

1 ILLINOIS FINANCE AUTHORITY BOARD
2 BOARD OF DIRECTORS REGULAR MEETING
3 February 11th, 2016 at 9:30 o'clock a.m.

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7 Report of Proceedings had at the Meeting of the
8 Illinois Finance Authority Board of Directors Regular
9 Meeting on February 11th, 2016, at the hour of 9:30 a.m.,
10 pursuant to notice, at 160 North LaSalle Street, Suite
11 S1000, Chicago, Illinois.

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MARZULLO REPORTING AGENCY (312) 321-9365

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1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS

- 3 MR. R. ROBERT FUNDERBURG, Chair man
- MR. ERIC ANDERBERG
- 4 MR. JAMES J. FUENTES
- MR. ROBERT HORNE
- 5 MR. ADAM ISRAELOV
- MS. ARLENE JURACEK
- 6 MR. LERRY KNOX
- MS. GILA J. BRONNER
- 7 MR. MI CHAEL W. GOETZ
- MR. ROGER POOLE
- 8 MR. BRADLEY A ZELLER
- MR. LYLE McCOY

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ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

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- MR. BRAD FLETCHER, Assi stant Vi ce-Presi dent
- 12 MR. RI CH FRAMPTON, Vi ce-Presi dent
- MS. MELI NDA GI LDART, CFO
- 13 MS. PAMELA LENANE, Vi ce-Presi dent
- MS. ELI ZABETH WEBER, General Counsel
- 14 MS. SIX GRANDA, Controll er
- MS. TAMMY HARTER, Assi stant/Heal thcare
- 15 MR. CHRI STOPHER B. MEI STER, Executi ve Di rector
- 16 MR. PATRI CK EVANS, Agri cul tural Banker (Vi a audi o
conference)

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1 CHAIRMAN FUNDERBURG: I would like to go ahead
 2 and call to order our Board Meeting. If I could
 3 have everyone's attention.

4 Welcome, everyone, we got a full agenda.
 5 So I would like to go ahead and move along. First,
 6 Mr. Fletcher, roll call, please.

7 FLETCHER: Certainl y. Mr. Anderberg?

8 ANDERBERG: Here.
9 FLETCHER: Ms. Bronner?
10 BRONNER: Here.
11 FLETCHER: Mr. Fuentes?
12 FUENTES: Here.
13 FLETCHER: Mr. Goetz?
14 GOETZ: Here.
15 FLETCHER: Mr. Horne?
16 HORNE: Here.
17 FLETCHER: Mr. Israel ov?
18 ISRAELOV: Here.
19 FLETCHER: Ms. Juracek?
20 JURACEK: Here.
21 FLETCHER: Mr. Knox?
22 KNOX: Here.
23 FLETCHER: Mr. McCoy?
24 McCOY: Here.

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1 FLETCHER: Mr. Pool e?
2 POOLE: Here.
3 FLETCHER: Mr. Zeller?
4 ZELLER: Here. And Mr. Chairman?
5 CHAIRMAN FUNDERBURG: Here.
6 FLETCHER: Mr. Chairman, at this time we have a
7 quorum.
8 CHAIRMAN FUNDERBURG: Okay, thank you. Is
9 anybody attending by teleconference?
10 KNOX: I heard someone on there earlier.
11 FLETCHER: Any Board Members on the line?

12 CHAIRMAN FUNDERBURG: Any Board Members on the
13 line? No. Okay. We'll go ahead. I would like to
14 ask for a motion to approve -- I guess we don't need
15 to do that, since there is no one on the line. We
16 have a quorum.

17 I would like to ask, then, is there
18 anybody that would like to correct any errors or
19 make any changes to today's agenda?

20 (No response.)

21 CHAIRMAN FUNDERBURG: Okay. If not, then is
22 there a motion to approve?

23 BRONNER: So moved.

24 CHAIRMAN FUNDERBURG: Is there a second?

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1 JURACEK: Second.

2 CHAIRMAN FUNDERBURG: All in favor?

3 (A chorus of ayes.)

4 CHAIRMAN FUNDERBURG: Any opposed?

5 (No response.)

6 CHAIRMAN FUNDERBURG: Okay, that carries. As
7 far as my remarks, I'll keep them brief. The team
8 has been working hard doing a good job. That's it.
9 Chris?

10 MEISTER: Thank you, Mr. Chairman. Again, just
11 very briefly, the audit was released at the end of
12 January for fiscal year '15 audit. It's noted in
13 the message from the Executive Director.

14 It is on the Auditor General's website.
15 Audit Chair Bronner will be calling a meeting in the
16 near future to discuss that, as well as our combined

17 Annual Financial Report, which is posted on our
18 website and posted on the MSRBs website.

19 We'll also be going over that and the
20 compliance audit, when it's ready. And I would like
21 to congratulate Mr. McCoy on being elected
22 Vice-Chair of the Conduit Committee earlier today.
23 Thank you.

24 CHAIRMAN FUNDERBURG: Okay, thank you. Any
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1 additions or corrections to the minutes of the prior
2 meeting?

3 (No response.)

4 CHAIRMAN FUNDERBURG: None. Is there a motion
5 to approve them?

6 MCCOY: Motion to approve.

7 CHAIRMAN FUNDERBURG: Okay. Is there a second?

8 KNOX: Second.

9 CHAIRMAN FUNDERBURG: All those in favor,
10 please say aye.

11 (A chorus of ayes.)

12 CHAIRMAN FUNDERBURG: Any opposed?

13 (No response.)

14 CHAIRMAN FUNDERBURG: Okay. Thank you. Ayes
15 have it. Next is Ms. Gildhart.

16 GILDART: Good morning. I'm Melinda Gildhart,
17 Chief Financial Officer of the Authority. I'll be
18 presenting this month's Financial Report for FY16
19 unaudited results.

20 The Authority has generated a total

21 \$3.1 million in total annual revenues, which is
22 about 12 percent higher than budget. Our closing
23 fees, which is the primary revenue source, is \$2.2
24 million for the year, and that's 14 percent higher

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1 than budget.

2 In January, we generated \$228,000 in
3 closing fees, and that's our highest monthly total
4 since October, but it's still below our monthly
5 budgeted of \$276,000.

6 We had closing fees from Uni tyPoi nt Heal th
7 of \$106,000; Loyol a Academy for \$34,000; CenterPoi nt
8 Joliet for \$80,000; and ag-related closings of
9 \$7200.

10 Our total annual expense is \$2.4 million,
11 which is 17 percent below budget. So for the month,
12 we have monthly net income of \$44,000. For the
13 year, we have annual net income of \$734,000.

14 The Authority authorized the transfer from
15 the IEPA, that's the Illinois Environmental
16 Protection Agency, the funds that we held for them.
17 They requested a transfer of \$50.4 million back to
18 the custody of the State Treasurer. That was
19 processed in January.

20 The Authority issued 28 new fire truck
21 revolving loan funds totaling \$7.3 million, and we
22 seek to issue 13 new ambulance loans for
23 \$1.7 million.

24 So as Chris mentioned, the audit has

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1 been -- the financial audit has been released. The
2 compliance audit is still pending release by the
3 Office of the Auditor General. Any questions?

4 CHAIRMAN FUNDERBURG: Any questions at all? No
5 questions. Is there a motion to approve the
6 Financial Report. ?

7 BONNER: So moved.

8 GOETZ: Second.

9 CHAIRMAN FUNDERBURG: Motion by Ms. Bronner.
10 Seconded by Mr. Goetz. All those in favor, please
11 say aye.

12 (A chorus of ayes.)

13 CHAIRMAN FUNDERBURG: Any opposed?

14 (No response.)

15 CHAIRMAN FUNDERBURG: Okay, thank you.

16 GILDART: The Monthly Procurement Report, there
17 is a scrivener's error. The report should be dated
18 February 11, 2016.

19 So in today's meeting, we will seek
20 approval from the Board to renew the Authority's
21 master legal pool of 35 law firms for legal
22 services, and approval for emergency contract with
23 ADP Total Source and Accounting Principals,
24 Incorporated.

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1 The Authority also executed, through its
2 exemption for professional artistic services, a

3 contract with Whittaker and Associates for IRS tax
4 preparation and filing services.

5 Other contract renewals in calendar year
6 2016 include both the financial advisory contracts,
7 and also investment management contracts. Any
8 questions?

9 HORNE: I have one question. I was looking at
10 -- there was under the insurance procuring, just it
11 said prior contract amount at 50, and then I think
12 the expense of 233. What was the Delta there?

13 GILDART: That is an outlier.

14 MEISTER: Do you want me to take that?

15 GILDART: Sure.

16 MEISTER: So we have an open issue that we're
17 working with General Counsel and the procurement
18 regulators of the Office of the Chief Procurement
19 Officer.

20 There is a certain threshold that speeds
21 the procurement while preserving transparency and
22 accountable and fairness and objectivity called the
23 small purchase.

24 There is an open question that we are in
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1 discussions with the Chief Procurement Officer as to
2 whether the premium for an insurance broker counts
3 against the \$50,000 cap, whether it's strictly the
4 premium or the premium and the brokerage fee. That
5 is still an open issue; and when we get that
6 resolved, we will come back.

7 HORNE: Okay. I'm trying to understand in the
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8 context of a new contract.

9 MEISTER: Yes.

10 HORNE: And what to expect.

11 MEISTER: Yes. And we're also trying to
12 understand that, but it appears to be a little bit
13 of an ambiguous area.

14 HORNE: Okay.

15 MEISTER: In the procurement area.

16 GILDART: The previous contract was through ADP
17 Total Source, which was for \$233,000.

18 HORNE: I see. That helps. Okay.

19 CHAIRMAN FUNDERBURG: Okay. Any other
20 questions? If not, thank you very much.

21 One of the five committees met within the
22 past month, the Tax-Exempt Conduit Transactions.
23 Committee Member Horne, please report.

24 HORNE: So we have met, and we reviewed a
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1 number of proposals that I think are going to be
2 presented today. Is that correct?

3 MEISTER: Yes.

4 HORNE: We voted on all of those. We voted
5 unanimously in favor of all of them. So I think
6 we're going to hear --

7 CHAIRMAN FUNDERBURG: Okay.

8 HORNE: -- all the proposals that came before
9 our committee received full approval.

10 CHAIRMAN FUNDERBURG: Great, thank you. That
11 being said, I would like to move on.

12 First, I would like to ask is there
13 general consent of the members to consider all the
14 projects and resolutions collectively, unless there
15 is something that someone would like to pull from
16 the agenda to be considered separately?

17 ISRAELOV: Yes. Mr. Chairman, I would like to
18 remove myself from deliberation and consideration
19 for Items No. 3 and 8.

20 CHAIRMAN FUNDERBURG: Thank you very much. Go
21 ahead.

22 MEISTER: For the record, what is the reason
23 for your recusal?

24 ISRAELOV: Yes. For Item No. 3, some of the
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1 bondholders are clients of my employer; and for Item
2 No. 8, the nature of my work being in law, the
3 various agreements being recommended for approval
4 are with law firms, so I would like to recuse
5 myself.

6 CHAIRMAN FUNDERBURG: Okay. Thank you. Let's
7 go ahead.

8 FLETCHER: Therefore, we'll present the other
9 projects and resolutions to be considered
10 collectively, other than No. 3 and No. 8.

11 Tab number 1 is proposed Final Bond
12 Resolution for the University of St. Francis, a
13 not-to-exceed amount of \$15,000,000.

14 This transaction is returning for your
15 file consideration, after receiving preliminary
16 approval last month, as you recall. Again, USF is a

17 private Catholic university located in Joliet. It
18 was founded in 1920.

19 It currently enrolls approximately 3,500
20 students. The proposed transaction would finance
21 design and construction of a new science building on
22 campus on what is now currently a surface parking
23 lot.

24 Now that the bond documents have been

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1 substantially finalized, we can report that Wintrust
2 Bank will be purchasing \$6,000,000, and PNC Bank
3 will be purchasing \$9,000,000 of debt, with the gap
4 of project funds financed through capital campaign
5 receipts.

6 We recommend approval. We can take any
7 questions at this time.

8 CHAIRMAN FUNDERBURG: Okay.

9 LENANE: Mr. Chairman, thank you. The next
10 project is on tab 2, Christian Homes. Christian
11 Homes is seeking a final approval for \$39,000,000 in
12 financing to refund a series of bonds, IFA bond and
13 also a callable loan, and bonds for \$3,000,000, of
14 which was spent on Indiana facilities. So that
15 makes it an out-of-state transaction.

16 The only change in this, since the
17 preliminary resolution, is that Christian Homes
18 received a rating of BBB minus with a stable outlook
19 since our last meeting, and Christian Homes is a
20 senior living facility.

21 They have approximately 12 communities
22 with 1474 skilled beds, assisted living and
23 independent living located in Illinois, Indiana and
24 Iowa and Missouri. Next?

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1 CHAIRMAN FUNDERBURG: Any questions?

2 LENANE: Any questions? Tab 3 is --

3 MEISTER: Tab 4.

4 LENANE: I go to 4, okay. Tab 4 is
5 Presbyterian Homes Obligated Group are seeking a
6 resolution for \$135,000,000. They are going to
7 refund their Series 1996A, 2001, 2006 and 2007
8 variable rate demand bonds.

9 This is a preliminary resolution. They
10 also have some new money. If we go down to sources
11 and uses, they have some new money shown and that
12 may or may not be used when we go to the final.

13 Presbyterian Homes has two locations in
14 Evanston and Lake Forest. They have another
15 location, but that's not in this financing.

16 They expect that the bonds will be issued
17 in two series, a fixed-rate series and a
18 floating-rate note series, both sold through public
19 offering, and they have applied to both Standard &
20 Poor's and Fitch for a rating.

21 Hopefully, they will have those ratings
22 before we come for the final. I won't go through
23 all the background. You can read it in the report.
24 I think if we just go to the final financials, we

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1 see that they have very strong financials on page 6.

2 Debt service coverage in 2014 of 4.62, and

3 debt service coverage audited in 2015 of 7. -- 7.02.

4 They also have many dollars cash on hand.

5 In the end of '14, they had \$1,013; and at the end

6 of 2014 -- '15, they had \$1,061. Any questions?

7 MEISTER: Could you clarify the amount? I

8 don't think they had \$1,000.

9 LENANE: Yes.

10 MEISTER: Days cash on hand.

11 LENANE: Days cash on hand. What did I say?

12 CHAIRMAN FUNDERBURG: Any other questions,

13 clarifications? Okay, thank you.

14 LENANE: Okay. Our next project is on tab 5,

15 MercyRockford Health System. They are seeking a

16 Bond Resolution. This is a Preliminary Resolution.

17 They will be coming back for a final, not

18 next month, but in April for \$550,000,000. They are

19 going to fund a new campus, a new hospital. They

20 call it the Riverside Campus.

21 It's located on the east side of Rockford

22 that will include 188 inpatient beds, extensive

23 outpatient services, an ambulatory service building,

24 renovations of -- also, they are going to do some

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1 renovations on Rockford Memorial Hospital, their

2 merger partner, and they're going to refinance some

3 of Mercy Alliance's debt, some refundings there.

4 MercyRockford a combination of Mercy
5 Alliance out of Janesville, Wisconsin, and Rockford
6 Memorial Hospital located in Rockford. They intend
7 to keep both hospitals, the old hospital open, even
8 after the new hospital is filled.

9 The job data is 1,500 construction jobs
10 and 331 new jobs. The construction jobs were based
11 on discussions with contractors and union officials.
12 We may get a little closer estimate for the final.
13 I'll be working on that.

14 Bonds are going to be sold in a fixed --
15 publicly-offered, fixed-rate debt, and they include
16 some put debt also. They expect an underlying
17 rating of Moody's A3. And also, if we go to the
18 sources and uses, they are also going to use the
19 proceeds to pay the cost of issuance.

20 Also, they are going to pay off a swap of
21 a million eight, and a placement termination fee of
22 \$1,090,000. You can read all about Mercy and
23 Rockford. This will be more fully flushed out, and
24 hopefully we will have some new renderings at the

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1 new hospital at the April Board Meeting.

2 If we go to the financials, they haven't
3 consolidated their financials yet, so we actually
4 ran the financials side by side, and then we
5 consolidated them for the six-month in 2014 and --
6 2014, and the debt service coverage would be
7 combined 3.9, and the days cash on hand would be

8 216. Any questions?

9 HORNE: I assume they got their CON for the
10 new?

11 LENANE: Yes.

12 HORNE: So before something like this would
13 ever come to us, that's all been flushed out,
14 obviously?

15 MS. LENANE: Usually.

16 HORNE: Usually.

17 LENANE: But sometimes they don't have it, and
18 they want a preliminary. They use it as a
19 reimbursement resolution to go back and pick up
20 money that they've spent previously.

21 HORNE: I see.

22 LENANE: But the final, they have to have their
23 CON before we do a final resolution. A Certificate
24 of Need is -- in Illinois, we have a system that
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1 goes way back for when you -- for when you got a
2 payment system, which is entirely different for
3 Medicare and insurance.

4 They actually look at the state. They
5 look at an area, and they see it's an area that is
6 over-bedded. If the area is over-bedded, in their
7 terms over-bedded, then they won't grant the
8 Certificate of Need.

9 So you have to have -- you have to show
10 that there is a need. I won't mention -- there are
11 some hospitals that can't get them to build new

12 facilities because the area is over bedded. Even if
13 people aren't using those, and want another
14 hospital, they can't get it. So it's very
15 complicated.

16 CHAIRMAN FUNDERBURG: Okay. Any other
17 questions? Okay, thank you.

18 LENANE: Thank you.

19 FRAMPTON: Okay. Next we'll move to tab 6,
20 which is a Resolution for University of St. Francis.
21 Mr. Fletcher described a new transaction, Series
22 2016 bonds as tab 1 in this morning's agenda.

23 This Item 6 is really a companion item to
24 Item 1. It will amend and modify certain of the
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1 business terms between USF, University of
2 St. Francis, and Wintrust Bank, which is the lender
3 and bond purchaser on the Series 2013 bonds.

4 Certain of the amendments will adjust the
5 interest-rate spread on the 2013 bonds that will
6 align covenants between -- financing covenants
7 between the 2013 and 2016 bonds.

8 Additionally, there will be added security
9 in the form of a mortgage on a specified property,
10 as well as security interest and other assets and
11 certain of the pledged -- and certain of the gross
12 revenues of the university. Any questions?

13 CHAIRMAN FUNDERBURG: No questions. Thank you.

14 FRAMPTON: Thank you.

15 MEISTER: Elizabeth?

16 WEBER: I'm Elizabeth Weber, General Counsel to
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17 the Authority, and I'm presenting Item 7 and 9.
18 Item 7 is a resolution affirming the Authority's
19 continued authorization to acquire State vendor
20 receivables, pursuant to assignment agreements.

21 In November, the Authority passed a
22 resolution which, among other things, authorized
23 this program to purchase vendor receivables using
24 Authority funds in an amount of up to \$12,000,000.

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1 The receivables are for essential
2 government goods and services, such as food for
3 veterans' home and prisons, and maintenance of
4 government buildings.

5 To date, the Authority has used
6 approximately two-and-a-half million of Authority
7 funds to purchase receivables, all of which are
8 entitled to interest under the Prompt Payment Act,
9 and this resolution is a clarifying resolution
10 affirming the program and clarifying additional
11 statutory provisions supporting the program.

12 Any questions on Item 7? Item 9 is a
13 resolution approving additional contracts for ADP,
14 which provides employee benefits and payroll
15 services, and Accounting Principals, which provides
16 temporary staffing for finance and compliance
17 functions.

18 Please note that there were two changes in
19 this resolution relating to Accounting Principals,
20 due to some last-minute changes in the contract.

21 The dollar amount of the contract increased slightly
22 to \$71,103.36, and the final date was changed to
23 April 22nd, and the revised resolution is in your
24 folders. Those were the only changes.

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1 Any questions on Item 9?

2 CHAIRMAN FUNDERBURG: No questions. Thank you.
3 That being said, I would like to ask is there a
4 motion to pass and adopt the following Project
5 Reports and Resolutions Items 1, 2, 4, 5, 6, 7, and
6 9.

7 FUENTES: So moved.

8 ANDERBERG: Second.

9 CHAIRMAN FUNDERBURG: Moved by Mr. Fuentes.
10 Seconded by Mr. Anderberg.

11 FLETCHER: On the motion, because these are
12 bond documents, I'll call a roll call.

13 CHAIRMAN FUNDERBURG: Okay, thank you.

14 FLETCHER: So on the motion and second, I'll
15 call the role. Member Anderberg?

16 ANDERBERG: Yes.

17 FLETCHER: Ms. Bronner?

18 BRONNER: Yes.

19 FLETCHER: Mr. Fuentes?

20 FUENTES: Yes.

21 FLETCHER: Mr. Goetz?

22 GOETZ: Yes.

23 FLETCHER: Mr. Horne?

24 HORNE: Yes.

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1 FLETCHER: Mr. Israelov?
2 ISRAELOV: Yes.
3 FLETCHER: Ms. Juracek?
4 JURACEK: Yes.
5 FLETCHER: Mr. Knox?
6 KNOX: Yes.
7 FLETCHER: Mr. McCoy?
8 MCCOY: Yes.
9 FLETCHER: Mr. Pool e?
10 POOLE: Yes.
11 FLETCHER: Mr. Zeller?
12 ZELLER: Yes.
13 FLETCHER: Mr. Chair man?
14 CHAIRMAN FUNDERBURG: Yes.
15 FLETCHER: Mr. Chair man, the motion carries.
16 CHAIRMAN FUNDERBURG: Thank you. Okay, next
17 we'll go ahead and move on to Agenda Item No. 3.
18 Ms. Lenane?
19 FLETCHER: Let the record reflect Member
20 Israelov left the room.
21 LENANE: The Park Place of Elmhurst is seeking
22 a Final Bond Resolution approving a bond exchange
23 restructuring their 2016 -- I mean, their 2010 IFA
24 bonds in connection with a Chapter 11 bankruptcy.
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1 Park Place of Elmhurst is a continuing
2 care retirement community, consisting of 181

3 independent living units, 46 assisted living, and 20
4 memory care units and 37 nursing units.

5 They are seeking a one-time approval,
6 subject to a Bankruptcy Court Order and approval of
7 the limited offering memorandum that will be given
8 to bondholders in the exchange.

9 The keys terms have already been agreed to
10 by 74.2 percent of the existing bondholders, and the
11 bonds will be issued in three series. 85 percent of
12 the total amount outstanding will be exchanged for
13 the 2016 A and B bonds. The balance will be
14 exchanged for the 2016 C bonds.

15 All 2016 bonds will bear interest at rates
16 lower than when they were initially issued. Also,
17 the terms have been extended to give the facility
18 Park Place breathing room so they can catch up on
19 some interest payments.

20 The sponsor, Provident Life Services --
21 and we have a representative of the sponsors here,
22 Bill DeYoung, who is the Chief Financial Officer of
23 Provident Life Services; and also Park Place,
24 Timothy Place, Park Place of Elmhurst.

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1 And we also have with us Barry
2 VanderGerugten, who is the CFO -- the Director of
3 Finance of Provident Life Services and also Park
4 Place of Elmhurst.

5 Provident Life Services, the sponsor, has
6 already put \$12,000,000, additional dollars, into
7 the project. They are waiving the repayment of

8 those funds, and they are putting an additional
9 \$5,000,000 in now so that they can go forward.

10 Park Place anticipated having a
11 confirmation hearing on the restructuring plan on
12 March 29th and effectuating the bond exchange in
13 April.

14 Contained in your folders are many charts
15 in the financial section on occupancy rates,
16 cash-flow analysis, and we also have cost of
17 issuance for the transaction, but I think you can
18 peruse at your leisure. Any questions?

19 CHAIRMAN FUNDERBURG: Questions? No questions.

20 LENANE: Okay.

21 CHAIRMAN FUNDERBURG: Okay, thank you.

22 WEBER: Item 8 is the a resolution authorizing
23 the Executive Director to renew existing contracts
24 with various legal firms. These are 35 firms in our
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1 legal pool that were selected through competitive
2 bidding over two years ago.

3 We have two-year contracts with them. The
4 two-year term is expiring. We have the option to
5 renew for an additional year. We're asking for your
6 approval to authorize the Executive Director to
7 enter into these contracts.

8 These are firms that are selected to issue
9 counsel and provide other legal services to the
10 Authority. Any questions?

11 CHAIRMAN FUNDERBURG: You said it is an option?

12 Is this part of the original competitive bid package
13 two years ago?

14 WEBER: As part of the original contract, we
15 had the right to exercise a one-year renewal option.
16 So we're renewing all of them for an additional
17 year.

18 CHAIRMAN FUNDERBURG: Okay.

19 WEBER: 35 of them for an additional year.

20 MEISTER: And again, just to clarify, what the
21 Authority has traditionally done, and what we did in
22 this case, is that we put a solicitation on the
23 street through the procurement portal under the
24 Authority's partial exemption from the Procurement
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1 Code.

2 Firms applied. In this case, we took all
3 of the applicants, we reviewed all of the
4 applications. So that there were none rejected. So
5 that's how we reached the pool.

6 So I just wanted to clarify the term
7 "competitive" is that they applied. They met
8 minimum standards. They got their regulatory
9 paperwork in order, and we signed the contracts.

10 WEBER: Correct.

11 BRONNER: Question. When would you anticipate
12 releasing beginning the process for the next RFP,
13 given that we have time considerations?

14 MEISTER: We've been having internal
15 discussions on that, and as part of a broader
16 procurement strategy, we're looking at procurements

17 that we can eliminate, procurements that we can
18 consolidate, certain services that we may or may not
19 be able to obtain through inter-governmental
20 agreement with the State, and we're working through
21 that process.

22 BRONNER: Okay, thank you.

23 HORNE: So this list is just firms that we can
24 do business with, not necessarily that we are doing

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1 business with?

2 MEISTER: Yes. I think the vast majority of
3 them have done business with us in the last year, at
4 least. I would think probably at least 25.

5 HORNE: Okay.

6 JURACEK: How do we apportion work to each of
7 the law firms?

8 MEISTER: Frankly, what happens is that a
9 recommendation comes from staff with at least three
10 firms on issuer's counsel, which are paid out of the
11 cost of the issuance, but not generally by a check
12 from the Authority to the firm.

13 So they're paid like the bankers or the
14 bond counsel, or the other professionals. There is
15 a set fee that goes from roughly \$5,000 to just over
16 \$18,000; and because we do not run a closed shop,
17 the borrowers are free to select their bankers and
18 their bond counsel and other professionals.

19 So what we do is the two revenue leads,
20 the two vice-presidents, Vice-President Frampton and

21 Vice-President Lenane, submit at least three firms
22 and lawyers to the General Counsel, who then
23 discusses them with me, and sometimes they go back
24 and have discussions with the vice-presidents.

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1 We look at opportunities for minority and
2 women-owned firms, but also since we live with these
3 documents over a longer period of time, and the most
4 important provisions are the indemnity provisions
5 that in the event of an IRS audit, it allows us to
6 shift the cost.

7 We have an extensive discussion. We look
8 for geographic diversity. We look for MBE. We look
9 for quality of work. And again, oftentimes there
10 are conflicts because of the bond counsel and
11 underwriter's counsel that have been selected by the
12 borrowers. So we need to take that into account.

13 I would just say most recently, we had an
14 opportunity with MercyRockford, where a Wisconsin
15 bond firm and bond lawyer had traditionally
16 represented the borrower, and there was a request
17 from the borrower to have an collegial financing
18 team that they were consistent with.

19 The bond counsel -- we had a contract with
20 that bond counsel. That particular bond counsel was
21 somebody who clearly had professional
22 qualifications, and we were able to exercise our
23 business judgment under this to make the assignment
24 to this Wisconsin bond counsel, who I think --

1 WEBER: Which also has a Chicago office.

2 MEISTER: Which also has a Chicago office, and
3 we had a contract, but in this case we were able to
4 exercise business judgment, protect the interests of
5 the Authority, and provide a welcoming environment
6 to a new Wisconsin-based borrower to the IFA.

7 CHAIRMAN FUNDERBURG: Okay. Any other
8 questions?

9 GOETZ: I have one. I know one of these firms
10 is south of I80. Are there any others?

11 MEISTER: At least two.

12 WEBER: At least two.

13 GOETZ: Two others, or two including --

14 MEISTER: Witsman and Miller Hall Triggs. And
15 again, when these contracts were originally entered
16 into, we took some pains to try and prod downstate
17 firms into filling out the procurement paperwork, in
18 order to become part of our pool, because we find it
19 to be very useful.

20 GOETZ: Okay.

21 CHAIRMAN FUNDERBURG: Any other questions?
22 Okay, if not, then I would like to go ahead and ask
23 is there a motion to adopt the following Projects
24 Report and Resolution: Items 3 and 8?

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1 POOLE: Motion to approve.

2 McCOY: Second.

3 FLETCHER: There' s moti on and second.
4 CHAIRMAN FUNDERBURG: Roll call.
5 FLETCHER: I will call the roll. Member
6 Anderberg?
7 ANDERBERG: Yes.
8 FLETCHER: Ms. Bronner?
9 BRONNER: Yes.
10 FLETCHER: Mr. Fuentes?
11 FUENTES: Yes.
12 FLETCHER: Mr. Goetz?
13 GOETZ: Yes.
14 FLETCHER: Mr. Horne?
15 HORNE: Yes.
16 FLETCHER: Ms. Juracek?
17 JURACEK: Yes.
18 FLETCHER: Mr. Knox?
19 KNOX: Yes.
20 FLETCHER: Mr. McCoy?
21 MCCOY: Yes.
22 FLETCHER: Mr. Pool e?
23 POOLE: Yes.
24 FLETCHER: Mr. Zeller?

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1 ZELLER: Yes.
2 FLETCHER: Mr. Chair man?
3 CHAIRMAN FUNDERBURG: Yes.
4 FLETCHER: Mr. Chair man, moti on carries.
5 CHAIRMAN FUNDERBURG: Thank you. I would like
6 to just go ahead and ask do we have any other
7 business that comes before the Members? Anybody

8 have any other business?

9 (No response.)

10 CHAIRMAN FUNDERBURG: Okay. Since there is
11 none, I would like to ask for a motion to excuse
12 absences of members who were unable to participate
13 today. Is there such a motion?

14 ZELLER: So moved.

15 KNOX: Second.

16 CHAIRMAN FUNDERBURG: All in favor, please say
17 aye.

18 (A chorus of ayes.)

19 CHAIRMAN FUNDERBURG: Any opposed?

20 (No response.)

21 CHAIRMAN FUNDERBURG: At this point, I would
22 like to ask for any public comments? Okay, there is
23 no public comment.

24 The next regular meeting is scheduled for
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1 March 10th, 2016. I would like to ask for a motion
2 to adjourn until such time. Is there such a motion?

3 KNOX: So moved.

4 CHAIRMAN FUNDERBURG: Motion by Mr. Knox. Is
5 there a second?

6 ZELLER: Second.

7 CHAIRMAN FUNDERBURG: Seconded by Mr. Zeller.
8 All in favor?

9 (A chorus of ayes.)

10 CHAIRMAN FUNDERBURG: The meeting is adjourned.
11 Thank you all very much.

12 FLETCHER: The time is 10:04 a.m.
 13 (WHICH WERE ALL THE PROCEEDINGS HAD at 10:04 a.m.)
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1 STATE OF ILLINOIS)
 2 COUNTY OF COOK) SS:

3
 4 PAMELA A. MARZULLO, C. S. R., being first duly sworn,
 5 says that she is a court reporter doing business in the city
 6 of Chicago; that she reported in shorthand the proceedings
 7 had at the Proceedings of said cause; that the foregoing is
 8 a true and correct transcript of her shorthand notes, so
 9 taken as aforesaid, and contains all the proceedings of said
 10 meeting.

11
 12 PAMELA A. MARZULLO
 License No. 084-001624

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