

1 ILLINOIS FINANCE AUTHORITY
2 SPECIAL MEETING OF THE MEMBERS
3 February 15, 2018 at 9:30 a.m.
4

5 REPORT OF PROCEEDINGS had at the Special
6 Meeting of the Illinois Finance Authority on
7 February 15, 2018, at the hour of 9:30 a.m., pursuant
8 to notice, at 160 North LaSalle Street, Suite S-1000,
9 Chicago, Illinois.
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1 APPEARANCES:

2 MR. ERIC ANDERBERG, Chairman
MR. BRADLEY A. ZELLER (via audio conference.)
3 MR. ROGER E. POOLE (via audio conference.)
MR. GEORGE OBERNAGEL (via audio conference.)
4 MR. LYLE McCOY
MR. LERRY KNOX
5 MS. ARLENE JURACEK
MR. MICHAEL W. GOETZ (via audio conference.)
6 MS. BETH SMOOTS
MS. GILA BRONNER
7 MR. JAMES J. FUENTES
MR. ROBERT HORNE
8 MR. TERRY O'BRIEN
9 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
10 MR. RICH FRAMPTON, Vice President
MS. PAMELA LENANE, Vice President
11 MR. BRAD FLETCHER, IFA Assistant Vice President
MS. ELIZABETH WEBER, IFA General Counsel
12 MS. XIMENA GRANDA, Controller
MR. CHRISTOPHER B. MEISTER, Executive Director
13 MR. TERRY FRANZEN, Procurement
MR. RYAN OECHSLER, IFA Associate General Counsel

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1 CHAIRMAN ANDERBERG: I'd like to call the
2 meeting to order.

3 Will the Assistant Secretary please
4 call the roll?

5 FLETCHER: Certainly.

6 The time is 9:30 a.m. I'll call the
7 roll of members physically present first.

8 Ms. Bronner?

9 BRONNER: Here.

10 FLETCHER: Mr. Fuentes?

11 FUENTES: Here.

12 FLETCHER: Mr. Horne?

13 HORNE: Here.

14 FLETCHER: Ms. Juracek?

15 JURACEK: Here.

16 FLETCHER: Mr. Knox?

17 KNOX: Here.

18 FLETCHER: Mr. O'Brien?

19 O'BRIEN: Here.

20 FLETCHER: Ms. Smoots?

21 SMOOTS: Here.

22 FLETCHER: And Mr. Chairman?

23 CHAIRMAN ANDERBERG: Here.

24 FLETCHER: Mr. Chairman, a quorum of Members

1 physically present in the room has been constituted.

2 At this time, I'd like to ask if any
3 Members wish to attend via audio conference.

4 GOETZ: Yeah. This is Mike Goetz. I'm
5 requesting to attend via audio conference due to
6 employment purposes.

7 FLETCHER: Anyone else?

8 OBERNAGEL: Yes. This is...

9 MEISTER: George? Was that --

10 OBERNAGEL: This is George Ob- -- yeah. George
11 Obernagel requesting to be allowed via audio for
12 employment purposes.

13 FLETCHER: Okay.

14 ZELLER: Brad Zeller requesting to be allowed
15 to participate via audio due to work purposes.

16 POOLE: Roger Poole requesting to attend via
17 audio conference due to employment reasons.

18 FLETCHER: Okay.

19 CHAIRMAN ANDERBERG: Thank you.

20 Is there a motion to approve these
21 requests pursuant to the bylaws and policies of the
22 Authority?

23 HORNE: So moved.

24 BRONNER: Second.

1 CHAIRMAN ANDERBERG: A motion and a second.

2 All those in favor?

3 (Chorus of ayes.)

4 CHAIRMAN ANDERBERG: Opposed?

5 (No response.)

6 CHAIRMAN ANDERBERG: The ayes have it.

7 FLETCHER: Mr. Chairman, Members Goetz,
8 Obernagel, Poole, and Zeller have been added to the
9 initial quorum roll call.

10 CHAIRMAN ANDERBERG: Okay. Thank you.

11 Does anyone wish to make any
12 additions, edits, or corrections to today's Agenda?

13 (No response.)

14 CHAIRMAN ANDERBERG: I would like to suggest a
15 motion to approve the Agenda.

16 Is there such a motion?

17 KNOX: So moved.

18 FUENTES: Second.

19 CHAIRMAN ANDERBERG: A motion and a second.

20 All those in favor?

21 (Chorus of ayes.)

22 CHAIRMAN ANDERBERG: Opposed?

23 (No response.)

24 CHAIRMAN ANDERBERG: The ayes have it.

1 Remarks: I had -- first, I'd like to
2 thank everybody for coming here today. We couldn't
3 make it last week without eight bodies in the room,
4 so -- and with that, I'd like to take a moment to
5 remember Chicago Police Commander Paul Bauer, who was
6 fatally shot Tuesday across the street at the
7 Thompson Center. Commander Bauer leaves behind a
8 wife and daughter, and we thank him dearly for his
9 public service and our condolences go out to his
10 family.

11 With respect to today, I'd like to
12 thank everyone for taking the time for the Special
13 Meeting. Last Thursday, we attempted to convene and
14 we couldn't get a quorum. We have a Message from
15 Executive Director, a Financial Report from Six
16 Granda, and a Procurement Report from Terry Franzen
17 from last Thursday, and we also welcomed a guest, Ray
18 Kljajic, who discussed his "New American
19 Infrastructure Model."

20 And finally, I'll add that Items 1A
21 through 8 of the Project Reports and Resolutions were
22 reviewed by a Joint Meeting of the Tax-Exempt Conduit
23 Transactions Committee and the Direct and Alternative
24 Committee. Each was recommended unanimously for

1 approval. Items 9, 10, and 11 were discussed by the
2 Executive Director as well.

3 Does anyone wish to make any
4 additions, edits or corrections to the Minutes from
5 November 9th, 30th, or December 14th?

6 (No response.)

7 CHAIRMAN ANDERBERG: Hearing none, I would like
8 to request a motion to approve each of the minutes.

9 Is there such a motion?

10 BRONNER: So moved.

11 JURACEK: Second.

12 CHAIRMAN ANDERBERG: We have a motion and
13 second.

14 All those in favor?

15 (Chorus of ayes.)

16 CHAIRMAN ANDERBERG: Opposed?

17 (No response.)

18 CHAIRMAN ANDERBERG: The ayes have it.

19 Okay. I'd like to ask for the general
20 consent of the Members to consider the project
21 reports and resolutions collectively and to have the
22 subsequent recorded vote applied to each respective
23 individual project and resolution, unless there are
24 any specific project reports and resolutions that a

1 Member would like to consider separately.

2 (No response.)

3 FLETCHER: Hearing none, I'll begin the
4 presentation.

5 Starting with Agricultural Projects,
6 Item 1A is a Beginning Farmer Bond request. Staff
7 requests your one-time Final Bond Resolution approval
8 for Justin Joseph Bergbower, who's purchasing 65.9
9 acres of farmland located in Jasper County in the
10 not-to-exceed amount of \$86,820. People's State Bank
11 of Newton is purchasing -- is the purchasing bank for
12 this conduit transaction.

13 Does any Member have any questions or
14 wish to make a statement?

15 (No response.)

16 FLETCHER: Item 1B is a Beginning Farmer Bond
17 request. Staff requests your one-time Final Bond
18 Resolution approval for Brett D. Jaeger who is
19 purchasing an undivided 60 percent of 100 acres of
20 farmland including grain bins located in Montgomery
21 County in the not-to-exceed amount of \$303,000.
22 First National Bank of Raymond is the purchasing bank
23 for this conduit transaction.

24 Does any Member have any questions or

1 wish to make a statement?

2 (No response.)

3 FLETCHER: Moving on to Educational, Cultural,
4 and Non-Healthcare 501(c)(3) Projects.

5 Item 2 is a 501(c)(3) Bond request.

6 Staff requests your one-time Final Bond Resolution
7 approval for BHF Chicago Housing Group LLC, the
8 Better Housing Foundation Ernst Portfolio Project.
9 Bond proceeds will be issued in one or more series
10 and used by the borrower to finance the acquisition
11 and rehabilitation of 17 multifamily properties with
12 186 units located in Chicago. Additionally, bond
13 proceeds will be used to capitalize debt service
14 reserves and to pay costs of issuance. The Bonds are
15 expected to be investment grade rated by S&P.

16 Does any Member have any questions or
17 wish to make a statement?

18 (No response.)

19 FLETCHER: Moving on to Resolutions.

20 Item 3 is a Resolution supplementing a
21 Final Bond Resolution previously approved by the
22 Illinois Finance Authority as of December 14th, 2017,
23 that will specifically authorize the issuance of one
24 or more series of IFA Taxable Series 2018 Bonds for

1 the University of Chicago.

2 Although the December 14th Resolution
3 authorized a not-to-exceed issuance amount of \$275
4 million and included flexibility for the University
5 to issue under a variety of tax-exempt structures,
6 the authority to issue taxable bonds was not
7 previously contemplated.

8 Does any Member have any questions or
9 wish to make a statement?

10 (No response.)

11 FLETCHER: Item 4 is a Preliminary Bond
12 Resolution approving the issuance of Illinois Finance
13 Authority Taxable Revenue Bonds, in one or more
14 series, for the benefit of certain community banks
15 and bank holding companies, and for the purposes set
16 forth in the Resolution in an aggregate principal
17 amount now estimated not to exceed \$250 million.
18 Approval of this Resolution will support the Program
19 Sponsor's preliminary program development feasibility
20 and related due diligence activities.

21 Does any Member have any questions or
22 wish to make a statement?

23 (No response.)

24 FLETCHER: Item 5 is a Resolution delegating to

1 the Executive Director of the Illinois Finance
2 Authority the power to develop and administer a
3 Commercial Property Assessed Clean Energy Program.

4 This program, if successful, would
5 attempt to diversify the Authority's product
6 offerings and corresponding revenues.

7 Does any Member have any questions or
8 wish to make a statement?

9 (No response.)

10 FLETCHER: Item 6 is a Resolution approving
11 implementation of a new Participation Loan Program
12 for the Illinois Finance Authority, and delegating
13 authority to establish policies and procedures for
14 such program within parameters.

15 Again, this program, if successful,
16 would attempt to diversify the Authority's product
17 offerings and corresponding revenues.

18 Does any Member have any questions or
19 wish to make a statement?

20 (No response.)

21 FLETCHER: Item 7 is a Resolution approving the
22 development of the Illinois Finance Authority
23 Ownership and Project Finance Program, and
24 authorizing the Executive Director of the Illinois

1 Finance Authority to take steps related to the
2 implementation of the Program.

3 Again, this program, if successful,
4 would attempt to diversify the Authority's product
5 offerings and corresponding revenues.

6 Does any Member have any questions or
7 wish to make a statement?

8 (No response.)

9 FLETCHER: Item 8 is a Resolution approving the
10 restructuring of the Illinois Finance Authority
11 MedCap Program to the Medium-Term Healthcare Finance
12 Program, authorizing the Executive Director of the
13 Illinois Finance Authority to take steps related to
14 implementation of the Program.

15 Again, this program restructuring, if
16 successful, would attempt to diversify the
17 Authority's product offerings and the corresponding
18 revenues.

19 Does any Member have any questions or
20 wish to make a statement?

21 (No response).

22 FLETCHER: Thank you.

23 WEBER: Item 9 is a Resolution approving and
24 confirming various procurement matters, including a

1 contract for legal services with Baker & Hostetler, a
2 contract for network services with The Crypsis Group,
3 personal service contracts with Kathleen Lydon and
4 Janella Kaczanko, an amendment to an existing
5 contract for network services with Catalyst
6 Consulting Group, and the assignment of a legal
7 services contract from Polsinelli to Barnes &
8 Thornburg.

9 I'd like to make a statement about two
10 of the contracts covered by the Resolution. The
11 subject of my statement also appears as a Notice to
12 Members in your folder.

13 In early 2018, the Illinois Finance
14 Authority received allegations of a potential
15 technological vulnerability in its web site. In
16 connection therewith, the Authority also received an
17 explicit threat of a lawsuit and alleged monetary
18 damages arising therefrom.

19 Authority staff took appropriate steps
20 to investigate and respond to this situation and to
21 the threat of litigation, including entering into two
22 contracts pursuant to the, quote, anticipation of
23 litigation, end quote, exemption from the Illinois
24 Procurement Code.

1 The Authority contracted with
2 Baker & Hostetler for legal representation. Baker
3 recommended the engagement of The Crypsis Group for
4 web security analysis, and the Authority entered into
5 such a contract. Crypsis is also covered by the
6 anticipation of litigation exemption as an
7 investigator and potential expert witness.

8 The Authority obtained approval of
9 both contracts from the Governor's Office pursuant to
10 the Illinois Procurement Code, and has continued to
11 work with the Governor's Office to ensure that all
12 reporting requirements are met.

13 No litigation has been filed and
14 Authority staff believe that actions taken to date
15 appropriately address this situation.

16 Does any Member have any questions on
17 the Resolution or wish to make a statement?

18 O'BRIEN: Yeah. I'd like to understand a
19 little bit better the --

20 WEBER: Can I just make one --

21 O'BRIEN: Go ahead.

22 WEBER: If you have questions on the underlying
23 subject matter of the statement I just gave, I would
24 suggest that you direct those to me after the meeting

1 so I can work with outside counsel to respond to the
2 questions in a way that would preserve
3 attorney-client privilege.

4 But go ahead.

5 O'BRIEN: Well, my question was, Could you
6 expand a little bit on what the litigation or
7 potential litigation dealt with?

8 WEBER: It had to do with these vulnerabilities
9 in our web site.

10 O'BRIEN: And who -- can you say who
11 threatened --

12 WEBER: I'd -- I'd rather --

13 O'BRIEN: -- and what were their damages? I'm
14 trying to understand.

15 MEISTER: We'd rather not, but we can brief you
16 in detail afterward.

17 WEBER: I'm happy to take all questions --

18 O'BRIEN: All right. Thank you.

19 WEBER: -- and give a fuller statement --

20 O'BRIEN: Thank you.

21 WEBER: -- but I'd like to work with outside
22 counsel just to make sure we're not --

23 MEISTER: We could.

24 JURACEK: My question to Mr. Meister was

1 whether we could have a closed session to talk about
2 the topic of litigation or potential litigation.

3 WEBER: Yes, we could do that. Again, I'm --
4 there are very strict rules on preserving
5 attorney-client privilege.

6 JURACEK: Understood.

7 WEBER: And even though they're members -- and
8 so I guess if you would like to do that -- because I
9 don't think there's any immediate concern here, I'd
10 like to bring the outside counsel to a following
11 meeting to have him assist in addressing those
12 questions.

13 JURACEK: I think there's no objection to
14 having outside counsel in a closed session.

15 WEBER: Right.

16 JURACEK: And so I think -- you know, I share
17 common questions. I think we want to know a little
18 more what this is about.

19 WEBER: Okay. We could -- yes?

20 BRONNER: And I think it really relates more to
21 the underlying technological vulnerability as --

22 WEBER: Right.

23 BRONNER: -- sort of the source of why it would
24 even arise --

1 MEISTER: Yes.

2 WEBER: Uh-huh.

3 BRONNER: -- to that -- the occasion of
4 litigation --

5 MEISTER: We're --

6 BRONNER: -- for tech issues.

7 CHAIRMAN ANDERBERG: Yes.

8 BRONNER: Right.

9 CHAIRMAN ANDERBERG: It has to do with the
10 anticipation of litigation.

11 WEBER: Right.

12 CHAIRMAN ANDERBERG: Solely.

13 WEBER: Right.

14 MEISTER: Anticipation and not the avoidance of
15 litigation.

16 WEBER: That's correct. That's correct.

17 MEISTER: The strict construction of the phrase
18 and the statute --

19 WEBER: Right. Right.

20 MEISTER: -- anticipation of litigation.

21 BRONNER: Yeah.

22 WEBER: Right.

23 BRONNER: Thank you.

24 MEISTER: And -- and --

1 WEBER: And as I don't see that there's -- you
2 know, there's no litigation that's filed, if there's
3 a need for an expanded discussion, I would like to
4 bring in --

5 O'BRIEN: Well, then I --

6 WEBER: -- outside counsel.

7 O'BRIEN: We're going to have a counsel appear
8 here at the next meeting and we can go into closed
9 session --

10 WEBER: We could do that.

11 O'BRIEN: -- and discuss this a little more.

12 MEISTER: Absolute- --

13 O'BRIEN: I just want to better understand
14 what's going on.

15 HORNE: I agree.

16 WEBER: Sure.

17 MEISTER: And -- and the delicacy that we have
18 is we've got several competing concerns. We have IT
19 concerns and then we have concerns of attorney-client
20 privilege. But I think that --

21 O'BRIEN: Are we construed as clients?

22 MEISTER: Yes.

23 O'BRIEN: Meaning -- so we can discuss it in a
24 closed meeting.

1 MEISTER: And we would -- we would --

2 O'BRIEN: Okay. I just want to make sure we
3 could do that.

4 MEISTER: What my suggestion would be, while
5 the Board Member has the right -- the Board Members
6 collectively have the right to make a motion, take a
7 second, take a roll call vote, move into closed
8 session, record what goes on, transcribe those
9 minutes, then vote out on a roll call vote pursuant
10 to the Open Meetings Act. My recommendation is that
11 we do that at the March meeting because we have an
12 outside counsel who is expert in this particular --

13 WEBER: Correct.

14 MEISTER: -- issue, and we can discuss it more
15 fully.

16 O'BRIEN: Thank you.

17 JURACEK: I question the need for a vote after
18 a closed session because I see this being more an
19 information session, not presenting a matter to the
20 Board for voting on it. That being said, I
21 understand you cannot vote in closed session.

22 MEISTER: Yeah. No. I -- I meant that when
23 you leave closed session --

24 JURACEK: Oh, yeah. You have to --

1 MEISTER: -- you need to have the --

2 JURACEK: You need a vote to come out of it.

3 Yeah.

4 MEISTER: -- roll call vote.

5 And no -- and you're absolutely
6 correct. No action can be taken within closed
7 session.

8 JURACEK: Perhaps small group meetings with
9 less than a quorum might be a way to go too.

10 O'BRIEN: Thank you.

11 WEBER: Any other questions?

12 CHAIRMAN ANDERBERG: Thank you.

13 MEISTER: Item No. 10, the Appointment of a
14 Secretary and an Assistant Secretary.

15 Item 10 is a Resolution appointing
16 Elizabeth Weber, General Counsel of the Authority, as
17 Secretary of the Authority, and appointing Ryan
18 Oechsler, Associate General Counsel -- Ryan, could
19 you stand up and raise your hand?

20 -- as an additional Assistant
21 Secretary of the Authority.

22 The current Assistant Secretaries to
23 the Authority, Brad Fletcher and Mari Money, will
24 continue to serve in their roles under authority

1 provided by an earlier Resolution.

2 Does any Member have any questions or
3 wish to make a statement?

4 (No response.)

5 MEISTER: Item No. 11, the Appointment of a
6 Treasurer.

7 Item No. 11 is a Resolution appointing
8 Brad Fletcher, Assistant Vice President, as Treasurer
9 of the Authority. Mr. Fletcher, as previously noted,
10 will remain as an Assistant Secretary of the
11 Authority.

12 Does any Member have any questions or
13 wish to make a statement?

14 BRONNER: Just one quick question: What are the
15 duties of the Treasurer?

16 MEISTER: The duties -- the Office of the
17 Treasurer of the Authority is a mandatory statutory
18 office that under the statute, while it is mandatory,
19 and due to some staff reduction several years ago, we
20 have done without a Treasurer, because, primarily,
21 the Office of the Treasurer has fairly limited --
22 while it's mandatory, has fairly limited duties under
23 the statute, mainly concerning with execution of
24 documents when appropriated funds are expended or

1 received. Mr. Fletcher will perform those statutory
2 duties, but at the same time, we will make him a
3 co-signator- -- an additional co-signatory on the
4 checks. And he will become more active with our
5 Controller, Six Granda, on dealing and addressing and
6 helping to manage our outside investments of the
7 General Fund.

8 BRONNER: Thank you. In that case, I think
9 he's an excellent candidate for this job.

10 CHAIRMAN ANDERBERG: All right.

11 FLETCHER: I'd like to note for the record the
12 arrival of Member McCoy at 9:46 a.m.

13 HORNE: Perfect timing, Lyle.

14 McCOY: You want to stay away from me today.
15 My pass got taken downstairs too. It's been one of
16 those days.

17 FLETCHER: Before we take a vote, we should
18 note for the record all the resolutions you're voting
19 on have been provided to you previously in a digital
20 format as well as physically. Likewise, Summary
21 Reports were previously mailed to you including
22 Member McCoy. So I think we all can take a good vote
23 here.

24 CHAIRMAN ANDERBERG: With that, I would like to

1 request a motion to pass and adapt the following
2 Project Reports and Resolutions: Item 1A, 1B, 2, 3,
3 4, 5, 6, 7, 8, 9, 10, and 11.

4 Do I have such a motion?

5 FUENTES: So moved.

6 CHAIRMAN ANDERBERG: Motion by Mr. Fuentes; a
7 second?

8 KNOX: Second.

9 CHAIRMAN ANDERBERG: Second by Mr. Knox.

10 Will the Assistant Secretary please
11 call the roll.

12 FLETCHER: On the motion and second, I will
13 call the roll.

14 Ms. Bronner?

15 BRONNER: Yes.

16 FLETCHER: Mr. Fuentes?

17 FUENTES: Yes.

18 FLETCHER: Mr. Goetz?

19 GOETZ: Yes.

20 FLETCHER: Mr. Horne?

21 HORNE: Yes.

22 FLETCHER: Ms. Juracek?

23 JURACEK: Yes.

24 FLETCHER: Mr. Knox?

1 KNOX: Yes.

2 FLETCHER: Mr. McCoy?

3 McCOY: Yes.

4 FLETCHER: Mr. O'Brien?

5 O'BRIEN: Yes.

6 FLETCHER: Mr. Obernagel?

7 OBERNAGEL: Yes.

8 FLETCHER: Mr. Poole?

9 POOLE: Yes.

10 FLETCHER: Ms. Smoots?

11 SMOOTS: Yes.

12 FLETCHER: Mr. Zeller?

13 ZELLER: Yes.

14 FLETCHER: And Mr. Chairman?

15 CHAIRMAN ANDERBERG: Yes.

16 FLETCHER: Mr. Chairman, the motion carries.

17 CHAIRMAN ANDERBERG: Okay. Thank you.

18 Is there any other business to come
19 before the Members?

20 (No response.)

21 CHAIRMAN ANDERBERG: Is there any public
22 comment for the Members?

23 (No response.)

24 CHAIRMAN ANDERBERG: Okay. Well, thank you all

1 for coming today. Lyle, thank you. I know it's been
2 a few minutes, but I appreciate it.

3 McCOY: The seat's not even warm yet.

4 CHAIRMAN ANDERBERG: The next regularly
5 scheduled meeting will be March 8th, and I'd like to
6 request a motion to adjourn.

7 FUENTES: So moved.

8 CHAIRMAN ANDERBERG: A motion; a second?

9 O'BRIEN: Second.

10 CHAIRMAN ANDERBERG: All those in favor?

11 (Chorus of ayes.)

12 CHAIRMAN ANDERBERG: Opposed?

13 (No response.)

14 CHAIRMAN ANDERBERG: The ayes have it.

15 Thank you for coming today.

16 FLETCHER: The time is 9:48 a.m.

17 (Which were all the
18 proceedings had.)

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1 STATE OF ILLINOIS)

) SS:

2 COUNTY OF COOK)

3 Brad Benjamin, being first duly sworn on oath,
4 says that he is a Certified Shorthand Reporter, that
5 he reported in shorthand the proceedings given at the
6 taking of said hearing, and that the foregoing is a
7 true and correct transcript of his shorthand notes so
8 taken as aforesaid and contains all the proceedings
9 given at said Illinois Finance Authority Meeting.

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Certified Shorthand Reporter

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No. 084-004805

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