

1 ILLINOIS FINANCE AUTHORITY

2 SPECIAL MEETING OF THE MEMBERS

3 December 12, 2018, at 9:30 a.m.

4
5 REPORT OF PROCEEDINGS had at the Special Meeting of

6 the Illinois Finance Authority on December 12, 2018, at the hour

7 of 9:30 a.m., pursuant to notice, at 160 North LaSalle Street,

8 Suite S-1000, Chicago, Illinois.

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11 APPEARANCES:

12 CHAIRMAN ERIC ANDERBERG

13 MS. GILA BRONNER (via audio conference)

14 MR. MIKE GOETZ

15 MS. ARLENE JURACEK

16 MR. E. LYLE MCCOY

17 MR. SHAUN MURPHY

18 MR. GEORGE OBERNAGEL

19 MR. TERENCE O'BRIEN

20 MR. ROGER POOLE

21 MS. BETH SMOOTS

22 MR. BRAD ZELLER

23

24

1 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS:

2 MR. CHRISTOPHER B. WEISTER, Executive Director

3 MR. RICH FRAMPTON, Vice President

4 MS. PAMELA LENANE, Vice President

5 MR. BRAD FLETCHER, Vice President

6 MR. RYAN OECHSLER, IFA Associate General Counsel

7 MR. TERRY FRANZEN, Procurement

8 MS. ELIZABETH WEBER, General Counsel and Legal, Adviser to the

9 Board

10 MR. STAN LUBOFF, VP, Loan & Guarantee

11 MR. CHARLES MYART, Participation Loan Program

12 MS. SARAH MANKOWSKI, HR Manager

13

14 GUESTS:

15 MR. PETER TESTA, TESTA PRODUCE, LLC.

16 MR. RANDY ANDERSON, TESTA PRODUCE, LLC.

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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 LENANE: 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 LENANE: 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.

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 MCGOY: 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.

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 MCGOY: So moved.
 23 GOETZ: Second.
 24 CHAIRMAN ANDERBERG: Will the Assistant Secretary please

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 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 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 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.)
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1 STATE OF ILLINOIS)
 2 COUNTY OF COOK)
 3
 4
 5 Devan J. Moore, being first duly sworn on
 6 oath, says that she is a Certified Shorthand Reporter, that she
 7 reported in shorthand the proceedings given at the taking of
 8 said hearing, and that the foregoing is a true and correct
 9 transcript of her shorthand notes so taken as aforesaid and
 10 contains all the proceedings given at said hearing.
 11
 12
 13
 14

Certified Shorthand Reporter
 License No. 084-004589

This 15th day of January
 2019.