

1 ILLINOIS FINANCE AUTHORITY BOARD  
 2 BOARD OF DIRECTORS REGULAR MEETING  
 3 June 9th, 2016, at 9:31 a.m.  
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 6  
 7 Report of Proceedings had at the Meeting of the  
 8 Illinois Finance Authority Board of Directors Regular  
 9 Meeting on June 9th, 2016, at the hour of 9:30 a.m.,  
 10 pursuant to notice, at 160 North LaSalle Street, Suite  
 11 S1000, Chicago, Illinois.

6-9-16-2.txt  
 MR. ROBERT FUNDERBURG, Chairman  
 MR. ERI C ANDERBERG  
 MS. ARLENE JURACEK  
 MR. LERRY KNOX  
 MR. MICHAEL W. GOETZ  
 MR. ROGER POOLE  
 MR. BRADLEY A ZELLER  
 MR. LYLE MCCOY  
 MS. GILA BRONNER (Via audio conference) (Added)

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS  
 MR. BRAD FLETCHER, Assistant Vice-President  
 MR. RICH FRAMPTON, Vice-President  
 MS. MELINDA GLDART, CFO  
 MS. PAMELA LENANE, Vice-President  
 MS. ELIZABETH WEBER, General Counsel  
 MS. SIX GRANDA, Controller  
 MS. TAMMY HARTER, Assistant/Healthcare, (Via audio  
 conference)  
 MR. CHRISTOPHER B. MEISTER, Executive Director  
 MR. PATRICK EVANS, Agricultural Banker

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 1 APPEARANCE:  
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1 CHAIRMAN FUNDERBURG: Good morning, everyone.  
 2 I would like to call to order the meeting of the  
 3 Illinois Finance Authority. Mr. Fletcher, will you  
 4 please take the roll?  
 5 FLETCHER: Certainly. The time is 9:31 a.m.  
 6 I'll call the roll of Members physically present in  
 7 the room. Mr. Anderberg?  
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8 ANDERBERG: Here.  
 9 FLETCHER: Mr. Goetz?  
 10 GOETZ: Here.  
 11 FLETCHER: Ms. Juracek?  
 12 JURACEK: Here.  
 13 FLETCHER: Mr. Knox?  
 14 KNOX: Here.  
 15 FLETCHER: Mr. McCoy?  
 16 MCCOY: Here.  
 17 FLETCHER: Mr. Poole?  
 18 POOLE: Here.  
 19 FLETCHER: Mr. Zeller?  
 20 ZELLER: Here.  
 21 FLETCHER: And Mr. Chairman?  
 22 CHAIRMAN FUNDERBURG: Here.  
 23 FLETCHER: Mr. Chairman, a quorum of Members  
 24 physically present in the room has been constituted.  
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1 At this time I would like to ask if any Members  
 2 would like to attend via audio conference. Hearing  
 3 none, we may continue.  
 4 CHAIRMAN FUNDERBURG: Okay, thank you. Does  
 5 anybody have any additions, edits or corrections to  
 6 the minutes of the -- or excuse me, to the agenda  
 7 for today?  
 8 MEISTER: Mr. Chairman, I do not have a change  
 9 to the agenda, but I would like to note that Agenda  
 10 Item 15, Resolution to Adopt the State of Illinois  
 11 Code of Personal Conduct of the Projects Reports and

12 Resolutions will be presented simply as an  
 13 informational matter and no vote will be necessary  
 14 in this meeting at this time.  
 15 CHAIRMAN FUNDERBURG: Okay, thank you. Any  
 16 other additions? Okay. If not, then I would like  
 17 to ask for a motion to approve the agenda.  
 18 MCCOY: So moved.  
 19 JURACEK: Second.  
 20 CHAIRMAN FUNDERBURG: All in favor, please say  
 21 aye.  
 22 (A chorus of ayes.)  
 23 CHAIRMAN FUNDERBURG: Any opposed?  
 24 (No response.)  
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1 CHAIRMAN FUNDERBURG: Motion carries. I would  
 2 just like to take a moment and draw the Board's  
 3 attention to something in your packet, the Bond  
 4 Project Employment Report. You don't have to look  
 5 at it, but I'll just summarize it.  
 6 We're 11 months into the fiscal year. For  
 7 the 36 transactions that we've done, there's an  
 8 estimated 570 new jobs have been created and an  
 9 estimated 8,196 construction jobs.  
 10 So I just wanted to highlight that as one  
 11 example of the way Illinois Finance Authority helps  
 12 spur economic development and job creation in the  
 13 State.  
 14 MEISTER: Thank you, Mr. Chairman. First of  
 15 all, I would like to thank the Chairman and all the  
 16 Members of the Authority. I think importantly the

17 staff.  
18 I think this is the sixth month since I  
19 was renominated and reappointed in December. And as  
20 Chairman Funderburg pointed out, I think that we are  
21 on the verge of completing a year of really  
22 remarkable accomplishments, substantive  
23 accomplishments, impact on real lives of real people  
24 in Illinois and the real Illinois economy.

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1 And while we are a small agency, and I'm  
2 deeply appreciative to the volunteer Board who  
3 provides your expertise that, frankly, a small state  
4 agency like ours could never afford, and that is  
5 given freely and willingly, and every day I rely  
6 upon that free contribution of your knowledge,  
7 experience and skill.

8 I do want to highlight because, of course,  
9 all of you read the paper, the State of Illinois as  
10 a state continues to operate in extraordinary times.  
11 I would have never have guessed back in April of  
12 2015, when Rob and I met each other, that we would  
13 be sitting here in June of 2016, 11 months,  
14 11-and-a-half months, without a State budget,  
15 frankly, with nobody who would be sensible betting  
16 on when a budget would actually take place.

17 Now, I think it's important to highlight  
18 that there have been various pieces of the budget,  
19 the schools, federal funds, some smaller pieces of  
20 appropriations that have been passed by the General

21 Assembly and signed into law.

22 So these exist, and they are out there,  
23 and I think that it's not wholly accurate to say in  
24 the State of Illinois, in fiscal year 2016, is  
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1 operating wholly without a budget.  
2 However, given the discussions that are  
3 taking place, it is possible that we could reach  
4 July 1st, and not have a budget for fiscal year 2017  
5 on any -- even on partial pieces of the budget that  
6 I just described.

7 So I think it's important that I highlight  
8 for the Board, and for the public stakeholders, in  
9 summary what the Authority has been doing over the  
10 last 11-and-a-half months with respect to budget  
11 impasse items.

12 First, in August, and Melinda Gildart, our  
13 CFO, I may call on her for the exact amounts when  
14 I'm done, but we did advance some funds to a,  
15 frankly, a competitor state-created regional agency  
16 called the Southwestern Illinois Economic  
17 Development Authority. They had some moral  
18 obligation bonds outstanding.

19 This is a contingent taxpayer pledge.  
20 Those bonds had defaulted and payments had been  
21 going on for a number of years through  
22 appropriations. There were no appropriations  
23 available last August.

24 We went to the Board, and funds were  
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1 approved, pursuant to a resolution, and deployed to  
 2 that purpose and, Melinda, that was approximately  
 3 \$1.3 million? So that was one item that I, as  
 4 Executive Director, and staff we went to the Board  
 5 in discussions with the Chairman.

6 The second item that we have done is  
 7 through two consecutive or two resolutions: One in  
 8 February, General Counsel Weber?

9 WEBER: That's correct.

10 MEISTER: And one in November or December? I  
 11 think it was November.

12 WEBER: I think it was November.

13 MEISTER: What we have done is we have taken an  
 14 allocation pursuant to resolution of up to  
 15 \$12,000,000 of locally-held Authority funds, and we  
 16 deployed them to pay the vendors by the receivables,  
 17 in anticipation of receipt of Statutory Prompt  
 18 Payment Act for certain vital vendors, essential  
 19 service providers, essential goods providers under  
 20 contract to the State of Illinois.

21 We've done that consistently for the  
 22 people that clean the Thompson Center, provide  
 23 general janitorial services, with the expectation  
 24 that if State employees are there working, that they

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1 ought to work in a clean and sanitary environment.  
 2 We've also advanced them for various food providers

3 for the prisons and for the veterans' homes.  
 4 When we were questioned about that, in the  
 5 interest of transparency, we put that forward and  
 6 added that to our online schedule with a reference  
 7 to the two resolutions.

8 And third, what we did was in April,  
 9 Department of Human Services came to us and under a  
 10 grant anticipation or a funded grant anticipation  
 11 agreement, we provided up to \$600,000 to Catholic  
 12 Charities that provides housing vouchers for certain  
 13 mentally-incapacitated people that receive an array  
 14 of services; and, frankly, without the housing  
 15 vouchers, would otherwise be homeless and in  
 16 emergency rooms, in jails, and on our streets and  
 17 trains.

18 So that is what we have done, and the  
 19 reason why I take this opportunity to go into it in  
 20 some detail is because on Monday of this week, we  
 21 met with the new Auditor General Special Auditor.  
 22 It is RSM, formerly known as McGladery. Joe Evans  
 23 and his team six years ago were our Special Auditors  
 24 of the Auditor General's Office.

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1 The Auditor General has assigned a new  
 2 audit relationship manager. He appears to be  
 3 experienced. His name is Tom Kiziah. He has been  
 4 with the Auditor General's Office, I believe, for at  
 5 least two decades, but the auditors were intensely  
 6 interested in this.

7 And while I cannot predict what the  
 8 Page 8

8 General Assembly can or the Governor can or will do,  
9 I will tell you that as of May the 13th, Senate Bill  
10 324, which is in your packet, which we will discuss  
11 later, there was an amendment added that created a  
12 new program to help veterans and help this agency,  
13 and that got going the day after our May 12th Board  
14 Meeting, and it passed on May 31st.

15 So things with the legislature and with  
16 the Governor can move very quickly, but I would not  
17 predict what those outcomes are, but I do say I  
18 would suggest to the Board that the Auditor General  
19 is, may have or is, or his contract auditors may  
20 well have views on the three items that they  
21 discussed.

22 They may have an impact on our financials,  
23 if there is no budget. By the time we meet again in  
24 July, I believe that what impact may -- what that

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1 impact may be will probably be the discussion -- the  
2 subject of some discussion negotiation, and back and  
3 forth, but I am letting the Board Members know that  
4 while we've had a very good year for revenue, very  
5 good year for mission impact, particularly on jobs  
6 and economic development, and our health and  
7 education system, and our system of local  
8 governments, and we have spent below budget, and  
9 Ms. Gildart will go into that in some detail.

10 There may well be some disproportionate  
11 impacts on our budget, due to the government and

12 general accounting standards. We don't know what  
13 that impact will be at this time. That will be the  
14 subject of discussion.

15 CHAIRMAN FUNDERBURG: Very good. Thank you,  
16 Mr. Meister. Very well covered. Thank you. Next  
17 up is the minutes from our prior meeting. Does  
18 anybody wish to make any additions or corrections to  
19 those minutes? If not, is there a motion to approve  
20 them?

21 JURACEK: So moved.

22 GOETZ: Second.

23 CHAIRMAN FUNDERBURG: Okay, Juracek. Who  
24 seconded?

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1 GOETZ: I did.

2 CHAIRMAN FUNDERBURG: Mr. Goetz seconded. All  
3 in favor, please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN FUNDERBURG: Any opposed?

6 (No response.)

7 CHAIRMAN FUNDERBURG: Next up is the financial  
8 reports. Ms. Gildart?

9 GILDART: Good morning. I'm Melinda Gildart,  
10 Chief Financial Officer for the Authority, and this  
11 month's financial report is as follows: Due to the  
12 printing schedule for the Board book, some of the  
13 amounts shown here today are estimated.

14 For the general operating fund, the  
15 Authority has accumulated an estimated total annual  
16 revenue amount of \$4.7 million, and that's 4 percent

17 higher than budget, that's due mostly to higher  
18 closing fees in May.  
19 We have closing fees year to date as of  
20 May 31st of \$3.2 million, and that's 6 percent  
21 higher than budget, and it also exceeds last year's  
22 amount.

23 The net investment income is at \$149,000  
24 for the year, and that's just above our budgeted  
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1 amount. In May, the Authority generated \$324,000 in  
2 closing fees, and that's the fourth highest monthly  
3 total in FY16, and that's also above the monthly  
4 budgeted amount of \$276,000.

5 We received closing fees from Mercy Health  
6 Corporation at \$211,000, Presence Health Network for  
7 \$106,000 and also Ag-related closings of \$8,000.

8 Investment information for May was not yet  
9 available, but we recorded a net investment gain of  
10 \$7,000 in April. We have estimated total annual  
11 expenses of \$3.8 million, and that's \$744,000 or 16  
12 percent below budget.

13 Our professional services expenses are at  
14 \$1.5 million. That's 7 percent below budget, and  
15 employee expenses are at \$1.6 million, which is  
16 23 percent below budget.

17 The total cash transfers out of the  
18 general operating fund to the primary government  
19 borrowing fund on behalf of the State is just over  
20 \$5,000,000. In total cash transfers out of the

21 general fund to the DACA loan funds is at  
22 \$1.2 million.

23 In May, we recorded estimated expenses of  
24 \$344,000, and that's below the monthly budgeted  
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1 amount of \$419,000. Our total estimated monthly net  
2 income for May is at \$105,000. Again, that's due to  
3 higher closing fees and also a decrease in  
4 professional services spending.

5 We have total estimated annual net income  
6 of \$919,000. Again, the major driver being  
7 16 percent below budget and spending, and also  
8 higher closing fees and other fees.

9 On our balance sheet, the Authority is a  
10 \$120,000,000 agency, which also accounts for  
11 \$267,000,000 in activity for other State of Illinois  
12 component units.

13 We also maintain compliance for  
14 \$24,000,000 in outstanding conduit debt. The  
15 general fund has a net position of \$53,000,000, most  
16 of which is assets. We have liabilities of just  
17 over \$600,000.

18 For the other funds, we have assets and  
19 liabilities for the Illinois Environmental  
20 Protection Agency and other State of Illinois  
21 component units of \$146,000,000. The Authority is  
22 still reviewing our new ambulance loan applications,  
23 totaling \$1.7 million, and the fire truck and  
24 ambulance funds combined have a total net position

1 of \$26.7 million.  
 2 The Authority has a combined amount of  
 3 \$28,000,000 and combined net position for the  
 4 industrial project fund, in addition to the two  
 5 State guarantee funds for the agriculture.  
 6 All the other non-major funds have a total  
 7 net position of \$39.6 million. The schedule of debt  
 8 and the State of Illinois receivable report are  
 9 included in your Board materials this morning.  
 10 Are there any questions?

11 CHAIRMAN FUNDERBURG: Okay. If there are no  
 12 questions, is there a motion to accept the financial  
 13 reports?

14 GOETZ: 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: Okay.

22 GILDART: I'm sorry, just a note to follow up  
 23 on Executive Director Meister's comment. Any  
 24 amounts that were paid previously on behalf of the  
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1 State, in relation to the auditor's inquiries, would  
 2 be expensed to the Authority's general fund for the  
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3 fiscal year ending June 30th, 2016.  
 4 But as appropriations are made, if the  
 5 State passes a budget, then if it happens in the  
 6 next fiscal years, they will be recognized as  
 7 revenues. So it's not that the money would be gone.  
 8 We would just have to postpone it and recognize  
 9 those amounts.

10 CHAIRMAN FUNDERBURG: Basically, you're saying  
 11 there is some interpretations regarding  
 12 generally-accepted accounting principles?

13 GILDART: Yes.

14 CHAIRMAN FUNDERBURG: There's discussion about  
 15 that at that point in time?

16 GILDART: Yes.

17 CHAIRMAN FUNDERBURG: Okay, thank you. Okay,  
 18 procurements?

19 GILDART: The Authority has executed extensions  
 20 of emergency contracts for ADP Total Source for an  
 21 additional year, and also for Accounting Principals  
 22 for temporary staffing for an additional six months.

23 We are currently executing financial

24 advisory contract renewals for Sycamore and Acacia  
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1 Financial Group, and also the Chief Procurement  
 2 Officer has scheduled a public hearing to award a  
 3 Sole Source contract on June 16th to Mesrow  
 4 Insurance Services for our directors' and officers'  
 5 insurance and other insurance coverage.  
 6 And we also are working with the Illinois  
 7 Environmental Protection Agency to determine  
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8 resources needed to procure contracts on behalf of  
 9 the State revolving fund. Any questions?  
 10 CHAIRMAN FUNDERBURG: Thank you. We also had a  
 11 couple of Committee Meetings. First was the Direct  
 12 and Alternative Financing Committee. Mr. Knox?  
 13 KNOX: Thank you, Mr. Chairman. The Direct and  
 14 Alternative Finance Subcommittee Meeting met on  
 15 Wednesday morning and voted to recommend for  
 16 approval the Frank A. McKinley and Lori K. McKinley  
 17 agri debt guarantee; the City of Blue Island Bond  
 18 Purchase Resolution; and, finally, the resolution to  
 19 approve actions with respect to Senate Bill 0324,  
 20 each of which are on today's agenda.

21 CHAIRMAN FUNDERBURG: Okay, thank you.  
 22 Mr. McCoy?  
 23 MCCOY: Thank you, Mr. Chairman. The  
 24 Tax-Exempt Conduit Transactions Committee met  
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1 earlier this morning and is pleased to report we  
 2 voted to recommend approval for each of the  
 3 tax-exempt conduit transactions on today's agenda.  
 4 CHAIRMAN FUNDERBURG: Okay. Any questions for  
 5 Mr. Knox or Mr. McCoy? If not, then I would like to  
 6 move along in the agenda. I would like to ask for the  
 7 general consent of the Members to consider the  
 8 Project Reports and Resolutions collectively, and to  
 9 have the subsequent reported vote applied to each  
 10 respective individual Project and Resolution, unless  
 11 there are any specific Project Reports and

12 Resolutions that a Member would like to consider  
 13 separately.  
 14 GOETZ: I need to recuse myself from the  
 15 Presence Hospital issue.  
 16 CHAIRMAN FUNDERBURG: Okay. Thank you. Anyone  
 17 else? If not, then we will consider agenda item  
 18 No. 6, Presence Health Network, separately at the  
 19 end of the meeting.  
 20 MEISTER: And, Mr. Chairman, we've been in  
 21 communication with Vice-Chair Bronner, and we expect  
 22 her to call in for that purpose.  
 23 CHAIRMAN FUNDERBURG: Okay. Thank you very  
 24 much. All right. So why don't we go ahead.

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1 Mr. Evans?  
 2 EVANS: Today we have one beginning farmer  
 3 bond. The farmer bond is the People's State Bank of  
 4 Newton is requesting a bond for Trevor Ochs  
 5 purchasing 22 acres of farm ground and buildings.  
 6 The property is located in the southwest  
 7 portion of Jasper County in southeast Illinois.  
 8 This loan is a 10/45/45 FSA involvement.  
 9 The bank will hold 45 percent of the loan,  
 10 and have a first mortgage on that loan. The loan is  
 11 a 30-year amortized loan, and because of the minimum  
 12 risk, the bank is offering 3.25 fixed rate for 10  
 13 years. After that, just at 2 percent below prime,  
 14 with a floor of 3.25 and cap of 12.99.

15 CHAIRMAN FUNDERBURG: Okay.  
 16 EVANS: The second one is an agri credit/debt  
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17 restructure guaranteed program. The Bank of  
18 Flanagan is requesting \$357,588 to consolidate  
19 equipment loan and guarantee it.  
20 IFA's risk will be \$303,000. The  
21 borrowers are Frank and Lori McKinley. They've been  
22 involved with farming for over 30 years. They own  
23 253 acres. They share crop about 750 and the  
24 remaining 800 is cash rented.

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1 They have good capital with equity of  
2 \$2.5 million. The 2016 projections anticipate  
3 sufficient earnings-to-service debt. Recently, with  
4 the upward movement in commodity prices, the  
5 projections would have increased \$140,000 just due  
6 to pricing in the last two weeks.

7 Their collateral are well secured by  
8 equipment. We received an appraisal or verification  
9 of asset appraisal. The loan to AV is 38 percent.  
10 The loan to IFA's risk is 32 percent. The  
11 conditions would be one loan -- I mean, one loan --  
12 equipment loan to Flanagan Bank.  
13 They also have all the real estate and  
14 operating needs that finance all that for the  
15 borrower. So they have control of the borrower.

16 All UCC filings will be terminated that  
17 are not related to Flanagan Bank upon financing  
18 this. So we would be in first position on equipment  
19 and adequately secured. Any questions?

20 CHAIRMAN FUNDERBURG: Okay, thank you.

21 FLETCHER: Mr. Chairman, members, next will be  
22 Tab No. 3, which is a proposed Final Bond Resolution  
23 for Lake Forest Academy in a not-to-exceed amount of  
24 \$17,000,000. Lake Forest Academy is an independent

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1 co-ed high school located in Lake Forest, which is  
2 approximately 30 miles north of Chicago.

3 The plan of finance here seeks to refund  
4 their Series 1994 and Series 2000 bonds, which are  
5 currently trading in the market at a variable rate,  
6 and effectively convert the \$7.25 million  
7 outstanding into bank-held debt with the Northern  
8 Trust Company.

9 Additionally, bond proceeds will be used  
10 to finance construction and equipping of a new  
11 \$9.6 million student center on campus. Again,  
12 Northern Trust will be the direct bond purchaser  
13 here for the initial three-year term secured by a  
14 general obligation revenue pledge.

15 If I may turn your attention to the top of  
16 page 8 of the confidential section of the report,  
17 you'll note that we've discounted our fee,  
18 consistent with historical practice, because part of  
19 the refunding is currently secured by a letter of  
20 credit.

21 Before I ask if there is any questions, I  
22 would like to acknowledge Kim Kopp is here as  
23 issuer's counsel, as well as Enzo Incandela, who is  
24 Bond Counsel on the transaction. Are there any

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1 questions from the Members?  
 2 Okay, hearing none, I'll move next to Tab  
 3 No. 4, which is a proposed Final Bond Resolution for  
 4 Illinois Wesleyan University in a not-to-exceed  
 5 amount of \$70,000,000. Illinois Wesleyan is a  
 6 private university located in Bloomington, which  
 7 enrolled approximately 1842 students this past  
 8 academic year.

9 The plan of finance seeks to refund their  
 10 Series 2006, Series 2006B and Series 2008 bonds,  
 11 through a public offering underwritten by RBC  
 12 Capital Markets. For disclosure purposes, I would  
 13 like to inform you that subsequent to the printing  
 14 and mailing of the Board books before you, we were  
 15 informed that co-managers on the transaction will  
 16 likely be PNC Capital Markets and Morgan Stanley.  
 17 So just to note that.

18 This refunding will generate interest  
 19 savings for the University, as well as reduce  
 20 principal repayments in the near term through an  
 21 extension of the respective weighted average  
 22 maturities of the bonds being refunded.

23 Before I ask if there's any questions, I  
 24 would like to acknowledge Nancy Burke from Chapman &  
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1 Cutler, who is Bond Counsel on this transaction.  
 2 Are there any questions? Thank you.

3 CHAIRMAN FUNDERBURG: Thank you. Ms. Lenane?  
 4 LENANE: Yes. Mr. Chairman, Board Members. I

5 would like to direct you to tab 6 -- no, 5. 5 in  
 6 the Board book, Mess Healthcare NFP. Mess  
 7 Healthcare is seeking a -- requesting a Final Bond  
 8 Resolution to approve a series of tax-exempt bonds  
 9 in the amount of approximately \$40,000,000, and a  
 10 series of taxable bonds in the amount of \$5,000,000  
 11 to finance the cost of acquiring, renovating,  
 12 remodeling and equipping certain psychiatric and  
 13 assisted living facilities, pay capitalized interest  
 14 on the bonds, if necessary, fund a debt service  
 15 reserve and pay cost of issuance.

16 Mess is an Illinois not-for-profit  
 17 corporation that was organized by HAHN Capital in  
 18 July of 2015 to provide residential care services  
 19 for the elderly to meet their physical, emotional  
 20 and social needs. HAHN Capital, which owned --  
 21 organized Mess is a private equity firm based in  
 22 Chicago. Their focus is healthcare, self storage  
 23 and other value-added opportunities.

24 The firm has significant experience in  
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1 own, managing, healthcare assets. Their current  
 2 portfolio includes assisted living facilities in  
 3 Minnesota and California. The executive team is  
 4 made up of individuals with strong management  
 5 backgrounds.

6 Mess' corporate headquarters are in  
 7 Lincolnwood, Illinois, and that's how we get the  
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8 multistate connection to issue the bonds in Alabama  
 9 and Louisiana and Minnesota. The bonds -- Ness will  
 10 use the tax-exempt bond proceeds to acquire Beacon's  
 11 Children's Hospital, a 28 bed, acute care  
 12 psychiatric hospital for children and adolescents in  
 13 Luverne, Alabama, the acquisition cost of which is  
 14 approximately \$6 million.  
 15 It also is acquiring North Lake Behavioral  
 16 System as a psychiatric hospital licensed for 205  
 17 beds, which consists of 140 acute care beds, acute  
 18 -- 140 acute and 65 psychiatric residential  
 19 treatment beds located in Mandeville, Louisiana.  
 20 The acquisition cost is approximately \$25,000,000.

21 Now, they're also acquiring Valley View of  
 22 Owatonna, a senior care campus, containing 90  
 23 assisted living units. Valley View is located in  
 24 Owatonna, Minnesota, 60 minutes from downtown  
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1 Minneapolis, and 40 miles away from the renowned  
 2 Mayo Clinic in Rochester, Minnesota.  
 3 The cost is expected to be \$4,500,000.  
 4 The bonds will be secured by promissory note,  
 5 revenue pledges and mortgages on all the financed  
 6 properties. The bonds are expected to be fixed-rate  
 7 bond with an estimate rate of 4 to 6 percent that  
 8 will be sold in a private placement by Loop Capital  
 9 Markets, who has been engaged as the placement  
 10 agent, and will locate potential purchasers for the  
 11 bonds.

12 They will be sold pursuant to a private  
 13 placement memorandum explaining the history of the  
 14 bonds, and they will be sold in \$100,000  
 15 denominations. The Ness Board of Directors is  
 16 comprised of distinguished, experienced individuals,  
 17 which you could see in your Board book. Tony Shir,  
 18 the president of Ness, came to our Tax-Exempt  
 19 Committee Meeting this morning, as well as Prakash  
 20 Ramani, who is from Loop Capital, representing the  
 21 placement agent.  
 22 I would like to mention that the debt  
 23 service coverage and days cash on hand for these  
 24 types of facilities is fairly standard. We have  
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1 given them a 50-percent negotiated fee because of  
 2 the competitive market. We are working in the  
 3 multistate area.

4 Do you have any questions? Okay. Can you  
 5 hear me all right?  
 6 CHAIRMAN FUNDERBURG: Yes.  
 7 MEISTER: Yes.  
 8 LENAME: Okay. I can't hear. No. 9 -- No. 6.  
 9 GOETZ: No. 7.  
 10 MEISTER: 7.  
 11 LENAME: 7 is our next.  
 12 GOETZ: Skip 6 for now.  
 13 LENAME: Riverside Health System. Riverside  
 14 Health System is seeking a Preliminary Bond  
 15 Resolution in an amount not to exceed \$90,000,000.  
 16 The bond proceeds will be used by

17 Riverside Medical Center, Riverside Senior Living  
 18 Center and Oakside Corporation, all of whom are  
 19 members of the Riverside Health System Obligated  
 20 Group.  
 21 They intend to currently refund all or a  
 22 portion of the IFA 2006C bonds, advance refund a  
 23 portion of the Illinois Series 2009 bonds. They are  
 24 going to pay or reimburse themselves for the cost of

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1 acquiring, constructing, remodeling and equipping  
 2 certain health facilities owned by Riverside.  
 3 These construction initiatives will  
 4 produce 97 construction jobs and two new jobs. And  
 5 also, the bond proceeds will pay expenses of the  
 6 transaction. Riverside Health System is rated A2 by  
 7 Moody's and A plus by S&P with stable outlooks.  
 8 Those ratings will be confirmed before the Final  
 9 Bond Resolution.  
 10 Riverside is a regional health system  
 11 operating in the far southern portion of the Chicago  
 12 metropolitan market headquartered in Kankakee.  
 13 Riverside owns and operates a general acute care  
 14 hospital in Kankakee, which is licensed for 312  
 15 beds, 247 beds of which are currently in use.  
 16 In addition to Kankakee Hospital,  
 17 Riverside operates the Resolve Center in Manteno,  
 18 Illinois, which houses an 18 bed licensed inpatient  
 19 substance abuse program and associated outpatient  
 20 services.

21 In addition, Riverside operates multiple  
 22 community primary and specialty healthcare centers  
 23 in Kankakee, Bourbonnais, Manteno, Monee, Momence,  
 24 Hopkins Park, Watseka, Gilman, Wilmington, Peotone,  
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1 and Coal City.  
 2 In 2011, Riverside opened a new  
 3 multi-specialty physician and cancer infusion center  
 4 in the southern market located in Watseka, Illinois.  
 5 This facility provides lab, CTs, physical therapy,  
 6 radiology and other services to that community.  
 7 Riverside also owns and operates a senior  
 8 living community that includes 90 independent living  
 9 apartments known as Westwood Oaks. They have 96  
 10 assisted living unit apartments, known as  
 11 Butterfield Court, and 21 ranch-style family homes  
 12 for seniors known as Westwood Estates, and a 160 bed  
 13 nursing facility.  
 14 The senior living community is located  
 15 across the street directly from Riverside Medical  
 16 Center Hospital. The Living Center also operates  
 17 assisted living and memory care campus in  
 18 Bourbonnais, which consists of 48 studio units for  
 19 memory care and 32 assisted living units.  
 20 From growth and investments in new  
 21 programs and service lines, Riverside has added 331  
 22 new full-time employees since 2012. The Riverside  
 23 Healthcare Foundation, which raises funds for  
 24 Riverside, has total revenues of assets of

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1 \$18.6 million at the end of December 31. These  
2 support special programs of the hospital.

3 Riverside has a history of strong  
4 operating margins and favorable liquidity ratio.  
5 Operating revenues continue to increase from 2013 to  
6 2015. Net income decreased because of due to a  
7 decline in investment income.

8 Days cash on hand has been strong over the  
9 past three years compared to the medians with FY2015  
10 at approximately 379 days cash on hand. The  
11 decrease in FY14 days on cash was primarily due to  
12 Riverside paying off a \$16,000,000 -- \$60,000,000 of  
13 their Series 2009 bonds with their cash.

14 The net present value savings from the  
15 current refunding of the 2006C bonds, and a partial  
16 advance refunding of the Series 2009 bond, is  
17 estimated at \$6.1 million or 8.2 percent of the  
18 refunded amount.

19 I would like to just mention that the  
20 investment banker from Barclays, Jay Sterns, is here  
21 with us today. Thank you, Jay. I think at the  
22 final -- I think hopefully Bill Douglas, the CFO of  
23 Riverside Hospital, will be here to take any  
24 questions. Any questions?

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1 Okay. No. 8 is Smith Village, also known  
2 -- well, Smith Village -- it's Washington and Jane

3 Smith Community, doing business as Smith Village.  
4 So I will refer to them as Smith Village.

5 Smith Village is seeking a Preliminary  
6 Bond Resolution in the amount of \$32,000,000 to  
7 currently refund the Series IFA 2005A bond, the  
8 Illinois Finance Authority Series 2005B2 bond, and  
9 pay a portion of the cost of issuance.

10 Smith Village is located in the Beverly  
11 neighborhood of Chicago and operates a continuing  
12 care retirement community consisting of 149  
13 independent living units, 57 traditional assisted  
14 living units, 24 memory care units, and 100 skilled  
15 nursing beds.

16 Smith Village is currently a non-rated  
17 entity and the plan of finance contemplates a direct  
18 purchase of the 2016 bond by First Midwest Bank and  
19 First Merit Bank. The bonds will be issued as  
20 floating rate debt and then swap to fixed.

21 The refinancing of the Series 25A bonds  
22 and the Series 2005 bond -- 2005B2 bonds will result  
23 in a total saving of \$11,300,000 bonds over the next  
24 -- \$11,300,000 over the next 10 years, with an

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1 average annual debt service savings of approximately  
2 \$1,100,000.

3 As a result of the issuance, the long-term  
4 debt obligation of Smith Village has been reduced by  
5 \$2,600,000.

6 The financials are strong. The debt  
7 service coverage is 2.05, and the days cash on hand

8 is 193 days cash from Smith Village year to date.  
 9 We have Smith Village's financial advisor, Joe  
 10 Starshak -- Ray, hi. I didn't see you.  
 11 We have the chief financial officer, Ray  
 12 Maneris. I apologize. If you would like to say a  
 13 few words, we would be happy to hear them.  
 14 MANERIS: Yes. To the Board, my name is, as  
 15 Pam mentioned, Ray Maneris. I am the Chief  
 16 Financial Officer of Smith Village. On behalf of  
 17 the Board of Trustees, Kevin McGee, CEO, and the 325  
 18 residents we are currently serving at Smith Village,  
 19 we would just like to thank the Board for the  
 20 support to our community throughout the years.

21 Smith Village has been serving seniors on  
 22 the southwest side of Chicago since 1924, and we  
 23 recently opened up a campus of Smith Crossing in  
 24 Orland Park in 2003, which this Board in 2012

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1 approved the financing for that project. I would  
 2 just like to thank the Board. That's all.  
 3 LENANE: Thank you. And also with him are Joe  
 4 Starshak and Tom Starshak, the financial advisors to  
 5 the project or to the Smith Village. Any questions?  
 6 CHAIRMAN FUNDERBURG: Thank you.  
 7 FRAMPTON: Okay. Good morning, everyone. I'm  
 8 Rich Frampton. I will be discussing Agenda Items 9  
 9 through 11.

10 We'll begin with Items 9 and 10, which are  
 11 for the fire truck and ambulance revolving loan

12 funds under both the fire truck and revolving loan  
 13 program and the ambulance revolving loan program.  
 14 They are IFA appropriated funds at risk so  
 15 I wanted to be clear and bring that to your  
 16 attention first before I talk about the specific  
 17 fire truck financing that will be covered in Item 9.  
 18 I just want to give some background on the  
 19 fire truck program. It's a cooperative program  
 20 between the office -- the Illinois Office of the  
 21 State Fire Marshal and the Authority. To date, 178  
 22 loans have closed totaling over \$20,000,000, most  
 23 have been funded at a \$250,000 or \$350,000 level.

Most are -- most provide zero-percent

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1 loans for terms of up to 20 years; and to date, the  
 2 Authority has received over \$19,000,000 of  
 3 appropriated funds for the program.

4 The Office of the State Fire Marshal and  
 5 the Authority each have assigned responsibilities,  
 6 both under the law and under the Administrative  
 7 Code. The Office of the State Fire Marshal is  
 8 responsible for marketing the program, providing  
 9 technical assistance to prospective borrowers.

10 They then rank all the applications based  
 11 on need, and in circumstances where there is a  
 12 shortage of funds, their priority list will  
 13 determine which of the applicants receive funding.

14 Under the fire truck program, units of  
 15 local government may apply, including cities,  
 16 villages and fire protection districts, as well as

17 township fire departments. No nonprofit or for  
18 profit -- or no nonprofit fire protection agencies  
19 are allowed to apply by statute.  
20 IFA's responsibility is to undertake a  
21 financial due diligence review of each of the  
22 applications. So for each of the 18 applications,  
23 we have received for the -- from OSFM for the  
24 ambulance and fire truck loans, that means we review

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1 54 sets of audited financial statements. So  
2 reviewing these projects is actually a substantial  
3 undertaking.  
4 In terms of fee revenue, as each  
5 transaction closes, we're entitled to a closing fee  
6 of \$500. And for those borrowers who have an  
7 investment grade rating, or that have an investment  
8 grade rating, they pay a fixed interest rate of  
9 1.86 percent. That is pegged to a statewide IEPA  
10 funding rate for their State Revolving Fund Program.  
11 In terms of our review, we review the  
12 audits to assure that they meet one of several  
13 tests. The primary test we look for is to assure  
14 that general fund revenues over the past three years  
15 have been adequate to provide a minimum of 1.25  
16 times coverage.

17 In the absence of that, we will require  
18 the borrower to pledge a specified revenue source or  
19 to accrue a dedicated levy to make payments. And in  
20 terms of the fire truck program, we have one

21 application that OSFM has presented for approval.  
22 That is noted on page 6 of the report.

23 It's for the City of Fairfield in Wayne  
24 County. The amount of the loan is \$350,000. They  
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1 have requested the maximum term of 20 years. Since  
2 the City of Fairfield is a non-rated city, the  
3 interest rate on the loan will be zero percent.  
4 Their annual payment will be \$17,500 per year.  
5 And the accompanying Resolution authorizes  
6 the Executive Director to document, close and fund  
7 the loans, pursuant to the conditions noted in  
8 Section 3 of the Resolution on pages 4 and 5 of your  
9 report.

10 One other change to the -- one change to  
11 the Resolution, I just want to identify for the  
12 record is to note that the Resolution has been  
13 revised in Section 2 to note, that there's a single  
14 application rather than multiple applications.  
15 Other than that, there are no changes to the  
16 Resolution as presented.

17 Are there any questions?

18 CHAIRMAN FUNDERBURG: I believe, Gita, are you  
19 on the phone?

20 BRONNER: I am, indeed.

21 CHAIRMAN FUNDERBURG: Please note Ms. Bronner  
22 called in at approximately 10:15.

23 FLETCHER: Because she's participating by audio  
24 conference, we should request a motion for her

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1 participation.

2 CHAIRMAN FUNDERBURG: Okay.

3 ANDERBERG: So moved.

4 CHAIRMAN FUNDERBURG: Thank you for that.

5 FLETCHER: Is there a second?

6 GOETZ: Second.

7 FLETCHER: All those in favor?

8 (A chorus of ayes.)

9 FLETCHER: The ayes have it.

10 CHAIRMAN FUNDERBURG: Thank you.

11 FRAMPTON: Moving on next to --

12 CHAIRMAN FUNDERBURG: Do we need a roll on

13 that?

14 FLETCHER: No.

15 CHAIRMAN FUNDERBURG: Okay.

16 FLETCHER: We're good.

17 MEISTER: Vice-Chair Bronner, are you away from

18 the meeting due to work purposes?

19 BRONNER: I am.

20 CHAIRMAN FUNDERBURG: Okay, thank you.

21 MEISTER: Thank you.

22 FRAMPTON: Agenda Item 10 is for the ambulance

23 program. The ambulance program replicates many of

24 the features of the fire truck program. OSFM and

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1 IFA have the same respective responsibilities.

2 The differences with the ambulance

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3 program, in addition to units of the local

4 government, local nonprofit -- local nonprofit

5 ambulance services are also eligible applicants. As

6 a result, our loan agreements are tailored also to

7 allow for a general fund pledge -- general corporate

8 pledge from the nonprofit ambulance service.

9 Other distinctions or differences between

10 the ambulance and fire truck programs are first the

11 maximum amount of -- the maximum loan available

12 under the ambulance revolving loan fund is \$100,000

13 versus \$350,000 for the fire truck program.

14 Secondly, the maximum loan term is 10 years rather

15 than 20.

16 Today we're considering 17 applications,

17 each of which is requesting a \$100,000 loan, which

18 is the maximum amount permitted by statute.

19 Additionally, each loan will be for the maximum term

20 of 10 years.

21 Like the fire truck program, IFA would

22 receive a \$500 closing fee upon the closing and

23 funding of each of these loans. Out of the 17,

24 there are three rated borrowers. Those include

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1 No. 2, the Bloomingtondale Fire Protection District;

2 No. 8, the Village of Lyons; and No. 10, the City of

3 North Chicago. Each of those borrowers will be

4 paying 1.8 percent -- 1.86 percent interest per

5 year.

6 In terms of activity to date, IFA has

7 funded one round of loans in 2008, closing 10

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8 projects totaling \$90,000; and to date, the program  
9 has been appropriated at a \$4,000,000 level.

10 And in terms of the Resolution, this  
11 provides the same delegation to the Executive  
12 Director under Section 3 that was provided for under  
13 the fire truck -- under the fire truck request.

14 Are there any questions?

15 GOETZ: I have a quick question.

16 FRAMPTON: Sure.

17 GOETZ: What rate do the non-rated entities

18 get?

19 FRAMPTON: The non-rated entities get the  
20 zero-percent rate.

21 GOETZ: So the idea is that if you are rated,  
22 you can go borrow the money somewhere else?

23 FRAMPTON: That's exactly right.

24 GOETZ: Okay.

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1 MEISTER: And just one note for the Board.

2 Number one, to compliment Mr. Frampton, and I think  
3 he worked also with Mr. Evans.

4 FRAMPTON: Mr. Evans did a lot of the leg work  
5 on the initial reviews. So in addition to the ag  
6 guarantee this month, Mr. Evans also reviewed all 18  
7 sets of audits going three years back for all 18 of  
8 the ambulance and fire truck loans, as did I. So  
9 all this work is really a massive undertaking.

10 MEISTER: Just an additional note, a couple of  
11 years ago, I believe it was in 2013, we worked in

12 partnership with the Office of the Fire Marshal .

13 So these funds are actually -- and there  
14 are, as for most things with State government, there  
15 is some complexity with the flow of funds, but the  
16 bottom line is that these funds are available to be  
17 deployed to Illinois local governments at a low rate  
18 for an essential public service, fire and ambulance  
19 services, because these funds are locally-held  
20 within the Authority, not within the State Treasurer  
21 budget. Correct, Ms. Gildart?

22 GILDART: Correct.

23 CHAIRMAN FUNDERBURG: Okay.

24 FRAMPTON: Okay. Next to move on to Tab 11 in  
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1 your book, which is a \$1.3 million request from the  
2 City of Blue Island for IFA to direct purchase a  
3 \$1.3 million bond issue that the City would issue as  
4 a general obligation, an alternate bond issue  
5 secured by sales taxes.

6 From a credit perspective, the key review  
7 item is the Table 5 on page 13, which notes the debt  
8 service coverage offered by the pledge sales tax  
9 revenues. Based on the City's 8-month audit year  
10 that ended 12-31-14, their 8-month revenues were --  
11 sales tax revenues were sufficient to cover the  
12 maximum scheduled annual debt service payment on the  
13 2016 alternate revenue bonds by a multiple of 5.6  
14 times.

15 I should note that beginning in 2018, the  
16 actual payments on the bonds will be approximately

17 \$153,000 per year, which would result in 6.23 times  
18 coverage. If we go back to the City's last full  
19 year audit, which was for the period ended  
20 April 30th, 2014, and is noted in the far right-hand  
21 column of Table 5 on page 13, the coverage was 7.86  
22 times.

23 The City changed their fiscal year  
24 effective as of May 1st, 2014, to December 31. It  
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1 just syncs up better with their -- with their annual  
2 cycle of revenues and property tax receipts.  
3 So in addition to the -- the strength --  
4 the real strength of this deal to the Authority is  
5 the alternate bond structure. In the -- under --  
6 based on the transaction documentation for the deal,  
7 the sales tax revenues will be locked in a  
8 dedicated debt service reserve account and that will  
9 be held by the City.

10 Each February, the City will provide a  
11 certificate to the County Clerk of Cook County  
12 demonstrating that they have funds on deposit to --  
13 sufficient to cover the entire next year-- next tax  
14 levy years.

15 Debt service payments associated with our  
16 bonds, and only upon that certification, can the  
17 Clerk of Cook County abate the real estate tax levy.  
18 So IFA gets paid either from the sales tax revenues;  
19 or in the event that it's necessary to not abate the  
20 levy, we'll get paid from the GO Levy. So the

21 structure provides the Authority with very strong  
22 security.

23 I should also note it's consistent with  
24 roughly two-thirds of the financings that were  
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1 undertaken under the Authority's local government  
2 bond bank program from 1990 through 2009. And in  
3 many ways, this direct purchase loan really is a  
4 culmination of the staff's efforts to create a new  
5 product that serves local governments in a way that  
6 not only adds value, but it allows us to replace a  
7 program that was reliant upon the State's moral  
8 obligation to function.

9 So and in addition to that, this also  
10 provides us with a product that gives our small  
11 staff, we can effectively service. We don't have,  
12 in the event of workout, we don't have the same  
13 kinds of security issues and difficulties that we  
14 would have attempting to unwind a business loan.

15 And just given where market rates are, our  
16 participation loan program for business, we can't  
17 get sufficient spread writing the interest rate down  
18 on a bank loan by 2 percent to make it work for us.  
19 There is not enough revenue in that structure really  
20 to make that work for us.

21 So this offers a product that enables us  
22 to redeploy our treasury funds in a way that we can  
23 generate spread. And this loan, in fact, will be 10  
24 years bearing a fixed-interest rate of 3 percent,

1 and that 3 percent rate will be paid for all 10  
 2 years of the loan.  
 3 So there is no doubt that that is  
 4 substantially better than we could ever earn,  
 5 particularly under present market conditions, under  
 6 any other kind of investment. Given that, we  
 7 ultimately have general obligation levy backing that  
 8 is dedicated for debt service on these bonds, it  
 9 also provides us with security that is probably  
 10 about as strong as we can get. On the very last  
 11 page, there is an amortization schedule for the  
 12 bonds. Over the 10-year life of the bonds, IFA  
 13 would be paid over \$240,000 in interest.  
 14 So discounting that and present valuing  
 15 that, that would probably be something like \$170,000  
 16 present value. So in addition to creating a  
 17 program, this does something that really bolsters  
 18 our operations by building a foundation of income  
 19 going forward.  
 20 GOETZ: This is kind of what the rural bond  
 21 bank used to do, right?  
 22 FRAMPTON: That's exactly right. This is aimed  
 23 really at --  
 24 GOETZ: At doing that?  
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1 FRAMPTON: Hitting that sweet spot, and the  
 2 ultimate goal is for Pat to market this.

GOETZ: Yes.

FRAMPTON: And offer it downstate.

GOETZ: Yes.

MEISTER: And, Mike, but to do that without

pledging the State's moral obligation.

GOETZ: Right.

MEISTER: Without the transaction costs and

with direct revenues to the Authority, and reducing

compliance cost and audit exposure.

FRAMPTON: Also from a competitive standpoint,

that bond bank program had a designated underwriter

and designated financial advisor.

GOETZ: Right.

FRAMPTON: Which meant it alienated all but one

underwriter and NFA. So, you know, there are

benefits, and we see a lot of possibility making

this work.

GOETZ: Yes.

MEISTER: And, Mike, I mean, while we were

laughing about that, I mean, that is the policy of

the Authority for the conduit borrowers open to all

Bond Counsel, open to all bankers.

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GOETZ: Right.

MEISTER: Open to all financial advisors.

GOETZ: Right.

CHAI RIMAN FUNDERBURG: I would just like to

note, too, you talked about some of the economic

benefits not only to the borrower, but also to the

Authority.

8           Also, just to build on the other point  
 9 made towards the IFA's mission, and I will note that  
 10 3 percent may look good, but over a 10-year  
 11 duration, I'll reserve judgment on that in year 7 or  
 12 8 or 9.  
 13       FRAMPTON: Yeah. You know, I would -- that  
 14 rate actually is pegged off of a 10-year Baal  
 15 general obligation bond rate, which as of this week  
 16 is 2.35 percent. So just comparing the 3 percent  
 17 scale 10 years to 2.35, we're doing okay by present  
 18 market standards.

19       The other thing I would note, though, is  
 20 that by the time we get to year 6, half the  
 21 principal has been repaid. So that also helps  
 22 mitigate our risk. So one other thing structurally  
 23 is we're basically offering this borrower level debt  
 24 service payment. So it amortizes like a mortgage.

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1       CHAIRMAN FUNDERBURG: Thank you. Any questions  
 2 at all for any of our presenters? Okay.

3       FLETCHER: One more. Next is Item 12 on the  
 4 agenda, North Park University. This is a Resolution  
 5 on behalf of North Park University and JP Morgan  
 6 Chase Bank.

7       In 2012, we issued bonds to finance  
 8 construction and equipping of a new science  
 9 community life building, and other capital  
 10 improvements on campus. Pursuant to the bond  
 11 documents, the initial interest rate period was

12 through September 30th, 2017.  
 13       At this time you're being asked to provide  
 14 consent to extend that initial interest rate period  
 15 through September 30th, 2021 at a reset interest  
 16 rate.

17       In addition, the bank and borrower have  
 18 agreed to smooth out some of the principal  
 19 repayments as the loan amortizes through maturity.  
 20 We will be taking a \$500 closing fee on this  
 21 transaction. I can take any questions.

22       CHAIRMAN FUNDERBURG: Thank you.

23       FLETCHER: Thank you.

24       MEISTER: Thank you, Mr. Chairman. Item No. 13

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1 is the fiscal year 2017 schedule of meetings. After  
 2 discussions with the Chair and other Board Members,  
 3 and circulation among the Board, we are recommending  
 4 that we continue to meet on the second Thursday of  
 5 every month.

6       I would also like to note that at the  
 7 beginning of last fiscal year, or at the beginning  
 8 of the current fiscal year in July 2015, we recon--  
 9 the Authority reconstituted its Committee structure.

10       We populated that structure with Members  
 11 towards the end of last calendar year; and as part  
 12 of the start of the new fiscal year, I will come to  
 13 the Chairman and the other Members of the Authority  
 14 with a way -- with a possible redivision of the  
 15 Membership among those Committees. I will note that  
 16 the Committee structure has worked rather well. Any  
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17 questions?  
18 Senate Bill 324 passed both chambers of  
19 the General Assembly on May 31st virtually without  
20 opposition. It does several things. First, it uses  
21 the structure of the Authority's loan guarantee  
22 program with private banks, which is year to date  
23 been focused on agricultural projects, expands them  
24 to small veteran-owned businesses, but it also does

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1 several important things for the Authority.  
2 It allows us to take funds up to \$675,000  
3 over three years from the Industrial Bond Insurance  
4 Fund, which currently is used as a reserve of the ag  
5 guarantee fund.  
6 It also changes some language within the  
7 guarantee statute to resolve a fiscal year 2015  
8 government accounting standard -- government  
9 accounting standards finding.  
10 It empowers the Authority to improve its  
11 risk management practices with respect to the three  
12 reserve funds by allowing the Authority when there  
13 is a claim to take funds out of one or more of the  
14 various funds.

15 This was discussed, as Chairman Knox  
16 mentioned, in the Direct and Alternative Financing  
17 Committee. The Resolution also asks, pursuant to  
18 the Authority's statute, to create an Advisory  
19 Council; and I've recommended Chairman Knox, our  
20 Navy veteran, to head that up, and that is what the

21 request is.  
22 The bill has not yet been sent to the  
23 Governor's Office. It is traditional to allow the  
24 Governor, before a bill actually goes to him, time

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1 to consider, but we have been in conversations and  
2 in communication with the Governor's Office. Any  
3 questions?

4 Item No. 15 is the Code of Personal  
5 Conduct. Earlier in the meeting we noted that this  
6 is going for an informational item, rather than a  
7 Resolution seeking the adoption of this for  
8 Authority employees.  
9 Towards the end of last week, there were  
10 some communications within State government, and  
11 this code was being promulgated among the various  
12 departments and agencies of State government.

13 We were setting the agenda at that time,  
14 and since we did not have a full picture at that  
15 time, I put it on the agenda as a resolution.  
16 Things have subsequently -- I think it subsequently  
17 clearer that the Authority has some time to consider  
18 it.

19 So that's why it is in your Board book,  
20 and I think possibly we will consider this in July  
21 or August, in the next month or two. I'll take any  
22 questions.

23 CHAIRMAN FUNDERBURG: Okay. Thank you,  
24 Mr. Meister. If there are no other questions, then

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1 I would like to request a motion to pass and adopt  
2 the following Projects and Resolutions 1 through 5  
3 and 7 through 14. Is there such a motion?

4 GOETZ: So moved.

5 KNOX: Second.

6 FLETCHER: Mr. Goetz on the motion, and

7 Mr. Knox on the second. I will call the roll.

8 Mr. Anderberg?

9 ANDERBERG: Yes.

10 FLETCHER: Ms. Bronner on the phone?

11 BRONNER: Yes.

12 FLETCHER: Mr. Goetz?

13 GOETZ: Yes.

14 FLETCHER: Ms. Juracek?

15 JURACEK: Yes.

16 FLETCHER: Mr. Knox?

17 KNOX: Yes.

18 FLETCHER: Mr. McCoy?

19 MCCOY: Yes.

20 FLETCHER: Mr. Poole?

21 POOLE: Yes.

22 FLETCHER: Mr. Zeller?

23 ZELLER: Yes.

24 FLETCHER: And Mr. Chairman?

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1 CHAIRMAN FUNDERBURG: Yes.

2 FLETCHER: Mr. Chairman, the motion carries.

3 CHAIRMAN FUNDERBURG: Okay, thank you. At this  
4 point, Mr. Goetz is going to excuse himself from the  
5 room.

6 GOETZ: Do I have to state the reason?

7 CHAIRMAN FUNDERBURG: Yes, please.

8 GOETZ: I'm recusing myself because my son

9 works for the company that is the financial advisor

10 to Presence.

11 CHAIRMAN FUNDERBURG: Okay, thank you.

12 Ms. Lenane?

13 FLETCHER: So we'll note for the record Member

14 Goetz has recused himself from deliberations. He

15 has left the room at this time.

16 LENANE: This is Tab 6 in your book. Presence

17 Health Network is requesting a Preliminary Bond

18 Resolution to approve a series of tax-exempt and

19 taxable bonds in the amount of approximately

20 \$1.2 billion to refund all or a portion of their

21 outstanding bonds, including the Series 2016 bonds

22 that we just approved and issued -- approved at our

23 May 24th Special Board Meeting.

24 The bonds were issued and closed on

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1 May 26th. It was a record time for a bond closing.

2 From start to finish, 10 days, and it was

3 complicated. The new series of bonds may also fund

4 new money projects and pay cost of issuance, but

5 we'll see that when we get the Final Bond

6 Resolution.

7 I would just like to mention that

8 Presence, and everybody involved, is very grateful  
 9 to the Board for coming together for the Special  
 10 Board Meeting. It was very critical for them to be  
 11 able to post a clean audit, which they did on  
 12 May 27th.  
 13 This bridge financing allowed them to do  
 14 it. So I note they are all very grateful. They  
 15 will be here in July. Presence, as we know, is the  
 16 largest Catholic health system based in Illinois, as  
 17 well as the largest provider the Medicaid services  
 18 and behavioral healthcare services in Illinois.  
 19 They employ 20,000 people. They operate  
 20 11 acute care hospitals and 27 senior care services.  
 21 They have hospitals in Des Plaines, Evanston,  
 22 Aurora, Elgin, Joliet, Kankakee, Urbana, Danville  
 23 and of course Chicago.

24 Presence's current ratings are Baa2 by  
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1 Moody's, BBB minus by S&P, BBB by Fitch. Presence,  
 2 however, will be going to the rating agencies to  
 3 seek reaffirmation, a bond -- new bond ratings based  
 4 upon their current plan of finance.  
 5 I think Presence plans to structure the  
 6 transaction over the next few weeks and return to  
 7 the Authority for a Final Bond Resolution in  
 8 July '14. I would just like to note --  
 9 MEISTER: 2016.  
 10 LENANE: Did I say 15? Oh, '14. 2016, yeah.  
 11 I would just like to say in my history of doing

12 this, which is getting longer and longer, we've  
 13 never issued \$1.2 billion worth of bonds in  
 14 healthcare. We've gotten close, \$800, \$900, but so  
 15 it's quite a moment.  
 16 And the whole transaction -- both  
 17 transactions taken together are really quite  
 18 special, and we've done a very good thing. Presence  
 19 serves a lot of needy populations obviously from  
 20 what I said. The Presence folks were here at last  
 21 month's Board meeting, the new CEO and CFO.  
 22 Today their financial advisor and their JP  
 23 Morgan Chase investment banker were at the  
 24 Tax-Exempt Bond Committee. They had to get back to  
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1 get on a 10:30 Presence call, working group call,  
 2 but we do have here our Bond Counsel, Jim Broeking.  
 3 BROEKING: We're borrower's counsel. We're in  
 4 the deal.  
 5 LENANE: You're in the deal. You're the  
 6 borrower's counsel.  
 7 GOETZ: With Nixon Peabody.  
 8 LENANE: With Nixon Peabody, yes.  
 9 MEISTER: And, Pam, I think that Bond Counsel  
 10 is over there.  
 11 LENANE: Oh, no, I think David Kates says he's  
 12 not going to let him work on this deal.  
 13 MEISTER: Okay.  
 14 LENANE: But Michel is here on behalf of  
 15 Presence also. So are there any questions?  
 16 CHAIRMAN FUNDERBURG: I think we've covered

17 that. Thank you very much. Well done and  
18 congratulations.  
19 LENANE: Thank you.  
20 CHAIRMAN FUNDERBURG: Okay. At this point, if  
21 there are no further questions, I would like to ask  
22 for a motion to pass and adopt the Project and  
23 Resolution No. 6.

24 ANDERBERG: So moved.  
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1 KNOX: Second.  
2 CHAIRMAN FUNDERBURG: Okay. All in favor,  
3 please say aye.  
4 (A chorus of ayes.)  
5 CHAIRMAN FUNDERBURG: We're going to take the  
6 roll.

7 FLETCHER: So on the motion by Mr. Anderberg  
8 and seconded by Mr. Knox, I believe, I will call the  
9 roll. Mr. Anderberg?

10 ANDERBERG: Yes.  
11 FLETCHER: Mr. Bronner on the phone?  
12 BRONNER: Yes.  
13 FLETCHER: Ms. Juracek?  
14 JURACEK: Yes.  
15 FLETCHER: Mr. Knox?  
16 KNOX: Yes.  
17 FLETCHER: Mr. McCoy?  
18 MCCOY: Yes.  
19 FLETCHER: Mr. Poole?  
20 POOLE: Yes.

21 FLETCHER: Mr. Zeller?  
22 ZELLER: Yes.  
23 FLETCHER: And Mr. Chairman?  
24 CHAIRMAN FUNDERBURG: Yes.  
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1 FLETCHER: Mr. Chairman, the motion carries.  
2 CHAIRMAN FUNDERBURG: Okay, thank you. Any  
3 other business to come before the Board? If not,  
4 then I would like to request a motion to excuse the  
5 absences of the Members unable to participate today.  
6 Is there such a motion?

7 KNOX: So moved.  
8 CHAIRMAN FUNDERBURG: By Mr. Knox.  
9 POOLE: Second.  
10 CHAIRMAN FUNDERBURG: Seconded by Mr. Poole.

11 All in favor, please say aye.  
12 (A chorus of ayes.)  
13 CHAIRMAN FUNDERBURG: Any opposed?  
14 (No response.)

15 CHAIRMAN FUNDERBURG: Any public comment? I do  
16 not hear any public comment. So this point, I would  
17 like to mention that our next meeting is scheduled  
18 for July 14th, 2016, and I would like to ask for a  
19 motion to adjourn.

20 ZELLER: So moved.  
21 MCCOY: Second.  
22 CHAIRMAN FUNDERBURG: All in favor, please say  
23 aye.

(A chorus of ayes.)



1 CHAIRMAN FUNDERBURG: The meeting is adjourned.  
 2 Thank you all very much.  
 3 FLETCHER: The time is 10:43 a.m.  
 4 (WHICH WERE ALL THE PROCEEDINGS HAD at 10:43 a.m.)  
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1 STATE OF ILLINOIS }  
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PAMELA A. MARZULLO, C.S.R., being first duly sworn,  
 says that she is a court reporter doing business in the city  
 of Chicago; that she reported in shorthand the proceedings  
 had at the Proceedings of said cause; that the foregoing is  
 a true and correct transcript of her shorthand notes, so  
 taken as aforesaid, and contains all the proceedings of said  
 meeting.

PAMELA A. MARZULLO  
 License No. 084-001624