

1 ILLINOIS FINANCE AUTHORITY
2 SPECIAL MEETING OF THE TAX-EXEMPT
3 CONDUIT TRANSACTIONS COMMITTEE MEMBERS

4 April 10, 2018, at 9:05 a.m.

5
6 REPORT OF PROCEEDINGS had at the Special
7 Meeting of the Tax-Exempt Conduit Transactions
8 Committee on April 10, 2018, at the hour of
9 9:00 a.m., pursuant to notice, at 160 North
10 LaSalle Street, Suite S-1000, Chicago, Illinois.

11 APPEARANCES:

12 ILLINOIS FINANCE AUTHORITY
13 TAX-EXEMPT CONDUIT TRANSACTIONS COMMITTEE MEMBERS

14 COMMITTEE CHAIRMAN ROBERT HORNE

15 MR. JAMES J. FUENTES

16 MR. MICHAEL W. GOETZ (via audio conference)

17 MS. ARLENE A. JURACEK

18 MR. E. LYLE McCOY

19 MR. GEORGE OBERNAGEL

20 MR. BRADLEY R. ZELLER

21 MR. ERIC R. ANDERBERG, Ex-Officio/Non-Voting

22 MR. NEIL HELLER, Non-Voting

23 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

24 MR. CHRISTOPHER B. MEISTER, IFA Executive Director

MR. RICH FRAMPTON, Vice President

MS. PAMELA LENANE, Vice President

MR. BRAD FLETCHER, IFA Assistant Vice-President

MR. RYAN OECHSLER, IFA Associate General Counsel

MR. PATRICK EVANS, Agricultural Banker (via
audio conference)

MR. STANLEY LUBOFF, IFA Vice President, Loans and
Guarantees

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

3 Will the Assistant Secretary please
4 call the roll.

5 OECHSLER: Yes. The time is now 9:05 a.m.

6 Mr. Fuentes?

7 FUENTES: Here.

8 OECHSLER: Mr. Goetz via audio conference?

9 GOETZ: Yes, here.

10 OECHSLER: Committee Chairman Horne?

11 CHAIRMAN HORNE: Here.

12 OECHSLER: Ms. Juracek?

13 JURACEK: Here.

14 OECHSLER: Mr. McCoy?

15 McCOY: Here.

16 OECHSLER: Mr. Obernagel?

17 OBERNAGEL: Here.

18 OECHSLER: Mr. Zeller?

19 ZELLER: Here.

20 OECHSLER: And Chair Anderberg,

21 ex-officio/non-voting?

22 ANDERBERG: Here.

23 OECHSLER: And Mr. Heller, non-voting?

24 HELLER: Here.

1 OECHSLER: Mr. Committee Chairman, a quorum of
2 Committee Members has been constituted, and to be
3 clear for the record, Chair Anderberg and Mr. Heller
4 are here in a non-voting capacity and will not
5 participate in this meeting.

6 CHAIRMAN HORNE: Great. Thank you.

7 So I believe we've all received the
8 Minutes from the February 8th meeting of 2018.

9 Is there any additions, edits, or
10 corrections for those Minutes?

11 (No response.)

12 CHAIRMAN HORNE: Hearing none, I'd like to
13 request a motion to approve the Minutes.

14 Is there such a motion?

15 OBERNAGEL: Make a motion, Mr. Chairman.

16 CHAIRMAN HORNE: Thank you.

17 Second?

18 JURACEK: Second.

19 CHAIRMAN HORNE: Thank you.

20 All those in favor?

21 (Chorus of ayes.)

22 CHAIRMAN HORNE: Opposed?

23 (No response.)

24 CHAIRMAN HORNE: The ayes have it. Thank you.

1 So I'd like to ask for the general
2 consent of the Members to consider each of the New
3 Business items collectively, and then we'll have a
4 subsequent recorded vote applied to each respective,
5 individual item, unless there's specific business
6 that a member would like to bring up separately.

7 Is there any need to recuse on any of
8 the matters that are in front of us?

9 (No response.)

10 CHAIRMAN HORNE: Hearing none, I think I'd like
11 to ask then -- oh, no. I guess I'm moving too fast
12 here. I think we're going to go through three or
13 four projects of the Tax-Exempt Conduit.

14 So I think, Rich, you're going start
15 out with Item No. 1, Better Housing Foundation.

16 FRAMPTON: Yes. Thank you, Mr. Horne.

17 Item 1 is being presented for one-time
18 approval. This is the fifth financing transaction
19 that has been presented for consideration by the
20 Better Housing Foundation. The most recent one, the
21 fourth deal, we closed last month. Each have been
22 S&P investment grade rated, as will this one.

23 Unlike the prior transactions, this
24 particular deal is just for one property located in

1 Blue Island. It's known as Blue Station Apartments.
2 It's 345 units. Of the units, 62 are two-and
3 three-bedroom. There are 60 two-bedroom and 2
4 three-bedroom, so there are some units allocated that
5 are appropriate for families.

6 Just in terms of not-to-exceed amount,
7 the not-to-exceed amount of the resolution is
8 \$27,500,000. On page 2, there is a draft of the
9 proposed sources and uses of funds in connection with
10 this financing. As proposed, there will be three
11 series of bonds, two tax-exempt series. The -- there
12 will be two tax-exempt series and a taxable series.
13 The proceeds of the taxable bonds will be used to
14 cover a 24-month funded real estate escrow to cover
15 real estate tax obligations for 24 months. That's
16 actually part of S&P's underwriting. The
17 underwriting for the project, which has been
18 presented to S&P for -- for ratings, is on page 13.

19 In terms of historic occupancy, the
20 three-year average occupancy has been 95 percent.
21 The current occupancy as of 1/1, 96.5 percent. And
22 if you look on page 13 at the 2019 Pro Forma, both of
23 the forecast coverages, 1.40 on the senior bonds and
24 1.27 on the subordinate bonds, are well in excess of

1 the minimum 1.25 and 1.15 coverages that will be
2 covenants imposed by -- by S&P in their underwriting
3 as well as the Bonds. So there're good coverages on
4 this, so the ratings appear attainable and
5 reasonable.

6 Just a couple of other side notes
7 regarding the project, if you look at page 9,
8 currently Blue Station is a privately-owned property;
9 it's market rate. The current asking rents are the
10 second column from the right, in the table on page 9,
11 you'll note that those asking rents are well below
12 the HUD fair market rents. There are a few HUD
13 housing choice voucher units on this property, but
14 not enough to merit that as being a disclosable fact
15 in the preliminary official statement.

16 One other thing, just in terms of
17 page 10, and I'm really just reporting this as an
18 informal item to the Board. In connection with
19 the -- the disclosure and the official statement on
20 the properties, the underwriter and borrower are
21 obligated to report any environmental findings. So
22 they are citing exactly the findings that have been
23 reported by national due diligence services. So as a
24 conduit borrower, the -- or as a conduit financing,

1 the underwriter and borrower undertake all the risk
2 and responsibility for fully disclosing any
3 environmental conditions on the property. And in the
4 event there is incomplete disclosure, that's not --
5 that's not an issue for the Authority; it's an issue
6 for the underwriter and the borrower. So those
7 disclosures are really informational.

8 Detail on the four prior Better
9 Housing Financing transactions are on pages 6 and 7.
10 We've issued four bonds totaling approximately \$170
11 million since July 2016, and so far so good. This
12 has been a new development just in terms of project
13 financings that's been working for us at a time
14 when -- when a lot of other things have proven to be
15 challenging.

16 And really, what the tax-exempt
17 financing does along with the nonprofit structure and
18 just the unique way that S&P underwrites these, which
19 I've detailed on pages 16 and 17 of the report, it
20 really serves to bolster the net operating income of
21 the property, which boosts the appraised value, and
22 it also creates additional margin that will help
23 assure that the project -- that the project will have
24 sufficient net cash flow after debt service is paid

1 to help assure that the properties are maintained
2 going forward. It actually creates the opportunity
3 to create more net income, more net operating income
4 to maintain the properties going forward. So that's
5 a -- a public outcome of the these that really has
6 becoming more -- has become more evident as we've
7 gone along.

8 So with all that, we recommend
9 approval. And at this point, I'll conclude my
10 remarks and take any comments or questions.

11 GOETZ: Hey Rich, this is Mike Goetz. Hey,
12 this, I think, is a great deal in preserving
13 affordable housing.

14 Was this originally a tax credit deal?

15 FRAMPTON: No. In order to finance this as a
16 tax credit deal, among other things, there would need
17 to be -- there would need to be private ownership in
18 order to enable a private tax credit investor to take
19 partial ownership of the project. One of the
20 outcomes of that, of course, would be that given the
21 project would be privately owned, they would lose the
22 property tax-exemption, which in this case is worth
23 \$400,000 per annum in NOI.

24 GOETZ: Okay.

1 FRAMPTON: So -- and in addi- --

2 GOETZ: Yeah. Yeah.

3 CHAIRMAN HORNE: I think what he was asking was

4 it previously a tax credit deal.

5 FRAMPTON: No. No. This has been a market

6 rate property. So completely unsub- --

7 GOETZ: Yeah. But then it has to comply with

8 Section 42 IRS code income guidelines.

9 FRAMPTON: Okay.

10 GOETZ: You know, Section 42 is --

11 FRAMPTON: Well -- well, that is as a result of

12 the -- of the bond issue that we'll be undertaking.

13 CHAIRMAN HORNE: And as a future --

14 FRAMPTON: Yes.

15 CHAIRMAN HORNE: -- not a past event.

16 GOETZ: Okay.

17 FRAMPTON: So --

18 GOETZ: No, I'm all for it. I'm just trying to

19 understand it. Trying to understand it. Yeah.

20 FRAMPTON: And page 9, the rents are below the

21 HUD market rents, not the --

22 GOETZ: Yeah, I noticed that.

23 FRAMPTON: Yeah. Not because it has been a

24 subsidized property. It's because in suburban

1 Cook -- in the suburban collar counties, unless a
2 property is a luxury property, almost every other
3 property actually satisfies the HUD fair market
4 rents.

5 GOETZ: Yeah.

6 FRAMPTON: So going forward, this financing
7 structure is actually a big positive because by
8 providing for the property tax-exemption, allowing
9 for -- allowing for efficiencies in management across
10 properties, it improves the profitability of each
11 development, and as a result, that should provide
12 more available cash to maintain the properties going
13 forward.

14 So it's a little bit different way of
15 approaching development or preservation of affordable
16 housing than you would see in a tax credit deal.

17 GOETZ: Yes.

18 FRAMPTON: But the IRS has put enough traps in
19 these deals to provide that at least 80 percent of
20 the units going forward are leased to
21 income-qualified households.

22 GOETZ: Right.

23 McCOY: Hey, Rich, just a quick question,
24 generic one. I assume that you do a site visit on

1 things like this.

2 FRAMPTON: Not always. We do -- I have
3 reviewed the -- all of the due diligence reports of
4 the appraisal, the -- and I'm familiar with the
5 general area where the property is, but --

6 CHAIRMAN HORNE: I'm actually familiar with
7 this.

8 McCOY: Yeah. There wasn't a need to do it.
9 Okay.

10 CHAIRMAN HORNE: Yeah.

11 FRAMPTON: Yes.

12 McCOY: As I said, it was a generic question.

13 CHAIRMAN HORNE: I had one question, and it's
14 just -- I'm just -- maybe I'm not understanding.

15 On the financial summary, it kind of
16 shows where the bonds are outstanding on the bottom.

17 FRAMPTON: Yes.

18 CHAIRMAN HORNE: And I'm just trying to
19 understand that in the context of what appears to be
20 very significant principal payments, you know, in
21 both -- in both bonds. So your principal payments
22 are, you know, roughly 100 and -- or -- \$1.1 or \$2
23 million, but your bond reductions are less than, you
24 know 3 or \$400,000 a year.

1 FRAMPTON: Yeah.

2 CHAIRMAN HORNE: It would seem to me the bonds
3 should be --

4 FRAMPTON: They -- they should be allo- -- they
5 should be amortizing it in sync. It's -- it's
6 possible that -- let me check that spreadsheet. It's
7 possible I -- that may have been my error. I may
8 have only deducted the senior debt. Let me --

9 CHAIRMAN HORNE: Okay. No, I just --

10 FRAMPTON: And --

11 CHAIRMAN HORNE: Because it seems like it's a
12 35-year am, which -- so that was -- under itself,
13 you're amortizing on \$24 million of debt, I think,
14 over a million dollars a year on a 35-year am, which
15 doesn't seem like the principal payments were very
16 heavy, but it just didn't seem to translate to the
17 outstanding bonds' amounts.

18 FRAMPTON: Yeah.

19 FLETCHER: So it would appear, if anything,
20 you've overstressed the debt service for each of
21 these going forward.

22 CHAIRMAN HORNE: Yeah, that's how I see it.

23 FLETCHER: So, you know, in that context --

24 FRAMPTON: I mean --

1 CHAIRMAN HORNE: The -- I really wasn't
2 positive, it just didn't seem like it --

3 FRAMPTON: Right. The -- and actually, when
4 you look at the sources and uses of funds, the way
5 that these are presented to S&P, they -- they size
6 these just in terms of the sources and uses to hit in
7 terms of underwriting maximums and terms of the loan
8 to value. They allow 95, 96 percent
9 loan-to-appraised-value advances on these financings.
10 It's -- you know, to be hon- -- the very first of
11 these transactions that I -- and also, they
12 underwrite to - to this cap rate, which, for this
13 type of property, is low.

14 CHAIRMAN HORNE: Yeah. You're right.

15 So I don't think -- I think it --
16 maybe just to clar- -- and maybe I'm misreading it,
17 so --

18 FRAMPTON: And --

19 CHAIRMAN HORNE: I -- that can simply be it.
20 I, like Mike, I totally support this. I think it's a
21 great use of IFA's, you know, work, and I think this
22 is a great application for conduit lending for us, so
23 I'm very supportive. I just had that one question.

24 Is there any other questions?

1 (No response.)

2 CHAIRMAN HORNE: Okay. I think we're going to
3 just move to the next one. We'll do a vote after the
4 presentations of all of them.

5 So I think no other questions on this.
6 We're going to go to, I think -- Patrick, are you on
7 the phone?

8 EVANS: Yes, I am.

9 CHAIRMAN HORNE: Great. Do you mind giving us
10 your presentation?

11 EVANS: Sure.

12 Item No. 2A is a new Farmer Request
13 for Josh P. and Nicole E. Hooks. Staff requests a --
14 your a one-time Final Bond Resolution approval for
15 Josh and Nicole Hooks, who are purchasing 76 acres of
16 farmland located in Effingham County, in the amount
17 not to exceed -- I mean, in the not-to-exceed amount
18 of \$300,000. First Mid [sic] Bank & Trust is
19 purchasing the -- is the purchasing bank for the
20 conduit transaction.

21 Does anybody have any questions or
22 wish to make any comments about this account?

23 OBERNAGEL: No.

24 EVANS: The second one -- the second item is a

1 Beginning Farmer Bond request for Jordan Weider --
2 Weidner. Staff is requesting your one-time Final
3 Bond Resolution approval for Jordan Weidner, who is
4 purchasing 75 acres of farmland located in Clay
5 County in the not-to-exceed amount of \$242,500. The
6 Peoples State Bank of Newton is purchasing the
7 bank -- the bank for this conduit transaction.

8 If there's no questions, I'll move on
9 to Item No. 3 -- I mean, Item No. C -- 2C. Item
10 No. 2C is the Beginning Farmer Bond Request for
11 Justin Probst. The staff is requesting a one-time
12 Final Bond Resolution for Justin Probst, who is
13 purchasing 48 acres of farmland in Jasper County in
14 the not-to-exceed amount of \$92,500. People's State
15 Bank of Newton is purchasing the bank transaction for
16 this conduit transaction.

17 If there's no questions, I'll pass it
18 back to the Board.

19 CHAIRMAN HORNE: So Patrick, I have one just
20 basic question, and I'm just interested in your --
21 because you're kind of -- you got a pulse on this
22 with all your borrowers.

23 But are ag prices -- where are we in
24 the ag price cycle right now? Are they going up?

1 Are they going down? It seems to me --

2 EVANS: Well, that's a big question with the
3 tariff tax.

4 ZELLER: You're talking real estate?

5 EVANS: Farmland prices --

6 ZELLER: Or you're just talking --

7 CHAIRMAN HORNE: Yeah. I'm just looking at --
8 you know, they're always quoted on a per-acre basis.

9 ZELLER: Yeah. That's -- you're not -- he's
10 not talking commodity prices; he's talking about --

11 CHAIRMAN HORNE: No. I'm not talking
12 commodity, I'm talking land prices.

13 EVANS: They vary. I mean...

14 FLETCHER: Depends on the ground.

15 EVANS: Good ground has maintained itself. So
16 12,500 was a recent sale that just took place down in
17 my area. It's good ground, very good ground. The
18 poorer ground is still holding its value. However,
19 it has weakened up a little bit.

20 But the hybrids have improved so much
21 that the yields -- I looked at a account the other
22 day; that individual was producing 213 bushels per
23 acre, on an average, for his insured price. Until
24 the price moves some more or something happens in the

1 market, I think that the land prices, for some
2 surprising reason, I think its yields -- will hold
3 its own and stay where they're at right now.

4 CHAIRMAN HORNE: Okay. It seems to me --

5 EVANS: That's where we're at. I mean --

6 CHAIRMAN HORNE: -- this is one of the only
7 programs where we have balance sheet exposure, you
8 know, in terms of -- so our exposure is ultimately --
9 isn't it the collateral and the land value?

10 FLETCHER: So these are Beginning Farm Bonds.
11 These are pure conduit tax-exempt bond deals.

12 CHAIRMAN HORNE: They're all --

13 FLETCHER: These are not the ag guarantees that
14 we look at on --

15 CHAIRMAN HORNE: These are not the ag
16 guarantees?

17 FLETCHER: No.

18 CHAIRMAN HORNE: Okay.

19 FLETCHER: These are pure conduit. In an event
20 of a workout situation, it's between the bank and the
21 borrower.

22 CHAIRMAN HORNE: Bank and the borrower?

23 FLETCHER: Right.

24 LENANE: Uh-huh.

1 CHAIRMAN HORNE: Okay.

2 FLETCHER: We're simply effectively lowering
3 the interest rate here by providing a tax exemption.
4 That's the only role we play.

5 CHAIRMAN HORNE: Got it.

6 ZELLER: And to answer your question, the top
7 is out of the farm market. That 12,000, 13,000 acre
8 ground would have been 15. So it's down, you know,
9 10 percent.

10 CHAIRMAN HORNE: Okay. That's exactly what I
11 was trying understand.

12 ZELLER: From the top.

13 CHAIRMAN HORNE: Yeah.

14 OBERNAGEL: Certain areas, different areas,
15 some are hanging strong at 12, 13. Some of that was
16 at 14 is down to 10. It's the areas you're at.

17 CHAIRMAN HORNE: Yeah. I don't -- I don't
18 follow it, but I just noticed on the one -- the last
19 applicant was at a lower number per acre than some of
20 the other two.

21 OBERNAGEL: That could be less soil, less
22 productive soil --

23 CHAIRMAN HORNE: Sure.

24 OBERNAGEL: -- and everything like that.

1 ZELLER: Everything we see here -- and I've
2 made this statement for several years -- is way under
3 what I see as market value. You know, you see this
4 ground for 6, \$7,000 an acre. You know, around home,
5 you couldn't buy any ground like that; you couldn't
6 buy timber ground for that.

7 CHAIRMAN HORNE: Yeah.

8 ZELLER: Good. So lots of these deals I think
9 there is some kind of -- an aunt or something that's
10 willing to let someone get started, just what I see
11 in the prices.

12 CHAIRMAN HORNE: Interesting. Okay. Good.
13 All right. That helps me. I don't follow farmland
14 that much, so that's helpful.

15 Okay. I think we have one more. That
16 is -- Pam, are you going to do that?

17 FLETCHER: So I'll do St. Francis next, and
18 then I'll take --

19 LENANE: I have a short report.

20 FLETCHER: So I'll do St. Francis; we'll take a
21 vote. And Pam has a subject-matter-only item.

22 CHAIRMAN HORNE: Okay.

23 FLETCHER: So this is Tab No. 4 in your Board
24 Books, 3 on the Committee's Agenda. This is a

1 Resolution on behalf of St. Francis High School and
2 Wheaton Bank Community Trust.

3 Back in 2010, the Authority issued a
4 bond for St. Francis High School out on Roosevelt
5 Road in Wheaton for construction of their new science
6 wing. The initial term of that 2010 transaction was
7 for eight years, so the upcoming expiration is this
8 upcoming August. Due to the change in federal
9 corporate tax rates, they revisited the transaction
10 with the hopes of renewing the deal. And, in fact,
11 they came to an agreement whereby they're going to
12 reset the interest rate at approximately 100 basis
13 lower, and the new term will be for 10 years.

14 So we request your consideration for
15 this reset in interest rate and new term. The
16 weighted average maturity will not be extended, so
17 there was no need to TEFRA. Our discounted fee for
18 this administrative amendment, if you will, is
19 \$5,000.

20 CHAIRMAN HORNE: Okay.

21 FLETCHER: Any questions?

22 CHAIRMAN HORNE: No.

23 FLETCHER: Thank you.

24 CHAIRMAN HORNE: Okay. Thank you.

1 So I'd like to request a motion to
2 pass and adopt the following New Business Items:
3 Items 1, 2A, 2B, 2C.

4 OECHSLER: And also No. 3.

5 JURACEK: What about 3?

6 CHAIRMAN HORNE: Yeah. And 3.

7 It just wasn't on my notes here.

8 JURACEK: It's not on mine either.

9 CHAIRMAN HORNE: Is there such a motion?

10 McCOY: So moved.

11 FUENTES: Second.

12 CHAIRMAN HORNE: Will the Assistant Secretary
13 please take the roll.

14 OECHSLER: Certainly.

15 On the motion and second, I will call
16 the roll.

17 Mr. Fuentes?

18 FUENTES: Yes

19 OECHSLER: Mr. Goetz?

20 GOETZ: Yes.

21 OECHSLER: Committee Chairman Horne?

22 CHAIRMAN HORNE: Yes.

23 OECHSLER: Ms. Juracek?

24 JURACEK: Yes.

1 OECHSLER: Mr. McCoy?

2 McCOY: Yes.

3 OECHSLER: Mr. Obernagel?

4 OBERNAGEL: Yes.

5 OECHSLER: Mr. Zeller?

6 ZELLER: Yes.

7 OECHSLER: Mr. Committee Chairman, the motion
8 carries.

9 CHAIRMAN HORNE: Great. Thank you.

10 So Ms. Lenane is going to give us an
11 update on...?

12 LENANE: My two pro- -- the two programs.

13 CHAIRMAN HORNE: Oh, good.

14 LENANE: Two health care programs.

15 CHAIRMAN HORNE: Great.

16 LENANE: Last month, or February, I think it
17 was, we -- the Board passed a resolution to develop
18 the Illinois Finance Authority Asset Ownership
19 Program, which will be underwritten by Loop Capital
20 Markets. Loop did a wide distribution of the program
21 materials that the Board had looked at, and I
22 received a call from -- serious call from a large
23 system borrower in -- south of I-80. That's as far
24 as I want to go because they haven't made a decision.

1 But we -- we're working on a financial structure, and
2 it would advantage them because they will be able to
3 keep it off their books. It wouldn't be the
4 ownership asset program. We only ask that they have
5 a manager and -- and pay the bonds.

6 CHAIRMAN HORNE: Uh-huh.

7 LENANE: So I think that's a very -- very
8 interesting. And because it is a rated hospital,
9 they'll be able to get a better deal than a nonrated
10 hospital.

11 And what they're going to do is build
12 a wellness center, which would have some for-profit
13 entities in it, so it wouldn't qualify for tax-exempt
14 financing itself. That's why if we finance it, it
15 becomes tax-exempt.

16 CHAIRMAN HORNE: Got it.

17 LENANE: I mean, if we owned it.

18 CHAIRMAN HORNE: Owned it.

19 LENANE: Excuse me. If we own it, it will
20 become tax-exempt, and it won't show on their balance
21 sheet.

22 CHAIRMAN HORNE: So this was a direct result of
23 them hearing about --

24 LENANE: Yeah.

1 CHAIRMAN HORNE: -- this new program?

2 LENANE: Absolutely. Great, huh?

3 CHAIRMAN HORNE: Awesome.

4 LENANE: Only one, but one's --

5 CHAIRMAN HORNE: Well, I know. But it's
6 getting the word out, right?

7 LENANE: It's getting the word out. Yeah. I
8 think -- I was very pleased.

9 CHAIRMAN HORNE: Very good.

10 LENANE: Because these are going to take a
11 while to develop and come in, you know, like you
12 mentioned --

13 CHAIRMAN HORNE: Yeah.

14 LENANE: -- an opportunity to me, but it isn't
15 for a year probably.

16 CHAIRMAN HORNE: Right. Right.

17 LENANE: So it's going to take some
18 development.

19 But -- and then the other program, the
20 Medium-Term Healthcare Finance Program, which is
21 really -- it's for smaller transactions, with
22 amortizations of three, five, and seven years. If
23 you look at the rates, on page -- I don't have it yet
24 for this in -- in the book, it's Tab 8, page 3, these

1 are the latest rates in the book. It's easier to
2 read.

3 Five years is 2.83 to 3.53, 2.98 to
4 3.72. The rates are excellent, still with rates
5 rising. And these are the rates as of the date the
6 book was printed.

7 Now, you know, these rates go up and
8 down and all over the place. But in respo- -- I
9 did -- we did a mailing, 37 letters to hospitals
10 announcing this program, and I've already received,
11 now it's three calls on that: One for-profit
12 hospital -- group of hospitals are talking about
13 doing a finance of IT -- information technolidy --
14 technology financing on a taxable basis, which would
15 put these rates up about 90 basis points, and we can
16 do that.

17 It still will be good for them because
18 the beauty of this program, I could never find
19 anybody to finance IT because there's no collateral.
20 There's no there there once you put the IT in. And
21 these bonds are being purchased by Bank of America,
22 Merrill Lynch, and they will buy them on that basis,
23 underwrite them and buy them on that basis.

24 McCOY: Quick question: So you sent letters to,

1 you know, banks in Illinois.

2 Could this be a national --

3 LENANE: Hospitals.

4 McCOY: Hospitals. Excuse me.

5 Could this be a national program
6 theoretically?

7 LENANE: Theoretically, it could. But always
8 in order to use our multi-state, you have to have
9 some presence --

10 McCOY: In Illinois.

11 LENANE: -- in Illinois.

12 McCOY: And also, are you going to the
13 advisors?

14 LENANE: Financial advisors?

15 McCOY: Financial advisors.

16 LENANE: Well, between us, no.

17 CHAIRMAN HORNE: And the court reporter.

18 LENANE: And the court reporter, I have to say,
19 you don't need a financial advisor to do this
20 program. And, as a matter of fact, I've gotten
21 feedback. They wouldn't make any money on this
22 program. So they would suggest something else, a
23 bank private placement, which might be more
24 expensive.

1 McCOY: Fair. Okay. No, just --

2 LENANE: It's a matter of economics.

3 CHAIRMAN HORNE: Good answer.

4 LENANE: Is that good?

5 CHAIRMAN HORNE: Yeah.

6 LENANE: Okay.

7 CHAIRMAN HORNE: Anything else?

8 LENANE: I do have some things in the pipeline.

9 You know, of course we did so much in December. I

10 think I might have a couple of things in April.

11 CHAIRMAN HORNE: Great.

12 LENANE: Because the letters of credit -- not

13 letters of credit. The bank private placements are

14 starting to expire, and so they have to switch banks

15 and find new banks for those. And then we're looking

16 at bonds that were done in, you know, '09, now,

17 because the '08s have all been refunded.

18 CHAIRMAN HORNE: Yeah.

19 LENANE: So without the advance refunding, you

20 know --

21 CHAIRMAN HORNE: Now it's just --

22 LENANE: -- it cut into the business a little.

23 CHAIRMAN HORNE: Right.

24 LENANE: So...

1 CHAIRMAN HORNE: All right. Thank you, Pam.

2 Is there any other business to come
3 before this Committee?

4 (No response.)

5 CHAIRMAN HORNE: Is there any public comment
6 for this Committee.

7 (No response.)

8 CHAIRMAN HORNE: Hearing none, I would request
9 a motion to adjourn.

10 Is there such a motion?

11 FUENTES: So moved.

12 JURACEK: Second.

13 CHAIRMAN HORNE: All those in favor?

14 (Chorus of ayes.)

15 CHAIRMAN HORNE: Opposed?

16 (No response.)

17 CHAIRMAN HORNE: The ayes have it.

18 OECHSLER: The time is 9:33 a.m.

19 (Whereupon the matter
20 above was adjourned.)

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24

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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