ILLINOIS FINANCE AUTHORITY

January 13, 2015

AGENDA

COMMITTEE OF THE WHOLE MEETING

9:30 a.m.
Conference Center
120 North LaSalle Street
Suite 1120
Chicago, Illinois 60601

I. Call to Order & Roll Call
II. Chairman's Remarks
III. Message from the Executive Director
IV. Consideration of the Minutes
V. Presentation and Consideration of the Financial Statements
VI. Monthly Procurement Report
VII. Committee Reports
VIII. Project Reports and Resolutions
IX. Other Business
X. Public Comment
XI. Adjournment

BOARD MEETING

10:30 a.m.
Conference Center
120 North LaSalle Street
Suite 1120
Chicago, Illinois 60601

I. Call to Order & Roll Call
II. Chairman's Remarks
III. Adoption of the Minutes
IV. Acceptance of the Financial Statements
V. Approval of Project Reports and Resolutions
VI. Other Business
VII. Public Comment
VIII. Adjournment

PROJECT REPORTS AND RESOLUTIONS

AGRICULTURE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Beginning Farmer Bonds ***Final (One-Time Consideration)***						
1	Jacob A. Birch	Broughton Township (Livingston County)	$236,360	-	-	PE/LK
	TOTAL AGRICULTURE PROJECTS		**$236,360**	-	-	

HEALTHCARE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
501(c)(3) Revenue Bonds ***Final (One-Time Consideration)***						
2	Silver Cross Hospital	New Lenox (Will County)	$28,460,000	N/A	N/A	PL
	TOTAL HEALTHCARE PROJECTS		**$28,460,000**	**N/A**	**N/A**	
	GRAND TOTAL		**$28,696,360**	**-**	**-**	

RESOLUTIONS

Tab	Action	Staff
Resolutions		
3	Request for Extension of IFA Participation Loan to Brett L. Zehr and Christine A. Zehr (Zehr Foods, Inc. Project) for a second five-year term to February 1, 2020	RF/PE
4	Resolution Approving the Execution of a Supplemental Loan Agreement Relating to its Variable Rate Revenue Bond, Series 2012 (Carmel Catholic High School)	RF/BF
5	Resolution of Intent Requesting an Initial Allocation of Private Activity Volume Cap in the Amount of $100,000,000	CM

Executive Director's message will be distributed separately.

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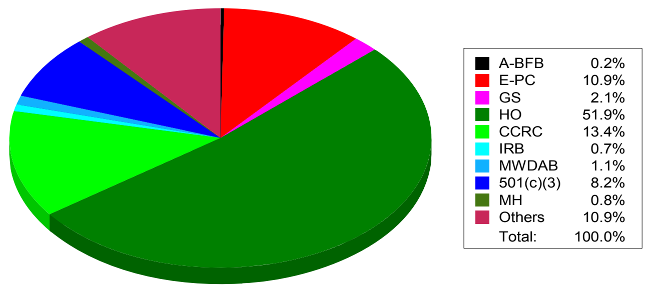
Bonds Issued - Fiscal Year Comparison
for the Period Ending December 31, 2014

Fiscal Year 2013

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	4,461,655
8	Education	264,865,000
1	Gas Supply	50,000,000
10	Healthcare - Hospital	1,262,625,000
5	Healthcare - CCRC	326,840,068
3	Industrial Revenue	18,112,280
3	Midwest Disaster Area Bonds	25,700,000
11	501(c)(3) Not-for-Profit	198,592,750
1	MultiFamily/Senior Housing	18,630,000
1	Freight Transfer Facilities	75,000,000
2	Local Government	15,025,000
1	Enviromental issued under 20	10,935,000
60		$ 2,270,786,753

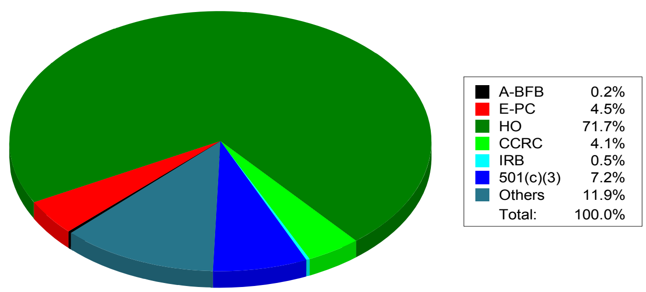
Bonds Issued in Fiscal Year 2013



Fiscal Year 2014

#	Market Sector	Principal Issued
21	Agriculture - Beginner Farmer	3,729,751
4	Education	93,895,000
9	Healthcare - Hospital	1,493,795,000
4	Healthcare - CCRC	84,995,000
1	Industrial Revenue	10,000,000
11	501(c)(3) Not-for-Profit	165,617,000
6	Local Government	247,360,000
56		$ 2,099,391,751

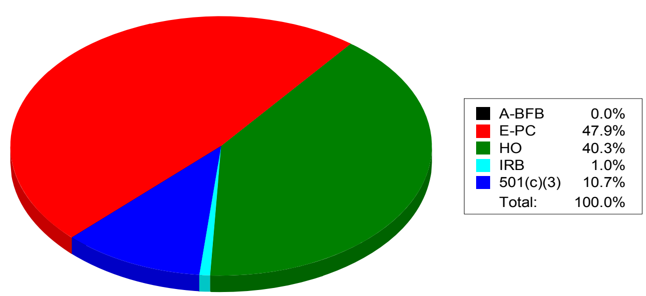
Bonds Issued in Fiscal Year 2014



Fiscal Year 2015

#	Market Sector	Principal Issued
2	Agriculture - Beginner Farmer	635,550
3	Education	659,604,000
5	Healthcare - Hospital	494,580,000
2	Industrial Revenue	14,000,000
7	501(c)(3) Not-for-Profit	147,676,075
19		$ 1,316,495,625

Bonds Issued in Fiscal Year 2015



Bonds Issued and Outstanding as of December 31, 2014

Bonds Issued between July 01, 2014 and December 31, 2014

Bond Issue		Date Issued	Initial Interest Rate	Principal Issued	Bonds Refunded
HO	Southern Illinois Healthcare	07/01/2014	Variable	127,215,000	51,235,000
IRB	Peddinghaus Corporation	07/11/2014	Variable	4,000,000	0
A-BFB	Beginning Farmer Bonds	07/01/2014	Variable	635,550	0
501(c)(3)	Freeport Regional Heakth Care Foundation	07/22/2014	Variable	40,000,000	0
501(c)(3)	Lawrence Hall Youth Services	08/13/2014	Variable	12,100,000	0
HO	The Carle Foundation	08/08/2014	Variable	26,095,000	26,095,000
E-PC	University of Chicago	08/12/2014	Variable	573,645,000	500,000,000
E-PC	Dominican University	08/20/2014	Variable	19,800,000	19,800,000
IRB	Freedman Seating Company	09/25/2014	Variable	10,000,000	5,068,417
501(c)(3)	Rodgers Park Montessori School	09/26/2014	Fixed at Schedule	18,515,000	10,000,000
501(c)(3)	Lake Forest College	10/17/2014	Variable	18,275,000	17,870,000
501(c)(3)	Search, Inc.	10/31/2014	Variable	10,355,000	9,965,000
E-PC	North Central College	12/04/2014	Variable	66,159,000	46,500,000
501(c)(3)	Navy Pier, Inc.	12/16/2014	Variable	46,500,000	0
HO	Advocate Health Care	12/18/2014	Fixed at Schedule	304,770,000	324,780,000
501(c)(3)	Hispanic Housing Development Corporation	12/24/2014	Fixed at Schedule	1,931,075	1,931,075
HO	The Reserve of Geneva	12/23/2014	Variable	13,500,000	10,949,700
HO	Illinois Valley Community Hospital	12/23/2014	Variable	23,000,000	21,560,000
	Total Bonds Issued as of December 31, 2014			$ 1,316,495,625	$ 1,045,754,192

Legend Fixed Rate Bonds as shown
DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond
VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.
Beginner Farmer Bonds interest rates are shown in section below.

Beginner Farmer Bonds Funded between July 01, 2014 and December 31, 2014

Borrower	Date Funded	Initial Interest Rate	Loan Proceeds	Acres	County
Gentry Storm	09/19/2014	3.125	485,550	138.61	Shelby
Adam E. Helregel	11/19/2014	4.35	150,000	10.00	Jasper
Total Beginner Farmer Bonds Issued			$ 635,550	148.61	

ref: H:\Board Book Reports\Bonds Issued by Fiscal Year-Board Book-Activity Report.rpt

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

Conduit debt issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)] which does not constitute an indebtedness or an obligation, either general or moral, or a pledge of the full faith or a loan of the Authority, the State of Illinois or any Political Subdivision of the State within the purview of any constitutional or statutory limitation or provisions with special limited obligations of the Authority secured under provisions of the individual Bond Indentures and Loan Agreements with the exception of the bonds identified below in Section I (b) -- General Purpose Moral Obligation/State Component Parts -- which are subject to the $28.15B cap in Section 845-5(a).

Section I (a)

	Principal Outstanding		Program	
	June 30, 2014	December 31, 2014	Limitations	Remaining Capacity
Illinois Finance Authority "IFA" [b]				
Agriculture	$ 48,343,519	$ 48,979,069		
Education	4,258,096,234	4,309,606,522		
Healthcare	13,448,248,546	13,463,375,479		
Industrial Development [includes Recovery Zone/Midwest Disaster]	699,148,562	771,907,548		
Local Government	357,530,000	334,005,000		
Multifamily/Senior Housing	171,092,016	169,592,322		
501(c)(3) Not-for Profits	1,398,527,100	1,444,670,081		
Exempt Facilities Bonds	299,970,000	249,970,000		
Total IFA Principal Outstanding	**$ 20,680,955,977**	**$ 20,792,106,021**		
Illinois Development Finance Authority "IDFA" [b]				
Education	496,388	496,388		
Healthcare	83,400,000	83,400,000		
Industrial Development	324,951,564	294,276,167		
Local Government	315,078,470	311,594,995		
Multifamily/Senior Housing	84,424,117	84,389,117		
501(c)(3) Not-for Profits	744,591,262	728,916,746		
Exempt Facilities Bonds	75,000,000	-		
Total IDFA Principal Outstanding	**$ 1,627,941,801**	**$ 1,503,073,412**		
Illinois Rural Bond Bank "IRBB" [b]				
Total IRBB Principal Outstanding	**$ -**	**$ -**		
Illinois Health Facilities Authority "IHFA"	**$ 807,134,980**	**$ 782,564,980**		
Illinois Educational Facilities Authority "IEFA"	**$ 703,216,992**	**$ 652,105,990**		
Illinois Farm Development Authority "IFDA" [f]	**$ 18,747,389**	**$ 18,747,389**		
Total Illinois Finance Authority Debt	**$ 23,837,997,139**	**$ 23,748,597,793**	**$ 28,150,000,000**	**$ 4,401,402,208**

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]

Section I (b)

	Principal Outstanding		Program	
	June 30, 2014	December 31, 2014	Limitations	Remaining Capacity
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
** Issued through IRBB - Local Government Pools	$ 10,985,000			
**Issued through IFA - Local Government Pools	21,370,000			
Issued through IFA - Illinois Medical District Commission	37,600,000	36,280,000		
Total General Moral Obligations	**$ 69,955,000**	**$ 36,280,000**	**$ 150,000,000**	**$ 113,720,000**
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	$ -	$ -		
Issued through IDFA	-	-		
Total Financially Distressed Cities	**$ -**	**$ -**	**$ 50,000,000**	**$ 50,000,000**
State Component Unit Bonds [c]				
Issued through IDFA [i]	-	-		
Issued through IFA [i]	148,237,655	135,460,594		
Total State Component Unit Bonds	**$ 148,237,655**	**$ 135,460,594**		

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwest Disaster Area Bonds in Illinois, February 11, 2010.

Section I (c)

	Principal Outstanding		Program	
	June 30, 2014	December 31, 2014	Limitations	Remaining Capacity
Midwest Disaster Bonds [Flood Relief]	**$ 66,044,684**	**$ 65,680,271**	**$ -**	**$ 41,530,000**

Designated by the Governor of the State of Illinois to manage and coordinate the re-allocation of Federal ARRA Volume Cap and the issuance of Recovery Zone Bonds in the State of Illinois to fully utilize RZBs before December 31, 2010.

Section I (d)

	ARRA Act of 2009 Volume Cap Allocated [h]	City/Counties Ceded Voluntarily to IFA	Bonds issued as of January 31, 2013	Available "Ceded" Volume Cap
Recovery Zone Economic Development Bonds;	**$ 666,972,000**	**$ 16,940,000**	**$ 12,900,000**	**$ 4,040,000**
Recovery Zone Facilities Bonds	**$ 1,000,457,000**	**$ 204,479,896**	**$ 214,849,804**	**$ (10,369,908)**
Qualified Energy Conservation Bonds	**$ 133,846,000**	**$ -**	**$ 44,370,000**	**$ -**

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(b)]

Section II

	Principal Outstanding June 30, 2014	Principal Outstanding December 31, 2014	Program Limitations	Remaining Capacity
Illinois Power Agency	**$ -**	**$ -**	**$ 4,000,000,000**	**$ 4,000,000,000**

Illinois Finance Authority Act [20 ILCS 3501 Section 825-65(f); 825-70 and 825-75] - see also P.A. 96-103 effective 01/01/2010

Section III

	Principal Outstanding June 30, 2014	Principal Outstanding December 31, 2014	Program Limitations	Remaining Capacity
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	**$ -**	**$ -**	**$ 3,000,000,000** [d]	**$ 3,000,000,000**

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 830-25 (see also P.A.96-103); 830-30; 830-35; 830-45 and 830-50]

Section IV

	Principal Outstanding June 30, 2014	Principal Outstanding December 31, 2014	Program Limitations	Remaining Capacity	State Exposure
Agri Debt Guarantees [Restructuring Existing Debt]					
Fund # 994 - Fund Balance $10,132,111	**$ 9,243,360**	**$ 8,873,831**	**$ 160,000,000**	**$ 151,126,169**	**$ 7,537,523**
AG Loan Guarantee Program					
Fund # 205 - Fund Balance $7,824,923	**$ 9,837,616**	**$ 9,250,962**	**$ 225,000,000** [e]	**$ 215,749,038**	**$ 7,863,318**
Agri Industry Loan Guarantee Program	$ 5,108,251	$ 4,748,592			4,036,303
Farm Purchase Guarantee Program	917,680	909,887			773,404
Specialized Livestock Guarantee Program	2,763,756	2,560,472			2,176,402
Young Farmer Loan Guarantee Program	1,047,929	1,032,010			877,209
Total State Guarantees	**$ 19,080,977**	**$ 18,124,793**	**$ 385,000,000**	**$ 366,875,207**	**$ 15,400,841**

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 825-80 and 825-85

Section V

			Principal Outstanding June 30, 2014	Principal Outstanding December 31, 2014	Appropriation Fiscal Year 2015	Cash and Investment Balance
132	Fire Truck Revolving Loan Program	**Fund # 572**	**$ 17,052,813**	**$ 15,548,078**	**$ 2,383,342**	**$ 6,271,107**
8	Ambulance Revolving Loan Program	**Fund # 334**	**$ 415,920**	**$ 321,600**	**$ 7,006,800**	**$ 3,858,270**

Note: Due to deposits in transit, the Fund Balance at the IOC may differ from the IFA General Ledger. In May, 2014 the OSF transferred the Fund Balance to a Locally Held Fund by the IFA.

Issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]

Section VI

	Principal Outstanding June 30, 2014	Principal Outstanding December 31, 2014	Program Limitations	Remaining Capacity
Environmental [Large Business]				
Issued through IFA	$ 26,315,000	$ 25,595,000		
Issued through IDFA	177,380,000	153,770,000		
Total Environmental [Large Business]	**$ 203,695,000**	**$ 179,365,000**	**$ 2,425,000,000**	**$ 2,245,635,000**
Environmental [Small Business]	$ -	$ -	**$ 75,000,000**	**$ 75,000,000**
Total Environment Bonds Issued under Act	**$ 203,695,000**	**$ 179,365,000**	**$ 2,500,000,000**	**$ 2,320,635,000**

Illinois Finance Authority Funds at Risk

Section VII

	Original Amount	Principal Outstanding June 30, 2014	Principal Outstanding December 31, 2014
Participation Loans			
Business & Industry	23,020,158	1,616,353	1,429,318
Agriculture	6,079,859	114,269	114,269
Participation Loans exluding Defaults & Allowances	**29,100,017**	**1,730,622**	**1,543,587**
Plus: Legacy IDFA Loans in Default		**858,458**	**858,458**
Less: Allowance for Doubtful Accounts		**1,002,182**	**998,440**
Total Participation Loans		**1,586,898**	**1,403,605**
Local Government Direct Loans	**1,289,750**	**157,689**	**136,000**
Rural Bond Bank Local Government Note Receivable			**22,685,037**
FmHA Loans	**963,250**	**227,046**	**213,621**
Renewable Energy [RED Fund]	**2,000,000**	**1,396,598**	**1,349,777**
Total Loans Outstanding	**34,353,017**	**3,368,231**	**25,788,040**

IRBB funds were defeased and transferred into a note receivable with the IFA.

[a] Total subject to change; late month payment data may not be included at issuance of report.
[b] State Component Unit Bonds included in balance.
[c] Does not include Unamortized issuance premium as reported in Audited Financials.
[d] Program Limitation reflects the increase to $3 billion effective 01/01/2010 under P.A. 96-103.
[e] Program Limitation reflects the increase from $75 million to $225 million effective 01/01/2010 under P.A. 96-103.
[f] Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.
[g] Midwest Disaster Bonds - Illinois Counties eligible for Midwest Disaster Bonds include Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.
[h] Recovery Zone Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]
[i] Includes EPA Clean Water Revolving Fund

COMMITTEE MINUTES

ILLINOIS FINANCE AUTHORITY
COMMITTEE OF THE WHOLE
REGULAR MEETING
TUESDAY, DECEMBER 9, 2014
9:42 A.M.

I. Call to Order & Roll Call

At the regular meeting of the Committee of the Whole of the Illinois Finance Authority (the "Committee" or "COW"), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Room N – 808, Chicago, Illinois 60601, on the second Tuesday of December in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the "Act"), William A. Brandt, Jr., Chairman of the Committee, called the Committee to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 7 Members physically present and 2 Members present by means of audio conference.

On the question of a quorum of Members physically present at the location of this open meeting, the Assistant Secretary of the Board initially declared that a quorum had not been constituted.

Having been absent when the Quorum Roll Call for Attendance was taken, Member Gold and Member Pedersen were recorded as present at the times of 10:04 a.m. and 10:15 a.m., respectively. Thereupon Member Gold's arrival, the Assistant Secretary of the Board declared that a quorum had been constituted.

ILLINOIS FINANCE AUTHORITY
COMMITTEE OF THE WHOLE
COMMITTEE ROLL CALL
QUORUM ROLL CALL FOR ATTENDANCE

December 9, 2014

0 YEAS		0 NAYS		11 PRESENT	
P	Bronner (VIA AUDIO CONFERENCE)	P	Leonard	P	Poole
P	Fuentes	E	Lonstein	E	Tessler
P	Goetz	P	O'Brien	P	Vaught
P	Gold (ADDED)	E	Parish	E	Zeller
P	Knox	P	Pedersen (ADDED)	P	Mr. Chairman (VIA AUDIO CONFERENCE)

E – Denotes Excused Absence

II. Chairman's Remarks

Chairman Brandt welcomed Members of the Committee, Authority staff and all guests present. Chairman Brandt expressed his regret via audio conference that he could not attend in-person due to weather-related flight delays on the East coast.

As a quorum was not immediately constituted, Chairman Brandt stated that adoption of the minutes would be deferred, if needed, until 8 Members are physically present.

III. Message from the Executive Director

Executive Director Meister thanked Members of the Committee for their attendance. Executive Director Meister previewed the day's agenda and likewise stated that the Authority is in good financial shape as calendar year 2014 draws to a close.

Chairman Brandt and Executive Director Meister confirmed that 12 Members are serving under expired terms. Members Leonard, Poole and Zeller remain the 3 exceptions. Chairman Brandt asked the Committee to do the best it can going forward to ensure bond financing projects get approved in a timely manner by establishing a quorum to consider the projects despite their expired terms.

IV. Consideration of the Minutes

Chairman Brandt asked if the Members wished to direct the Assistant Secretary of the Board to correct any errors in the Minutes of the regular meeting of the Committee held on November 21, 2014 or any errors in the Minutes of the regular meeting of the Board held on November 21, 2014.

Vice Chairman Goetz stated that the minutes are satisfactory for adoption as no Members have stated otherwise.

As a quorum was not initially constituted, Chairman Brandt stated that adoption of the minutes would be deferred until 8 Members are physically present.

V. Presentation and Consideration of the Financial Statements

Ms. Gildart presented the following monthly and annual summary as of November 30, 2014:

1. <u>GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME</u>

a. Annual Operating Revenues totaled $1.3 million, while annual Net Non-Operating Revenues totaled $83 thousand. Total annual combined revenues of $1.4 million are $453 thousand or 24.6% below budget; due primarily to lower than expected closing, administrative service and miscellaneous fees. Closing fees year to date of $582 thousand, are $454 thousand or 43.9% below budget. Included in Interest Income on Loans, the year to date revenue accrued for interest due from the former IRBB local governments totaled $478 thousand. Annual fees of $153 thousand are 9.1% or nearly $13 thousand higher than budget. Application fees are also higher at $25 thousand for the year, which is 45.9% over budget. Annual net investment income of $83 thousand is currently $21 thousand higher than fiscal year ("FY") 2014's ending total. The major drivers of this positive change include a reduced level of trading and holding investments until maturity. Realized and unrealized losses are only 35% of the budgeted amounts.

b. In November, TEFRA fees totaling $20 thousand were received for ***Hospital Sisters*** and ***Wisconsin II Senior Living***. November's net investment income of $16 thousand, showed a decrease from October due to a lower number of securities paying interest this month and timing differences. A final transfer of $177 thousand in remaining loan receivables from the IRBB reserve fund to the General Operating fund was also executed.

c. Annual Operating Expenses of $1.4 million are $377 thousand or 20.6% lower than budget, mostly driven by lower employee-related expenses and professional service costs. Year to date, employee expenses are $764 thousand or 15.5% below budget, professional services are $415 thousand or 33.8% below budget and depreciation costs are $19 thousand or 42% below budget-due to ongoing work being performed on new IT software systems. Annual occupancy costs are $122 thousand and $10 thousand or 8.4% under budget.

d. In November, total professional services of $85 thousand included accruals of $24 thousand and $22 thousand for legal and financial advisory services. Occupancy costs of only $8 thousand, is a sharp decrease from October due to last month's payment of moving expenses for the Chicago Office from the Prudential Building to Bilandic.

e. November activities resulted in monthly Net Income of $89 thousand. On a year to date basis, IFA currently shows Annual Net Income of $233 thousand. Major contributors to the positive bottom line include the transfer of the remaining IRBB reserve funds, lower overall expenses and greater than expected investment returns. Budgeted income at this point in the fiscal year is only $15 thousand-we are currently at more than 15 times that level.

2. GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION

a. IFA continues to maintain a strong balance sheet with total net position at $99.7 million (not including the debt related activity of the component units).

b. In the General Operating Fund, total assets remain at $52.7 million (consisting of cash, investments, and receivables). Unrestricted cash and investments total $25 million, notes receivables for the former IRBB local governments total $22.7 million, other loans receivables are at $2.7 million and restricted cash in the DACA Loan Fund totals $1.3 million.

[1] ***Operating Revenues and Expenses*** are direct results of our basic business operations. ***Non-Operating Revenues and Expenses*** are netted against each other and include interest and investment income and expenses, bad debt adjustments, transfers to the State of Illinois and realized/unrealized gains and losses on investments. ***Net Income/ (Loss)*** is our bottom line.

3. <u>YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS</u>

a. The Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of $228 thousand. Net investment income from both funds equals $18 thousand and $13 thousand respectively. Monies have been invested since July 2014.

b. Other Non-Major Funds booked revenues of $105 thousand, of which, $88 thousand is derived from investment activity. Year to date the nonmajor funds show a net loss of $193 thousand driven by the transfer of the IRBB reserve funds to the General Operating fund. All other activities result in net income of $100 thousand as of November.

c. The Agency/Fiduciary Funds for IFA include both the Metro East Police District Commission and the Illinois Finance Authority NFP Development Fund, with combined current assets of $60 thousand.

4. <u>FY14 FINANCIAL STATEMENT AUDIT and GFOA/GASB UPDATE</u>

a. Fieldwork is completed in the FY14 financial audit and the Office of the Auditor General is currently reviewing.

b. The authority has made significant progress in compiling and issuing its first Comprehensive Annual Financial Report (CAFR). A CAFR is the preferred mechanism for government entities to report their financial condition, in addition to other information regarding its major initiatives, structure, historical trends and capacity, along with the discussion by management of the story behind the numbers.

c. As a reminder, the Government Finance Officers Association (GFOA) winter meetings will take place December 10-12 in Washington, D.C. Several accounting issues will be discussed which may impact financial accounting and reporting for the Authority.

In connection with FY14 Financial Statement Audit and GFOA/GASB Update, Executive Director Meister repeated this will be the first time that the Authority will issue a CAFR. In the opinion of Executive Director Meister, the CAFR will provide the Authority an opportunity to tell its story – opposed to the Office of the Auditor General telling the story of the Authority. Executive Director Meister requested that Members review the biographies section to ensure accuracy and likewise review any specific sections whereby the Members may have a particular expertise in the subject matter.

Member Bronner complimented Ms. Gildart and Authority staff for preparing the CAFR. Executive Director Meister complimented Ms. Gildart and likewise thanked Mr. Frampton for his valuable input throughout the CAFR process. Ms. Gildart thanked Finance Department staff, Mr. Frampton and Mr. Fletcher for their time and efforts.

VI. Monthly Procurement Report

Ms. Gildart presented the Monthly Procurement Report, which included contracts pending execution, contract renewals, new contracts, upcoming solicitations, and a list of vendors procured by the State of Illinois without action needed by Members of the Authority.

Ms. Gildart informed the Committee that no contracts have been awarded since the last regularly scheduled meeting of the Board. However, numerous solicitations are forthcoming in calendar year 2015.

Executive Director Meister stated that he is focused on essential-purpose contract renewals and/or extensions. However, the Chief Procurement Office of the State of Illinois sets the Authority's agenda for moving forward on solicitations that are considered non-exempt. Moreover, the Chief Procurement Office of the State of Illinois has been very assertive in the management of the Authority's non-exempt contracts. Accordingly, the most important forthcoming non-exempt solicitation is the Authority's payroll and employee benefits provider. Executive Director Meister reminded the Committee that the Chief Procurement Office does not view payroll and employee benefits as within the scope of the Authority's exemption from the Illinois Procurement Code.

Chairman Brandt inquired as to when the current contract with ADP, Inc. expires. Ms. Gildart informed Chairman Brandt and the Committee that the current payroll and employee benefits contract expires June 30, 2015. However, the current timetable under the Chief Procurement Office for a new contract is 5-7 months.

VII. Committee Reports

Agriculture Committee

Member Leonard reported that the Agriculture Committee reviewed and recommended approval of the following project reports: Items 1A and 1B.

VIII. Project Reports and Resolutions

Mr. Frampton presented the following projects:

Agriculture Projects

Item 1A: Item 1A is a request for Beginning Farmer Revenue Bond financing.

David T. Mulch is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Five Hundred Nine Thousand and Six Hundred Dollars** ($509,600). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 80 acres of farmland located in Raymond Township in Montgomery County.

Item 1B: Item 1B is a request for Beginning Farmer Revenue Bond financing.

Mitchell A. Rosenthal is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Three Hundred Ninety One Thousand Eight Hundred and Forty Dollars** ($391,840). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 60 acres of farmland located in Raymond Township in Montgomery County.

Local Government and Government Purpose Projects

Item 2: Item 2 is a request for Local Government Revenue Bond financing.

Pace, the Suburban Bus Division of the Regional Transportation Authority, is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twelve Million Dollars** ($12,000,000). This financing is being presented for one-time consideration.

Proceeds of the Illinois Finance Authority Local Government Program Revenue Bonds, Series 2015 (Pace, the Suburban Bus Division of the Regional Transportation Authority – Revenue Bond Projects), will be used for the purpose of purchasing certain local government securities (the "**Local Government Securities**") from Pace, the Suburban Bus Division of the Regional Transportation Authority (hereinafter, "**Pace**"). Pace is organized and existing pursuant to the Regional Transportation Authority Act, 70 ILCS 3615 (the "**RTA Act**"), and provides bus and ADA transportation services to customers in Cook, DuPage, Kane, Lake, McHenry and Will Counties in Illinois.

Pace, with the approval of the Regional Transportation Authority, will use the proceeds of the Local Government Securities pursuant to the RTA Act.

Educational, Cultural and Non-Healthcare 501(c)(3) Projects

Item 3: Item 3 is a request for Student Loan Revenue Bond financing.

Midwestern University is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twenty Million Dollars** ($20,000,000).

Midwestern University Foundation (the "**Foundation**") will apply the proceeds from the sale of the Student Loan Program Revenue Bonds (Midwestern University Foundation) Senior Series 2015A (the "**Series 2015A Bonds**") and the Student Loan Program Revenue Bonds (Midwestern University Foundation) Subordinate Series 2015B (the "**Series 2015B Bonds**" and together with the Series 2015A Bonds, the "**Series 2015 Bonds**"), together with certain other available funds, to (i) finance private education loans to be made by the Foundation to students of the Midwestern University (the "**University**") that attend the University's Illinois Campus, (ii) finance a portion of the interest on the Series 2015 Bonds, if deemed necessary or desirable by the Foundation, (iii) finance one or more debt service reserve funds for the benefit of the Series 2015 Bonds, if deemed necessary or desirable by the Foundation, and (iv) pay certain costs relating to the issuance of the Series 2015 Bonds (collectively, the "**Financing Purposes**").

The Bonds will be issued pursuant to the Higher Education Loan Act of the State of Illinois and the Illinois Finance Authority Act (both, as amended).

Item 4: Item 4 is a request for 501(c)(3) Revenue Bond financing.

O.L.L. Education Services is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Seven Million Dollars** ($7,000,000). This financing is being presented for one-time consideration.

O.L.L. Education Services, an Illinois not for profit corporation (the "**Borrower**"), has requested that the Authority issue not to exceed aggregate total principal amount $7,000,000 (excluding original issue discount or premium, if any) of revenue bonds consisting of one Revenue Bond (O.L.L. Education Services) Series 2015 (the "**Series 2015 Bond**") and loan the proceeds thereof to the Borrower in order to assist the Borrower in providing all or a portion of the funds necessary to do any or all of the following: (i) refinancing all or a portion of existing indebtedness incurred by the Borrower in connection with the acquisition and rehabilitation of three (3) school buildings located at 4100 Warren Avenue, Hillside, Illinois 60162, 621 Belvidere Road, Waukegan, Illinois 60085 and 801 Illinois Avenue, Aurora, Illinois 60506 (the "**Financed Property**") owned by the Borrower (the "**Refunding**") and leased to Special Education Services, an Illinois not for profit corporation and (ii) pay certain expenses incurred in connection with the issuance of the Series 2015 Bond, all as permitted by the Act (collectively, the "**Financing Purposes**").

Mr. Fletcher presented the following project:

Item 5: Item 5 is a request for 501(c)(3) Revenue Bond financing.

Navy Pier, Inc. is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Forty-Six Million Five Hundred Thousand Dollars** ($46,500,000). This financing is being presented for one-time consideration.

Revenue bonds consisting of one or more series of Revenue Bonds, Series 2014A (Navy Pier, Inc. Project) (the "**Series 2014A Bonds**") and Draw Down Revenue Bonds, Series 2014B (Navy Pier, Inc. Project) (the "**Series 2014B Bonds**" and, together with the Series 2014A Bonds, the "**Bonds**") will be used by Navy Pier, Inc., an Illinois not for profit corporation (the "**Corporation**"), for the purpose of providing the Corporation with all or a portion of the funds to: (i) pay or reimburse the costs of the manufacture and installation of a replacement observation wheel and necessary structural improvements (the "**OW Project**"); (ii) pay or reimburse the costs of the acquisition, construction, repair, rehabilitation and equipping of a new live performance theater and/or certain other projects including, but not limited to, renovation of the Crystal Gardens, the Family Pavilion Area, the Navy Pier East End area and/or Polk Bros Park (the "**Theater/Pierscape Project**" and, together with the OW Project, the "**Project**"); and (iii) pay certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

Mr. Fletcher confirmed for Vice Chairman Goetz and the Committee that this bond financing will contribute to the Corporation's "Centennial Vision", a new redevelopment framework that reimagined Navy Pier as an enhanced attraction with dramatic, engaging public spaces and expanded entertainment, dining and retail options to draw more year-round and adult visitors. Phase I of the redevelopment is scheduled for completion to coincide with Navy Pier's Centennial celebration in the summer of 2016.

Member Vaught inquired what the consequences would be for the Authority and State taxpayers should the Corporation default on the Bonds. Mr. Fletcher informed the Member Vaught and the Committee that Fifth Third Bank is secured by a gross revenue pledge and a valid security interest in the Borrower's accounts receivables and receipts, as well as a collateral assignment of all rents and profits from leases, subleases, concession agreements and other occupancy agreements relating to the Leased Property, i.e. the pier. Pursuant to a long-term operating lease agreement with Metropolitan Pier and Exposition Authority, a municipal corporation and body politic of the State of Illinois ("**MPEA**"), the Corporation manages, operates and develops the pier. Accordingly, because MPEA retains ownership of the Leased Property, an Acknowledgement and Agreement (the "**Agreement**") by and among MPEA, the Corporation and Fifth Third Bank is being approved at the regular meeting of the MPEA Board of Directors by action being taken concurrently today. This Agreement states that as the Project owner, MPEA will honor the bank's collateral in the event of lease termination with the Corporation.

Vice Chairman Goetz stated that the risk to the Authority, therefore, is reputational as this is a conduit financing.

Mr. Fletcher confirmed that the proposed financing is a conduit transaction for the Authority, typical of nearly all bond financings the Authority considers. Mr. Fletcher added that as the 100% Bondholder, any future workout situation would be negotiated between the Corporation and Fifth Third Bank.

Member Vaught requested clarification concerning the consequences for the Authority and State taxpayers should the Corporation default on the Bonds. Mr. Fletcher informed Member Vaught again that this is a conduit financing, with no IFA funds at risk.

Member Vaught again requested clarification concerning the consequences of a default for State taxpayers should the Corporation default on the Bonds. Ms. Lenane confirmed for Member Vaught and the Committee that this is a stand-alone financing by the Corporation, a 501(c)(3) entity. The only consequence of a default is to Fifth Third Bank as 100% Bondholder, as stated previously.

Chairman Brandt stated that while previous bond issues may exist or previously existed in the market that provided bond proceeds for the development of the pier while it was operated by MPEA, this transaction is dissimilar because the Corporation operates the pier as a stand-alone 501(c)(3) entity at this time. Chairman Brandt reminded Member Vaught that according to Mr. Fletcher's report there is no cross-collateralization with any previous bonds issued by MPEA that may be outstanding.

Chairman Brandt reiterated that similar to the default that occurred on the Authority's Series 2005 Revenue Bonds issued on behalf of The Clare at Water Tower Project, a future default by the Corporation remains solely reputational to the Authority, as Vice Chairman Goetz and Mr. Fletcher have stated previously. To the extent that there is reputational risk to the Authority, Chairman Brandt expressed his belief that Mr. Fletcher has demonstrated to the Committee that the Corporation can fulfill its obligations to Fifth Third Bank.

Mr. Fletcher again confirmed for Member Vaught that as the Project owner, MPEA will honor the bank's collateral in the event of lease termination with the Corporation. Fifth Third Bank is secured by a gross revenue pledge and a valid security interest in the Borrower's accounts receivables and receipts, as well as a collateral assignment of all rents and profits from leases, subleases, concession agreements and other occupancy agreements relating to the Leased Property, i.e. the pier. Fifth Third Bank is not secured by any IFA funds or the moral obligation of the State of Illinois and its taxpayers.

Then, Member Vaught inquired how long staff at the Authority has been working on this transaction. Mr. Fletcher informed Member Vaught and the Committee that he has personally managed this transaction for the last 3 – 4 weeks, and he acknowledged there were likely previous advance discussions between the Corporation and the Authority beforehand. Mr. Leslie, the Corporation's Chief Financial Officer, informed Member Vaught and the Committee that the Corporation has been contemplating undertaking this financing since the spring of 2013.

Member Knox inquired as to why the Corporation is utilizing the Authority to issue conduit bonds and not MPEA, which has the ability to issue bonds. Mr. Fletcher acknowledged that he cannot speak for

MPEA, but he estimated based on his discussions with the Corporation that MPEA would like the Corporation to successfully operate as an independent entity.

Member Knox asked Mr. Fletcher if MPEA's role, therefore, would be to solely serve as the obligor on the Bonds. Mr. Fletcher informed Member Knox and the Committee that as Project owner, MPEA is simply agreeing to honor Fifth Third Bank's collateral, not provide additional security.

Member Knox then asked if there are any outstanding bonds issued by MPEA that support the Corporation. Mr. Fletcher apologized that he did not have that respective information, but reminded Member Knox and the Committee that MPEA has provided or will provide a total of $115 million to the Corporation in support of its redevelopment efforts pursuant to the operating lease agreement. Mr. Fletcher surmised that some of that funding may have been derived through MPEA bond sales.

Member Vaught suggested that consideration of Item 5 be deferred until the Authority is prepared to publically state how much State taxpayer money is subsidizing any outstanding MPEA bonds, despite the Corporation being an independent 501(c)(3) entity providing no financial support to MPEA as the operator of the Leased Property, i.e. the pier.

Chairman Brandt asked Mr. Fletcher if there was any timing sensitivity to the closing of the Bonds. Mr. Fletcher informed Chairman Brandt and the Committee that the Corporation must provide Dutch Wheels, the proposed manufacturer of the new Ferris wheel with an initial deposit funded by the Bond's proceeds by the end of the month. A closing date of December 16, 2014 has been set so that engineering and manufacture can begin in time for final delivery and installation for Navy Pier's Centennial celebration in 2016.

Executive Director Meister invited Mr. Leslie and the Corporation's counsel, Mr. Weinstein of Pugh Jones & Johnson, P.C., to join the discussion.

Mr. Weinstein expanded upon the operating lease agreement between the Corporation and MPEA. Mr. Weinstein stated that pursuant to the operating lease agreement, the Corporation has authority to make key decisions related to operations, maintenance and the implementation of the pier's revitalization (defined as "**Approved Operations**"). Moreover, the Corporation has exclusive rights to revenues resulting from Approved Operations. Therefore, those revenues cannot be cross-collateralized with any other financial instruments (including any outstanding MPEA bonds), as Chairman Brandt and Mr. Fletcher earlier stated. Mr. Weinstein reiterated Mr. Fletcher's earlier remarks that as MPEA retains ownership of the Leased Property, i.e. the pier, MPEA will simply honor the bank's collateral in the event of lease termination with the Corporation.

Ms. Lenane added that a very strong indemnification provision within the legal documents provides the Authority with protection from costs associated with any future litigation or IRS audits, etc. Furthermore, the Credit Review Committee recommended approval subject to the restriction that Bonds may only be offered, resold, pledged or transferred by Fifth Third Bank in whole or in part to qualified institutional buyers or accredited investors with an investment grade rating at the time of participation.

Member Vaught stated that he was still not satisfied and has only heard evasive answers to his questions. Member Vaught reiterated that he would like factual information concerning how much State taxpayer money is subsidizing any outstanding MPEA bonds, despite the Corporation being an independent 501(c)(3) entity providing no financial support to MPEA as the operator of the Leased Property, i.e. the pier.

Mr. Weinstein informed Member Vaught that neither the Corporation nor the Authority has the ability to tax. The Corporation and the Authority are the only parties to the transaction with Fifth Third Bank; accordingly, there are no State taxpayer funds at risk concerning the transaction because neither entity can tax. Moreover, there is no obligation or expectation of MPEA to utilize its taxing power to provide financial support. Fifth Third Bank is secured by a gross revenue pledge and a valid security interest in the Borrower's accounts receivables and receipts, as well as a collateral assignment of all rents and profits from leases, subleases, concession agreements and other occupancy agreements relating to the Leased Property, i.e. the pier.

Member Vaught stated that because Fifth Third Bank is being secured by a gross revenue pledge of the Corporation, those revenues cannot be made available to MPEA. Mr. Weinstein again stated that the Corporation already has exclusive rights to its own revenues. Chairman Brandt reminded Member Vaught that the Corporation's exclusive rights to those revenues and its ability to pledge those revenues is a result of the operating lease agreement between the Corporation and MPEA, effective as of July 1, 2011. The Authority is not a party to the operating lease agreement.

Member Vaught expressed his dissatisfaction with the operating lease agreement. Chairman Brandt stated that Member Vaught's dissatisfaction with the operating lease agreement should not be a consideration by the Authority as the Authority is not a party to the operating lease agreement. Chairman Brandt expressed his belief that failing to approve this transaction may ultimately be detrimental to State taxpayers, not beneficial, because the Corporation is tasked with redeveloping the pier so that it remains a top tourist attraction.

Executive Director Meister informed the Committee that Mrs. Gardner, CEO of the Corporation, had arrived and was available to answer any questions.

Member Vaught agreed with Chairman Brandt that the Authority has no role nor had any role in the development of the operating lease agreement, but he intends to vote against Item 5 to demonstrate his dissatisfaction with the operating lease agreement between the Corporation and MPEA.

Chairman Brandt asked if Executive Director Meister foresees the Authority having the ability to convene a Special Meeting of the Board of Directors before the transaction closing date to consider Item 5 should it be deferred in response to Member Vaught's dissatisfaction with the operating lease agreement.

Executive Director Meister and Mrs. Gardner confirmed that they would work diligently with staff to respond to Member Vaught's concerns if needed.

Vice Chairman Goetz recommended that Item 5 be considered at today's meeting. It was decided that Item 5 be considered at today's regularly scheduled meeting of the Board of Directors.

IV. Consideration of the Minutes (Continued…)

Having been absent when the Quorum Roll Call for Attendance was taken, Member Gold and Member Pedersen were recorded as present at the times of 10:04 a.m. and 10:15 a.m., respectively. Thereupon Member Gold's arrival, the Assistant Secretary of the Board declared that a quorum had been constituted.

Accordingly, Chairman Brandt again asked if the Members wished to direct the Assistant Secretary of the Board to correct any errors in the Minutes of the regular meeting of the Committee held on November 21, 2014 or any errors in the Minutes of the regular meeting of the Board held on November 21, 2014.

Member Bronner moved for the adoption of the Minutes of the regular meeting of the Committee held on November 21, 2014.

Member Pederson seconded the motion.

The motion prevailed and the Minutes were adopted.

V. Presentation and Consideration of the Financial Statements (Continued…)

Member Pedersen moved to recommend for approval the Financial Statements for the Month Ended November 30, 2014.

Member Poole seconded the motion.

The motion prevailed and the Financial Statements were recommended for approval when considered by the Board of Directors.

VIII. Project Reports and Resolutions (Continued…)

Executive Director Meister presented the following resolution:

Resolutions

Item 10: Item 10 is a Resolution Authorizing the Executive Director to Waive any Event of Default with Respect to $4,090,000 Original Aggregate Principal Amount of General Obligation Waterworks and Sewerage Revenue Bonds Issued by the Village of Thomson, Carroll County, Illinois in 2000 and Owned by the Authority; and Related Matters.

Executive Director Meister and Member Gold engaged in a conversation concerning how the Authority is now the Bondholder of these Waterworks and Sewerage Revenue Bonds as a result of the Authority's cash defeasance of the prior Rural Bond Bank issue.

Chairman Brandt recommended that the resolution be revised to include authorization for the Executive Director to prepare a suitable forbearance agreement containing a waiver of any default until June 30, 2015 for circulation among the Members of the Illinois Finance Authority and the Village Board of Thomson, Carroll County, Illinois.

Accordingly, the ability of the Executive Director to waive any events of default would be limited to the established forbearance timeframe, i.e. June 30, 2015.

Executive Director Meister announced that Ms. Vicky Trager, Village President of Thomson, Illinois, was present via audio conference and ready to speak on behalf of the resolution.

Village President Trager thanked the Members of the Committee for their consideration of resolution and concurred with the suggested revision to Item 10.

Item 10 was revised accordingly.

Ms. Lenane presented the following projects:

Healthcare Projects

Item 6: Item 6 is a request for 501(c)(3) Revenue Bond financing.

Illinois Valley Community Hospital is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twenty-Three Million Dollars** ($23,000,000).

Illinois Valley Community Hospital (the "**Borrower**"), an Illinois not for profit corporation, has requested that the Authority issue one or more series of its Revenue Refunding Bonds, Series 2014 (Illinois Valley Community Hospital) (the "**Series 2014 Bonds**") in an aggregate principal amount not to exceed $23,000,000 and loan the proceeds thereof to the Borrower in order to assist the Borrower in providing the funds necessary, together with certain other available funds, to: (i) currently refund the $22,955,000 Illinois Finance Authority Adjustable Rate Demand Revenue Bonds, Series 2009 (IV Healthcorp, Inc. Project) currently outstanding in the aggregate principal amount of $21,160,000 (the "Series 2009 Bonds"); (ii) provide working capital; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds and the current refunding of the Series 2009 Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

Item 7: Item 7 is a request for 501(c)(3) Revenue Bond financing.

Rush University Medical Center Obligated Group is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Six Hundred Sixty-Five Millions Dollars** ($665,000,000). This financing is being presented for one-time consideration.

Rush University Medical Center, an Illinois not-for-profit corporation (the "**Corporation**"), and Copley Memorial Hospital, Inc., an Illinois not-for-profit corporation ("**Copley**" and, together with the Corporation, the "**Borrowers**") have requested that the Authority issue not to exceed $665,000,000 in aggregate principal amount of its Revenue Bonds (Rush University Medical Center Obligated Group) in one or more series (the "**Bonds**"), and loan the proceeds thereof to the Borrowers in order to assist the Borrowers in providing the funds necessary to (i) finance, refinance and reimburse the Corporation for all or a portion of the costs of the acquisition, construction, improvement, renovation and equipping of certain of its health care and related facilities (the "**Corporation Project**"), (ii) finance, refinance and reimburse Copley for all or a portion of the costs of the acquisition, construction, improvement, renovation and equipping of certain of its health care and related facilities (the "**Copley Project**" and, together with the Corporation Project, the "**Project**"), (iii) advance refund all or a portion of the outstanding Prior Bonds, (iv) fund deposits to one or more debt service reserve funds to secure the Bonds, if deemed necessary or desirable by the Borrowers, (v) pay a portion of the interest to accrue on the Bonds, if deemed necessary or desirable by the Borrowers, and (vi) pay certain expenses incurred in connection with the issuance of the Bonds if deemed necessary or advisable by the Borrowers, all as permitted by the Act (collectively, the "**Financing Purposes**").

Item 8: Item 8 is a request for 501(c)(3) Revenue Bond financing.

KishHealth System is requesting approval of a **Preliminary** Bond Resolution in an amount not to exceed **Fourteen Millions Dollars** ($14,000,000).

Bond proceeds will be loaned to KishHealth System, an Illinois not-for-profit corporation (the "**Borrower**") for the purpose of providing the Borrower with all or a portion of the funds necessary to (i) finance all or a portion of the cost of the acquisition, remodeling, furnishing and equipping of a 70,324 square foot medical clinic building and related land located at 1850 Gateway Drive in Sycamore, Illinois, (ii) fund deposits to one or more debt service reserve funds to secure the Bonds, if deemed necessary or desirable by the Borrower, (iii) pay a portion of the interest to accrue on the Bonds, if deemed necessary or desirable, and (iv) pay certain expenses incurred in connection with the issuance of the Bonds, if deemed necessary or desirable by the Borrower, all as permitted by the Act (collectively, the "**Financing Purposes**").

Mr. Frampton presented the following resolution:

Resolutions

Item 9: Item 9 is a Resolution Authorizing the Issuance of not to exceed $2,000,000 in Aggregate Principal Amount of the Illinois Finance Authority's Revenue Refunding Bond (Hispanic Housing Development Corporation Project), Series 2014, the Proceeds of which are to be Loaned to Hispanic Housing Development Corporation.

Chairman Brandt presented the following resolution:

Resolutions

Item 11: Item 11 is a Resolution Appointing the Executive Director of the Illinois Finance Authority for One-Year Term of Office.

Chairman Brandt advised those present that pursuant to statute, the Office of the Governor provided a list of nominees to the Board for consideration in appointing an Executive Director of the Illinois Finance Authority for the upcoming one-year term of office. After deliberations, the Board chose to continue with Executive Director Meister, provided that Executive Director Meister agreed to resign from the one-year term of office at any time should he be requested to do so by the Governor-Elect or his designee.

Executive Director Meister confirmed that he agrees to resign from the one-year term of office at any time should he be requested to do so by the Governor-Elect or his designee.

Chairman Brandt and Member Leonard engaged in a discussion concerning possibly appointing an interim Executive Director. However, Chairman Brandt stated that State law only allows for the appointment of a one-year term of office with respect to the Executive Director position for the Authority.

Member Leonard inquired as to what the consequences would be should a personal tragedy befall a future Executive Director. Chairman Brandt stated that there is no alternative transition process other than the one-year term of office as specified in the Authority's statute.

IV. Other Business

None.

V. Public Comment

None.

VI. Adjournment

At the time of 11:09 a.m., Vice Chairman Goetz moved that the Committee do now adjourn until January 13, 2015, at 9:30 a.m.

Member O'Brien seconded the motion.

The motion prevailed.

And the Committee stood adjourned.

Minutes published by:
Brad R. Fletcher
Assistant Secretary of the Board

BOARD MINUTES

ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
TUESDAY, DECEMBER 9, 2014
11:10 A.M.

I. Call to Order & Roll Call

At the regular meeting of the Board of Directors of the Illinois Finance Authority (the "Board"), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Room N – 808, Chicago, Illinois 60601, on the second Tuesday of December in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the "Act"), William A. Brandt, Jr., Chairman of the Board, called the Board to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 11 Present.

On the question of a quorum of Members physically present at the location of this open meeting, the Assistant Secretary of the Board declared that a quorum had been constituted.

ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
QUORUM ROLL CALL FOR ATTENDANCE

December 9, 2014

0 YEAS		0 NAYS		11 PRESENT	
P	Bronner (VIA AUDIO CONFERENCE)	P	Leonard	P	Poole
P	Fuentes	E	Lonstein	E	Tessler
P	Goetz	P	O'Brien	P	Vaught
P	Gold	E	Parish	E	Zeller
P	Knox	P	Pedersen	P	Mr. Chairman (VIA AUDIO CONFERENCE)

E – Denotes Excused Absence

II. Chairman's Remarks

Chairman Brandt welcomed Members of the Board, Authority staff and all guests present.

Chairman Brandt, Chairman from the Committee of the Whole to which all items of this meeting's agenda were referred, action taken earlier on December 9, 2014, reported the same back and that all items were thoroughly reviewed.

III. Adoption of the Minutes

Minutes of the regular meeting of the Board held on November 21, 2014 and Financial Statements for the Month Ended November 30, 2014 were taken up for consideration.

Member Bronner moved for the adoption of the Minutes and the Financial Statements.

Vice Chairman Goetz seconded the motion.

And on that motion, a vote was taken resulting as follows: 11 Yeas; 0 Nays; 0 Answering Present.

The motion prevailed and the Minutes and the Financial Statements were adopted and accepted, respectively.

IV. Acceptance of the Financial Statements

See Agenda Item III.

V. Approval of Project Reports and Resolutions

Chairman Brandt directed Mr. Frampton to present the projects and resolutions without guests or abstentions to the Board.

Mr. Frampton presented the following project:

Agriculture Projects

Item 1A: Item 1A is a request for Beginning Farmer Revenue Bond financing.

David T. Mulch is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Five Hundred Nine Thousand and Six Hundred Dollars** ($509,600). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 80 acres of farmland located in Raymond Township in Montgomery County.

Member O'Brien moved for the adoption of the following project: Item 1A.

Member Fuentes seconded the motion.

And on that motion, a vote was taken resulting as follows: 10 Yeas; 0 Nays; 0 Answering Present; 1 Not Voting (Knox).

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

Chairman Brandt directed Mr. Frampton to present the remaining projects without guests or abstentions to the Board.

Mr. Frampton presented the following projects and resolution:

Agriculture Projects

Item 1B: Item 1B is a request for Beginning Farmer Revenue Bond financing.

Mitchell A. Rosenthal is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Three Hundred Ninety One Thousand Eight Hundred and Forty Dollars** ($391,840). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 60 acres of farmland located in Raymond Township in Montgomery County.

Educational, Cultural and Non-Healthcare 501(c)(3) Projects

Item 4: Item 4 is a request for 501(c)(3) Revenue Bond financing.

O.L.L. Education Services is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Seven Million Dollars** ($7,000,000). This financing is being presented for one-time consideration.

O.L.L. Education Services, an Illinois not for profit corporation (the "**Borrower**"), has requested that the Authority issue not to exceed aggregate total principal amount $7,000,000 (excluding original issue discount or premium, if any) of revenue bonds consisting of one Revenue Bond (O.L.L. Education Services) Series 2015 (the "**Series 2015 Bond**") and loan the proceeds thereof to the Borrower in order to assist the Borrower in providing all or a portion of the funds necessary to do any or all of the following: (i) refinancing all or a portion of existing indebtedness incurred by the Borrower in connection with the acquisition and rehabilitation of three (3) school buildings located at 4100 Warren Avenue, Hillside, Illinois 60162, 621 Belvidere Road, Waukegan, Illinois 60085 and 801 Illinois Avenue, Aurora, Illinois 60506 (the "**Financed Property**") owned by the Borrower (the "**Refunding**") and leased to Special Education Services, an Illinois not for profit corporation and (ii) pay certain expenses incurred in connection with the issuance of the Series 2015 Bond, all as permitted by the Act (collectively, the "**Financing Purposes**").

Healthcare Projects

Item 6: Item 6 is a request for 501(c)(3) Revenue Bond financing.

Illinois Valley Community Hospital is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twenty-Three Million Dollars** ($23,000,000).

Illinois Valley Community Hospital (the “**Borrower**”), an Illinois not for profit corporation, has requested that the Authority issue one or more series of its Revenue Refunding Bonds, Series 2014 (Illinois Valley Community Hospital) (the “**Series 2014 Bonds**”) in an aggregate principal amount not to exceed $23,000,000 and loan the proceeds thereof to the Borrower in order to assist the Borrower in providing the funds necessary, together with certain other available funds, to: (i) currently refund the $22,955,000 Illinois Finance Authority Adjustable Rate Demand Revenue Bonds, Series 2009 (IV Healthcorp, Inc. Project) currently outstanding in the aggregate principal amount of $21,160,000 (the “Series 2009 Bonds”); (ii) provide working capital; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds and the current refunding of the Series 2009 Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

Item 7: Item 7 is a request for 501(c)(3) Revenue Bond financing.

Rush University Medical Center Obligated Group is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Six Hundred Sixty-Five Millions Dollars** ($665,000,000). This financing is being presented for one-time consideration.

Rush University Medical Center, an Illinois not-for-profit corporation (the “**Corporation**”), and Copley Memorial Hospital, Inc., an Illinois not-for-profit corporation (“**Copley**” and, together with the Corporation, the “**Borrowers**”) have requested that the Authority issue not to exceed $665,000,000 in aggregate principal amount of its Revenue Bonds (Rush University Medical Center Obligated Group) in one or more series (the “**Bonds**”), and loan the proceeds thereof to the Borrowers in order to assist the Borrowers in providing the funds necessary to (i) finance, refinance and reimburse the Corporation for all or a portion of the costs of the acquisition, construction, improvement, renovation and equipping of certain of its health care and related facilities (the “**Corporation Project**”), (ii) finance, refinance and reimburse Copley for all or a portion of the costs of the acquisition, construction, improvement, renovation and equipping of certain of its health care and related facilities (the “**Copley Project**” and, together with the Corporation Project, the “**Project**”), (iii) advance refund all or a portion of the outstanding Prior Bonds, (iv) fund deposits to one or more debt service reserve funds to secure the Bonds, if deemed necessary or desirable by the Borrowers, (v) pay a portion of the interest to accrue on the Bonds, if deemed necessary or desirable by the Borrowers, and (vi) pay certain expenses incurred in connection with the issuance of the Bonds if deemed necessary or advisable by the Borrowers, all as permitted by the Act (collectively, the “**Financing Purposes**”).

Item 8: Item 8 is a request for 501(c)(3) Revenue Bond financing.

KishHealth System is requesting approval of a **Preliminary** Bond Resolution in an amount not to exceed **Fourteen Millions Dollars** ($14,000,000).

Bond proceeds will be loaned to KishHealth System, an Illinois not-for-profit corporation (the “**Borrower**”) for the purpose of providing the Borrower with all or a portion of the funds necessary to (i) finance all or a portion of the cost of the acquisition, remodeling, furnishing and equipping of a 70,324 square foot medical clinic building and related land located at 1850 Gateway Drive in Sycamore, Illinois, (ii) fund deposits to one or more debt service reserve funds to secure the Bonds, if deemed necessary or desirable by the Borrower, (iii) pay a portion of the interest to accrue on the Bonds, if deemed necessary or desirable, and (iv) pay certain expenses incurred in connection with the issuance of the Bonds, if deemed necessary or desirable by the Borrower, all as permitted by the Act (collectively, the “**Financing Purposes**”).

Resolutions

Item 9: Item 9 is a Resolution Authorizing the Issuance of not to exceed $2,000,000 in Aggregate Principal Amount of the Illinois Finance Authority’s Revenue Refunding Bond

(Hispanic Housing Development Corporation Project), Series 2014, the Proceeds of which are to be Loaned to Hispanic Housing Development Corporation.

Vice Chairman Goetz moved for the adoption of the following projects and resolution: Items 1B, 4, 6, 7, 8 and 9.

Member Pedersen seconded the motion.

And on that motion, a vote was taken resulting as follows: 11 Yeas; 0 Nays; 0 Answering Present.

These projects and resolution, having received the votes of a quorum of the Members of the Board, were declared passed and adopted, respectively.

Chairman Brandt directed Executive Director Meister to present the following resolution:

Executive Director Meister presented the following resolution:

Resolutions

Item 10: Resolution Authorizing the Executive Director to Prepare a Suitable Forbearance Agreement Waiving any Event of Default until June 30, 2015 for Circulation Among the Members of the Illinois Finance Authority and the Village Board of Thomson, Carrol County, Illinois, with Respect to $4,090,000 Original Aggregate Principal Amount of General Obligation Waterworks and Sewerage Revenue Bonds Issued by the Village of Thomson, Carroll County, Illinois in 2000 and Owned by the Authority; and Related Matters.

Chairman Brandt asked for and, by unanimous consent, obtained leave to apply the results of the vote for Items 1B, 4, 6, 7, 8 and 9 to the following resolution: Item 10.

Leave was granted.

This resolution, having received the votes of a quorum of the Members of the Board, was declared adopted.

Chairman Brandt directed Mr. Frampton to present the projects which may have guests and/or an abstention.

Mr. Frampton presented the following projects:

Local Government and Government Purpose Projects

Item 2: Item 2 is a request for Local Government Revenue Bond financing.

Pace, the Suburban Bus Division of the Regional Transportation Authority, is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twelve Million Dollars** ($12,000,000). This financing is being presented for one-time consideration.

Proceeds of the Illinois Finance Authority Local Government Program Revenue Bonds, Series 2015 (Pace, the Suburban Bus Division of the Regional Transportation Authority – Revenue Bond Projects), will be used for the purpose of purchasing certain local government securities (the "**Local Government Securities**") from Pace, the Suburban Bus Division of the Regional Transportation Authority (hereinafter, "**Pace**"). Pace is organized and existing pursuant to the Regional Transportation Authority Act, 70 ILCS 3615 (the "**RTA Act**"), and provides bus and ADA transportation services to customers in Cook, DuPage, Kane, Lake, McHenry and Will Counties in Illinois.

Pace, with the approval of the Regional Transportation Authority, will use the proceeds of the Local Government Securities pursuant to the RTA Act.

Vice Chairman Goetz moved for the adoption of the following project: Item 2.

Member Pedersen seconded the motion.

And on that motion, a vote was taken resulting as follows: 10 Yeas; 0 Nays; 1 Abstention (Fuentes); 0 Answering Present.

Member Fuentes desired to be recorded as abstaining from the vote because a relative serves on the Board of Directors of the Regional Transportation Authority.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

Educational, Cultural and Non-Healthcare 501(c)(3) Projects

Item 3: Item 3 is a request for Student Loan Revenue Bond financing.

Midwestern University is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twenty Million Dollars** ($20,000,000).

Midwestern University Foundation (the "**Foundation**") will apply the proceeds from the sale of the Student Loan Program Revenue Bonds (Midwestern University Foundation) Senior Series 2015A (the "**Series 2015A Bonds**") and the Student Loan Program Revenue Bonds (Midwestern University Foundation) Subordinate Series 2015B (the "**Series 2015B Bonds**" and together with the Series 2015A Bonds, the "**Series 2015 Bonds**"), together with certain other available funds, to (i) finance private education loans to be made by the Foundation to students of the Midwestern University (the "**University**") that attend the University's Illinois Campus, (ii) finance a portion of the interest on the Series 2015 Bonds, if deemed necessary or desirable by the Foundation, (iii) finance one or more debt service reserve funds for the benefit of the Series 2015 Bonds, if deemed necessary or desirable by the Foundation, and (iv) pay certain costs relating to the issuance of the Series 2015 Bonds (collectively, the "**Financing Purposes**").

The Bonds will be issued pursuant to the Higher Education Loan Act of the State of Illinois and the Illinois Finance Authority Act (both, as amended).

Vice Chairman Goetz moved for the adoption of the following project: Item 3.

Member Poole seconded the motion.

And on that motion, a vote was taken resulting as follows: 10 Yeas; 0 Nays; 1 Abstention (Gold); 0 Answering Present.

Member Gold desired to be recorded as abstaining from the vote because he is of counsel to Perkins Coie LLP, which is engaged as trustee's counsel on the transaction.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

Chairman Brandt directed Mr. Frampton to present the following project: Item 5.
Mr. Frampton presented the following project:

Educational, Cultural and Non-Healthcare 501(c)(3) Projects

Item 5: Item 5 is a request for 501(c)(3) Revenue Bond financing.

Navy Pier, Inc. is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Forty-Six Million Five Hundred Thousand Dollars** ($46,500,000). This financing is being presented for one-time consideration.

Revenue bonds consisting of one or more series of Revenue Bonds, Series 2014A (Navy Pier, Inc. Project) (the "**Series 2014A Bonds**") and Draw Down Revenue Bonds, Series 2014B (Navy Pier, Inc. Project) (the "**Series 2014B Bonds**" and, together with the Series 2014A Bonds, the "**Bonds**") will be used by Navy Pier, Inc., an Illinois not for profit corporation (the "**Corporation**"), for the purpose of providing the Corporation with all or a portion of the funds to: (i) pay or reimburse the costs of the manufacture and installation of a replacement observation wheel and necessary structural improvements (the "**OW Project**"); (ii) pay or reimburse the costs of the acquisition, construction, repair, rehabilitation and equipping of a new live performance theater and/or certain other projects including, but not limited to, renovation of the Crystal Gardens, the Family Pavilion Area, the Navy Pier East End area and/or Polk Bros Park (the "**Theater/Pierscape Project**" and, together with the OW Project, the "**Project**"); and (iii) pay certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

Chairman Brandt informed the Members that the Acknowledgement and Agreement (the "**Agreement**") by and among the Metropolitan Pier and Exposition Authority, a municipal corporation and body politic of the State of Illinois (the "**MPEA**"), the Corporation and Fifth Third Bank, an Ohio banking corporation, was approved at the regular meeting of the MPEA Board of Directors by action taken earlier on December 9, 2014.

Vice Chairman Goetz moved for the adoption of the following project: Item 5.

Member O'Brien seconded the motion.

And on that motion, a vote was taken resulting as follows: 10 Yeas; 1 Nay; 0 Answering Present.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

Chairman Brandt presented the following resolution: Item 11.

Resolutions

Item 11: Item 11 is a Resolution Appointing the Executive Director of the Illinois Finance Authority for One-Year Term of Office.

Chairman Brandt advised those present that pursuant to statute, the Office of the Governor provided a list of nominees to the Board for consideration in appointing an Executive Director of the Illinois Finance Authority for the upcoming one-year term of office. After deliberations, the Board chose to continue with

Executive Director Meister, provided that Executive Director Meister agreed to resign from the one-year term of office at any time should he be requested to do so by the Governor-Elect or his designee.

Executive Director Meister confirmed that he agrees to resign from the one-year term of office at any time should he be requested to do so by the Governor-Elect or his designee.

Member Vaught moved for the adoption of the following project: Item 11.

Member Poole seconded the motion.

And on that motion, a vote was taken resulting as follows: 11 Yeas; 0 Nays; 0 Answering Present.

This resolution, having received the votes of a quorum of the Members of the Board, was declared adopted.

VI. Other Business

None.

VII. Public Comment

None.

VIII. Adjournment

Chairman Brandt reminded Members of the Board, Authority staff and all guests present that the next regular meeting of the Board will be held on January 13, 2015.

At the time of 11:32 a.m., Vice Chairman Goetz moved that the Board do now adjourn until January 13, 2015, at 10:30 a.m.

Member Pedersen seconded the motion.

The motion prevailed.

And the Board stood adjourned.

Minutes published by:
Brad R. Fletcher
Assistant Secretary of the Board

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ITEM 1
FINANCIAL ANALYSIS

January 13, 2015

V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS MONTHLY AND ANNUAL SUMMARY AS OF DECEMBER 31, 2014

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET TRANSFERS

a. **Annual Operating Revenues** totaling $1.96 million are $144 thousand or 6.8% below budget; due primarily to lower than expected closing, administrative service and miscellaneous fees. Closing fees year to date of $1.1 million, are $151 thousand or 12.2% below budget. Included in Interest Income on Loans, the year to date revenue accrued for interest due from the former IRBB local governments totaled $577 thousand. Annual fees of $190 thousand are 12.5% or $21 thousand higher than budget. Application fees are also 27% higher than budgeted; totaling $26 thousand for the year.

b. **In December**, the Authority generated $510 thousand in closing fees, the highest monthly total of FY15. Closing fees were received from: ***Advocate Health Care,*** $211 thousand, ***Navy Pier, Inc.,*** $102 thousand, ***North Central A & B,*** $94 thousand, and ***Agriculture-related*** closings of $9 thousand. No fund transfers were recorded in December and all amounts in the IRBB reserve have been transferred to the General Operating Fund. The balance in the IRBB Reserve Fund is now zero.

c. **Annual Operating Expenses** of $1.7 million are $447 thousand or 20.4% lower than budget, mostly driven by lower employee-related expenses and professional service costs. Year to date, employee expenses are $906 thousand or 16.5% below budget and professional services are $527 thousand or 30% below budget. Annual occupancy costs are $119 thousand and $26 thousand or 18.1% under budget. Other contributors to lower year to date operating costs include the delay in the implementation of the debt management software application, reduced staff, lower rental space costs for the Chicago Office and the reduction in investment management fees for IEPA.

d. **In December**, total professional services of $112 thousand included payments for IT audit services, investment management and legislative services fees and accounting software support and maintenance. Also, legal fees paid totaled $62 thousand for the month. Employee-related expenses dropped by over $6 thousand with the departure of three full time employees and two Finance/Legal Fellows.

2. GENERAL OPERATING FUND-ASSETS AND LIABILITIES

a. IFA continues to maintain a strong balance sheet, with total assets in the General Fund of $53 million (consisting of cash, investments, and receivables). Unrestricted cash and investments total $24.4 million, notes receivables for the former IRBB local governments total $22.7 million, other loans receivables are at $1.9 million and restricted cash in the DACA Loan Fund totals $1.3 million. Liabilities, current and non-current, total just $571 thousand.

3. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS

a. The Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of $273 thousand. Additional receipts and loan funds of $8 million, is expected to be transferred from the Illinois State Treasurer in the next few weeks.

b. Other Nonmajor Funds booked revenues of $94 thousand. Total funds transferred out of the IRBB Reserve Fund to the General Operating fund was $294 thousand.

c. The Agency/Fiduciary Funds for IFA include both the Metro East Police District Commission and the Illinois Finance Authority NFP Development Fund, with combined current assets of $60 thousand.

4. FY14 FINANCIAL STATEMENT AUDIT and GFOA/GASB UPDATE

a. Fieldwork is completed in the FY14 financial audit and the Office of the Auditor General is currently reviewing.

b. The authority has completed its first Comprehensive Annual Financial Report (CAFR). The document is currently being reviewed by the Office of the Auditor General and will be released upon the completion of that review.

[1]***Operating Revenues and Expenses*** are direct results of our basic business operations.

Item 2

ILLINOIS FINANCE AUTHORITY
STATEMENT OF OPERATING REVENUES AND EXPENSES AND NET TRANSFERS*
GENERAL OPERATING FUND
FOR FISCAL YEAR 2015 AS OF DECEMBER 31, 2014
(PRELIMINARY AND UNAUDITED)

	JUL	AUG	SEP	OCT	NOV	DEC	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	2015 BUDGET VARIANCE ($)	2015 BUDGET VARIANCE (%)
Operating Revenues:										
Closing Fees	66,825	295,753	138,542	78,500	2,150	510,496	1,092,266	1,243,500	(151,234)	-12.2%
Annual Fees	10,367	42,720	31,533	34,580	34,230	36,372	189,802	168,750	21,052	12.5%
Administrative Service Fees	-	10,000	15,000	-	20,000	-	45,000	57,500	(12,500)	-21.7%
Application Fees	1,100	14,328	4,300	2,700	2,500	1,100	26,028	20,502	5,526	27.0%
Miscellaneous Fees	62	-	-	-	-	14	76	30,000	(29,924)	-99.7%
Interest Income-Loans	120,406	67,709	102,031	102,123	106,114	103,356	601,739	579,915	21,824	3.8%
Other Revenue	272	291	-	269	287	2,942	4,061	2,400	1,661	69.2%
Total Operating Revenue:	**$ 199,032**	**$ 430,801**	**$ 291,406**	**$ 218,172**	**$ 165,281**	**$ 654,280**	**$ 1,958,972**	**$ 2,102,567**	**$ (143,595)**	**-6.8%**
Operating Expenses:										
Employee Related Expense	158,165	155,946	152,957	148,571	148,404	142,071	906,114	1,085,538	(179,424)	-16.5%
Professional Services	2,882	179,754	97,492	49,885	84,877	111,758	526,648	752,490	(225,842)	-30.0%
Occupancy Costs	26,485	26,590	9,247	40,454	8,583	8,124	119,483	145,824	(26,341)	-18.1%
General & Administrative	28,707	28,568	26,718	28,656	26,890	28,029	167,568	167,150	418	0.3%
Depreciation and Amortization	3,847	3,847	3,847	3,876	3,876	4,794	24,087	40,000	(15,913)	-39.8%
Total Operating Expense	**$ 220,086**	**$ 394,705**	**$ 290,261**	**$ 271,442**	**$ 272,630**	**$ 294,776**	**$ 1,743,900**	**$ 2,191,002**	**$ (447,102)**	**-20.4%**
Operating Income(Loss)	**$ (21,054)**	**$ 36,096**	**$ 1,145**	**$ (53,270)**	**$ (107,349)**	**$ 359,504**	**$ 215,072**	**$ (88,435)**	**$ 303,507**	**343.2%**
Transfers:										
Transfers in from other funds	-	2,263,041	116,837	10	177,108	-	2,556,996	-	-	0.0%
Transfers out to other funds	-	(2,263,041)	-	-	-	-	(2,263,041)	-	-	0.0%
Total Transfers In (Out)	**$ -**	**$ -**	**$ 116,837**	**$ 10**	**$ 177,108**	**$ -**	**$ 293,955**	**$ -**	**$ -**	**0.0%**

Nonoperating information, including investment amounts will be updated for the February board meeting

Item 2

ILLINOIS FINANCE AUTHORITY
STATEMENT OF OPERATING REVENUES, EXPENSES AND NET TRANSFERS*
IFA FUNDS AND AGENCY FUND ACTIVITY
FOR FISCAL YEAR 2015 AS OF DECEMBER 31, 2014
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	TOTAL IFA FUNDS	AGENCY FUNDS
Operating Revenues:						
Closing Fees	1,092,266	-	-	-	1,092,266	25,000
Annual Fees	189,802	-	-	-	189,802	-
Administrative Service Fees	45,000	-	-	-	45,000	-
Application Fees	26,028	-	-	-	26,028	-
Miscellaneous Fees	76	272,705	-	-	272,781	-
Interest Income-Loans	601,739	-	-	19,724	621,463	-
Other Revenue	4,061	-	-	-	4,061	-
Total Operating Revenue:	**$ 1,958,972**	**$ 272,705**	**$ -**	**$ 19,724**	**$ 2,251,401**	**$ 25,000**
Operating Expenses:						
Employee Related Expense	906,114	-	-	-	906,114	-
Professional Services	526,648	894	665	4,579	532,786	174
Occupancy Costs	119,483	-	-	-	119,483	-
General & Administrative	167,568	-	-	-	167,568	-
Interest Expense	-	-	-	2,205	2,205	-
Depreciation and Amortization	24,087	-	-	-	24,087	-
Total Operating Expense	**$ 1,743,900**	**$ 894**	**$ 665**	**$ 6,784**	**$ 1,752,243**	**$ 174**
Operating Income(Loss)	**$ 215,072**	**$ 271,811**	**$ (665)**	**$ 12,940**	**$ 499,158**	**$ 24,826**
Transfers:						
Transfers in from other funds	2,556,996	-	-	-	2,556,996	-
Transfers out to other funds	(2,263,041)	-	-	(293,955)	(2,556,996)	-
Total Transfers In (Out)	**$ 293,955**	**$ -**	**$ -**	**$ (293,955)**	**$ -**	**$ -**

***Nonoperating information, including investment amounts will be updated for the February board meeting**

Item 2

ILLINOIS FINANCE AUTHORITY
STATEMENT OF ASSETS AND LIABILITIES*
IFA FUNDS AND AGENCY FUND ACTIVITY
December 31, 2014
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	TOTAL IFA FUNDS	AGENCY FUNDS
Assets and Deferred Outflows:						
Current Assets:						
Unrestricted:						
Cash & cash equivalents	3,863,676	-	-	1,035,254	4,898,930	-
Investments	6,465,465	-	-	4,331,693	10,797,158	-
Accounts receivable, Net	285,732	-	-	-	285,732	-
Loans receivables, Net	242,772	-	-	-	242,772	-
Accrued interest receivable	574,699	-	-	46,593	621,292	-
Bonds and notes receivable	2,003,000	-	-	-	2,003,000	-
Due from other funds	1,690,224	-	-	-	1,690,224	-
Due from other local government agencies	-	-	-	3,000,000	3,000,000	-
Prepaid Expenses	146,233	-	-	-	146,233	-
Total Current Unrestricted Assets	**$ 15,271,801**	**$ -**	**$ -**	**$ 8,413,540**	**$ 23,685,341**	**$ -**
Restricted:						
Cash & Cash Equivalents	1,280,252	11,931	24,359	2,022,492	3,339,034	60,310
Investments	-	1,869,171	1,526,084	260,121	3,655,376	-
Accrued interest receivable	-	21,843	13,822	6,912	42,577	-
Loans receivables, Net	-	1,504,735	94,320	53,843	1,652,898	-
Due from primary government	-	60,000	-	-	60,000	-
Total Current Restricted Assets	**$ 1,280,252**	**$ 3,467,680**	**$ 1,658,585**	**$ 2,343,368**	**$ 8,749,885**	**$ 60,310**
Total Current Assets	**$ 16,552,053**	**$ 3,467,680**	**$ 1,658,585**	**$ 10,756,908**	**$ 32,435,226**	**$ 60,310**
Non-current Assets:						
Unrestricted:						
Investments	14,026,828	-	-	8,129,099	22,155,927	-
Loans receivables, Net	1,687,272	-	-	-	1,687,272	-
Bonds and notes receivable	20,682,037	-	-	-	20,682,037	-
Total Noncurrent Unrestricted Assets	**$ 36,396,137**	**$ -**	**$ -**	**$ 8,129,099**	**$ 44,525,236**	**$ -**
Restricted:						
Cash & Cash Equivalents	-	132,094	1	18,557,034	18,689,129	-
Investments	-	4,257,911	2,307,827	483,549	7,049,287	-
Loans receivables, Net	-	15,548,078	321,600	1,496,738	17,366,416	-
Bonds and notes receivable from primary government	-	-	-	-	-	-
Bonds and notes receivable from State component units	-	-	-	-	-	-
Total Noncurrent Restricted Assets	**$ -**	**$ 19,938,083**	**$ 2,629,428**	**$ 20,537,321**	**$ 43,104,832**	**$ -**
Capital Assets						
Capital Assets	839,578	-	-	-	839,578	-
Accumulated Depreciation	(740,767)	-	-	-	(740,767)	-
Total Capital Assets	**$ 98,811**	**$ -**	**$ -**	**$ -**	**$ 98,811**	**$ -**

Item 2

ILLINOIS FINANCE AUTHORITY
STATEMENT OF ASSETS AND LIABILITIES*
IFA FUNDS AND AGENCY FUND ACTIVITY
December 31, 2014
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	TOTAL IFA FUNDS	AGENCY FUNDS
Total Noncurrent Assets	**$ 36,494,948**	**$ 19,938,083**	**$ 2,629,428**	**$ 28,666,420**	**$ 87,728,879**	**$ -**
Total Assets	**$ 53,047,001**	**$ 23,405,763**	**$ 4,288,013**	**$ 39,423,328**	**$ 120,164,105**	**$ 60,310**
Liabilities:						
Current Liabilities:						
Payable from unrestricted current assets:						
Accounts payable	42,575	-	-	2,044	44,619	-
Accrued liabilities	97,813	-	-	-	97,813	-
Due to employees	89,452	-	-	-	89,452	-
Due to other funds	73,765	-	-	17,403	91,168	-
Other liabilities		-	-	-	-	60,310
Unearned revenue, net of accumulated amortization	245,041	-	-	-	245,041	-
Total Current Liabilities Payable from Unrestricted Current Assets	**$ 548,646**	**$ -**	**$ -**	**$ 19,447**	**$ 568,093**	**$ 60,310**
Payable from restricted current assets:						
Accounts payable	-	894	665	111	1,670	-
Accrued interest payable	-	-	-	357	357	-
Due to other funds	-	1,504,735	94,320	-	1,599,055	-
Total Current Liabilities Payable from Restricted Current Assets	**$ -**	**$ 1,505,629**	**$ 94,985**	**$ 468**	**$ 1,601,082**	**$ -**
Total Current Liabilties	**$ 548,646**	**$ 1,505,629**	**$ 94,985**	**$ 19,915**	**$ 2,169,175**	**$ 60,310**
Noncurrent Liabilities						
Payable from unrestricted noncurrent assets:						
Accrued liabilities	22,222	-	-	-	22,222	-
Assets	**$ 22,222**	**$ -**	**$ -**	**$ -**	**$ 22,222**	**$ -**
Payable from restricted noncurrent assets:						
Noncurrent portion of long term debt	-	-	-	369,080	369,080	-
Total Noncurrent Liabilities Payable from Restricted Noncurrent	**$ -**	**$ -**	**$ -**	**$ 369,080**	**$ 369,080**	**$ -**
Total Noncurrent Liabilities	**$ 22,222**	**$ -**	**$ -**	**$ 369,080**	**$ 391,302**	**$ -**
Total Liabilities	**$ 570,868**	**$ 1,505,629**	**$ 94,985**	**$ 388,995**	**$ 2,560,477**	**$ 60,310**

Net position information will be updated for the February board meeting

Monthly Procurement Report will be distributed separately.

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Lorrie Karcher

Date: January 13, 2015

Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to $517,700 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $236,360.00**
- **Calendar Year Summary:** (as of January 13, 2015)
  - Volume Cap: $TBD
  - Volume Cap Committed: $TBD
  - Volume Cap Remaining: $TBD
  - Average Farm Acreage: 38
  - Number of Farms Financed: 1
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds –** no direct IFA or State funds at risk
  - **New Money Bonds:**
    - Convey tax-exempt status
    - Will use dedicated 2015 IFA Volume Cap set-aside for Beginning Farmer Bond transactions
- **IFA Fees**:
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's bank (the "Bank")
  - The Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd.**
  Stephen F. Welcome, Esq.
  Three First National Plaza, Suite 4300
  Chicago, IL 60602

A. Project Number:	**A-FB-TE-CD-8718**
Borrower(s):	**Birch, Jacob A.**
Borrower Benefit:	First Time Land Buyer
Town:	Buckingham, IL
IFA Bond Amount:	**$236,360.00**
Use of Funds:	Farmland – 38 acres of farmland
Purchase Price:	$295,450 / $6,220 per acre
%Borrower Equity	20%
%Other	0%
%IFA	80%
Township:	Broughton
Counties/Regions:	Livingston / North Central
Lender/Bond Purchase:	Vermilion Valley Bank / Gary Loschen
Legislative Districts:	Congressional: 2
	State Senate: 49
	State House: 79

Principal shall be paid annually in installments determined pursuant to a Twenty-five year amortization schedule calculated at the initial interest rate, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid semi-annually with the first interest payment date to begin six months from the date of closing with the twenty fifth and final payment of all outstanding balances due twenty five years from the first principal date. The note will have a 25-year amortization and maturity.

CONDUIT

$28,460,000

January 13, 2015 **SILVER CROSS HOSPITAL**

REQUEST	**Purpose**: Bond proceeds will be used by **Silver Cross Hospital** (the "**Corporation**" or the "**Borrower**") to provide the funds necessary to: (i) refund all or a portion of the outstanding principal amount of the (a) Illinois Health Facilities Authority Revenue Refunding Bonds, Series 1999 (Silver Cross Hospital and Medical Centers), currently outstanding in the principal amount of $3,805,000, (b) Illinois Finance Authority Revenue Bonds, Series 2005A (Silver Cross Hospital and Medical Centers), currently outstanding in the principal amount of $11,930,000, and (c) Illinois Finance Authority Fixed Rate Revenue Bonds, Series 2005C (Silver Cross Hospital and Medical Centers) (collectively, the "**Prior Bonds**"), currently outstanding in the principal amount of $12,725,000, and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds. **Program**: Conduit 501(c)(3) Revenue Bonds **Extraordinary Conditions**: None.
BOARD ACTION	Final Bond Resolution (One-Time Consideration)
MATERIAL CHANGES	None. This is the first time this project has been presented to the IFA Board of Directors for consideration.
JOB DATA	1,642 Current FTE's — 0 New jobs projected 1,642 Retained FTE's — 0 Construction jobs projected
DESCRIPTION	● New Lenox (Will County) ● **Silver Cross Hospital** ("**Silver Cross**" or "**SCH**") is a 501(c)(3) corporation established under Illinois law. Silver Cross is a 289-bed hospital located in New Lenox, Illinois, approximately 35 miles southwest of Chicago. SCH has a good reputation of providing a broad range of healthcare services, with substantial resources. Silver Cross has consistently gained market share and is the market share leader in its primary service area. Silver Cross is located in Will County, one of the most rapidly growing counties in the U.S. The county has experienced explosive growth over the past 15 years and projections suggest that strong growth will continue for the next 25 years.
CREDIT INDICATORS	● Bonds to be purchased directly by First Midwest Bank as Bank Purchased Bonds ● Silver Cross Hospital is rated BBB-/BBB+ (S&P/Fitch)
SECURITY	● Secured by revenue pledge and mortgage on par with outstanding debt.
MATURITY	● No later than 10 years.
SOURCES AND USES	**Sources:** IFA Bonds $28,460,000 **Uses:** Refunding Bonds $28,360,000; Costs of Issuance 100,000 **Total** **$28,460,000** — **Total** **$28,460,000**
RECOMMENDATION	Credit Review Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
January 6, 2014

Project: SILVER CROSS HOSPITAL

STATISTICS

Project Number:	H-HO-TE-CD-8720	Amount:	$28,460,000
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane
Location:	New Lenox, IL	County/ Region:	Will/Northeast

BOARD ACTION

Final Bond Resolution
Conduit 501 (c)(3) bonds
No IFA funds at risk

Credit Review Committee Recommends Approval
No extraordinary conditions

VOTING RECORD

None. This is the first time this project has been presented to the IFA Board for consideration.

PURPOSE

To provide the funds necessary to: (i) refund all or a portion of the outstanding principal amount of the (a) Illinois Health Facilities Authority Revenue Refunding Bonds, Series 1999 (Silver Cross Hospital and Medical Centers), currently outstanding in the principal amount of $3,805,000, (b) Illinois Finance Authority Revenue Bonds, Series 2005A (Silver Cross Hospital and Medical Centers), currently outstanding in the principal amount of $11,930,000, and (c) Illinois Finance Authority Fixed Rate Revenue Bonds, Series 2005C (Silver Cross Hospital and Medical Centers) (collectively, the "Prior Bonds"), currently outstanding in the principal amount of $12,725,000, and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the Borrower's interest expense.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current employment:	FTE's 1,642	Projected new jobs:	0
Jobs retained:	FTE's 1,642	Construction jobs:	0

ESTIMATED SOUCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	$28,460,000	Refunding Bonds	$28,360,000
		Costs of Issuance	100,000
Total	**$28,460,000**	**Total**	**$28,460,000**

FINANCING SUMMARY/STRUCTURE

Security:	First Midwest Bank will be secured by a revenue pledge and mortgage on par with outstanding debt.
Structure:	Variable Rate Debt

Interest Rate:	75% of 1 month LIBOR + 2.35%
Interest Mode:	Bank Mode
Rating:	None
Maturity:	Up to 10 years
Estimated Closing Date:	To be determined

PROJECT SUMMARY

The proceeds of the Bonds will be used to provide the funds necessary to: (i) refund all or a portion of the outstanding principal amount of the (a) Illinois Health Facilities Authority Revenue Refunding Bonds, Series 1999 (Silver Cross Hospital and Medical Centers), currently outstanding in the principal amount of $3,805,000, (b) Illinois Finance Authority Revenue Bonds, Series 2005A (Silver Cross Hospital and Medical Centers), currently outstanding in the principal amount of $11,930,000, and (c) Illinois Finance Authority Fixed Rate Revenue Bonds, Series 2005C (Silver Cross Hospital and Medical Centers) (collectively, the "Prior Bonds"), currently outstanding in the principal amount of $12,725,000, and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds

BUSINESS SUMMARY

Silver Cross Hospital ("**SCH**") is a 501(c)(3) corporation established under Illinois law. Silver Cross is a 304-bed hospital located in New Lenox, Illinois, approximately 35 miles southwest of Chicago. SCH has a good reputation of providing a broad range of healthcare services, with substantial resources. Silver Cross has consistently gained market share and is the market share leader in its primary service area. Silver Cross is located in Will County, one of the most rapidly growing counties in the country. The county has experienced explosive growth over the past 15 years and projections suggest that strong growth will continue for the next 25 years.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Project name:	Silver Cross Hospital 1900 Silver Cross Blvd. New Lenox, IL 60451	
Applicant:	Silver Cross Hospital	
Ownership (501(c)(3)):	501(c)(3) Not-for-Profit Corporation	
State:	Illinois	
Board Members:	Carlstrom, Jack M.	Retired Businessman
	Danielson, Mark, M.D.	General Surgeon, Surgical Consultants of Joliet
	Hutchison, Douglas Jr.	Retired Businessman
	Kenny, Michael	CFO, Panduit
	McCowan, Al	Consultant
	Mikolajczak, David, D.O.	Physician, EM Strategies
	Morrissette, Steve	Retired Businessman, College Professor
	Paddock, Scott	President, Chicagoland Speedway
	Pawlak, Paul	President/CEO, Silver Cross Hospital
	Phelan, John	Businessman, CommScope
	Prock, Susan	LOA from career
	Roolf, James	President, First Midwest Bank

Board Members (cont'd):	Stofan, Mark	Stofan Agazzi & Company, Inc.
	Totten, Mary	President, Totten & Associates
	Udovich, Christopher, M.D.	Physician, Hedges Clinic

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Foley& Lardner LLP	Chicago, IL	Laura Bilas
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Rich Tomei
Bank	First Midwest Bank	Buffalo Grove	Kimberly McMahon
Bank Counsel:	Chapman and Cutler LLP	Chicago, IL	Carol Thomson
Issuer's Counsel:	Hinshaw & Culbertson LLP	Chicago, IL	Leslie Richards-Yellen
IFA Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

LEGISLATIVE DISTRICTS

Congressional:	11
State Senate:	43
State House:	86

SERVICE AREA

Silver Cross Hospital is located near Highway 6 in New Lenox, Illinois, approximately 37 miles southwest of the City of Chicago. The primary service area provided approximately 74% of its admissions (July, 2014, prior 12 months) and includes the surrounding Will County communities of Cresthill, Elwood, Frankfort, Homer Glen Joliet, Lemont, Lockport, Manhattan, Mokena, New Lenox, and Orland Park (the "Primary Service Area"). The secondary service area extends about 20 miles beyond the Primary Service Area and consists of the communities of Bolingbrook, Braidwood, Channahon, Coal City, Matteson, Minooka, Monee, Morris, Palos Park, Plainfield, Romeoville, Shorewood, Tinley Park and Wilmington (the "Secondary Service Area").

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton and Patrick Evans

Date: January 13, 2015
(UPDATED PURSUANT TO COMMITTEE OF THE WHOLE MEETING DISCUSSION AND RECOMMENDATIONS)

Re: Request for Extension of IFA Participation Loan to Brett L. Zehr and Christine A. Zehr (Zehr Foods, Inc. Project) for a second five year term (to February 1, 2020)
(IFA Project B-LL-TX-8258)

Request:

Brett L. Zehr and Christine A. Zehr (hereinafter, jointly, the **"Borrower"**) and **First Security Bank of Mackinaw** (the "**Bank**") are requesting approval of a five-year extension of an IFA Participation Loan that financed the purchase of a $300,000 participation interest in a $614,000 First Mortgage Loan that was closed and funded on February 5, 2010. The initial term of the loan is set to expire as of 2/5/2015. The Borrower and Bank are requesting IFA to extend the existing Participation Loan for an additional five-year term (i.e., through 2/5/2020) while re-setting the interest rate at 3.50% (i.e., a 1.0% buydown of the Bank's new 4.50% interest rate proposed for this extension of the IFA-Bank Participation Agreement).

Under IFA lending policies, Participation Loan Agreements may be extended to a maximum term of ten (10) years from the original date of closing. Accordingly, based on the original 2/5/2010 closing date, IFA may extend the commitment of its participation loan with the Bank through 2/5/2020. Upon maturity of the requested extension (scheduled for February 1, 2020), the Bank would be required to take-out the Authority's remaining principal balance so that Authority can loan these funds to a new Borrower.

The remainder of this memorandum provides background information on the original 2010 loan, the proposed terms of the proposed 2015 loan extension, presents a collateral evaluation, and conditions for approval.

Repayment History Since February 5, 2010 Closing Date:

Since the original loan closing date (i.e., February 5, 2010), all scheduled payments have been made in full pursuant to the schedule. Accordingly, the Borrower has paid down the principal balance of the IFA loan from $300,000 to $253,266.07 as of the 2/5/2015 initial term/renewal date (Note: this amount excludes accrued interest from 1/1/2015 to 2/5/2015).

Background on Project Ownership and Loan Security:

The Zehrs own the subject store personally, which they lease to Zehr Foods, Inc. (which does business as Mackinaw Hometown IGA).

The Authority and Bank are currently secured by (i) a First Mortgage on the subject property, (ii) a collateral assignment of Rents and Leases on the subject property in Mackinaw, and (iii) the corporate guaranty of Zehr Foods, Inc. Brett Zehr and Christine Zehr each signed the IFA/Bank Participation Loan personally, as borrowers. A revised set of terms and conditions are presented in the Recommendation and Conditions sections of this report.

Sources and Uses of Funds in 2010 Financing:

Proceeds of the [combined] $614,000 IFA/Bank Participation Loan were combined with approximately $1,875,840 of equity (derived from fire insurance proceeds), and an approximately $150,000 subordinate loans provided by the Village of Mackinaw. *The combined IFA/Bank Participation Loan financed approximately $614,000 of the $1,527,840 project construction cost.*

The Zehrs decided to rebuild with a larger store. As a result of the IFA/Bank Participation Loan, they were able to expand the store from approximately 10,000 SF in their original store to 16,626 SF in the new store (with approximately 13,300 SF of net selling space). The new store offers an expanded delicatessen with seating that has provided their customers with a new local dining option in a community. The Village of Mackinaw has a population of approximately 1,950 residents (with approximately 4,450 in the surrounding township). *Additional information regarding the history of the Mackinaw Hometown IGA, the Zehr's second store facility which is located 9 miles south in the Village of Minier, and background on the nearest chain store competition is presented on p. 3 in the Store History and Competition section. Together, the Mackinaw and Minier stores employ approximately 15 employees.*

Original 2010 Sources and Uses of Funds

Sources:	IFA Participation Loan (Shared 1st Mortgage)	$ 300,000	**Uses:**	Building Construction	$ 1,527,840
	First Security Bank Loan (Shared 1st Mortgage)	314,000		Equipment	783,000
	Subordinate Loan (Village; 2nd Mortgage)	150,000		Inventory	329,000
	Insurance Proceeds (Equity)	1,875,840			
	Total:	**$ 2,639,840**		**Total:**	**$ 2,639,840**

Note: Given the strong first mortgage loan-to-building cost ratio profile of this financing compared to most IFA Participation Loans (and attributable to the insurance proceeds), the overall financing included an inventory financing component ($329,000).

Scheduled Outstanding First Mortgage Loan Balances (reflecting payments through January 5, 2015) to be extended for an additional five year term:

	Original Loan Balance (2/5/2010)	Scheduled Balance (2/5/2015)	Present Interest Rate	Interest Rate upon Extension
IFA Participation Loan:	$ 300,000	$ 253,256.07	5.25%	3.50%
First Security Bank Loan:	$ 314,000	$ 261,182.69	6.25%	4.50%
Combined Total	**$ 614,000**	**$ 514,438.76**		

Informational Disclosure on Subordinate Loan Balance: The [Subordinate] Village of Mackinaw Second Mortgage Loan Balance was approximately $110,500 as of 12/3/2014. The loan bears interest at a fixed interest rate of 2.75%. *The original loan balance was $150,000.*

Collateral Evaluation:

The construction cost of the new store building was approximately $1,527,840 in 2009. Including the store equipment and fixtures, the total development cost to construct and equip the new Mackinaw store was $2,310,840.

At the time the 2010 loan was originated, the subject real estate was valued at an "As-If-Completed" Appraised Fair Market Value of $975,000 (performed by Brad Glassey, Certified General Appraiser, of Glassey & Glassey Appraisal Service, Pekin, Illinois, dated as of 7/31/2009 and ordered by the Bank for purposes of evaluating the proposed loan). According to the Bank, there has not been an update of this appraisal since 2009.

Nevertheless, because the property has been subsequently assessed for property tax purposes by the Tazewell County Assessor, the collateral analysis present below is based on a more conservative $715,200 tax assessor valuation established in 2012 (subsequent to occupancy). Applying IFA's standard real estate appraised value advance rate of 80% to the $715,200 tax assessor valuation results in a discounted collateral value of $572,000, which is sufficient to cover the combined loan balances of the IFA/Bank Participation Loans of $514,439 by a multiple of 1.11x as demonstrated in the table below.

The following table demonstrates that collateral coverage of the outstanding debt has deteriorated based on the 2012 valuation of the property (to $715,200) by the Tazewell County Assessor.

2015 Collateral Analysis based on Outstanding First Mortgage Balances outstanding as of 2/5/2015: Discount Rate on Tazewell County Tax Assessed-based value of $715,200 in assessment year 2012:	**$715,200**
Discount (80% of Value) Applied to $715,000 Tax Assessor Value:	*$572,160*
Collateral Coverage of Current $514,439 IFA/Bank Loan Balances as of 2/5/2015	**1.11x**

A presentation of the collateral analysis presented at the time of the original loan in 2010 follows below. Again, as noted on p. 2 of this report, the Fair Market Value of the Property was $975,000 as reported by the appraiser engaged by First Security Bank (Glassey & Glassey Appraisal Service, Pekin). At that time, given that the building cost approximately $1,527,840 to construct, the $975,000 appraisal value appeared reasonable since the valuation provided for an obsolescence factor discount attributable to the store's location in a lower population density market (i.e., based on Mackinaw's population of 1,950 and township population of 4,450).

Original 2010 Collateral Analysis: Discount Rate on As-if-Completed Appraisal Amount of $975,000 (July 2009)	**$975,000**
Discount (80% of Value) Applied to $975,000 Appraised Value:	*$780,000*
Collateral Coverage of Original $614,000 IFA/Bank Loan Balances prior to closing the loans in 2010	**1.27x**

Store History and Market Competition:

The 2010 financing enabled the Borrower to rebuild, enlarge, and equip the Village of Mackinaw's only local, full-service food store after it was destroyed by fire in September 2008. Proceeds of the Village's $150,000 subordinate loan were used to construct a new parking lot – this was a cost item that was not financed with fire insurance claim proceeds.

Again, in connection with the project, the Zehrs expanded the store from approximately 10,000 Gross SF to 16,546 Gross SF (with approximately 13,300 SF of net selling space).

The Village of Mackinaw, Illinois is located in Tazewell County and according to the 2010 U.S. Census had a population of approximately 1,950, while the population of surrounding Mackinaw Township was approximately 4,450.

The Village of Mackinaw is located on Illinois Hwy. 9, and is approximately 22 miles west of Bloomington and 6 miles east of I-155 (which connects Morton and Lincoln). The nearest regional and national food stores and supercenters (i.e., Kroger, Walmart) to Mackinaw are located in the City of Morton, which is located approximately 11 miles northwest of Mackinaw and in the City of Pekin, which is located approximately 15 miles west of Mackinaw.

In addition to the Mackinaw Hometown IGA store, the Zehrs also operate Minier IGA, a 6,500 SF store (5,490 SF of net selling space) that is located approximately 9 miles south of Mackinaw in the Village of Minier, a Tazewell County community with a population of 1,244 (with 1,575 in the surrounding township) according to the 2010 US Census. The nearest Kroger and Walmart stores to Minier are located approximately 22 miles away in Bloomington and 25 miles away in Lincoln.

(Please see area maps on p. 5 showing locations of the Zehr Foods IGA Stores in Mackinaw and Minier. Additionally, there is a Google Maps "Street View" photo of the Mackinaw Hometown IGA Store (IFA's primary collateral) on p. 5 and the Minier IGA (also on p. 5).

Finally, on pp. 5-6, there are maps that show where the nearest Walmart and Kroger stores are located relative to the villages of Mackinaw and Minier.

Recommendation and Conditions:

Staff conditionally recommends approval of the Borrower's and Bank's request to extend the Participation Agreement and reduce the respective interest rates on the Bank and IFA Participation by 1.75%.

Based on discussion at the IFA Committee of the Whole Meeting, in which it was acknowledged that (i) this loan was mission-driven, helping mitigate the possibility of eastern Tazewell County becoming a "food desert", and (ii) grocery stores, by nature, have thin profit margins (with the savings enabled by this Participation Loan helping to reduce overhead and improve operating margins) recommend approval subject to the following conditions.

1. To improve collateral coverage and provide additional security for the IFA/Bank Participation Loan associated with the Mackinaw Hometown IGA property, the Borrower shall allow the combined IFA/Bank Participation Loan to be further secured by a 2nd mortgage on the Borrower's 6,500 square foot retail store property in Minier, Illinois that is currently leased to Zehr Foods, Inc. (d/b/a Minier IGA). Additionally, the IFA/Bank Participation Loans shall be further secured by a collateral assignment of Rents and Leases on the underlying lease to Zehr Foods, Inc.

   This mortgage shall only be subject to a first mortgage from First Security Bank in the current outstanding amount (low 5 figures) as of 1/1/2015. (Note: because the Minier IGA loan is scheduled to mature during calendar 2016, the IFA/Bank Participation Loan will be secured by a First Mortgage on the Minier store property for the subsequent remaining term of the IFA/Bank Participation.) According to online information posted by the Tazewell County Tax Assessor, this property had an estimated taxable value of approximately $146,300 as of 2012.

2. Extend the IFA/Bank Participation Agreement by 5 years (with a final maturity date of 2/5/2020) with IFA's Participation Loan priced at 3.50% (i.e., with the interest rate on the IFA Participation Loan set at 1.00% below the Bank's new interest rate of 4.50%), as requested.

3. Conform and revise the security structure and ownership of the pledged assets to the extent ownership is transferred to related entities controlled by the Borrower as deemed necessary or advisable.

In addition to these conditions, other conditions precedent to closing have been proposed to the Bank and will be added to the revised Participation Agreement, if extended.

Zehr's IGA Stores Stores in Illinois

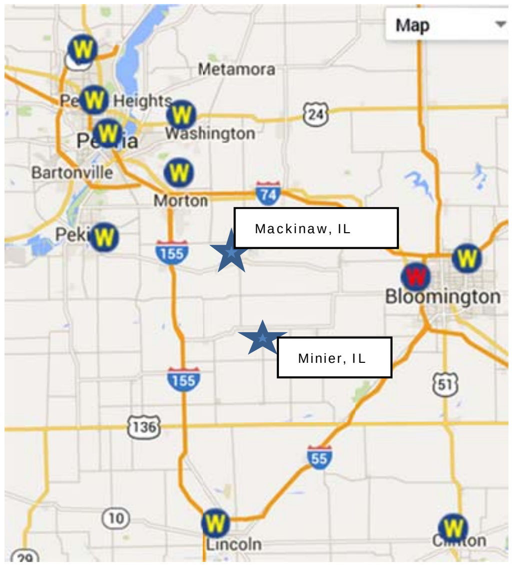
Don't see a store near you? Click here to view other IGA store locations.

City	Address	Phone	Store Info
Mackinaw *Mackinaw Hometown IGA*	100 N. Main St.	(309) 359-5211	View
Minier *Minier IGA*	211 N. Main St.	(309) 392-2040	View

Photo of Zehr Food's Mackinaw Hometown IGA

Photo of Zehr Foods' Minier IGA

Map of Nearest Walmart stores – Morton, Pekin (East), Bloomington (West), Lincoln:



Map of Nearest Kroger Stores – Morton, Pekin (East), Bloomington (West), Lincoln:

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date: January 13, 2015

Re: Resolution Approving the Execution of a Supplemental Loan Agreement Relating to its Variable Rate Revenue Bonds, Series 2012 (Carmel Catholic High School)
IFA File Number: N-NP-TE-CD-8559

Request:
Carmel Catholic High School, an Illinois not-for-profit corporation (the "**Borrower**" or "**Carme**l"), and **Lake Forest Bank and Trust Company** (Wintrust Financial) (the "**Purchaser**") are requesting approval of a Resolution to authorize execution and delivery of a First Supplemental Loan Agreement between the Authority, the Borrower and the Purchaser (the "**First Amendment**") to permit the Borrower to make the payments required under Section 4.1 of the Original Loan Agreement directly to Lake Forest Bank and Trust Company for so long as Lake Forest Bank and Trust Company is the 100% owner of the Authority's Variable Rate Revenue Bonds, Series 2012 (Carmel Catholic High School) (the "**Series 2012 Bonds**").

The Series 2012 Bonds closed as of July 10, 2014 and remain owned in whole by Lake Forest Bank and Trust Company.

Impact:
Pursuant to Section 4.1 of the Original Loan Agreement, the Borrower shall provide for the principal of, redemption premium, if any, and interest on the Series 2012 Bonds by making payments of the required amounts to the U.S. Bank N.A., Chicago, Illinois, as Bond Trustee (the "**Trustee**"). As a result of this technical amendment, the Borrower will make payments directly to the Purchaser, bypassing the Trustee and reducing ongoing transaction costs paid by the Borrower.

All other existing duties required will continue to be performed by the Trustee, including but not limited to preparing and filing with the Authority and the Office of Comptroller of the State of Illinois a C-08, Notice of Payment of Bond Interest and/or Principal pursuant to Section 8.15 of the Trust Indenture will remain a function of the Trustee. Consistent with historical practice, there will be no fee for this technical amendment.

Background:
Proceeds of the Series 2012 Bonds were loaned to Carmel and used, together with certain other funds, to (i) current refund the outstanding principal amount of the Illinois Development Finance Authority Adjustable Rate Demand Revenue Bonds, Series 2003 (Carmel High School Project) (the "**Prior Bonds**"), (ii) pay or reimburse the Borrower for, the payment of the costs of acquiring, constructing, renovating, remodeling and equipping certain educational facilities of the Borrower including but not limited to renovations and add-on construction to create instructional space for fine and performing arts and to create a new library (the "**Project**"); (iii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Authority or the Borrower; (iv) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Authority or the Borrower; (v) provide working capital, if deemed necessary or advisable by the Authority or the Borrower; and (vi) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Series 2003 Bonds (and items (iii) – (vi) together with the "Prior Bonds" and the "Project" comprising the "**Financing Purposes**").

All payments relating to the Series 2012 Bonds have been paid as scheduled.

PROFESSIONAL & FINANCIAL

Bond Counsel:	Dentons US, LLP	St. Louis, MO	Karen Jordan
Bond Purchaser:	Lake Forest Bank & Trust Co. (Wintrust Financial)	Chicago, IL	Lena Dawson
Bank Counsel:	Dentons US, LLP	Chicago, IL	Mary G. Wilson

RESOLUTION NO. 2015-0113-AD__

RESOLUTION APPROVING THE EXECUTION OF A SUPPLEMENTAL LOAN AGREEMENT RELATING TO ITS VARIABLE RATE REVENUE BONDS, SERIES 2012 (CARMEL CATHOLIC HIGH SCHOOL)

WHEREAS, the **ILLINOIS FINANCE AUTHORITY** (the "***Authority***") has been created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1, et.seq., as amended (the "***Act***"); and

WHEREAS, pursuant to and in accordance with the provisions of a Bond Trust Indenture dated as of July 1, 2012 (the "***Bond Indenture***") between the Authority and **U.S. BANK NATIONAL ASSOCIATION**, as bond trustee (the "***Bond Trustee***"), on July 10, 2012, the Authority issued its Variable Rate Revenue Bonds, Series 2012 (Carmel Catholic High School) (the "***Series 2012 Bonds***") and loaned the proceeds thereof to **CARMEL CATHOLIC HIGH SCHOOL**, an Illinois not for profit corporation (the "***Borrower***") pursuant to and in accordance with the provisions of a Loan Agreement dated as of July 1, 2012 (the "***Original Loan Agreement***") by and between the Authority and the Borrower; and

WHEREAS, the Series 2012 Bonds currently remain outstanding in the principal amount of $17,000,000; and

WHEREAS, pursuant to <u>Section 4.1</u> of the Original Loan Agreement, the Borrower shall provide for payment of the principal of, redemption premium, if any, and interest on the Series 2012 Bonds by making payments of the required amounts to the Bond Trustee, and the Bond Trustee shall deposit such payments received from the Borrower in the Bond Fund established under the Bond Indenture; and

WHEREAS, Lake Forest Bank and Trust Company ("***Lake Forest Bank and Trust***") owns 100% of the outstanding Series 2012 Bonds; and

WHEREAS, the Borrower has requested that the Original Loan Agreement be amended to permit the Borrower to make the payments required under <u>Section 4.1</u> of the Original Loan Agreement directly to Lake Forest Bank and Trust for so long as Lake Forest Bank and Trust is the 100% owner of the outstanding Series 2012 Bonds; and

WHEREAS, pursuant to <u>Section 10.02(a)</u> of the Bond Indenture, the Original Loan Agreement may be amended to change the place of payment where the loan or the interest thereon in payable with the written consent of each owner of the Series 2012 Bonds; and

WHEREAS, Lake Forest Bank and Trust has consented to such amendment to the Original Loan Agreement; and

WHEREAS, a draft of a First Supplemental Loan Agreement between the Authority and the Borrower, which supplements and amends the Original Loan Agreement (the "***First Supplemental Loan Agreement***") has been previously provided to and is on file with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Members of the Illinois Finance Authority as follows:

Section 1. Authorization of Execution and Delivery of the First Supplemental Loan Agreement. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson or Executive Director (each an "***Authorized Officer***") and the delivery and use of the First Supplemental Loan Agreement. The Secretary or Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to the First Supplemental Loan Agreement. The First Supplemental Loan Agreement shall be substantially in the form previously provided to and on file with the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of any changes or revisions therein from such form of the First Supplemental Loan Agreement and to constitute conclusive evidence of such Authorized Officer's approval.

Section 2. Further Acts. The Chairman, Secretary, Assistant Secretary and Executive Director are authorized to sign all necessary documents on behalf of the Authority to comply with the requirements of this Resolution and the First Supplemental Loan Agreement.

Section 3. The execution and delivery of the First Supplemental Loan Agreement by any officer of the Authority as authorized in **Section 1** above is expressly conditioned upon the following:

A. the consent to the First Supplemental Loan Agreement must be obtained from all necessary parties thereto; and

B. the delivery of an Opinion of Bond Counsel (as defined in the Bond Indenture) that such amendments are authorized or permitted by the Bond Indenture, and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Series 2012 Bonds.

Section 2. Ratification of Acts. All of the acts and doings of the members, officials, officers, agents and employees of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved.

Section3. Severability. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall continue in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity or ineffectiveness of such section, paragraph, clause or provision.

Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption, and any provisions of any previous resolutions in conflict with the provisions hereof are hereby superseded.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Christopher B. Meister, Executive Director

Date: January 13, 2015

Re: Resolution of Intent requesting an Initial Allocation of Calendar Year 2015 Private Activity Bond Volume Cap in the amount of $100,000,000

Request:

The accompanying Resolution of Intent is in connection with IFA's annual request for Volume Cap to fund Beginning Farmer Bond and Industrial Revenue Bond Projects during Calendar Year 2015. The Authority's initial Volume Cap allocation request amount pursuant to the accompanying Resolution is $100,000,000 for Calendar Year 2015.

Background:

The Governor's Office of Management and Budget ("GOMB") requests that the governing board of each State conduit bond issuing authority file a certified Resolution of Intent as a supplemental exhibit to the issuer's annual Volume Cap allocation request letter.

Recommendation:

Staff recommends approval of the accompanying Resolution as presented.

IFA RESOLUTION NO. 2015-0113-AD__

RESOLUTION OF INTENT REQUESTING AN INITIAL ALLOCATION OF PRIVATE ACTIVITY VOLUME CAP IN THE AMOUNT OF $100,000,000

WHEREAS, pursuant to Section 801-40 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1, et seq., as amended (the *"Act"*), the **ILLINOIS FINANCE AUTHORITY** (the "*Authority*") is authorized to issue bonds (*"Bonds"*), including, but not limited to, the issuance of Bonds pursuant to the Illinois Private Activity Bond Allocation Act, 30 ILCS 345 et seq. (the *"Illinois Allocation Act"*); and

WHEREAS, the State of Illinois Guidelines and Procedures for the Allocation of Private Activity Bonding Authority require a request for volume cap allocation be accompanied by a Resolution of the Authority; and

WHEREAS, the Authority anticipates a strong demand for the proceeds of its Bonds and a consequent need to issue Bonds soon after January 1, 2015:

NOW, THEREFORE, BE IT RESOLVED by the Members of the Illinois Finance Authority as follows:

Section 1. Ratification and Approval. The Authority hereby ratifies and approves all actions taken by the Executive Director, including, but not limited to his request for an initial volume cap allocation of $100,000,000 in Calendar Year 2015.

Section 2. Intention to Provide Financing. The Authority states its intention, subject to compliance with all requirements of law, to issue Bonds pursuant to the Illinois Volume Cap Allocation Act, in addition to the amount of the Existing Allocation, and on terms and conditions acceptable to the Authority.

Section 3. Authorization to Implement Resolution. The Executive Director is authorized to take such further action as may be necessary to carry out the intent and purpose of this Resolution.