,236 | 14,398 | 12,951 | 16,076 | | | | | | 100,575 | 102,970 | (2,395) | -2.3% |
| General & Administrative | 32,495 | 28,375 | 28,406 | 32,708 | 32,222 | 42,547 | 29,402 | | | | | | 226,155 | 248,500 | (22,345) | -9.0% |
| Depreciation and Amortization | 1,369 | 1,369 | 1,369 | 1,391 | 1,391 | 1,436 | 1,436 | | | | | | 9,761 | 23,917 | (14,156) | -59.2% |
| Total Operating Expense | \$ 268,063 | \$ 305,526 | \$ 310,699 | \$ 401,743 | \$ 432,878 | \$ 458,462 | \$ 341,927 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,519,298 | \$ 2,891,983 | \$ (372,685) | -12.9% |
| Operating Income(Loss) | \$ (71,102) | \$ (162,044) | \$ (90,884) | \$ 77,408 | \$ (83,287) | \$ (188,806) | \$ (69,480) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (588,195) | \$ (780,519) | \$ 192,324 | 24.6% |
| Nonoperating Revenues (Expenses) | | | | | | | | | | | | | | | | |
| Miscellaneous Non-Opertg Rev/(Exp) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | n/a |
| Bad Debt Adjustments (Expense) | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,167 | (1,167) | -100.0% |
| Interest and Investment Income* | 57,689 | 72,944 | 52,529 | 69,171 | 68,180 | 59,654 | 67,624 | | | | | | 447,791 | 233,333 | 214,458 | 91.9% |
| Realized Gain (Loss) on Sale of Invests | 400 | (10,790) | (2,300) | (4,944) | (3,469) | (5,971) | (2,973) | | | | | | (30,047) | (14,583) | (15,464) | -106.0% |
| Net Appreciation (Depr) in FV of Invests | 21,175 | 32,623 | 3,854 | 19,877 | 33,125 | 65,951 | 41,387 | | | | | | 217,992 | (58,333) | 276,325 | 473.7% |
| Total Nonoperating Rev (Exp) | \$ 79,264 | \$ 94,777 | \$ 54,083 | \$ 84,104 | \$ 97,836 | \$ 119,634 | \$ 106,038 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 635,736 | \$ 161,584 | \$ 474,152 | 293.4% |
| Net Income (Loss) Before Transfers | \$ 8,162 | \$ (67,267) | \$ (36,801) | \$ 161,512 | \$ 14,549 | \$ (69,172) | \$ 36,558 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 47,541 | \$ (618,935) | \$ 666,476 | 107.7% |
| Transfers: | | | | | | | | | | | | | | | | |
| Transfers in from other funds | \$ 3,057 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 154,654 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 157,711 | \$ - | 157,711 | 0.0% |
| Transfers out to other funds | (1,195) | - | - | - | - | - | (154,654) | - | - | - | - | - | (155,849) | - | (155,849) | 0.0% |
| Total Transfers In (Out) | \$ 1,862 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,862 | \$ - | \$ 1,862 | 0.0% |
| Net Income (Loss) | \$ 10,024 | \$ (67,267) | \$ (36,801) | \$ 161,512 | \$ 14,549 | \$ (69,172) | \$ 36,558 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 49,403 | \$ (618,935) | \$ 668,338 | 108.0% |



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
 January 31, 2019
 (PRELIMINARY AND UNAUDITED)

| | FUND |
|---|----------------------|
| Assets and Deferred Outflows: | |
| Current Assets Unrestricted: | |
| Cash & cash equivalents | 11,882,651 |
| Investments | 26,668,511 |
| Accounts receivable, Net | 143,484 |
| Loans receivables, Net | 8,421 |
| Accrued interest receivable | 488,736 |
| Bonds and notes receivable | 1,180,200 |
| Due from other funds | - |
| Prepaid Expenses | 151,139 |
| Total Current Unrestricted Assets | \$ 40,523,142 |
| Restricted: | |
| Cash & Cash Equivalents | \$ - |
| Investments | - |
| Bonds and notes receivable from State component units | - |
| Loans receivables, Net | - |
| Total Current Restricted Assets | \$ - |
| Total Current Assets | \$ 40,523,142 |
| Non-current Assets: | |
| Unrestricted: | |
| Investments | \$ 6,898,525 |
| Accounts receivable, Net | - |
| Loans receivables, Net | 3,783,603 |
| Bonds and notes receivable | 8,890,837 |
| Due from other local government agencies | - |
| Total Noncurrent Unrestricted Assets | \$ 19,572,965 |
| Restricted: | |
| Cash & Cash Equivalents | \$ - |
| Investments | - |
| Loans receivables, Net | - |
| Bonds and notes receivable from State component units | - |
| Total Noncurrent Restricted Assets | \$ - |
| Capital Assets | |
| Capital Assets | |
| Accumulated Depreciation | \$ 756,685 |
| Total Capital Assets | (699,497) |
| Total Noncurrent Assets | \$ 19,630,153 |
| Total Assets | \$ 60,153,295 |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred loss on debt refunding | \$ - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ - |
| Total Assets & Deferred Inflows of Resources | \$ 60,153,295 |



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
 January 31, 2019
 (PRELIMINARY AND UNAUDITED)

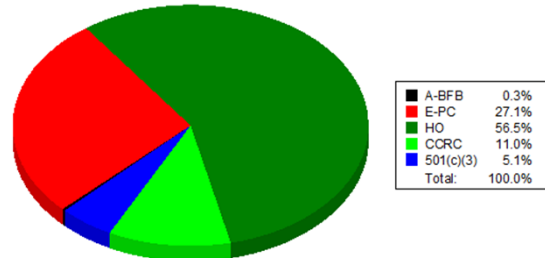
| | FUND |
|---|----------------------|
| Liabilities: | |
| Current Liabilities: | |
| Payable from unrestricted current assets: | |
| Accounts payable | \$ 75,872 |
| Payables from pending investment purchases | - |
| Accrued liabilities | 59,274 |
| Due to employees | 106,062 |
| Due to primary government | 50,001 |
| Due to other funds | - |
| Payroll Taxes Liabilities | 30,397 |
| Unearned revenue, net of accumulated amortization | 148,426 |
| Total Current Liabilities Payable from Unrestricted Current Assets | \$ 470,032 |
| Payable from restricted current assets: | |
| Accounts payable | - |
| Obligation under securities lending of the State Treasurer | - |
| Accrued interest payable | \$ - |
| Due to other funds | - |
| Due to primary government | - |
| Current portion of long term debt | - |
| Other liabilities | - |
| Unamortized bond premium | - |
| Total Current Liabilities Payable from Restricted Current Assets | \$ - |
| Total Current Liabilities | \$ 470,032 |
| Noncurrent Liabilities | |
| Payable from unrestricted noncurrent assets: | |
| Noncurrent payables | \$ 585 |
| Accrued liabilities | - |
| Bonds and notes payable from primary government | - |
| Bonds and notes payable from State component units | - |
| Noncurrent loan reserve | - |
| Assets | \$ 585 |
| Payable from restricted noncurrent assets: | |
| Noncurrent payables | - |
| Total Noncurrent Liabilities Payable from Restricted Noncurrent | \$ - |
| Total Noncurrent Liabilities | \$ 585 |
| Total Liabilities | \$ 470,617 |
| DEFERRED INFLOWS OF RESOURCES: | |
| Net Position: | |
| Net Investment in Capital Assets | \$ 57,188 |
| Restricted for Low Income Community Investments | - |
| Unrestricted | 59,576,087 |
| Current Change in Net Position | 49,403 |
| Total Net Position | \$ 59,682,678 |
| Total Liabilities & Net Position | \$ 60,153,295 |

Bonds Issued - Fiscal Year Comparison for the Period Ending January 31, 2019

Fiscal Year 2019

| # Market Sector | Principal Issued |
|----------------------------------|------------------------|
| 11 Agriculture - Beginner Farmer | 2,886,541 |
| 5 Education | 310,870,000 |
| 2 Healthcare - Hospital | 647,390,000 |
| 2 Healthcare - CCRC | 125,815,000 |
| 3 501(c)(3) Not-for-Profit | 58,293,094 |
| 23 | \$1,145,254,635 |

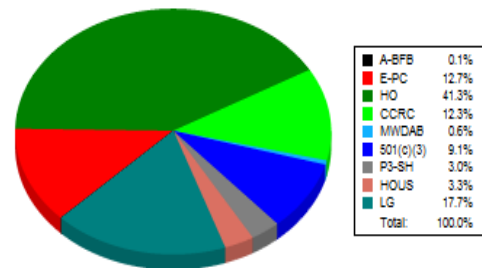
Bonds Issued in Fiscal Year 2019



Fiscal Year 2018

| # Market Sector | Principal Issued |
|---|------------------------|
| 15 Agriculture - Beginner Farmer | 2,749,725 |
| 5 Education | 403,755,000 |
| 7 Healthcare - Hospital | 1,308,930,000 |
| 5 Healthcare - CCRC | 388,700,000 |
| 1 Midwest Disaster Area Bonds | 20,200,000 |
| 7 501(c)(3) Not-for-Profit | 288,464,000 |
| 3 Multifamily/Senior/Not-for-Profit Housing | 104,045,000 |
| 1 Local Government | 560,025,000 |
| 1 P3 Student Housing | 94,860,000 |
| 45 | \$3,171,728,725 |

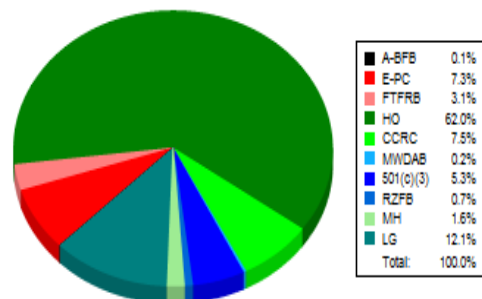
Bonds Issued in Fiscal Year 2018



Fiscal Year 2017

| # Market Sector | Principal Issued |
|---|-------------------------|
| 18 Agriculture - Beginner Farmer | 3,765,900 |
| 7 Education | 304,222,000 |
| 1 Freight Transfer Facilities Bonds | 130,000,000 |
| 12 Healthcare - Hospital | 2,568,650,000 |
| 7 Healthcare - CCRC | 310,364,967 |
| 1 Midwest Disaster Area Bonds | 9,969,162 |
| 7 501(c)(3) Not-for-Profit | 221,407,000 |
| 2 Recovery Zone Facilities Bonds | 28,951,409 |
| 2 Multifamily/Senior/Not-for-Profit Housing | 65,365,000 |
| 1 Local Government | 500,000,000 |
| 58 | \$ 4,142,695,438 |

Bonds Issued in Fiscal Year 2017





**Bonds Issued and Outstanding
as of
January 31, 2019**

Bonds Issued between July 01, 2018 and January 31, 2019

| <u>Bond Issue</u> | <u>Date Issued</u> | <u>Initial Interest Rate</u> | <u>Principal Issued</u> | <u>Bonds Refunded</u> |
|---|--------------------|------------------------------|--------------------------------|------------------------------|
| A-BFB Beginner Farmer Bond | 07/01/2018 | Variable | 2,886,541 | 0 |
| E-PC DePaul University | 07/11/2018 | Variable | 29,420,000 | 0 |
| E-PC East Prairie School District Number 73 Series, 2018 | 08/02/2018 | Fixed at Schedule | 37,680,000 | 0 |
| E-PC Roosevelt University | 09/27/2018 | Fixed at Schedule | 195,340,000 | 183,030,000 |
| CCRC Smith Crossing | 10/10/2018 | Variable | 57,250,000 | 32,758,909 |
| HO OSF Healthcare System | 10/16/2018 | Variable | 472,460,000 | 0 |
| HO Edward Elmhurst Healthcare | 11/07/2018 | Fixed at Schedule | 174,930,000 | 80,000,000 |
| E-PC Perspectives Charter School | 11/01/2018 | Fixed at Schedule | 33,885,000 | 5,200,000 |
| 501(c)(3) Chicagoland Laborers District Council Training & Apprenticeship | 11/27/2018 | Fixed at Schedule | 26,000,000 | 12,250,000 |
| E-PC Brookfield-LaGrange Park Project, Series 2018 | 12/18/2018 | Fixed at Schedule | 14,545,000 | 0 |
| CCRC Westminster Village, Inc. | 12/20/2018 | Variable | 68,565,000 | 36,394,361 |
| 501(c)(3) Testa Properties LLC | 12/28/2018 | Variable | 10,033,094 | |
| 501(c)(3) Illinois Institute of Technology | 01/29/2019 | Variable | 22,260,000 | 0 |
| Total Bonds Issued as of January 31, 2019 | | | <u><u>\$ 1,145,254,635</u></u> | <u><u>\$ 349,633,270</u></u> |

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, 2018 and January 31, 2019

| <u>Date Funded</u> | <u>Initial Interest Rate</u> | <u>Loan Proceeds</u> | <u>Acres</u> | <u>County</u> |
|---|------------------------------|----------------------------|----------------------|---------------|
| 07/11/2018 | 4.0 | 220,000 | 40.00 | Christian |
| 07/25/2018 | 4.32 | 327,000 | 30.00 | Effingham |
| 08/27/2018 | 3.75 | 269,551 | 55.70 | Ford |
| 09/04/2018 | 3.75 | 180,000 | 40.00 | Montgomery |
| 11/27/2018 | 5.00 | 191,500 | 20.00 | Richland |
| 12/04/2018 | 3.75 | 400,000 | 119.00 | Bond |
| 12/17/2018 | 4.75 | 309,000 | 41.20 | McLean |
| 12/17/2018 | 4.00 | 533,500 | 280.00 | Wayne |
| 12/21/2018 | 4.50 | 75,000 | 30.00 | Jasper |
| 12/28/2018 | 3.75 | 180,000 | 40.00 | Macoupin |
| 12/28/2018 | 4.50 | 200,990 | 37.00 | Montgomery |
| Total Beginner Farmer Bonds Issued | | <u><u>\$ 2,886,541</u></u> | <u><u>732.90</u></u> | |

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 | | Program Limitations | Remaining Capacity |
|---|--------------------------|--------------------------|--------------------------|-------------------------|
| | June 30, 2018 | January 31, 2019 | | |
| Illinois Finance Authority "IFA" ^(b) | | | | |
| Agriculture ^(c) | \$ 46,804,396 | \$ 49,690,937 | | |
| Education | 4,460,302,159 | 4,609,536,445 | | |
| Healthcare | 14,620,756,197 | 14,187,180,115 | | |
| Industrial Development [includes Recovery Zone/Midwestern Disaster] | 884,478,953 | 816,434,832 | | |
| Local Government | 1,225,350,000 | 1,154,260,000 | | |
| Multifamily/Senior/Not-for Profit Housing | 280,423,885 | 277,628,679 | | |
| 501(c)(3) Not-for Profits | 1,487,273,391 | 1,552,845,895 | | |
| Exempt Facilities Bonds | 203,500,000 | 203,500,000 | | |
| Student Housing | 262,490,000 | 260,400,000 | | |
| Total IFA Principal Outstanding | 23,471,378,980 | 23,111,476,903 | | |
| Illinois Development Finance Authority "IDFA" | | | | |
| Education | 496,388 | - | | |
| Healthcare | 70,000,000 | 65,000,000 | | |
| Industrial Development | 118,700,077 | 65,898,136 | | |
| Local Government | 196,622,126 | 185,475,370 | | |
| Multifamily/Senior/Not-for Profit Housing | 40,568,772 | 40,241,962 | | |
| 501(c)(3) Not-for Profits | 376,559,007 | 347,344,522 | | |
| Exempt Facilities Bonds | - | - | | |
| Total IDFA Principal Outstanding | 802,946,370 | 703,959,990 | | |
| Illinois Rural Bond Bank "IRBB" | - | - | | |
| Illinois Health Facilities Authority "IHFA" | 127,905,000 | 119,335,000 | | |
| Illinois Educational Facilities Authority "IEFA" | 369,308,000 | 362,152,000 | | |
| Illinois Farm Development Authority "IFDA" ^(c) | 9,644,093 | 9,644,093 | | |
| Total Illinois Finance Authority Bonded Indebtedness | \$ 24,781,182,444 | \$ 24,306,567,986 | \$ 28,150,000,000 | \$ 3,843,432,014 |

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

Section I (b)

| | Principal Outstanding | | Program Limitations | Remaining Capacity |
|---|-------------------------|-------------------------|-----------------------|-----------------------|
| | June 30, 2018 | January 31, 2019 | | |
| General Purpose Moral Obligation Bonds | | | | |
| Illinois Finance Authority Act [20 ILCS 3501/801-40(w)] | | | | |
| Total General Moral Obligation Bonds | \$ - | \$ - | \$ 150,000,000 | \$ 150,000,000 |
| Financially Distressed Cities Moral Obligation Bonds | | | | |
| Illinois Finance Authority Act [20 ILCS 3501/825-60] | | | | |
| Total Financially Distressed Cities Bonds | \$ - | \$ - | \$ 50,000,000 | \$ 50,000,000 |
| State Component Unit Bonds ^(d) | | | | |
| IEPA Clean Water Initiative ^(e) | \$ 1,094,115,000 | \$ 1,029,430,000 | | |
| Northern Illinois University Foundation, Series 2013 | 1,099,096 | 1,072,749 | | |
| Total State Component Unit Bonds | \$ 1,095,214,096 | \$ 1,030,502,749 | | |

IFA was designated exclusive issuer by the Governor to issue Midwestern Disaster Area Bonds in Illinois. Bonds issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]. This federal program expired as of December 31, 2012.

Section I (c)

| | Principal Outstanding | | Remaining MDAB Volume Cap |
|---------------------------------------|-----------------------|----------------------|---------------------------|
| | June 30, 2018 | January 31, 2019 | |
| Midwestern Disaster Area Bonds | \$ 62,795,488 | \$ 61,589,802 | N/A |

IFA was designated by the Governor to manage and coordinate the re-allocation of federal ARRA Volume Cap and the issuance of Recovery Zone Bonds in the State of Illinois. Recovery Zone Facility Bonds issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]. The Recovery Zone Bond program and Qualified Energy Conservation Bond ("QECB") program expired as of December 31, 2010, and December 31, 2017, respectively.

Section I (d)

| | ARRA Act of 2009 Volume Cap Allocated ⁽¹⁾ | City/Counties Ceded Voluntarily to/(by) IFA | Bonds Issued as of December 31, 2014 | Remaining ARRA Volume Cap |
|---|--|---|--------------------------------------|---------------------------|
| Recovery Zone Economic Development Bonds | \$ 666,972,000 | \$ 16,940,000 | \$ 12,900,000 | N/A |
| Recovery Zone Facilities Bonds** | \$ 1,000,457,000 | \$ 204,058,967 | \$ 214,849,804 | N/A |
| Qualified Energy Conservation Bonds** | \$ 133,846,000 | \$ (21,865,000) | \$ 91,662,885 | N/A |

** The Governor sub-allocated the \$133,846,000 of QECB authorized under ARRA to qualifying local governments throughout Illinois on July 12, 2010. The State's remaining balance, \$22,620,783, was granted to IFA. Rather than issue QECBs, IFA approved the transfer of its QECB allocation to units of government and state universities.

Bonds issued under the Illinois Finance Authority Act [20 ILCS 3501/825-65(e)].

Section II

| | Principal Outstanding | | Program Limitations | Remaining Capacity |
|--|-----------------------|------------------|---------------------------------|--------------------|
| | June 30, 2018 | January 31, 2019 | | |
| Clean Coal, Coal, Energy Efficiency, PACE, and Renewable Energy Project Financing | | | | |
| Property Assessed Clean Energy (PACE) Bonds | \$ - | \$ - | \$ 3,000,000,000 ⁽¹⁾ | \$ 3,000,000,000 |
| | | | \$ 2,000,000,000 | \$ 2,000,000,000 |

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

Section III

| | Principal Outstanding | | Program Limitations | Remaining Capacity |
|------------------------------------|-----------------------|------------------|---------------------|--------------------|
| | June 30, 2018 | January 31, 2019 | | |
| Illinois Power Agency Bonds | \$ - | \$ - | \$ 4,000,000,000 | \$ 4,000,000,000 |

ILLINOIS FINANCE AUTHORITY
Schedule of Debt ^(a)

State Guarantees issued under the Illinois Finance Authority Act [20 ILCS 3501/830-25].

| Section IV | Principal Outstanding | | Program Limitations | Remaining Capacity | State Exposure |
|---|-----------------------|---------------------|-----------------------|-----------------------|---------------------|
| | June 30, 2018 | December 31, 2018 | | | |
| Agri-Debt Guarantees [Restructuring Existing Debt] | | | | | |
| Total Agri-Debt Guarantees - Fund # 994 | | | | | |
| Fund Balance \$10,379,383 | * \$ 3,934,187 | \$ 3,806,658 | \$ 160,000,000 | \$ 156,193,342 | \$ 3,235,659 |
| Agri-Loan Guarantee Program | | | | | |
| Agri Industry Loan Guarantee Program | - | - | | | - |
| Farm Purchase Guarantee Program | 846,314 | 836,564 | | | 711,080 |
| Specialized Livestock Guarantee Program | 1,143,256 | 1,122,927 | | | 954,488 |
| Young Farmer Loan Guarantee Program | 561,903 | 546,522 | | | 464,544 |
| Total Agri-Loan Guarantees - Fund # 205 | | | | | |
| Fund Balance \$8,139,514.07 | * 2,551,473 | 2,506,013 | 225,000,000 | 222,493,987 | 2,130,111 |
| Total AG State Guarantees | \$ 6,485,660 | \$ 6,312,671 | \$ 385,000,000 | \$ 378,687,329 | \$ 5,365,770 |

Revolving Loans issued under the Illinois Finance Authority Act [20 ILCS 3501/825-80 and 825-85].

| Section V | Principal Outstanding | | Cash and Investment Balance |
|--|-----------------------|----------------------|-----------------------------|
| | June 30, 2018 | December 31, 2018 | |
| Fire Truck, Fire Station, and Ambulance Revolving Loans | | | |
| Fire Truck Revolving Loan Program** Fund # 572 | \$ 18,009,260 | \$ 16,203,731 | \$ 7,633,544 * |
| Ambulance Revolving Loan Program** Fund # 334 | 1,378,640.00 | 1,109,320 | 3,178,841 * |
| Total Revolving Loans | \$ 19,387,900 | \$ 17,313,051 | \$ 19,387,900 |

** Due to deposits in transit, the Fund Balance at the Comptroller's Office may differ from the IFA General Ledger. In May 2014, Office of Fire Marshal transferred the Fund Balance to a Locally Held Fund by IFA.

Illinois Finance Authority Locally Held Treasury Funds at Risk

| Section VI | Original Amount | Principal Outstanding | |
|--|----------------------|-----------------------|----------------------|
| | | June 30, 2018 | December 31, 2018 |
| Participation Loans | | | |
| Business & Industry | \$ 23,020,158 | \$ 89,384 | \$ 724,230 |
| Agriculture | 6,079,859 | | |
| Participation Loans Excluding Defaults & Allowances | 29,100,017 | 89,384 | 724,230 |
| | | 3,170 | 3,170 |
| Plus: Legacy IDFA Loans in Default | | 5,165 | 5,165.00 |
| Less: Allowance for Doubtful Accounts | | | |
| Total Participation Loans | | 87,389 | 722,235 |
| Local Government Direct Loans | 1,289,750 | 501,477 | 595,999 |
| Rural Bond Bank Local Government Notes Receivable** | | 10,071,037 | 10,071,037 * |
| FmHA Loans | 963,250 | 140,447 | 132,614 |
| Total Loans Outstanding | \$ 31,353,017 | \$ 10,800,350 | \$ 11,521,884 |

** IRBB Bonds were defeased and converted into a portfolio of notes receivable with IFA.

Bonds issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9].

| Section VII | Principal Outstanding | | Program Limitations | Remaining Capacity |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| | June 30, 2018 | January 0, 1900 | | |
| Standard Environmental Facilities Bonds | | | | |
| Issued through IFA | \$ 58,975,000 | \$ 54,875,000 | | |
| Issued through IDFA | 47,505,000 | 47,505,000 | | |
| Total Standard Environmental Facilities Bonds | 106,480,000.00 | 102,380,000.00 | \$ 2,425,000,000 | \$ 2,322,620,000 |
| Small Business Environmental Facilities Bonds | | | | |
| Issued through IFA | - | - | | |
| Total Small Business Environmental Facilities Bonds | - | - | 75,000,000 | 75,000,000 |
| Total Environmental Facilities Bonds | \$ 106,480,000 | \$ 102,380,000 | \$ 2,500,000,000 | \$ 2,397,620,000 |

Bonds issued under the Higher Education Loan Act [110 ILCS 945/10(b)].

| Section VIII | Principal Outstanding | | Program Limitations | Remaining Capacity |
|--|-----------------------|----------------------|-----------------------|-----------------------|
| | June 30, 2018 | December 31, 2018 | | |
| Student Loan Program Bonds | | | | |
| Midwestern University Foundation, Series 2015A/B | \$ 15,000,000 | \$ 15,000,000 | | |
| Total Student Loan Program Bonds | \$ 15,000,000 | \$ 15,000,000 | \$ 200,000,000 | \$ 185,000,000 |

^(a) Total subject to change; late month payment data may not be included at issuance of report.

^(b) Inclusive of State Component Unit Bonds.

^(c) Payments in connection with outstanding Beginner Farmer Bonds are only updated annually.

^(d) Pursuant to GASB Interpretation No. 2, revenue bonds issued for the benefit of other State agencies and component units of the State of Illinois.

^(e) Does not include unamortized issuance premium as reported in the Authority's audited financials.

^(f) Pursuant to P.A. 100-919 effective 01/01/2019, up to \$2 billion may be issued to finance Energy Efficiency Projects, Renewable Energy Projects, and PACE Projects from the available \$3 billion bonding authority.

* Cash and Investment balances are as of Dec 31, 2018

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
February 14, 2019**

| CONTRACTS/AMENDMENTS EXECUTED | | | | | |
|--|---|---------------------|--------------------------------------|---|-----------------------------------|
| | Vendor | Initial Term | Estimated Not to Exceed Value | Action/Proposed Method of Procurement | Products/Services Provided |
| <i>Illinois Procurement Code-Amendment</i> | ClearArc Capital, Inc. | 12/27/18-02/26/19 | Uses current funding | 60 day extension while Request for Proposal (“RFP”) development in process. | Investment Management Services |
| <i>Illinois Procurement Code-Amendment</i> | ClearArc Capital, Inc. | 02/27/18-09/30/19 | \$80,000 | 7 month extension while Request for Proposal (“RFP”) in process. | Investment Management Services |
| <i>Illinois Procurement Code-Small Purchases</i> | Bloomberg Finance L.P. – Bloomberg Anywhere | 12/30/18-12/29/20 | \$47,280 | Sole economically feasible agreement with incumbent in process. | Bloomberg Terminal License |
| | IHS Global Inc. | 12/21/18 | \$8,000 | BidBuy PO | Economic impact analysis |
| | Enterprise Car Rental | 01/01/19-06/30/19 | \$2,000 | Small Purchase Worksheet | Staff and Board car rental |
| | CDS Office Technologies | 12/13/18 | \$1,867 | BidBuy PO | 2 laptops, 2 docking stations |
| | Advanced Digital Media (Blue Room) | 01/01/19-12/31/19 | \$1,140 | Paid invoice | Legislative Video Streaming |
| | Network Solutions | 12/17/18-12/16/19 | \$80 | Direct order | Domain renewal of il-fa.com |
| <i>Illinois Procurement Code-Order off State Master</i> | CDW-G | 12/27/18 | \$259 | Order off of Master Agreement | Server software |
| <i>Illinois Procurement Code-Interagency Agreement</i> | Board of Trustees University of Illinois | 12/21/18-12/20/19 | \$10,000 | Interagency Agreement | Tax impact study |

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
February 14, 2019**

| EXPIRING CONTRACTS | | | | | |
|--|------------------------------|------------------------|--------------------------------------|---|-------------------------------------|
| | Vendor | Expiration Date | Estimated Not to Exceed Value | Action/Proposed Method of Procurement | Products/Services Provided |
| <i>Illinois Procurement Code-Small Purchases</i> | First Choice Coffee Services | 02/14/19 | \$799 | Re-lease | Annual Water Cooler Lease |
| <i>Illinois Procurement Code-Anticipation of Litigation</i> | Jenner & Block | 02/10/19 | \$250,000 | Let expire | Legal Services |
| <i>Illinois Procurement Code-Small Purchases</i> | DropBox | 02/18/19 | \$1,670 | Renew | File Sharing for other file storage |
| <i>Illinois Procurement Code-Competitive Bids</i> | ClearArc Capital, Inc. | 03/04/19 | \$4,500,000 | RFP for 5 years with 5 one year renewals | Investment Management Services |
| <i>Illinois Procurement Code-Small Purchases</i> | 3GS, LLC dba Datalock | 03/12/19 | \$100 | Continue | Mt. Vernon shredding |
| <i>Illinois Procurement Code-Exempt</i> | Acacia Financial Group, Inc. | 03/14/19 | \$120,000 | Additional extension in process through Dec 31, 2019 to allow for RFP | Financial Advisor |
| | Sycamore Advisors, LLC | 03/14/19 | \$120,000 | Additional extension in process through Dec 31, 2019 to allow for RFP | Financial Advisor |

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
February 14, 2019**

| EXPIRING CONTRACTS | | | | | |
|--|--|------------------------|--------------------------------------|--|---|
| | Vendor | Expiration Date | Estimated Not to Exceed Value | Action/Proposed Method of Procurement | Products/Services Provided |
| <i>Illinois Procurement Code-Order Against Master</i> | Mesirow Insurance Services, Inc. (Liability) | 04/30/19 | \$275,000 | Renew | Insurance brokering service |
| <i>Employee Benefits</i> | Aflac Voluntary benefit 2018-2019 | 05/31/19 | \$0.00 | Renew | Employee optional benefit |
| | BCBS Medical benefits 2018-2019 | 05/31/19 | \$301,000 | Renew | Employee Medical benefit |
| | MetLife Dental, AD benefits 2018-2019 | 05/31/19 | \$42,000 | Renew | Employee Dental, AD benefits |
| | TASC FSA Voluntary benefit 2018-2019 | 05/31/19 | \$3,500 | Renew | Employee FSA benefit |
| | VSP Vision benefit 2018-2019 | 05/31/19 | \$3,500 | Renew | Provider of employee vision benefit |
| <i>Illinois Procurement Code-Small Purchases</i> | Kentech Consulting Inc. | 05/31/19 | \$750 | Renew | Background checks |
| | MX Save | 06/11/19 | \$588 | Renew | Disaster Recovery for email |
| | GoDaddy | 06/15/19 | \$170 | Renew | SSL certificate renewal |
| | 3rd Coast Imaging, Inc. | 06/30/19 | \$9,800 | Rebid through BidBuy | Printing Services for Monthly Board Books |
| | ADP/EZLabor | 06/30/19 | \$1,000 | Let expire | Employee Timesheet Module |
| | US Bank National Association | 06/30/19 | \$30,900 | New agreement | Local Gov't Paying Agent/Custodian |

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
February 14, 2019**

| EXPIRING CONTRACTS | | | | | |
|---|--|------------------------|--------------------------------------|--|---|
| | Vendor | Expiration Date | Estimated Not to Exceed Value | Action/Proposed Method of Procurement | Products/Services Provided |
| <i>Illinois Procurement Code-Renewal</i> | Ascent Innovations | 06/29/19 | \$42,228 | Renew under 2nd of 2 renewals | Accounting Software Maintenance and Support |
| <i>Illinois Procurement Code-Small Purchases</i> | Com Microfilm Company, Inc. (Maint&Supp) | 06/30/19 | \$7,230 | Renew | Docuware software support |
| | Com Microfilm Company, Inc. (Doc Image) | 06/30/19 | \$22,524 | Renew | Document Imaging |
| <i>Illinois Procurement Code-Exempt</i> | Anthes, Pruyn & Associates | 06/30/19 | \$49,600 | Renew | GAAP Package preparation/financial consultant |
| | Clifton Larson Allen LLP | 06/30/19 | \$300,000 | Let expire | Internal Auditing Services |
| <i>Other</i> | Bank of America-Credit Card | 06/30/19 | \$300,000 | Continue | Credit Card |
| | Bank of America-Depository | 06/30/19 | \$200,000 | Continue | Bank of America Operating Account |
| | One Oak Properties | 06/30/19 | \$60,544 | Continue | Mt Vernon Office Lease |
| | Illinois Department of Human Services | 06/30/19 | \$500 | Continue | Interagency Agreement for Printing Services |
| | | | | | |

Date: February 14, 2019

Subject: ***Minutes of the December 12, 2018 Special Meeting***

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Neil Heller
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy

Shaun Murphy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (the “**Minutes**”) in connection with the special meeting of the Members of the Illinois Finance Authority (the “**Authority**”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the second Wednesday of December in the year 2018, 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**”).

To aid in your review of the Minutes, please reference the following pages and line numbers for corresponding sections of the respective meeting’s agenda:

ILLINOIS FINANCE AUTHORITY
SPECIAL MEETING
Wednesday, December 12, 2018
9:30 AM

AGENDA:

- I. Call to Order & Roll Call
(page 3, line 1 through page 5, line 7)
- II. Approval of Agenda
(page 5, lines 8 through 21)
- III. Public Comment
(page 5, lines 22 through 24)
- IV. Chairman’s Remarks
(page 6, line 1 through page 8, line 9)
- V. Message from the Executive Director
(page 8, lines 10 through 12 and page 21, line 7 through page 22, line 16)
- VI. Committee Reports
(page 8, lines 13 through 23)
- VII. Presentation and Consideration of New Business Items
(page 8, line 24 through page 21, line 16 and page 22, line 17 through page 31, line 8)
- VIII. Presentation and Consideration of Financial Reports



- (page 31, line 9 through page 37, line 9)

IX. Monthly Procurement Report
(page 37, lines 10 through 16)
- X. Correction and Approval of Minutes
(page 37, line 17 through page 38 line 7)
- XI. Other Business
(page 38, line 8 through page 39, line 24)
- XII. Closed Session
(page 40, lines 1 through 3)
- XIII. Adjournment
(page 40, line 4 through page 41, line 10)

The Minutes of the special meeting of the Authority are further supplemented by a summary of the respective meeting's voting record prepared by Authority staff (the "**Voting Record**"), which is also enclosed.

Please contact an Assistant Secretary to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Ryan Oechsler
Associate General Counsel

- Enclosures:
- 1. Minutes of the December 12, 2018 Special Meeting
 - 2. Voting Record of the December 12, 2018 Special Meeting

ILLINOIS FINANCE AUTHORITY

SPECIAL MEETING OF THE MEMBERS

December 12, 2018, at 9:30 a.m.

REPORT OF PROCEEDINGS had at the Special Meeting of

the Illinois Finance Authority on December 12, 2018, at the hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois.

APPEARANCES:

CHAIRMAN ERIC ANDERBERG

MS. GILA BRONNER (via audio conference)

MR. MIKE GOETZ

MS. ARLENE JURACEK

MR. E. LYLE MCCOY

MR. SHAUN MURPHY

MR. GEORGE OBERNAGEL

MR. TERENCE O'BRIEN

MR. ROGER POOLE

MS. BETH SMOOTS

MR. BRAD ZELLER

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS:

MR. CHRISTOPHER B. WEISTER, Executive Director

MR. RICH FRAMPTON, Vice President

MS. PAMELA LENANE, Vice President

MR. BRAD FLETCHER, Vice President

MR. RYAN OECHSLER, IFA Associate General Counsel

MR. TERRY FRANZEN, Procurement

MS. ELIZABETH WEBER, General Counsel and Legal, Adviser to the Board

MR. STAN LUBOFF, VP, Loan & Guarantee

MR. CHARLES MYART, Participation Loan Program

MS. SARAH MANKOWSKI, HR Manager

GUESTS:

MR. PETER TESTA, TESTA PRODUCE, LLC.

MR. RANDY ANDERSON, TESTA PRODUCE, LLC.

SULLIVAN REPORTING COMPANY, by

Devan Moore, CSR

License No. 084-004589

1 CHAIRMAN ANDERBERG: Okay. Good morning, everybody. I'd
2 like to call the meeting to order.

3 Will the Assistant Secretary please call the
4 roll?

5 FLETCHER: Certainly. The time is 9:30 a.m. I'll call
6 the roll of Members physically present first.

7 Mr. Goetz?

8 GOETZ: Here.

9 FLETCHER: MS. Juracek?

10 JURACEK: Here.

11 FLETCHER: Mr. McCoy?

12 Mccoy: Here.

13 FLETCHER: Mr. Murphy?

14 MURPHY: Present.

15 FLETCHER: Mr. Obernagel?

16 OBERNAGEL: Here.

17 FLETCHER: Mr. O'Brien?

18 O'BRIEN: Here.

19 FLETCHER: Mr. Poole?

20 POOLE: Here.

21 FLETCHER: Ms. Smoots?

22 SMOOTS: Here.

23 FLETCHER: Mr. Zeller?

24 ZELLER: Here.

1 FLETCHER: Mr. Chairman?
2 CHAIRMAN ANDERBERG: Here.

3 FLETCHER: Mr. Chairman, a quorum of Members physically
4 present in the room has been constituted.

5 At this time, I'd like to ask if any Members
6 would like to attend via audio conference?

7 (No response.)

8 CHAIRMAN ANDERBERG: Gila?

9 BRONNER: Can you repeat that? I'm sorry. I couldn't
10 hear you.

11 FLETCHER: At this time, I'd like to ask if any Members
12 would like to attend via audio conference.

13 BRONNER: Yes, I would. This is Gila Bronner, and I'm
14 requesting to attend via audio conference due to employment
15 purposes.

16 CHAIRMAN ANDERBERG: Okay. Is there a motion to approve
17 this request pursuant to the bylaws and policies of the
18 Authority?

19 OBERNAGEL: So moved.

20 CHAIRMAN ANDERBERG: We have a motion.

21 Second?

22 GOETZ: Second.

23 CHAIRMAN ANDERBERG: And a second.

24 All those in favor?

1 (Chorus of ayes.)

2 CHAIRMAN ANDERBERG: Opposed?

3 (No response.)

4 CHAIRMAN ANDERBERG: The ayes have it.

5 FLETCHER: Mr. Chairman, Member Bronner has been added to

6 the initial quorum roll call.

7 CHAIRMAN ANDERBERG: Okay. Thank you.

8 Does anyone wish to make any additions, edits,

9 or corrections to today's Agenda?

10 (No response.)

11 CHAIRMAN ANDERBERG: Okay. I'd like to request a motion

12 to approve the Agenda.

13 Is there such a motion?

14 GOETZ: So moved

15 CHAIRMAN ANDERBERG: And a second?

16 POOLE: Second.

17 CHAIRMAN ANDERBERG: All in favor say aye.

18 (Chorus of ayes.)

19 CHAIRMAN ANDERBERG: Opposed?

20 (No response.)

21 CHAIRMAN ANDERBERG: The ayes have it.

22 Is there any public comment for the Members

23 today?

24 (No response.)

1 CHAIRMAN ANDERBERG: Okay. Chairman's Remarks:

2 I have some remarks today. I would like to

3 welcome everyone to our December 12th Special Meeting of the

4 Illinois Finance Authority. I first would like to wish the

5 State of Illinois a Happy Birthday. On December 3rd, 2018,

6 Illinois celebrated its 200th birthday. The official state

7 birth is December 3rd, 1818, when Monroe signed the papers

8 making Illinois the 21st state, not August 26,1818, the date on

9 which the first of our state's four constitutions were signed.

10 And you can see the August date on the state seal on the back

11 wall.

12 The Authority has a birthday coming up as

13 well. On January 1st, 2019, the Authority will turn 15 years

14 old, old enough to get a driver's permit. Despite our relative

15 youth, the Authority has significant achievements.

16 December is a good time to reflect on the

17 positive impact of our work with finances, hospitals, schools,

18 universities, factories, farms, and water systems, both

19 creating jobs and saving the taxpayers money. Highlights of

20 these achievements are found in the document titled the

21 Illinois Finance Authority Financial Highlights Fiscal Year

22 2018 in your confidential manila folder.

23 I am pleased with the progress of our

24 Transformation Initiative. We've moved quickly and responsibly

1 over the past 4 months, while never taking focus from our
2 current customers or conduit borrowers. I look forward to
3 hearing the progress report today about one part of the
4 Transformation Initiative Rejuvenated Participation Loan
5 Business Line, Tab 7 in our Board Book.
6 Lerry Knox, our chair of the Authority's
7 Direct/Alternative and Finance Committee, is in Morocco for
8 business and sends his regrets.
9 Our staff briefed Lerry in advance of this
10 meeting, and he supports the direction of the effort. Later
11 in the agenda I will give the report of the Executive
12 Committee. Every December of each year we have the nomination
13 and appointment of the Executive Director for the upcoming
14 one-year term. That is Tab 6 in the Board Book with additional
15 materials in your folder.
16 This December is also a time of transition.
17 When we meet again, on January 22nd, we will have a new
18 governor and a new General Assembly. I thank Governor Rauner
19 for his confidence in myself for giving me this opportunity to
20 serve my fellow citizens by appointing me both Member and Chair
21 of the Authority. Governor Rauner's team consistently
22 supported the Authority and assured that the Authority worked
23 in a non-partisan manner in giving us the tools to do the work
24 of the Authority. The General Assembly also supported the

1 Authority's vote of legislation to move our administration
2 forward, and the confirmation of a good number of us.
3 On behalf of the Authority, congratulations to
4 Governor Elect Pritzker and Lieutenant Governor Elect Stratton.
5 We look forward to working with you, your team, a new General
6 Assembly, and to using our tools to encourage a vigorous and
7 growing Illinois economy.
8 And with that, I will turn this over to Chris
9 Meister.
10 MEISTER: Thank you, Mr. Chairman. I will defer until
11 later in the agenda.
12 CHAIRMAN ANDERBERG: Thank you.
13 Okay. Committee Report: Member McCoy?
14 MCCOY: The Tax-Exempt Conduit Transactions Committee met
15 earlier this morning and voted to recommend for approval of the
16 following New Business items on today's agenda:
17 Memorial Health System: Testa Properties, LLC;
18 Easter Seals of Metropolitan Chicago, Inc.; six Beginning
19 Farmer Bonds, as well as a Volume Cap Resolution of Intent.
20 CHAIRMAN ANDERBERG: Okay. Again, the Executive
21 Committee also met earlier this morning and discussed the
22 appointment of an Executive Director, which we'll discuss as
23 Item No. 6 on today's agenda.
24 Okay. I would like to ask for the general

1 consent of the Members to consider the New Business items
 2 collectively, except for Item 6, and to have the subsequent
 3 recorded vote applied to each respective, individual item,
 4 unless there are any specific New Business items that a Member
 5 would like to consider separately.
 6 (No response.)

7 CHAIRMAN ANDERBERG: I would like to ask that we take a
 8 separate vote on Item 6 following the vote on Items 1 through
 9 5.
 10 LLENANE: Mr. Chairman, at this time I would like to note
 11 that for each new conduit business item presented on today's
 12 agenda -- Items 1, 2, 3, 4A, 4B, 4C, 4D, 4E and 4F -- the
 13 Members are considering approval of the resolution and the
 14 not-to-exceed amount contained therein

15 Item No. 1, Memorial Health System: Item 1 is
 16 a 501 (c)(3) Bond request. Staff requests approval of a
 17 one-time Final Bond Resolution for Memorial Health System in
 18 the amount of -- in an amount not-to-exceed 150 million.
 19 Bond proceeds will be used by the Borrower to
 20 refund all or a portion of the IFA Series 2009 Bonds previously
 21 issued by the Authority on behalf of the Borrower and to pay or
 22 reimburse the Borrower for costs including, but not limited to,
 23 the costs of information technology and renovation projects at
 24 Memorial, including cardiac services, pharmacy, electrical

1 infrastructure, and the Baylis Building.
 2 The Series 2019 Bonds will be sold in a public
 3 offering underwritten by Piper Jaffrey and JP Morgan. Memorial
 4 Health System expects its ratings of "A1" by Moody's and "AA-"
 5 by S & P to be reaffirmed in connection with this transaction.
 6 Are there any questions?

7 (No response.)
 8 LLENANE: Okay. Item 2, Testa Properties, LLC (Testa
 9 Produce, Inc. Project): Item No. 2 is a Recovery Zone
 10 Facilities Revenue Refunding Bond request. Staff requests
 11 approval of a one-time Final Bond Resolution for Testa
 12 Properties, LLC in an amount not-to-exceed \$10,085,000.
 13 Bond Proceeds will be used by the Borrower to
 14 refund all or a portion of the Borrower's outstanding City of
 15 Chicago Recovery Zone Facility Series 2010 Bond. The Series
 16 2010 Bond helped to finance the acquisition, construction, and
 17 equipping of the Borrower approximately 91,300 square foot
 18 produce and food distribution facility located at 4545 South
 19 Racine Avenue in Chicago's Stockyards Industrial Corridor that
 20 is leased to Testa Produce, Inc., which is related to Testa
 21 Properties, LLC under common shareholders/members.

22 Additionally, a portion of the facilities are
 23 leased to non-related third-party tenants, which include
 24 Cristina Foods, Inc., which distributes produce to food service

1 companies serving the Hispanic market, and U.S. Ventures, Inc.,
 2 which operates a Compressed Natural Gas fueling station for use
 3 exclusively by Testa's trucking fleet.
 4 The Series 2018 Bond will bear interest at a
 5 variable interest rate and will be purchased directly by MB
 6 Financial Bank for a 10-year initial term and extendable for a
 7 single, subsequent 5-year term.

8 CHAIRMAN ANDERBERG: Thank you, Pam.
 9 MR. FRAMPTON: It is my pleasure to welcome and introduce
 10 Mr. Peter Testa, who is CEO of Testa Produce, and Mr. Randy
 11 Anderson, who is CFO of Testa Produce.

12 MR. RANDY ANDERSON: Thank you.
 13 I would like to thank the IFA for doing this.
 14 Testa has been around for 106 years, and we plan to go for
 15 another 106. Hopefully, I will be leaving it to my grandkids.
 16 We firmly believe in the State of Illinois and
 17 the City of Chicago, and we love what we do. We love being a
 18 part of it. We really want to thank you for doing this for us.

19 CHAIRMAN ANDERBERG: Thank you.
 20 FRAMPTON: And, additionally, I would like to give a
 21 quick shout out to John Sassaris, Group President, along with
 22 Kati Behrens from MB. Without MB this financing would not have
 23 come to the IFA.
 24 CHAIRMAN ANDERBERG: Thank you.

1 LENANE: Okay. Item No. 3, Easter Seals Metropolitan
 2 Chicago, Inc.: Item 3 is a 501 (c)(3) Bond request. Staff
 3 requests approval of a one-time Final Bond Resolution for
 4 Easter Seals Metropolitan Chicago, Inc. in an amount
 5 not-to-exceed \$10 million.
 6 Bond Proceeds will be used by the Borrowers
 7 to finance all or a portion of the costs of acquiring,
 8 constructing, refurbishing, and equipping a new fitness,
 9 wellness, and recreation center on the land located in Chicago
 10 and owned by ESMC Support Corporation NFP, a wholly-controlled
 11 affiliate of the Borrower.
 12 The Bonds will bear interest at a variable
 13 rate and will be purchased directly by Huntington Public
 14 Capital Corporation, an affiliate of Huntington National Bank.
 15 As presently contemplated, there will be no principal
 16 amortization on the Bonds until final maturity, 7 years after
 17 issuance.

18 Are there any questions?
 19 (No response.)
 20 LENANE: Okay. We have our Beginning Farmer Bonds, Item
 21 No. 4A, Lee Waldbeser: Item No. 4A is a one-time Final Bond
 22 Resolution requesting approval for a Beginning Farmer Bond for
 23 Lee Waldbeser, who is purchasing 41.2 acres of farmland located
 24 in McLean County, in the not-to-exceed amount of \$309,000. The

1 Bank of Pontiac is the purchasing bank for this conduit
2 transaction.
3 Item No. 4B, Devin L. Aherin: Item 4B is a
4 one-time Final Bond Resolution requesting approval for a
5 Beginning Farmer Bond for Devin L. Aherin, who is purchasing 37
6 acres of farmland located in Montgomery County, in the
7 not-to-exceed amount of \$200,990. The Peoples State Bank of
8 Newton is purchasing -- is the purchasing bank for this conduit
9 transaction.
10 Mr. Chairman, I was going to go through them,
11 and then see if there were any questions. Do you want me to go
12 one by one?
13 CHAIRMAN ANDERBERG: No. That's fine.
14 LENANE: Okay. Item 4C, Elizabeth A. Niemann: Item 4C
15 is a one-time Final Bond Resolution requesting approval for a
16 Beginning Farmer Bond for Elizabeth A. Niemann, who is
17 purchasing 40 acres of farmland located in Macoupin County, in
18 an amount not-to-exceed 180,000. First National Bank of
19 Litchfield is the purchasing bank for this conduit
20 transaction.
21 Item No. 4D, Justin and Kaylee J. Kilgus:
22 Item 4D is a one-time Final Bond Resolution requesting approval
23 for a Beginning Farmer Bond for Justin and Kaylee J. Kilgus,
24 who are purchasing 15 acres of farmland located in Livingston

1 County, in an amount not-to-exceed 165,000. The Bank of
2 Pontiac is the purchasing bank for this conduit transaction.
3 Next is Item 4E, Trent and Kayla M. Kilgus:
4 Item 4E is a one-time Final Bond Resolution requesting approval
5 for a Beginning Farmer Bond for Trent and Kayla M. Kilgus, who
6 are purchasing 15 acres of farmland located in Livingston
7 County, in a not-to-exceed amount of 165,000. The Bank of
8 Pontiac is purchasing the land -- is the purchasing bank for
9 this conduit transaction.
10 Please note that Trent Kilgus and Justin
11 Kilgus are brothers, and the two couples are purchasing
12 adjacent parcels. However, the two conduit bond issuances
13 described in Items 4D and E are independent transactions.
14 Item No. 4F, Aaron and Tiffany Ochs: Item 4F
15 is a one-time Final Bond Resolution requesting approval for a
16 Beginning Farmer Bond for Aaron and Tiffany Ochs, who are
17 purchasing 30 acres of farmland located in Jasper County, in an
18 amount not-to-exceed \$75,000. The Peoples State Bank of Newton
19 is purchasing the -- is the purchasing bank for this conduit
20 transaction.
21 Do the Members have any questions or comments?
22 O'BRIEN: The last one, the purchase price is 2,000 per
23 acre for 30 acres. That would be 60,000 not 150, unless I'm
24 misinterpreting it.

1 CHAIRMAN ANDERBERG: That's a typo. It's 30 acres of
2 farmland. It should be \$5,000 per acre of farmland.
3 LENANE: It's worth 75,000.
4 CHAIRMAN ANDERBERG: It should be 5,000 per acre.
5 LENANE: I'm not reading from the book.
6 CHAIRMAN ANDERBERG: Okay. Any other questions or
7 comments?
8 (No response.)
9 CHAIRMAN ANDERBERG: I think we had one comment this
10 morning. It's terrific to see the number of younger farmers
11 coming along, and the Authority is grateful and happy to help
12 them.
13 LENANE: Okay. Item No. 5, Volume Cap Resolution of
14 Intent: Item No. 5 is the Resolution of Intent concerning
15 Private Activity Bond Volume Cap, which is required for Private
16 Activity Bonds issued to benefit privately-owned companies with
17 projects eligible for Tax-Exempt Bond financing.
18 The Authority submits a request annually to
19 the Governor's Office of Management and Budget for Private
20 Activity Volume Cap in order to fund Beginning Farmer Bond and
21 Industrial Revenue Bond projects each December in advance of
22 the upcoming calendar year.
23 In addition to this customer annual Volume Cap
24 that will provide for up to \$120 million to finance 2019

1 Beginning Farmer Bond and Industrial Revenue Bonds, this
2 Resolution also provides for, potentially, a series of
3 supplemental requests pursuant to guidelines and procedures
4 specified in the Illinois Private Activity Bond Allocation Act
5 in order to provide sufficient Volume Cap, including
6 Carryforward Volume Cap, to cover anticipated demand from
7 potential large Solid Waste Disposal Revenue Bond projects that
8 are in the IFA's pipeline.
9 Due to the prospective sizing of these Solid
10 Waste Disposal Revenue Bond projects and their eligibility to
11 use designated Prior Year Private Activity Volume Cap pursuant
12 to Sections 146 (f) and 142 (k) of the Internal Revenue Code,
13 there is greater flexibility, pursuant to State Law, for
14 conduit issuers to request Volume Cap for Carryforward-eligible
15 financings, such as Solid Waste Disposal Revenue Bonds
16 throughout the year and over a multi-year period.
17 In order to assist the Governor's Office in
18 evaluating Private Activity Bond Volume Cap demand to help
19 assure optimal allocation among the various issuing authorities
20 that require Private Activity Bond Volume Cap, the Authority's
21 staff will update the Governor's Office regularly regarding any
22 expected decreases or increases in prospective demand for Solid
23 Waste Disposal and other Exempt Facility Bond categories.
24 In addition to the 2019 Volume Cap request,

1 the Resolution provides for the following: (a), a request for
2 an additional allocation of unused 2018 Volume Cap in the
3 amount of \$75 million; (b), a request that, if such additional
4 allocation of 2018 Volume Cap is less than \$75 million, the
5 difference being made up with a commensurate increase in 2019
6 Volume Cap; and (c), a notice that the Authority intends to
7 file periodic allocation requests to the Governor's Office
8 throughout calendar years 2019 and 2020, as needed, for
9 additional Volume Cap allocation in order to finance certain
10 Solid Waste Disposal projects that may have combined
11 expenditures of up to \$225 million in 2019 and \$650 million in
12 2010.

13 Are there any questions?

14 FRAMPTON: 2020?

15 LENANE: That's a typo. 2020. Sorry.

16 FRAMPTON: Okay.

17 CHAIRMAN ANDERBERG: Okay. Thank you, Pam.

18 I would like to request a motion to pass and
19 adopt the following New Business items: Items 1, 2, 3, 4A, 4B,
20 4C, 4D, 4E, 4F and 5.

21 Is there such a motion?

22 MccOY: So moved.

23 GOETZ: Second.

24 CHAIRMAN ANDERBERG: Will the Assistant Secretary please

1 call the roll?
2 FLETCHER: On the motion and the second, I will call the
3 roll.
4 Ms. Bronner?
5 BRONNER: Yes.
6 FLETCHER: Mr. Goetz?
7 GOETZ: Yes.
8 FLETCHER: Ms. Juracek?
9 JURACEK: Yes.
10 FLETCHER: Mr. McCoy?
11 MccOY: Yes.
12 FLETCHER: Mr. Murphy?
13 MURPHY: Yes.
14 FLETCHER: Mr. Obernagel?
15 OBERNAGEL: Yes.
16 FLETCHER: Mr. O'Brien?
17 O'BRIEN: Yes.
18 FLETCHER: Mr. Poole?
19 POOLE: Yes.
20 FLETCHER: Mr. Smoots?
21 SMOOTS: Yes.
22 FLETCHER: Mr. Chairman?
23 CHAIRMAN ANDERBERG: Yes.
24 FLETCHER: Mr. Chairman, the motion carries.

1 CHAIRMAN ANDERBERG: Thank you.

2 Before I present Item No. 6 I'd like to ask

3 Mr. Meister to please exit the room.

4 (Whereupon, Executive Director Chris

5 Meister exits the room.)

6 FLETCHER: Let the record reflect that Mr. Meister has

7 exited the room.

8 CHAIRMAN ANDERBERG: Pursuant to the Illinois Finance

9 Authority Act, I have received two nominations from the

10 Governor for the position of Executive Director of the

11 Authority for a one-year term. The Executive Committee met

12 earlier this morning and unanimously recommended Chris Meister

13 for the position of Executive Director.

14 I would like to request a motion nominating

15 Chris Meister as Executive Director.

16 Is there such a motion?

17 GOETZ: So moved.

18 OBERNAGEL: Second.

19 CHAIRMAN ANDERBERG: Okay. Will the Assistant Secretary

20 please call the roll?

21 FLETCHER: On the motion by Mr. Goetz and the second by

22 Mr. Obernagel to nominate Chris Meister as Executive Director,

23 I will call the roll.

24 Ms. Bronner?

1 BRONNER: Yes.

2 FLETCHER: Mr. Goetz?

3 GOETZ: Yes.

4 FLETCHER: Ms. Juracek?

5 JURACEK: Yes.

6 FLETCHER: Mr. McCoy?

7 Mccoy: Yes.

8 FLETCHER: Mr. Murphy?

9 MURPHY: Yes.

10 FLETCHER: Mr. Obernagel?

11 OBERNAGEL: Yes.

12 FLETCHER: Mr. O'Brien?

13 O'BRIEN: Yes.

14 FLETCHER: Mr. Poole?

15 POOLE: Yes.

16 FLETCHER: Mr. Smoots?

17 SMOOTS: Yes.

18 FLETCHER: Mr. Chairman?

19 CHAIRMAN ANDERBERG: Yes.

20 FLETCHER: Mr. Chairman, the motion carries.

21 CHAIRMAN ANDERBERG: Thank you.

22 (Whereupon, Executive Director Chris

23 Meister returns to the room.)

24 LENANE: The Authority will now -- staff will now present

1 two subject-matter only items. No votes will be taken with
2 respect to these items.

3 Item No. 7, The Transformation Initiative
4 Update on Participation Loans.

5 FLETCHER: Let the record reflect, please, that Executive
6 Director Meister has returned to the room.

7 MEISTER: I'm very pleased to present the joint status
8 presentation of Stan Luboff, one of our new additions; Charles
9 Myart; and Lorrie Karcher, one of our long-time and valued
10 Members of the Authority.

11 Over the past 12 months since the Federal Tax
12 legislation placed our core business of conduit tax exemption
13 at risk, with the support of the Board and the General
14 Assembly, we have been pursuing a Rejuvenated Participation Initiative. A
15 key component of this is the Rejuvenated Participation Loan
16 Business Line, which we believe will help us more effectively
17 and responsibly address the need for access to capital for
18 small businesses in Northeastern Illinois, among agricultural
19 borrowers, veteran-owned borrowers, women, minority, and
20 disabled borrowers.

21 This is consistent with both the plan of the
22 Transformation Initiative, which is found in your Board Book,
23 and the four pillars of the Strategic Plan. The four pillars
24 of the Strategic Plan, while now a few years old, has been very

1 useful to us when we are examining and pursuing new programs.
2 The basic public mission is to have a clear articulation of the
3 risks around net revenue and not being in a position to compete
4 with private entities, other public entities, or non-profits.
5 I believe that this course of action is well
6 thought out. It addresses the risks on the front end. It
7 contemplates a comprehensive management of a future
8 Participation Loan portfolio. I think with Charles, who we
9 expect to be here permanently, and with Stan, who we were lucky
10 enough to lure over here from one of our sister agencies, and
11 with Lorrie Karcher, who has a deep knowledge of banking and
12 banking relationships in the southern third of the state -- I
13 think that the Board Members will faithfully receive what I
14 think is a well thought out, well-executed, and ultimately
15 high-impact business plan for a new business line.

16 So I'll turn it over to you Stan.
17 LUBOFF: Thank you.
18 Ladies and gentlemen, with reference to the
19 slide on Page 3, I would like to start out by highlighting the
20 importance of the role that this graph played in our decision
21 to create our Rejuvenated Participation Loan Business Line.
22 When I first arrived at the Authority, Chris
23 asked me to review the Authority's various guarantee programs
24 with an eye toward adherence to the four pillars of the

1 Strategic Plan. It quickly became quite clear that the
 2 guarantee programs were unfaithful to the principles outlined.
 3 The guarantee programs involve the acceptance
 4 of extraordinary risks -- risks, by the way, that, in the event
 5 of borrower default, fell directly on the Illinois
 6 taxpayer, while earning fees that weren't even adequate to
 7 cover project start-up costs, much less provide any return in
 8 exchange for the risks and long-term administration and
 9 compliance costs assumed.
 10 In contrast, our Rejuvenated Participation
 11 Loan Business Line is designed to target a broader spectrum of
 12 the Authority's public mission, focusing on providing access to
 13 capital for veteran, minority, female, and disabled-owned
 14 businesses, and new job creation. Additionally, by staffing
 15 the team with highly-experienced analysts, the Authority has
 16 the ability to take on well-researched and analyzed risks --
 17 whether financial, regulatory, or reputational in nature --
 18 while generating revenue that provides the IFA with sufficient
 19 compensation to offset the costs and risks that it assumes.
 20 Lastly, though, we are willing to provide
 21 support for worthy borrowers across the state, our
 22 extraordinary focus on regions south of I-80 gives the IFA a
 23 competitive advantage over other places that tend to underserve
 24 that market.

1 Addressing our team's progress to date: As
 2 outlined on Slide 4, at our last board meeting I shared
 3 information related to an accelerated orientation program to
 4 support Charles Myart in taking over and further growing the
 5 Authority's Rejuvenated Participation Loan Business Line. I
 6 noted that after covering the origin and current business side
 7 of the Authority involved in participation loans and
 8 guarantees, we plan to schedule face-to-face introductory
 9 meetings between Charles and all existing participating lenders
 10 and take advantage of the opportunity to market to unsigned
 11 lenders that we saw as potential partners.
 12 Charles will now speak to our progress, to
 13 date.
 14 MYART: Ladies and gentlemen, since that November 13th
 15 board meeting me and Stan have traveled over 1800 miles meeting
 16 with 13 current participating lenders and 7 targeted
 17 prospects, one of which has already enrolled as a participating
 18 lender. I also met with Lorrie Karcher in Mount Vernon and
 19 brief her on our rejuvenated product line so that she can
 20 assist in our efforts in recruiting new partners and leads
 21 related to new projects in need of support. And Lorrie will
 22 speak on this in a bit; in present, we have enrolled 15
 23 participating lenders into our product line, and we expect
 24 another three applications to be approved by December 31st.

1 Thus far we have closed four participation
2 loans totaling \$877,500. We are working on a pipeline of three
3 projects totaling \$1,071,000; one, which seeking 431,000, is to
4 be presented at the next board meeting in January. And it is
5 worth noting that, of the three pipeline projects, two are
6 veteran-owned, while the third is a project that produces
7 lifesaving equipment for first responders.

8 Thank you. And now Lorrie Karcher has some
9 information for you.

10 KARCHER: Thanks, Charles.
11 Yes. I'd just like to add that, while meeting
12 with Charles and Stan in Mount Vernon, we discussed the
13 background and dynamics of the Rejuvenated Participation Loan
14 Business Line, and it is very motivating to me to be a part of
15 new ideas and the processes that will aid in the Authority's
16 profitability while providing foundational product lines to
17 meet our mission. I believe that the time and attention to the
18 simplified details and education placed on the development and
19 rollout of the Rejuvenated Participation Loan product will
20 greatly benefit both our state's underserved markets as well as
21 the IFA itself.

22 The Rejuvenated Participation Loan Business
23 Line will be an important tool in our tool box within the
24 communities that we serve, especially in the southern market,

1 and that includes our agricultural partners. I personally look
2 forward to expanding my knowledge of and abilities within the
3 Rejuvenated Participation Loan Business Line by providing the
4 necessary support and marketing efforts through easing the
5 enrollment of new lending partners into an agreement,
6 standardizing documentation, and providing overall attention to
7 the establishment of a seamless process, from underwriting to
8 approval, to closing processes.

9 This is an exciting time for the IFA and the
10 staff that has worked hard to see the bigger picture and think
11 out of the box in order to better serve our state. The
12 Rejuvenated Participation Loan Business Line will produce the
13 benefit to ratio that will best serve our partners and the
14 Authority.

15 Thank you. That concludes my remarks.

16 LUBOFF: Thank you, Lorrie and Charles.
17 Turning to the subject of
18 management-succession for the Rejuvenated Participation Loan
19 Business Line, Charles Myart has demonstrated great
20 professionalism and analytical skills during the time that we
21 have worked together. His knowledge of his craft was on
22 display at our recent lender and marketing meetings; and I am
23 confident that he will be a great steward of the Authority's
24 Rejuvenated Participation Loan Business Line. In fact, he has

1 already surfaced a few ideas on how to further improve the
2 product itself.
3 Charles has shown genuine concern that the IFA
4 not only focus on the fulfillment of its public mission in
5 promoting economic development with a focus on supporting
6 underserved classes and also creating jobs, as well as the
7 generation of profits from loan activity, but he's also
8 concerned that we aggressively guard against unwarranted risks,
9 whether financial or reputational in nature.
10 Charles and I have reviewed what we saw as the
11 shortcomings of the Authority's guarantee programs, and that
12 has united us in our determination to minimize the risk to the
13 IFA's resources and aggressively pursuing our developmental
14 mission. The Authority must be compensated for both the
15 efforts and the risks that it takes on.
16 Charles and I have spent a great deal of time
17 dissecting a number of past deals as well as a couple of new
18 projects that have come onto our desk in the recent weeks,
19 requests of which the Board has not been made aware. This is
20 because we do not report to you about deals that we've
21 rejected. Ironically, to date, our Participation Loan Business
22 Line has rejected about as many proposals as those we've
23 approved and are considering; and that is because lenders
24 entering new programs like ours often initially test the limits
1 of the business risk appetite. Fortunately, as the market
2 learns the true limits of our risk tolerance, the situation
3 will eventually improve, with fewer non-starters being
4 submitted.
5 Lastly, I know that this is a concern to some;
6 I would like to address the issue of our product -- product
7 team's perspective on financial risk. We are not in a singular
8 pursuit of financial profitability or any other type of numbers
9 race. In fact, we are far more concerned with the return of
10 capital instead of the return on capital. Both Charles and I
11 are former members of the Special Assets Group, or SAG team.
12 When I joined the SAG team, I gave an address
13 about the American Debt Crisis Program and the problem with
14 credit skills and thick skin, and my father sat back on his
15 sofa and said, "So you're the guy that follows the circus
16 parade and cleans up after the elephants" -- thanks, Dad --
17 (Laughter.)
18 LUBOFF: -- however our jobs as SAG specialists entails
19 more than simply cleaning up other messes. SAG members are
20 assigned at the first sign of trouble to oversee credit that
21 needs watching. If a situation continues to deteriorate, we're
22 the ones that address the way to improve the chances of a
23 lender's full recovery of the investment through restructuring,
24 assigning in-house or third-party work-out specialists, or

1 imposing new restrictions or covenants. Then if foreclosure if
 2 warranted, SAG members made the aggressive effort to liquidate
 3 all collateral and security available.

4 Both Charles and I have long records of sales,
 5 and marketing, and credit analysis; but we've also been trained
 6 to treat evidence of risk with serious concern. In this vein,
 7 we will be working with Six Granda, from an audit perspective,
 8 and Elizabeth Weber, from a legal perspective, to proactively
 9 identify and address all legal concerns as we move forward.

10 In closing, may I ask you to regard the
 11 schematics on Page 6; the Conduit/Participation Loan. My
 12 skills and experience personally will assist the Authority in
 13 growing the knowledge and skill level of all IFA employees,
 14 spreading what we expect to be an increase in overall workload
 15 among more staff members.

16 Are there any comments or questions?

17 (No response.)

18 MEISTER: I would like to add my thanks to Stan, and to
 19 Charles, and to Lorrie for their work. Stan came over here
 20 about a year ago, and he very quickly did a blank slate review
 21 of the existing legacy guarantee programs. And then Stan and
 22 Brad Fletcher worked closely together to initiate legislation,
 23 which was successful, and then signed in the Illinois General
 24 Assembly. We there upon launch into the development of the job

1 descriptions, the recruiting process, the identification which
 2 led to the hiring of Charles; and Charles his onboarding.

3 I think it speaks to a larger theme that the
 4 staff is trying to develop. From my perspective, as Executive
 5 Director, I want to draw the line within the Authority between
 6 business lines -- and our core business line is the conduit
 7 business line currently led by Pam, and Rich, and Brad.

8 If Sara Perugini could stand up, please. Sara
 9 Perugini just joined us this month. She'll be working with Pam
 10 on the very important healthcare and senior living line. We
 11 want to draw the line between business lines and programs. It
 12 sounds like word play; but in the world of government and the
 13 world of government audits, programs take on a very
 14 specific meaning in the minds of policy makers and auditors.
 15 It involves taking tax dollars and directing them to some
 16 purpose or some group of folks.

17 I think currently the only programs that we
 18 will have going into the future are the Local Government
 19 Ambulance and Fire Truck loans and the DACA medical student
 20 loans. Both are really mission-oriented and programmatic in
 21 nature. Our hope is that the Beginning Farmer Bond conduit
 22 bonds that Lorrie has been leading, I think very competently and
 23 very successfully, that we will be able to grow that into its
 24 full potential as a business line.

1 budget impasse on the Authority.
 2 A copy of the COGFA report and the Authority's
 3 response can be found in your Board Book in Tab 8. I do have a
 4 full copy of the Authority's response, including the
 5 attachments, if any of the Board members would like to review
 6 it.

7 Are there any questions?
 8 MEISTER: I would like to note that we're bringing this
 9 information before the Board just to give the Board a sense of
 10 the amount of oversight that the Authority is subject to either
 11 through the General Assembly structure, or COGFA, and other
 12 regulatory cost centers.

13 One of the items that was addressed in the
 14 COGFA report was whether there was any moral obligation
 15 contingent to taxpayer debt, which we're proud to say is now at
 16 zero. Also, in the Monthly Financial Report there is a chart
 17 called the Schedule of Debt; and we developed this over time,
 18 because even in the conduit area we are subject to certain
 19 statutory cap limitations, and we watch that very closely. So
 20 the COGFA reporting is part of that larger structure.

21 GRANDA: Okay. So moving on to the financial highlights,
 22 I will be presenting the financial information for the period
 23 ending November 30 of 2018. The General Operating Fund
 24 Revenues, Expenses and Net Income Financial Highlights are as

1 But going forward we do want to make that
 2 decision between what's a business line, what's a project,
 3 what's a product, and what's something that we're doing on
 4 behalf of the mission either because this Board has chosen to
 5 pursue it or because the General Assembly has identified us as
 6 the likely entity to effectively steward a program. So thank
 7 you.

8 CHAIRMAN ANDERBERG: Thank you, Chris.

9 Ms. Granda?

10 GRANDA: Good morning, everyone. I will be presenting
 11 the Commission on Government Forecasting and Accountability
 12 Request for Information:
 13 On October 5, 2018, the Authority received a
 14 request from the Commission on Government Forecasting and
 15 Accountability, also known as COGFA. The request was for
 16 information relating to the Authority's outstanding debt for
 17 Fiscal Years 2017 and 2018 and an estimated outstanding debt
 18 for Fiscal Year 2019.

19 On November 30, 2018, the Authority submitted
 20 its response to COGFA. The Authority provided a written
 21 response to specific questions relating to the Authority's
 22 outstanding debt, including questions regarding moral
 23 obligation, General Assembly authorization requests, bond
 24 ratings, and the impact of the Illinois Fiscal Year 2016-2017

1 follows:
2 Our total annual revenue equals 1.8 million
3 and 175,000, or 10.8 percent, higher than budget, due primarily
4 to higher administration fees, and interest, and investment
5 income. Our total annual expenses equal 1.7 million, and we
6 are 347,000, or 16.8 percent, lower than budget, which was
7 mostly driven by below budget spending on employee-related
8 expenses and professional services.
9 In November, the Authority generated 245,000
10 in closing fees, which is 24,000 higher than the monthly
11 budgeted amount of 221,000. In November, the Authority
12 recorded non-operating revenues of 98,000, which is 75,000
13 higher than the monthly budgeted amount of 23,000.
14 As was mentioned in last month's Board
15 meeting, the budget presented in June of 2018 under this
16 category was conservative, and it was based on prior years'
17 historical data. In your red folders on the left side you will
18 find a summary snapshot of the locally-held accounts. This
19 report was provided by the Authority's investment managers.
20 Per the investment managers, they say the fed has increased
21 rates and the yield on the IFA portfolio has increased, which
22 resulted in an increase in income.
23 Moving on, in November, the Authority recorded
24 operating expenses of 433,000, which is 20,000 higher than the

1 monthly budget amount of 413,000. In November, professional
2 fees had a slight increase in legal fees due to review of the
3 Authority's JCAR rule and development of the Authority's Clean
4 Energy business line.
5 Our total monthly net income for November is
6 15,000. Our total annual net income is at 82,000, which is
7 524,000 more than the forecasted budgeted loss of 443,000.
8 Following the financial statement in your
9 Board Book, for informational purposes only, we have provided a
10 listing of the borrowers under our Local Government Program,
11 our Ambulance and Fire Truck revolving loans program. Also in
12 your red folder we've provided a listing of the Local
13 Government Programs who are the recipients of the loans from
14 the Clean Water Initiative Revolving Fund Revenue Bond Series
15 2017. As of December 6, 2018, all of the bond proceeds have
16 been disbursed.
17 Are there any questions on the financials?
18 MEISTER: I would ask the Board members to please take a
19 look at the documents in the red folder. We do talk a lot
20 about the Clean Water Initiative, the State Water Revolving
21 Fund. I think this really demonstrates the work of the
22 Authority and the partnership with the Illinois Environmental
23 Protective Agency and what we have been able to help accomplish
24 in the form of low interest loans and construction projects for

1 water and sewer projects in communities in every corner of the
2 state. It's very impressive.

3 Under federal law borrowers have up to 3 years
4 to spend a bond proceed. This was done in about 14 months,
5 just like 2016 spending was. Again, going forward we think
6 that this is going to be an ever increasing part of the
7 mission, impact, and revenue of the Authority. That's one of
8 the reasons why I asked Lisa Bonnett, former IEPA director, to
9 join us; and she's working with Bill Atwood and Tom Morsch on
10 elements of the Transportation Initiative to make sure that, in
11 the future, there's a more effective execution of the State
12 Water Removing Fund using state-based public funds so we can
13 reduce the tax burden on local tax payers in every community in
14 the state while delivering clean water and a better
15 environmental income.

16 GRANDA: Okay. Moving on to our audit, under the
17 external audit, we're in the final stage, our Fiscal Year 2018
18 Financial Audit:
19 On December 6, 2018, the Authority received a
20 draft copy of the Fiscal Year 2018 Financial Audit Examination
21 and Management Representation Letter. The Authority is
22 currently reviewing both reports. We anticipate the final
23 sign-off sometime next week.

24 On December 3rd, 2018, the Authority received

1 a letter from the Legislative Audit Commission informing the
2 Authority that the Fiscal Year 2016 Financial Audit and the
3 Fiscal Year 2016 and 2017 Compliance Examinations were accepted
4 on the consent calendar at the Legislative Audit Commission
5 meeting held on November 13th.

6 Moving on to the internal audit, on November
7 26, the Authority received a draft report on the IT security
8 practices. The Authority will meet with the internal auditors
9 later today to discuss minor changes to the draft report. Once
10 the report is final it will be provided to the Board.

11 On December 19th, the Authority will be having
12 an entrance conference meeting to start a new audit that will
13 be on payroll, personnel, and personal information.

14 Are there any questions?

15 (No response.)

16 CHAIRMAN ANDERBERG: No questions or comments.

17 I would like to make a comment. When we

18 decided last year that we had to make a transformation, we
19 expected at this point to be well underwater. So I want to
20 commend the staff on your work around any additions that we
21 made to the staff being where we're at right now. It's great
22 to see.

23 Okay. If there no comments, I would like to

24 request a motion to accept the Financial Reports.

1 Is there such a motion?
2 GOETZ: So moved.
3 McCOY: Second.
4 CHAIRMAN ANDERBERG: A motion and a second.
5 All those in favor?
6 (Chorus of ayes.)
7 CHAIRMAN ANDERBERG: Opposed?
8 (No response.)
9 CHAIRMAN ANDERBERG: The ayes have it.
10 Okay. Moving on to the Monthly Procurement
11 Report.
12 FRANZEN: The items on Page 1 of the Procurement Report
13 support the Authority's operations. The remainder of the
14 report has the expiring projects through this calendar year.
15 Are there any questions?
16 (No response.)
17 CHAIRMAN ANDERBERG: Does anyone wish to make any
18 additions, edits, or corrections to the Minutes from November
19 13th, 2018?
20 (No response.)
21 CHAIRMAN ANDERBERG: Hearing, none I would like to
22 request a motion to approve the minutes.
23 MURPHY: So moved.
24 POOLE: Second.

1 CHAIRMAN ANDERBERG: A motion from Mr. Murphy and a
2 second from Mr. Poole.
3 All those in favor?
4 (Chorus of ayes.)
5 CHAIRMAN ANDERBERG: Opposed?
6 (No response.)
7 CHAIRMAN ANDERBERG: The ayes have it.
8 Is there any other business to come before the
9 Members?
10 MEISTER: Chairman, if I may make the Executive Director
11 remarks?
12 CHAIRMAN ANDERBERG: Yes, please.
13 MEISTER: Eric, I would like to thank you for your
14 support and leadership and all of the Members of the Authority
15 for your confidence in me. I would like to thank Governor
16 Rauner and his team that has been very supportive of the
17 Authority over the past 4 years, and in support of me
18 personally, and all four caucuses of the General Assembly. I
19 think that we have -- they've confirmed Members, and they have
20 passed specific, well-thought out legislation; and we
21 anticipate more specific, well-thought out legislation being
22 introduced over the next several months.
23 On behalf of the staff of the Authority, we
24 look forward to working with Governor Elect Pritzker and

1 Lieutenant Governor Elect Stratton and their teams and
 2 priorities. We believe that the Authority's impact record of
 3 financial stewardship places us well in position to take this
 4 government structure and staff expertise to position position
 5 the Authority in a larger role in solving many of the state's
 6 long-standing problems. That is encapsulated in the
 7 Transportation Initiative, and I'm grateful to you -- all of
 8 you. And I'm particularly grateful to the staff of the
 9 Authority without whom this work and impact is not possible.

10 CHAIRMAN ANDERBERG: Thank you, Chris.
 11 Hearing none, I would like to request a motion
 12 to excuse the absences of the Members unable to participate
 13 today.

14 Do we have such a motion?
 15 GOETZ: So moved.
 16 CHAIRMAN ANDERBERG: Second?
 17 JURACEK: Second.

18 CHAIRMAN ANDERBERG: Motion from Mr. O'Brien, and a
 19 second from Ms. Juracek.
 20 All those in favor?
 21 (Chorus of ayes.)

22 CHAIRMAN ANDERBERG: Opposed?
 23 (No response.)

24 CHAIRMAN ANDERBERG: The ayes have it.

1 Is there any matter for discussion in a closed
 2 session?
 3 (No response.)
 4 CHAIRMAN ANDERBERG: I would like to note that the
 5 regular meetings scheduled for January and February have been
 6 canceled, but we do anticipate holding a special meeting in
 7 each of those months, including on January 22nd, 2019. The
 8 next regularly scheduled meeting will be held on March 12,
 9 2019.

10 And I would also like to thank everybody for
 11 being flexible and being able to change the dates to be here
 12 today. Also, I'd like to make it well known that we have two
 13 members who make an effort to be here, who live out of state.
 14 Those two individuals are Roger Poole and George Obernagel, who
 15 gets on a plane in St. Louis and flies up here every month for
 16 the meeting. Thank you guys for your dedication.

17 GOETZ: I drive.

18 (Laughter.)

19 POOLE: Chairman, I'll think about those comments when I
 20 wake up at 2:30 in the morning.

21 (Laughter.)

22 CHAIRMAN ANDERBERG: Thank you, too, Mike.

23 (Laughter.)

24 CHAIRMAN ANDERBERG: Now I would like to request a motion

1 to adjourn.)
2 O'BRIEN: So moved.) SS:
3 GOETZ: Second.)
4 CHAIRMAN ANDERBERG: All those in favor?
5 (Chorus of ayes.)
6 CHAIRMAN ANDERBERG: Opposed?
7 (No response.)
8 CHAIRMAN ANDERBERG: They ayes have it.
9 Thank you, everybody.
10 FLETCHER: The time is 10:24 a.m.
11 (Whereupon, the above entitled matter
12 adjourned.)
13
14
15 _____
16 Certified Shorthand Reporter
17 License No. 084-004589
18
19 This 15th day of January
20 2019.
21
22
23
24

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
APPROVAL OF REQUEST TO PARTICIPATE VIA AUDIO CONFERENCE
ADOPTED

December 12, 2018

9 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|----|-----------------------------------|---|-----------|---|--------------|
| NV | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
DECEMBER 12, 2018 AGENDA OF THE SPECIAL MEETING OF THE MEMBERS
ADOPTED

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2018-1212-TE01
501(c)(3) REVENUE BOND – MEMORIAL HEALTH SYSTEM
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2018-1212-TE02
RECOVERY ZONE FACILITY REFUNDING REVENUE BOND –
TESTA PROPERTIES LLC
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-1212-TE03
 501(c)(3) REVENUE BOND – EASTER SEALS METROPOLITAN CHICAGO, INC.
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

December 12, 2018

| 10 YEAS | 0 NAYS | 0 PRESENT |
|-------------------------------------|-------------|----------------|
| Y Bronner (via audio conference) | Y Juracek | Y O'Brien |
| E Fuentes | E Knox | Y Poole |
| Y Goetz | Y McCoy | Y Smoots |
| E Heller | Y Murphy | E Zeller |
| E Horne | Y Obernagel | Y Mr. Chairman |

* – Consent Agenda
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-1212-TE4A
 BEGINNING FARMER REVENUE BOND – LEE WALDBESER
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-1212-TE4B
 BEGINNING FARMER REVENUE BOND – DEVIN L. AHERIN
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2018-1212-TE4C
BEGINNING FARMER REVENUE BOND – ELIZABETH A. NIEMANN
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2018-1212-TE4D
BEGINNING FARMER REVENUE BOND – JUSTIN & KAYLEE J. KILGUS
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2018-1212-TE4E
BEGINNING FARMER REVENUE BOND – TRENT & KAYLA M. KILGUS
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2018-1212-TE4F
BEGINNING FARMER REVENUE BOND – AARON & TIFFANY OCHS
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-1212-TE05

RESOLUTION OF INTENT REQUESTING THE FOLLOWING: (I) REQUEST FOR AN INITIAL ALLOCATION OF 2019 PRIVATE ACTIVITY VOLUME CAP IN THE AMOUNT OF \$120,000,000 (“2019 INITIAL ALLOCATION”); (II) REQUEST FOR AN ADDITIONAL ALLOCATION OF 2018 PRIVATE ACTIVITY VOLUME CAP IN THE AMOUNT OF \$75,000,000 (“2018 ADDITIONAL ALLOCATION”), (III) PROVIDED THAT THE 2018 ADDITIONAL ALLOCATION IS AWARDED IN AN AMOUNT LESS THAN \$75,000,000, AN ADDITIONAL ALLOCATION OF 2019 PRIVATE ACTIVITY VOLUME CAP IN AN AMOUNT EQUIVALENT TO THE DIFFERENCE BETWEEN \$75,000,000 AND SUCH AMOUNT AWARDED OF 2018 ADDITIONAL ALLOCATIONS (“2019 ADDITIONAL ALLOCATION”), AND (IV) PROVISIONAL NOTICE FOR FUTURE REQUESTS FOR ADDITIONAL ALLOCATIONS TO BE FILED ON JUNE 1, 2019, JULY 15, 2019, JUNE 1, 2020 AND JULY 15, 2020 IN ORDER TO PROVIDE SUFFICIENT ALLOCATION TO FUND ELIGIBLE PORTIONS OF NEW MANUFACTURING FACILITIES WITH QUALIFYING SOLID WASTE DISPOSAL EXPENDITURES UNDERTAKING MULTI-STATE SITE SELECTION EVALUATIONS
 FINAL (ONE-TIME CONSIDERATION)
 ADOPTED*

December 12, 2018

| 10 YEAS | | 0 NAYS | | 0 PRESENT | |
|---------|-----------------------------------|--------|-----------|-----------|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O’Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2018-1212-EX06
RESOLUTION APPOINTING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE
AUTHORITY
ADOPTED*

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
ACCEPTED

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
NOVEMBER 13, 2018 MINUTES OF REGULAR MEETING OF THE MEMBERS
ADOPTED

December 12, 2018

10 YEAS

0 NAYS

0 PRESENT

| | | | | | |
|---|-----------------------------------|---|-----------|---|--------------|
| Y | Bronner (via audio conference) | Y | Juracek | Y | O'Brien |
| E | Fuentes | E | Knox | Y | Poole |
| Y | Goetz | Y | McCoy | Y | Smoots |
| E | Heller | Y | Murphy | E | Zeller |
| E | Horne | Y | Obernagel | Y | Mr. Chairman |

E – Denotes Excused Absence