

# ILLINOIS FINANCE AUTHORITY

October 8, 2015

## AGENDA

### BOARD MEETING

9:30 a.m.

**Michael A. Bilandic Building  
160 North LaSalle Street  
Suite S-1000  
Chicago, Illinois 60601**

- I. Call to Order & Roll Call
- II. Approval of Agenda
- III. Chairman's Remarks
- IV. Message from the Executive Director
- V. Consideration of the Minutes
- VI. Presentation of the Government Finance Officers Association of the United States and Canada ("GFOA") Award for the Fiscal Year 2014 Comprehensive Annual Financial Report ("CAFR")
- VII. Presentation and Consideration of Financial Reports
- VIII. Monthly Procurement Report
- IX. Committee Reports
- X. Presentation and Consideration of the Project Reports and Resolutions
- XI. Other Business
- XII. Public Comment
- XIII. Adjournment

**PROJECT REPORTS AND RESOLUTIONS**

**AGRICULTURE PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
<b>Beginning Farmer Bonds</b> <i>Final (One-Time Consideration)</i>						
1	Bradley A. Legg & Nina K. Legg	Four Mile Township (Wayne County)	\$174,000	-	-	PE/LK
<b>TOTAL AGRICULTURE PROJECTS</b>			<b>\$174,000</b>	-	-	

**BUSINESS AND INDUSTRY PROJECTS**

Tab	Project Name	Location	Amount	*New Jobs (see footnote)	*Const. Jobs (see footnote)	FM
<b>Freight Transfer Facilities Revenue Bonds</b> <i>Confirm and Restate August 2007 Preliminary Bond Resolution</i>						
2	CenterPoint Joliet Terminal Railroad, LLC	Joliet (Will County)	\$1,137,000,000	5,400	6,200	RF/BF
<b>* TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			<b>\$1,137,000,000</b>	<b>5,400</b>	<b>6,200</b>	

**EDUCATIONAL, CULTURAL AND NON-HEALTHCARE 501(c)(3) PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	FM
<b>501(c)(3) Revenue Bonds</b> <i>Final</i>						
3	Nazareth Academy	La Grange Park (Cook County)	\$26,000,000	2	200	RF/BF
4	Chicago Shakespeare Theater	Chicago (Cook County)	\$15,400,000	37	85	RF/BF
<b>TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS</b>			<b>\$41,400,000</b>	<b>39</b>	<b>285</b>	

**HEALTHCARE PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
<b>501(c)(3) Revenue Bonds</b> <i>Final</i>						
5	Riverside Health System	Kankakee, Bourbonnais, Watseka and Gilman (Kankakee and Iroquois Counties)	\$37,500,000	N/A	N/A	PL
<b>501(c)(3) Revenue Bonds</b> <i>Preliminary</i>						
6	The Passavant Memorial Area Hospital Association	Jacksonville (Morgan County)	\$24,200,000	N/A	N/A	PL
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$61,700,000</b>	<b>N/A</b>	<b>N/A</b>	
<b>GRAND TOTAL</b>			<b>\$1,240,274,000</b>	<b>5,439</b>	<b>6,485</b>	

**PROJECT REPORTS AND RESOLUTIONS**

**RESOLUTIONS**

Tab	Action	Staff
<b>Resolutions</b>		
7	Withdrawn	N/A
8	Resolution Authorizing Extension of (IFA) IEFA Commercial Paper Revenue Notes Program for Five Years	RF/BF
9	Resolution to Authorize an Emergency Purchase under the Procurement Code to Competitively Select and Enter into Contracts with Necessary Parties, including but not limited to Lenders, Underwriters, Trustees or Paying Agents, Servicers, Printers, Road Show Providers, and/or Rating Agencies, to Finance One or More Projects Authorized under the Illinois Finance Authority Act, including Public Purpose Projects, the Proceeds of which will be Used to Address One or More of the Following in the Absence of an Enacted Appropriation for Fiscal Year 2016, a Court Order or a Consent Decree: (i) Threat(s) to Public Health or Public Safety, (ii) if Immediate Expenditure is Necessary for Repairs to State property in Order to Protect Against Further Loss or Damage to State Property, (iii) to Prevent or Minimize Serious Disruption of Critical State Services that Affect Health, Safety, or Collection of Substantial State Revenues, or (iv) to Ensure the Integrity of State Records; and Other Matters Related Thereto	CM
*	<p><b><u>Notes Regarding New Jobs and Construction Jobs Over the Anticipated Development/Build-Out Cycle - CenterPoint Joliet Terminal Railroad, LLC:</u></b></p> <p>1. Over 10,400 total new jobs are anticipated over the development cycle of the Project, including: (a) 5,400 permanent industrial park and intermodal facility jobs, (b) 3,100 permanent trucking jobs, and (c) 1,900 indirect and induced jobs.</p> <p>2. 6,200 union construction jobs (200 man hrs./job) are anticipated during the build-out of the overall Project.</p> <p>3. Total Combined Permanent, Induced, and Construction Jobs estimated to be created over the development cycle of the Project: 16,600+.</p> <p><b><u>Current Jobs:</u></b></p> <p>1. Presently, there are 4,325 new permanent jobs at CenterPoint Intermodal Center - Joliet including: (a) 1,575 permanent industrial park and intermodal facility jobs, (b) 1,550 permanent trucking jobs, and (c) 1,200 indirect and induced jobs.</p> <p>2. There are currently 2,500 union construction jobs.</p> <p>3. Total current jobs (FT): 6,825 (up from 220 jobs as presented in November 2010 and 4,175 as presented in September 2012).</p>	

October 8, 2015

TO: R. Robert Funderburg, Jr., Chairman  
Eric Anderberg  
Gila J. Bronner  
James J. Fuentes  
Michael W. Goetz  
Robert Horne  
Adam Israelov  
Mayor Arlene A. Juracek

Lerry Knox  
Terrence M. O'Brien  
Mayor Barrett F. Pedersen  
Roger Poole  
Mordecai Tessler  
John Yonover  
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

***Market Trends – Countercyclical Project Activity***

Although the municipal markets have been generally down, the Authority has begun its new fiscal year bucking overall trends in the public finance industry. While bond issuance has been down overall (Weitzman, Aaron. “Muni Volume Drops Most in 17 Months.” *The Bond Buyer* 30 September 2015), the Authority’s project activity and resulting transaction closings are up. Despite the Authority experiencing considerable volatility on a month-to-month basis, hopefully, these results portend improving economic conditions throughout the state.

***Surface Freight Transfer Facilities Revenue Bonds - CenterPoint Joliet Terminal Railroad, LLC***

This month we are proud to help a variety of borrowers across Illinois. On this month’s agenda, we are pleased to see CenterPoint Properties Trust return to confirm and update their original August 2007 Inducement Resolution for their special purpose affiliate entity in connection with their CenterPoint Intermodal Center – Joliet facility. This facility is now the nation’s largest inland port and already employs thousands, both directly and indirectly.

***Agriculture, Educational, Cultural and Healthcare Projects – A Diverse Agenda***

The agenda also requests your consideration of projects for hospitals and healthcare facilities located in Kankakee, Iroquois, and Morgan counties, including a Final Bond Resolution for Riverside Health System and preliminary consideration of The Passavant Memorial Area Hospital Association.

Additionally, Chicago Shakespeare Theater returns for consideration of a Final Bond Resolution to build a third stage at Navy Pier while Nazareth Academy is requesting approval to increase its total par amount by \$2.5 million since receiving Authority approval just last month.

Finally, there is one Beginning Farmer Bond financing to help a family farming operation purchase initial acreage in Wayne County.

As always, I look forward to continuing to work with you in support of jobs and financing capital expansion projects throughout our state.

Respectfully,

A handwritten signature in black ink, appearing to read 'C. Meister', followed by a long horizontal line extending to the right.

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Christopher B. Meister  
Executive Director

October 8, 2015

TO: R. Robert Funderburg, Jr., Chairman  
Eric Anderberg  
Gila J. Bronner  
James J. Fuentes  
Michael W. Goetz  
Robert Horne  
Adam Israelov  
Mayor Arlene A. Juracek

Lerry Knox  
Terrence M. O'Brien  
Mayor Barrett F. Pedersen  
Roger Poole  
Mordecai Tessler  
John Yonover  
Bradley A. Zeller

RE: Minutes of the September 10, 2015 Regular Meeting of the Board

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Marzullo Reporting Agency, Inc. (the "**Minutes**") in connection with 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, Suite S-1000, Chicago, Illinois 60601, on the second Thursday of September in the year 2015, 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**").

To aid in your review of the Minutes, please reference the following pages and line numbers for corresponding sections of the respective meeting's agenda:

ILLINOIS FINANCE AUTHORITY  
BOARD OF DIRECTORS MEETING  
Thursday, September 10, 2015  
9:30 AM

AGENDA:

- I. Call to Order & Roll Call  
(page 3, line 1 through page 4, line 6)
- II. Approval of Agenda  
(page 4, line 7 through page 4, line 16)
- III. Presentation and Consideration of Item 8 of the Project Reports and Resolutions  
(page 4, line 17 through page 7, line 5)
- IV. Chairman's Remarks  
(page 7, line 6 through page 7, line 13)
- V. Message from the Executive Director  
(page 7, line 14 through page 7, line 17)
- VI. Consideration of the Minutes  
(page 7, line 18 through page 8, line 2)
- VII. Presentation and Consideration of Financial Reports  
(page 8, line 3 through page 11, line 22)

- VIII. Monthly Procurement Report  
*(page 11, line 23 through page 13, line 10)*
- IX. Committee Reports  
*(page 13, line 11 through page 13, line 13)*
- X. Presentation and Consideration of Items 1, 2, 3, 4, 5, 6, 7, 9, 10 and 11 of the Project Reports and Resolutions  
*(page 13, line 14 through page 59, line 11)*
- XI. Closed Session Pursuant to, but not Limited to, 5 ILCS 120/2(c)(11)  
*(page 59, line 12 through page 62, line 10)*
- XII. Public Recital of the Nature of the Matter(s) Considered and Other Information that will Inform the Public of the Business Conducted in Closed Session  
*(not applicable)*
- XIII. Presentation and Consideration of Item 12 of the Project Reports and Resolutions  
*(page 62, line 11 through page 64, line 5)*
- XIV. Other Business  
*(page 64, line 6 through page 64, line 17)*
- XV. Current and Future Mission and Programs of the Illinois Finance Authority, a Policy Discussion  
*(page 64, line 18 through page 118, line 10)*
- XVI. Public Comment  
*(page 118, line 11 through page 118, line 12)*
- XVII. Adjournment  
*(page 118, line 13 through page 118, line 24)*

The Minutes of the regular meeting of the Board are further supplemented by a summary of the respective meeting's voting record prepared by Authority staff (the "**Voting Record**"), which is also enclosed.

Please contact an Assistant Secretary of the Board to report any substantive edits to the enclosures.

Respectfully submitted,

/s /Brad R. Fletcher  
Assistant Vice President,  
Illinois Finance Authority

- Enclosures:   1.       Minutes of the September 10, 2015 Regular Meeting of the Board  
                  2.       Voting Record of the September 10, 2015 Regular Meeting of the Board

1 ILLINOIS FINANCE AUTHORITY BOARD  
2 BOARD OF DIRECTORS REGULAR MEETING  
3 September 10th, 2015 at 9:30 a.m.  
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7 Report of Proceedings had at the Meeting of the  
8 Illinois Finance Authority Board of Directors Regular  
9 Meeting on September 10th, 2015, at the hour of 9:30,  
10 pursuant to notice, at 160 North LaSalle Street, Suite  
11 S1000, Chicago, Illinois.  
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1 APPEARANCE:  
2 ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS



- 3 MR. R. ROBERT FUNDERBURG, Chair
- MR. ERIC ANDERBERG, Member
- 4 MR. JAMES J. FUENTES, Member
- MR. ROBERT HORNE, Member
- 5 MR. ADAM ISRAELOV, Member
- MS. ARLENE JURACEK, Member
- 6 MR. LERRY KNOX, Member
- MR. BARRETT PEDERSON, Member
- 7 MR. JOHN B. YONOVER, Member
- MR. TERRENCE M. O'BRIEN, Member

PRESENT TELEPHONICALLY:

- 9 MS. GILA J. BRONNER, Member
- 10 MR. MICHAEL W. GOETZ, Member
- MR. ROGER POOLE, Member

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

- 12 MR. BRAD FLETCHER, Assistant Vice-President
- 13 MR. RICH FRAMPTON, Vice-President
- MS. MELINDA GILDART, CFO
- 14 MS. PAMELA LENANE, Vice-President
- MS. ELIZABETH WEBER, General Counsel
- 15 MS. SIX GRANDA, Controller

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1 CHAIRMAN FUNDERBURG: Good morning, everyone.  
 2 Thank you for coming. I would like to call to order  
 3 the Board Meeting of the Illinois Finance Authority.  
 4 Brad, would you take a voice vote, please,  
 5 roll call?

6 MR. FLETCHER: Certainly. Mr. Anderberg.

7 MR. ANDERBERG: Here.

8 MR. FLETCHER: Mr. Fuentes?  
9 MR. FUENTES: Here.  
10 MR. FLETCHER: Mr. Goetz on the phone?  
11 MR. GOETZ: Here.  
12 MR. FLETCHER: Mr. Horne?  
13 MR. HORNE: Here.  
14 MR. FLETCHER: Mr. Israelov?  
15 MR. ISRAELOV: Here.  
16 MR. FLETCHER: Mr. Juracek?  
17 MS. JURACEK: Here.  
18 MR. FLETCHER: Mr. Knox?  
19 MR. KNOX: Here.  
20 MR. FLETCHER: Mr. O'Brien?  
21 MR. O'BRIEN: Here.  
22 MR. FLETCHER: Mr. Pooler on the phone?  
23 MR. POOLE: Here.  
24 MR. FLETCHER: Mr. Yonover?  
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1 MR. YONOVER: Here.  
2 MR. FLETCHER: And Mr. Chairman?  
3 CHAIRMAN FUNDERBURG: Here.  
4 MR. FLETCHER: Mr. Chairman, at this time there  
5 are more than eight members in the room. We have a  
6 quorum.  
7 CHAIRMAN FUNDERBURG: Thank you. The next item  
8 on the agenda is the approval of the agenda. Is  
9 there a motion to approve the agenda?  
10 MR. HORNE: So moved.  
11 MR. ANDERBERG: Second.

12 CHAIRMAN FUNDERBURG: All those in favor please  
13 say aye?

14 (A chorus of ayes.)

15 CHAIRMAN FUNDERBURG: Any opposed?

16 (No response.)

17 CHAIRMAN FUNDERBURG: Motion approved. Next  
18 order of business is the presentation and  
19 consideration of Item 8 on the Project Reports and  
20 Resolutions.

21 MR. FRAMPTON: Thank you, Mr. Chairman. Item 8  
22 is the resolution ratifying and confirming  
23 resolution 2015-0813-NP02 adopted August 13, 2015,  
24 and providing for the issuance of not to exceed

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1 \$585,000,000 in bonds for the benefit of The  
2 University of Chicago.

3 This resolution is a housekeeping matter  
4 that will conform and sync up the resolution with  
5 terms across all documents approved and presented in  
6 connection with this financing at the August 13th  
7 Board Meeting.

8 CHAIRMAN FUNDERBURG: Okay, great. Thank you.  
9 Any further discussion or questions?

10 MR. ISRAELOV: Chairman Funderburg, I would  
11 like to recuse myself from the consideration and  
12 deliberation and voting of this Item No. 8.

13 Two of the partners at my employer sit on  
14 the board of directors with entities that are  
15 affiliated with the University of Chicago.

16 CHAIRMAN FUNDERBURG: So noted. Thank you very  
Page 4

17 much. That being said, I would like to call for a  
18 motion to adopt that resolution.

19 Is there such a motion?

20 MR. KNOX: So moved.

21 MR. FUENTES: Second.

22 CHAIRMAN FUNDERBURG: Further discussion?

23 Questions?

24 MR. FLETCHER: On the motion, I'll call the  
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1 roll. Mr. Anderberg?

2 MR. ANDERBERG: Yes. Mr. Fuentes?

3 MR. FUENTES: Yes.

4 MR. FLETCHER: Mr. Goetz?

5 MR. GOETZ: Yes.

6 MR. FLETCHER: Mr. Horne?

7 MR. HORNE: Yes.

8 MR. FLETCHER: Mr. Israelove?

9 MR. ISRAELOV: Abstain.

10 MR. FLETCHER: And the reason for abstention,  
11 for the record?

12 MR. ISRAELOV: Two partners at my employer sit  
13 on the board of directors of entities that are  
14 affiliated with the University of Chicago.

15 MR. FLETCHER: Duly noted. Thank you.

16 Ms. Juracek?

17 MS. JURACEK: Yes.

18 MR. FLETCHER: Mr. Knox?

19 MR. KNOX: Yes.

20 MR. FLETCHER: Mr. O'Brien?

21 MR. O' BRIEN: Yes.  
22 MR. FLETCHER: Mr. Poole on the phone?  
23 MR. POOLE: Yes.  
24 MR. FLETCHER: Mr. Yonover?  
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1 MR. YONOVER: Yes.  
2 MR. FLETCHER: And Mr. Chairman?  
3 CHAIRMAN FUNDERBURG: Yes.  
4 MR. FLETCHER: Mr. Chairman, the motion  
5 carries.  
6 CHAIRMAN FUNDERBURG: Thank you. Next under  
7 the remarks I would just simply like to welcome two  
8 new members to the Board of Illinois Finance  
9 Authority. Arlene Juracek, thank you for joining.  
10 Welcome. Adam Israelov, thank you for joining.  
11 MR. ISRAELOV: Thank you very much.  
12 CHAIRMAN FUNDERBURG: I look forward to working  
13 with you. Chris?  
14 MR. MEISTER: And I'll echo the Chairman's  
15 remarks and look forward to working with you both  
16 and welcome to the Authority and to volunteer state  
17 public service.  
18 CHAIRMAN FUNDERBURG: Okay. Nothing further,  
19 then, I would like to ask for a motion to approve  
20 the adoption of the minutes of the last meeting.  
21 MR. ANDERBERG: So moved.  
22 CHAIRMAN FUNDERBURG: Is there a second?  
23 MR. KNOX: Second.  
24 CHAIRMAN FUNDERBURG: All in favor, please say  
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1 aye.

2 (A chorus of ayes.)

3 CHAIRMAN FUNDERBURG: Next up is the  
4 presentation and consideration of the financial  
5 report. Ms. Gildart.

6 MS. GILDART: Good morning, everyone. My name  
7 is Melinda Gildart. I'm the CFO for the Illinois  
8 Finance Authority; and for this month's  
9 presentation, we will take a look at the status of  
10 the FY15 fiscal year and then go into fiscal year  
11 2016 results.

12 So for the general operating --

13 MR. MEISTER: Excuse me, for the members of the  
14 Board, the financial analysis is located in your  
15 manila folder.

16 MS. GILDART: Everyone have it? For the  
17 general operating fund, revenues, expenses and net  
18 income, for our fiscal year recap, the Authority  
19 closed our books for fiscal year 2015 this week, and  
20 we are currently working on the preparation of the  
21 annual GAAP package to the Illinois Comptroller, in  
22 addition to the two-year compliance audit with the  
23 Auditor General, the preparation of financial  
24 statement, in addition to the preparation of the

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1 comprehensive annual financial report.

2 So the unaudited fiscal year 2015 results

3 as of today, we are still at just over a  
4 \$4.3 million in total annual revenues and just under  
5 \$4,000,000 in total annual expenses.

6 We have \$294,000 that came from the  
7 special reserve from the Illinois Rural Bond Bank  
8 per the FY14 defeasance, and that overall  
9 calculation gives us a total unaudited net income of  
10 \$640,000.

11 Are there any questions on FY15?

12 MR. MEISTER: Melinda, could you just briefly  
13 explain the GAAP package process, how the  
14 Comptroller comes into it, and what it stands for,  
15 just quickly?

16 MS. GILDART: The generally-accepted accounting  
17 practices, accounting principles, is the standard  
18 for U.S. organizations. It's called the U.S. GAAP,  
19 the United States GAAP, Generally-Accepted  
20 Accounting Principles, and the Illinois Comptroller  
21 pretty much works with all the different agencies  
22 within the State of Illinois, over 300 of them,  
23 including component units and other districts, to  
24 roll up all of that information into the statewide

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1 comprehensive annual financial report.

2 So it's a tedious process with the  
3 different systems and methods of recordkeeping with  
4 the different agencies. So the comptroller's  
5 process currently now is to have everyone prepare a  
6 GAAP package, which makes it a little bit more  
7 consistent in how they receive the data, and makes

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8 it easier for them to roll the information into the  
9 statewide report.

10 And as a component unit of the State of  
11 Illinois, the Illinois Finance Authority is required  
12 to develop their GAAP package, in addition to our  
13 own separately-issued financial statements and  
14 comprehensive annual financial report, so that we  
15 may comply with the Illinois State statute.

16 MR. HORNE: Can you explain on this one, too,  
17 just this net transfers in? I'm not sure I'm clear  
18 on what that was.

19 MS. GILDART: Sure. At the end of FY14, as of  
20 June 30th, 2014, the Authority, the fees, bonds that  
21 were outstanding, previously moral obligation bonds  
22 from the Illinois Rural rule Bank, it was about  
23 \$36.3 million in bonds, after the bonds and the  
24 fees.

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1 And per that defeasance, it freed up  
2 various moneys that were locked in, due to the  
3 existing bond indentures. So once the bonds were  
4 defeased, we were allowed to use those moneys in any  
5 way we see fit. They are now unrestricted funds.

6 So there were remaining funds left over in  
7 the reserve, in addition to over a million dollars  
8 that were freed up that we previously transferred as  
9 of June 30th of last year. So this is the amount  
10 that was remaining for FY15.

11 MR. HORNE: Got it. Thank you.



12 CHAIRMAN FUNDERBURG: Okay. Any other  
13 questions? Comments? Okay, if not, then is there  
14 motion to accept the financial reports?

15 MR. FUENTES: So moved.

16 CHAIRMAN FUNDERBURG: Is there a second?

17 MR. O'BRIEN: Second.

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

20 (A chorus of ayes.)

21 CHAIRMAN FUNDERBURG: Any opposed?

22 (No response.)

23 CHAIRMAN FUNDERBURG: Okay, thank you. Now if  
24 we could move to procurements.

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1 MS. GILDART: For this month's procurement  
2 report, it's also included in the folder. We have  
3 new contracts signed with ADP and Accounting  
4 Principles for our employee benefits and temporary  
5 staffing, in addition to our court reporter here  
6 today, and also for Microsoft Virtual servers that  
7 we need for IT.

8 We have contracts that have expired, our  
9 marketing firms. We have the Baker Tilly contract  
10 for the new market tax credit, and our legislative  
11 services contract is also due to the expire at the  
12 end of this month.

13 In addition, we have several contracts  
14 related to our energy-efficiency program, which are  
15 due for renewal as of October and November, in  
16 addition to our 38 firms that comprise our legal

17 pool, which starts terminating as of February 2016.

18 MR. MEISTER: And for the benefit of the newer  
19 Board members, our procurements are the way that we  
20 obtain our goods and services as governed by the  
21 Illinois Procurement Code, which is -- I would  
22 characterize it as a regulatory-type of structure.

23 It is heavily regulated. This board does,  
24 based on some 2013 legislation, does have a partial

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1 exemption for legal services, financial services,  
2 for transactions for which the State of Illinois is  
3 not obligated, but there is still a rather robust  
4 administrative structure.

5 And again, Melinda serves the dual role as  
6 our agency procurement officer; and as we move  
7 forward, and you attend more meetings, you will be  
8 hearing more about the procurement structure in our  
9 state, and I will also be speaking to it on Tab  
10 No. 10 under the resolutions section.

11 CHAIRMAN FUNDERBURG: Okay, thank you. Thank  
12 you. There are no committee reports for this month,  
13 so we'll move on to the presentation.

14 I would like to ask the Board if you  
15 generally approve of us taking these into the  
16 general consent altogether, unless there is  
17 something anyone would like to pull out for specific  
18 consideration.

19 Is that agreeable as we've done in the  
20 past?

pm9-10-15last9).txt  
(A chorus of ayes.)

21

22 MR. EVANS: I'm Patrick Evans. I'm the ag  
23 lender analyst, and today the first topic I have is  
24 the beginning farmer bonds. For the new members,

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1 the beginner farmer bonds are federal agent  
2 instruments.

3 MR. POOLE: Could you get closer to the  
4 microphone?

5 MR. MEISTER: Patrick, why don't you come on  
6 up.

7 MR. EVANS: Sure.

8 MR. MEISTER: Patrick, actually a little  
9 closer.

10 MR. EVANS: Sure. The beginning farmer bonds  
11 are federally-exempt instruments to lending banks.  
12 These bonds are purchased by the bank, and they are  
13 structured by the bank.

14 They do not exceed 30 years, and usually  
15 interest rates reset 3-, 5- and 10-year periods.  
16 Often the bank uses the IFA program. This IFA  
17 program, along with the FSA beginning the farmer  
18 bond program, which FSA subordinates this first  
19 position to IFA, or to the bank that holds the IFA  
20 bond, reducing the risk and hopefully retaining a  
21 long-term customer for the bank.

22 Today we have three beginning farmer  
23 bonds. The first one is Tyler Loshen. Vermillion  
24 County has a bank that will retain 63.57 percent of

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1 the \$525,000 land purchase or \$333,750 of debt.  
 2 IFA will provide a beginner farmer bond.  
 3 This will be a 30-year bond, with an initial rate of  
 4 3 percent adjustable after 5 years.

5 The interest rate would not -- the  
 6 interest rate adjustment would not exceed  
 7 1.5 percent of the Wall Street prime, with a floor  
 8 of 3 percent. The principal will be paid annually with  
 9 interest paid on a semi-annual basis.

10 The second one is Bryant and Shannon  
 11 Rister. Peoples Bank will retain 50 percent of the  
 12 \$196,200 land purchase, or \$98,100 on the IFA debt,  
 13 will be a beginning farmer bond.

14 This will be a 30-year bond, with the  
 15 initial interest rate of 3 percent adjustable after  
 16 three years. The interest rate will be equal to  
 17 prime minus 25 basis points.

18 The interest rate would be adjustable --  
 19 will not adjust more than 1 percent at any  
 20 adjustment period. Also, there will be a floor  
 21 relating to the interest rate not to fall below  
 22 1 percent.

23 The final one is Travis Rovey, National --  
 24 First National Bank of Litchfield will retain

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1 57.5 percent of the \$800,000 land purchase or  
 2 \$460,000 of debt. On this debt, IFA will provide a

pm9-10-15last9).txt  
3 beginning farmer bond.

4           There will be a 30-year bond with an  
5 initial interest rate of 3 percent, adjustable every  
6 5 years at 85 percent of the Wall Street general  
7 prime.

8           The interest rate should never fall below  
9 3 percent or increase above 11 percent. There's  
10 also an interest rate cap for the adjustment period  
11 of 2 percent.

12           Any questions?

13           MR. HORNE: So the terms that you've mentioned,  
14 there are different loan terms for pretty much every  
15 loan? Those are being set by the bank, not by us?

16           MR. EVANS: Yes. And the risk is incurred by  
17 the bank. We are a conduit through the bond.

18           MR. HORNE: Got it, okay.

19           MR. EVANS: Okay? Any other questions?

20           CHAIRMAN FUNDERBURG: Thank you, Patrick.

21           MR. FLETCHER: Okay, Mr. Chairman, members of  
22 the Board. I'm Brad Fletcher. I'll be presenting  
23 Tab No. 2, which is Nazareth Academy, and Nazareth  
24 Academy is coming to your consideration for a

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1 proposed one-time final bond resolution of not to  
2 exceed \$23.5 million.

3           The proposed transaction will enable  
4 Nazareth, which is a catholic college preparatory  
5 high school in the western suburbs to refund its  
6 outstanding Series 2006 bonds, as well as make  
7 various capital improvements.

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8 Approval of this transaction effectively  
9 will convert the outstanding Series 2006 bonds,  
10 which are backed by a letter of credit, to bank  
11 direct purchase debt. They are moving over to  
12 MB Financial.

13 Likewise, MB will also be undertaking  
14 their new money bonds that they will be issuing.  
15 This financing is a culmination of Nazareth's  
16 strategic planning, which first began back in 2012.

17 Because Nazareth is non-rated, you will  
18 note that on page 7 of the report, we prepared a  
19 forecast, which shows that we suspect -- excuse me,  
20 expect that they will generate sufficient operating  
21 cash flows to cover the proposed debt service.

22 The new money bonds will be issued with  
23 maturity not to exceed 30 years, while the refunding  
24 bonds will be an 8-year bullet maturity.

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18

1 I can take any questions at this time.  
2 Thank you very much.

3 CHAIRMAN FUNDERBURG: Thank you.

4 MR. FRAMTON: Okay, Mr. Chairman, members of  
5 the Board, Tab 3 is a preliminary bond resolution  
6 for Norwegian Lutheran Bethesda Home Association.

7 It's a preliminary bond resolution. The  
8 not-to-exceed amount is \$8,000,000. As proposed,  
9 the bond proceeds will be used to refinance existing  
10 debt, including \$616,000 of IFA Series 2012 bonds.

11 Additionally, a line of credit with

12 current balances outstanding of \$400,000, the  
13 proceeds of which are currently being used to  
14 finance construction of the addition that will  
15 ultimately be taken out with proceeds of this bond  
16 issue, when they are issued later this year.

17 Finally, an estimated \$7,000,000 of new  
18 bond proceeds will be used to demolish a vacant and  
19 outdated building on their campus and replace it  
20 with a new 16-bed skilled nursing center.

21 The focus of the nursing center is  
22 rehabilitation services. On page 4 of the report,  
23 the third paragraph from the bottom explains a  
24 business relationship or partnership that Norwegian

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1 has with Alliance Rehabilitation Services.

2 They have been focusing on providing rehab  
3 services for physical therapy, occupational therapy,  
4 as well as speech therapy, and the bulk of these  
5 skilled nursing beds will be occupied by  
6 private-paid patients.

7 And if you flip to page 7 of the report,  
8 in the financial statements and review, you will  
9 note that the borrower has posted substantially  
10 improved revenues, and as well as cash flows  
11 available to pay debt service, which is EBIDA.

12 The primary driver of that has been an  
13 increase in the percentage of private-pay nursing  
14 patients. Since 2012, their private-pay payments  
15 have increased by 50 percent, while from  
16 approximately 2.2 million to 4.8 million.

17           At the same time Medicaid -- I'm sorry,  
18 Medicare payments have been dropping. So a  
19 fundamental element of their business plan has been  
20 to increase private pay.

21           And that, in fact, has been coupled with  
22 expense management that really took root during  
23 fiscal '14, produced substantially improved  
24 operating results in 2014; and going forward, they

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1 expect the new beds to fill during 2016 and 2017,  
2 and again their focus is on private pay.

3           And in terms of the structure,  
4 MB Financial Bank will be the bond purchaser. The  
5 best way to think about how this project is  
6 structured, it's essentially a tax exempt commercial  
7 loan.

8           MB is the relationship banker for  
9 Bethesda, and they provide all operating lines and  
10 other credit facilities, and that will continue  
11 going forward. MB is also the purchaser of their  
12 2012 bonds.

13           And with that, I'm prepared to take any  
14 questions.

15           CHAIRMAN FUNDERBURG: Okay, no questions.  
16 Thank you very much.

17           MS. LENANE: Good morning. I think we are on  
18 my first tab, it's Tab 4, Plymouth Place, Inc. It's  
19 an exciting morning today because we're in the  
20 market in New York selling \$500,000,000 worth of



21 Advocate double A rated bonds, and pricing is going  
22 on as we speak.

23 And they are being priced very well,  
24 accepted by the market. No Illinois fact on the

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1 long end of the bond curve. So I'm very happy about  
2 that, and the Villa of St. Benedict is closing this  
3 morning, as we speak with no problems. So just a  
4 little update so you know, and you may see the  
5 Advocate in the newspapers.

6 So anyway, Plymouth Place is coming for a  
7 final bond resolution. They came last month for a  
8 preliminary bond resolution. Plymouth Place is the  
9 senior living facility located in LaGrange Park.

10 Some of you may have seen it driving. You  
11 see some of it from the road, as you drive down the  
12 main drag. I can't think of the name of it right  
13 now. LaGrange Road, exactly.

14 But they are financing \$65,000,000 to  
15 reimburse themselves for the construction and  
16 equipment, and going forward on some new independent  
17 living cottages at 315 North LaGrange Road.

18 They are also refunding a portion of their  
19 2005 A bonds, since rates are favorable. They are  
20 funding working capital and funding a debt service  
21 reserve in paying the expenses.

22 They are not rated. They are expecting to  
23 get a rating from Fitch double B plus.

24 Unfortunately, that double B plus is non-investment

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1 grade. You have to be a triple B. Right?

2 MR. FRAMTON: Triple B minus.

3 MS. LENANE: Triple B minus to be investment

4 grade. They are requesting a waiver of the

5 investment criteria of even an investment firm,

6 investment criteria, to sell in denominations of

7 less than 5,000 -- denominations of \$5,000 or more.

8 That is subject to the IFA approval of a

9 feasibility study that we've seen a draft of but are

10 waiting for a final copy next week. The financials

11 contained in this report reflect what the

12 feasibility study projects are going forward.

13 Plymouth Place has 182 independent living

14 apartments, 55 independent living cottages, 52

15 assisted living units, 26 memory support living

16 units, and 86 nursing care beds, and they are really

17 almost always 90, 95 percent full. They have a very

18 good track record and good occupancy rates.

19 I'm going to take you over to -- because

20 really the only changes are the updated sources and

21 uses, and we just sort of cleaned it up a little,

22 the numbers, the new funding escrow, the

23 redevelopment money. There are no construction jobs

24 because the new money, the \$2,000,000 is being spent

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1 on soft costs, architects, plans, preparation of the

2 land and things like that.

3 If we go back to the financials on  
4 page 6 -- let me see, page 7. Page 7 you'll see  
5 that the ratio, the current ratio for their six  
6 months unaudited of 2015 is 1.32; and the  
7 projections over '15, '16 and '17 are 1.34, 1.9 and  
8 1.81.

9 When you get to hospitals later, you're  
10 going to see the debt service ratios are much  
11 higher; but in this particular area of senior  
12 living, these are the ratios that we see, and then  
13 they have 370 days cash on hand.

14 MR. YONOVER: Has something happened with this  
15 business because even if you annualized 2015  
16 numbers, it's half of what their previous years are  
17 and what they are forecasting forward.

18 MS. LENANE: I don't think so.

19 MR. YONOVER: I'm looking at it wrong?

20 MS. LENANE: No. Well, no. You might be.

21 MR. YONOVER: So on \$6.8 million for 6 months  
22 annualized to 2014, and they've been doing it at  
23 about 27, and they are forecasting 27?

24 MS. LENANE: I'm looking at '14. Where are we  
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1 Looking at?

2 MR. YONOVER: Page 7.

3 MR. HORNE: Further assets.

4 MR. YONOVER: Revenue and support.

5 MS. LENANE: 6,000,000, you're right. Let's  
6 see.

7 MR. YONOVER: It's just inconsistent. I don't  
Page 20

8 understand.

9 MS. LENANE: I'll be happy to go check that.

10 MR. HORNE: 106 months.

11 MS. LENANE: Pardon. Yes, 106 months. It's  
12 not right. I don't think it's right.

13 MR. YONOVER: It's probably an error in the  
14 report, I would think.

15 MS. LENANE: Yeah. I have Steve Johnson from  
16 Zigler Investments Banking Company, who is the  
17 banker on this project. Steve, can you answer this?

18 MR. JOHNSON: There may be a typo. Let me  
19 look.

20 MS. LENANE: Would you E-mail --

21 MR. JOHNSON: The one thing about senior  
22 living, I'll just comment on.

23 MR. MEISTER: Steve, describe your relationship  
24 to the transaction.

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1 MR. JOHNSON: On the main parties on the deal.  
2 I financed the original project in 2005 and a bank  
3 takeout in 2013. Now we're doing this deal. It's  
4 taking out the 2005 deal.

5 The financials on the continuing care  
6 retirement communities have a component in it that,  
7 for those of you who look at the financials all the  
8 time, don't always see, which is the payout of  
9 entrance fees. When someone passes away in the  
10 community, they have to be refunded an entrance fee.

11 So you can't look at year-over-year

12 financials and say one year to the next year. They  
13 are based on actuarial tables. So periodically, I  
14 think the combination of what I think may be a typo  
15 in the report here.

16 MS. LENANE: I think it's a typo.

17 MR. JOHNSON: And then when -- I'm just giving  
18 you the kind of eye-level view of entrance-fee  
19 accounting, you'll periodically see fluctuations in  
20 debt service coverages as a functions of actuarial.  
21 So I'll take a look at what we got here.

22 MS. LENANE: Will you E-mail Jason?

23 MR. JOHNSON: I'll E-mail Jason.

24 MS. LENANE: It's supposed to be 26.

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1 CHAIRMAN FUNDERBURG: Two issues. One, thank  
2 you for your explanation of that.

3 MR. JOHNSON: Yes.

4 CHAIRMAN FUNDERBURG: More importantly, though,  
5 is issue of the typographical error, and we need to  
6 get that resolved before we take action on it.

7 MS. LENANE: Absolutely.

8 CHAIRMAN FUNDERBURG: Okay, thank you.

9 MS. LENANE: Okay. Any other questions? Thank  
10 you for seeing that.

11 MR. JOHNSON: No problem.

12 MS. LENANE: It's nice to know somebody is  
13 reading my stuff.

14 MR. YONOVER: I'm looking, Pam. I think it's  
15 really great.

16 MS. LENANE: I know, it's heartwarming. So,  
Page 22

17 okay, Mr. Chairman, you want me to move on?

18 CHAIRMAN FUNDERBURG: Please proceed.

19 MS. LENANE: Okay. The next tab, we're on  
20 Tab 5, Palos Community Hospital is requesting a  
21 final bond resolution, a one-time consideration, to  
22 advance refunds their 2007 A bonds and to refund  
23 their series 2015 A bonds.

24 Now, some of you who may have been here in  
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1 May will remember that we approved issuing those  
2 bonds, the 2015 A bonds, as a bank private placement  
3 with JP Morgan in May. Rates have moved, in their  
4 eyes, considerably, and they may have had some  
5 issues with JP Morgan Bank and they are refunding  
6 those bonds.

7 This is the first time I've ever seen a  
8 refunding of bonds that were issued like four months  
9 ago, five months ago. So it's unusual, but the  
10 explanation seems to be correct.

11 This is the first time it's coming to the  
12 Authority. Well, it came in May. So we've all  
13 looked at this credit as late as May, for those of  
14 us who were here.

15 They carry a double A minus Fitch rating.  
16 This is a bank direct purchase with a consortium of  
17 banks consisting of BMO Harris, U.S. Bank and  
18 Capital One, and a portion will be floating index to  
19 Libor, and another portion will be fixed.

20 Palos is located in -- it has 369 bed

21 capacity located in Orland Park as their main  
22 facility. They also have facilities in Lemont, Oak  
23 Lawn and Palos Heights.

24 If we go back to the financials, as you  
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1 can see for their 2014 audited financials, they had  
2 4.62 debt service coverage, and 1,020.6 days cash on  
3 hand. They have the most cash on hand of any  
4 hospital in Illinois I think.

5 So I think there's a back story to the  
6 bank change, but I don't want to go through it.

7 CHAIRMAN FUNDERBURG: Okay.

8 MS. LENANE: Publicly.

9 CHAIRMAN FUNDERBURG: Okay. Thank you on that  
10 one.

11 MS. LENANE: Okay. Any questions? Riverside  
12 Health System located in Kankakee and Iroquois  
13 County, Illinois, they are coming for a preliminary  
14 bond resolution.

15 They are currently refunding the Series  
16 2004 IFA bond, and also currently refunding the 2006  
17 A IFA bond for a total of \$37,000,500. This is a  
18 preliminary bond resolution. Riverside is currently  
19 rated A2 by Moody's and A plus by Standard & Poors.

20 This will be a bank private placement with  
21 a bank to be determined. They have RFPs out right  
22 now right for a bank. I think we can go back to  
23 their largest facility is 312 beds. Well, licensed  
24 for 312 beds, 247 beds in operation in Kankakee.

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1           They have been to the Authority before,  
2 have issued debt through the Authority. If we go to  
3 page 6, we'll see their debt service coverage is  
4 3.89 and their days cash on hand is 424; therefore,  
5 the ratings that they received. Any questions?

6           Okay, Sarah Bush Lincoln is seeking  
7 approval, a preliminary approval, for a \$300,000,000  
8 in tax exempt bonds. Did I say 300? What's a zero  
9 amongst friends. 30,000,000.

10           I got two other things going on at the  
11 same time here. I'm triple tasking. Anyway, they  
12 would like to fund the final 10,500,000 of a  
13 \$48,000,000 master plan, facility plan, 8,700,000 of  
14 construction and renovation of medical surgical  
15 units at their hospital, and the main hospital in  
16 Mattoon; and \$6,900,000 construction of a new  
17 cardiology wing, and approximately \$2,500,000 of  
18 on-campus infrastructure and renovation of Central  
19 Sterile, and construction of a new clinic in Toledo,  
20 Illinois, which is located in Cumberland County.

21           So we're happy when we see these projects  
22 coming from different parts of the state. It's very  
23 nice. And their counsel is here today if you have  
24 any questions, Dan Beck, from Chapman and Cutler.

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1           So they have an underlying rating of A  
2 plus, and this also as a bank private placement with



3 the bank to be determined. They have their RFPs out  
4 for banks.

5 I think the most important thing, if we go  
6 back to their financials on page 6, their debt  
7 service coverage is 15.1 for their FY2015 unaudited,  
8 and they have 361 days cash on hand. They are very  
9 strong. Any questions?

10 CHAIRMAN FUNDERBURG: Okay, thank you.  
11 Congratulations, too, on your closing today. That's  
12 great.

13 MS. LENANE: Thanks.

14 CHAIRMAN FUNDERBURG: Mr. Evans, please.

15 MR. EVANS: Today I'm presenting Boehne Farms,  
16 Berkley and Vaughn Boehne. In October of 2014 --

17 MR. MEISTER: Excuse me, Pat, the document is  
18 located in the manila folders.

19 MR. EVANS: Correct. Sorry about that. Your  
20 documents are located in the manila folder. It's a  
21 memo.

22 MR. YONOVER: What's it look like, Pat?

23 MR. EVANS: Here we go.

24 MR. PEDERSEN: Thank you.

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1 MR. FLETCHER: It's a memo and resolution in  
2 the manila folders.

3 MR. YONOVER: Okay.

4 MR. PEDERSEN: Which one would it be in?

5 MR. EVANS: It looks like this.

6 MR. MEISTER: No, it is Boehne. I'm sorry,  
7 it's clipped to the resolutions. It looks like this

8 document.

9 MR. YONOVER: You see it, Pat?

10 MR. MEISTER: You're on it, Eric.

11 MR. EVANS: You found it.

12 MR. PEDERSEN: No, but I'm still searching. I  
13 got it.

14 MR. EVANS: There you go.

15 MR. PEDERSEN: So it's in the one that is  
16 clipped resolution number, and then it's about the  
17 eighth or ninth one in.

18 MR. HORNE: Got it.

19 MR. EVANS: Does everybody have it now?

20 MR. HORNE: Yep.

21 MR. EVANS: In October of 2014, Illinois  
22 Finance Authority approved Agri-Debt Guarantees for  
23 Vaughn and Berkley Boehne. There's two guarantees,  
24 each guarantee in the amount of \$500,000, for a  
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1 total of \$1,000,000.

2 These loans are secured by a perfected  
3 first mortgage on 113.168 acres of row crop farmland  
4 in DeKalb County. The liens are verified via a  
5 title policy that we received a copy of from the  
6 bank, Resource Bank. The loans are also guaranteed  
7 by Boehne Farms Trucking, LLC, and Boehne Farms of  
8 Shabbona, LLC.

9 Presently, each loan has exposure to IFA  
10 of \$422,273, I'm sorry, for a total exposure of  
11 \$844,546. They are cross-collateralized by the

12 113.6 acres of farmland valued at \$1.432 million.

13 Resource Bank is requesting IFA to  
14 authorize Boehne Trucking, Boehne Farms Trucking,  
15 LLC, for capital purchases related to a livestock  
16 trailer and a drag -- manure drag line. These  
17 purchases would be financed by Waterman State Bank,  
18 who has been financing Boehne Farm Trucking since  
19 2011.

20 The purchases have been approved by  
21 Resource Bank, subject to IFA's approval. As  
22 stated, this is a -- this request is for a guarantor  
23 of the Vaughn and Berkeley Boehne IFA loan  
24 guarantees. These loans will not impair the

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1 collateral of IFA guarantees.

2 It will leverage Boehne Farms Trucking,  
3 Limited; however, it should also improve the cash  
4 flow. Projections forecast the debt coverage to be  
5 1.75 times debt service.

6 Boehne Farm Trucking, LLC, is an important  
7 component of the Berkeley and Vaughn Boehne, as it  
8 diversifies their overall operation. The trucking  
9 entity has 8 trucks hauling everything from Pepsi  
10 products to livestock manure.

11 Per Resource Bank, the crops relating to  
12 the farm operation, which is our entity, look good.  
13 The Boehnes have marketed slightly over 50 percent  
14 of their crops at a 4. -- \$4.30 price versus a  
15 preseason budget of \$4.25.

16 In addition to this, Boehne -- I mean,  
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17 Resource Bank anticipates the Boehnes to receive the  
18 government payment relating to it. It used to be a  
19 direct payment, now it's an allocated one based upon  
20 price, plus possibly crop insurance payments.

21 Although the commodity prices are low, I  
22 believe the farm operation will generate adequate  
23 funds to meet their yearly -- this year's debt  
24 obligation, including IFA's and Resource Bank's

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1 guaranteed loan.

2 Based upon the underlying terms of the IFA  
3 guarantee loans will be maintained. IFA guarantee  
4 will remain at least secured by perfected first  
5 interest in 113.61 acres; and as noted, on page 4 of  
6 the confidential information, the exposure -- IFA's  
7 exposure to appraised value is at 59 percent as of  
8 6-30-15.

9 Most importantly, default to any other  
10 lender that results in a call on a personal  
11 guarantee, IFA is in first position. Any debt would  
12 be an a subordinated position.

13 Despite the increase in consolidated  
14 leverage for Boehne Trucking operation, the possible  
15 risk from a personal guarantee is pretty much  
16 eliminated, due to the substantial first position of  
17 our loan guarantee and security.

18 Based upon the information presented, I  
19 recommend IFA consent and propose an equipment loan  
20 for the Boehne Trucking, Farm Trucking, LLC,

21 originated by Waterman State Bank and consented to  
22 by Resource Bank. Any questions?

23 MR. ANDERBERG: Those appraisals are when?

24 MR. EVANS: They were in 6-14.

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1 MR. YONOVER: There is no change in the  
2 securitization of the loan?

3 MR. EVANS: There's no change.

4 MR. YONOVER: So they have to come to us any  
5 time there's a material change, and they want to  
6 borrow more money?

7 MR. EVANS: That was one of the criteria  
8 because of the leverage position, our leverage  
9 position.

10 MR. YONOVER: Thank you.

11 MR. ISRAELOV: Why was the loan originally  
12 provided to the individuals rather than an entity?  
13 I notice that the trucking entity is owned by the  
14 two members that a loan was originally provided to.

15 MR. EVANS: You mean our original loan?

16 MR. ISRAELOV: Yes, what's the relationship  
17 between those two individuals and that entity, and  
18 why was the original loan provided to the  
19 individuals rather than the entity?

20 MR. EVANS: The original loan is for  
21 refinancing farmland, the million dollars is. It's  
22 owned by the individuals, the farmland is.

23 The trucking firm is owned by the  
24 individual equally, but it's a separate entity,

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1 usually set up for liability purposes.

2 MR. ISRAELOV: And what's the relationship  
3 between the trucking business and the farming  
4 business.

5 MR. EVANS: The ownership.

6 MR. ISRAELOV: But are they in the same  
7 business?

8 MR. EVANS: The farming is a separate entity  
9 set up for the purpose of row crop, and the trucking  
10 is an individual entity set up for the purpose of  
11 trucks of hauling.

12 MR. ISRAELOV: Are the two businesses related?

13 MR. EVANS: Through the ownership.

14 MR. ISRAELOV: But are the operations of the  
15 business related? Are the operations of the two  
16 individuals, the farm --

17 MR. EVANS: They complement each other. They  
18 are not related. They complement each other,  
19 because they provide diversification.

20 A lot of times an entity is set up for  
21 liability, should there be an accident with a truck.  
22 It's a limited liability, and that's usually how  
23 farmers set up their trucking operation is separate  
24 so they don't come back on the trucks, on the farm.

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1 MR. ISRAELOV: Okay. Just one other question,  
2 and this is for the benefit of all the Board

3 members. I'm curious at what the economic cost is  
4 to the IFA of consenting to a second -- the  
5 secondary guarantor, the trucking entity to taking  
6 out this additional loan.

7 So just kind of speaking in a little bit  
8 more detail to that, if the loan was provided today,  
9 and the second party guarantor, the trucking entity,  
10 took on the debt, what interest rate would it have  
11 been charged by the bank to these two individuals  
12 for the loan; and what would the interest rate be,  
13 if they did not take on that additional debt because  
14 that difference --

15 MR. EVANS: Our rate wouldn't change.

16 MR. ISRAELOV: It would not change?

17 MR. EVANS: No, because we're not taking on any  
18 additional debt. The Waterman State Bank is taking  
19 on the additional debt; and our guarantee is set up  
20 with Resource Bank, who finances the agricultural  
21 part of it versus Waterman is financing the  
22 trucking.

23 MR. ISRAELOV: Right, I understand. But when  
24 Resource Bank originally loaned the money to the two

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1 individuals, there were a few guarantors, IFA, as  
2 well as Boehne Farms Trucking, right, and Boehne  
3 Farms Shabbona, correct; and now Boehne Farms  
4 Trucking, one of the guarantors, is taking on -- is  
5 wanting to take on additional debt, right?

6 MR. EVANS: Correct.

7 MR. ISRAELOV: If Boehne Farms Trucking took on  
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8 that -- had that additional debt, right, at the time  
9 the loan was originally issued by Resource Bank, I  
10 presume there would have been a different interest  
11 rate charged?

12 I'm not sure of that, but that's what I'm  
13 asking you.

14 MR. EVANS: That would be up to Resource One --  
15 I mean, Resource Bank, because we don't set the  
16 terms of the guarantee. We just guarantee based  
17 upon the financial impact. Based on the financial  
18 numbers and everything, we guarantee the agriculture  
19 debt.

20 So the terms would be set by the bank,  
21 just not to exceed a normal interest rate. Like,  
22 for example, if the bank charged everyone else 5  
23 percent, they would charge 6 percent on this one  
24 because it's guaranteed.

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1 MR. ISRAELOV: Okay. Well, just as a note to  
2 the Board, I think it's important to understand what  
3 the actual economic cost is of us approving this  
4 guarantee to the secondary guarantor, and just to be  
5 able to balance the cost with the benefit that we're  
6 providing by consenting to the secondary guarantor  
7 receiving this loan.

8 MR. MEISTER: Rich?

9 MR. FRAMTON: Yeah. One point here is this  
10 additional debt by a corporate guarantor does not  
11 affect or impair IFA or the bank's underlying



12 collateral.

13           The collateral value of the 113.61 acres  
14 of row crop farmland remains intact; and  
15 fundamentally, Resource Bank is looking at the  
16 farming operation as a stand-alone business. In the  
17 same sense, Waterman State Bank is looking at the  
18 trucking business also as a stand-alone business.

19           And as we see on these operations, on the  
20 fundamental farming operation, the lending bank,  
21 just as a standard condition, requires guarantees  
22 from all of the borrower's affiliates; and one thing  
23 that does affect us a bit here from leverage is the  
24 fact that we requested and require consent for any

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1 additional debt, including by an affiliate, as in  
2 this case. This has no bearing on that.

3           MS. LENANE: That's what I'm saying.

4           MR. FRAMTON: It's any additional leverage  
5 incurred by the borrower directly or any corporate  
6 affiliate.

7           MS. LENANE: Right, that's why we're asking for  
8 consent today.

9           MR. ISRAELOV: Thank you for that information.  
10 So you mentioned just kind of as a regular course of  
11 business, the bank asks for a guarantee of  
12 affiliated parties, right?

13           So I think what my question is looking at  
14 is for the IFA to kind of balance, right, the cost  
15 with the benefit, and what I'm trying to determine  
16 is what is the cost.

17                   So would the interest rate have been  
18 different, if one of the guarantors, so here the  
19 trucking entity, had additional debt burden, right,  
20 would the interest rate of the lender be higher than  
21 it would have if they did not?

22           MR. FRAMTON: That's always a possibility, but  
23 that would be Resource Bank's prerogative to  
24 determine at the time they price the loan.

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1           MR. YONOVER: Rich, for clarity, the loan that  
2 we're discussing today, this Board is not doing  
3 anything in terms of guarantee?

4           MR. FRAMTON: That is correct. It is remaining  
5 intact.

6           MR. KNOX: This loan is not subordinated to our  
7 loan. It is a separate loan completely.

8           MR. EVANS: Correct.

9           MR. FRAMTON: It's a separate loan, and that  
10 being said, given that the principals of Boehne  
11 Trucking are the -- are actually the borrowers on  
12 our loan, if there were a blowup on Boehne Trucking,  
13 which resulted in a call on the personal guarantees  
14 of the owners, any claims by Waterman State Bank on  
15 the IFA/Resource Bank collateral would have a  
16 subordinate interest in this 113.61 acres of row  
17 crop farmland.

18           CHAIRMAN FUNDERBURG: Okay. At this point,  
19 we're going to move on. If there are any additional  
20 questions in this particular matter, Adam, I hope

21 that answered your question. I think it's a little  
22 difficult because we're trying to measure kind of an  
23 opportunity cost, assuming two hypotheticals.

24 So it's somewhat of a difficult question

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1 to answer, but if you still have further questions,  
2 or anybody else has further questions regarding  
3 economic cost versus benefit to IFA regarding this,  
4 or any other loan, you know, please follow up with  
5 staff, but I hope for now that has addressed your  
6 question.

7 MR. ISRAELOV: Thank you.

8 CHAIRMAN FUNDERBURG: Okay, thank you. So that  
9 being said, I would like to move on. Executive  
10 Director Meister.

11 MR. MEISTER: Thanks, Mr. Chairman. Actually,  
12 we're going to do yours after we do Items 10 and 11.  
13 We wanted to make sure everything was locked down.

14 So in your manila folders, at the very  
15 end, or almost to the end of the clips labeled  
16 "Resolution," there are two memos right after the  
17 Boehne document, and they look like this. They are  
18 from -- it's tabbed -- they are labeled Tab 11 and  
19 12.

20 MR. FLETCHER: 10 and 11.

21 MR. MEISTER: Oh, I'm sorry, 10 and 11. Thank  
22 you, Brad.

23 MR. PEDERSEN: Are you talking in the book?

24 MR. MEISTER: No, not in the book, in the

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1     mani la folder.

2             MR. PEDERSEN: Thank you.

3             MR. MEISTER: The first -- and previously I  
4 mentioned the procurement regulations. We're  
5 seeking approval from the Board to move forward with  
6 two actions under the Procurement Code.

7             The first is to go forward with a  
8 conventional Procurement Code regulated procurement  
9 for a financial advisor for a joint program that we  
10 have with the Illinois Environmental Protection  
11 Agency. This is known as the State Revolving Loan  
12 Fund.

13             A couple of years ago in 2013, and I've  
14 attached to the memo the first page of an Official  
15 Statement from 2013 labeled "Illinois Finance  
16 Authority and Illinois Environmental Protection  
17 Agency." It's called the Clean Water Initiative,  
18 and its technical name is the State Revolving Fund.

19             This is AAA rated paper. It is unlike the  
20 majority of our conduit projects that the members of  
21 the Authority address month in and month out.

22             Basically, what it is, is a program whereby the  
23 state EPA receives federal money, and with a partial  
24 state appropriated match, and turns around and makes

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1     low-interest loans to local governments across the  
2     state for sewer and drinking water projects.

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3 It's been extraordinarily successful, and  
4 the 2013 deal we closed in November of 2013, it was  
5 AAA rated. It was a natural AAA, and we priced  
6 these bonds with no Illinois penalty, which was  
7 really outstanding, given that it was priced in the  
8 weeks before pension reform was passed initially in  
9 2013.

10 We do have two financial advisors that are  
11 vendors that are on board, Acacia Financial and  
12 Sycamore, both are women-owned companies, and both  
13 went through the procurement process.

14 The State Revolving Fund is a rather  
15 unique federal/state local FA structure. It's going  
16 to market, which we don't know the time, but it  
17 could be coming up. It requires, in my view, the  
18 use of a qualified financial advisor. And what we  
19 would like to do is go out, test the market, see  
20 what comes in, work through the procurement  
21 regulations.

22 Also, in your manila folders, there's a  
23 document that we'll ask all of you to sign, either  
24 before the end of the meeting or shortly after the

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1 meeting. It's required by the Procurement Code that  
2 all of you, as Board members, as well as Melinda,  
3 myself, other members of the staff that are working  
4 with this procurement, sign a confidentiality  
5 statement.

6 And we'll test the market, and hopefully  
7 we'll get a highly-qualified financial advisor, with

8 a deep and broad experience in State Revolving Funds  
9 that will help us more effectively structure and  
10 price any upcoming State Revolving Fund bond issue  
11 that may be on the horizon, both for the people of  
12 Illinois, for our client, the Illinois Environmental  
13 Protection Agency, and for all the local governments  
14 across the state that ultimately benefit from these  
15 low-interest loans.

16 Just one note. The benefit of the 2013  
17 deal was IEPA and IFA refunded some '02 and '04  
18 loans. We freed up about \$45,000,000 in debt  
19 service reserve funds, and the long and the short of  
20 it is that we borrowed 140 plus million dollars at  
21 AAA rates, and we took a \$400,000,000 capacity loan  
22 program and turned it into a \$800,000,000 capacity  
23 loan.

24 MS. GILDART: Unaudited.

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1 MR. MEISTER: Unaudited. Thank you, Melinda.  
2 I'll take questions on that point.

3 MR. O'BRIEN: What confidential agreement are  
4 you referring to? I saw it somewhere.

5 MR. MEISTER: Yes, it's in the manila folder.

6 MR. O'BRIEN: What are we supposed to keep  
7 confidential?

8 MR. MEISTER: It's a requirement of the  
9 Procurement Code, and it's an abundance of caution,  
10 especially since when we work through the project,  
11 this will -- this award we'll be likely coming back

12 to this Board, and I'll go over the document with  
13 you after the meeting.

14 Lerry is actually holding it in his hand,  
15 and it's in the manila folder.

16 MR. O'BRIEN: I don't understand what you said,  
17 but I'll be glad to meet with you afterward.

18 MR. MEISTER: Great. The second procurement  
19 item is there is an avenue under the State  
20 Procurement Code called a request for information,  
21 and this enables -- will enable the IFA to basically  
22 test the market for the full breadth of  
23 possibilities under our statutes and programs.

24 And we could send it out there, and  
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1 lawyers, investment bankers, financial advisors,  
2 other financial professionals and lenders would be  
3 invited to come in with their ideas, their  
4 proposals.

5 It is a public process, and it's one that  
6 I would recommend proceeding on, and I ask for a  
7 favorable vote on Tab No. 10. Any questions?

8 MR. KNOX: The only question I have is for Item  
9 No. 2, are we going to do this one time, or is this  
10 something we should just do quarterly, annually or  
11 semi-annually?

12 MR. MEISTER: Yes. This is our first time --  
13 this is our maiden voyage doing it. What I hope we  
14 do is that it becomes a regular practice, and the  
15 world of financial advisors, lawyers, bankers, other  
16 professionals that we deal with, that there would be

17 predictable process so that when they have ideas,  
18 they would know, and I think it's a great suggestion  
19 to do it quarterly.

20 MR. KNOX: Okay.

21 CHAIRMAN FUNDERBURG: Or with some degree of  
22 frequency.

23 MR. MEISTER: Yes.

24 CHAIRMAN FUNDERBURG: Just as some background,  
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1 too, we want to do everything we can to help propel  
2 State of Illinois' economy forward in the best way  
3 that we can.

4 We also operate in this world of  
5 constraints of procurement, other regulations; and  
6 really what we would like to do is open up to the  
7 world to -- if they've got great ideas for us to  
8 consider, we would like to hear it; but we would  
9 like to hear from everybody, have everybody have an  
10 equal chance to come in and give us their ideas.

11 Anything you want to add to that?

12 MR. MEISTER: No.

13 CHAIRMAN FUNDERBURG: Okay. All right, all  
14 set?

15 MR. MEISTER: Yes.

16 CHAIRMAN FUNDERBURG: Okay. Then next I would  
17 like to go back --

18 MR. MEISTER: Oh, wait, we have Tab 11, which  
19 was the memo directly below that. For those newer  
20 to the Board, and for the longer-tenured members of



21 the Authority, we have a sister agency, the  
22 Department of Central Management services.

23 The new director is Tom Tyrrell. We had  
24 extraordinarily positive working relationship with

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1 him during his brief tenure with CMS. He's, in  
2 large part, responsible for the great space that we  
3 now have that we moved into at the beginning of  
4 August here on the 10th floor of the Blandic  
5 Building.

6 Central Management Services, unlike the  
7 IFA, is a large agency, and it deals with areas that  
8 sort of go into the administrative and regulatory  
9 structure of the Illinois State Government.

10 They have expertise, or operational  
11 responsibility in real estate, real estate services,  
12 procurement, internal audit, human resources, and  
13 the particular issues related to Illinois State  
14 Government hiring, as well as information  
15 technology.

16 I put this on the agenda, after some  
17 conversations with Rob, both to inform the Board  
18 that there is a large organizational resource that I  
19 would like to take a greater degree of advantage of,  
20 and they've certainly proven very effective on their  
21 brief track record with us in the last couple of  
22 months, and I think that the best way to do it is to  
23 do an intergovernmental.

24 Frankly, it's my desire to memorialize

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1 these agreements in writing through an  
2 intergovernmental agreement, as provided by state  
3 statute; and at the same time, since we are  
4 receiving these services, that we would negotiate  
5 some sort of fee for service or compensation with  
6 CMA. And I'll take any questions.

7 MS. BRONNER: This is Gila Bronner. Good  
8 morning, everyone. I would like to, Chris, if I  
9 may, just suggest that I am very supportive of this.  
10 I think this will both allow IFA to avail itself in  
11 an efficient and effective manner of services that  
12 we find ourselves in need of.

13 Plus, we also have the benefit of having  
14 CMS, which is well versed obviously in the  
15 regulatory environment of the state. So there is no  
16 learning curve. They actually, I think, correct me  
17 if I'm wrong --

18 CHAIRMAN FUNDERBURG: Gila, could you go back  
19 and just repeat that? You broke up on the phone a  
20 little bit.

21 MS. BRONNER: Oh, I'm sorry. I apologize. I'm  
22 in a vehicle. What I was saying is that I think  
23 this is an efficient and effective way for IFA to  
24 avail itself of these services; and as well, given

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1 the fact that CMS is one of the key providers what I  
2 would consider to be an agency that sets

3 regulati ons.

4 They are well positioned to tell us what  
5 they can and cannot do for us and provide very  
6 speci fic guidance in some of the areas in which we  
7 operate. That I'm completely supportive of this,  
8 and I would encourage my fellow Board members to  
9 support this.

10 CHAIRMAN FUNDERBURG: Thank you, Gila. I think  
11 I echo those comments, and also I think it just  
12 makes sense on a number of different fronts. Thank  
13 you for that.

14 Any other additional comments?

15 MS. JURACEK: I'll just chime in. I was the  
16 second director of the Illinois Power Agency back in  
17 2011, 2012, a tiny agency. It's still down on the  
18 fifth floor, like five people in it, and CMS was  
19 very helpful to us in similar situations. So I  
20 would endorse that.

21 CHAIRMAN FUNDERBURG: Thank you, great. Thank  
22 you. All set?

23 MR. MEISTER: Yes.

24 CHAIRMAN FUNDERBURG: I would like to go back  
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1 and revisi t Plymouth Place. Well, Pam, do you want  
2 to tee this up at all?

3 MS. LENANE: Yes, I can do this.

4 MR. JOHNSON: Go ahead. I'm sorry.

5 MS. LENANE: I can do it. These financi als  
6 come over as a page print from the young analyst who  
7 does a beauti ful job. It's really my fault. I

8 should have caught this and proofed it, but it  
9 should be \$12,000,916.

10 MR. JOHNSON: Then I got one.

11 MS. LENANE: Then he sent another E-mail. It  
12 should be 13.

13 MR. JOHNSON: He was in the middle of closing  
14 Villa St. Benedict when we caught it. So he was  
15 multitasking. The right number is \$13,824,823.  
16 Those were three-month numbers that was in the  
17 report.

18 MS. LENANE: This is the three.

19 MR. JOHNSON: So he's updated that, and that  
20 includes the amortization as well. So that's the  
21 right number 13,824,823.

22 MS. LENANE: And we'll correct that. And I'm  
23 sorry.

24 CHAIRMAN FUNDERBURG: We have reasonable  
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1 assurance that number will be the same an hour from  
2 now?

3 MR. JOHNSON: Yes.

4 CHAIRMAN FUNDERBURG: Okay, thank you. Good  
5 catch. Thank you.

6 MR. JOHNSON: No problem.

7 CHAIRMAN FUNDERBURG: Okay, that being --does  
8 that satisfy people regarding Plymouth? Okay.  
9 Thank you.

10 That being done, I would like to ask for a  
11 motion to adopt the following projects and

12 resolutions Items 1, 2, 3, 4, 5, 6, 7, 9 and 11.

13 MS. WEBER: Mr. Chairman, I think some Board  
14 members joined.

15 CHAIRMAN FUNDERBURG: Yes. Well, Gil is on  
16 the phone with us.

17 MR. PEDERSEN: Just make sure the record  
18 reflects that Barrett Pedersen came in.

19 CHAIRMAN FUNDERBURG: We've already got that.  
20 Thank you.

21 MR. FLETCHER: Duly noted.

22 MS. WEBER: Okay, I just wanted to make sure.

23 MR. FLETCHER: The arrival of Ms. Bronner and  
24 Member Pedersen has been noted.

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1 CHAIRMAN FUNDERBURG: Okay. So I would like to  
2 call for a motion.

3 MR. ANDERBERG: So moved.

4 MR. PEDERSEN: Second.

5 CHAIRMAN FUNDERBURG: Okay. Brad?

6 MR. FLETCHER: So on the motion for approval of  
7 projects 1, 2, 3, 4, 5, 6, 7, 9, 10 and 11, I will  
8 call the roll.

9 MR. ISRAELOV: One second, Chairman. Actually,  
10 I would like to separate out Item No. 9 and abstain  
11 from Item No. 9.

12 CHAIRMAN FUNDERBURG: Okay.

13 MR. PEDERSEN: I move to amend the motion to  
14 exclude No. 9.

15 CHAIRMAN FUNDERBURG: Okay. Is there a second?

16 MR. FUENTES: Second.

17 CHAIRMAN FUNDERBURG: Okay. Everybody okay  
18 with that?

19 (A chorus of ayes.)

20 CHAIRMAN FUNDERBURG: All right.

21 MR. FLETCHER: And the motion to approve Items  
22 No. 1, 2, 3, 4, 5, 6, 7, 10 and 11 of the projects  
23 resolution, I'll call the roll.

24 MR. PEDERSEN: I don't mean to be particular  
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1 here, but would you clarify whether we need to have  
2 a vote on the amendment or not?

3 CHAIRMAN FUNDERBURG: Well, I asked if  
4 everybody was okay to with it. I saw no one.

5 MR. PEDERSEN: I don't care.

6 CHAIRMAN FUNDERBURG: All in favor, please say  
7 aye.

8 (A chorus of ayes.)

9 CHAIRMAN FUNDERBURG: Opposed?

10 (No response.)

11 CHAIRMAN FUNDERBURG: Okay, thank you for the  
12 clarification.

13 MR. FLETCHER: Okay. So I'll call the roll.  
14 Mr. Anderberg?

15 MR. ANDERBERG: Yes.

16 MR. FLETCHER: Ms. Bronner on the phone?

17 MS. BRONNER: Yes.

18 MR. FLETCHER: Mr. Fuentes?

19 MR. FUENTES: Yes.

20 MR. FLETCHER: Mr. Goetz on the phone?

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21 MR. GOETZ: Yes.  
22 MR. FLETCHER: Mr. Horne?  
23 MR. HORNE: Yes.  
24 MR. FLETCHER: Mr. Israelov?  
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1 MR. ISRAELOV: Yes.  
2 MR. FLETCHER: Ms. Juracek?  
3 MS. JURACEK: Yes.  
4 MR. FLETCHER: Mr. Knox?  
5 MR. KNOX: Yes.  
6 MR. FLETCHER: Mr. O'Brien?  
7 MR. O'BRIEN: Yes.  
8 MR. FLETCHER: Mr. Pedersen?  
9 MR. PEDERSEN: Yes.  
10 MR. FLETCHER: Mr. Poole on the phone?  
11 MR. POOLE: Yes.  
12 MR. FLETCHER: Mr. Yonover?  
13 MR. YONOVER: Yes.  
14 MR. FLETCHER: Mr. Chairman?  
15 CHAIRMAN FUNDERBURG: Yes.  
16 MR. FLETCHER: Mr. Chairman, the motion  
17 carries.  
18 MR. PEDERSEN: Just to be specific, for the  
19 record, the motion was to vote for the amended  
20 motion. Thank you.  
21 CHAIRMAN FUNDERBURG: Okay. That leaves Item  
22 No. 9. I would like to ask for a motion to consider  
23 that.  
24 MR. YONOVER: Sorry guys, I'm confused. Item 9  
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1 is the farm memo?  
2 MR. FLETCHER: Yes.  
3 CHAIRMAN FUNDERBURG: Do we have a motion for  
4 No. 9?  
5 MR. FUENTES: I will make a motion.  
6 MS. JURACEK: I'll second.  
7 CHAIRMAN FUNDERBURG: All in favor, please  
8 aye.  
9 (A chorus of ayes.)  
10 CHAIRMAN FUNDERBURG: Any opposed?  
11 (No response.)  
12 MR. FLETCHER: If I may recommend, because it's  
13 a project, we should do a roll call, especially  
14 since we may have an abstention.  
15 CHAIRMAN FUNDERBURG: Okay, thank you.  
16 MR. FLETCHER: On the motion by Mr. Fuentes,  
17 was there a second?  
18 MS. JURACEK: Yes, I did.  
19 MR. FLETCHER: Okay, thank you. I'll call the  
20 roll on Item No. 9 for approval. Mr. Anderberg?  
21 MR. ANDERBERG: Yes.  
22 MR. FLETCHER: Ms. Bronner on the phone?  
23 MS. BRONNER: Yes.  
24 MR. FLETCHER: Mr. Fuentes?  
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1 MR. FUENTES: Yes.  
2 MR. FLETCHER: Mr. Goetz on the phone?



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3 MR. GOETZ: Yes.  
4 MR. FLETCHER: Mr. Horne?  
5 MR. HORNE: Yes.  
6 MR. FLETCHER: Mr. Israelov?  
7 MR. ISRAELOV: Abstained.  
8 MR. FLETCHER: And the reason for abstention?  
9 MR. ISRAELOV: Need for additional information.  
10 MR. FLETCHER: Duly noted. Ms. Juracek?  
11 MS. JURACEK: Yes.  
12 MR. FLETCHER: Mr. Knox?  
13 MR. KNOX: Yes.  
14 MR. FLETCHER: Mr. O'Brien?  
15 MR. O'BRIEN: Yes.  
16 MR. FLETCHER: Mr. Pedersen?  
17 MR. PEDERSEN: Yes.  
18 MR. FLETCHER: Mr. Poole on the phone?  
19 MR. POOLE: Yes.  
20 MR. FLETCHER: Mr. Yonover?  
21 MR. YONOVER: Yes.  
22 MR. FLETCHER: And Mr. Chairman?  
23 CHAIRMAN FUNDERBURG: Yes.  
24 MR. FLETCHER: Mr. Chairman, the motion  
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1 carries.

2 CHAIRMAN FUNDERBURG: Okay, thank you. So with  
3 that, I would just want to note at some point in  
4 time, hopefully soon, I would like you to E-mail me  
5 when you have satisfactory answer to your question,  
6 please.

7 MR. ISRAELOV: Will do. Thank you.

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8 CHAIRMAN FUNDERBURG: Okay. Now, in all  
9 seriousness, I would like to know when you're  
10 satisfied with that, because that's a good question.  
11 Okay, thank you.

12 MS. WEBER: My name is Elizabeth Weber, and I'm  
13 general counsel to the Authority. Can everyone on  
14 the phone hear me?

15 MR. POOLE: Yes.

16 MR. GOETZ: Yes.

17 MS. BRONNER: Yes.

18 MS. WEBER: Okay, good. I'm here to present  
19 Item 12 on the agenda, which is a resolution  
20 authorizing the execution and delivery of a proposed  
21 mutual release and settlement agreement, relating to  
22 two pending court cases, IFA versus Litchfield  
23 National Bank in the Circuit Court of Cook County.

24 MR. PEDERSEN: May I have a reminder of where  
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1 we're at, with regard to the page number? Because I  
2 don't have the paper. We go paperless with the Drop  
3 Box. It's which page on the drop box?

4 MS. WEBER: It's Item 12 on the agenda. Does  
5 that help you? I'm not sure which page.

6 MR. PEDERSEN: Thank you.

7 MS. WEBER: Did you find it?

8 MR. MEISTER: Item 12 in the Drop Box, too.

9 MR. PEDERSEN: I need to go to Item 12? I have  
10 to scroll through. I got page numbers on the bottom  
11 left. Thank you, we've got it.

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12 MS. WEBER: Okay. Does everybody have that  
13 item handy? So it's a resolution authorizing the  
14 proposed mutual release and settlement agreement  
15 relating to two pending court cases: IFA versus  
16 Litchfield National Bank in the Circuit Court of  
17 Cook County, Illinois, County Department, Chancery  
18 Division case No. 2013 CH 25534; and the second one  
19 is Litchfield National Bank versus IFA, Court of  
20 Claims of the State of Illinois, Case  
21 No. 14 CC 2737.

22 Both these cases involve an 85 percent IFA  
23 guarantee of an agricultural loan made by Litchfield  
24 National Bank. The resolution authorizes the

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1 settlement payment by the Authority in the amount of  
2 \$155,000.

3 The Board book under Tab 12 has a draft  
4 resolution, and a privileged attorney-client  
5 communication from outside counsel as well in this  
6 matter. In your manila folder is the actual  
7 settlement agreement. I think the manila folder  
8 also includes the resolution.

9 Under the Open Meetings Act, we can go  
10 into closed session to consider litigation, when the  
11 action is pending -- filed and pending against us  
12 before a court.

13 Does any member wish to go into closed  
14 session to ask questions or consider this matter,  
15 before taking the resolution for a vote?

16 CHAIRMAN FUNDERBURG: We'll need a motion for  
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17 that. Is there such a motion to go into closed  
18 session?

19 MR. PEDERSEN: Are you suggesting we go into  
20 executive session?

21 MS. WEBER: No, it's only if Board members have  
22 questions or would like to discuss it.

23 MR. GOETZ: This is Mike. I read your memo,  
24 and I think it's perfectly clear, you know, what

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1 you're recommending.

2 MS. WEBER: Actually, that was a memo of  
3 outside counsel, but I do agree with the conclusions  
4 in it.

5 MR. GOETZ: Yes.

6 CHAIRMAN FUNDERBURG: I would agree that it's  
7 pretty straightforward. Chris, would you say that  
8 you put forth your best effort to try to resolve  
9 this situation?

10 MR. MEISTER: Absolutely.

11 CHAIRMAN FUNDERBURG: Okay. So with that being  
12 said.

13 MR. GOETZ: If it's appropriate, Chairman, I  
14 make a motion that we accept the proposal.

15 CHAIRMAN FUNDERBURG: This is Mr. Goetz?

16 MR. GOETZ: Yes, it is.

17 CHAIRMAN FUNDERBURG: For the benefit of  
18 keeping records. Is there a second?

19 MR. PEDERSEN: Second.

20 CHAIRMAN FUNDERBURG: Seconded by Mr. Pedersen.

21 All in favor, please say aye.

22 MR. FLETCHER: Let's take a roll. I need  
23 approval for Item 12 on the projects and  
24 resolutions. So motion by Member Goetz and seconded

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1 by Mr. Pedersen.

2 I'll call the roll. Mr. Anderberg?

3 MR. ANDERBERG: Yes.

4 MR. FLETCHER: Ms. Bronner on the phone?

5 MS. BRONNER: Yes.

6 MR. FLETCHER: Mr. Fuentes?

7 MR. FUENTES: Yes.

8 MR. FLETCHER: Mr. Goetz on the phone?

9 MR. GOETZ: Yes.

10 MR. FLETCHER: Mr. Horne?

11 MR. HORNE: Yes.

12 MR. FLETCHER: Mr. Israelov?

13 MR. ISRAELOV: Yes.

14 MR. FLETCHER: Ms. Juracek?

15 MS. JURACEK: Yes.

16 MR. FLETCHER: Mr. Knox?

17 MR. KNOX: Yes.

18 MR. FLETCHER: Mr. O'Brien?

19 MR. O'BRIEN: Yes.

20 MR. FLETCHER: Mr. Pedersen?

21 MR. PEDERSEN: Yes.

22 MR. FLETCHER: Mr. Poole?

23 MR. POOLE: Yes.

24 MR. FLETCHER: Mr. Yonover?

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1 MR. YONOVER: Yes.

2 MR. FLETCHER: And Mr. Chairman?

3 CHAIRMAN FUNDERBURG: Yes.

4 MR. FLETCHER: Mr. Chairman, the motion  
5 carries.

6 CHAIRMAN FUNDERBURG: Thank you. That brings  
7 us to Agenda Item Roman Numeral 14.

8 Okay, so that being said, I would like to  
9 ask if there is any other business to come before  
10 the Board?

11 (No response.)

12 CHAIRMAN FUNDERBURG: No.

13 MR. PEDERSEN: Move to adjourn.

14 CHAIRMAN FUNDERBURG: Actually --

15 MR. PEDERSEN: Can't do it?

16 CHAIRMAN FUNDERBURG: We'll just wait on that  
17 for a second.

18 MR. MEISTER: We can move on to Agenda Item  
19 No. 15. If you want me to take the lead on that.

20 CHAIRMAN FUNDERBURG: Yes, that would be great.

21 MR. MEISTER: Agenda Item 15, and I'll give a  
22 verbal overview. We don't have any documents, but  
23 given the Open Meetings Act, and our obligation to  
24 operate in a transparent manner, Rob and I thought

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1 it would be a very good idea to complete the order  
2 of resolutions, and the order of projects, and give

3 the Board members, because we have a great  
4 combination of longer tenured and new Board members  
5 to the Authority.

6 And it's my recommendation that we  
7 undertake a discussion here about the current state  
8 of the Authority, its current programs, and its  
9 future; and what Board members see as opportunities  
10 and what Board members would like to accomplish.

11 We decided to do this discussion at the  
12 end of the agenda, because it would be fresh in the  
13 Board members' minds as to what the day-to-day  
14 business of the Authority is currently.

15 And I would say that this agenda provided  
16 a very good cross-section of the projects  
17 resolutions that are likely, that in any given month  
18 are typically on an agenda of the resolution. I've  
19 spoken with many of you individually.

20 Our primary business currently for the  
21 Authority is to be a statewide conduit issuer of  
22 tax-exempt debt. I think all of you know what that  
23 means is that we are necessary under Federal and  
24 State Law. So it's the very real and material

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1 economic benefit of tax exemption to both borrowers  
2 and to lenders.

3 These are typically name brand, well-known  
4 borrowers. Oftentimes, they are rated by rating  
5 agencies, and typically these borrowers have  
6 selected either commercial lenders or investment  
7 bankers, and even their own financial advisors to

8 structure it.

9           There's very little risk, other than  
10 reputational risk, to the Authority. Although, the  
11 Internal Revenue Service occasionally sends audit  
12 notices first to the IFA before they reach the  
13 borrower; and typically, those are resolved with  
14 very little drama.

15           And, indeed, it's been years since I've  
16 been aware of any time that an IFA conduit bond led  
17 to any sort of penalty or repayment by a borrower to  
18 the Internal Revenue Service.

19           That being said, the statutory mission of  
20 the Authority is much broader than issuing conduit  
21 bonds. We have broad statutory authority to make  
22 loans, issue conduit bonds, issue taxable bonds, and  
23 provide guarantees for nearly any sort of purpose.

24           And I think with that, maybe that sets the  
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1 stage, Mr. Chairman.

2           CHAIRMAN FUNDERBURG: Sure. Thank you, Chris.  
3 So just to step back a little bit, we're all  
4 familiar with the issue of the Illinois Finance  
5 Authority.

6           I want to thank each and every one of you,  
7 both those of you who are newer, and certainly those  
8 of you that have been involved for number of years  
9 for your volunteer service to the IFA.

10           I think this is a particularly exciting  
11 time to be involved with IFA, and I hope you're



12 going to find that to be the case as well.

13           We've got -- we're very well positioned to  
14 assist in building the economy of the State of  
15 Illinois in a variety of fashions, some of which we  
16 are currently doing, others of which we are yet to  
17 discover.

18           And that's one of the things that we would  
19 like to get feedback from you on as well, regarding  
20 our products, our services, different lines of  
21 businesses that we can consider in the future that  
22 would help drive the Illinois economy.

23           So with just kind of a broader product  
24 overview, you know, you've probably looked at the  
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1 website. You can see the different products that we  
2 use, all of which draw back to the origination of  
3 IFA in 2004, was it six different --

4           MR. MEISTER: Seven.

5           CHAIRMAN FUNDERBURG: Seven different entities  
6 were consolidated into one, and you can see kind of  
7 the history there. Each of those organizations  
8 wanted to keep their pieces of business, whether it  
9 be in regard to the farmers is a good example.

10           We are internally looking at our various  
11 different product offerings as to the relevance and  
12 to what degree they accomplish the mission. I  
13 wanted to open it up to all of you to see if you  
14 have any thoughts or ideas as to how we can better  
15 serve the state and the people in the State of  
16 Illinois.

17                   We talked about venture capital in the  
18 past. We do have a little track record in that.

19           MR. MEISTER: I can talk a little bit.

20           CHAIRMAN FUNDERBURG: You want to do like a  
21 real quick overview on that?

22           MR. MEISTER: Yes. Thank you. There are  
23 venture capital provisions within our statutes, and  
24 the venture capital program was initiated and seeded

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1 with a state appropriation; and it was part of a  
2 statutory structure going back to the Illinois  
3 Development Finance Authority in the -- in I think  
4 the 1990s.

5                   As one would expect, there was a mixed  
6 track record and, Melinda, not to put you on the  
7 spot, do you have those? I've got some numbers in  
8 my head. I was wondering --

9           MS. GILDART: For venture capital?

10          MR. MEISTER: Yes.

11          MS. GILDART: The remaining balances?

12          MR. MEISTER: No, the all-in loss. Six Granda  
13 is our Controller. Six, why don't you stand up.

14          MS. GRANDA: I don't remember the exact  
15 numbers, but the actual loss was a little over  
16 \$2,000,000.

17          MR. MEISTER: Yes. And that was program-wide.  
18 That was going back to the 1990s through the  
19 consolidation in January of 2004.

20                   Early in the life of the Authority in the

21 space of 2004 until around 2007, there were  
22 subsequent investments that were made by previous  
23 boards.

24 And the long and the short of it was that  
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1 a couple of years ago, we had an audit finding that  
2 required us to value -- independently value all of  
3 this wide variety of equity involvement that both  
4 the Board from '04 to '07 had made, as well as  
5 previous Development Finance Authority Boards had  
6 made going back to the 1990s.

7 This was also made slightly more difficult  
8 by the state law requirement that any bad debt or  
9 bad obligation or bad investment by a state actor  
10 needed to be written off by the Attorney General of  
11 the State of Illinois.

12 Over recent months, for the first time in  
13 a number of years, we've actually had some success  
14 in that. And Rob's predecessor, the former Chairman  
15 Bill Brant, is -- in his day job, was involved with  
16 bankruptcy and work out, and he recognized the  
17 difficulty of valuing this diverse, and in some  
18 cases, aged portfolio of investments.

19 And ultimately, what we had was a very  
20 well-publicized public auction, and I think that we  
21 netted the grand total of about \$12,000 for those  
22 remaining investments, which did allow us to pull  
23 down the curtain and draw the line between the old  
24 and the new.

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1           Subsequently, two of our current board  
2 members, all of whom are present, Jim Fuentes, who  
3 is the former Chairman of the Venture Capital  
4 Committee before we consolidated, but as yet we have  
5 not populated the committees back in July, Gila  
6 Bronner, who is the former Chair of the Audit and  
7 Investment Committee, and again, we've not  
8 repopulated the new committees, and Lerry Knox,  
9 worked together within the scope of the Open  
10 Meetings Act to explore various options and raise  
11 proposals to the Board.

12           I will also note that one of the sort of  
13 fundamental difficulties, other than the risk in  
14 both for a public entity like the IFA, is that  
15 venture investment is fundamentally an equity  
16 investment, which is fundamentally different from  
17 debt, which was what we do the vast majority of the  
18 time, although we did have one balance sheet loan  
19 several years ago that was structured in a venture  
20 way, basically success benchmarks tied to a higher  
21 rate of interest.

22           We actually exited that particular  
23 investment to a software company with some success,  
24 although it was accompanied by some drama because

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1 there were various officials that had some interest  
2 in that particular deal, and we were getting calls

3 on it; but ultimately, the borrower paid off, and  
4 paid off at the interest rate that was called for  
5 under the contract.

6 So that's the background.

7 CHAIRMAN FUNDERBURG: That's a pretty extensive  
8 background. So as we go forward, if any of you are  
9 suggesting that we go into the venture capital  
10 business, you might encounter some adverse feelings.

11 Just a couple of other things I just want  
12 to draw attention to is a value that IFA has been  
13 able to add in other regards as well, and I'll just  
14 welcome Emily Bastedo and Ed Murphy, representatives  
15 from the Governor's administration here.

16 We've had a tremendous amount of support  
17 from them and the whole team. It's been extremely  
18 helpful going forward for me, for Chris, and the  
19 staff, and all of you, whether you know it or not.

20 But also I believe IFA has been able to be  
21 helpful in other regards as well. We've kind of  
22 developed the motto, "Do we want to be problem  
23 solvers?"

24 MR. MEISTER: Yes.

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1 CHAIRMAN FUNDERBURG: "Not problems to be  
2 solved." So that's kind of what we -- our approach.

3 MR. MEISTER: Yes.

4 CHAIRMAN FUNDERBURG: You know, so there have  
5 been examples of where we've been able to add value  
6 to help out in other ways as well.

7 Arlene, do you have a comment?

8 MS. JURACEK: I have an observation, and I'm  
9 glad that the governor's representatives are here  
10 because my thought stems from the fact in addition  
11 to being the Mayor of Mount Prospect, I also have a  
12 farm out in Carroll County, so I'm familiar with  
13 some of the rural organizations there.

14 And I know, for example, that the clean  
15 water conservation districts are in danger of losing  
16 their funding and shutting down. They are offering  
17 a number of programs in various arenas, some of  
18 which the IFA might enter into some sort of a  
19 partnership from or fill the gap on.

20 And then I'm familiar with something  
21 called an RC&D. My husband is on the board of  
22 Blackhawk Hill RC&D. It's now the Blackhawk  
23 Regional Council, and I don't normally get on my  
24 phone during meetings, but I wanted to get on their

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1 particular website, the Blackhawk Hills Council --  
2 the mission of the Blackhawk Hills regional Council  
3 is to assist the people and local agencies of  
4 Northwest Illinois in developing and implementing a  
5 regional outlook that will enhance economic growth,  
6 workforce development, natural resource conservation  
7 and quality of life.

8 And this council happens to work -- it's  
9 based on Rock Falls, and it serves Carroll,  
10 Jo Daviess, Lee, Ogle, Stephenson and Whiteside.

11 So I disclosed my husband's, you know,

12 participation on the board. There is obviously no  
13 financial benefit to us, other than public service  
14 being on here; but perhaps looking at all of these  
15 regional councils throughout the state, again, which  
16 are suffering from funding shortages, that perhaps  
17 there is some way the IFA can be a conduit in  
18 assisting in some of their efforts.

19 It's going to require a lot of homework  
20 and research. I have no solution, but with the  
21 opportunity presented --

22 CHAIRMAN FUNDERBURG: Okay, this is something  
23 perhaps Patrick and Rich can take a look at. Okay?  
24 It's great.

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1 Why don't we just go around the table, you  
2 know, for just open discussion for thoughts and  
3 ideas. Keep in mind this still is an open meeting,  
4 so just for the record. Yes, Jim.

5 MR. FUENTES: I had one comment, just to make  
6 sure our public relations that we get credit for  
7 this, you know, Advocate Triple A rating that was  
8 mentioned. I just want to make sure we have public  
9 relations people involved. Make sure we're so  
10 noted.

11 MS. LENANE: Double A. There is only one AAA.

12 MR. FUENTES: Again, the Illinois tax it's not  
13 there, but in a positive way, I wouldn't really  
14 necessarily say the Illinois tax. Let's say, you  
15 know, our contribution at least is there, that  
16 should help us drive some business.

17 CHAIRMAN FUNDERBURG: You know, I think that  
18 brings up a broader issue of IFA brand awareness,  
19 and I think it is a very well-kept secret in the  
20 state.

21 I was just simply aware of it because of  
22 my profession, but I think it's a pretty well-kept  
23 secret, and I think your question or comment raises  
24 a broader marketing and branding opportunity.

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1 MR. GOETZ: Chairman, this is Mike Goetz. I  
2 was going to bring that up. We've really got hardly  
3 any programs downstate outside the agricultural  
4 sector.

5 You know, there is nobody really marketing  
6 the IFA programs, you know, south of I80 or west of  
7 Chicago either, like in the Rockford and Rock Island  
8 areas.

9 And when the economy, you know, went  
10 through its shutdown in 2008 and '09, the IFA  
11 really, really cut back, laid off a lot of people.

12 We had an office in Peoria, closed it, you  
13 know, and we just really had cut back so far that we  
14 really don't have a presence in getting out and  
15 marketing our programs to any of the downstate  
16 facilities.

17 CHAIRMAN FUNDERBURG: I agree. Thank you for  
18 bringing that up. One of the things that we're  
19 going to do, just as a reminder, is we're going to  
20 get -- we've already got a map, a great map, of the



21 great State of Illinois. We're going to get another  
22 map, which we're going to pin where we do projects,  
23 just as a physical reminder for all of us.

24 MR. GOETZ: Okay.

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1 CHAIRMAN FUNDERBURG: As to where we are doing  
2 business, and we can break that down by product  
3 category.

4 We also -- you know, part of your comment  
5 begs the question, too, in terms of our product  
6 profitability, either in terms of revenue or in  
7 terms of, you know, accomplishing our mission.

8 And I think before we start rolling out  
9 and marketing, we would want to finish that product  
10 review, to see what is really most effective in  
11 accomplishing our mission, and in terms of making  
12 IFA a going concern and any profitability to the  
13 IFA.

14 We're kind of in the middle of those  
15 discussions.

16 MR. GOETZ: Right.

17 CHAIRMAN FUNDERBURG: I agree. To better serve  
18 our purpose, we need to do a better job of covering  
19 all of the state and marketing and building the  
20 brand.

21 MR. GOETZ: And not just in agriculture. You  
22 know, and I'm a big proponent of our agricultural  
23 programs. We've got a lot more to offer, too, to a  
24 lot of the smaller and mid-size manufacturers

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1 downstate.

2 CHAIRMAN FUNDERBURG: We've talked, too, about  
3 this again in early discussion, but one of the  
4 things that Chris and I spent a fair amount of time  
5 on is how can we enhance our current product line,  
6 how we make it more attractive to our borrowers more  
7 effective.

8 MR. GOETZ: Right.

9 CHAIRMAN FUNDERBURG: And, you know, so that's  
10 an ongoing discussion as well.

11 MR. GOETZ: I just say, you know, don't forget  
12 us down here.

13 CHAIRMAN FUNDERBURG: Well, one of the things  
14 we would like to try to do is utilize -- you know,  
15 Illinois has the largest network of community banks  
16 out of any state in the country.

17 MR. GOETZ: Right.

18 CHAIRMAN FUNDERBURG: And, you know, we are the  
19 state's infrastructure bank; and I think through  
20 educational programs, marketing, we can reach out to  
21 more parts of the state, just by existing  
22 infrastructure and through existing community banks.

23 MR. GOETZ: Yes.

24 MR. MEISTER: And again, for the newer Board  
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1 members, a couple of years ago, we did do a  
2 strategic plan, and I think there were four points

3 that really came out of it that I found very useful.

4 And I've shared with Rob, and some of the  
5 other Board members, is that when we're looking at  
6 new products, at new investments, at new  
7 opportunities, I would suggest that the Board look  
8 at four criteria.

9 The first, does it fit within our broad  
10 public mission; and again, we're fortunate we have a  
11 broad statute. The second is a clearer articulation  
12 of risk to the Board, so that the Board fully  
13 understands that, you know, the line between conduit  
14 and something like a state ag guarantee, something  
15 like a contingent taxpayer guarantee, like moral  
16 obligation, the difference between a balance sheet  
17 loan and a participation loan, and a guarantee and a  
18 venture capital, that the staff is meeting our  
19 obligation, that we clearly articulate the risk to  
20 the organization and to the public funds.

21 So public mission, clear articulation of  
22 risk. Since we are an enterprise-driven  
23 organization, we need to make sure that we have  
24 revenues that are sufficient to keep our doors open,

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1 not just on the near-term basis.

2 But since many of our obligations are  
3 decades long that we have the financial structure  
4 that we can make the appropriate investments to  
5 monitor and do compliance on, you know, frankly,  
6 what is 1400 bonds, and I think we've made some  
7 progress.

8                   We're not there what we need to do. So  
9 sort of the revenue -- making sure that the revenue  
10 is consistent with both the risk and the long-term  
11 compliance obligations.

12                   And the final point is that we don't get  
13 into a business where we're competing either with  
14 private actors, or governmental actors, or other  
15 nonprofit actors, sort of a but-for test.

16                   I think a lot of what we issue in conduit,  
17 we do compete with Home Rule units of government,  
18 with Regional Development Authorities, with  
19 purported national conduit issues; but the bottom  
20 line is I think in Illinois, we have the best name  
21 and the best reputation and the highest volume of  
22 conduit debt.

23                   But for these other areas, we are going to  
24 be taking on risk. We need to be clear about the

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1 risk. And for some of the newer Board members, we  
2 had a loan that we made to a Regional Development  
3 Authority, the Southwestern Illinois Economic  
4 Development Authority, SWIEDA, in July.

5                   It was not a credit decision. It was a  
6 pure appropriation risk, and we did that at the  
7 request of the Governor's Office. Really, I think  
8 it helped prevent a possible downgrade, because this  
9 was a contingent guarantee by another statutory  
10 organization that that guarantee was in the budget,  
11 and had been appropriated for years, and was at risk

12 of not being appropriated because there was no  
13 budget.

14 That was an example where we stepped into  
15 a breach, and there was really nobody else that was  
16 -- that had the resources or the ability to do that.

17 CHAIRMAN FUNDERBURG: Okay. Great on the four,  
18 you know, the four points; and, you know, good  
19 example, too, of being nimble and being -- helping  
20 being a problem solver.

21 I'm just going to go around the room.  
22 Adam, we're going to get you and Arlene last, all  
23 right? Because I'll give you, like, 20 more minutes  
24 of experience. All right?

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1 MR. ISRAELOV: Good.

2 CHAIRMAN FUNDERBURG: All right, is that good?

3 MR. PEDERSEN: I apologize, is there anything  
4 substantive that we need to vote on? I apologize  
5 that I have to leave for another meeting. I will  
6 share my ideas and thoughts with you at a later  
7 time.

8 CHAIRMAN FUNDERBURG: Let's do that, or with  
9 Chris. The only thing that we need to vote on is  
10 adjournment.

11 MR. PEDERSEN: Do I need to be here?

12 CHAIRMAN FUNDERBURG: I don't think you need to  
13 be here for that.

14 MR. MEISTER: No, we have a quorum.

15 MR. PEDERSEN: You have quorum? Oh, thank you  
16 very much. I apologize for the inconvenience.

17 CHAIRMAN FUNDERBURG: Not at all. Thank you  
18 for being here. Good luck with your other meeting.

19 MR. PEDERSEN: Yes, sir.

20 CHAIRMAN FUNDERBURG: Okay.

21 MR. O'BRIEN: No comment.

22 CHAIRMAN FUNDERBURG: Okay. No comment  
23 regarding product or service?

24 MR. O'BRIEN: No. I'm just sitting here and  
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1 absorbing what everyone is saying.

2 CHAIRMAN FUNDERBURG: Okay.

3 MR. GOETZ: Terry, aren't you going to suggest  
4 we meet in Springfield a couple times a year.

5 MR. O'BRIEN: I'm happy for that.

6 MR. GOETZ: Terry hates coming down south down  
7 to Springfield.

8 CHAIRMAN FUNDERBURG: He's going to be our new  
9 rep for building IFA south of I80.

10 MR. YONOVER: He's going to Peoria. I don't  
11 know that I have a lot of comments here. I feel  
12 strongly that job creation is a critical part of  
13 what we're doing here.

14 I know we note in each of the deals how  
15 many jobs are retained. Very little of that is jobs  
16 created. So I think I would like to focus that a  
17 bit.

18 I think the Small Business Administration  
19 does a really good job for small businesses; and I  
20 think, you know, the big businesses don't need

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21 people like us. So there's probably some  
22 middle-market area to benefit both specifically in  
23 the private sector that I think we should be talking  
24 to.

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1 In my short-term, this is my third  
2 meeting, I think I've seen one private enterprise  
3 for a conduit. I think there's probably -- well, I  
4 know there's opportunity that can be in Illinois. I  
5 would like to see that.

6 CHAIRMAN FUNDERBURG: That might come with some  
7 product enhancement, too, if we ever get that  
8 accomplished. Thank you.

9 MR. KNOX: I think that if you look at our  
10 statute, and we have broad flexibility and a lot of  
11 opportunity to do so many different things that  
12 could help the State of Illinois and all sorts of  
13 people.

14 I think that there is two areas that are  
15 of kind of low-hanging fruit, if you will, that can  
16 be used to both enhance product, as well as help  
17 drive revenue.

18 It's an autonomous agency, which is really  
19 looking at the SRF program and our interaction with  
20 that around loan guarantees, which also then leads  
21 out into other areas working with other  
22 municipalities, with other districts and  
23 communities, as it relates to water issues and how  
24 we're supporting that.

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1           So I think there's an opportunity to  
2 really expand and look at SRF program, and our work  
3 in the SRF program; and that, you know, tied back to  
4 John's point about working with other businesses.

5           There is ancillary businesses,  
6 construction projects associated with water works  
7 around the state and with other municipalities.

8           The other is, and Chris, this is the local  
9 government bond program with other municipalities.  
10 What's interesting about that is I think there is an  
11 opportunity there where, historically, I'm  
12 probability wrong, but we have the ability to  
13 provide double tax exemption.

14         MR. MEISTER: Yes.

15         MR. KNOX: To local governments through the IFA  
16 on the paper that's issued. And so as we're really  
17 looking down the perils of a rising interest rate  
18 environment, that that double-tax exemption becomes  
19 very valuable. It also helps smaller municipalities  
20 throughout the state get access to credit markets to  
21 build.

22           And so we have a benefit within our  
23 statute that, you know, for a long time hasn't had  
24 much economic value, but going forward may drive

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1 tremendous value, which then leads down the path of  
2 products diversification and revenue for us as well.



3 CHAIRMAN FUNDERBURG: Probably part of that is  
4 market and communications, education.

5 MR. KNOX: Absolutely.

6 MR. MEISTER: Although, if I could call on Rich  
7 to actually both those points, because Rich is a  
8 nationally-recognized subject matter expert on the  
9 subject of industrial revenue bonds, which is the  
10 primary tool that we have under the Federal Tax  
11 Code.

12 He also has recent experience with the  
13 double-tax exemption for certain local governments.  
14 If you could just briefly sort of provide sort of  
15 the challenges and the opportunities in both those  
16 areas.

17 MR. FRAMTON: One of the problems we had with  
18 industrial revenue bonds is the federal statute has  
19 not, and the parameters that are involved, in terms  
20 of the capital expenditures undertaken by project,  
21 hasn't kept pace with inflation or the cost of the  
22 projects.

23 The two key limitations on industrial  
24 revenue bonds are first the issuance amount that's

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1 been limited to \$10,000,000 since the late '70s.

2 The second pertinent limitation is an  
3 overall capital expenditure limit that applies to  
4 any project that receives industrial revenue bond  
5 financing.

6 Basically what it says is that for any  
7 project that obtains industrial revenue bond

8 financing, they are limited to undertaking no more  
9 than \$20,000,000 of aggregate capital expenditures,  
10 irrespective of how those expenditures are paid for.

11 So if we do an example a \$10,000,000  
12 industrial project, that company is limited under  
13 the Internal Revenue Code for a six-year period  
14 going three years forward, three years back, to no  
15 more than \$10,000,000 of additional capital  
16 expenditures, irrespective of how that \$10,000,000  
17 is financed.

18 It can be equity, you know, if we have --  
19 we had a situation a few years ago where we had a  
20 company that was consolidating operations in  
21 Illinois and Michigan. They were moving some  
22 equipment from Michigan.

23 They had to count all the equipment that  
24 they had acquired, both in Illinois and Michigan,

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1 and were moving to this combined facility over the  
2 prior three years.

3 So another thing we see is that many of --  
4 even for the family-owned manufacturing projects,  
5 just the building and land in the Chicago suburbs,  
6 the project cost is 22 to \$25,000,000, even before  
7 any of the equipment.

8 So we've been working through our national  
9 membership agency, the Council of Development  
10 Finance Agencies, we've been working to develop  
11 federal legislation, and there is actually a bill

12 introduced by Congressman Randy Hultgren in June.

13 It's HR2890, which is called the  
14 Modernizing American Manufacturing Bonds Act. That  
15 would increase the per-borrower bond issuance limit  
16 from \$10,000,000 to \$30,000,000.

17 The second thing it would do is it would  
18 expand the six-year capital expenditure test from  
19 20,000,000 to 40,000,000. So a lot of the projects  
20 we are missing, just because they are slightly over  
21 the \$20,000,000 aggregate spending limit, we would  
22 be able to get. So we've been missing out on a lot  
23 of opportunity.

24 The other thing that has been difficult is  
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1 given the low interest rate environment we've been  
2 facing since 2008 and 2009, the spreads between  
3 taxable and tax-exempt rates, are very thin.

4 One requirement that manufacturers have to  
5 adhere to on manufacturing projects is if they  
6 finance equipment with an industrial revenue bond,  
7 they are only allowed to take straight-line  
8 depreciation.

9 So that's another impediment, depending on  
10 whether there are accelerated depreciation  
11 provisions in the code in any given year. That also  
12 has affected our business volume from time to time.

13 So that's -- those are some of the  
14 challenges and opportunities we face on the  
15 industrial side of our statute.

16 As far as on the municipal or local  
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17 government side, we have been trying to issue more  
18 double-exempt projects, as Lerry has been  
19 suggesting. One competitive factor that we have  
20 been encountering, there are several regional clones  
21 of IFA, and they were granted the statutory power to  
22 issue bonds carrying the state tax exemption in  
23 addition to the federal exemption.

24                   Prior to those changes, only IFA had the  
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1 statutory power to convey the state tax exemption.  
2 So we actually lost a significant transaction in  
3 Morgan County for the Jacksonville School District  
4 to the Western Illinois Economic Development  
5 Authority.

6                   In June, we approved a resolution -- the  
7 Board approved a bond resolution for Saline County  
8 and, you know, we're hopeful of closing that. In  
9 2013, I think we closed six local government issues,  
10 and that's certainly an area that we'll be looking  
11 to expand going forward.

12                   In addition to that, I think there may be  
13 opportunities to finance water and sewer projects  
14 additionally using the Authority's own funds, and I  
15 would suggest that we look at doing that, using an  
16 alternative revenue bond structure.

17                   MR. KNOX: Could we use our authority if we're  
18 going to allow for the water and sewer to allow the  
19 municipalities to use that developmental funds that  
20 can then be repaid through SRF offering later? So

21 it's kind of a --

22 MR. FRAMTON: To offer a bridging facility?

23 MR. KNOX: Basically a bridge facility for  
24 water and sewer for municipalities.

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1 MR. FRAMTON: That would be an area that we  
2 could -- that we could certainly look into. We  
3 might also look into how we might enter into  
4 participations with commercial banks to make that --  
5 to perhaps enhance that further.

6 MR. KNOX: Okay.

7 MR. YONOVER: Rich, what is the status on the  
8 House of Representative's bill with the bond  
9 parameters?

10 MR. FRAMTON: It was introduced with two  
11 sponsors. In addition to Randy Hultgren, there was  
12 a Democratic sponsor, Congressman Neal, who is on  
13 the House Ways and Means Committee.

14 It's been introduced, but it has not been  
15 called to the floor yet; but, you know, through the  
16 Council Development Finance Agencies, they have a  
17 Washington lobbyist who is actively attempting to  
18 line up co-sponsors. So that's the current status.

19 MR. MEISTER: And Rich and I met with a  
20 representative of Congressman Hultgren's office  
21 within the past couple of weeks. He was in town,  
22 and then I've also briefed Governor's Rauner's D. C.  
23 representative, Cathy Lyden, on the proposal as  
24 well.

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1 MR. YONOVER: Because it's a game changer for  
2 us. If that gets done, I think that makes us more  
3 attractive, especially in a rising rate environment.

4 MR. FRAMTON: That's absolutely true. As  
5 interest rates rise, the relevant advantage to any  
6 taxes on bond increases.

7 MR. FLETCHER: And if I could provide an  
8 example, I believe the for-profit company you were  
9 speaking of was Edlong Corporation. So that's an  
10 IRB manufacturer.

11 We preliminary approved \$20,000,000.  
12 Without that change in federal tax law, and that  
13 comes back for final consideration, it will be a  
14 not-to-exceed 10,000,000. So as much as we love to  
15 finance on a tax-exempt basis all 20, federal tax  
16 law prohibits us from doing so.

17 MR. YONOVER: Thanks.

18 CHAIRMAN FUNDERBURG: Okay. Lerry?

19 MR. KNOX: I'm done. Thank you.

20 CHAIRMAN FUNDERBURG: Rob?

21 MR. HORNE: I mean, really, my notes are  
22 industrial revenue bonds, and how could you do more  
23 of that? I think that was a really excellent  
24 explanation as to why we're not doing more, at least

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1 in this current environment.

2 I guess the only other comment I have, in

3 terms of products, is, you know, I don't know how  
4 we, from my limited time on this board, I'm, you  
5 know, hearing how we rarely work closely with banks,  
6 whether it is an ag loan or other.

7           And so what are the banks telling us we  
8 could help them with? You know, what's our  
9 communication, in terms of drawing from them, which  
10 is essentially, you know, so that we could add  
11 things that would enhance their businesses?

12           CHAIRMAN FUNDERBURG: You know, to answer your  
13 question, I think is that if we do a low bid, we  
14 could do a lot more. Right now we have a couple of  
15 people. Patrick Evans is one. Patrick is located  
16 downstate.

17           You'll notice a pattern to the production  
18 of some of the beginner farmer bond credits and some  
19 of the other things, there is geographic correlation  
20 to where Patrick is physically.

21           So that's part of the answer, you know, do  
22 we have a physical presence out there. I think  
23 there is much better opportunity to use the existing  
24 infrastructure of the commercial banks already in

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1 existence throughout the State of Illinois.

2           So to that point, last week Chris and I  
3 discussed getting on the agenda for the Illinois  
4 Bankers Association annual meeting coming up in  
5 June, to see if we could get a spot there to promote  
6 the IFA, its products and our services.

7           But I think we could do a lot better job,  
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8 and if I can seg over to if I were to beat one drum,  
9 there are probably a lot, but if I really were able  
10 to do one, I would invest in industrial revenue  
11 bonds.

12 We know there are some constraints there.  
13 I heard the project under \$2,000,000, \$3,000,000  
14 probably doesn't make sense. Then we've got a  
15 constraint that at the \$10,000,000 level, which may  
16 change.

17 But, you know, we need to look at how we  
18 can enhance that, how we can create better awareness  
19 of it. Because I think in terms of driving  
20 manufacturer's jobs, manufacturing jobs, which we  
21 all know has a big ripple effect throughout the  
22 broader economy, the best tool that we have in our  
23 kit is in industrial revenue bond to hit that one  
24 particular sector.

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1 I think we do a good job with our ag  
2 products. We could probably do better. Again,  
3 marketing through existing infrastructure; and then  
4 I think broader terms, we need to think about our  
5 core revenue source, which is conduit bonds to the  
6 healthcare industry.

7 We need to be very mindful. I know we are  
8 already discussing it on a regular basis. What  
9 happens as that dynamic and that industry changes  
10 with additional consolidation over the next period  
11 of time. It's top in mind.



12 MR. MEISTER: Actually, I think Pam has some.

13 MS. LENANE: Would you like me to speak?

14 CHAIRMAN FUNDERBURG: Sure, absolutely. It's  
15 open conversation.

16 MS. LENANE: Well, I do try to cover the whole  
17 state, and next month we'll have a financing coming  
18 for Passavant Hospital in Jacksonville.

19 We finance Memorial Health Systems,  
20 Hospital Sisters in Springfield, and I tried to get  
21 the hospitals south of I80, if not individually by  
22 attending Illinois Hospital Association events.

23 Tammy Harter on our staff today, I forget  
24 we've got four things going on today, is at the

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1 Illinois Hospital Association Leadership Summit,  
2 which is being held in Lombard, and we have a booth;  
3 and we're not only including brochures on our  
4 conduit financing, but also our med-term cap  
5 program, which the Board approved a couple months  
6 ago at a meeting, which is for smaller financing.

7 The problem in the healthcare area, if you  
8 are doing, say, \$5,000,000 or less, the fees just  
9 completely eat up any tax-exempt savings you're  
10 going to have.

11 So with this program, we have very, very  
12 low fixed fees that are reasonable, and it's sort of  
13 an equipment for equipment, but the beauty of this  
14 program is they will finance -- we will finance IT,  
15 healthcare medical records, and this is something  
16 that is really needed.

17 While a lot of people have put in  
18 healthcare medical records, they are not connected  
19 to their doctors. There's a lot to be done. The  
20 ones that put it in earlier, are now completely  
21 redoing them.

22 Elmhurst Hospital, the old Center DuPage,  
23 not Cadence, but it's part of Northwestern, but  
24 they're redoing theirs. So there's a lot things.

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1 there's a good business model in that.

2 I haven't really gotten out enough to  
3 promote it. Tammy, as I mentioned is in  
4 Springfield, and I'm training her to do healthcare.  
5 I think that might broaden our market a little bit  
6 more if having a healthcare expert in Southern  
7 Illinois.

8 My biggest competition south in I80 are  
9 local cities. Local cities will actually do a  
10 conduit financing for free, and maybe they hire a  
11 lawyer, a local lawyer, who will look at the bond  
12 documents on behalf of the city.

13 But in quite a few instances, I've cut our  
14 fees on two transactions when I was acting general  
15 counsel. I gave the issuer counsel opinion, so they  
16 didn't have to pay an issuer counsel, but that's  
17 about all I can do.

18 When you compete with a local, they hire a  
19 lawyer. They have to go on an agenda. It becomes a  
20 political issue, whether the city or county wants to

21 issue those bonds in their own name, because they  
22 probably don't understand the conduit nature. So I  
23 have a proposal out right now out to a hospital.

24 CHAIRMAN FUNDERBURG: Thank you, Pam. You did  
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1 do a good job covering the state. We see that, you  
2 know, and we know there is a concentration of  
3 healthcare at the population center. So that is a  
4 given.

5 You do well with that, and with your  
6 marketing. I think you were just out in New York.

7 MS. LENANE: Yes.

8 CHAIRMAN FUNDERBURG: At a conference as well.

9 MS. LENANE: Our major health systems.

10 CHAIRMAN FUNDERBURG: My comments are broader  
11 to the changing dynamic that we could expect.  
12 There's conversation for strategic planning within  
13 the staff.

14 MS. LENANE: Yes, they are too dynamic. I  
15 would like to mention one competition with taxable  
16 bond issue.

17 If a hospital is large enough, they can  
18 issue in a taxable market and not pay as many  
19 attorney's fees and processing costs. It's much  
20 simpler, and they have no compliance.

21 They don't have to identify assets. Being  
22 tax exempt, they can just finance; and we've seen  
23 this already here with The University of Chicago and  
24 Northwestern University get some taxables.

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1 I worry every day about the bigger  
2 offerings, Advocate and the OSF, trying to go  
3 taxable, but so far they haven't.

4 And then as you mentioned also, we do lose  
5 borrowers with consolidation, and so that narrows  
6 the amount of people. On consolidation, we usually  
7 get a good transaction out of the consolidation, but  
8 then we've lost the hospital that has been merged.

9 MR. MEISTER: And we do have, over the past  
10 couple of years, multi-state issuance authority for  
11 both nonprofits and for profits, although one of the  
12 drawbacks has been is that when Illinois nonprofits,  
13 even well highly-rated nonprofits, oftentimes the  
14 banks of the investment bankers will say a conduit  
15 -- an Illinois institution going through a Wisconsin  
16 conduit will save the borrower money rather than  
17 going through an Illinois conduit.

18 We disagree with that. We disagree  
19 strongly. Pam and I were involved in a big battle I  
20 think in December.

21 MS. LENANE: We had one really big battle that  
22 we lost. I actually blame it on the trading desk of  
23 that particular underwriter, but I think now there's  
24 not that sense in the market.

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1 There's more of a sense that Illinois is  
2 looking at its problems now and trying to tackle

3 them and so that gives confidence. It's all a  
4 perception.

5 There is no way that the finances of the  
6 State of Illinois -- well, it would be a long track  
7 to get to hospitals not being paid, and we're  
8 talking about it.

9 MR. POOLE: Roger Poole. Executive Director  
10 and Board member. It's been a very informative  
11 meeting and good meeting. I must exit, though, and  
12 wish you all well.

13 CHAIRMAN FUNDERBURG: Thank you very much.  
14 Thanks for letting us know. Roger, if you have  
15 anything else here, please circle back with me or  
16 Chris. Thank you.

17 MR. POOLE: I certainly will, Chairman.

18 CHAIRMAN FUNDERBURG: Okay, thank you. And,  
19 Mike Goetz, too, if you are on the phone, I want to  
20 circle back with you in person, too, to see if you  
21 have any specific ideas of better serving specific  
22 markets in the southern part of the state.

23 Jim, you're up next. Thank you, Pam.

24 MR. FUENTES: For one thing, I wanted to see if  
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1 we could find another project like the clean water  
2 issue that we did so well. It really got us out  
3 there, as far as, you know, given recognition there.

4 One sort of out of the box, I was reading  
5 in the paper that the Chicago Skyway private equity  
6 guys are in trouble. Maybe we should make an offer  
7 for that. You know what I'm saying?

8                   Get a bond issued for that. Give them 25  
9 cents on the dollar. See if we could do something  
10 good for the state that way. See if we could make  
11 some money.

12           CHAIRMAN FUNDERBURG: And I haven't seen that.  
13 That is out of the box.

14           MR. FUENTES: They have ratings for that clear  
15 water issue. We've never put it -- taken it for a  
16 test ride. That is why I wanted to see if we could  
17 get something out of it, something like that.

18                   Even if we don't win, I mean, it would  
19 highlight what we can do and, you know, other people  
20 may come with us for opportunities based on it.  
21 It's a little off the wall.

22           CHAIRMAN FUNDERBURG: Okay.

23           MR. FUENTES: I read about it and said, "That  
24 would be something we should go after, you know, get  
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1 it back."

2           CHAIRMAN FUNDERBURG: Who is the gentleman? I  
3 can't remember.

4           MR. FUENTES: I thought they were first Iowa --  
5 I mean Ohio went under.

6           MR. KNOX: Indiana.

7           MR. FUENTES: Ohio went under, and now these  
8 guys are in trouble for the Skyway.

9           MR. FRAMTON: The concessi onai re?

10           MR. FUENTES: Yeah.

11           MR. FRAMTON: McCory.

12 MR. KNOX: It's also the Chicago parking, that  
13 is one of the problems.

14 MR. FUENTES: We're getting in trouble. So why  
15 don't we try to get in there on 25 cents on the  
16 dollar and see if we could grab it?

17 CHAIRMAN FUNDERBURG: Can you just take a peek?  
18 Chris is going to take a peek, right?

19 MR. ANDERBERG: I repeat a lot of what has been  
20 said. I think like the industrial revenue bond,  
21 \$3,000,000 to 10,000,000, that is a sweet spot for  
22 small manufacturers, but if the current tax law --  
23 if the tax law comes back, and we have bonus  
24 depreciation, accelerated depreciation, that takes

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1 us right out.

2 I think it's advantageous for  
3 manufacturers, small guys like myself, and the  
4 farming community, too.

5 I think we need to have a better branding  
6 or marketing image. I don't think we're well known  
7 at all. I probably could poll farmers in my area  
8 where I live in, they probably think IFA is only the  
9 farming association. They wouldn't know what the  
10 IFA is, and they don't.

11 They think of First Farm Credit Services  
12 first, and that's all they go to, and this might be  
13 a better avenue for some of the first-time buyers of  
14 farmland.

15 MR. EVANS: I think we also need to increase  
16 our limits and try to find a product toward a

17 seasoned farmer, because the seasoned farmer is one  
18 that the community banks are suffering.

19 They can't offer them product that, you  
20 know, competitors can, like Farm Credit.

21 MR. ANDERBERG: That's right.

22 MR. EVANS: Someone who has been in the  
23 business for, you know, five years, and has equity  
24 above \$500,000, and it doesn't fit into our program

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1 because they are not really a beginner farmer. They  
2 have decent ground. They have nowhere to go.

3 I mean, the community banks try to  
4 compete, but Farm Credit, with the government-backed  
5 bonds, are very aggressive. They can't, you know,  
6 match their rates, and they have a fund till  
7 account, just like a bank similar. They can write  
8 checks on and everything.

9 You know, Farm Credit is eating the  
10 community banks up pretty much.

11 MR. ANDERBERG: So I think that could be an  
12 opportunity. I don't know what Hultgren had in the  
13 bill.

14 MR. FLETCHER: MAMBA it's called.

15 MR. ANDERBERG: Is there any provision for  
16 changing depreciation?

17 MR. FLETCHER: Rich?

18 MR. FRAMTON: That was proposed, but it was  
19 kicked out, because the Tax Committee, Joint  
20 Committee on Taxation, they just said, "If that's in



21 there, we're kicking it out."

22 MR. ANDERBERG: Okay.

23 MR. HORNE: Back on the comment of Farm Credit  
24 being so aggressive, I mean, if the borrowers needs

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1 are being met because Farm Credit is addressing them  
2 and meeting them, I mean, are we just trying to get  
3 into a gap that we don't need to the into?

4 MR. EVANS: We're trying to help the community  
5 banks, so they can stay in existence out there; and  
6 the majority of the community rural banks, they  
7 depend on agriculture as their source of income.

8 MR. HORNE: Right. It's more so that's the  
9 role in that situation is really supporting the  
10 banks?

11 MR. EVANS: Correct.

12 MR. HORNE: As opposed to the borrowers,  
13 per se. The banks are addressed. The banks we're  
14 trying to support through this.

15 MR. EVANS: Offering something that the banks  
16 can compete on the same level as Farm Credit.

17 MR. HORNE: Right, got it.

18 MR. ANDERBERG: I think one other thing I would  
19 like to mention, my last would be I think all the  
20 community banks, the financing manufacturer of farms  
21 maybe -- I've talked to some community bankers in  
22 our area, Chairman, they always think SBA, always  
23 SBA.

24 If there is anything we could put out

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1 there that shows our competitiveness to SBA or a  
2 better alternative to. I think there's a little bit  
3 of intimidation.

4 I've sensed a little bit, talking to two  
5 bankers about what the IFA, what they do, the  
6 bonding issues. They don't want to go through all  
7 that, and they would rather just go to the SBA. So  
8 if there is something that could be done to improve  
9 that.

10 CHAIRMAN FUNDERBURG: There are some areas  
11 where specifically SBA has some advantage over our  
12 products. There are other areas where we have some  
13 advantage.

14 In either case, both call for more  
15 awareness, more education, more marketing, more  
16 branding of IFA.

17 MR. ANDERBERG: Those are my comments.

18 CHAIRMAN FUNDERBURG: You know, I think you're  
19 absolutely right, because a lot of people ask, "What  
20 is IFA?" People you would expect would at least  
21 have some working knowledge.

22 MR. ANDERBERG: I have one last comment, it's  
23 Shabbona.

24 CHAIRMAN FUNDERBURG: I was going to correct  
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1 it.

2 MR. ANDERBERG: It's Shabbona.

3 CHAIRMAN FUNDERBURG: I was going to say that.

4 It's Boehne and Shabbona.

5 MR. ANDERBERG: Shabbona.

6 CHAIRMAN FUNDERBURG: Just to be clear. All

7 right, thank you.

8 MS. BRONNER: Can I chime in?

9 CHAIRMAN FUNDERBURG: Please, Gila.

10 MS. BRONNER: Okay. Beyond what has already

11 been said, I think just some perhaps additional,

12 these are not specific ideas, but rather I think to

13 drive home a couple of the points that have been

14 discussed.

15 I see where many people -- there was one

16 comment about noting conduit for just one price

17 deal. There are a number of people, if I mention

18 that I'm on the IFA Board, ask me, "What is the IFA?

19 What does that the IFA stand for? What are they

20 offering me as someone in the private sector trying

21 to grow my company?"

22 So it strikes me that as Board members, we

23 all have, I believe, an obligation to: A,

24 understand how permissive and limited our statute

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1 is; what our, quote, products really are; what they

2 mean, and how we can best explain them to potential

3 customers.

4 And I interact with governments, as well

5 as nonprofits; and in my private life, individuals

6 that are in the private sector that many of them

7 say, "Oh, that is intriguing. I wonder if I could

8 approach the IFA."

9 And I've encouraged a number of them to do  
10 so, but it seems to me that it starts with our web  
11 presence, our market presence.

12 But as we're thinking about products and  
13 services, maybe we need to do some outreach with  
14 some target customer groups to see, and this has  
15 somewhat been said already, what they would be  
16 interested in.

17 And part of that is being able to best  
18 explain what we do now, and what we offer; and also,  
19 maybe there are some ideas some potential customers,  
20 themselves, to have some targeted outreach I would  
21 think could be helpful.

22 We also obviously have organized, to some  
23 extent, based on our legacy agency's work, so the  
24 nature of the areas where we're strong, weak and

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1 strong historically.

2 So perhaps Chris and the whole team, maybe  
3 there are some areas that you all have thought about  
4 where we need to have a specific focus, in terms of  
5 not just the marketing and branding, but in  
6 understanding of what the interests might be in the  
7 marketplace.

8 MR. MEISTER: Okay, I agree.

9 CHAIRMAN FUNDERBURG: Okay, thank you, Gila.  
10 Arlene?

11 MS. JURACEK: Yes, earlier I had a couple of

12 examples where we could possibly fill the void as  
13 other entities go by the wayside; and, to me, it's  
14 all part of this message I'm hearing building about  
15 brand management and really make maybe increasing  
16 our recognition, particularly downstate.

17 So identifying who the partner entities  
18 are, and who the customers are, and what we can do  
19 and perhaps fill the void here, and then enhance the  
20 role downstate. So I think that's really critical.

21 The piece of advice that I have is  
22 whatever we do, in terms of expanding our presence,  
23 is that we work assiduously to avoid unmitigated  
24 commodity risk. I know on Power Agency

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1 Authorization Act, it does allow the IFA to invest  
2 in a new power plant.

3 Unless you got a way to leverage or hedge  
4 that commodities risk, don't even think about it,  
5 you know, as a stand-alone project. It's far too  
6 risky.

7 And then finally, from a municipal aspect,  
8 I heard a lot of talk about Clean Water Initiative,  
9 but we also have other infrastructure needs, roads  
10 and bridges and things.

11 At both at the federal and state level,  
12 there are funding issues for that type of  
13 infrastructure, and we could possibly look at some  
14 in-roads in that area.

15 CHAIRMAN FUNDERBURG: Okay, thank you. Adam?

16 MR. ISRAELOV: Well, as the new Board member  
Page 94

17 here, or one of the two new Board members, it's very  
18 useful to hear the comments from the other members,  
19 as well as the staff here; and I just wanted to echo  
20 a point made earlier by one of the other members of  
21 creating and retaining jobs.

22 Just I guess a general comment or  
23 suggestion is that states serve as kind of fantastic  
24 laboratory experiment, and I know that Chris had

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1 mentioned a strategic plan and an exercise that we  
2 had gone through earlier.

3 I think it would be great to look at other  
4 states that are similarly situated and have an  
5 authority similar to the IFA, and see what measures  
6 that they have taken that have been successful in  
7 creating and retaining jobs.

8 And also, in just restating one of the  
9 points that has been mentioned by other members here  
10 of brand awareness, so what measures have been taken  
11 by them that have been successful.

12 I just think this is very useful  
13 information for the Board that we should take a look  
14 at.

15 CHAIRMAN FUNDERBURG: Okay, thank you. Mike,  
16 if you're still on the phone, do you have anything  
17 else? Okay.

18 MS. BRONNER: No, nothing from me.

19 CHAIRMAN FUNDERBURG: Okay, Gila. Thank you.  
20 Some of the team has had a chance to speak to that

21 question. Is there anything else?

22 MR. MEISTER: I have one I know we talked  
23 about.

24 CHAIRMAN FUNDERBURG: I left you out on  
MARZULLO REPORTING AGENCY (312) 321-9365

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1 purpose.

2 MR. MEISTER: Oh, okay.

3 CHAIRMAN FUNDERBURG: I left you out on  
4 purpose. Anything else anybody wants to add?

5 MS. GILDART: Well, the City of Chicago has a  
6 financial symposium which we could look to piggyback  
7 off of.

8 Also, in addition to the State of Illinois  
9 through Tom Tyrrell, the Director of Central  
10 Management Services, they have been aggressively  
11 reaching out to small businesses and have required  
12 agencies to up the ante, as far as doing business  
13 with small business; and they also give us an  
14 opportunity to speak to them, as far as our  
15 products.

16 So internally with the State of Illinois,  
17 we are doing more of an outreach to small businesses  
18 also.

19 CHAIRMAN FUNDERBURG: Good. Great. Thank you.

20 MS. WEBER: The only other thing I would add  
21 somebody mentioned transportation. Industrial  
22 development bonds were mentioned before, and they do  
23 have a dollar limit, but they are part of a group  
24 called private activity bonds or pabs, and there is

1 another pab that was created back in 2005 for  
2 transportation purposes.

3 The Federal Governmental allocated  
4 \$15,000,000,000. There is \$4.3 billion left to be  
5 allocated. If there were appropriate transportation  
6 projects in the area, that might be something we  
7 would want to look into, but it's a long lead time.

8 CHAIRMAN FUNDERBURG: Okay. Thank you.

9 MR. MEISTER: And on the transportation, we  
10 actually did two tranches of that for Center Point  
11 Properties. I think we were the first that closed  
12 in the nation.

13 Also, on venture, I know I gave a lengthy  
14 explanation. The venture and research and  
15 development arm of University of Illinois is called  
16 Illinois Ventures. It's headed by the U of I's  
17 Chairman McMillan, and Nancy Sullivan has reached  
18 out to me.

19 And again, I want to get through today's  
20 meeting, and then this discussion, but she would  
21 very much like to meet with us and have Mr. McMillan  
22 meet with you as well to talk about one of the  
23 advantages of joint issues.

24 I know that we've not had the best record

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1 on venture. The advantage of partnering with an  
2 established entity like Illinois Ventures, which is



3 a nonprofit arm of the University of Illinois, is  
4 that they are actually providing all of the backup  
5 services that are necessary to new entrepreneurs and  
6 to get the idea out of the lab and out of the  
7 professor and into commercialization. So that is  
8 one opportunity.

9 A couple of other quick points is all of  
10 the Board members, and the newer Board members,  
11 you'll hear about public/private partnerships. I  
12 believe that that's one area where we could play a  
13 role.

14 There's a model in Canada called  
15 Infrastructure Ontario, and there is a bill being  
16 pushed or being advocated for by the State Chamber  
17 of Commerce. It actually uses what's a more  
18 descriptive name, which is Alternative Financing and  
19 Procurement.

20 I am going to be working with the  
21 Governor's Office and with the Board on how high of  
22 a profile we take on that.

23 In addition, some of the larger commodity  
24 groups downstate, the ag commodity groups, the

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1 Soybean Association, the Farm Growers, are very  
2 interested; and there is recent federal legislation  
3 passed to do sort of public/private partnership  
4 alternative procurement in financing for the locks  
5 and dams on the Illinois River, and I think that is  
6 probably going to be moving.

7 And I think that is something that we

8 could play an important role on. We are already  
9 structured, and we already are staffed up.

10 And a final point is I think we've talked  
11 a lot about resources. One of the reasons why we  
12 are so lean is because we took a major revenue hit  
13 in the wake of the recession, and we've cut our  
14 staff from 30 plus to around 15, and that was  
15 because the value of tax exemption shrunk.

16 It was because industrial revenue bonds at  
17 the federal level did not keep pace with the  
18 development of economics, and I'm glad we're having  
19 -- I'm glad that Rob asked for this discussion,  
20 because a very important part is how we hire, who we  
21 hire, and what resources we add; and, you know,  
22 we're going to have to make choices, and those  
23 choices I want to give as many options and as much  
24 information to the Board so you can make wise

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1 choices.

2 MS. BRONNER: Chris.

3 MR. MEISTER: Yes.

4 MS. BRONNER: This is Gila. Just an added  
5 comment on that, as we think about that, and think  
6 about the hires, it is contingent to be critical  
7 that we focus on what that underlying administrative  
8 infrastructure needs to be to support that.

9 MR. MEISTER: Absolutely. And again, that's a  
10 point that did not come up in the discussion, but I  
11 am glad you raised it, Gila.

12 We really need to do some hiring. It was  
13 approved in July. In the hiring plan, of course we  
14 have to work through the trip wires of state hiring,  
15 compliance, procurement, finance administration,  
16 audit.

17 CHAIRMAN FUNDERBURG: Okay.

18 MS. BRONNER: Hopefully you will help with some  
19 of that maybe.

20 CHAIRMAN FUNDERBURG: Okay.

21 MS. BRONNER: And one last point about the job  
22 data, and I know, Mr. Chairman, we chatted briefly  
23 about this at the end of the last meeting, something  
24 we had talked about that was on a prospective basis,

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1 not only looking at current retained projected jobs,  
2 but circling back for those deals that have been  
3 completed to actually see what the real numbers are.

4 CHAIRMAN FUNDERBURG: Yes, I agree, and those  
5 are estimates, and it would be good to have the hard  
6 data, if we're able to gather that.

7 MS. BRONNER: Right, in any way.

8 CHAIRMAN FUNDERBURG: And we will work on  
9 trying to figure out how we can gauge the actual job  
10 impact. Thank you.

11 MS. GILDART: And, actually, Gila, that is one  
12 of the areas where we're audited on. Some of the  
13 requirements for certain bond issuances would  
14 require annual jobs reports, and so that is an area  
15 that we really should be taking a look at.

16 MS. BRONNER: Yes, because it is needed.

17 Certainly it is part of our mission; and, therefore,  
18 maybe it becomes a part of our general proforma at  
19 that get-go. So that on a prospective basis, we are  
20 actually putting, you know, the burden on our  
21 customers to let us know.

22 It also enhances the accountability and  
23 honesty around it.

24 MS. GILDART: Absolutely.

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1 CHAIRMAN FUNDERBURG: Okay. Thank you, Gila.

2 MR. YONOVER: It also becomes a talking point,  
3 too.

4 MS. BRONNER: Just a thought.

5 MR. YONOVER: We're creating this many jobs,  
6 we're doing this, this.

7 CHAIRMAN FUNDERBURG: Got it. Good discussion.  
8 Hopefully there will be ongoing discussion; and if  
9 you have any other thoughts or ideas, you know,  
10 please let Chris or me know. And at this point, I'm  
11 going to ask if there's any public comment?

12 (No response.)

13 CHAIRMAN FUNDERBURG: Okay, no. All right. I  
14 would like to ask for a motion to adjourn then.

15 MS. BRONNER: So moved.

16 CHAIRMAN FUNDERBURG: Is there a second?

17 MR. O'BRIEN: Second.

18 CHAIRMAN FUNDERBURG: Seconded by Terry. All  
19 those in favor, say aye.

20 (A chorus of ayes.)

pm9-10-15(ast9).txt  
21 CHAIRMAN FUNDERBURG: Any opposed?

22 (No response.)

23 CHAIRMAN FUNDERBURG: Thank you very much. See  
24 you next month.

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1 (WHICH WERE ALL THE PROCEEDINGS HAD.)

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1 STATE OF ILLINOIS )  
 2 COUNTY OF COOK ) SS:

3

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

11

\_\_\_\_\_  
 PAMELA A. MARZULLO  
 License No. 084-001624

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ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD VOICE VOTE  
 SEPTEMBER 10, 2015 AGENDA OF THE REGULAR MEETING OF THE BOARD  
 ADOPTED

September 10, 2015

11 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
NV	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	NV	Pedersen (ADDED)	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD VOICE VOTE  
 AUGUST 13, 2015 MINUTES OF THE REGULAR MEETING OF THE BOARD  
 ADOPTED

September 10, 2015

11 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
NV	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	NV	Pedersen (ADDED)	Y	Mr. Chairman

E – Denotes Excused Absence



ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD VOICE VOTE  
 PROJECTED, PRELIMINARY AND UNAUDITED STATEMENT OF NET POSITION AS  
 OF AUGUST 31, 2015, AND PROJECTED, PRELIMINARY AND UNAUDITED  
 STATEMENT OF REVENUES, EXPENSES, AND NET INCOME AS OF AUGUST 31, 2015  
 ACCEPTED

September 10, 2015

11 YEAS	0 NAYS	0 PRESENT
Y   Anderberg	Y   Israelov	Y   Poole (VIA AUDIO CONFERENCE)
NV   Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y   Juracek	E   Tessler
Y   Fuentes	Y   Knox	Y   Yonover
Y   Goetz (VIA AUDIO CONFERENCE)	Y   O'Brien	E   Zeller
Y   Horne	NV   Pedersen (ADDED)	Y   Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-AG1A  
 BEGINNING FARMER REVENUE BOND – TYLER S. LOSCHEN  
 FINAL (ONE-TIME CONSIDERATION)  
 PASSED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-AG1B  
 BEGINNING FARMER REVENUE BOND – BRYANT L. & SHANNON N. RISTER  
 FINAL (ONE-TIME CONSIDERATION)  
 PASSED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-1C  
 BEGINNING FARMER REVENUE BOND – TRAVIS C. ROVEY  
 FINAL (ONE-TIME CONSIDERATION)  
 PASSED\*

September 10, 2015

13 YEAS	0 NAYS	0 PRESENT
Y Anderberg	Y Israelov	Y Poole (VIA AUDIO CONFERENCE)
Y Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y Juracek	E Tessler
Y Fuentes	Y Knox	Y Yonover
Y Goetz (VIA AUDIO CONFERENCE)	Y O'Brien	E Zeller
Y Horne	Y Pedersen (ADDED)	Y Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-NP02  
 501(c)(3) REVENUE BOND – NAZARETH ACADEMY  
 FINAL (ONE-TIME CONSIDERATION)  
 PASSED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-NP03  
 501(c)(3) REVENUE BOND – NORWEGIAN LUTHERAN BETHESDA HOME  
 ASSOCIATION  
 PRELIMINARY  
 PASSED\*

September 10, 2015

13 YEAS	0 NAYS	0 PRESENT
Y Anderberg	Y Israelov	Y Poole (VIA AUDIO CONFERENCE)
Y Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y Juracek	E Tessler
Y Fuentes	Y Knox	Y Yonover
Y Goetz (VIA AUDIO CONFERENCE)	Y O'Brien	E Zeller
Y Horne	Y Pedersen (ADDED)	Y Mr. Chairman

\* – Consent Agenda  
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-HC04  
 501(c)(3) REVENUE BOND – PLYMOUTH PLACE, INC.  
 FINAL  
 PASSED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-HC05  
 501(c)(3) REVENUE BOND – PALOS COMMUNITY HOSPITAL  
 FINAL (ONE-TIME CONSIDERATION)  
 PASSED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence



ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-HC06  
 501(c)(3) REVENUE BOND - RIVERSIDE HEALTH SYSTEM  
 PRELIMINARY  
 PASSED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-HC07  
 501(c)(3) REVENUE BOND – SARAH BUSH LINCOLN HEALTH SYSTEM  
 PRELIMINARY  
 PASSED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-AD08  
 RESOLUTION RATIFYING AND CONFIRMING RESOLUTION 2015-0813-NP02  
 ADOPTED AUGUST 13, 2015 PROVIDING FOR THE ISSUANCE BY THE AUTHORITY  
 OF NOT TO EXCEED \$585,000,000 IN BONDS FOR THE BENEFIT OF THE UNIVERSITY  
 OF CHICAGO  
 ADOPTED

September 10, 2015

10 YEAS	0 NAYS	0 PRESENT
Y   Anderberg	A   Israelov	Y   Poole (VIA AUDIO CONFERENCE)
NV   Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y   Juracek	E   Tessler
Y   Fuentes	Y   Knox	Y   Yonover
Y   Goetz (VIA AUDIO CONFERENCE)	Y   O'Brien	E   Zeller
Y   Horne	NV   Pedersen (ADDED)	Y   Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-AD09

REQUEST BY RESOURCE BANK, N.A. TO AUTHORIZE AN AFFILIATE AND CORPORATE GUARANTOR (BOEHNE FARMS TRUCKING, LLC) OF AN IFA-GUARANTEED BORROWER (BERK BOEHNE, INDIVIDUALLY AND VAUGHN BOEHNE, INDIVIDUALLY) TO ENTER INTO UP TO TWO LOAN AGREEMENTS WITH WATERMAN STATE BANK TO FINANCE SPECIFIED EQUIPMENT PURCHASES  
 ADOPTED

September 10, 2015

12 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	A	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
BOARD OF DIRECTORS  
BOARD ROLL CALL  
RESOLUTION 2015-0910-AD10  
RESOLUTION TO APPROVE GOING FORWARD WITH A PROCUREMENT FOR A  
FINANCIAL ADVISOR FOR THE STATE REVOLVING FUND AND A REQUEST FOR  
INFORMATION TO PROFESSIONALS FOR FINANCING AND ECONOMIC  
DEVELOPMENT PROPOSALS AS ALLOWED UNDER THE ILLINOIS PROCUREMENT  
CODE  
ADOPTED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-AD11

RESOLUTION TO ENTER INTO ONE OR MORE INTERGOVERNMENTAL  
 AGREEMENTS WITH CENTRAL MANAGEMENT SERVICES FOR ASSISTANCE IN ONE  
 OR MORE OF THE FOLLOWING AREAS: REAL ESTATE, PROCUREMENT, INTERNAL  
 AUDIT, HUMAN RESOURCES, AND INFORMATION TECHNOLOGY  
 ADOPTED\*

September 10, 2015

13 YEAS

0 NAYS

0 PRESENT

Y	Anderberg	Y	Israelov	Y	Poole (VIA AUDIO CONFERENCE)
Y	Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y	Juracek	E	Tessler
Y	Fuentes	Y	Knox	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	O'Brien	E	Zeller
Y	Horne	Y	Pedersen (ADDED)	Y	Mr. Chairman

\* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY  
 BOARD OF DIRECTORS  
 BOARD ROLL CALL  
 RESOLUTION 2015-0910-AD12  
 RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A PROPOSED  
 MUTUAL RELEASE AND SETTLEMENT AGREEMENT RELATING TO: (1) IFA V.  
 LITCHFIELD NATIONAL BANK, CIRCUIT COURT OF COOK COUNTY, ILLINOIS,  
 COUNTY DEPARTMENT, CHANCERY DIVISION, CASE NO. 2013 CH 25534; AND (2)  
 LITCHFIELD NATIONAL BANK V. IFA, COURT OF CLAIMS OF THE STATE OF  
 ILLINOIS, CASE NO. 14 cc 2737  
 ADOPTED

September 10, 2015

13 YEAS	0 NAYS	0 PRESENT
Y   Anderberg	Y   Israelov	Y   Poole (VIA AUDIO CONFERENCE)
Y   Bronner (ADDED) (VIA AUDIO CONFERENCE)	Y   Juracek	E   Tessler
Y   Fuentes	Y   Knox	Y   Yonover
Y   Goetz (VIA AUDIO CONFERENCE)	Y   O'Brien	E   Zeller
Y   Horne	Y   Pedersen (ADDED)	Y   Mr. Chairman

E – Denotes Excused Absence

**FINANCIAL ANALYSIS**

October 8, 2015

**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL REPORTS  
MONTHLY AND ANNUAL SUMMARY AS OF SEPTEMBER 30, 2015\*****\*All information is preliminary and unaudited.****1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME****FISCAL YEAR 2015 UPDATE-UNAUDITED**

- a. **Total Annual Revenues:** \$4,304,748
- b. **Total Annual Expenses:** (\$3,977,147)
- c. **Total Net Transfers In:** \$293,956
- d. **Total Annual Net Income:** **\$621,557**
- e. **Trend Report:** Included with the board materials this month is an unaudited trend report of the Authority's revenues, expenses and net income for the last 10 years.

**FISCAL YEAR 2016-UNAUDITED**

- a. **Total Annual Revenues** equal \$1.7 million and are \$424 thousand or 34% higher than budget; due primarily to **higher** than expected closing fees in the month of September. Closing fees year to date of \$1.3 million, are \$435 thousand or 53% **higher** than budget. Annual fees of \$43 thousand are 52% or \$46 thousand lower than budgeted, mostly from transactions proposed later in the fiscal year. Administrative service fees are \$25 thousand for the first quarter. Application fees are \$14 thousand or 80% higher than budgeted. Total accrued interest income from the former IRBB local governments and others totaled \$249 thousand. Net investment income stands at \$70 thousand for the first quarter of the fiscal year.
- b. In **September**, the Authority generated \$792 thousand in closing fees. Closing fees were received from: *OSF HealthCare System and the University of Chicago* for \$211 thousand each, *Advocate Health Care Network and Palos Community Hospital* for \$138 thousand each, and *Villa St. Benedict*, \$94 thousand. Administrative Service fees were received from *Aunt Martha's Youth Service Center* for \$10 thousand. Net investment income of \$58 thousand for the month was the highest monthly total since January 2015. In all, September had the highest monthly revenue for closings since December 2010 (\$1.03 million) and the highest overall monthly revenue since October 2011 (\$1.32 million).
- c. **Total Annual Expenses** of \$895 thousand, which is \$345 thousand or 28% lower than budget, mostly driven by vacant budgeted staff positions and delays in IT projects and purchases. Year to date employee expenses total \$432 thousand and professional services totals \$301 thousand; with each function at 26% and 33% below budget. Annual occupancy costs total \$55 thousand and are \$8 thousand or 12% under budget, as invoices for the Chicago Office build-out have not been received/processed. General and administrative costs are \$88 thousand for the first three months of the year, which is 11% under budget, due to delayed processing of agency subscriptions.
- d. **Total Annual Net Income** is \$770 thousand. The major driver of the positive bottom line continues to be the level of overall spending at 28% below budget, in addition to increased revenue from closing fees in the month of September.

<sup>1</sup>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.



**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS  
MONTHLY AND ANNUAL SUMMARY AS OF SEPTEMBER 30, 2015\***

**2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION**

The Authority, as of September 30, 2015, is a \$120 million dollar agency which also currently accounts for \$278 million in total activity (including the Other State of Illinois Debt Fund) and maintains compliance for nearly \$24 billion in outstanding debt.

**3. GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION**

In the General Fund, IFA continues to maintain a strong balance sheet with total net position of \$53.3 million. The total assets in the General Fund are \$54 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total \$29 million, notes receivables for the former IRBB local governments total \$20.2 million, other loans receivables are at \$2.8 million and restricted cash and investments in the DACA Loan Fund totals \$1.3 million. Liabilities, current and non-current, total just \$663 thousand.

**4. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS**

- a. In accordance with governmental accounting standards, the "Other State of Illinois Debt Fund" is comprised of bond activity for the Illinois Environmental Protection Agency (IEPA), the Illinois Medical District Commission (IMDC) and Northern Illinois University Foundation (NIUF). The majority of the activity in this fund derives from the Clean Water Initiative for IEPA. Total assets and liabilities in this fund each total \$158.1 million.
- b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of \$111 thousand. New Fire Truck revolving loans, totaling \$6.2 million, will be issued in the next 30-60 days per direction from the Office of the State Fire Marshal (OSFM). The Authority has also received notice of OSFM's intent to issue Ambulance loans during this fiscal year, with disbursement projected to take place in the third quarter. Net position of \$22.2 million for Fire Truck and \$4.2 million for Ambulance, are reported on the Authority's balance sheet.
- c. The Industrial Revenue Bond Insurance Fund includes unrestricted assets to make payouts of potential losses in relation to the Authority's agricultural loan guarantee program. Currently, the fund includes a loss reserve of \$1.1 million and made an actual payout of \$155 thousand in September, in relation to a previously litigated case. Unrestricted net position in the Industrial Revenue Bond Insurance Fund totals \$10.6 million.
- d. The Illinois Housing Partnership Program Fund is designated to provide financing to local government agencies, with the proceeds used to rehabilitate multi-family housing for low and moderate income persons. The primary asset in this fund is a \$3 million outstanding loan receivable from the City of Chicago. The final payment of \$3 million (on the original \$5 million loan), is due to the Authority on August 1, 2016. Written confirmation of the City's intent to make this payment was received on September 22, 2015. Unrestricted net position in the fund totals \$4.8 million.
- e. All other nonmajor funds booked combined year to date revenues of \$28 thousand, of which, \$19 thousand is derived from investment activity. Year to date expenses total \$1100 as of September. Total Net Position in the remaining nonmajor funds is \$22.9 million.
- f. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of \$37 thousand in the custody of the Authority. The Illinois Finance Authority NFP Development Fund, has a total net position of \$25 thousand.

**5. FY14 AND FY15 FINANCIAL/COMPLIANCE AUDITS and GASB UPDATES**

- a. Fieldwork for the FY14 and FY15 compliance and financial audits is ongoing, though auditor testing for the compliance audit is coming to a close.

**6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION**

- a. The Schedule of Debt is being presented as supplementary financial information in the financial statements tab of the board package. The Monthly Flash Report will be distributed for the Board's review at the November board meeting.





**ILLINOIS FINANCE AUTHORITY**  
 STATEMENT OF REVENUES, EXPENSES AND NET INCOME  
 IFA FUNDS AND AGENCY FUND ACTIVITY  
 FOR FISCAL YEAR 2016 AS OF SEPTEMBER 30, 2015  
 (PRELIMINARY AND UNAUDITED)

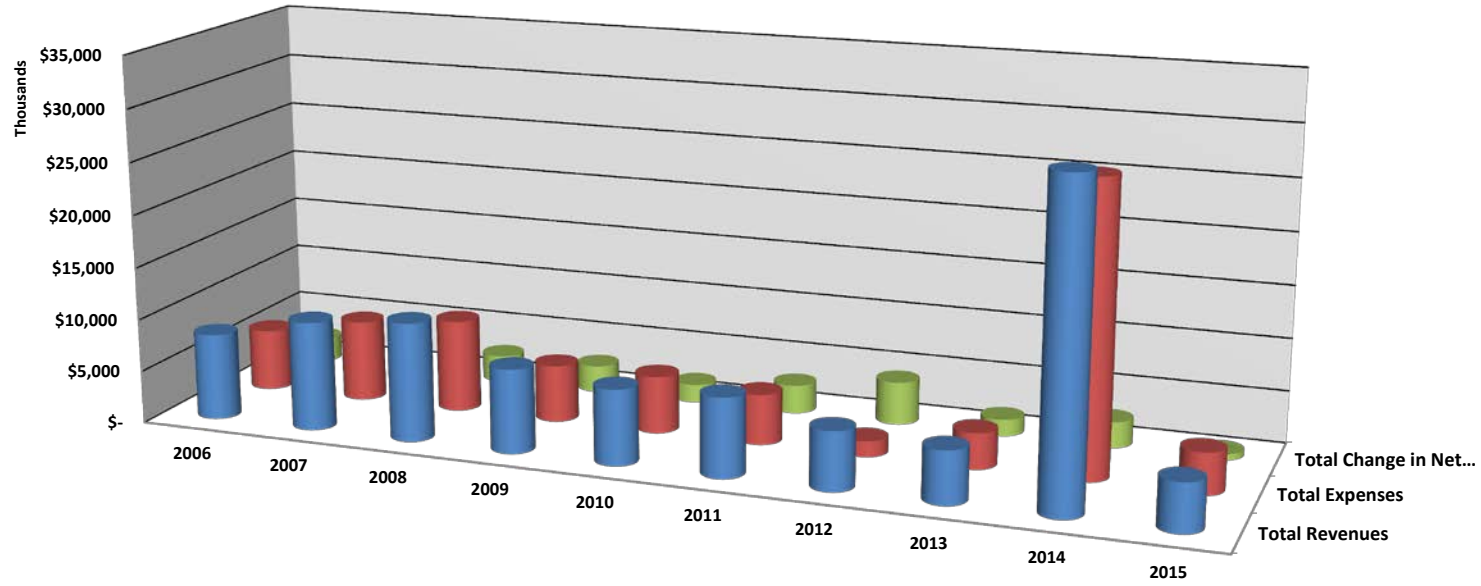
	GENERAL FUND	INDUSTRIAL REVENUE BOND INSURANCE FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ILLINOIS HOUSING PARTNERSHIP FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL COMPONENT UNIT DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
<b>Operating Revenues:</b>										
Closing Fees	1,261,617	-	-	-	-	-	1,261,617	-	1,261,617	-
Annual Fees	42,946	-	-	-	-	-	42,946	-	42,946	-
Administrative Service Fees	25,000	-	-	-	-	-	25,000	-	25,000	-
Application Fees	13,900	-	-	-	-	-	13,900	-	13,900	-
Miscellaneous Fees	1,352	-	110,862	-	-	-	112,214	-	112,214	-
Interest Income-Loans	248,850	-	-	-	-	9,526	258,376	1,044,175	1,302,551	-
Other Revenue	1,142	-	-	-	-	-	1,142	-	1,142	-
<b>Total Operating Revenue:</b>	<b>\$ 1,594,807</b>	<b>\$ -</b>	<b>\$ 110,862</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,526</b>	<b>\$ 1,715,195</b>	<b>\$ 1,044,175</b>	<b>\$ 2,759,370</b>	<b>\$ -</b>
<b>Operating Expenses:</b>										
Employee Related Expense	432,447	-	-	-	-	-	432,447	-	432,447	-
Professional Services	301,016	-	-	-	-	177	301,193	-	301,193	-
Occupancy Costs	54,842	-	-	-	-	-	54,842	-	54,842	-
General & Administrative	87,999	-	-	-	-	-	87,999	-	87,999	-
Interest Expense	-	-	-	-	-	923	923	1,045,593	1,046,516	-
Depreciation and Amortization	18,318	-	-	-	-	-	18,318	-	18,318	-
<b>Total Operating Expense</b>	<b>\$ 894,622</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,100</b>	<b>\$ 895,722</b>	<b>\$ 1,045,593</b>	<b>\$ 1,941,315</b>	<b>\$ -</b>
<b>Operating Income(Loss)</b>	<b>\$ 700,185</b>	<b>\$ -</b>	<b>\$ 110,862</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,426</b>	<b>\$ 819,473</b>	<b>\$ (1,418)</b>	<b>\$ 818,055</b>	<b>\$ -</b>
<b>Nonoperating Revenues (Expenses):</b>										
Interest and Investment Income	78,504	33,430	7,125	2,239	5,753	19,179	146,230	1,418	147,648	-
Realized Gain (Loss) on Sale of Investment	(2,247)	(606)	656	2,542	(42)	(38)	265	-	265	-
Net Appreciation (Depr) in fair value of Investments	(6,683)	(1,261)	(1,541)	(5,634)	(477)	(191)	(15,787)	-	(15,787)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 69,574</b>	<b>\$ 31,563</b>	<b>\$ 6,240</b>	<b>\$ (853)</b>	<b>\$ 5,234</b>	<b>\$ 18,950</b>	<b>\$ 130,708</b>	<b>\$ 1,418</b>	<b>\$ 132,126</b>	<b>\$ -</b>
<b>Net Income (Loss) Before Transfers</b>	<b>\$ 769,759</b>	<b>\$ 31,563</b>	<b>\$ 117,102</b>	<b>\$ (853)</b>	<b>\$ 5,234</b>	<b>\$ 27,376</b>	<b>\$ 950,181</b>	<b>\$ -</b>	<b>\$ 950,181</b>	<b>\$ -</b>
<b>Transfers:</b>										
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-
<b>Total Transfers In (Out)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income (Loss)</b>	<b>\$ 769,759</b>	<b>\$ 31,563</b>	<b>\$ 117,102</b>	<b>\$ (853)</b>	<b>\$ 5,234</b>	<b>\$ 27,376</b>	<b>\$ 950,181</b>	<b>\$ -</b>	<b>\$ 950,181</b>	<b>\$ -</b>







**CHANGES IN NET POSITION FOR THE LAST TEN YEARS  
FOR THE GENERAL OPERATING FUND**



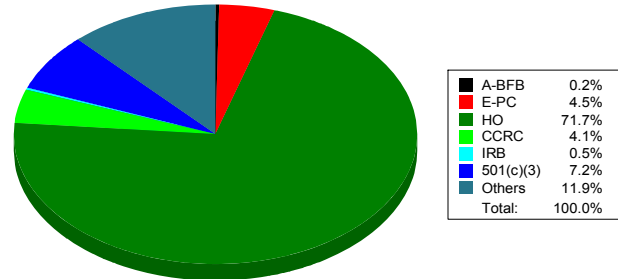
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
■ Total Revenues	\$8,204,131	\$10,395,048	\$11,331,517	\$7,991,985	\$7,205,985	\$7,545,471	\$5,617,690	\$5,026,688	\$30,073,278	\$4,588,167
■ Total Expenses	\$5,874,335	\$7,732,218	\$8,778,720	\$5,436,959	\$5,456,510	\$4,803,554	\$1,521,555	\$3,438,614	\$27,584,106	\$3,966,610
■ Total Change in Net Position	\$2,329,796	\$2,662,830	\$2,552,797	\$2,555,026	\$1,749,475	\$2,741,917	\$4,096,135	\$1,588,074	\$2,489,172	\$621,557

## Bonds Issued - Fiscal Year Comparison for the Period Ending September 30, 2015

### 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
<b>56</b>		<b>\$ 2,099,391,751</b>

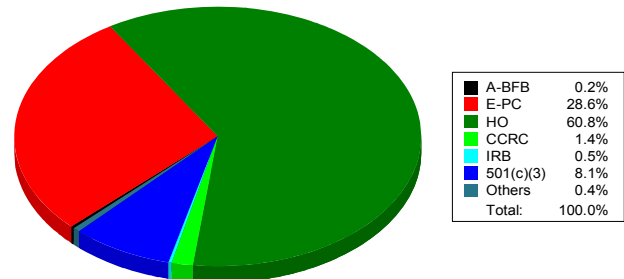
### Bonds Issued in Fiscal Year 2014



### Fiscal Year 2015

#	Market Sector	Principal Issued
15	Agriculture - Beginner Farmer	4,154,742
4	Education	788,149,000
11	Healthcare - Hospital	1,416,385,000
1	Healthcare - CCRC	39,640,000
2	Industrial Revenue	14,000,000
11	501(c)(3) Not-for-Profit	236,986,075
1	Local Government	12,000,000
<b>45</b>		<b>\$ 2,511,314,817</b>

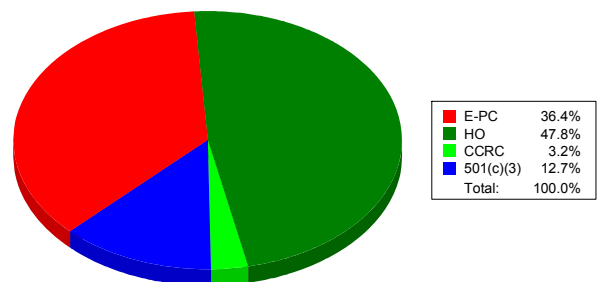
### Bonds Issued in Fiscal Year 2015



### Fiscal Year 2016

#	Market Sector	Principal Issued
2	Education	446,002,000
4	Healthcare - Hospital	586,075,000
1	Healthcare - CCRC	39,030,000
4	501(c)(3) Not-for-Profit	155,165,000
<b>11</b>		<b>\$1,226,272,000</b>

### Bonds Issued in Fiscal Year 2016







## Bonds Issued and Outstanding as of September 30, 2015

### Bonds Issued between July 01, 2015 and September 30, 2015

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest</u> <u>Rate</u>	<u>Principal Issued</u>	<u>Bonds</u> <u>Refunded</u>
E-PC North Central College	07/09/2015	Variable	30,177,000	0
501(c)(3) Shedd Aquarium Society	07/24/2015	Fixed at Schedule	22,945,000	22,945,000
501(c)(3) Field Museum of Natural History	07/28/2015	Variable	88,500,000	88,500,000
HO Little Company of Mary Hospital	08/18/2015	Variable	102,000,000	72,000,000
HO The Joint Commission	08/26/2015	Fixed at Schedule	16,000,000	0
501(c)(3) Providence St. Mel	09/01/2015	Variable	19,040,000	9,800,000
501(c)(3) Goodman Theatre	09/01/2015	Fixed at Schedule	24,680,000	24,680,000
CCRC Villa St. Benedict	09/10/2015	Fixed at Schedule	39,030,000	37,210,000
E-PC The University of Chicago	09/10/2015	Fixed at Schedule	415,825,000	224,030,000
HO Advocate Health Care	09/25/2015	Fixed at Schedule	100,000,000	100,000,000
HO OSF HealthCare System	09/28/2015	Fixed at Schedule	368,075,000	216,231,343
<b>Total Bonds Issued as of September 30, 2015</b>			<b><u>\$ 1,226,272,000</u></b>	<b><u>\$ 795,396,343</u></b>

**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.

**ILLINOIS FINANCE AUTHORITY**

Schedule of Debt <sup>[a]</sup>

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 Limitations	Remaining Capacity
	June 30, 2015	September 30, 2015		
<b>Illinois Finance Authority "IFA" <sup>[b]</sup></b>				
Agriculture	\$ 52,498,261	\$ 52,498,261		
Education	4,325,023,557	4,724,918,217		
Healthcare	13,657,507,336	14,258,442,467		
Industrial Development [includes Recovery Zone/Midwest Disaster]	708,570,850	695,546,652		
Local Government	331,080,000	318,815,000		
Multifamily/Senior Housing	168,358,468	167,953,243		
501(c)(3) Not-for Profits	1,406,363,442	1,555,402,452		
Exempt Facilities Bonds	249,915,000	199,915,000		
<b>Total IFA Principal Outstanding</b>	<b>\$ 20,899,316,914</b>	<b>\$ 21,973,491,292</b>		
<b>Illinois Development Finance Authority "IDFA" <sup>[b]</sup></b>				
Education	496,388	496,388		
Healthcare	80,200,000	80,200,000		
Industrial Development	291,429,410	281,368,270		
Local Government	306,307,834	306,307,834		
Multifamily/Senior Housing	84,354,117	84,314,117		
501(c)(3) Not-for Profits	722,984,769	695,239,288		
Exempt Facilities Bonds				
<b>Total IDFA Principal Outstanding</b>	<b>\$ 1,485,772,517</b>	<b>\$ 1,447,925,897</b>		
<b>Illinois Rural Bond Bank "IRBB" <sup>[b]</sup></b>				
<b>Total IRBB Principal Outstanding</b>	<b>\$ -</b>	<b>\$ -</b>		
Illinois Health Facilities Authority "IHFA"	\$ 758,640,000	\$ 721,965,000		
Illinois Educational Facilities Authority "IEFA"	\$ 636,230,990	\$ 594,213,000		
Illinois Farm Development Authority "IFDA" <sup>[1]</sup>	\$ 18,685,550	\$ 18,685,550		
<b>Total Illinois Finance Authority Debt</b>	<b>\$ 23,798,645,970</b>	<b>\$ 24,756,280,738</b>	<b>\$ 28,150,000,000</b>	<b>\$ 3,393,719,262</b>

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

**Section I (b)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2015	September 30, 2015		
<b>General Purpose Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
* Issued through IRBB - Local Government Pools				
* Issued through IFA - Local Government Pools				
Issued through IFA - Illinois Medical District Commission	36,280,000	34,885,000		
<b>Total General Purpose Moral Obligations</b>	<b>\$ 36,280,000</b>	<b>\$ 34,885,000</b>	<b>\$ 150,000,000</b>	<b>\$ 115,115,000</b>
* All the Local Government bonds were defeased as of August 1, 2014.				
<b>Financially Distressed Cities Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ -	\$ -		
Issued through IDFA	-	-		
<b>Total Financially Distressed Cities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,000,000</b>	<b>\$ 50,000,000</b>
<b>State Component Unit Bonds <sup>[c]</sup></b>				
Issued through IDFA <sup>[1]</sup>	-	-		
Issued through IFA <sup>[1]</sup>	122,769,066	111,431,357		
<b>Total State Component Unit Bonds</b>	<b>\$ 122,769,066</b>	<b>\$ 111,431,357</b>		

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwestern Disaster Area Bonds in Illinois. This Federal program expired as of December 31, 2012.

**Section I (c)**

	Principal Outstanding		Remaining MDAB Volume Cap
	June 30, 2015	September 30, 2015	
<b>Midwestern Disaster Area Bonds [Flood Relief]</b>	<b>\$ 65,251,543</b>	<b>\$ 65,098,506</b>	<b>N/A</b>

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 <sup>[h]</sup>	City/Counties Ceded Voluntarily to/(by) IFA	Bonds issued as of December 31, 2014	Remaining ARRA Volume Cap for each Program as of December 31, 2014
<b>Recovery Zone Economic Development Bonds**</b>	<b>\$ 666,972,000</b>	<b>\$ 16,940,000</b>	<b>\$ 12,900,000</b>	N/A
<b>Recovery Zone Facilities Bonds**</b>	<b>\$ 1,000,457,000</b>	<b>\$ 204,058,967</b>	<b>\$ 214,849,804</b>	N/A
<b>Qualified Energy Conservation Bonds***</b>	<b>\$ 133,846,000</b>	<b>\$ (17,865,000)</b>	<b>\$ 82,795,000</b>	<b>IFA Cap: \$4,755,783</b> <b>Cities/Counties Cap: \$46,295,717</b>

\*\* Programs expired as of 12/31/2010. There have been no new issues subsequent to the expiration date of these Federal programs.

\*\*\* The IFA manages the QECCB allocation for the entire State of Illinois. All QECCB's to date have been issued by local governments or state universities. The QECCB program currently has no set expiration date under Federal law. IFA's remaining QECCB allocation of \$4,755,783 has been reserved for use by state universities.

**ILLINOIS FINANCE AUTHORITY**

Schedule of Debt <sup>[a]</sup>

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

Section II	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2015	September 30, 2015		
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		Program Limitations	Remaining Capacity
	June 30, 2015	September 30, 2015		
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	\$ -	\$ -	\$ 3,000,000,000 <sup>[d]</sup>	\$ 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		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2015	September 30, 2015			
<b>Agri Debt Guarantees [Restructuring Existing Debt]</b>					
Fund # 994 - Fund Balance \$10,169,414	\$ 9,243,360	\$ 7,511,743	\$ 160,000,000	\$ 152,488,257	\$ 6,383,128
<b>AG Loan Guarantee Program</b>					
Fund # 205 - Fund Balance \$7,853,732	\$ 9,837,616	\$ 8,269,618	\$ 225,000,000 <sup>[e]</sup>	\$ 216,730,382	\$ 7,028,325
Agri Industry Loan Guarantee Program	\$ 5,108,251	\$ 4,384,980			3,727,233
Farm Purchase Guarantee Program	917,680	906,293			770,349
Specialized Livestock Guarantee Program	2,763,756	2,083,198			1,769,869
Young Farmer Loan Guarantee Program	1,047,929	895,146			760,874
<b>Total State Guarantees</b>	<b>\$ 19,080,977</b>	<b>\$ 15,781,361</b>	<b>\$ 385,000,000</b>	<b>\$ 369,218,639</b>	<b>\$ 13,411,453</b>

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

Section V		Fund #	Principal Outstanding		Cash and Investment Balance
			June 30, 2015	September 30, 2015	
132	Fire Truck Revolving Loan Program	Fund # 572	\$ 17,052,813	\$ 14,698,298	\$ 7,375,348
8	Ambulance Revolving Loan Program	Fund # 334	\$ 415,920	\$ 279,100	\$ 3,946,018

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		Program Limitations	Remaining Capacity
	June 30, 2015	September 30, 2015		
<b>Environmental [Large Business]</b>				
Issued through IFA	\$ 16,585,000	\$ 15,075,000		
Issued through IDFA	153,645,000	153,645,000		
<b>Total Environmental [Large Business]</b>	<b>\$ 170,230,000</b>	<b>\$ 168,720,000</b>	<b>\$ 2,425,000,000</b>	<b>\$ 2,256,280,000</b>
<b>Environmental [Small Business]</b>	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
<b>Total Environment Bonds Issued under Act</b>	<b>\$ 170,230,000</b>	<b>\$ 168,720,000</b>	<b>\$ 2,500,000,000</b>	<b>\$ 2,331,280,000</b>

**Illinois Finance Authority Funds at Risk**

Section VII	Original Amount	Principal Outstanding	
		June 30, 2015	September 30, 2015
<b>Participation Loans</b>			
Business & Industry	23,020,158	1,616,353	1,091,254
Agriculture	6,079,859	114,269	96,159
<b>Participation Loans excluding Defaults &amp; Allowances</b>	<b>29,100,017</b>	<b>1,730,622</b>	<b>1,187,413</b>
<b>Plus: Legacy IDFA Loans in Default</b>		<b>858,458</b>	<b>843,173</b>
<b>Less: Allowance for Doubtful Accounts</b>		<b>1,002,182</b>	<b>976,359</b>
<b>Total Participation Loans</b>		<b>1,586,898</b>	<b>1,054,227</b>
<b>Local Government Direct Loans</b>	<b>1,289,750</b>	<b>157,689</b>	<b>126,000</b>
<b>Rural Bond Bank Local Government Note Receivable</b>			<b>20,197,037</b>
<b>FmHA Loans</b>	<b>963,250</b>	<b>227,046</b>	<b>206,495</b>
<b>Renewable Energy [RED Fund]</b>	<b>2,000,000</b>	<b>1,396,598</b>	<b>1,278,433</b>
<b>Total Loans Outstanding</b>	<b>34,353,017</b>	<b>3,368,231</b>	<b>22,862,191</b>
<b>IRBB funds were defeased and transferred into a note receivable with the IFA.</b>			

Higher Education Loan Act (110 ILCS 945 or "HELA")

Section VIII	Principal Outstanding		Statutory Debt Limitation	Remaining HELA Debt Limitation
	June 30, 2015	September 30, 2015		
Midwestern University Foundation - Student Loan Program Revenue Bonds	\$ 15,000,000	\$ 15,000,000	\$ 200,000,000 <sup>[d]</sup>	\$ 185,000,000

[a] Total subject to change; late month payment data may not be included at issuance of report.  
 [a] June 30, 2015 totals subject to change; the bonds will be reconciled with the Illinois Office of the Comptroller.  
 [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] Midwestern Disaster Area Bonds - Illinois Counties eligible for Midwest Disaster Bonds included Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.  
 [h] Recovery Zone Facility Revenue 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



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**PRELIMINARY AND UNAUDITED**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer  
**Date:** October 8, 2015  
**Re:** Monthly Procurement Report

**CONTRACTS EXECUTED**

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
<i>Illinois Procurement Code-CPO Small Purchase Approvals</i>							
Financial Services/Compliance Reporting	Bloomberg Finance, LP	2	10/15-09/17	\$ 42,000	\$ 24,000	\$ 24,000	\$ 24,000
Typesetting Services for FY15 CAFR	RR Donnelley	5 mos	10/15-02/16	\$ 23,000	\$ 22,000	\$ 22,000	\$ 22,000
Printing Services for FY15 CAFR	3rd Coast Imaging	5 mos	10/15-02/16	\$ 2,380	\$ 2,150	\$ 2,150	\$ 2,150

**CONTRACTS PENDING EXECUTION**

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
<i>Illinois Procurement Code-Competitive Bids/Proposals</i>							
Debt Management Software Application (CRITICAL FOR FY16 AUDITS)	Technology Partnership Group, Inc.	3	12/15-11/18	\$ 552,250	N/A	N/A	N/A



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**PRELIMINARY AND UNAUDITED**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer  
**Date:** October 8, 2015  
**Re:** Monthly Procurement Report

**EXPIRED AND EXPIRING CONTRACTS**

Services Provided	Vendor	Previous Term (Yrs)	Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
Marketing Services (Expired 8/31/15)	Marj Halpern	3	09/12-08/15	\$ 225,000	\$ 225,000	\$ 225,000	\$ 75,000
Marketing Services (Expired 8/31/15)	Hill Knowlton	3	09/12-08/15	\$ 225,000	\$ 225,000	\$ 225,000	\$ 75,000
Professional and Artistic/CPA Services (New Market Tax Credit Consultant) (Expired 8/31/15)	Baker Tilly	2	09/13-08/15	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Legislative Services (Expired 9/30/15)	Howard Kenner Government Consulting	3 mos	07/15-09/15	\$ 15,000	\$ 60,000	\$ 60,000	\$ 60,000
Employee Benefits and Payroll Services (Expires 10/31/15)	ADP TotalSource, Inc.	2 mos	09/15-10/15	\$ 49,900	\$ 49,900	\$ 49,900	\$ 233,000
Energy Efficiency Projects-No Fee to IFA (Expires 10/14/15)	Hill Mechanical Group	5	10/10-10/15	\$ -	n/a	n/a	n/a
Energy Efficiency Projects-No Fee to IFA (Expires 10/17/15)	Utilities Dynamics, Inc.	5	10/10-10/15	\$ -	n/a	n/a	n/a
Energy Efficiency Projects-No Fee to IFA (Expires 10/31/15)	Johnson Controls, Inc.	5	11/10-10/15	\$ -	n/a	n/a	n/a

**ACTIVE SOLICITATIONS**

*Amounts are estimated and unaudited*

Services Provided	Vendor	Proposed Initial Term (Yrs)	Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
<i>IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals</i>							
Specialty Accounting/Audit Services	TBD	2	01/16-12/17	n/a	\$ -	\$ -	\$ -



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**PRELIMINARY AND UNAUDITED**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer  
**Date:** October 8, 2015  
**Re:** Monthly Procurement Report

**UPCOMING SOLICITATIONS**

*Amounts are estimated and unaudited*

Services Provided	Vendor	Proposed Initial Term (Yrs)	Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
<i>Illinois Procurement Code-Competitive Bids/Proposals</i>							
Legislative Services	See expired/expiring contracts	-	-	n/a	\$ 180,000	\$ 180,000	\$ 60,000
Employee Benefits and Payroll Services	See expired/expiring contracts	-	-	n/a	\$ 233,000	\$ 233,000	\$ 233,000
IT Software Support and Temporary Staffing	Anticipated award Nov 2015	2	11/15-10/17	n/a	\$ -	\$ -	\$ -
IT Network Support	Anticipated award Dec 2015	3	01/16-12/18	n/a	\$ 90,000	\$ 90,000	\$ 30,000
Typesetting and Printing Services	Anticipated award Dec 2015	3	01/16-12/18	n/a	\$ 40,000	\$ 40,000	\$ 40,000
Financial Advisory Services (State Revolving Fund)	Anticipated award Feb 2016	3	03/16-02/19	n/a	\$ -	\$ -	\$ -
Marketing Services	Anticipated award Mar 2016	3	03/16-02/19	n/a	\$ 300,000	\$ 179,276	\$ 89,638
Insurance Broker	Anticipated award June 2016	3	06/16-06/19	n/a	\$ 68,700	\$ 68,700	\$ 22,900
<i>IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals</i>							
Loan Management and Paying Agent/Custodian Services	Anticipated award Dec 2015	1	01/16-12/16	n/a	\$ 110,000	\$ 158,662	\$ 52,887
Financial Deposit Institution/Cash Management	Anticipated award Dec 2015	5	01/16-12/20	n/a	\$ 105,000	\$ 105,000	\$ 105,000
Professional and Artistic/CPA Services (New Market Tax Credit Consultant)	Anticipated award Feb 2016	3	03/16-02/19	n/a	\$ 40,000	\$ 40,000	\$ 40,000
Investment Advisor and/or Mgmt Services	Per BOD Direction	2	n/a	n/a	n/a	n/a	n/a

*For comparison purposes only. Includes only the initial term, not renewals.*



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**PRELIMINARY AND UNAUDITED**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer  
**Date:** October 8, 2015  
**Re:** Monthly Procurement Report

**UPCOMING RENEWALS**

Services Provided	Vendor	Proposed Renewal Term (Yrs)	Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
<i>Illinois Procurement Code-Competitive Bids/Proposals</i>							
Energy Efficiency Projects-No Fee to IFA	Ameresco, Inc.	5	11/15-11/20	\$ -	n/a	n/a	n/a
Energy Efficiency Projects-No Fee to IFA	Honeywell International, Inc.*	5	11/15-11/20	\$ -	n/a	n/a	n/a
Energy Efficiency Projects-No Fee to IFA	Kenny Construction*	5	11/15-11/20	\$ -	n/a	n/a	n/a
Energy Efficiency Projects-No Fee to IFA	Noresco, LLC*	5	11/15-11/20	\$ -	n/a	n/a	n/a
Insur. Broker: Energy Efficiency Projects-No Fee to IFA	Mesirow Insurance Services, Inc.	5	10/15-10/20	\$ -	n/a	n/a	n/a
Insur. Broker: Energy Efficiency Projects-No Fee to IFA	AON Risk Services Central, Inc.	5	11/15-11/20	\$ -	n/a	n/a	n/a

*\*Per the direction of the Executive Director, these contracts will not be renewed.*

*IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals*

Legal Services-Master Legal Pool Contract/Approved Counsel	Various (Pool comprised of 38 firms)	1	02/16-01/17	\$ 750,000	\$ 1,500,000	\$ -	\$ -
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**PROPOSED CHANGES TO IFA PROCUREMENT POLICY**

Per discussion with Procurement Policy Board, Chief Procurement Officer, and Authority, an intergovernmental agreement will be drafted and submitted to the Board for approval to further clarify specific compliance, procedures and responsibilities needed for Authority management to fulfill its obligation under the Illinois Procurement Code and IFA's own Procurement Policy.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Lorrie Karcher and Patrick Evans  
Date: October 8, 2015  
Re: Overview Memo for Beginning Farmer Bonds

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- **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: \$174,000**
- **Calendar Year Summary:** (as of October 8, 2015)
  - Volume Cap: \$10,000,000
  - Volume Cap Committed: \$2,931,702
  - Volume Cap Remaining: \$7,068,298
  - Average Farm Acreage: 52
  - Number of Farms Financed: 12
- **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



<b>A. Project Number:</b>	<b>30356</b>
<b>Borrower(s):</b>	<b>Bradley A. Legg &amp; Nina K. Legg</b>
Borrower Benefit:	First Time Land Buyer
Town:	Wayne City, IL
<b>IFA Bond Amount:</b>	<b>\$174,000</b>
Use of Funds:	Farmland – 58 acres of farmland
Purchase Price:	\$174,000 / \$3,000 per acre
% Borrower Equity	0%
% IFA	100%
% Other	0%
Township:	Four Mile
Counties/Regions:	Wayne / Southern
Lender/Bond Purchase:	Fairfield National Bank / Richard Talbert
<b>Legislative Districts:</b>	Congressional: 15
	State Senate: 55
	State House: 109

Principal shall be paid annually in installments determined pursuant to a Twenty year amortization schedule, 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 annually, with the first interest payment date to begin one year from the date of closing with the twentieth and final payment of all outstanding balances due twenty years from the date of closing.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton

Date: October 8, 2015

Re: Resolution Confirming and Restating the Preliminary Bond Resolution Approved August 7, 2007 with Respect to the Issuance of Qualified Freight Transfer Facilities Revenue Bonds for the Benefit of CenterPoint Joliet Terminal Railroad LLC and its Successors, Affiliates, and Assigns for the eligible costs relating to development of the CenterPoint Joliet Intermodal Center Project and Related Costs in an Aggregate Principal Amount Now Estimated Not-to-Exceed \$1,137,000,000

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### Request

CenterPoint Joliet Terminal Railroad LLC and its successors, affiliates, and assigns (the “**Borrower**”), a special purpose affiliate of CenterPoint Properties Trust, a private Real Estate Investment Trust (“REIT”) based in Oak Brook, Illinois (“**CenterPoint**”), is requesting approval of the accompanying Resolution that “confirms and restates the Preliminary Bond Resolution” originally approved by the Illinois Finance Authority (the “**Authority**” or “**IFA**”) Board of Directors at the August 2007 Board Meeting.

The subject Resolution will restate and provide continuing approval regarding bond financing for the Project and also authorize the Executive Director (i) to cause a TEFRA Public Hearing Notice (the “Notice”) for continuing development of the Project to be published and (ii) to cause a TEFRA Public Hearing to be held pursuant to the Notice, as published. *The Resolution is attached as Exhibit I.*

### Background on the August 2007 Preliminary Bond Resolution and Scope of the CenterPoint Intermodal Center – Joliet Project

Pursuant to the original August 2007 Preliminary Bond Resolution, the IFA Board of Directors approved an application by the Borrower to issue one or more series of conduit tax-exempt Freight Transfer Facilities Revenue Bonds through the Authority in an aggregate amount not-to-exceed \$1,137,000,000 (One Billion One Hundred Thirty Seven Million Dollars) to assist in financing a multi-phase project (the “**Project**”) located on an original site footprint of approximately 3,400 acres over an initial estimated development period of at approximately 10 years. The Project consists of a state-of-the-art intermodal logistics center and inland port. The Project is commonly known as CenterPoint Intermodal Center – Joliet.

The site of the Project (the “**Site**”) is an approximately 4,000-acre tract of land located in the City of Joliet, Illinois that is generally bounded (i) on the east by the Chicago-St. Louis Union Pacific Main Line (located west of Illinois Route 53), (ii) on the south by Noel Road, and (iii) on the north and west by the Des Plaines River. The Site is located east of I-55 (the I-55/Arsenal Rd. interchange and ExxonMobil Joliet Refinery are located west of the Project). *A map of the general area is provided on p. 11 of the draft Board Summary Report to be presented November 12, 2015 Board Meeting and attached as Exhibit II to this memorandum.*

Development within the Site includes an 835-acre Class I railroad intermodal facility, 450 acres of onsite container/equipment management facilities and almost 20 million square feet of related industrial facilities. The intermodal facility facilitates the transfer of freight from truck-to-rail and from rail-to-truck. Warehouses and other trailer and container storage facilities related to such transfers have or will have loading docks, conveyor systems, cranes, and other related facilities and equipment intended to be eligible for financing as “*qualified surface freight transfer facilities*” (or facilities related and subordinate thereto) within the meaning of Section 142(m) of the Internal Revenue Code of 1986 (the “**Code**”), as amended. Proceeds of the Bonds will be used to finance or refinance a portion of the cost of acquiring the Site, together with costs of the site improvements, buildings, equipment, and other improvements included in the Project. (The focus of development of the warehousing and container storage facilities is for “temporary storage facilities” related directly to rail/truck and truck/rail transfer.)

*For this multi-year, multi-phase project, IFA has issued \$225 million of Bonds to date, including \$150 million in December 2010 and an additional \$75 million in September 2012.* The Bonds issued to date have been used to take-out interim construction loans on a permanent basis. CenterPoint's multi-bank lending syndicate (led by SunTrust) has purchased the prior bond issues (effectively taking out taxable interim construction loan facilities provided by CenterPoint's banking syndicate).

#### **Anticipated \$150 Million Tranche for CenterPoint Intermodal Center – Joliet Project – Late 2015**

The Borrower currently plans to initiate drafting bond documents in October and anticipates returning to the IFA Board in November or December 2015 for a Final Resolution for an amount not-to-exceed \$150 million of New Money Bonds. Bond proceeds would be used to provide take-out financing on existing construction financing that is currently funded by CenterPoint's multi-bank syndicate, led by SunTrust. Additionally, the anticipated Final Bond Resolution would authorized a Supplemental Indenture to amend certain documents relating to the prior Series 2010 and Series 2012 Bonds to enable an interest rate adjustment, if deemed necessary or advisable by the Borrower.

CenterPoint currently anticipates issuing between \$100 million and \$150 million of Bonds in the 2015 tranche.

*A draft copy of the IFA Board Summary Report to be presented in November or December in connection with the upcoming bond issue is attached as **Exhibit II**.*

*As of July 29, 2015, US DOT advised CenterPoint that the Joliet Project presently has an unused conditional allocation from US DOT of \$625 million available to finance the anticipated 2015 tranche and subsequent phases of development. The US DOT reserves the right to increase or decrease the conditional allocation over time.*

#### **Background on the U.S. Department of Transportation's ("US DOT") Private Activity Bonds for Qualified Highway or Surface Freight Transfer Facilities:**

These Surface Freight Transfer Revenue Bonds are authorized under the Internal Revenue Code pursuant to the 2005 U.S. Transportation Bill, which authorized the U.S. Department of Transportation to allocate \$15 billion of Private Activity Bond authorization to eligible privatized or privately-owned/managed/financed highway projects (including toll roads, toll bridges, and toll tunnels) and surface freight transfer projects (including rail-truck intermodal facilities).

Accordingly, the US DOT Private Activity Bond Program is a special, limited pilot program designed to facilitate privatized transportation infrastructure projects.

Eligible projects qualifying for US DOT Private Activity Bond financing include:

- Any highway or surface transportation project that receives partial funding with Title 23 Highway Grant Funds from US DOT. (Note: The CenterPoint Intermodal Center – Joliet project received Title 23 funding for interchange improvements and reconfiguration of the I-55/Arsenal Rd. interchange to increase capacity and minimize intersections.)
- Any facility for rail-to-truck and truck-to-rail freight transfer (including any temporary storage facilities directly related to such facilities) that receive US DOT Title 23 highway or Title 49 railroad grant assistance.
- Any project for an international bridge or tunnel for which an international entity manages under Federal or State law and that receive US DOT Title 23 grant assistance.

The US DOT is responsible for selecting and allocating portions of its \$15 billion Private Activity Bond allocation (i.e., US DOT Bond Allocation) directly to projects. (The US DOT does not provide the allocation directly to States or to the Conduit Bond Issuer.) Accordingly, CenterPoint has the ability to issue through any conduit issuer authorized to issue bonds at the project site (examples include the City of Joliet, any Home Rule Unit located within a 10-mile radius of the Site (e.g., Channahon; Elwood; Rockdale), the Will-Kankakee Development Authority, the Public Finance Authority of Wisconsin, and other national issuers with multi-state issuance authority).

**CenterPoint Intermodal Center – Joliet – First and Only Intermodal Facility financed using US DOT Private Activity Bonds:**

Notably, IFA and CenterPoint have been involved in the only Surface Freight Transfer (Intermodal) Facilities bond issues with Tax-Exempt US DOT Private Activity Bonds that have been closed and funded since inception of the US DOT PAB Program in 2006. All other projects have involved more traditional toll highway financing projects, including several tolled HOV lane projects (e.g., I-495 Capital Beltway HOT Lanes) and light rail projects (Denver Rapid Transit District).

**Informational – IFA Inducement Activity to date for Surface Freight Transfer Facilities Revenue Bonds:**

The IFA Board of Directors has approved Preliminary Bond Resolution/Inducement Resolutions for the following intermodal projects (in addition to the \$1.137 billion approved for the subject CenterPoint Intermodal Center – Joliet as induced in August 2007):

1. \$591 million for a proposed intermodal facility, near Wilmington (August 2006). As proposed, this project would involve development of an intermodal facility along the BNSF railroad, just west of I-55 and south of the Kankakee River, near Wilmington (Will County), approximately nine (9) miles south of CPT's Elwood Intermodal Center (*IFA Inducement Resolution approved: August 2006*).
2. \$505 million for a proposed intermodal facility in Crete, Illinois, located near Illinois Hwy. 394 and Illinois Hwy. 1 (*IFA Inducement Resolution approved: March 2007*).
3. \$576 million for a proposed intermodal facility in Seneca (Grundy County), Illinois (*IFA Inducement Resolution approved: January 2010*).

Two of these projects subsequently obtained conditional PAB allocations from US DOT (although development was subsequently deferred by each developer). In 2012, IFA-induced projects comprised three of nine conditionally allocated projects nationally by US DOT (representing \$2.3 billion of \$4.9 billion of pending allocations awarded at that time).

Again, each Project is responsible for obtaining (i) US DOT Title 23 or Title 49 grant funding through the Illinois Department of Transportation, (ii) a US DOT commitment to provide Private Activity Bond allocation for the Project, and (iii) ultimately, (a) a credit rating, bond insurance, or other credit enhancement to enable bonds to be sold into the public markets, or (b) a commitment to purchase the proposed Private Activity Bonds from an investment bank or commercial bank.

The US DOT allocation awards to each project developer are conditional. The US DOT allocation awards may be increased or decreased at the discretion of US DOT.

**Employment Impact – as reported by CenterPoint to IFA:**

Over the anticipated development cycle of the Project, CenterPoint has forecast over 16,600 jobs will result from development of the Project upon completion including:

- 6,200 Union Construction Jobs during the various construction phases out of the Project
- 5,400 Permanent Industrial Park and Intermodal Facility Jobs
- 3,100 Permanent Trucking Jobs
- 1,900 Indirect and Induced Jobs

CenterPoint reports a current full-time employment impact of 6,825 jobs as of September 2015 comprised of the following:

- 2,500 Union Construction Jobs
- 1,575 Permanent Industrial Park and Intermodal Facility Jobs
- 1,500 Permanent Trucking Jobs
- 1,200 Indirect and Induced jobs

CenterPoint also reports that 1,250 Union Construction Jobs (based on 2,000 man hrs. /job) have been created to date.

Comments on Reported Employment Information: CenterPoint has prepared these employment forecasts using proprietary data and has requested the Authority present the forecast and current employment information exactly as presented in their submission. Given the unique characteristics of the Project, including the multi-phase development cycle, along with the sophistication of the underlying developer (a private REIT controlled by institutional investors), CenterPoint has prepared employment forecasts and current job reports that reflect a significantly higher level of analytical rigor (e.g., estimating indirect/induced jobs) than can be reasonably expected by the majority of IFA borrowers (including family-owned manufacturing companies and non-rated 501(c)(3) non-profit entities that serve local communities).

**Current US DOT Bond Allocation Pipeline:** The US DOT reported the following project allocations and bond issues as of August 18, 2015 on its website:

<b>PAB Pipeline (as of August 18, 2015)</b>	
US DOT PAB Allocation Limit: \$15 billion	
Project	PAB Allocation (\$ in Thousands)
<b>Bonds Issued</b>	
Capital Beltway (I-495 HOT Lanes), Northern Virginia	\$ 589,000
North Tarrant Express (I-820; TX 183; I-35W), Fort Worth, TX	400,000
I-635 Managed Lanes (LBJ Freeway), Dallas, TX	615,000
Denver Rapid Transit District - Eagle Project, Denver CO	397,835
CenterPoint Intermodal Center, Joliet, IL (Series 2010)	150,000
CenterPoint Intermodal Center, Joliet, IL (Series 2012)	75,000
Downtown/Midtown Tunnel Expansions/MLK Extension, Norfolk, VA	675,004
I-95 HOV/HOT Lanes, Northern Virginia	252,648
Ohio River Bridges - East End Crossing (I-265/KY 841), Louisville, KY	676,805
North Tarrant Express Segments (I-820; TX 183; I-35W), Fort Worth, TX	274,030
Goethals Toll Bridge Replacement (I-278), Staten Island, NY - Elizabeth, NJ	460,915
US 36 Managed Lanes, Denver Metro Area, CO	20,360
I-69 Section 5, Bloomington, IN to Martinsville, IN	243,845
Rapid Bridge Replacement Program, Pennsylvania	721,485
Southern Ohio Veterans Memorial Hwy (US 23/US52), Portsmouth, OH	227,355
I-77 Managed Lanes, Charlotte, NC	100,000
<b>Subtotal - Bonds Issued - 14 Projects - 16 Bond Issues</b>	<b>\$ 5,879,282</b>
<b>Allocations (Preliminary; subject to change)</b>	
Knik Arm Crossing, Anchorage, AK	\$ 600,000
*CenterPoint Intermodal Center, Joliet, IL (*allocation reported as of June 29, 2015)	625,000
TX Hwy. 288, Houston Metro Area, TX	600,000
Maryland Transit Admin. - Purple Line (Light Rail), Washington DC Metro, Maryland	1,300,000
All Aboard Florida (Passenger Rail), Florida	1,750,000
<b>Subtotal - Conditional PAB Allocations - 5 Projects</b>	<b>\$ 4,875,000</b>
<b>Grand Total - Bonds Issued or Allocated</b>	<b>\$ 10,754,282</b>

**Attached Exhibits:**

- **Exhibit I: Resolution to Confirm and Reaffirm August 2007 Preliminary Bond Resolution**
- **Exhibit II: Draft IFA Board Summary Report for Upcoming Series 2015 Bonds (for consideration in November or December 2015)**

**Supplemental Information: Informational Videos on the CenterPoint Joliet/Elwood Intermodal Centers:**

- **CenterPoint video:** type “CenterPoint Intermodal Center” into YouTube search box or use the following link: <https://www.youtube.com/watch?v=qo7r4eBNjxY>
- **Video from “Supply Chain Quarterly”:** type “Supply Chain Quarterly CenterPoint Intermodal Video” into a search engine or use the following link:

[http://brightcove.vo.llnwd.net/e1/pd/1305187701/1305187701\\_2808702938001\\_CenterPoint-BC-H-264.mp4?pubId=1305187701&videoId=2808682321001](http://brightcove.vo.llnwd.net/e1/pd/1305187701/1305187701_2808702938001_CenterPoint-BC-H-264.mp4?pubId=1305187701&videoId=2808682321001)

# Exhibit I

## IFA RESOLUTION NO. 2015-1008-BI02

**A RESOLUTION CONFIRMING AND RESTATING THE PRELIMINARY APPROVAL OF THE ILLINOIS FINANCE AUTHORITY WITH RESPECT TO THE ISSUANCE OF QUALIFIED FREIGHT TRANSFER FACILITIES REVENUE BONDS FOR THE BENEFIT OF CENTERPOINT JOLIET TERMINAL RAILROAD LLC AND ITS SUCCESSORS, AFFILIATES, AND ASSIGNS, FOR THE PURPOSES SET FORTH HEREIN, IN AN AGGREGATE PRINCIPAL AMOUNT NOW ESTIMATED NOT TO EXCEED \$1,137,000,000**

**WHEREAS**, in July 2007 there was presented to the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the “Authority”), by CenterPoint Joliet Terminal Railroad LLC, an Illinois limited liability company, and its successors, affiliates, and assigns (collectively, the “Borrower”), an application for the issuance of conduit Freight Transfer Facilities Revenue Bonds, in one or more series, by the Authority for the benefit of the Borrower in an aggregate amount estimated not to exceed One Billion One Hundred Thirty Seven Million and No/100 Dollars (\$1,137,000,000) (the “Bonds”); and

**WHEREAS**, the Borrower’s application for the issuance of the Bonds was made with respect to a “project” within the meaning of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the “Act”), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing a contemplated multi-phase project for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing infrastructure located generally on an approximately 4,000 acre site (including 1,400 acres of industrial buildings and between 15 to 20 million square feet of warehouse/light manufacturing facilities), including the acquisition of land, installation of infrastructure improvements and the construction of facilities for the transfer of freight, including without limitation rail facilities, warehouse and other storage facilities, cranes, loading docks and other equipment integral to the transfer of freight at a site located in an area generally west of the Union Pacific Railroad’s Chicago-St. Louis mainline, west of Illinois Hwy. 53, south of both US Highway 6 and the Des Plaines River, and North of Arsenal Road/West Manhattan Road in unincorporated Will County, near the City of Joliet, Illinois. Additionally, bond proceeds may be used to finance the capitalization of any required reserve funds and capitalized interest; and for financing the payment of all or a portion of the costs of issuance of the Bonds, including the cost of any credit enhancement for the Bonds, all as permitted by the Act (collectively, the “Project”); and

**WHEREAS**, a determination was made by the Authority that its issuance of the Bonds for the Project would be consistent and in accord with the provisions and purposes of the Act; and

**WHEREAS**, on August 7, 2007, the Authority adopted a Preliminary Resolution (No. 07-08-23) (the “Preliminary Resolution”), approving the application of the Borrower and expressing the Authority’s general intent to issue the Bonds, subject to the terms of subsequent, definitive bond resolutions; and

**WHEREAS**, in order to permit tax-exempt treatment of interest on the Bonds, the United States Department of Transportation (the “USDOT”), by letter dated September 29, 2009 (the “2009 Allocation Letter”), authorized the issuance of up to \$1.34 billion of bonds for the Project to be treated as “qualified surface freight transfer facility bonds” in accordance with section 142(m) of the Internal Revenue Code; and

**WHEREAS**, on December 21, 2010, the Authority issued \$150,000,000 in principal amount of its Surface Freight Transfer Facilities Revenue Bonds, Series 2010 (CenterPoint Joliet Terminal Railroad Project) (the “Series 2010 Bonds”), pursuant to the authority of a Bond Resolution of the Authority adopted on November 9, 2010 (No. 2010-1109-BI04), and lent the proceeds of the 2010 Bonds to the Borrower under the terms of a Loan Agreement between the Authority and the Borrower, dated as of December 1, 2010, in order to finance a portion of the Project; and

**WHEREAS**, on September 28, 2012, the Authority (i) issued \$75,000,000 in principal amount of its Surface Freight Transfer Facilities Revenue Bonds, Series 2012 (CenterPoint Joliet Terminal Railroad Project) (the “Series 2012 Bonds”), in order to finance additional components of the Project, and (ii) restructured and reissued the outstanding Series 2010 Bonds, all pursuant to a Resolution of the Authority (No. 2012-0911-BI04) adopted on September 11, 2012, and the terms of a Loan Agreement between the Authority and the Borrower dated as of September 1, 2012; and

**WHEREAS**, the Borrower desires to finance additional components of the Project, including but not limited to additional warehouses for temporary storage and related roads and surface transportation improvements, consistent with the Project described in the Borrower’s original application to the Authority, through the issuance by the Authority of additional Bonds, the specific terms of which will be described in subsequent bond resolutions of the Authority; and

**WHEREAS**, the USDOT has amended the 2009 Allocation Letter on several occasions, most recently in a letter dated June 29, 2015, which currently contemplates the aggregate issuance of up to \$625 million of Bonds for the Project (with the ability to request additional issuing authority); and

**WHEREAS**, each of the Members of the Authority present is familiar with the form of this Resolution; and

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

**Section 1. Continuing Approval.** The Authority hereby restates and reconfirms the approval set forth in the Preliminary Resolution for the issuance of Bonds by the Authority to finance the Project.

**Section 2. Adoption of Resolution.** The Chairperson or Executive Director of the Authority or any person duly appointed and qualified by the Members to serve in this position on an interim basis) is authorized and directed to execute, and the Secretary or Assistant Secretary of the Authority is authorized to seal and attest to the adoption of this Resolution and to do any

and all things necessary or desirable in order to carry out the intention of the parties expressed herein.

**Section 3. Issuance of Bonds.** Upon final determination of the details of the financing and provided that the Authority and the Borrower shall have agreed to mutually acceptable terms for the Bonds and the contracts, agreements, and proceedings related thereto, including, but not limited to one or more bond purchase agreements for the sale of the Bonds, the Authority will use all reasonable efforts to take the further steps necessary, including but not limited to the execution of said bond purchase agreement(s), to issue its Bonds (and, to the extent agreed upon between the Authority and the Borrower, to restructure and reissue some or all of the outstanding Series 2010 Bonds and Series 2012 Bonds) in one or more series for the benefit of the Borrower in order to finance or to refinance all or a portion of the Project in an aggregate amount estimated not-to-exceed One Billion One Hundred Thirty Seven Million and No/100 Dollars (\$1,137,000,000).

**Section 4. Expenditure Reimbursement.** The Authority, on behalf of the Borrower, reasonably expects to reimburse out of the proceeds of the Bonds certain expenditures on costs of the Project made by the Borrower in anticipation of the issuance of the Bonds.

**Section 5. Notice and Hearing.** The Executive Director of the Authority (or any person duly appointed and qualified by the Members to serve in this position on an interim basis) is hereby authorized, empowered and directed to cause notice to the public of a public hearing on the plan of financing for the Project to be published, such notice to be published at a time and in a manner determined by him/her to be appropriate and at least fourteen (14) days prior to the date on which such public hearing is to be held, and the Executive Director of the Authority (or any officer, employee or agent of the Authority designated by the Executive Director or Interim Executive Director) is further authorized, empowered and directed to hold the public hearing referred to in said notice.



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## \$150,000,000 (Not-to-exceed amount – New Money Bonds)

### CenterPoint Joliet Terminal Railroad, LLC

#### November 12, 2015 (CenterPoint Intermodal Center – Joliet Project)

<b>REQUEST</b>	<p><b>Purpose of anticipated November-December 2015 Request and Bond Issue:</b> Finance the acquisition of land, and construction and equipping of various capital improvements thereon at CenterPoint Intermodal Center in Joliet, Illinois, a rail-to-truck and truck-to-rail Intermodal facility generally located south and east of the Des Plaines River, east of the Burlington Northern Santa Fe Railway, north of Noel Road, and west of both Illinois 53 and the Union Pacific Railroad, and located within the corporate boundaries of the City of Joliet. Additionally, with respect to the heretofore issued Illinois Finance Authority Surface Freight Transfer Facilities Revenue Bonds, Series 2010 and Series 2012 (CenterPoint Joliet Terminal Railroad Project), this financing will authorize a Supplemental Indenture to amend certain documents relating to the Series 2010 Bonds and the Series 2012 Bonds (the “Prior Bonds”), if deemed necessary and desirable by the Borrower.</p> <p><b>Project Description:</b> Finances construction, equipment, and bond issuance costs and provides permanent financing for CenterPoint Intermodal Center – Joliet.</p> <p><b>Program:</b> Surface Freight Transfer Facilities Revenue Bonds [Special US Dep’t. of Transportation (“US DOT”) Private Activity Bond Program authorized under the 2005 Federal Transportation Act (“SAFETEA-LU”).]</p> <p><b>Volume Cap:</b> <i>No State of Illinois or IFA Private Activity Bond Volume Cap will be required.</i> CenterPoint Properties has applied for and received an allocation from the US DOT to use approximately \$400 Million of Freight Transfer Facilities Revenue Bonds to develop and build-out qualified freight transfer facilities as allowed by law. CenterPoint has selected IFA to serve as the conduit issuer to issue bonds to finance this project with the US DOT allocation.</p> <p><b>Extraordinary Conditions:</b> None</p>																												
<b>BOARD ACTIONS</b>	<p>For November-December 2015 Board Meeting: Final Bond Resolution requested to issue up to \$150.0 million of New Money Bonds and approval of a Supplemental Indenture for the Prior Bonds, thereby enabling the Borrower to prospectively re-set the interest rate, combine series, and make other technical changes.</p> <p>Voting Records associated with (i) IFA Final Bond Resolution (2010-11-04) approved November 10, 2010, (ii) IFA Final Bond Resolution (2012-0911-BI04) approved September 11, 2012, and (iii) IFA Preliminary Bond Resolution (07-08-23) approved August 7, 2007 are reported on p. 3 of this report. <i>(The voting record for IFA Resolution to Confirm and Restate to be considered October 8, 2015 will be added to this report when it is updated in connection with presentation for final consideration in November or December 2015.)</i></p>																												
<b>MATERIAL CHANGES</b>	<p>Private Placement Structure with a multi-bank syndicate placed by SunTrust Robinson Humphrey with SunTrust Bank as the lead bank in the syndicate. No material changes in proposed structure from the September 2012 report.</p>																												
<b>JOBS DATA</b> <i>(SEE P. 4 FOR ADDITIONAL DETAILS; 16,600+ JOBS OVER DEVELOPMENT CYCLE)</i>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;">6,825</td> <td style="width: 40%;">Current FT jobs; comprised of the following</td> <td style="width: 15%; text-align: center;">16,600+</td> <td style="width: 30%;">Jobs over Project Development Cycle, comprised of:</td> </tr> <tr> <td></td> <td> <ul style="list-style-type: none"> <li>• 2,500 Union Construction Jobs</li> <li>• 1,575 Permanent Industrial Pk./Intermodal Facility Jobs</li> <li>• 1,550 Permanent Trucking Jobs</li> <li>• 1,00 Indirect/Induced Jobs</li> </ul> </td> <td></td> <td> <ul style="list-style-type: none"> <li>• 6,200 Union Construction Jobs</li> <li>• 5,400 Permanent Industrial Park and Intermodal Facility Jobs</li> <li>• 3,100 Permanent Trucking Jobs</li> <li>• 1,900 Indirect/Induced Jobs</li> </ul> </td> </tr> <tr> <td style="text-align: center;">N/A</td> <td>Jobs Retained</td> <td style="text-align: center;">1,250</td> <td>Construction Jobs to Date (i.e., 2,000 man hrs. / job)</td> </tr> </table>	6,825	Current FT jobs; comprised of the following	16,600+	Jobs over Project Development Cycle, comprised of:		<ul style="list-style-type: none"> <li>• 2,500 Union Construction Jobs</li> <li>• 1,575 Permanent Industrial Pk./Intermodal Facility Jobs</li> <li>• 1,550 Permanent Trucking Jobs</li> <li>• 1,00 Indirect/Induced Jobs</li> </ul>		<ul style="list-style-type: none"> <li>• 6,200 Union Construction Jobs</li> <li>• 5,400 Permanent Industrial Park and Intermodal Facility Jobs</li> <li>• 3,100 Permanent Trucking Jobs</li> <li>• 1,900 Indirect/Induced Jobs</li> </ul>	N/A	Jobs Retained	1,250	Construction Jobs to Date (i.e., 2,000 man hrs. / job)																
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N/A	Jobs Retained	1,250	Construction Jobs to Date (i.e., 2,000 man hrs. / job)																										
<b>BORROWER</b>	<ul style="list-style-type: none"> <li>• Type of entity: Special Purpose Entity (LLC) to own and develop the subject project for lease or resale to prospective tenants and/or purchasers as allowed under SAFETEA-LU</li> </ul>																												
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Joliet, Illinois (Will County)</li> <li>• When was it established: Borrower was formed in 2007 as a special purpose entity to own and develop the subject intermodal rail/truck facility</li> <li>• What does the entity do: Real estate development company</li> <li>• Who does the entity serve: prospective tenants/users of Joliet Intermodal Center</li> <li>• What will new project facilitate: improved transportation and logistics efficiencies via truck and rail (Union Pacific Railroad and BNSF Railroad).</li> <li>• When was it established: Borrower was formed in 2007 as a special purpose entity to own and develop the subject intermodal rail/truck facility</li> </ul>																												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The Bonds will be privately placed to a syndicate of Banks (i.e., bank direct purchase structure) that finance CenterPoint Properties’ Line of Credit.</li> </ul>																												
<b>PROPOSED STRUCTURE</b>	<p>The proposed Bonds will be Multi-Modal Bonds that will initially be privately placed by SunTrust Robinson Humphrey to a syndicate of Banks (i.e., bank direct purchases) led by SunTrust Bank. The purchasers (i.e., Banks, which are by definition “Accredited Investors”) will be entirely responsible for structuring and securing their allocated ownership interest in the proposed Bond issue.</p> <p>Interest Rates: preliminary estimated range of 2.0% to 5.0%, depending on maturity</p> <p>Maturity: up to 40 years</p>																												
<b>SOURCES &amp; USES - ESTIMATED</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td style="width: 35%;">IFA Series 2010 Bonds:</td> <td style="width: 15%; text-align: right;">\$ 150,000,000</td> <td style="width: 35%;">Project Costs for Reimbursement:</td> <td style="width: 15%; text-align: right;">\$ 325,000,000</td> </tr> <tr> <td>IFA Series 2012 Bonds:</td> <td style="text-align: right;">75,000,000</td> <td>Future Project Costs</td> <td style="text-align: right;">934,910,000</td> </tr> <tr> <td>IFA Series 2015 Bonds</td> <td style="text-align: right;">100,000,000</td> <td>Costs of Issuance - Series 2010</td> <td style="text-align: right;">815,000</td> </tr> <tr> <td>Future IFA Bonds (per Confirmed 2015 Resol.)</td> <td style="text-align: right;">812,000,000</td> <td>Costs of Issuance - Series 2012</td> <td style="text-align: right;">190,000</td> </tr> <tr> <td>Equity/Match:</td> <td style="text-align: right;">124,105,000</td> <td>Costs of Issuance - Series 2015</td> <td style="text-align: right;">190,000</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b>\$ 1,261,105,000</b></td> <td><b>Total:</b></td> <td style="text-align: right;"><b>\$ 1,261,105,000</b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Series 2010 Bonds:	\$ 150,000,000	Project Costs for Reimbursement:	\$ 325,000,000	IFA Series 2012 Bonds:	75,000,000	Future Project Costs	934,910,000	IFA Series 2015 Bonds	100,000,000	Costs of Issuance - Series 2010	815,000	Future IFA Bonds (per Confirmed 2015 Resol.)	812,000,000	Costs of Issuance - Series 2012	190,000	Equity/Match:	124,105,000	Costs of Issuance - Series 2015	190,000	<b>Total:</b>	<b>\$ 1,261,105,000</b>	<b>Total:</b>	<b>\$ 1,261,105,000</b>
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<b>Total:</b>	<b>\$ 1,261,105,000</b>	<b>Total:</b>	<b>\$ 1,261,105,000</b>																										
<b>RECOMMENDATION</b>	<p>Credit Review Committee recommends [_____].</p>																												

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
November 12, 2015**

**Project: CenterPoint Joliet Terminal Railroad, LLC  
(CenterPoint Intermodal Center – Joliet Project)**

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**STATISTICS**

IFA Project: **I-FRT-TE-CD-** (New #) Amount: \$150,000,000 (not-to-exceed amount for 2015 tranche; preliminary estimated 2015 issuance is \$100,000,000)

Type: Surface Freight Transfer Facilities Revenue Bonds IFA Staff: Rich Frampton and Brad R. Fletcher

Location: Joliet County/ Region: Will/Northeast

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**BOARD ACTION**

**[For November/December 2015:** Final Bond Resolution for New Money Series 2015 Bonds and approval of Supplemental Indenture for Prior Bonds]  
Conduit Freight Transfer Facilities Revenue Bonds (Tax-Exempt) Credit Review Committee recommends [ ]  
No IFA funds at risk No extraordinary conditions

*Note:* CenterPoint obtained (i) the requisite allocation from the US DOT, and (ii) a commitment from US DOT for transportation grant funds under Title 23 (highway improvements for I-55/Arsenal Road interchange and other highway improvements) through the Illinois Department of Transportation, thereby satisfying both requirements to issue tax-exempt bonds for the Project.

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**PURPOSE**

The overall project involves the acquisition of land, construction of rail improvements, and the construction of all or a portion of an estimated 15 million SF to 20 million SF of related warehousing and distribution facilities (up to 1.5 million SF each) and related infrastructure located generally on an approximately 4,000-acre site (including approximately 940 acres for two intermodal rail yards) located west of the Union Pacific mainline (Chicago-Springfield-St. Louis line), north of Noel Road and south and east of the Des Plaines River, within the limits of the City of Joliet in Will County.

Certain portions of these intermodal and logistics park facilities are intended to qualify for federally tax-exempt Freight Transfer Facility Revenue Bonds and Highway Infrastructure Facilities Revenue Bonds under a surface transportation finance initiative approved in late 2005 and implemented in early 2006 by the U.S. Department of Transportation.

Approval of the Resolution would also authorize CenterPoint to reset the interest rate and make other technical changes to the IFA Series 2010 and IFA Series 2012 Bonds (the "Prior Bonds") if deemed necessary or desirable by the Borrower. Changes authorized by the Supplemental Indenture are expected to result in a reissuance of the Prior Bonds for tax purposes and the issuance of the new IFA Series 2015 Bonds will require a new TEFRA Hearing.

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**IFA CONTRIBUTION**

*Although the subject Bonds will be issued on a tax-exempt basis for a for-profit entity, Freight Transfer Facility Revenue Bonds and Highway Infrastructure Facilities Revenue Bonds will not require any State of Illinois or IFA Volume Cap. Instead, authorization requests for Tax-Exempt Freight Transfer Facility Revenue Bonds are allocated directly to each project by the US DOT, subject to an initial \$15 billion national limitation over the life of the program pursuant to 2005's SAFETEA-LU Act. CenterPoint previously obtained a direct allocation which applied to the Prior Bonds and of which approximately \$400 million remains, such allocation being received from the US Department of Transportation to enable tax-exempt bonds to be issued for the development of the CenterPoint Intermodal Center – Joliet project.*

*CenterPoint has selected IFA to serve as the conduit issuer for its Joliet Intermodal facility project thereby conveying tax-exempt status on bonds issued to permanently finance qualified improvements located at the project site.*

**VOTING RECORD**

[Resolution [considered/approved] October 8, 2015 to Confirm and Restate the August 7, 2007 Preliminary Bond Resolution:

- Ayes: ( ); Nays: ( ); Abstentions: ( ); Absent: ( ); Vacancies: ]

Prior Final Bond Resolutions:

- IFA Resolution No. 2010-11-04 approved November 9, 2010 (authorized the issuance of up to \$200.0 million of Bonds in one or more series): Ayes: 10; Nays: 0; Abstentions: 1 (Gold); Absent: 4 (Bronner, DeNard, Fuentes, Herrin); Vacancies: 0
- IFA Resolution No. 2012-0911-BI04 approved September 11, 2012 (authorized issuance of up to \$80.0 million of IFA Bonds in one or more series): Ayes: 9; Nays: 0; Abstentions: 1 (Gold); Absent: 2 (Fuentes, Leonard) ; Vacancies: 3

Preliminary Bond Resolution No. 07-08-23 approved August 7, 2007:

- Ayes: 10; Nays: 0; Abstentions: 0 Absent: 4 (Boyles; Fuentes; Herrin; Rivera); Vacancies: 1

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	*IFA Ser. 2010 Bonds	\$150,000,000	Uses:	Reimbursement of Prior Costs	\$325,000,000
	*IFA Ser. 2012 Bonds	75,000,000		Future Project Costs	934,910,000
	IFA Ser. 2015 Bonds	100,000,000		Issuance Costs – Series 2010	815,000
	Future IFA Bonds	812,000,000		Issuance Costs – Series 2012	190,000
	Equity	<u>124,105,000</u>		Issuance Costs – Series 2015	<u>190,000</u>
	<b>Total</b>	<b><u>\$1,261,105,000</u></b>		<b>Total</b>	<b><u>\$1,261,105,000</u></b>

\* **Note:** In connection with the Resolution for the New Money Series 2015 Bonds, CenterPoint is also requesting approval of a Supplemental Indenture that would amend various document terms relating to the Prior Bonds.

**Comment:** These amounts represent not-to-exceed amounts for the anticipated multi-year, multi-series issue of projects to be financed as required by US DOT.

Although CenterPoint has 5 years to expend bond proceeds under this Program (after issuing a new tranche of bonds), CenterPoint has determined it more advantageous to issue bonds to reimburse expenditures following completed project build-outs every one to two years.

**Related Title 23 Assistance:** In addition to the improvements described above, federal “Title 23” funds have been used to finance certain bridge improvements in the south and southeast corner of the Project site and various improvements to I-55 to the west of the Project, in both cases so as to improve access to the Project and accommodate the increased traffic resulting from the Project.

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**JOBS**

<p>Current Employment: 6,825 (Full-Time) comprised of:</p> <ul style="list-style-type: none"> <li>• 2,500 Union Construction Jobs</li> <li>• 1,575 Permanent Industrial and Intermodal Facility Jobs</li> <li>• 1,550 Permanent Trucking Jobs</li> <li>• 1,200 Indirect and Induced Jobs</li> </ul> <p>Jobs Retained: Not applicable</p>	<p>Total Jobs Forecast Over Project Development Cycle: 16,600+ comprised of:</p> <ul style="list-style-type: none"> <li>• 6,200 Union Construction Jobs (through completion)</li> <li>• 5,400 Permanent Industrial and Intermodal Facility Jobs</li> <li>• 3,100 Permanent Trucking Jobs</li> <li>• 1,900 Indirect and Induced Jobs</li> </ul> <p>Construction Jobs to date (<i>supplemental info.</i>) 1,250 Union Construction Jobs to date (based on 2,000 man hrs. / job)</p>
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**Current Jobs - Note:**

CenterPoint currently reports a total of 6,825 new and construction jobs (based on the breakdown reported above). In comparison, CenterPoint reported 220 FT jobs in November 2010 (at the time of approval of the first Final Bond Resolution), and 4,175 FT jobs in September 2012 (at the time of approval of the second tranche of IFA Bonds).

**FINANCING SUMMARY**

The proposed Bonds will continue to be issued in multiple series over time (i.e., tranches), as dictated by demand/build-out over the anticipated additional 5-10 year development period. CenterPoint anticipates that each tranche will be financed according to the following proposed terms:

Structure:	Multi-Modal Bonds that will be underwritten (and are expected to be privately placed in a Bank-held Mode at the time of initial sale) by SunTrust Robinson Humphrey. The Multi-Modal Bonds will initially bear interest in a Bank Rate, in which the Bonds will be purchased by SunTrust Bank, as Agent, in a private placement for a syndicate of financial institutions for an initial anticipated term of 5 years. Bond payments will be amortized over 40 years. The Bonds will be subject to extension and an interest rate reset periodically (or as amended) until maturity while in Bank Purchase Mode, consistent with a bank commercial loan structure.
Bank Security/Collateral:	The purchasing Banks are Accredited Investors and are solely responsible for assuring their financing commitment (i.e., bond purchase) is adequately collateralized.
Credit Ratings:	Not applicable since the Bonds will be purchased directly by the Banks as a direct investment. The LLC is a non-rated entity.
Collateral:	Confidential – to be negotiated and finalized directly with the Banks that purchase participation interests.
Proposed Interest Rate Mode:	Initial 5 year fixed rate with reset and extension provisions every 5 years until the final maturity date.
Estimated Interest Rate:	Could range from 2.00% fixed to 5.00% fixed, depending on maturity (as negotiated with the members of the banking syndicate).
Amortization:	approx. 40 years (dependent on useful-life calculation)
Final Maturity Date:	approx. 40 years (dependent on useful-life calculation)
Anticipated Closing Date:	December 2015

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**PROJECT SUMMARY (FOR FINAL BOND RESOLUTION AND APPROVAL OF SUPPLEMENTAL INDENTURE)**

Bond proceeds will be issued in one or more Series and used by CenterPoint Joliet Terminal Railroad, LLC (together with any successors, affiliates, and assigns, the “**Borrower**”), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing infrastructure located generally on an approximately 4,000 acre site (including 1,400 acres of industrial buildings and between 15 to 20 million square feet of warehouse/light manufacturing facilities) including the acquisition of the subject land, installation of infrastructure improvements and the construction of facilities for the transfer of freight including, without limitation, rail facilities, warehouse and other storage facilities, cranes, loading docks and other equipment integral to the transfer of freight at a site located in an area generally west of the Union Pacific Railroad’s Chicago-St. Louis mainline, west of Illinois Hwy. 53, south and east of both US Highway 6 and the Des Plaines River, and north of Noel Road, within the City of Joliet, in Will County, Illinois. Additionally, bond proceeds may be used to finance the capitalization of any required reserve funds and capitalized interest; and for financing the payment of all or a portion of the costs of issuance of the Bonds (collectively, the “**Project**”).

Finally, the Resolution will authorize a Supplemental Indenture and related documents to the \$225.0 million outstanding Series 2010 Bonds and Series 2012 Bonds that would enable the Borrower to re-set the interest rate, potentially combine the Prior Bonds into a single series) and authorize and approve certain other changes that could result in a reissuance of the Prior Bonds for tax purposes, if deemed necessary and desirable by the Borrower.

Estimated project costs relating to the overall build-out of the CenterPoint Joliet Terminal Railroad, LLC project are as follows:

Land Acquisition:	\$238,000,000
New Construction:	986,910,000
Equipment:	35,000,000
<b>Total</b>	<b><u>\$1,259,910,000</u></b>

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**BUSINESS SUMMARY**

Description: **CenterPoint Joliet Terminal Railroad, LLC** (together with any successors, affiliates, and assigns, the “**Borrower**”) is an Illinois Limited Liability Company formed on April 11, 2007 as a special purpose entity to own and develop the subject freight intermodal facility and logistics park in the City of Joliet, Will County.

The sole Member of the Borrower is **CenterPoint Properties Trust (“CPT”)**, a private Maryland Real Estate Investment Trust. CPT is 99% beneficially owned by **CalEast Global Logistics LLC (“CalEast”)**, a leading investor in logistics warehouse and related real estate.

CalEast Global Logistics LLC is owned by the **California Public Employees Retirement System (“CalPERS”)** and **GIP Co-Investor LLC**, an affiliate of GI Partners (see Economic Disclosure Statement on page 9).

Background on  
CenterPoint  
Properties  
Trust:

CPT was originally formed in 1984 as Capital and Regional Properties Corporation. CPT became a publicly traded REIT in 1993 after consolidating with FCLS Investors Group, a Chicago-based industrial development company with 30 years of local development experience.

In March 2006, after 12 years as a public company, CPT was purchased and taken private by CalEast Global Logistics. CalEast is a leading investor in logistics warehouse and related real estate and is a joint venture of CalPERS and GI Partners.

CalPERS is the nation’s largest pension fund, with approximately \$289 billion in assets. Established in 2001, GI Partners is a leading private investment firm focused on investments in asset-backed businesses and properties in North America and Western Europe with approximately \$8.4 billion of capital under management. The firm is active in a number of key sectors, including asset-backed IT services, specialty healthcare and education, leisure, commercial real estate, hospitality, retail, and financial services.

CPT’s mission is focused on the development, ownership, and active management of industrial real estate and related rail, road, and port infrastructure.

CPT is the largest owner, manager, and developer of industrial real estate in metropolitan Chicago with 21 branded business parks. Along with its affiliates, CPT owns and manages more than 52 million SF of industrial/warehousing space. CPT has an additional 4,600 acres of land available for future development, of which 3,100 acres in located in the Chicago metropolitan area.

Aside from its intermodal facilities under development in Joliet and Elwood, CPT has an extensive track record of developing successful industrial and warehousing projects in Illinois and SE Wisconsin, including the Ford Chicago Manufacturing Campus (Chicago), International Produce Market (Chicago), O'Hare Express Center and O'Hare Express North (Chicago), California Avenue Business Center (Chicago), McCook Business Center I and II (McCook), BNSF Logistics Park Chicago (Elwood), DuPage National Technology Park (West Chicago), and several other business parks located in Illinois, SE Wisconsin, NW Indiana, Missouri, Georgia, Texas, California and New Jersey.

Chicago's  
Role as a  
Logistics  
Center for the  
Central U.S.:

Intermodal facilities provide for the efficient, direct transfer of goods between ship, rail, or truck. Essentially, intermodal logistics parks are "inland ports" that allow customers to seamlessly ship goods long-haul from the U.S. coasts inland by rail for distribution by truck. Additionally, industrial land adjacent to intermodal facilities allows warehouse/light manufacturing customers to perform bulk breakdown operations, and/or to repackage or assemble products before final delivery by truck to regional warehouses and/or stores.

The Chicago Metropolitan Area has emerged as the largest inland port/freight transfer center in the United States. Currently, the Chicago area supports 1.4 billion SF of industrial property, making the Chicago region one of the largest and most diverse industrial property markets in the U.S.

The Chicago area is also an ideal location for the development of intermodal facilities – it is the only location in the US where all six of the North American Class I railroads intersect. The Class I railroads serving the Chicago area include: (1) Burlington Northern Santa Fe, (2) Canadian National/Soo Line, (3) Canadian Pacific, (4) CSX, (5) Norfolk Southern, and (6) the Union Pacific.

According to CenterPoint, improved productivity/logistics in the Chicago area is important since approximately 60% of freight traveling inland from the coasts either stops in Chicago, or travels through Chicago to other markets. Although it takes only two days for freight to be shipped from the coasts, it can take four days for this rail traffic to move through the City of Chicago.

Development of intermodal facilities around the outer suburbs of Chicago will help reduce rail bottlenecks, reduce truck traffic in the City of Chicago as well as create a more efficient supply chain for goods traveling inland from the coasts.

Development of intermodal facilities in the Chicago metropolitan area will expand the region's effective rail capacity and will also help maintain the Chicago area's status as the key inland rail hub in the Central U.S.

US DOT  
Freight  
Transfer  
Project  
Allocations:

The US Department of Transportation has sole discretion in determining which surface transportation (i.e., private highways, intermodal facilities, and international bridges) receive a portion of US DOT's national \$15 Billion allocation of bond issuance authority over the life of this pilot programs initiated under the 2005 Transportation Bill (i.e., "SAFETEA-LU"). Additionally, all qualifying projects must receive either Title 23 Highway Funds or Title 49 Railroad Grant Funds from US DOT (through IDOT). The CenterPoint Intermodal Center – Joliet project has been supported by Title 23 Highway Funds that have funded various improvements (including, most notably, reconfiguration of the I-55/Arsenal Rd. interchange located west of the Project Site).

Rationale for  
the Joliet

Intermodal  
Facility:

The CenterPoint Intermodal Center - Joliet Project is an approximately 4,000-acre state-of-the-art intermodal logistics center and inland port. The logistics center creates a closed campus environment by co-locating distribution centers, an intermodal facility, container storage yards, and export facilities all in one campus. This provides significant logistics and supply chain advantages to companies that locate at the campus. At full build out, development within the park will include an 835-acre Class I railroad intermodal facility, 450 acres of onsite container/equipment management and approximately 15 to 20 million square feet of industrial facilities. The project will provide critical transportation capacity for the region and distribution efficiencies for customers, while meeting local community, County and State interests through the creation of approximately 16,600 jobs and millions in new tax revenues.

The subject property site is located approximately:

- 2 miles east of I-55 and the I-55/Arsenal Road interchange;
- 2 miles south of I-80;
- 2 miles west of Illinois Hwy. 53;
- 16 miles west of I-57; and
- Approximately 2 miles north of the CenterPoint Intermodal Center – Elwood.

The CenterPoint Intermodal Center – Joliet has been planned to accommodate goods shipped via both the Union Pacific and BNSF (from the West Coast and Southwest) and, possibly, the Norfolk Southern Railroad from the southeast.

Public benefits of the CenterPoint Intermodal Center – Joliet project include:

1. The Project will help absorb the unmet demand for new Midwestern rail served warehouse/distribution centers, intermodal, and trans-load facilities due to (a) massive increases in the volume of containerized import shipments (b) the increased importance of efficient logistics in transporting products to final destinations.
2. Tax-Exempt Bond Financing will facilitate a lower cost of occupancy that will attract prospective industrial park tenants to Illinois rather than to Indiana or Missouri.
3. Project-related roadway and interchange improvements to the I-55/Arsenal Road interchange, Arsenal Road (the primary access road serving CenterPoint's existing Elwood intermodal facility and also CenterPoint's proposed Joliet intermodal facility), Illinois Hwy 53, and access from the north from connecting roads to I-80, and other surrounding roads will provide superior truck access to the project(s) and encourage peripheral users to locate nearby.
4. The CenterPoint Intermodal Center – Joliet Project will generate property tax revenue for the City of Joliet, and local taxing jurisdictions, and income tax revenue for the State of Illinois.

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Development

Timetable: Some key benchmarks in CPT's development and financing timetable for Phase I of the CenterPoint Intermodal Center – Joliet include the following:

Completed/Ongoing Activities:

- 2006: Land acquisition for the project began
- Early 2007 (and ongoing): Initial discussions with US DOT and IDOT regarding Title 23/Title 49 Funding
- January 2007: Engineering work commenced by TranSystems Corporation of Kansas City, MO and Cowhey Gundmundson Leder of Itasca, IL
- August 2007: Illinois Finance Authority Board of Directors approves a Preliminary Bond Resolution for CenterPoint's Joliet Intermodal Facility (not-to-exceed amount: \$1.34 billion)
- September 2007: Submitted application for the US DOT Private Activity Bond Allocation to the Secretary of the US Department of Transportation
- June 2008: Public water and sewer utility construction commenced
- July 29, 2008: Rezoning to allow for special use as an Intermodal Facility: Agreement made and entered into with City of Joliet
- August 2008: Site topsoil stripping and grading work commenced on Intermodal Facility.
- Fall of 2008: Construction of the Intermodal facility began
- December 30, 2008: Completed annexation agreement with the City of Joliet (Document Number R2008-150216)
- December 2008: Mass Grading and Drainage work completed
- July 2009: USACE Wetland Impact and Fill permits completed
- September 2009: Public water and sewer extensions complete
- August 2010: Intermodal facility open for business and UPRR operations commence
- September 2010: UPRR begins first phase of trailer parking expansion project on site
- October 2010: Completed first building in the park, a 217k square foot building for the Stepan Company
- December 2010: Completed construction of a 12 acre grain transload facility for The De Long Co.
- December 2010: Finalized issuance of \$150 million IFA Series 2010 Bonds to provide permanent financing for the initial phase of completed intermodal/warehousing facilities
- August 2011: Completed an 18 acre container storage facility for Mediterranean Shipping Co.
- November 2011: Completed a 36 acre container storage facility for APL
- November 2011: Completed construction of Home Depot's build to suit, a 657k square foot building
- September 2012: Finalized issuance of \$75 million IFA Series 2012 Bonds to provide permanent financing for the second phase of completed intermodal/warehousing facilities at CenterPoint Intermodal Center - Joliet
- December 2012: Completed an 8 acre container storage facility for Central States Trucking
- June 2013: Completed construction of phase II of The Home Depot Joliet campus, a 1.6 million square foot building
- March 2014: Completed construction of a 485k square foot joint-venture speculative facility, recently leased to International Transload Logistics
- June 2014: Completed construction of a 12.80 acre container yard, partially leased to Bridge Terminal Transport Services
- August 2014: Completed construction of a 400k square foot warehouse facility for Neovia Logistics
- September 2014: Started on a 14.4 net acre grain transfer facility for Saturn Agriculture. Expected completion in October 2015
- April 2015: Started construction on a 1.1 million square foot building for Saddle Creek Logistics Services, expected to be complete in early 2016
- May 2015: Started construction on an 8.0 acre trucking facility for California MultiModal. Expected completion fall of 2015.
- August 2015: Started construction on a 1.4 million square foot building for an Undisclosed Food Manufacturer, expected to be complete in early 2017

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** CenterPoint Joliet Terminal Railroad, LLC (Contact: Mr. Rick Mathews, VP, Legal, CenterPoint Properties Trust, 1808 Swift Drive, Oak Brook, IL 60523-1501; (T) 630-586-8126; (F) 630-586-8010; e-mail: RMathews@CenterPoint.com)

**Alternate Contact:** Mr. Michael Kraft, CenterPoint Properties Trust, Chief Financial Officer; 1808 Swift Drive, Oak Brook, IL 60523-1501; (T) 630-586-8102; (F) 630-586-8010; e-mail: MKraft@CenterPoint.com

**Web site:** [www.CenterPoint.com](http://www.CenterPoint.com) (CenterPoint Properties)

**Project name:** CenterPoint Intermodal Center – Joliet

**Location:** 21703 W. Millsdale Road, Joliet, IL 60421-9647

**Organization:** CenterPoint Joliet Terminal Railroad, LLC is an Illinois limited liability company that is 100%-owned by CenterPoint Properties Trust, a Maryland Real Estate Investment Trust.

**Ownership:** CenterPoint Properties Trust is in turn owned by CalEast Global Logistics, LLC, 65 East State Street, Suite 1750, Columbus, OH 43215; (T): 614-460-4444; web site: [www.caleast.com](http://www.caleast.com)

- CalEast Global Logistics LLC is a joint venture between the California Public Employees Retirement System and GI Partners. Additional information on the joint venture members follows below:
  - California Public Employees Retirement System (d/b/a “CalPERS”): 100%  
400 Q Street, Room 1820  
Lincoln Plaza East  
Sacramento, CA 95814  
Web site: [www.calpers.ca.gov](http://www.calpers.ca.gov)
  - GI Partners  
2180 Sand Hill Road, Suite 210  
Menlo Park, CA 94025  
Web site: [www.gipartners.com](http://www.gipartners.com)

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**PROFESSIONAL & FINANCIAL**

General Counsel:	Latham & Watkins LLP	Chicago, IL	Robert Buday
Borrower’s Auditor:	PricewaterhouseCooper LLP	Chicago	
Bond Counsel:	Perkins Coie LLP	Chicago	Bruce Bonjour, Marc Oberdorff, Kurt Neumann
Underwriter: (Privately Placed initially to a banking syndicate)	SunTrust Robinson Humphrey	Atlanta, GA	Hank Harris
Bank:	SunTrust – National Real Estate Banking	Vienna, VA	Greg Horstman
	SunTrust – Commercial Real Estate Syndications	Atlanta, GA	Ricardo Simon
Bond Purchasers through syndication:	Negotiating with additional members of its lending syndicate including: Bank of America; JP Morgan Chase Bank; PNC Bank, Regions Bank; SunTrust; US Bank, and Wells Fargo Bank		
Bank Counsel:	Dentons	Chicago	Steve Davidson
Trustee/Fiscal Agent:	US Bank	Chicago	Margaret Drelicharz

Rating Agencies: Not applicable since the Bonds will be privately placed with commercial banks (i.e., purchased by Accredited Investors)

Architect: TranSystems Corporation Kansas City, MO

General Contractor: Ragnar Benson and FCL Builders

IFA Counsel: **To be determined**

IFA Financial Advisor: Acacia Financial Group, Inc. Chicago, IL Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional: 11, 16  
State Senate: 43  
State House: 86

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## CenterPoint Intermodal Center - Joliet/Elwood

North America's Largest Inland Port

40 +/- MILES TO CHICAGO



### Current CenterPoint Intermodal Center - Joliet Tenants

15 Stapan Company	23 Mediterranean Shipping Company	31 ContainerPort Group
16 The Home Depot	24 Acres Truck Parking	32 Adrian Carriers
17 Undisclosed Food Manufacturer	25 Bridge Terminal Transport	33 Garbsen Interstate System
18 Neovia Logistics	26 IFL	34 Prairie Material
19 Saddle Creek Logistics Services	27 Sakum Agriculture	35 PACER
20 California Multimodal (CMI)	28 The DeLong Company	36 Gavilon Grain
21 The DeLong Company	29 Central States Trucking	37 LaFarge
22 APL	30 U.S. Army T.E.M.F.	38 Cargill
		39 ARC Terminals
		40 Vulcan

<span style="display:inline-block; width:15px; height:10px; background-color:blue; border:1px solid black;"></span> Available Land	<span style="display:inline-block; width:15px; height:10px; background-color:lightblue; border:1px solid black;"></span> Existing Distribution Warehouse
<span style="display:inline-block; width:15px; height:10px; background-color:orange; border:1px solid black;"></span> Available Container Yard / Transload Use	<span style="display:inline-block; width:15px; height:10px; background-color:darkred; border:1px solid black;"></span> Occupied Container Yard / Transload Use

October 8, 2015

**\$26,000,000 (not-to-exceed)**  
**Nazareth Academy**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be loaned to <b>Nazareth Academy</b>, an Illinois not for profit corporation (the “<b>Borrower</b>”), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) finance various capital projects on the Borrower’s campus, including but not limited to, the construction of a new academic building, including new dedicated fine arts space, additional classrooms and a second gym, the renovation of the “M Building” and “N Building”, the addition of athletic field lighting, and associated utility improvements (collectively, the “<b>Project</b>”), (ii) currently refund all or a portion of the Illinois Finance Authority’s outstanding Adjustable Rate Demand Revenue Bonds, Series 2006 (Nazareth Academy Project) (the “<b>Series 2006 Bonds</b>”), (iii) pay a portion of the interest on the Series 2015 Bonds, if so requested by the Borrower, (iv) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Series 2006 Bonds, if so requested by the Borrower, and (v) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Series 2006 Bonds (collectively, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																						
<b>BOARD ACTION</b>	Final Bond Resolution Voting Record (September 10, 2015) – Final Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 2 Absent (Tessler, Zeller); 0 Vacancies.																						
<b>MATERIAL CHANGES</b>	Not-to-exceed par amount has increased by \$2.5MM; accordingly, Sources and Uses have been adjusted.																						
<b>JOB DATA</b>	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">61</td> <td style="text-align: center;">Current jobs</td> <td style="text-align: center;">2</td> <td style="text-align: center;">New jobs projected</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">Retained jobs</td> <td style="text-align: center;">200</td> <td style="text-align: center;">Construction jobs projected (30-36 months)</td> </tr> </table>	61	Current jobs	2	New jobs projected	N/A	Retained jobs	200	Construction jobs projected (30-36 months)														
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N/A	Retained jobs	200	Construction jobs projected (30-36 months)																				
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>● Location: La Grange Park / Cook County / Northeast Region</li> <li>● Type of entity: Nazareth Academy is an Illinois not-for-profit corporation.</li> <li>● Nazareth Academy is a private, co-educational college preparatory school located in LaGrange Park, Illinois, serving approximately 760 students primarily drawn from the western suburbs of Chicago.</li> <li>● The mission of Nazareth Academy is to prepare its students for college and mature adult Christian living.</li> <li>● Originally founded as an all-girls school, Nazareth became a co-educational institution in 1977. Since then, many buildings and facilities have been added to the campus, including a gym and a football/soccer field.</li> </ul>																						
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>● The IFA Bonds will be purchased directly by MB Financial Bank, N.A. (“<b>MB</b>”). The Borrower is a non-rated entity.</li> <li>● MB will also be the Academy’s relationship bank on other credit facilities. The Bank expects all credit facilities, including the Series 2015 Bonds, to be cross-collateralized and cross-defaulted.</li> </ul>																						
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>● The Bonds will be a general corporate obligation of the Borrower. MB is also requiring a negative pledge on unencumbered properties and improvements owned by the Borrower and/or any affiliate of the Borrower.</li> </ul>																						
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>● Series 2015 Refunding Bonds – approximately 8 years (i.e., 6/30/2023)</li> <li>● Series 2015 New Money Bonds – approximately 30 years (i.e., 6/30/2046)</li> </ul>																						
<b>INTEREST RATE</b>	<ul style="list-style-type: none"> <li>● The Bonds will bear a fixed or synthetically fixed interest rate that will be determined prior to closing and is currently estimated at between 3.15% and 3.50% (as of October 1, 2015).</li> </ul>																						
<b>SOURCES AND USES</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><b>Sources:</b></td> <td style="width: 50%;"><b>Uses:</b></td> </tr> <tr> <td>Series 2015 Bonds</td> <td>Project Costs</td> </tr> <tr> <td style="text-align: right;"><u>\$25,200,000</u></td> <td style="text-align: right;">\$13,000,000</td> </tr> <tr> <td></td> <td>Series 2006 Refunding</td> </tr> <tr> <td></td> <td style="text-align: right;">10,500,000</td> </tr> <tr> <td></td> <td>Capitalized Interest</td> </tr> <tr> <td></td> <td style="text-align: right;">1,460,000</td> </tr> <tr> <td></td> <td>Legal &amp; Professional</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>240,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b>Total</b></td> </tr> <tr> <td style="text-align: right;"><u>\$25,200,000</u></td> <td style="text-align: right;"><u>\$25,200,000</u></td> </tr> </table>	<b>Sources:</b>	<b>Uses:</b>	Series 2015 Bonds	Project Costs	<u>\$25,200,000</u>	\$13,000,000		Series 2006 Refunding		10,500,000		Capitalized Interest		1,460,000		Legal & Professional		<u>240,000</u>	<b>Total</b>	<b>Total</b>	<u>\$25,200,000</u>	<u>\$25,200,000</u>
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<b>Total</b>	<b>Total</b>																						
<u>\$25,200,000</u>	<u>\$25,200,000</u>																						
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																						

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 October 8, 2015**

**Project: Nazareth Academy**

**STATISTICS**

Project Number: 12297	Amount: \$26,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Location: La Grange Park	County/Region: Cook County/Northeast

**BOARD ACTION**

Final Bond Resolution	No IFA funds at risk
Conduit 501(c)(3) Revenue Bonds	No extraordinary conditions
Credit Review Committee recommends approval	

**VOTING RECORD**

Voting Record (September 10, 2015) – Final Bond Resolution – 13 Yeas; 0 Nays; 0 Abstain; 2 Absent (Tessler, Zeller); 0 Vacancies.

**PURPOSE**

**Purpose:** Bond proceeds will be loaned to **Nazareth Academy**, an Illinois not for profit corporation (the “**Borrower**”), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) finance various capital projects on the Borrower’s campus, including but not limited to, the construction of a new academic building, including new dedicated fine arts space, additional classrooms and a second gym, the renovation of the “M Building” and “N Building”, the addition of athletic field lighting, and associated utility improvements (collectively, the “**Project**”), (ii) currently refund all or a portion of the Illinois Finance Authority’s outstanding Adjustable Rate Demand Revenue Bonds, Series 2006 (Nazareth Academy Project) (the “**Series 2006 Bonds**”), (iii) pay a portion of the interest on the Series 2015 Bonds, if so requested by the Borrower, (iv) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Series 2006 Bonds, if so requested by the Borrower, and (v) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Series 2006 Bonds (collectively, the “**Financing Purposes**”).

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bond financing 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, thereby reducing the Borrower’s interest expense.

**VOLUME CAP**

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

**JOBS**

Current employment: 61	Projected new jobs: 2
Jobs retained: N/A	Construction jobs: 200 (30-36 months)

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
Series 2015 Bonds	<u>\$25,200,000</u>	New Construction/Equipment	\$13,000,000
		Series 2006 Refunding	10,500,000
		Capitalized Interest	1,460,000
		Legal & Professional	<u>240,000</u>
<b>Total</b>	<b><u>\$25,200,000</u></b>	<b>Total</b>	<b><u>\$25,200,000</u></b>

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### FINANCING SUMMARY

**Structure:** The Bonds will be purchased directly by MB Financial Bank, N.A. for an initial term of 10 years.

**Security:** The Bonds will be purchased directly by MB Financial Bank, N.A., which will become the School's relationship lender on all credit facilities, including the IFA Series 2015 Bonds. The Bonds will be a general corporate obligation of the Borrower. MB is also requiring a negative pledge on the unencumbered properties and improvements owned by the Borrower and any affiliates of the Borrower.

**Interest Rate:** The Bonds will bear a fixed or synthetically fixed interest rate that is negotiated and established prior to closing, currently estimated at between 3.15% and 3.50% (as of September 1, 2015).

**Underlying Ratings:** Nazareth Academy is a non-rated entity. MB Financial Bank, N.A. will purchase the Bonds directly (and on a non-rated, non-credit-enhanced basis).

**Maturity:** Final Maturity Dates:  
(1) Series 2015 Refunding Bonds – approximately 8 years (i.e., 6/30/2023)  
(2) Series 2015 New Money Bonds – approximately 30 years (i.e., 6/30/2046)

**Estimated Closing Date:** October 2015

**Rationale:** The proposed tax-exempt financing will reduce monthly interest payments that (together with other funds available to the Borrower) will assist in helping Nazareth keep fixed charges (including debt service payments) as low as possible. As a result, reduced debt service payments will allow Nazareth to direct additional resources to the children and families it serves rather than overhead costs.

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

**Purpose:** Bond proceeds will be loaned to **Nazareth Academy**, an Illinois not for profit corporation (the "**Borrower**"), to provide the Borrower with all or a portion of the funds necessary to do any or all of the following: (i) finance various capital projects on the Borrower's campus, including but not limited to, the construction of a new academic building, including new dedicated fine arts space, additional classrooms and a second gym, the renovation of the "M Building" and "N Building", the addition of athletic field lighting, and associated utility improvements (collectively, the "**Project**"), (ii) currently refund all or a portion of the Illinois Finance Authority's outstanding Adjustable Rate Demand Revenue Bonds, Series 2006 (Nazareth Academy Project) (the "**Series 2006 Bonds**"), (iii) pay a portion of the interest on the Series 2015 Bonds, if so requested by the Borrower, (iv) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Series 2006 Bonds, if so requested by the Borrower, and (v) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Series 2006 Bonds (collectively, the "**Financing Purposes**").

Estimated Project costs consist of the following:

Phase 1 Construction	\$6,149,430
Phase 1 Equipment	1,546,651
Phase 1 Fire Protection/Plumbing/HVAC/Electrical	2,800,805
Phase 2 M Building Rehabilitation	2,135,114
Soft Costs (Arch./Eng./Legal)	368,000
<b>Total:</b>	<b><u>\$13,000,000</u></b>

**BUSINESS SUMMARY**

**Description:** **Nazareth Academy**, an Illinois not-for-profit corporation (“**Nazareth**” or the “**Academy**”) was established in 1900 by the Sisters of St. Joseph of La Grange and incorporated on July 30, 1996 as a separate entity under State of Illinois law. The Borrower is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

Nazareth Academy is governed by a 16-member Board of Trustees (see p. 5), each appointed by the approval of the Sisters of St. Joseph of La Grange.

**Background:** Nazareth Academy continues to be supported by the Sisters of St. Joseph, whose motherhouse and ministry center are located adjacent to the Academy’s campus.

Nazareth Academy is a private, co-educational college preparatory school located in La Grange Park, Illinois, approximately 15 miles from downtown Chicago that currently serves more than 760 students primarily drawn from 55 communities and over 115 different grade schools throughout Chicago and its western suburbs. The mission of Nazareth Academy is to prepare its students for college and mature, adult, value-based living.

Originally founded as an all-girls school, Nazareth became a co-educational institution in 1977. Since then, the campus was further developed with the completion of the Rooney Student Center in 1984, the locker room/weight training facility in 1995 and the R.J. Sanders baseball field, John W. "Jack" Oremus library, Sister Ellen Springer Hall and the Petrak Pedestrian Bridge in 2003. A new west wing including a new main entrance, reception area and student walkway named the Wheeler West Wing was completed in the fall of 2005. Additionally, buildings were given new facades, windows were replaced in the K building, and heating and electrical systems were updated when the 2005-2006 school year began. The Academy also added a Legacy Garden named after the Sisters of St. Joseph.

Recently, Nazareth has been constructing a series of additions to the school in an effort to keep up with the growing number of students. Construction of a new multipurpose dining hall, servery, a new classroom and two new meeting areas was completed for the opening of the 2006-2007 school year. Groundbreaking for a new 400-seat Romano Family Auditorium was held on March 18, 2007 and was completed in the spring of 2008. An athletic field renovation took place during the summer of 2007 with the installation of state-of-the-art FieldTurf® artificial turf in Valenta Stadium. In 2012, a state of the art softball field was constructed (i.e., the John Michalek Softball Stadium). Overall, these facility improvements are aligned with the Academy’s wish to provide students with facilities commensurate with the exceptional academic, spiritual, athletic and co-curricular experience they merit.

The Academy currently employs approximately 39 full-time equivalent faculty members. The combined student-teacher ratio at the Academy is 19:1 with an average class size of 23 students. In addition to the senior administrative staff, the Academy currently employs approximately 23 full-time equivalent administrative and support staff. Nazareth’s enrollment history is presented below:

<b>Nazareth Academy Enrollment History</b>				
<b>Academic Year</b>				
	<b><u>2012-13</u></b>	<b><u>2013-14</u></b>	<b><u>2014-15</u></b>	<b><u>2015-16</u></b>
<b>Total Enrollment</b>	801	780	723	766*
* Estimated				

The Academy is located on a campus occupying approximately 14 acres located in La Grange Park, Illinois. The campus consists of a seven-building academic complex: containing an aggregate finished building area of approximately 126,300 square feet. The buildings feature masonry construction, are 2-4 stories tall, and range in age from 10 to 85 years. Their use is primarily academic and supplemented with facilities that include a library and office space, a gymnasium, and other athletic facilities.



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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Nazareth Academy, 1209 W. Ogden Ave, La Grange Park (Cook County), IL 60526

Contact: Mr. Dennis Moran, President: (T) 708-354-0061 x117;  
email: [dmoran@nazarethacademy.com](mailto:dmoran@nazarethacademy.com)

Website: <http://www.nazarethacademy.com>

Site Location: Proceeds of the Series 2015 Bonds will refinance outstanding debt and finance new construction undertaken in connection with the Academy's campus located at 1209 W. Ogden, La Grange Park (Cook County), IL 60526.

Project name: IFA Revenue and Revenue Refunding Bonds (Nazareth Academy), Series 2015

Organization: Illinois not-for-profit established as a 501(c)(3) corporation under the Internal Revenue Code

Lessor of School  
Properties: The Sisters of St. Joseph own all of the land comprising the Academy's campus. Nazareth leases the campus from the Sisters of St. Joseph pursuant to a long-term lease. Annual rent is \$2.00. The lease will expire on June 30, 2017, with an option to renew every five years thereafter.

Board of Trustees: Nazareth Academy is governed by a Board of Trustees; each Trustee appointment is subject to approval by the Sisters of St. Joseph of La Grange.

Nazareth Academy Board of Trustees:

- Theresa Denton
- Robert Gray
- Thomas Kelly
- Dr. Christine Melone
- Megan Ogden
- Carol Pelino
- Michael P. Rooney
- Grace Sbrissa, CSJ
- Deborah Tracy, *Principal*
- Patrick Collins
- Mark Doyle
- Daniel Gustafson, *Chair*
- Jean McGrath, CSJ
- Dennis Moran, *President*
- Roberto Paniagua
- Marianne Race, CSJ
- James J. Ryan
- Kathy Sherman, CSJ

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Donatelli & Coules Ltd.	Hinsdale, IL	Peter Coules
Borrower's Financial Advisor:	William Blair & Company, LLC	Chicago, IL	John Peterson Mike McIntyre
Auditor:	BKD, LLP (formerly Wolf & Company LLP)	Oakbrook Terrace, IL	
Bond Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder Enzo Incandelo
Bank/Bond Purchaser:	MB Financial Bank, N.A.	Chicago, IL	Ken Holub Kati Cavoto
Bank Counsel:	McGuireWoods LLP	Chicago, IL	Kay McNabb
Paying Agent(if required):	Amalgamated Bank of Chicago	Chicago, IL	Phil Mendoza
General Contractor:	Walsh Construction	Chicago, IL	
IFA Counsel:	Taft Stettinius & Hollister LLP	Chicago, IL	Kimberly M. Copp
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago, IL	Melanie Shaker

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**LEGISLATIVE DISTRICTS**

Congressional:	5
State Senate:	4
State House:	7

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**\$15,400,000 (not-to-exceed)**

**October 8, 2015**

**Chicago Shakespeare Theater**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be loaned to <b>Chicago Shakespeare Theater</b>, an Illinois not for profit corporation (the “<b>Borrower</b>”), for the purpose of providing the Borrower with all or a portion of the funds necessary in order to (a) refund the \$4,100,000 (original principal amount) Revenue Bond (Chicago Shakespeare Theater Project), Series 2011 (the “<b>Series 2011 Bond</b>”) which itself amended and reissued the \$4,100,000 (original principal amount) Adjustable Demand Revenue Bonds (Chicago Shakespeare Theater Project), Series 1999 (the “<b>Series 1999 Bonds</b>”) issued by the Illinois Development Finance Authority (a predecessor to the Authority); (b) pay a portion of the costs of development, design, site renovation, construction and equipping of a third approximately 30,000 square foot theater to be operated by the Borrower on Navy Pier at 800 East Grand Avenue in Chicago, Illinois in conjunction with and to be leased from Navy Pier, Inc. (the “<b>Project</b>”); and (c) pay costs of issuance.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																								
<b>BOARD ACTION</b>	<p>Final Bond Resolution  Voting Record (May 14, 2015) – Preliminary Bond Resolution – 9 Yeas; 0 Nays; 0 Abstain; 3 Absent (O’Brien, Poole, Tessler); 3 Vacancies.</p>																								
<b>MATERIAL CHANGES</b>	<p>The Northern Trust Company was selected as direct bond purchaser.</p>																								
<b>JOB DATA</b>	<table border="0"> <tr> <td>142</td> <td>Current jobs</td> <td>37 FTE</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>85 avg. FTE</td> <td>Construction jobs projected (3 years)</td> </tr> </table>	142	Current jobs	37 FTE	New jobs projected	N/A	Retained jobs	85 avg. FTE	Construction jobs projected (3 years)																
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Chicago / Cook County / Northeast</li> <li>• Type of entity: Chicago Shakespeare Theater (“<b>CST</b>”) is a 501(c)(3) organization incorporated under Illinois law</li> <li>• CST, a professional theater company located at Navy Pier (1999-present) in Chicago, was founded in 1986 as Chicago Shakespeare Workshop, a name which was changed a year later to the Chicago Shakespeare Repertory and finally in 1999 to Chicago Shakespeare Theater. The Borrower is governed by a 59-member Board of Directors.</li> <li>• CST has grown from the third-largest theater company in Chicago to the third largest in the regional Midwest. CST produces and presents a year-round performing season featuring Shakespeare’s canon and family-oriented productions, musicals, world premieres, and visiting international tours.</li> <li>• The current home of CST consists of two theater spaces (the 500-seat courtyard-style Jentes Family Courtyard Theater and the 200-seat Carl and Marilyn Thoma Theater).</li> <li>• The proposed project aims to expand CST’s presence and capabilities by constructing a third stage on Navy Pier. The development of the new venue will expand CST’s footprint to a contiguous three-theater complex. The design of the new theater is intended to allow seating for between 250 and 900 theater patrons, with considerable flexibility in the staging and audience formats.</li> </ul>																								
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The IFA Bonds will be sold on a non-rated, unenhanced basis, and accordingly, will be privately placed with The Northern Trust Company (the “<b>Bond Purchaser</b>”). The Borrower is a non-rated entity.</li> <li>• CST will enter into a 90-year lease with Navy Pier, Inc. for the existing Skyline Stage that will be renovated as part of this Project (i.e., 15-year initial lease term with five consecutive 15-year renewal options).</li> </ul>																								
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Rate: The IFA Bonds will be issued at a fixed or synthetically fixed interest rate established prior to closing based on current market conditions (estimated to be 3.00% to 4.00% as of 10/1/2015).</li> <li>• Term: Not-to-exceed 12 years</li> </ul>																								
<b>SOURCES AND USES</b> (*PLEASE SEE PAGE 3 FOR ADDITIONAL INFORMATION)	<table border="0"> <thead> <tr> <th colspan="2"><b>Sources:</b></th> <th colspan="2"><b>Uses:</b></th> </tr> </thead> <tbody> <tr> <td>IFA Bonds</td> <td>\$15,400,000</td> <td>Construction/Equipment</td> <td>\$15,400,000</td> </tr> <tr> <td>*Navy Pier, Inc. (please see page 3– Sources and Uses)</td> <td>*</td> <td>Refund Series 2011 Bonds</td> <td>4,100,000</td> </tr> <tr> <td>Pledge Campaign</td> <td>3,659,980</td> <td>Costs of Issuance</td> <td><u>204,980</u></td> </tr> <tr> <td>Equity</td> <td><u>645,000</u></td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$19,704,980</u></b></td> <td><b>Total</b></td> <td><b><u>\$19,704,980</u></b></td> </tr> </tbody> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$15,400,000	Construction/Equipment	\$15,400,000	*Navy Pier, Inc. (please see page 3– Sources and Uses)	*	Refund Series 2011 Bonds	4,100,000	Pledge Campaign	3,659,980	Costs of Issuance	<u>204,980</u>	Equity	<u>645,000</u>			<b>Total</b>	<b><u>\$19,704,980</u></b>	<b>Total</b>	<b><u>\$19,704,980</u></b>
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<b>RECOMMENDATION</b>	<p>Credit Review Committee recommends approval.</p>																								

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
October 8, 2015**

**Project: Chicago Shakespeare Theater**

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**STATISTICS**

Project Number:	N-NP-TE-CD-8726	Amount:	\$15,400,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bond	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Chicago	County/	
		Region:	Cook County/Northeast

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**BOARD ACTION**

Final Bond Resolution	
Conduit 501(c)(3) Revenue Bond	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

Voting Record (May 14, 2015) – Preliminary Bond Resolution – 9 Yeas; 0 Nays; 0 Abstain; 3 Absent (O’Brien, Poole, Tessler); 3 Vacancies.

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**PURPOSE**

Bond proceeds will be loaned to **Chicago Shakespeare Theater**, an Illinois not for profit corporation (the “**Borrower**”), for the purpose of providing the Borrower with all or a portion of the funds necessary in order to (a) refund the \$4,100,000 (original principal amount) Revenue Bond (Chicago Shakespeare Theater Project), Series 2011 (the “**Series 2011 Bond**”) which itself amended and reissued the \$4,100,000 (original principal amount) Adjustable Demand Revenue Bonds (Chicago Shakespeare Theater Project), Series 1999 (the “**Series 1999 Bonds**”) issued by the Illinois Development Finance Authority (a predecessor to the Authority); (b) pay a portion of the costs of development, design, site renovation, construction and equipping of a third approximately 30,000 square foot theater to be operated by the Borrower on Navy Pier at 800 East Grand Avenue in Chicago, Illinois in conjunction with and to be leased from Navy Pier, Inc. (the “**Project**”); and (c) pay costs of issuance.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bond financing 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, thereby reducing the Borrower’s interest expense.

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**VOLUME CAP**

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

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**JOBS**

Current employment:	142	Projected new jobs:	37 FTE
Jobs retained:	N/A	Construction jobs:	85 avg. FTE (36-month construction period)

**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$15,400,000	Uses:	Construction/Equipment*	\$15,400,000
	*(Note: Navy Pier, Inc. – <i>see below</i> )			(excludes exterior shell financed by Navy Pier, Inc.)	
	Pledge Campaign	3,659,980		Refund Series 2011 Bonds	4,100,000
	Equity	<u>645,000</u>		Cost of Issuance	<u>204,980</u>
	<b>Total</b>	<b><u>\$19,704,980</u></b>		<b>Total</b>	<b><u>\$19,704,980</u></b>

\*Separately, Navy Pier, Inc. has made arrangement to finance and construct the exterior shell of the new theater facility financed with proceeds of IFA’s Draw Down Revenue Bonds, Series 2014B (Navy Pier, Inc. Project) that were purchased directly by Fifth Third Bank in a bond issue that closed on December 16, 2014. Chicago Shakespeare Theater will be solely responsible for financing the interior build-out (leasehold improvements) and for equipping the new theater facility that will be financed with the proposed IFA Series 2015 Bond to be purchased by The Northern Trust Bank.

Approximately \$15.0 million of Navy Pier, Inc.’s IFA Series 2014B bond proceeds are to be allocated to construction of the theatre shell. Accordingly, total combined all-in investment by Chicago Shakespeare Theatre and Navy Pier, Inc. in the construction and build-out of the new theater facility will total approximately \$30.4 million.

**Informational disclosure on December 9, 2014 Voting Record for Final Bond Resolution in connection with IFA Draw Down Revenue Bonds, Series 2014B (Navy Pier, Inc. Project):**

- Voting Record – Navy Pier, Inc. – Final Bond Resolution – 12/9/2014: 10 Yeas; 1 Nay; 0 Abstain; 4 Absent (Lonstein; Parish; Tessler; and Zeller); 0 Vacant.

**FINANCING SUMMARY**

Structure/  
 Credit

Enhancement: The IFA Series 2015 Bond will not be rated or credit-enhanced. The Bond will be privately placed with The Northern Trust Company (the “**Bond Purchaser**”). The Borrower is a non-rated entity.

Interest Rate: Respective initial interest rates will reflect prevailing market conditions prior to closing, estimated at 3.00% to 4.00% (as of 10/1/2015).

Credit Rating: The Series 2015 Bond is expected to be purchased directly by The Northern Trust Company. Again, Chicago Shakespeare Theater is a non-rated entity.

Maturity: Not to exceed 12 years

Underlying

Lease: CST will enter into a 90-year lease (consisting of a 15-year initial lease term with five consecutive 15-year extension provisions) with Navy Pier, Inc. The site for the new theater will be the existing Skyline Stage site. Navy Pier, Inc. will be renovating the space that currently occupies the Skyline Stage site into the new theater shell. Chicago Shakespeare Theater will then lease the new theater shell, financing the build-out of the new theater with proceeds of the proposed IFA Series 2015 Revenue Bonds (Chicago Shakespeare Theatre Project).

Estimated

Closing Date: November 2015

Rationale: As typical of cultural institutions, Chicago Shakespeare Theater's ("CST's") operating revenues rely upon grants, contributions and other external support to supplement ticket sales and revenues generated from performances. The availability of tax-exempt bond financing will reduce CST's borrowing costs while providing additional pricing flexibility to prospective commercial lenders. This financing will enable CST to expand its existing operations at the lowest possible interest expense and will help assure that CST will continue to attain its mission to bring Shakespeare to the people of Chicago and to visitors.

The proposed financing project aims to expand CST's presence and capabilities by constructing a third theater stage at Navy Pier. The development of this new venue will expand CST's footprint to provide a three-theater complex. The design of the new theater is intended to allow seating for between 250 and 900 theater patrons, and will provide CST additional flexibility in providing for various staging and audience formats.

The IFA Series 2015 Bond will also enable CST to refund its Series 2011 Bonds while smoothing its future scheduled principal payments.

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to **Chicago Shakespeare Theater**, an Illinois not for profit corporation (the "**Borrower**"), for the purpose of providing the Borrower with all or a portion of the funds necessary in order to (a) refund the \$4,100,000 (original principal amount) Revenue Bond (Chicago Shakespeare Theater Project), Series 2011 (the "**Series 2011 Bond**") which itself amended and reissued the \$4,100,000 (original principal amount) Adjustable Demand Revenue Bonds (Chicago Shakespeare Theater Project), Series 1999 (the "**Series 1999 Bonds**") issued by the Illinois Development Finance Authority (a predecessor to the Authority), which Series 1999 Bonds were issued to finance a portion of the costs of the design, construction and equipping of an approximately 75,000 square foot, seven-story theater building (with two theaters) operated by the Borrower and located on Navy Pier at 800 East Grand Avenue in Chicago, Illinois on property leased from Navy Pier, Inc. (the "**Series 1999 Project**"); (b) pay a portion of the costs of development, design, site renovation, construction and equipping of a third approximately 30,000 square foot theater to be operated by the Borrower on Navy Pier at 800 East Grand Avenue in Chicago, Illinois in conjunction with and to be leased from Navy Pier, Inc. (the "**Project**"); and (c) pay costs of issuance and other costs related to the Bond and the Project.

Navy Pier, Inc. ("**NPI**") is an Illinois not for profit corporation established in 2011 to maintain and oversee the development of Navy Pier in Chicago, Illinois. NPI leases Navy Pier from the Metropolitan Pier and Exposition Authority.

Estimated project costs to be financed with IFA Series 2015 Bond proceeds and funds from Navy Pier, Inc. ("**NPI**") consist of the following:

Core and Shell ( <i>includes \$15MM from NPI</i> )	\$16,400,000
Theater Equipment	6,365,000
Theater Towers	3,500,000
Architectural/Engineering	<u>4,135,000</u>
<b>Total New Project Costs</b>	<b><u>\$30,400,000</u></b>

*Less: Navy Pier, Inc. contribution (a portion of which was funded with IFA Drawn Down Revenue Bonds, Series Series 2014B (Navy Pier, Inc. Project))* (15,000,000)

**Net Construction Costs funded by CST (with IFA Series 2015 Bond):** **\$15,400,000**

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## BUSINESS SUMMARY

Description: **Chicago Shakespeare Theater** (“CST” or the “Borrower”) is incorporated under State of Illinois law and was founded in 1986. The Borrower is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

CST is governed by a 59-member Board of Directors (see Economic Disclosure Statement on pp. 7-8).

Background: The Borrower was founded in 1986 as the Chicago Shakespeare Workshop, a name which was changed in 1987 to the Chicago Shakespeare Repertory and, finally, in 1999 to Chicago Shakespeare Theater.

CST performed its first twelve seasons in residency at the Ruth Page Theater in the Gold Coast neighborhood on the north side of Chicago. While CST was critically lauded for its innovative approach to classic Shakespearean works, it was limited by the age and space constraints of the Ruth Page Theater and began looking for new performance space in the late 1990s. In 1997, CST announced its plan to move to a new facility at Navy Pier. CST successfully ran a large-scale capital campaign to finance the facility. Since moving to Navy Pier in 1999, CST has grown from the third-largest theater company in Chicago to the third-largest in the Midwest. CST produces and presents a year-round schedule of performances featuring Shakespeare's canon and family-oriented productions, musicals, world premieres, and visiting international tours.

Over the past 25 years, CST has built a civic, national, and international reputation as a premiere cultural institution. Today, CST's year-round producing and presenting season features performances in two intimate theater spaces on Navy Pier. According to Navy Pier, Inc.'s website, Navy Pier is the Midwest's most visited destination. According to CST management, CST reaches as many as 225,000 audience members every year.

CST's current facilities at Navy Pier consist of two theater spaces that may be configured to accommodate a variety of staging needs and concepts:

1. *The Jentes Family Courtyard Theater* is a 500-seat courtyard-style theater inspired by the theaters in early modern England where Shakespeare's plays were first staged (and evoking the design elements of Shakespeare's Globe in London and the Royal Shakespeare Company's Swan Theater in Stratford-upon-Avon). This theater space features three seating levels that wrap around the thrust stage, creating an intimate, immediate relationship between actors and audience.
2. *The Carl and Marilyn Thoma Theater Upstairs* is a 200-seat theater in which both the stage and seating configuration can be arranged in a variety of ways, suiting the creative choices of the artistic team with almost limitless versatility.

The development, design, financing, site lease, site renovation, construction, equipping and furnishing of a third theater on Chicago's Navy Pier by CST, in conjunction with **Navy Pier, Inc.** (“NPI”), is central to CST's mission and experience because it will allow CST to (i) expand its role as a leading American cultural institution producing world-class theater, (ii) engage the next generation through live performance, and (iii) introduce the leading theater producers and performers of the world to Chicago. The new theater will expand CST's artistic platform and increase the profile and prospective economic impact on Navy Pier.

CST Lease with Navy Pier: CST will enter into a 90-year lease with NPI for the existing Skyline Stage facility that will be renovated as part of this Project. (The lease terms will be composed of an initial 15-year lease term, with up to five consecutive 15-year extension provisions.)

CST Comments  
on existing Skyline

Stage facility: The existing Skyline Stage comprises a single seating rake, facing a stagehouse. The venue is currently used throughout the summer months for circus and spectacle events, but is dormant for the rest of the year as the weather conditions are too extreme. According to CST, the concept of the new CST project is simple: to build a new, highly-flexible space for providing theater at the underutilized Skyline Stage facility. In its current form, open to the elements and with a sprawling single rake, Skyline Stage is not suitable for year-round events, nor is it suitable for drama and spoken-word performances in which the proximity of the actors is important.

CST

Improvements: For this project, CST will be responsible for acquiring and installing the theater equipment, including movable seating towers which will allow alternative seating and capacity configurations of the new theater space.

Background on  
Series 2011

Bonds: The Illinois Development Finance Authority (“IDFA”), predecessor to IFA, issued its Adjustable Demand Revenue Bonds (Chicago Shakespeare Theater Project), Series 1999 to (i) finance costs of design, construction and equipping of an approximately 75,000 square foot, seven-story theater located on Navy Pier at 800 East Grand Avenue in Chicago, Illinois on property leased from the Metropolitan Pier and Exposition Authority and (ii) pay certain bond issuance costs. (The IDFA Series 1999 Bonds were secured by a Direct Pay Letter of Credit from Bank of America, N.A., as successor to LaSalle National Bank/ABN-AMRO.)

In 2011, at the request of the Chicago Shakespeare Theater, IFA authorized execution of an Amended and Restated Indenture (including a revised form of Bond contained therein) and related documents to enable creation of a new bank purchase mode for the Bonds. Wells Fargo Bank, N.A. purchased the Bonds (renamed IFA Series 2011 Revenue Bonds) in whole under the new bank purchase mode in September 2011, succeeding Bank of America, N.A. as CST’s relationship bank.

In August 2014, Chicago Shakespeare Theater received IFA Board approval of a Resolution to authorize execution and delivery of a Supplemental Indenture to enable the initial interest rate period with Wells Fargo Bank, N.A. to be extended by two years (until September 1, 2016). As a result of the proposed refunding, CST expects to refinance the outstanding balance of the IFA Series 2011 Bonds for a new interest rate and term.

All payments relating to the Illinois Finance Authority Revenue Bonds (Chicago Shakespeare Theater Project), Series 2011 are current and have been paid as scheduled. As of 4/30/2015, the IFA Series 2011 Bonds were outstanding in the principal amount of \$4,100,000.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Chicago Shakespeare Theater, 800 East Grand Avenue, Chicago (Cook County), IL 60611

Contact: Linda Orellana, Chief Financial Officer  
(T) 312-596-5619; email: [lorrellana@chicagoshakes.com](mailto:lorrellana@chicagoshakes.com)

Website: [www.chicagoshakes.com](http://www.chicagoshakes.com)

Site Location: 800 East Grand Avenue, Chicago (Cook County), IL 60611

Project name: IFA 501(c)(3) Revenue and Revenue Refunding Bond (Reimagine Skyline Stage Project) Series 2015

Organization: Illinois not-for-profit established as a 501(c)(3) corporation under the Internal Revenue Code



Applicant/  
Tenant  
(CST)  
Board of  
Directors:

The Chicago Shakespeare Theater Board of Directors is composed of the following members:

**Sheli Z. Rosenberg, Chair\***

*Of Counsel*

Skadden, Arps, Slate, Meagher & Flom  
LLP

**Eric Q. Strickland, Treasurer\***

*Senior Vice President, Manager, US*

*Corporate Group*

Northern Trust

**Steven J. Solomon, Deputy Chair\***

*President, Exelon Foundation*

*Vice President, Corporate Relations,*

Exelon

**Frank D. Ballantine**

*Partner*

Clark Hill, PLC

**Brit J. Bartter\***

*Vice Chairman, Investment Bank*

JP Morgan

**Thomas L. Brown**

*Vice President and Chief Financial*

*Officer*

RLI Corp

**Allan E. Bulley III**

*President*

Bulley & Andrews, LLC

**Patrick R. Daley**

*Managing Partner*

Tur Partners, LLC

**Brian W. Duwe**

*Partner*

Skadden, Arps, Slate, Meagher & Flom

LLP

**Philip L. Engel**

*President (Retired)*

CNA Insurance Companies

**Jeanne B. Ettelson**

Civic Leader

**Harve A. Ferrill**

*Chairman and CEO (Retired)*

Advance Ross Corporation

**Sonja Hammer Fischer**

Civic Leader

**Richard J. Franke**

*Chief Executive Officer Emeritus*

Nuveen Investments

**Barbara Gaines\***

*Artistic Director*

Chicago Shakespeare Theater

**C. Gary Gerst\***

*President*

KCI, Inc.

**M. Hill Hammock\***

*Chairman*

Chicago Deferred Exchange Company

**Patricia Harris**

Global Chief Diversity Officer and Vice

President, Global Community

Engagement McDonald's Corporation

**Kathryn J. Hayley**

*Executive Vice President*

United Healthcare

**Criss Henderson\***

*Executive Director*

Chicago Shakespeare Theater

IFA Public Board Book Page 177

**William L. Hood**

*Retired Managing Director, State &*

*Community Affairs*

United Airlines

**Stewart S. Hudnut**

*Consultant*

Illinois Tool Works, Inc.

**William R. Jentes\***

Civic Leader

**Jack L. Karp**

*Chief Executive Officer*

Worthington Management, Inc.

**John P. Keller**

*Chairman*

Keller Group, Inc.

**Richard A. Kent**

*Chairman and CEO*

Kentco Capital Corporation

**Barbara Malott Kizziah**

*Vice President*

Malott Family Foundation

**Ted Langan**

*Vice President, Specialty Pharmacy*

*Sales*

Catamaran

**Chase Collins Levey**

Author

**Ana Livingston**

Civic Leader

**Renetta McCann**

*Chief Talent Officer*  
Leo Burnett

**Raymond F. McCaskey\***

*Retired CEO*  
Health Care Service Corporation

**Robert G. McLennan**

*Chief Executive Officer*  
Beacon Management Company

**Jess Merten**

*Senior Vice President and CFO*  
Allstate Life Insurance Company

**Dennis Olis**

*Senior Vice President, Operations*  
Allscripts

**Mark S. Ouweleen\***

*Partner*  
Bartlit Beck Herman Palenchar & Scott,  
LLP

**Carleton D. Pearl**

Financial Industry Consultant

**Sheila A. Penrose\***

*Chairman*  
Jones Lang LaSalle

**Judith Pierpont**

Civic Leader

**Paulita A. Pike**

*Partner*  
K&L Gates

**Stephanie Pope**

*Vice President of Financial Planning  
and Analysis*  
The Boeing Company

**Richard W. Porter**

*Partner*  
Kirkland & Ellis, LLP

**John Rau**

*President and CEO*  
Miami Corporation

**Nazneen Razi**

*Senior Vice President and Chief  
Human Resources Officer*  
Health Care Service Corporation

**Glenn Richter\***

*Chief Operating Officer*  
*Chief Administrative Officer*  
Nuveen Investments

**Mark E. Rose**

*Chairman and CEO*  
Avison Young, Inc.

**John W. Rowe\***

*Chairman Emeritus*  
Exelon Corporation

**Robert Ryan**

*Vice President of Business  
Development*  
eChalk

**Carole Segal**

*Co-Founder*  
Crate & Barrel

**Kathleen Kelly Spear**

*Senior Vice President, Compliance &  
Integrity and Litigation (Retired)*  
Kraft Foods Global, Inc.

**Harvey J. Struthers, Jr.**

*Chairman (Retired)*  
JPMorgan Private Bank Midwest

**Eileen Sweeney**

*Director, Community Relations*  
Tampa Bay Buccaneers

**Sheila G. Talton**

*President and CEO*  
Gray Matter Analytics

**Marilynn J. Thoma\***

*Proprietor*  
Van Duzer Vineyards

**Gayle R. Tilles**

*Director & Connoisseur Arts*

**William J. Tomazin, Jr.**

*Partner-in-Charge, Audit Chicago  
Metro Business Unit*  
KPMG, LLP

**Donna Van Eekeren**

*Executive Chairman*  
Land O'Frost, Inc.

**Priscilla A. (Pam) Walter\***

*Of Counsel*  
Drinker Biddle & Reath

**Ava D. Youngblood**

*Founder & CEO*  
Youngblood Executive Search

\*denotes Executive Committee Members

- See more at: [http://www.chicagoshakes.com/about\\_us/board\\_of\\_directors#sthash.KHwYbkmp.dpuf](http://www.chicagoshakes.com/about_us/board_of_directors#sthash.KHwYbkmp.dpuf)

Informational:  
Lessor to CST  
(Navy  
Pier, Inc.))  
Board of  
Directors:

**Navy Pier, Inc. (“NPI”)** was established for the purpose of managing, operating and redeveloping Navy Pier which is owned by MPEA. Navy Pier, Inc. is governed by a Board of Directors, currently composed of the following 22 members:

**William J. Brodsky**  
Chairman, NPI Board  
Chairman  
*CBOE Holdings Inc.*

**Andrea Zopp**  
Vice-Chairman, NPI Board  
President & CEO  
*Chicago Urban League*

**Katie McClain**  
Secretary, NPI Board  
Senior Manager  
*Invenergy LLC*

**Jack M. Greenberg**  
Ex-Officio, NPI Board  
Chairman, MPEA  
*Jack Greenberg Associates*

**James R. Reilly**  
Ex-Officio, NPI Board  
CEO  
*MPEA*

**Marilynn K. Gardner**  
Ex-Officio, NPI Board  
President & CEO  
*Navy Pier, Inc.*

**Roger J. Kiley, Jr.**  
Ex-Officio, NPI Board  
Attorney  
*Roger J. Kiley, Jr. Law*

**Norman Bobins**  
Chairman  
*The PrivateBank*

**Bruce R. Bachmann**  
*Bachmann Associates*

**Devon Bruce**  
Attorney  
*Powers, Rogers & Smith, P.C.*

**Patrick F. Daly**  
*The Daly Group*

**Sarah Garvey**  
Retired Senior Executive  
*The Boeing Company*

**Roberto Herencia**  
President & CEO  
*BXM Holdings, Inc.*

**Donna LaPietra**  
*Kurtis Productions*

**Timothy Mullen**  
*Mullen Foundation*

**Michael O’Rourke**  
President  
*Signature Bank*

**Terry Peterson**  
Chairman  
*Chicago Transit Board*

**Jorge Ramirez**  
President  
*Chicago Federation of Labor*

**John Schmidt**  
Partner  
*Mayer Brown*

Informational:  
Lessor to NPI/  
Owner of Navy Pier  
(MPEA)  
Board of  
Directors:

The following individuals lead **Metropolitan Pier and Exposition Authority (“MPEA”)** in its mission to attract trade shows, conventions and public events to Chicago, in an ongoing effort to strengthen the state and city economies. Current Board members include:

**Jack Greenberg**  
McDonald’s Corp. (Retired)  
Chairman

**Robert G. Reiter, Jr.**  
Chicago Federation of Labor  
Vice-Chairman

**Julie Chavez**  
Bank of America

**Terrance McGann**  
Whitfield, McGann & Ketterman

**Frank M. Clark, Jr.**  
ComEd (Retired)

**Ronald E. Powell**  
Local 881 & United Food and  
Commercial Workers International Union

**Dan Hynes**  
Ariel Investments

**Becky Strzechowski**  
Teamsters Local 700

**Roger J. Kiley, Jr.**  
Roger J. Kiley Jr. P.C.

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**PROFESSIONAL & FINANCIAL**

Auditor:	Baker Tilly Virchow Krause LLP	Chicago, IL	
Borrower's Advisor:	William Blair & Company, L.L.C.	Chicago, IL	John Peterson Mike McIntyre
Borrower's Counsel:	Kirkland & Ellis LLP	Chicago, IL	Justin Bender
	McDermott Will & Emery LLP	Chicago, IL	Kathy Schumacher
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Bank/Bond Purchaser:	The Northern Trust Company	Chicago, IL	Bonnie Althoff Sandra Maysonet Mary Fitz
Bank/Purchaser's Counsel:	Katten Muchin Rosenmann LLP	Chicago, IL	Janet Hoffman Chad Doobay
Architect:	Adrian Smith + Gordon Gill Arch.	Chicago, IL	
General Contractor:	McHugh Construction Co.	Chicago, IL	
Real Estate Consultant:	MAC Consulting Services LLC	Chicago, IL	Mary Ann Cronin
IFA Counsel:	Nixon Peabody LLP	Chicago, IL	Julie Seymour
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	7
State Senate:	13
State House:	26

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October 8, 2015

## \$37,500,000 Riverside Health System

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>Riverside Health System</b> (“<b>Riverside</b>”, “<b>RHS</b>” or the “<b>Borrower</b>”) to (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds outstanding and originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																								
<b>BOARD ACTIONS</b>	Final Bond Resolution Voting Record (September 10, 2015) – Preliminary Bond Resolution – 13 Yeas 0 Nays 0 Present 1 Absent																								
<b>MATERIAL CHANGES</b>	None.																								
<b>JOB DATA</b>	<table> <tr> <td>2,133</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>2,133</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	2,133	Current jobs	N/A	New jobs projected	2,133	Retained jobs	N/A	Construction jobs projected																
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2,133	Retained jobs	N/A	Construction jobs projected																						
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Locations: Kankakee County and Iroquois</li> <li>• Riverside Health System (“<b>RHS</b>”) is the parent corporation of a regional health system operating in the far southern portion of the Chicago metropolitan market and headquartered in Kankakee.</li> </ul>																								
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• Riverside is currently rated A2 by Moody’s and A+ by Standard and Poor’s</li> </ul>																								
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• Secured with a Master Trust Indenture Note</li> </ul>																								
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will mature no later than 11/15/2029</li> </ul>																								
<b>SOURCES AND USES</b>	<table> <thead> <tr> <th colspan="2"><b>Sources:</b></th> <th colspan="2"><b>Uses:</b></th> </tr> </thead> <tbody> <tr> <td>IFA Bonds</td> <td>\$37,165,000.00</td> <td>Refunding</td> <td>\$37,165,000.00</td> </tr> <tr> <td></td> <td></td> <td>Accrued Interest</td> <td>774.27</td> </tr> <tr> <td>Equity</td> <td><u>\$300,774.27</u></td> <td>Costs of Issuance*</td> <td><u>300,000.00</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$37,465,774.27</u></b></td> <td><b>Total</b></td> <td><b><u>\$37,465,774.27</u></b></td> </tr> <tr> <td></td> <td></td> <td>*estimated</td> <td></td> </tr> </tbody> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$37,165,000.00	Refunding	\$37,165,000.00			Accrued Interest	774.27	Equity	<u>\$300,774.27</u>	Costs of Issuance*	<u>300,000.00</u>	<b>Total</b>	<b><u>\$37,465,774.27</u></b>	<b>Total</b>	<b><u>\$37,465,774.27</u></b>			*estimated	
<b>Sources:</b>		<b>Uses:</b>																							
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		*estimated																							
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																								

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 September 10, 2015**

**Project: Riverside Health System**

**STATISTICS**

Project Number:	12310	Amount:	\$37,500,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
Locations:	Kankakee, Bourbonnais, Watseka, Gilman	County/Region:	Kankakee/Northeast Iroquois/Northeast

**BOARD ACTION**

Final Bond Resolution	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

**PURPOSE**

The proceeds will be used by **Riverside** to (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds and originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.

**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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower's interest expense.

**VOLUME CAP**

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

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA		Refunding	\$37,165,000.00
Bonds	\$37,165,000.00	Accrued Interest	774.27
Equity	<u>\$300,774.27</u>	Costs of Issuance*	<u>300,000.00</u>
<b>Total</b>	<b><u>\$37,465,774.27</u></b>	<b>Total</b>	<b><u>\$37,465,774.27</u></b>
		*estimated	

**JOBS**

Current employment:	2,133 FTEs	Projected new jobs:	N/A
Jobs retained:	2,133 FTEs	Construction jobs:	N/A

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### FINANCING SUMMARY

Credit Enhancement:	None
Structure:	Variable Rate Direct Purchase bond by DNT Asset Trust, a Delaware business trust and a wholly owned subsidiary of JPMorgan Chase Bank, N.A.
Interest Rate:	Variable
Interest Rate Modes:	Variable
Underlying Ratings:	A2 / A+ (Moody's, S&P)
Maturity:	11/15/2029
Estimated Closing Date:	11/1/2015

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### PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

The proceeds will be used by **Riverside** (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.

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### BUSINESS SUMMARY

**Riverside Health System** (“**RHS**”) is the parent corporation of a regional health system operating in the far southern portion of the Chicago metropolitan market and headquartered in Kankakee. RHS is the sole corporate member of **Riverside Medical Center** (“**Medical Center**”), **Oakside Corporation** (“**Oakside**”), **Butterfield Service Corporation** (“**Butterfield**”) and **Riverside Senior Living Center** (“**Living Center**”). **Riverside Medical Center Foundation** (the “**Foundation**”) is a not-for profit organization serving in an agency capacity by holding and managing certain investment assets contributed for the benefit of the Medical Center. All of these entities except for Butterfield Service Corporation are Illinois not-for-profit corporations and are organized as described under Section 501(c)(3) of the Internal Revenue Code. Butterfield is an Illinois business corporation.

In 1989, RHS, the Medical Center and Oakside became the initial members of an obligated group (the “**Obligated Group**”) established under a Master Trust Indenture dated as of December 15, 1989, among RHS, the Medical Center, Oakside and The Bank of New York Mellon Trust Company, N.A., as successor master trustee (as amended and supplemented from time to time, the “**Master Indenture**”). The Living Center became a member of the Obligated Group in 1990. Butterfield and the Foundation are not members of the Obligated Group.

- The Medical Center owns and operates a general acute care hospital in Kankakee, IL, which is licensed for 312 beds, of which 247 beds are currently staffed. In addition to the main hospital facility, the Medical Center operates the Resolve Center in Manteno, Illinois, which houses an 18-bed licensed inpatient substance abuse program and associated outpatient services. The Medical Center also operates Riverside Ambulance which provides ambulance service to the Medical Center’s primary service area from remote locations in Momence, Bradley, St. Anne, Herscher, Chebanse, Limestone, and Ashkum. Riverside Ambulance is also responsible for 16 communities through its Emergency Medical Service System. In addition, the Medical Center operates multiple community, primary and specialty health centers located in Kankakee, Bourbonnais, Manteno, Monee, Momence, Hopkins Park, Watseka, Gilman, Wilmington, Peotone and Coal City.
- The Medical Center also owns the Atrium Building in Bradley, Illinois which provides medical office space, space for a joint venture single-specialty ambulatory surgery center, and industrial medicine services. Located in Bourbonnais and owned by the Medical Center is the Medical Plaza, a comprehensive ambulatory campus which includes radiation therapy, diagnostic imaging, ambulatory surgery, and physician office space. Located in Coal City and owned by the Medical Center is the West Campus, consisting of a state of the art diagnostic imaging center, and physician office complex.

- In 2011, the Medical Center opened a new multi-specialty physician and cancer infusion center in the southern portion of its market located in Watseka, Illinois. The facility provides diagnostic services including lab and CT. In December of 2012 the Medical Center expanded services at the Watseka Center to include physical therapy, additional radiology, a two suite sleep center, primary care physicians, and mid-level providers.
- Oakside operates the 70,000 square foot Riverside Health Fitness Center located in Bourbonnais, Illinois. Additionally, Oakside operates a community counseling program, a commercial pharmacy, a health equipment sales and leasing program, a retail audiology/hearing and balance program and supports the new business activities of other affiliates.
- Living Center was incorporated in 1989 and owns and operates a senior living community that includes 90 independent living apartments known as Westwood Oaks, 96 assisted living apartments known as Butterfield Court, 18 ranch style family homes for seniors known as Westwood Estates and a 160-bed nursing facility. The senior living community is located directly across from the Medical Center in Kankakee and was constructed in phases beginning in 1990. In Fall 2014, Living Center opened an Assisted Living and Memory Care Campus in Bourbonnais consisting of 48 studio units for Memory Care and 32 Assisted Living units.
- There are no activities currently operated by Butterfield.
- From growth and investments in new programs and service lines, RHS has added 331 new FTE's since 2012.

The **Riverside HealthCare Foundation** (“RHCF”) raises funds for RHS and its affiliates. From 2012 to 2014 the RHCF provided \$2.7 million in support of programs and initiatives for RHS. The Foundation had assets of \$19.1 million as of December 31, 2014.

**Project Rationale:** The proceeds will be used by **Riverside** (i) currently refund \$23,845,000 of its IFA Series 2004 Bonds outstanding in the amount of \$25,220,000 and originally issued in the amount of \$46,450,000, and (ii) currently refund its IFA Series 2006A Bonds outstanding in the amount of \$13,320,000 and originally issued in the amount of \$15,575,000.

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: Riverside HealthCare

Site Address: Riverside Medical Center  
350 N. Wall Street  
Kankakee, IL 60901

Contact: Bill Douglas  
Senior Vice President, Chief Financial Officer

Website: [www.RiversideMC.net](http://www.RiversideMC.net)

Project name: Riverside Health System (Series 2015)

Organization: 501(c)(3) Not-for-Profit Corporation

State: Illinois



Ownership/2015 Board Members (501(c)(3)):

Connie Ashline, *Chairman*  
Jerald Hoekstra, *Vice Chairman*  
Harry Bond, *Secretary*  
Philip Kambic, *President*  
Bill Douglas, *SVP, Financial Svcs & CFO*  
Pamela Hull, *Assistant Secretary*  
David Hegg  
Larry Goodman  
Patrick Martin  
Renuka Ramakrishna, M.D.  
Karen Reid  
Jaymie Simmon  
Francis Smith  
Gary Wright

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Katten Muchin Rosenman LLP	Chicago	Janet Hoffman
Borrower's Advisor:	Ponder & Co.	Chicago	Michael Tym
Accountant:	KPMG	Chicago	Darryl Buikema
Bank:	JP Morgan Chase		
Bond Counsel:	Chapman and Cutler LLP	Chicago	Michael Mitchell
Bank Counsel:	Nixon Peabody LLP	Chicago	Julie Seymour
Bond Trustee:	BNY Mellon Trust Company		
Issuer's Counsel:	Pugh Jones Johnson	Chicago	Loraine Tyson
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago	Melanie Shaker

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**LEGISLATIVE DISTRICTS**

Congressional: 11, 16  
State Senate: 40, 53  
State House: 79, 106

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**SERVICE AREA**

The primary service area is defined as Kankakee County. The secondary service area consists of portions of Will, Iroquois, Ford, Grundy, and Livingston Counties.



October 8, 2015

**\$24,200,000**  
**The Passavant Memorial Area Hospital Association**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by The Passavant Memorial Area Hospital Association to current refund its Series 2006A and 2006 B Bonds as well as pay costs of issuance</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																								
<b>BOARD ACTIONS</b>	Preliminary Bond Resolution																								
<b>MATERIAL CHANGES</b>	None.																								
<b>JOB DATA</b>	<table border="0"> <tr> <td>953</td> <td>Current jobs</td> <td>0</td> <td>New jobs projected</td> </tr> <tr> <td>1003</td> <td>Retained jobs</td> <td>0</td> <td>Construction jobs projected</td> </tr> </table>	953	Current jobs	0	New jobs projected	1003	Retained jobs	0	Construction jobs projected																
953	Current jobs	0	New jobs projected																						
1003	Retained jobs	0	Construction jobs projected																						
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location ( Jacksonville / Morgan County / Central )</li> <li>• Passavant Area Hospital in Jacksonville, Illinois, serves the residents of Morgan, Cass, Greene, Scott, and Macoupin counties in West Central Illinois. The facility is located at 1600 West Walnut, on Jacksonville's west side.</li> <li>• The Hospital is licensed for 121 patient beds and is staffed by approximately 900 full-time and part-time employees including an active medical staff of 70 physicians.</li> <li>• The Hospital is also the largest employee in Morgan County and is a Magnet Hospital as recognized by the American Nurses Credentialing Center.</li> <li>• The hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and is a member of the American Hospital Association, the Illinois Hospital Association (IHA), and the Voluntary Hospitals of America (VHA).</li> <li>• In 2014, Passavant became an affiliate of Memorial Health System. (Springfield)</li> </ul>																								
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• Variable Rate Bank direct purchase (bank to be determined by Passavant).</li> </ul>																								
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• Secured with a security interest in the Hospital's Revenues</li> </ul>																								
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will mature no later than December 1, 2031</li> </ul>																								
<b>SOURCES AND USES</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td>\$24,200,000</td> <td>Refunding</td> <td>\$23,955,000</td> </tr> <tr> <td></td> <td></td> <td>Accrued Interest</td> <td></td> </tr> <tr> <td>Equity</td> <td>\$0</td> <td>Costs of Issuance*</td> <td>245,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>\$24,200,000</b></td> <td><b>Total</b></td> <td><b>245,000</b></td> </tr> <tr> <td></td> <td></td> <td>*estimated</td> <td><b>\$24,200,000</b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$24,200,000	Refunding	\$23,955,000			Accrued Interest		Equity	\$0	Costs of Issuance*	245,000	<b>Total</b>	<b>\$24,200,000</b>	<b>Total</b>	<b>245,000</b>			*estimated	<b>\$24,200,000</b>
<b>Sources:</b>		<b>Uses:</b>																							
IFA Bonds	\$24,200,000	Refunding	\$23,955,000																						
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<b>Total</b>	<b>\$24,200,000</b>	<b>Total</b>	<b>245,000</b>																						
		*estimated	<b>\$24,200,000</b>																						
<b>RECOMMENDATION</b>	Credit Committee recommends approval.																								

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 October 8, 2015**

**Project: The Passavant Memorial Area Hospital Association**

**STATISTICS**

Project Number: 12312	Amount:	\$24,200,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
Location: Jacksonville, IL	County/Region:	Morgan/Central

**BOARD ACTION**

Preliminary Bond Resolution	No IFA funds at risk
Conduit 501(c)(3) Revenue Bonds	No extraordinary conditions
Credit Review Committee recommends approval	

**PURPOSE**

The proceeds will be used by **The Passavant Memorial Area Hospital Association** to current refund its Series 2006A and 2006 B Bonds as well as pay costs of issuance

**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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower's interest expense.

**VOLUME CAP**

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

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	\$24,200,000	Refunding	\$23,955,000
		Accrued Interest	
Equity	<u>\$0</u>	Costs of Issuance*	<u>245,000</u>
<b>Total</b>	<b><u>\$24,200,000</u></b>	<b>Total</b>	<b><u>\$24,200,000</u></b>
		*estimated	

**JOBS**

Current employment: 714 FTEs	Projected new jobs: 0 FTEs
Jobs retained: 721 FTEs	Construction jobs: 0 FTEs

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**FINANCING SUMMARY**

Credit Enhancement: None  
Structure: Variable rate bank direct purchase (bank to be determined by Passavant).  
Interest Rate: Variable  
Interest Rate Modes: Monthly reset  
Underlying Ratings: none  
Maturity: December 1, 2031  
Estimated Closing Date: November 20, 2015

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**PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)**

The proceeds will be used by **The Passavant Memorial Area Hospital Association** (i) to current refund its Series 2006A and 2006B bonds and (ii) pay costs of issuance

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**BUSINESS SUMMARY**

**Background:** Passavant Area Hospital in Jacksonville, Illinois, serves the residents of Morgan, Cass, Greene, Scott, and Macoupin counties in West Central Illinois. The facility is located at 1600 West Walnut, on Jacksonville's west side.

The hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and is a member of the American Hospital Association, the Illinois Hospital Association (IHA), and the Voluntary Hospitals of America (VHA).

The Hospital is licensed for 121 patient beds and is staffed by approximately 900 full and part-time employees including an active medical staff of 70 physicians.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Passavant Memorial Area Hospital Association  
Site Address: Passavant Memorial Area Hospital Association  
1600 West Walnut Street  
Jacksonville, Illinois 62650  
Contact: David Bolen  
Website: [www.passavanthospital.com](http://www.passavanthospital.com)  
Project name: Passavant Memorial Area Hospital Association, Series 2015  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois

**Ownership/2015 Board Members (501(c)(3)):**

The membership of the The Passavant Memorial Area Hospital Association is composed of representatives elected or appointed by the churches in Morgan County, Scott County, and portions of Greene County, Macoupin County, and Cass County and from each of the following organizations: The Passavant Memorial Area Hospital Auxiliary; The Passavant Memorial Area Hospital Alumnae Association; Our Saviour’s Holy Cross Alumnae Association; The Passavant Memorial Area Hospital active Medical Staff; and the Ministerial Association of Jacksonville. The members of the Hospital collectively constitute the Board of Governors of the Hospital and are responsible for certain duties including electing the Board of Directors of the Hospital and making recommendations to the Board of Directors. Members of the Board of Governors hold office for a term of one year or until their successors are elected.

The Hospital is governed by a Board of Directors comprised of sixteen community members and physicians. The Directors are elected to a term of four years. The Board of Directors elects individuals to fill vacancies as they occur. The Directors do not receive compensation. The President of the Hospital serves as an ex-officio member of the Board with no voting rights. The Chair, Vice Chair, Secretary, and Treasurer of the Board of Directors also serve as the Chair, Vice Chair, Secretary, and Treasurer, respectively, of the Board of Governors. Current members of the Board of Directors of the Hospital include: Keith Bradbury (Franklin Bank); Ginny Fanning (Morgan County Commissioner); Reggie Benton (Benton & Associates); Dr. Eric Giebelhausen (M.D.); Greg Lepper (Lepper Farms); Kelly Staake (Farmers State Bank & Trust Co.); Gilbert Joehl (Northwestern Mutual Financial Network); Doug Awe (Arends-Awe, Inc.); Phyllis Lape, Ph.D. (retired-educator); Dr. Steven Lillpop (M.D.); James Hinch (retired-M.D.); Gary Scott (WLDS/WEAI Radio Station); Nancy Spangenberg (retired-RN); Don Headen (Headen Farms); Tom Veith (attorney).

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**PROFESSIONAL & FINANCIAL**

Borrower’s Counsel:	Sorling Northrup	Peoria, IL	James Broadway
Auditor:	Ernst & Young LLP is the auditor for Memorial Health System and Subsidiaries		
Bank:	To be determined (the Borrower is soliciting proposals)		
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Dan Bacastow
Bank Counsel:	To be determined		
Bond Trustee:	NA – Series 2006 A&B will be a direct placement with payments remitted directly to the purchasing bank		
Issuer’s Counsel:	Hart, Southworth & Witsman	Springfield, IL	Samuel Witsman
Issuer’s Advisor:	Acacia Financial Group, Inc.	Chicago	Jim Beck

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**LEGISLATIVE DISTRICTS**

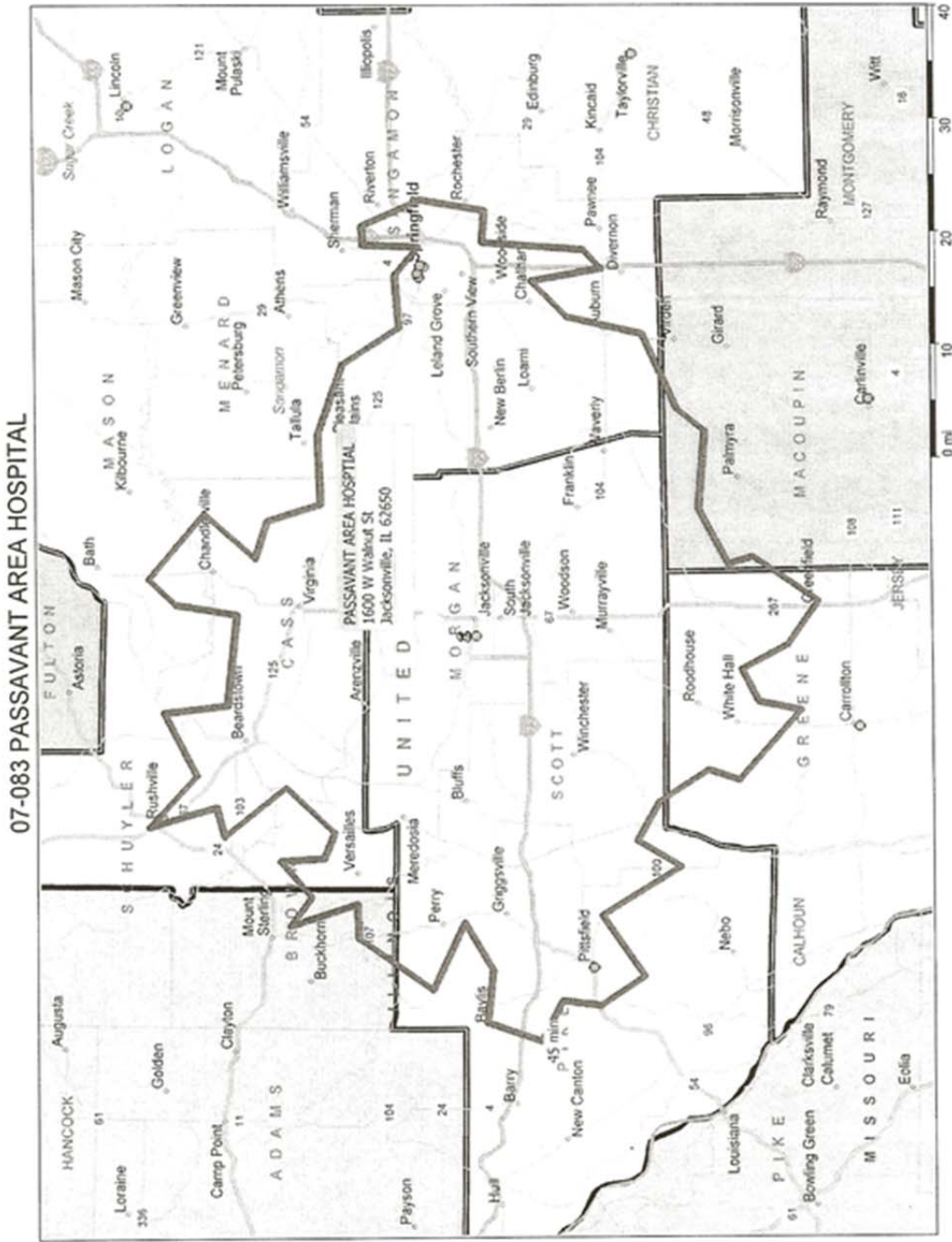
Congressional:	18
State Senate:	50
State House:	100

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**SERVICE AREA**

The Passavant Memorial Area Hospital Association is an acute care hospital located in Jacksonville, Illinois, the county seat of Morgan County, approximately 90 miles north of St. Louis, Missouri, and 35 miles west of Springfield, Illinois. The Corporation was originally established in 1875 and was incorporated in 1906 as an Illinois not-for-profit corporation.

Passavant is the only hospital in Morgan, Cass, and Scott Counties (see attached map). There is only one other hospital in Passavant’s primary service area, Thomas Boyd Memorial Hospital located in Carrollton (Greene County) approximately 35 miles away from Passavant. Boyd is a 33-bed facility used primarily for long term care and is not considered to be a competitive facility by Hospital management.



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**Item No. 7 has been withdrawn.**

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# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date: October 8, 2015

Re: Resolution Authorizing Extension of (IFA) IEFA Commercial Paper Revenue Notes Program for 5 Years

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### Request:

The attached Resolution authorizes the Illinois Finance Authority, at the request and direction of the Borrowers under the Commercial Paper Pooled Financing Program, to continue ongoing “rollovers” of Commercial Paper Revenue Notes until December 1, 2020.

This cooperative program, established collectively by its Borrowers (i.e., the “Members”) in 1995, permits its Members to borrow through the issuance of Commercial Paper that is repriced at least once each 7 to 270 days, as determined by J.P. Morgan Securities (the “Broker-Dealer”). The Program has mostly provided short and intermediate term borrowings to its Members.

This Resolution authorizes the Authority to continue 7 to 270 day “repricings” for these conduit borrowers through December 1, 2020.

### Background:

The member institutions are responsible for engaging all financial professionals, just as on any other Authority conduit financing. The Members have selected and engaged different financial professionals over the course of the program and there is no restriction on various financial professionals from soliciting the Members. The original Commercial Paper Revenue Notes issue was closed in 1995 and issued by the Illinois Educational Facilities Authority.

Each Borrower must obtain (i) credit approval from the commercial bank providing the Letter of Credit as security (i.e., The Northern Trust Company) and (ii) consent from the other Members to join this cooperative in order to issue credit-enhanced Commercial Paper Revenue Notes.

Current members include the following institutions: Children’s Memorial Hospital, The Lincoln Park Zoological Society, Loyola University of Chicago, The University of Chicago, Northwestern University, The University of Chicago Medical Center, Illinois Masonic Center, Rehabilitation Institute of Chicago, OSF Healthcare System, and NorthShore University Health System are each Members of this cooperative program. Nevertheless, not all members currently have outstanding borrowings under the Program.

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### PROFESSIONAL & FINANCIAL

Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke
Commercial Paper Broker-Dealer:	J.P. Morgan Securities	New York, NY	Suzanne Beitel
Broker-Dealer Counsel:	Nixon Peabody LLP	Chicago, IL	Julie Seymour
Direct Pay LOC Bank:	The Northern Trust Company	Chicago, IL	
LOC Bank Counsel:	Foley & Lardner LLP	Chicago, IL	Laura Bilas
Trustee:	BNY Mellon	Columbus, OH	
IFA Financial Advisor:	Sycamore Financial Advisors	Chicago, IL	Melanie Shaker



RESOLUTION authorizing an amendment to the Resolution of the Illinois Educational Facilities Authority (the “IEFA”), a predecessor of the Illinois Finance Authority (the “Authority”), adopted on November 21, 1995, as amended by the Resolution of the IEFA adopted on February 22, 1996, by the Resolution of the IEFA adopted on October 16, 1998, by the Resolution of the IEFA adopted on June 17, 1999, by the Resolution of the IEFA adopted on September 14, 1999, by the Resolution of the IEFA adopted on October 18, 2000, by the Resolution of the IEFA adopted on May 24, 2001, by the Resolution of the IEFA adopted on August 23, 2001, by the Resolution of the IEFA adopted on November 26, 2001, by the Resolution of the IEFA adopted on April 10, 2002, by the Resolution of the IEFA adopted on December 16, 2003, by the Resolution of the Authority adopted on September 13, 2005, by two separate Resolutions of the Authority adopted on November 8, 2005, by the Resolution of the Authority adopted on July 8, 2008, by the Resolution of the Authority adopted on November 12, 2008, by the Resolution of the Authority adopted on October 12, 2010 and by the Resolution of the Authority adopted on November 14, 2013 (collectively, the “Existing Program Resolution”), authorizing and approving, among other things, the issuance and delivery by the Authority from time to time of not in excess of \$433,200,000 aggregate principal amount at any one time outstanding of Commercial Paper Revenue Notes (Pooled Financing Program) (the “Notes”) pursuant to a pooled tax-exempt commercial paper program (the “Program”); authorizing the extension of the Authority’s authorization under the Existing Program Resolution of the issuance and sale of the Notes pursuant to the Program until December 1, 2020; authorizing and approving the execution and delivery of any documentation necessary to effect the foregoing; and authorizing and approving certain related matters.

WHEREAS, the Illinois Finance Authority (the “Authority”) has been created by the Illinois Finance Authority Act, effective January 1, 2004, as amended (the “Act”); and

WHEREAS, on November 21, 1995, the Illinois Educational Facilities Authority (the “IEFA”) adopted a Resolution (the “November 1995 Resolution”) authorizing and approving, among other things, the issuance and delivery by the IEFA of not in excess of \$106,000,000 in aggregate principal amount at any one time outstanding of Commercial Paper Revenue Notes (Pooled Financing Program) (the “Notes”) pursuant to a pooled tax-exempt

commercial paper program (the “Program”) established under the Trust Indenture dated as of November 1, 1995, as supplemented and amended (the “Indenture”), between the Authority, as successor to the IEFA pursuant to the Act, and The Bank of New York Mellon Trust Company, N.A., as successor trustee, the proceeds of the Notes to be used to purchase separate Promissory Notes of The Children’s Memorial Hospital, The Lincoln Park Zoological Society (the “Zoo”), Loyola University of Chicago (“Loyola”) and The University of Chicago, all Illinois not for profit corporations, and Northwestern University (“Northwestern”), an Illinois corporation; and

WHEREAS, on February 22, 1996, the IEFA adopted a Resolution (the “February 1996 Resolution”) authorizing and approving an amendment to the November 1995 Resolution to, among other things, increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$106,000,000 to \$124,200,000; and

WHEREAS, on October 16, 1998, the IEFA adopted a Resolution (the “October 1998 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, to, among other things, (a) permit The University of Chicago Medical Center, formerly known as The University of Chicago Hospitals (the “Medical Center”), to become a borrowing institution under the Indenture and the Program and (b) increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$124,200,000 to \$158,200,000; and

WHEREAS, on June 17, 1999, the IEFA adopted a Resolution (the “June 1999 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution and the October 1998 Resolution, to, among other things, permit Loyola to reallocate all or a portion of the remaining \$21,051,000 authorized to be borrowed by it for the purpose of financing, refinancing and reimbursing itself for all or a portion of the costs of the acquisition, construction, renovation and equipping of certain of its facilities constituting “educational facilities” as defined in the Illinois Educational Facilities Authority Act, as amended (the “IEFA Act”); and

WHEREAS, on September 14, 1999, the IEFA adopted a Resolution (the “September 1999 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution and the June 1999 Resolution, to, among other things, (a) permit Illinois Masonic Medical Center to become a borrowing institution under the Indenture and the Program and (b) increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$158,200,000 to \$183,200,000; and

WHEREAS, on October 18, 2000, the IEFA adopted a Resolution (the “October 2000 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution and the September 1999 Resolution, to extend the authority of the IEFA to issue and sell Notes under the Program from December 1, 2000 to December 1, 2005; and

WHEREAS, on May 24, 2001, the IEFA adopted a Resolution (the “May 2001 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution and the October 2000 Resolution, to amend the list of “educational facilities,” as defined in the IEFA Act, that could be financed for the benefit of the Medical Center pursuant to the Program; and

WHEREAS, on August 23, 2001, the IEFA adopted a Resolution (the “August 2001 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution and the May 2001 Resolution, to amend the list of “educational facilities,” as defined in the IEFA Act, that could be financed for the benefit of Loyola pursuant to the Program; and

WHEREAS, on November 26, 2001, the IEFA adopted a Resolution (the “November 2001 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as

amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution and the August 2001 Resolution, to, among other things, increase the principal amount of Notes that may be issued and outstanding under the Program for the benefit of Northwestern from \$35,500,000 to \$49,500,000 and increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$183,200,000 to \$197,200,000 ; and

WHEREAS, on April 10, 2002, the IEFA adopted a Resolution (the “April 2002 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution and the November 2001 Resolution, to, among other things, increase the principal amount of Notes that may be issued and outstanding under the Program for the benefit of the Zoo from \$20,000,000 to \$40,000,000 and increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$197,200,000 to \$217,200,000; and

WHEREAS, on December 13, 2003, the IEFA adopted a Resolution (the “December 2003 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution and the April 2002 Resolution, to amend the list of “educational facilities,” as defined in the IEFA Act, that could be financed for the benefit of the Zoo pursuant to the Program; and

WHEREAS, on September 13, 2005, the Authority, as successor to the IEFA pursuant to the Act, adopted a Resolution (the “September 2005 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the

October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution and the December 2003 Resolution, to increase the principal amount of Notes that may be issued and outstanding under the Program for the benefit of the Medical Center from \$30,000,000 to \$105,000,000 and increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$217,200,000 to \$292,200,000; and

WHEREAS, on November 8, 2005, the Authority, as successor to the IEFA pursuant to the Act, adopted a Resolution (the “November 2005 First Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution and the September 2005 Resolution, to, among other things, (a) permit the Rehabilitation Institute of Chicago (“RIC”) to become a borrowing institution under the Indenture and the Program and (b) increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$292,200,000 to \$312,200,000; and

WHEREAS, on November 8, 2005, the Authority, as successor to the IEFA pursuant to the Act, adopted a Resolution (the “November 2005 Second Resolution” and, together with the November 2005 First Resolution, the “November 2005 Resolutions”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution and the November 2005 First Resolution, to extend the authority of the Authority, as

successor to the IEFA pursuant to the Act, to issue and sell Notes under the Program from December 1, 2005 to December 1, 2010; and

WHEREAS, on July 8, 2008, the Authority, as successor to the IEFA pursuant to the Act, adopted a Resolution (the “July 2008 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution and the November 2005 Resolutions, to, among other things, (a) permit OSF Healthcare System (“OSF”) to become a borrowing institution under the Indenture and the Program and (b) increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$312,200,000 to \$328,200,000; and

WHEREAS, on November 12, 2008, the Authority, as successor to the IEFA pursuant to the Act, adopted a Resolution (the “November 2008 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution, the November 2005 Resolutions and the July 2008 Resolution, to, among other things, (a) permit NorthShore University Healthcare System (“NorthShore”) to become a borrowing institution under the Indenture and the Program and (b) increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$328,200,000 to \$403,200,000; and

WHEREAS, on October 12, 2010, the Authority, as successor to the IEFA pursuant to the Act, adopted a Resolution (the “October 2010 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the

October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution, the November 2005 Resolutions, the July 2008 Resolution and the November 2008 Resolution, to extend the authority of the Authority, as successor to the IEFA pursuant to the Act, to issue and sell Notes under the Program from December 1, 2010 to December 1, 2015; and

WHEREAS, on November 14, 2013, the Authority, as successor to the IEFA pursuant to the Act, adopted a Resolution (the “November 2013 Resolution”) authorizing and approving an amendment to the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution, the November 2005 Resolutions, the July 2008 Resolution, the November 2008 Resolution and the October 2010 Resolution, to (a) increase the principal amount of Notes that may be issued and outstanding under the Program for the benefit of the Zoo from \$40,000,000 to \$70,000,000, (b) approve the financing, refinancing and reimbursing of the Zoo for all or a portion of the costs of the projects described therein and (c) increase the aggregate principal amount of Notes that may be issued and at any one time outstanding under the Program from \$403,200,000 to \$433,200,000; and

WHEREAS, the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution, the November 2005 Resolutions, the July 2008 Resolution, the November 2008 Resolution, the October 2010 Resolution and the November 2013 Resolution, is hereinafter referred to as the “Existing Program Resolution;” and

WHEREAS, the Existing Program Resolution provides that the Authority's authorization of the issuance and sale of the Notes under the Program will expire on December 1, 2015, unless such authorization is extended by a subsequent resolution of the Authority; and

WHEREAS, the Authority has been requested by Chapman and Cutler LLP, Bond Counsel to the Authority ("Bond Counsel"), on behalf of the Zoo, the Medical Center, and NorthShore, existing borrowing institutions, to extend the Authority's authorization of the issuance and sale of the Notes under the Program to December 1, 2020; and

WHEREAS, the Authority desires to so extend its authorization of the issuance and sale of Notes under the Program;

NOW, THEREFORE, Be It Resolved by the Authority that:

*Section 1. Extension.* The Authority, as successor to the IEFA pursuant to the Act, hereby authorizes and approves the extension of its authorization of the issuance and sale of Notes under the Program pursuant to the Existing Program Resolution from December 1, 2015 to December 1, 2020.

*Section 2. Amendment of Section 18 of the November 1995 Resolution.* In order to provide for the extension of the Authority's authorization of the issuance and sale of Notes under the Program, Section 18 of the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution, the November 2005 Resolutions, the July 2008 Resolution, the November 2008 Resolution, the October 2010 Resolution and the November 2013 Resolution, is hereby amended in its entirety to read as follows:

*"Section 18. Term of Authorization.* The authorization of the issuance and sale of the Notes pursuant to this Resolution shall expire on December 1, 2020, unless such authorization is extended by subsequent resolution of the Authority."



*Section 3. Execution and Delivery of Documentation.* The Authority does hereby authorize and approve the execution by its Chairman or Vice Chairman and the delivery of such documentation as is deemed by Bond Counsel to be necessary or appropriate to accomplish the matters set forth above in this Resolution, such documentation to be in such forms as shall be approved by Bond Counsel and by the official or officials of the Authority executing the same, with such execution to constitute conclusive evidence of such approval.

*Section 4. Authorization and Ratification of Related Matters.* The members, officials, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute, deliver and/or approve all such documents and showings as may be necessary or appropriate to carry out and comply with the provisions of this Resolution, and all of the acts and doings of the members, officials, 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.

*Section 5. Repeal of Conflicting Resolutions.* All resolutions and parts of resolutions in conflict herewith be and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon its passage. The foregoing notwithstanding, the November 1995 Resolution, as amended by the February 1996 Resolution, the October 1998 Resolution, the June 1999 Resolution, the September 1999 Resolution, the October 2000 Resolution, the May 2001 Resolution, the August 2001 Resolution, the November 2001 Resolution, the April 2002 Resolution, the December 2003 Resolution, the September 2005 Resolution, the November 2005 Resolutions, the July 2008 Resolution, the November 2008 Resolution, the October, 2010 Resolution and the November 2013 Resolution, is hereby confirmed and approved in all respects except insofar as certain provisions thereof are expressly amended or modified by, or are otherwise in conflict with, this Resolution.

To: Members of the Authority

From: Chris Meister, Executive Director  
Elizabeth Weber, General Counsel

Date: October 8, 2015

Re: Item 9 of the Project Reports and Resolutions.

***Resolution to authorize an Emergency Purchase under the Procurement Code to competitively select and enter into contracts with necessary parties, including but not limited to lenders, underwriters, trustees or paying agents, servicers, printers, road show providers, and/or rating agencies, to finance one or more projects authorized under the Illinois Finance Authority Act, including public purpose projects, the proceeds of which will be used to address one or more of the following in the absence of an enacted appropriation for Fiscal Year 2016, a court order or a consent decree: (i) threat(s) to public health or public safety, (ii) if immediate expenditure is necessary for repairs to State property in order to protect against further loss or damage to State property, (iii) to prevent or minimize serious disruption of critical State services that affect health, safety, or collection of substantial State revenues, or (iv) to ensure the integrity of State records; and other matters related thereto.***

## **Background**

The State is currently authorized to pay for most goods and services, whether pursuant to an enacted appropriation for Fiscal Year 2016, a court order or consent decree, or other legal directive. However, for some goods and services, the State will not have authority to remit payment until an appropriation has been enacted. Avenues to fund or finance some essential State governmental goods and services may not be available to all vendors.

### ***Request for Action***

The Resolution authorizes the Executive Director to take necessary and appropriate actions under the Procurement Code to select and sign contracts with the certain parties to finance a public purpose project for essential public goods and services.

If necessary, the public purpose project financing will be approved at either a special Authority board meeting or a regularly scheduled Authority board meeting. Revenues to repay the loan or bond, including interest costs, administrative fees (if any) and cost of issuance, will be from anticipated future appropriations for this purpose, not from the general or special funds of the Authority.

## **Analysis of Certain Statutory Provisions**

### ***The Authority may finance Public Purpose Projects on behalf of the State***

In creating the Authority, the General Assembly provided certain statutory tools to issue bonds as well as to make loans and guarantees in order to promote the health, safety, morals and general welfare of the people of the State. 20 ILCS 3501/801-5. If certain essential governmental services and goods are not funded due to the current budget impasse, the health, safety, morals and general welfare of the people of the State could be threatened.

Among these tools, the Authority has the power to finance “public purpose project(s),” which the General Assembly has specifically defined as:

“. . . any project or facility, . . . , which is authorized or required by law to be acquired, constructed, improved, rehabilitated, reconstructed, replaced or maintained by any unit of government or any other lawful public purpose which is authorized or required by law to be undertaken by any unit of government.” 20 ILCS 3501/801-10(c)

Under the Authority’s Act, a “unit of government” includes the State “or any agency or instrumentality thereof.” 20 ILCS 3501/801(i).

### ***The Procurement Code provides the Emergency Purchase option to engage with private lenders and other necessary potential vendors***

Given the lack of the usual avenues to fund certain essential governmental goods and services, the Authority would need to determine whether its statutory tools would support a financing to partially mitigate the threats to the health, safety, morals and general welfare of the State. By necessity, the Authority needs to engage with private lenders and other necessary parties in order to make such a determination. State law requires that the Authority conduct such engagement through the Illinois Procurement Code (“Code”). 30 ILCS 500, *et seq.*

The Code provides the “emergency purchase” option when any of the following four conditions are met:

- there exists a threat to public health or public safety, or
- when immediate expenditure is necessary for repairs to State property in order to protect against further loss or damage to State property, or
- to prevent or minimize serious disruption of critical State services that affect health, safety, or collection of substantial State revenues, or
- to ensure the integrity of State records (“Four Emergency Purchase Limitations”). 30 ILCS 30/20-30(a).

Emergency purchases shall be made with as much competition as is practicable under the circumstances. 30 ILCS 500/20-30(a). The term of the emergency purchase is limited to the time reasonably needed for a competitive purchase, not to exceed 90 days. If the contract needs

to be extended beyond 90 days, the Chief Procurement Officer must make this determination subject to a public hearing and written justification for the extension. 30 ILCS 30/20-30(a).

***The Authority's statutory tools may be available to finance Public Purpose Projects in the absence of an enacted appropriation for Fiscal Year 2016, a court order or consent decree, or other legal directive***

The Authority has considered such concepts in the past - most recently in April 2011 when the Authority approved a preliminary proposal to finance the payment of Medicaid bills when such bills had long payment cycles. The Authority is aware that similar concepts were considered at least as far back as the 1990's under predecessor agencies. However, the current budget impasse, with its combination of certain budget bills signed into law and court-ordered payments, is different from past situations.

First, the Authority Act provides for the following to be possibly included in the financing of a public purpose project:

- a statutory lien. 20 ILCS 3501/801-40(c))
- a non-impairment clause. 20 ILCS 3501/801-50
- a pledge of the State's moral obligation (a contingent State taxpayer guarantee) under 20 ILCS 3501/801-40(w). Other provisions of the Authority Act may provide additional public purpose projects (see the additional security provisions found under 20 ILCS 3501/825-40; 825-75) that could provide additional categories and amounts of borrowing backed by the State's moral obligation (or its equivalent).
- Revenues to repay the loan or bond, including interest costs, administrative fees (if any) and cost of issuance, will be from anticipated future appropriations for this purpose

Second, the Authority Act also allows for a Public Purpose Project financing using statutory interest through the Prompt Payment Act (30 ILCS 540/1 *et seq.*).

### **Use of Proceeds**

The Authority recommends a narrow definition of "essential public goods and services" in order to increase the likelihood that appropriations for the payment of principal and interest on the loan to finance such goods and services will be made as well as to comply with the applicable provisions of the Procurement Code. The Four Emergency Purchase Limitations provide specific parameters on the ultimate use of proceeds. However, the Authority recognizes that the Governor's Office, Governor's Office of Management and Budget ("GOMB"), and the leadership of specific agencies or offices will have authority and knowledge to designate or identify essential public goods and services. The Authority will work with State officials to identify essential public goods and services.

**RESOLUTION TO AUTHORIZE AN EMERGENCY PURCHASE UNDER THE PROCUREMENT CODE TO COMPETITIVELY SELECT AND ENTER INTO CONTRACTS WITH NECESSARY PARTIES, INCLUDING BUT NOT LIMITED TO LENDERS, UNDERWRITERS, TRUSTEES OR PAYING AGENTS, SERVICERS, PRINTERS, ROAD SHOW PROVIDERS, AND/OR RATING AGENCIES, TO FINANCE ONE OR MORE PROJECTS AUTHORIZED UNDER THE ILLINOIS FINANCE AUTHORITY ACT, INCLUDING PUBLIC PURPOSE PROJECTS, THE PROCEEDS OF WHICH WILL BE USED TO ADDRESS ONE OR MORE OF THE FOLLOWING IN THE ABSENCE OF AN ENACTED APPROPRIATION FOR FISCAL YEAR 2016, A COURT ORDER OR A CONSENT DECREE: (I) THREATS TO PUBLIC HEALTH OR PUBLIC SAFETY, (II) IF IMMEDIATE EXPENDITURE IS NECESSARY FOR REPAIRS TO STATE PROPERTY IN ORDER TO PROTECT AGAINST FURTHER LOSS OR DAMAGE TO STATE PROPERTY, (III) TO PREVENT OR MINIMIZE SERIOUS DISRUPTION FO CRITICAL STATE SERVICES THAT AFFECT HEALTH, SAFETY OR COLLECTION OF SUBSTANTIAL STATE REVENUES, OR (IV) TO ENSURE THE INTEGRITY OF STATE RECORDS; AND OTHER MATTERS RELATED THERETO**

**WHEREAS**, The Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Act”); and

**WHEREAS**, the State of Illinois (the “State”) is currently authorized to pay for many goods and services, whether pursuant to an enacted appropriation for fiscal year 2016, a court order or consent decree, but avenues to fund or finance some essential State governmental goods and services may not be available to the State for all vendors to the extent necessary; and

**WHEREAS**, the General Assembly determined under the Act, in the interest of promoting the health, safety, morals and general welfare of all the people of the State, to make available through the Authority funds for public purpose and other projects; and

**WHEREAS**, under the Act (20 ILCS 3501/801-10(c)), a “public purpose project” includes any project or facility which is authorized or required by law to be acquired, constructed, improved, rehabilitated, reconstructed, replaced or maintained by any unit of government or any other lawful public purpose which is authorized or required by law to be undertaken by any unit of government; and

**WHEREAS**, under the Act (20 ILCS 3501/801-10(i)), a “unit of government” includes the State or any agency or instrumentality, office, officer, department, division, bureau, or commission thereof; and

**WHEREAS**, the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) allows the Authority to make procurements including those (i) when there exists a threat to public health or public safety, (ii) when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property, (iii) to prevent or minimize serious disruption in critical State services

that affect health, safety, or collection of substantial State revenues, or (iv) to ensure the integrity of State records (collectively, the “Purchase Provisions”); and

**NOW, THEREFORE,** Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Approval to Use the Procurement Code to Select and Enter into Contracts with Certain Parties.** The Executive Director or his designees are hereby authorized to take all actions, reasonable and necessary, under the Purchase Provisions of the Procurement Code, or other applicable provisions, to solicit bids and proposals from certain parties, including but not limited to lenders, underwriters, trustees or paying agents, servicers, printers, road show providers, and/or rating agencies, to finance one or more projects authorized under the Act, including public purpose projects, the proceeds of which will be used to address one or more of the Purchase Provisions in the absence of an enacted State appropriation for fiscal year 2016, a court order or a consent decree. To the extent required by the Procurement Code, such procurements shall be made with as much competition as is practicable under the circumstances.

**Section 3. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents as may be required in connection with the procurements set forth in this Resolution.

**Section 4. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director 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 the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 5. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

**Section 6. Conflicts.** All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 7. Immediate Effect.** This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 8th day of October, 2015 by roll call vote as follows:

Yeas:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
Assistant Secretary

[SEAL]

To: Members of the Authority  
From: Elizabeth Weber, General Counsel  
Chris Meister, Executive Director  
Date: October 8, 2015  
Re: Sample Questions and Answers

**1. Who asked the Authority to pursue development of this concept?**

**Proposed Answer:** The Governor’s Office has asked all State agencies to assist with vendor management during the budget impasse. While the Authority does not depend on the State budget and State appropriations to support its operations, seeking Board approval for the selection of necessary parties under the Procurement Code for a public purpose project financing is one way in which the Authority could assist and would provide the State with an additional option to help mitigate the current situation.

**2. Will this concept work?**

**Proposed Answer:** We don’t know. We do have certain tools under the Authority Act. But the Authority needs to go through the Procurement Code process with Authority Board approval in order to get an answer. This process will allow as much competition as practicable under the circumstances and to proceed with the necessary vendors expeditiously if feasible.

**3. What would happen if the General Assembly does not appropriate funds for repayment or specifically prohibits appropriations for this purpose if the proposed loan to the Authority is secured by the State’s moral obligation pledge?**

**Proposed Answer:** This is what the moral obligation pledge is for – although under the moral obligation, the General Assembly may or may not appropriate funds. This is why it is a moral obligation rather than a general obligation. To date, the State of Illinois has never failed to provide funds necessary to pay debt service on bonds secured with a moral obligation pledge. However, past performance is no guarantee of future results. The Authority and the potential lenders bear the appropriation risk under this proposal. The State could also risk downgrade of its credit by the rating agencies if the General Assembly fails to appropriate and fund a debt service payment appropriation request filed by the Governor on a moral obligation bond.

**4. How large does the Authority expect this financing to be?**

**Proposed Answer:** Again the outcome of the procurement process will dictate this answer. The size of the transaction cannot exceed the available allocation under the Authority’s moral obligation issuance authority. Under 20 ILCS 3501/801-40(w), approximately \$114 million of “moral obligation” bonds could be issued; however there



is a potential that the “additional security” provisions of 20 ILCS 3501/825-40; 825-75 could provide additional categories and amounts of borrowing (up to \$3 billion; energy related) backed by moral obligation (or its equivalent, additional security). If a viable financing structure is identified through the procurement process, the terms of the public purpose project financing will be brought back to the Authority for approval.

- 5. The budget impasse results from a policy dispute between two of the three branches of government. If the Authority issues moral obligation bonds, would the General Assembly consider that it, as part of the Executive Branch, has inserted itself into the policy dispute?**

**Proposed Answer:** The moral obligation bond structure has been a part of the Authority Act for many years. Other governmental units, such as regional authorities, also have the statutory authority to issue moral obligation bonds. Generally, under this financing structure, the Governor requests that the Legislature refill the debt service reserve on any bonds or loan secured by the moral obligation pledge if monies in that fund are needed to pay debt service. The proposed financing option was developed with full respect for and knowledge of the Legislature’s inherent and sole power to appropriate.