

1 ILLINOIS FINANCE AUTHORITY BOARD
2 BOARD OF DIRECTORS REGULAR MEETING
3 October 8th, 2015 at 9:30 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 October 8th, 2015, at the hour of 9:30, pursuant
10 to notice, at 160 North LaSalle Street, Suite S1000,
11 Chicago, Illinois.
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1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS

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3 MR. R. ROBERT FUNDERBURG, Jr.
MR. JAMES J. FUENTES
4 MR. ADAM ISRAELOV
MS. ARLENE JURACEK
5 MR. LERRY KNOX
MR. BARRETT PEDERSON (Added 9:46 a.m.)
6 MR. JOHN B. YONOVER
MS. GILA J. BRONNER
7 MR. MICHAEL W. GOETZ
MR. ROGER POOLE
8 MR. BRADLEY ZELLER
9 PRESENT TELEPHONICALLY:
10 MR. ERIC ANDERBERG
11 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
12 MR. BRAD FLETCHER, Assistant Vice-President
MR. RICH FRAMPTON, Vice-President
13 MS. MELINDA GILDART, CFO
MS. PAMELA LENANE, Vice-President
14 MS. ELIZABETH WEBER, General Counsel
MS. SIX GRANDA, Controller
15 MS. TAMMY HARTER, Assistant/Healthcare

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1 CHAIRMAN FUNDERBURG: Good morning, everyone.
2 Welcome. I would like to call to order the Board
3 Meeting for the Illinois Finance Authority.

4 Would you please take roll?

5 FLETCHER: Certainly. The time is 9:37. I'll
6 call the roll.

7 Ms. Bronner?

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8 BRONNER: Here.
9 FLETCHER: Mr. Fuentes?
10 FUENTES: Here.
11 FLETCHER: Mr. Goetz?
12 GOETZ: Here.
13 FLETCHER: Mr. Israelov?
14 ISRAELOV: Here.
15 FLETCHER: Ms. Juracek?
16 JURACEK: Here.
17 FLETCHER: Mr. Knox?
18 KNOX: Here.
19 FLETCHER: Mr. Pool e?
20 POOLE: Here.
21 FLETCHER: Mr. Yonover?
22 YONOVER: Yes, here.
23 FLETCHER: Mr. Zeller?
24 ZELLER: Here.

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1 FLETCHER: And Mr. Chairman?
2 CHAIRMAN FUNDERBURG: Here.
3 FLETCHER: Are there any Board Members on the
4 telephone?
5 ANDERBERG: Yes, Eric Anderberg.
6 FLETCHER: Duly noted. Anyone else?
7 HALPERIN: Marj Halperin.
8 FLETCHER: At this time we have a quorum.
9 CHAIRMAN FUNDERBURG: Great. Thank you. The
10 next order of business is the approval of the
11 agenda.

12 Is there a motion to approve the agenda?

13 GOETZ: So moved.

14 POOLE: Second.

15 CHAIRMAN FUNDERBURG: Okay. All those in
16 favor?

17 (A chorus of ayes.)

18 FLETCHER: The ayes have it.

19 CHAIRMAN FUNDERBURG: Just as far as remarks,
20 it's been a very busy month. We've had a great
21 month in terms of revenue and other business as
22 well.

23 Executive Director Meister and the staff
24 have been very, very busy on a number of different
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1 projects and we continue to appreciate their hard
2 work on IFA business and also working with the
3 administration.

4 Chris, anything you want to add?

5 MEISTER: I don't have anything to add, Mr.
6 Chairman.

7 CHAIRMAN FUNDERBURG: Okay. Thank you. Next
8 is the consideration of the minutes. There were
9 several scrivener errors regarding gender
10 designation, and then also a few other scrivener
11 typos, et cetera. We'll have those taken care of.

12 Is there anything anybody else wanted to
13 note about the minutes?

14 (No response.)

15 JURACEK: Move for approval of the minutes.

16 CHAIRMAN FUNDERBURG: Is there a second?

17 GOETZ: Second.

18 CHAIRMAN FUNDERBURG: Okay. All in favor,
19 please say aye.

20 (A chorus of ayes.)

21 CHAIRMAN FUNDERBURG: Any opposed?

22 (No response.)

23 CHAIRMAN FUNDERBURG: Ms. Gildhart?

24 GILDART: Good morning, everyone. I'm Melinda
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1 Gildhart, CFO for Illinois Finance Authority, and I
2 would like to introduce Melissa Gallagher. She is
3 the Finance Director of the City of Rolling Meadows,
4 and she's here to make the Board presentation on
5 behalf of the Government Finance Officers
6 Association.

7 I would also like to take this time to
8 acknowledge the staff involved in the production of
9 the FY14 CAFR, in the Comprehensive Annual Financial
10 Report for fiscal year 2014.

11 Six Granda, please stand, Tiffany McCoy,
12 Frankie Patterson, Rich Frampton, Brad Fletcher, and
13 Ms. Tammy Harter.

14 GALLAGHER: Thank you, Melinda. I'm Melissa
15 Gallagher, and I'm representing the Government
16 Finance Officers Association, and I am honored to be
17 here today on behalf of the Government Finance
18 Officers Association to present the Certificate of
19 Achievement for excellence in financial reporting to
20 the Illinois Finance Authority.

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21 The Certificate of Achievement program has
22 been in operation since 1946. The purpose of the
23 program is to encourage and assist governments to
24 prepare financial reports of the highest quality for
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1 the benefit of citizens and other parties for the
2 vital interest in government finances.
3 The program has gained widespread
4 recognition as the premier indicator of excellence
5 in governmental accounting and financial reporting.
6 To earn the Certificate of Achievement for
7 Excellence in Financial Reporting, the Illinois
8 Finance Authority had to substantially conform to
9 the program's demanding criteria, which go well
10 beyond the minimum requirements of
11 generally-accepted accounting principles.
12 Program participants submit copies of
13 their Comprehensive Annual Financial Report to the
14 Certificate Achievement Program for an in-depth
15 review and evaluation.
16 The review and evaluation is performed by
17 two members selected from an impartial panel of
18 government finance officers, independent certified
19 public accountants, educators, and others with
20 specialized experience and expertise in governmental
21 accounting and financial reporting.
22 Reports are also reviewed and evaluated by
23 members of the GFOA's professional staff. Only
24 those that are judged by all reviewers who have

1 substantially met the programs criteria are awarded
2 the Certificate of Excellence in Financial
3 Reporting.

4 The receipt of this award reflects the
5 professionalism and commitment of numerous
6 individuals, as well as many hours of hard work, I'm
7 sure. It also reflects a high degree of dedication
8 and leadership on your Board as well.

9 The Government Finance Officers
10 Association hopes that this award to the Illinois
11 Finance Authority will serve as an example and
12 encourage others to strive for the same high
13 standards in their own financial reports.

14 Therefore, it is my privilege, on behalf
15 of the Government Finance Officers Association, to
16 present the award to the Illinois Finance Authority,
17 this Certificate of Achievement in financial and
18 excellence in reporting.

19 So I just wanted to share this with you as
20 a significant accomplishment. Congratulations to
21 Illinois and your team.

22 GILDART: Thank you, Melissa. And again, thank
23 you to our staff, who put in so many tireless hours
24 and so much hard work and dedication to this

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1 project, and we're in the middle of our FY15 CAFR
2 now, and I know it will be as successful as last

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3 year.

4 CHAIRMAN FUNDERBURG: Congratulations.

5 GILDART: Thank you.

6 MEISTER: I think that the staff did an
7 excellent job, and I just want to personally thank
8 Melinda Gildhart, who brought a level of experience
9 and skill to the job of IFA CFO and to the entire
10 staff. This is an accomplishment that belongs to
11 the entire staff. So thank you.

12 CHAIRMAN FUNDERBURG: Okay. You still have the
13 floor.

14 GILDART: Are we ready for the financial
15 report?

16 CHAIRMAN FUNDERBURG: Please.

17 GILDART: Okay. So this month's financial
18 presentation I will recap the unaudited results for
19 FY15, and then the current activity for 2016 for the
20 general operating fund and all funds.

21 So as a recap for the general operating
22 fund for FY15, we still stand at annual revenues of
23 just over \$4.3 million. We had a slight uptick in
24 annual expenses unaudited, but we are still just

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1 under \$4,000,000, and our total unaudited net
2 income, as it stands today, is at \$622,000 for
3 fiscal year 2015.

4 Does everyone have that information?

5 Okay. Also, included in the Board material this
6 month is an unaudited trend report for the general
7 operating fund for the last ten years, and the high

8 points of that report will show that our revenues
9 peaked in 2008, but have been on a steady decline
10 since 2009.

11 Overall, we have an outlier in 2014 due to
12 the bond bank defeasances, which netted the
13 Authority gross revenues of \$2.7 million booked in
14 FY14 with just under \$300,000 booked in FY15.

15 Are there any questions on fiscal year
16 2015? Okay. So for current activity for the
17 general operating fund, we stand at total annual
18 revenues of \$1.7 million, and that's about \$424,000,
19 or 34 percent higher than budget, and that's due
20 primarily to the higher-than-expected closing fees
21 in the month of September.

22 Closing fees year to date are at
23 \$1.3 million, and that's 53 percent, or \$435,000
24 higher than budget. So that's a very good

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1 turnaround.

2 Other revenue categories that are higher
3 than budget including admin service fees and also
4 application fees. We have net investment income for
5 the year for the first quarter so far at \$70,000.
6 And in September, we generated \$792,000 in closing
7 fees.

8 We've booked closing fees from the OSF
9 Healthcare System and also The University of Chicago
10 at \$211,000 each. We also had closings from
11 Advocate Health Care Network and also Palos

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12 Community Hospital for \$138,000 each.

13 And finally, we had Villa St. Benedict at
14 \$94,000, and we also booked admin service for Aunt
15 Martha's Service Center. Our net investment income
16 for the month was \$58,000, and that's our highest
17 monthly total since January of 2015.

18 In all, September had the highest monthly
19 revenue for closing since December of 2010, and
20 that's when we booked \$1.083 million for the month.

21 And overall, our highest monthly revenue
22 for September 2015 since October of 2011, and that's
23 when we booked \$1.23 million. So it was a very good
24 month again.

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1 Our total annual expenses are just under
2 \$900,000, and that's about \$345,000, or 28 percent
3 below budget, and that's due mostly to vacant
4 budgeted staff positions and the delay in our IT
5 software project.

6 Our total annual net income stands at
7 \$770,000. Again, the major driver was the fantastic
8 performance in September for closing revenue, and
9 also the 20 percent below budget in spending.

10 For our balance sheet, the general
11 operating fund has \$53.3 million in net position;
12 and of that amount, \$29,000,000 is from unrestricted
13 cash and investments. So we're very stable on the
14 cash side on the effort side. We have liabilities
15 of just \$663,000.

16 So for the other funds in the component

17 units, that includes the Illinois Environmental
18 Protection Agency, the Medical District Commission
19 and also the Northern Illinois University
20 Foundation. They have total assets and liabilities,
21 each category, of \$158.1 million, and we have to
22 report that activity per accounting rules.

23 For our locally-held fire truck and
24 ambulance revolving funds, we have total

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1 year-to-date revenues of \$11,000, and we're also
2 seeking to issue loans of \$6.2 million within the
3 next few weeks for the fire truck program.

4 We'll also be disbursing loans for an
5 ambulance program probably in the third quarter of
6 this year. Overall, the net position in fire truck
7 fund is \$22.2 million and for ambulance is
8 \$4.2 million.

9 Our Industrial Revenue Bond Insurance
10 Fund, this fund contains unrestricted access to make
11 payouts for potential losses in regards to our
12 agricultural loanguarantee program.

13 Currently, this fund is being recorded as
14 a major fund for the first time with the Authority
15 as of June 30th, 2015. The primary activity would
16 include a \$1.1 million reserve for potential losses
17 in that fund, and we made an actual payout of
18 \$155,000 in September for a previously-litigated
19 case.

20 Overall, our net position in this fund is

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21 \$10.6 million unrestricted. The Illinois Housing
22 Partnership Program, this fund is designed to issue
23 loans to local government for them to use the
24 proceeds to rehab multi family housing for low- and

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1 moderate-income residents.

2 The majority of the activity in this fund
3 is a \$3,000,000 loan receivable from the City of
4 Chicago, and that payout, the payment for that loan,
5 is due August 1st, 2016. The original amount of
6 that loan was \$5,000,000, and it was issued by a
7 predecessor agency of the Authority.

8 We have received written confirmation from
9 the City of Chicago that they do intend to make this
10 payment, and we received that confirmation on
11 September 22nd. So we're assured that we will
12 collect the \$3,000,000 next year.

13 All the other nonmajor funds have a net
14 position of \$22.9 million; and for an audit update,
15 the FY14-FY15 compliance and financial audits are
16 still ongoing, but we are very close to completing
17 the compliance audit, and the primary focus now is
18 the financial audit.

19 And in addition, the schedule of debt and
20 other treasury reports are included in your Board
21 package today, immediately following the financial
22 reports.

23 Are there any questions?

24 MEISTER: Mr. Chairman, I've got a couple of

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1 items.

2 CHAIRMAN FUNDERBURG: Please.

3 MEISTER: I just want to clarify for the Board
4 a couple of things is that in your manila folder,
5 there is an article from September 30th of the bond
6 buyer that states that municipal bond volume dropped
7 the most in 17 months in the month of September
8 2015, and the Illinois Finance Authority, in our
9 issuance of conduit debt, ran counter-cyclical to
10 that.

11 For some of the Board members that have
12 been with the Authority for a longer term, the month
13 December 2010 might ring some bells. That was the
14 last month in which certain federal stimulus conduit
15 bond programs expired, and we had a rush to closing
16 and approval that was primarily overseen by our
17 vice-president, Rich Frampton, and that was,
18 frankly, an extraordinary month.

19 And again, in September 2015, we have also
20 had an extraordinary rough month for closings and
21 revenue, and the credit for that belongs to our two
22 vice-presidents that are in charge of revenue,
23 Pamela Lenane for healthcare and nonprofit senior
24 living, and Rich Frampton for higher education,

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1 local government, business and industry, and credit
2 decisions, as well as their teams, Brad Fletcher and

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3 Tammy Harter.

4 It was an extraordinary month. It was --
5 I wish that I could point to anything more concrete,
6 other than the timing needs of the conduit borrowers
7 which we serve, but it was a happy result.

8 A couple of other points. We did execute
9 and pay the settlement, the legal settlement, tied
10 to the agricultural guarantee that we discussed last
11 month. We are awaiting the dismissal of that
12 litigation.

13 There were two pieces of litigation, one
14 in the Circuit Court of Cook County, and one in the
15 State of Illinois Court of Claims, and we expect
16 those to be -- those dismissals to be with prejudice
17 to be forthcoming.

18 Finally, this housing partnership loan
19 that was discussed, it is a legacy loan, and it is
20 somewhat unusual. Approximately 15 years ago, with
21 one of our predecessor agencies, the Illinois
22 Development Authority, the General Assembly and the
23 then-administration made a practice of appropriating
24 money to one of our predecessor entities that would

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1 then, in turn, loan the money to certain borrowers
2 per legislative direction.

3 In this case, it was some money for
4 housing to the City of Chicago, and then the General
5 Assembly provided favorable terms over a long period
6 of time for repayment. Again, this is a very old
7 loan. It's a very large amount of money for us.

8 And again, I'm very happy that Melinda
9 used her relationships with various people in the
10 City of Chicago's office during the audit process to
11 confirm that the City of Chicago remembered this
12 particular obligation they have; and that more
13 importantly, they agreed in writing that they would
14 pay it in 2016. So that's very, very important.

15 GOETZ: What happens to the money? Will it be
16 recycled into this program, or will it just be put
17 in our general fund?

18 MEISTER: When we receive the money, I
19 anticipate coming to the Board and discussing that
20 point.

21 I will tell you that we do have a written
22 legal opinion from a lawyer that was on staff at the
23 time that it received this money that states that
24 this money can go into the IFA general fund for
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1 general purposes.

2 Although, given the age and the amount,
3 we'll probably work with Elizabeth and with Melinda
4 to revisit that question to make sure there are no
5 questions.

6 GOETZ: So we probably wouldn't continue the
7 Illinois Housing Partnership Program Fund?

8 MEISTER: No. My recommendation, with what I
9 know, is that I will make the recommendation to the
10 Board to take that \$3,000,000 and put it in our
11 general fund.

12

GOETZ: Okay.

13

MEISTER: For general purposes of the IFA.

14

GOETZ: It sounds like we're kind of

15

duplicating what IHDA does.

16

MEISTER: Yes. And again, I think the only

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person who had firsthand knowledge that was in the

18

room when this was actually being done, was Rich

19

Frampton, and I don't think that Rich had day-to-day

20

responsibility over this particular loan.

21

FRAMPTON: I originated one loan at the tail

22

end.

23

MEISTER: Okay. And again, one final point,

24

Melinda, for the Board Members, can you discuss this

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major fund/nonmajor fund government accounting

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concept, because it is counter-intuitive; and for

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people not familiar with both our balance sheet and

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government accounting standards, they may draw the

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wrong conclusions, unless it's explained.

6

GILDART: So the major fund test is pretty much

7

any fund with activity that exceeds 10 percent or

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greater of your assets, liabilities, revenue or

9

expenses is reported as a major fund. So it's on

10

basically page 1 of the financials.

11

Last year we had, because of the activity

12

with the fire truck and ambulance funds, per the

13

legislation that moved that program interest over to

14

the Authority in our locally-held funds, they were

15

presented as major funds.

16

For FY15, we had activity of just under

17 \$500,000 for them. So they moved from page 1 to
18 page 50, or whatever, in the CAFR. So we still
19 present that information, but it is not highlighted
20 according to accounting rules.

21 So any funds again that exceeds 10 percent
22 of your activity. In this case this year, the
23 industrial revenue bond fund did, because we had to
24 book accruals for potential losses for loan

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1 guarantees, just to make sure that we have accrued
2 those amounts.

3 And that's what bumped them up over that
4 threshold, and they are being presented next to the
5 general operating fund in our financial statements.

6 MEISTER: And so the category, the definition
7 of major fund, is not tied to the amount of actual
8 money that is in that fund, it's tied to the amount
9 of that year activity.

10 GILDART: It's the current-year activity.

11 CHAIRMAN FUNDERBURG: Okay. Thank you. Are
12 there any other questions at all or comments
13 regarding the financial reports?

14 If not, is there a motion to accept them?

15 GOETZ: So moved.

16 PEDERSEN: Seconded.

17 CHAIRMAN FUNDERBURG: For the record, Mr. Goetz
18 moved. And seconded --

19 FLETCHER: And seconded by Barrett Pederson.

20 CHAIRMAN FUNDERBURG: All in favor, please say

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21 aye.

22 (A chorus of ayes.)

23 CHAIRMAN FUNDERBURG: Any opposed?

24 (No response.)

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1 CHAIRMAN FUNDERBURG: Thank you. Procurements?

2 GILDART: For this month's procurement report,
3 the Authority executed three small purchase
4 contracts for Bloomberg and also Third Coast Imaging
5 and RR Donnelley, in regards to the typesetting and
6 printing for our PY15 CAFR. So we're in that
7 process now.

8 We are awaiting execution of our debt
9 management software contract that's pending
10 execution, but also we have an expiring contract
11 with our marketing firms, our new market tax credit
12 consultant and for the legislative services. Those
13 contracts are all expired.

14 And for the month of October, contracts
15 will be expiring for ADP Total Source and three of
16 the ten energy-efficiency vendors that we contracted
17 with back in 2010.

18 CHAIRMAN FUNDERBURG: Questions? Thank you
19 very much. There are no committee reports for this
20 month.

21 Item 10 is a presentation and
22 consideration of project reports and resolutions. I
23 would like to note that Mr. Israelov will be
24 abstaining from Items 4 and 8.

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1 Are there going to be any other
2 abstentions?

3 (No response.)

4 CHAIRMAN FUNDERBURG: Okay, thank you. Then I
5 would like to ask for general consent that we
6 consider Items 1, 2, 3, 5, 6 and 9, collectively.
7 Is everybody in agreement with that?

8 Anybody object to it?

9 (No response.)

10 CHAIRMAN FUNDERBURG: No one objects. Thank
11 you.

12 FLETCHER: Mr. Chairman, may I note for the
13 record Item 7 has been withdrawn at the request of
14 the Borrower.

15 CHAIRMAN FUNDERBURG: Okay, thank you. Okay,
16 so we're moving into the project side. Each person
17 who has one, let's just roll through it. Okay?

18 MEISTER: Beginning farmer bonds.

19 FRAMPTON: Okay. Item 1 is a beginning farmer
20 bond for Bradley A. Legg and Nina K. Legg. As with
21 all these beginning farmer bonds, it will be a
22 direct purchase by Fairfield National Bank.

23 The bank is, as the direct bond purchaser
24 and investor, assumes all the risk associated with

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1 this financing. You will note that the bank has
2 approved 100-percent financing for this acquisition.

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3 The not-to-exceed amount is \$174,000 for 58 acres of
4 farmland located in Four Mile Township in Wayne
5 County. Any questions?

6 CHAIRMAN FUNDERBURG: Okay, next.

7 FRAMPTON: Next we will move on to Item 2,
8 which is a resolution to confirm and restate a
9 preliminary bond resolution approved in August of
10 2007, with respect to the issuance of qualified
11 surface freight transfer facilities revenue bonds
12 for the benefit of CenterPoint Joliet Terminal
13 Railroad, LLC, and its successors, affiliates and
14 assigns for the eligible cost relating to
15 development of the CenterPoint Joliet Intermodal
16 Center Project and related costs in a aggregate
17 principal amount now estimated at not-to-exceed
18 \$1,137,000,000.

19 Again, CenterPoint is requesting approval
20 of the accompanying resolution that confirms and
21 restates the preliminary bond resolution as
22 originally approved in August of 2011.

23 This project is unusual in a number of
24 respects. First of all, given the 10-plus year

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1 development and issuance cycle that was contemplated
2 back in 2007, we're now over eight years into the
3 inducement period; and accordingly, although it's
4 not necessarily required for tax purposes, as an
5 abundance of caution, bond counsel, Perkins Coie,
6 believed it would be advantageous to return to the
7 Board to refresh and update the original resolution.

8 In addition to that, there had been some
9 minor modifications in the scale and scope of the
10 project. Originally, the project was to comprise
11 3400 acres. It is now up to -- the footprint of the
12 project has been expanded up to 4,000 acres.

13 The project is located on the northern
14 portion of the former Joliet Arsenal facility, and
15 it's generally located east of Interstate 55, west
16 of Illinois Highway 53, and south of the Des Plaines
17 River. It's just east of the Exxon Mobil Refinery on
18 I55.

19 The railroads -- the primary railroad it
20 serves is the Union Pacific main line from Long
21 Beach, California. Development within the site
22 includes over a 835-acre Class I rail intermodal
23 facility, 450 acres of on-site container and
24 equipment management facilities, and 20,000,000

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1 square feet of related industrial facilities,
2 loading docks, conveyer systems, cranes and other
3 related facilities and equipment.

4 In terms of the warehousing facilities,
5 the focus of development of the warehousing and
6 container storage facilities is for temporary
7 storage related directly to rail to truck and truck
8 to rail transfer.

9 All of this in the resolution is going to
10 be leading up to a new project that we will see next
11 month. CenterPoint expects to return, either in

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12 November or December, to finance an additional phase
13 of the project. The not-to-exceed amount on that
14 financing will be \$150,000,000.

15 As with the prior phases of the project,
16 the financing will be -- will involve a
17 straightforward structure. The purchasers of the
18 bonds will be members of CenterPoint's banking
19 syndicate.

20 So, essentially, what they'll be doing is
21 reimbursing themselves for construction and other
22 interim financing and flipping it to an equivalent
23 amount of tax exempt debt on a term-loan basis, on a
24 tax-exempt, term-loan basis.

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1 In terms of the authorization, these
2 intermodal bonds were provided for under a special
3 authorization provided under the Surface
4 Transportation Act of 2005.

5 Under that program, the U.S. Department of
6 Transportation has \$15,000,000,000 of private
7 activity bond debt allocation available, which it
8 allocates to individual projects.

9 Upon receiving approval of their
10 inducement resolution back in August of '07,
11 CenterPoint submitted an application to U.S. DOT,
12 and they have received a series of allocations to
13 fund and issue bonds under this program.

14 If you look at -- if you flip to page 4 of
15 the memo, IFA has issued two of the 16 bonds that
16 have been issued nationally to date, both of which

17 have been issued for the CenterPoint project.

18 One other key thing you'll note, as you
19 look through the project list, all the other surface
20 transportation projects are more traditional kinds
21 of privatized public/private partnership financings.
22 Most involve highways or mass transit; and, in fact,
23 all of them are highways and mass transit, except
24 for the CenterPoint project.

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1 Additionally, at the bottom of the chart,
2 there remains five conditional allocations.
3 CenterPoint has a \$625,000,000 share of the
4 remaining allocation.

5 In terms of inducement activity, IFA has
6 been a national leader in promoting this for
7 intermodal facilities, and the second section on
8 page 3 highlights some of our other activity, in
9 terms of reviewing and approving projects.

10 Two of the three projects were actually
11 awardees of allocations as well. At the bottom of
12 page 3, there is a report of the employment impact,
13 both over the anticipated development cycle of the
14 project over 10-plus years, as well as a report on
15 the current full-time employment attributable to the
16 project.

17 This information is a bit different in
18 presentation format and scope from what we usually
19 present to the Board, but this is exactly how
20 CenterPoint reports this job information to the U.S.

21 MINUTES Board of Directors 2015-10 Final Draft.txt
Transportation and others.

22 So with that, I would also like to point
23 out in addition to the report, I've provided links
24 at bottom page 4 on informational videos relating to

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1 the CenterPoint project.

2 If you view those, you'll get a much
3 better idea regarding what happens at both of the
4 CenterPoint facilities in Elwood and Joliet; and of
5 the two facilities, IFA has only been involved in
6 financing the Joliet intermodal.

7 With that, I would also like to just
8 introduce and welcome Tim Lippert, who is the
9 vice-president of finance for CenterPoint, and Bruce
10 Bonjour of Perkins Coie. Both CenterPoint and
11 Perkins Coie were instrumental in adding the
12 intermodal authority to the original Surface
13 Transportation Act.

14 With that, I'm prepared to take any
15 questions.

16 GOETZ: Could you, Rich, just briefly touch on
17 the role CalPERS plays in this thing?

18 FRAMPTON: Okay. CalPERS is one of the
19 owners -- one of the corporate owners.

20 CHAIRMAN FUNDERBURG: Explain CalPERS, so
21 everyone knows what that is.

22 FRAMPTON: Okay. CalPERS is the California
23 Public Employee Pension System, and they are one of
24 the owners of CenterPoint properties trust.

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1 GOETZ: So do they own this as part of their
2 real estate portfolio, I would guess?
3 FRAMPTON: Yes.
4 GOETZ: Okay. Tim you are shaking your head
5 yes?
6 LIPPERT: Yes.
7 MEISTER: And that's Mr. Lippert of CenterPoint
8 who is shaking his head?
9 GOETZ: Right.
10 BRONNER: Nodding.
11 MEISTER: Nodding, yes.
12 FRAMPTON: CenterPoint and CalPERS became one
13 of the owners of CenterPoint when they privatized in
14 2006. Prior to that, they were a publicly -- a
15 public real estate investment trust.
16 GOETZ: Right, right, right. Okay. Thanks.
17 FRAMPTON: Okay? Any other questions?
18 CHAIRMAN FUNDERBURG: Thank you.
19 MEISTER: I would just like to thank Rich for
20 his long-term work on this. The CenterPoint project
21 and this United States Department of Transportation
22 allocation of volume cap, which as many of you know
23 most of our volume cap for private borrowers,
24 private for-profit borrowers, comes from the U.S.

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1 Treasury.

2 This is very unusual, because it comes

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3 through the United States Department of
4 Transportation; and unlike the U.S. Treasury volume
5 cap, which goes from the U.S. Treasury to the state,
6 or in Illinois local municipal government to an
7 issue or conduit issue like the Illinois Finance
8 Authority.

9 In this case, the volume cap, which is the
10 authority to issue tax-exempt bonds, a private
11 company, CenterPoint, went and applied to the United
12 States Department of Transportation, and the United
13 States Department of Transportation then made the
14 allocation.

15 We are very pleased and grateful to
16 CenterPoint because they made the decision to issue
17 these tax-exempt bonds through the Illinois Finance
18 Authority. We're very grateful to them.

19 In addition, it is an illustration that
20 here in Illinois, we've taken a unique federal
21 resource. We have harnessed a private job creator
22 to create private jobs.

23 As Rich pointed out, most of these
24 projects in other states are conventional highway

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1 projects. This is multimodal. These are large
2 warehouses, freight, and there is even some light
3 manufacturing, correct, Mr. Lippert?

4 LIPPERT: Correct.

5 MEISTER: Anyway, thank you, CenterPoint; and
6 thank you, Mr. Frampton.

7 CHAIRMAN FUNDERBURG: Okay. We're going to

8 take the next several very quickly.

9 FLETCHER: Mr. Chairman, Members of the Board,
10 good morning. Tab No. 3 is the proposed final bond
11 resolution for Nazareth Academy, a not-to-exceed
12 amount of \$26,000,000.

13 You recall last month this Board
14 considered and adopted a resolution for
15 \$23.5 million. Thereafter, the borrower and their
16 financial advisor realized they needed to increase
17 the par amount by \$2,500,000, to increase their
18 intended construction cost, to capture their
19 intended construction cost, excuse me.

20 All other business terms of the
21 transaction remain the same. Again, MB Financial
22 will be the direct purchaser of the proposed
23 refunding bonds and the new money bonds, which will
24 be cross-collateralized and cross-defaulted with all

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1 credit facilities of the borrower.

2 Quickly turning to page 7 of the report,
3 the confidential section, we've updated our
4 financial projections. Again, we provide financial
5 projections when our borrowers are nonrated
6 entities.

7 We still forecast sufficient operating
8 cash flows or earnings before interest, depreciation
9 and amortization to cover the proposed debt service
10 payments.

11 Additionally, on page 7, you'll note the

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12 estimated fee, based on the new par amount as
13 amended. We are still providing an amendment fee of
14 \$11,000 for refunding of the Series 2006 bonds,
15 which is consistent with our past record of
16 providing an amendment fee when we are refunding
17 bonds that are secured by a letter of credit.

18 The new money portion of the bonds will be
19 in accordance with our regular fee schedule. We
20 recommend approval.

21 Any questions? Thank you.

22 CHAIRMAN FUNDERBURG: Thank you. Ms. Lenane.

23 ISRAELOV: Chairman Funderburg, before we move
24 on to Item No. 4, in addition to abstaining from
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1 voting, I'm also recusing myself from consideration
2 and deliberation.

3 CHAIRMAN FUNDERBURG: Okay.

4 ISRAELOV: So Chicago Shakespeare Theater is a
5 client of my employer, and as a partner of my
6 employer that sits on the board of directors of
7 Chicago Shakespeare Theater.

8 CHAIRMAN FUNDERBURG: Thank you. So noted.

9 LENANE: Okay. This is project No. 5.

10 JURACEK: 4.

11 FLETCHER: We are doing 4 and 8 thereafter, due
12 to the abstention of Israelov.

13 CHAIRMAN FUNDERBURG: I'm sticking just to the
14 script. We are going to do 5, which is Riverside
15 Health System.

16 LENANE: Riverside Health System, great.

17 Riverside Health System is coming for a final bond
18 resolution, authorizing the issuance of \$37,500,000
19 in tax-exempt bonds to refund its 2004 bonds and its
20 Series 2006 A bonds.

21 Riverside Health System is located in
22 Kankakee County and Iroquois County. This will be a
23 variable rate bank direct purchase by DNT Asset
24 Trust, a Delaware business trust, which is a

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1 wholly-owned subsidiary of JP Morgan Chase Bank, and
2 there really is nothing else new to this particular
3 refunding.

4 CHAIRMAN FUNDERBURG: Okay. Questions?

5 LENANE: Any questions? Okay.

6 CHAIRMAN FUNDERBURG: Next.

7 LENANE: Next is -- well, Rich said Passavant
8 Memorial Area Hospital.

9 GOETZ: Passavant.

10 LENANE: I call it Passavant.

11 GOETZ: It is Passavant. Right, Brad?

12 FLETCHER: That's correct.

13 LENANE: Is that right? Thank you. A little
14 levity. Anyway, they are going to currently refund
15 their Series 2000 -- this is a preliminary bond
16 resolution.

17 They are currently refunding the Series
18 2006 A and 2006 B bonds in the amount of
19 \$24,200,000. This will be a variable rate bank
20 direct purchase. Since this went out to press, they

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21 have selected PNC Bank as the bank for the direct
22 purchase.

23 They also will probably, or most likely,
24 or most certainly have a guarantee by Memorial

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1 Hospital, which they with affiliate with Memorial
2 Health System in Springfield, which they affiliated
3 with in April 2014. They were going to see if they
4 could do it on their own credit, but I think the
5 bank wants Memorial also on credit.

6 Those changes will be indicated when we
7 come for the final bond resolution. Since this is a
8 refunding, there are no new jobs. Passavant is located
9 in Morgan County, the illustrious Morgan County, in
10 Jacksonville, and it has 121 beds staffed by
11 approximately 900 full-time and part-time employees.

12 I think this is a wonderful affiliation
13 for them. A small stand-alone hospital really has a
14 difficult time in today's marketplace, and the
15 affiliation will be helpful to them and helpful to
16 Memorial.

17 If we go to financials, these financials,
18 the unaudited financials that we're looking at, are
19 actually a consolidation of Passavant and Memorial
20 Health System. So they have debt service coverage
21 of 5.05, and then days cash on hand of 322. They
22 are very solid.

23 Because of the bank private placement,
24 they won't be going for a rating. Any questions?

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1 Okay.

2 I just also wanted to mention that you
3 will see in the market Advocate is doing a refunding
4 of the bonds that we issued -- approved refunding
5 several months ago. The bonds were not in the
6 money, as they say, but now they had sufficient
7 authorization. They don't have to come back to the
8 Board.

9 They have sufficient authorization under
10 the old resolution that we passed to refund
11 \$80,000,000 worth of the 2010 bonds. So there will
12 be an O.S. out on the streets; and if somebody wants
13 to buy Advocate bonds, then they will know we had
14 approved it several months ago. So that's all I
15 have for now.

16 CHAIRMAN FUNDERBURG: Thank you. Next item
17 is 9.

18 MEISTER: Yes. Thank you, Mr. Chairman. This
19 is a resolution from the general counsel, Elizabeth
20 Weber, and I. I will be making the presentation.

21 What this resolution does is that it asks
22 the Board to provide me, the Executive Director, and
23 relevant staff with Authority, to use the State
24 Procurement Code to explore the market to see if

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1 there will be any lenders that will, in essence,
2 loan the Illinois Finance Authority money so that we

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3 may be of assistance, in connection with paying
4 state bills, in connection with the state budget
5 impasse.

6 Illinois Finance Authority was among a
7 large number of state agencies that were asked to
8 explore options; and in the resolution, I've pointed
9 to three statutory powers that the General Assembly
10 has provided to us: Statutory lien, statutory
11 non-impairment, and the statutory authority to
12 provide up to around \$100,000,000 in moral
13 obligation, which was discussed before, which was a
14 form of statutory -- a statutory taxpayer guarantee.

15 We worked with outside counsel. We've
16 done a lot of work ourselves, and in partnership
17 with the administration and our financial advisors.
18 I believe that we have a well-developed plan to test
19 the capital markets to see if there is an appetite
20 for this sort of loan.

21 And again, this is limited. What this is
22 going to be doing is authorizing me to go out to see
23 whether various lenders, loan servicers, payment
24 agents, trustees will be interested in participating

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1 in such a transaction.

2 If successful, and depending on the
3 responses, I will come back to the Board with a
4 proposed structure. In conversations with the
5 Board, concerns have been raised, and Elizabeth
6 Weber, our general counsel, and I, have discussed
7 them.

8 If we -- when and if we come back to the
9 Board, we will provide the Board with an analysis of
10 the Board's fiduciary duties for such a transaction.
11 Our statute is a little bit unusual because there is
12 no specific reference in the plain language of the
13 statute to fiduciary duties of the volunteer Board
14 Members. However, we believe that there are certain
15 implied duties, but we will have a legal analysis
16 for the consideration of the Board.

17 We will also consult with the insurance
18 brokers that provide public official's liability
19 insurance and make sure that our insurers fully
20 understand the scope of what we may be asking the
21 Board to do. And I will take any questions.

22 GOETZ: So this resolution just gives you the
23 authority to go and kind of explore this?

24 MEISTER: Yes.

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1 GOETZ: Not really authorizing any kind of
2 transaction, which is basically authorizing you to
3 put together a transaction?

4 MEISTER: Yes, we are, and then the method by
5 which under State law we to need do that is through
6 the Procurement Code, and we will utilize the
7 Procurement Code and the tools provided to this
8 agency under the Procurement Code to, in essence,
9 see who is willing --

10 GOETZ: Right.

11 MEISTER: -- to provide an offer for this

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12 transaction. Okay. Any other questions?

13 (No response.)

14 CHAIRMAN FUNDERBURG: Then I would like to ask
15 for a motion to adopt the following projects and
16 resolutions Items 1, 2, 3, 5, 6 and 9.

17 Is there such a motion?

18 FUENTES: Yes.

19 GOETZ: Second.

20 CHAIRMAN FUNDERBURG: Motion by Mr. Fuentes,
21 seconded by Mr. Goetz.

22 All in favor? Please do the roll, Brad.

23 FLETCHER: On the motion, I'll call the roll.
24 Member Anderberg on phone?

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1 ANDERBERG: Yes.

2 FLETCHER: Ms. Bronner?

3 BRONNER: Yes.

4 FLETCHER: Mr. Fuentes?

5 FUENTES: Yes.

6 FLETCHER: Mr. Goetz?

7 GOETZ: Yes.

8 FLETCHER: Mr. Israelov?

9 ISRAELOV: Yes.

10 FLETCHER: Ms. Juracek?

11 JURACEK: Yes.

12 FLETCHER: Mr. Knox?

13 KNOX: Yes.

14 FLETCHER: Mr. Pedersen?

15 PEDERSEN: Yes.

16 FLETCHER: Mr. Pool e?

17 POOLE: Yes.
18 FLETCHER: Mr. Yonover?
19 YONOVER: Yes.
20 FLETCHER: Mr. Zeller?
21 ZELLER: Yes.
22 FLETCHER: And Mr. Chairman?
23 CHAIRMAN FUNDERBURG: Yes.
24 FLETCHER: Mr. Chairman, the motion carries.
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1 CHAIRMAN FUNDERBURG: Thank you very much.
2 Next up is Item No. 4, which we've taken separately.
3 Mr. Fletcher.
4 FLETCHER: Thank you, Mr. Chairman. Members of
5 the Board, Tab No. 4 is the proposed final bond
6 resolution for Chicago Shakespeare Theater, a
7 not-to-exceed amount of \$15.4 million.
8 The proposed transaction would enable
9 Shakespeare, a professional theater company located
10 in Navy Pier, to refund its Series 2011 bond
11 outstanding currently in the amount of \$4.1 million
12 and held by Wells Fargo Bank, as well as pay for
13 constructing and equipping of a new third stage on
14 Navy Pier.
15 The proposed bonds will be purchased
16 directly by the Northern Trust Company for a term
17 maturity, if you will, of 12 years; however, it is
18 expected by Northern Trust and the borrower's
19 financial advisor that the proposed debt service
20 payments will be sufficient to repay in full the

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21 principal and interest in eight years.

22 If you turn to page 11 in our confidential
23 section, again we provided a projected financial
24 forecast. We forecast sufficient operating cash

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1 flows to repay the debt service by at least 1.62
2 times, beginning in 2016 and increasing thereafter.

3 Concerning the estimated fee, we are
4 providing an amendment fee of \$5,000 for the
5 refunding of the Series 2011 bond, and the new money
6 portion of the bonds will be in accordance with our
7 regular fee schedule.

8 By way of background, very briefly, the
9 construction of the third stage will be under a term
10 of a lease of 15 years with renewable options for up
11 to 90 years with Navy Pier, Inc. Navy Pier, Inc.,
12 is a 501(c)(3) entity that manages and operates Navy
13 Pier, which is owned by the Metropolitan Pier and
14 Exposition Authority.

15 We recommend approval, and I can take any
16 questions.

17 MEISTER: If I may, Mr. Chairman.

18 CHAIRMAN FUNDERBURG: Please.

19 MEISTER: I just wanted the Board Members to
20 know that, and to remind folks, and particularly the
21 newer members, Mr. Fletcher was promoted to
22 assistant vice-president in July.

23 Mr. Fletcher has been with us for a number
24 of years. Many of you may see him in the role of

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1 assistant secretary here at the meetings, but I also
2 want you to know that as again with his presentation
3 today, he has been following a career path here at
4 the Authority.

5 He has Mr. Frampton's confidence. He has
6 mine. And these are two very complicated
7 transactions, and I think he did a very nice job
8 with them.

9 FLETCHER: Thank you. We should vote, take a
10 vote on No. 4.

11 CHAIRMAN FUNDERBURG: Okay. I would like to
12 ask for a motion.

13 MR. POOLE: Motion to approve.

14 CHAIRMAN FUNDERBURG: Is there a second?

15 FUENTES: Second.

16 CHAIRMAN FUNDERBURG: We'll do a voice vote on
17 that.

18 FLETCHER: Because there is an abstention, I
19 think a roll call would be pertinent.

20 CHAIRMAN FUNDERBURG: Please.

21 FLETCHER: So on the motion, I'll call the roll
22 for the approval of Item No. 4, the project reports
23 and resolutions.

24 Member Anderberg on the phone?

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1 ANDERBERG: Yes.

2 FLETCHER: Ms. Bronner?

3 BRONNER: Yes.
4 FLETCHER: Mr. Fuentes?
5 FUENTES: Yes.
6 FLETCHER: Mr. Goetz?
7 GOETZ: Yes.
8 FLETCHER: Mr. Israelov?
9 ISRAELOV: I'm abstaining.
10 FLETCHER: And declaring in a statement the
11 reason, please.
12 ISRAELOV: Chicago Shakespeare theater is a
13 client of my employer, and a partner of my employer
14 sits on the board of directors of Chicago
15 Shakespeare Theater.
16 FLETCHER: Thank you very much. Ms. Juracek?
17 JURACEK: Yes.
18 FLETCHER: Mr. Knox?
19 KNOX: Yes.
20 FLETCHER: Mr. Pedersen?
21 PEDERSEN: Yes.
22 FLETCHER: Mr. Poole?
23 POOLE: Yes.
24 FLETCHER: Mr. Yonover?

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1 YONOVER: Yes.
2 FLETCHER: Mr. Zeller?
3 ZELLER: Yes.
4 FLETCHER: And Mr. Chairman?
5 CHAIRMAN FUNDERBURG: Yes.
6 FLETCHER: Mr. Chairman, the motion carries.
7 CHAIRMAN FUNDERBURG: Thank you. Please

8 continue.

9 FLETCHER: Moving along to Tab No. 8.

10 ISRAELOV: Chairman Funderburg, for Item No. 8
11 as well, I also will be recusing myself from
12 deliberation and consideration, in addition to
13 abstaining from voting.

14 CHAIRMAN FUNDERBURG: Okay, thank you.

15 FLETCHER: Tab No. 8 is a proposed resolution
16 authorizing extension of the IFA, previously IEFA,
17 the Educational Facilities Authority Commercial
18 Paper Program.

19 This is a housekeeping matter whereby the
20 Authority is required every five years to authorize
21 continuance of the Commercial Paper Pool Financing
22 Program. This program was established in 1995,
23 again by one of our predecessor agencies, the
24 Educational Facilities Authority.

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1 Current borrowers, or members, of the '95
2 pool, include Lincoln Park Zoo, The University of
3 Chicago Medical Center and North Shore University
4 Health Systems. This resolution you are considering
5 will provide authority for repricing every 7 to 270
6 days, in the aggregate amount of not-to-exceed
7 \$433,200,000.

8 However, the current outstanding amount is
9 approximately \$225,000,000, just to provide a little
10 context there. JP Morgan Securities remains the
11 broker dealer and Northern Trust Bank continues to

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12 provide a direct pay letter of credit, in
13 conjunction with this Pool Financing Program.

14 I can take any questions.

15 CHAIRMAN FUNDERBURG: No questions. Is there a
16 motion to adopt that resolution?

17 GOETZ: So moved.

18 CHAIRMAN FUNDERBURG: Is there a second?

19 PEDERSEN: Second.

20 CHAIRMAN FUNDERBURG: All in favor, please say
21 aye. We'll do a roll.

22 FLETCHER: On the motion, I'll call the roll.
23 Member Anderberg on the phone?

24 ANDERBERG: Yes.

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1 FLETCHER: Ms. Bronner?

2 BRONNER: Yes.

3 FLETCHER: Mr. Fuentes?

4 FUENTES: Yes.

5 FLETCHER: Mr. Goetz?

6 GOETZ: Yes.

7 FLETCHER: Mr. Israelov?

8 ISRAELOV: Abstaining.

9 FLETCHER: Declaring in a statement, please,
10 the reason.

11 ISRAELOV: Attorneys at my employer sit on the
12 board of directors, and a number of the borrowers,
13 including The University of Chicago, Northwestern
14 University, The University of Chicago Medical Center
15 and the Rehabilitation Institute of Chicago.

16 FLETCHER: Duly noted. Thank you.

17 Ms. Juracek?

18 JURACEK: Aye.

19 FLETCHER: Mr. Knox?

20 KNOX: Yes.

21 FLETCHER: Mr. Pederson?

22 PEDERSEN: Yes.

23 FLETCHER: Mr. Pool e?

24 POOLE: Yes.

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1 FLETCHER: Mr. Yonover?

2 YONOVER: Yes.

3 FLETCHER: Mr. Zeller?

4 ZELLER: Yes.

5 FLETCHER: And Mr. Chairman?

6 CHAIRMAN FUNDERBURG: Yes.

7 FLETCHER: Mr. Chairman, the motion carries.

8 CHAIRMAN FUNDERBURG: Thank you. Is there any
9 other business to come before the Board? No other
10 business? Okay. Public comment? This is your
11 chance.

12 Okay, no public comment. I would like to
13 ask for a motion to adjourn.

14 JURACEK: So moved.

15 CHAIRMAN FUNDERBURG: Is there a second?

16 KNOX: Second.

17 CHAIRMAN FUNDERBURG: Mr. Knox. All in favor,
18 please say aye.

19 (A chorus of ayes.)

20 CHAIRMAN FUNDERBURG: Any opposed?

21 MINUTES Board of Directors 2015-10 Final Draft.txt
(No response.)

22 CHAIRMAN FUNDERBURG: The meeting is adjourned.

23 Thank you all very much.

24 (WHICH WERE ALL THE PROCEEDINGS HAD AT 10:30 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

PAMELA A. MARZULLO/
License No. 084-001624

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