

ILLINOIS FINANCE AUTHORITY

February 15, 2018

9:30 a.m.

SPECIAL MEETING

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. Consideration of the Minutes
- V. Presentation and Consideration of the Project Reports and Resolutions
- VI. Other Business
- VII. Public Comment
- VIII. Adjournment

PROJECT REPORTS AND RESOLUTIONS

AGRICULTURE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Beginning Farmer Bonds						
<i>Final (One-Time Consideration)</i>						
1	A) Justin Joseph Bergbower	Fox (North) & Willow Hill Townships (Jasper County)	\$86,820	-	-	PE/LK
	B) Brett D. Jaeger	Pitman Township (Montgomery County)	\$303,000	-	-	PE/LK
TOTAL AGRICULTURE PROJECTS			\$389,820	-	-	

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

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
501(c)(3) Revenue Bonds						
<i>Final (One-Time Consideration)</i>						
2	BHF Chicago Housing Group C LLC (Better Housing Foundation Ernst Portfolio Project)	Chicago (Cook County)	\$25,000,000	1	N/A	RF/BF
TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS			\$25,000,000	1	N/A	
GRAND TOTAL			\$25,389,820	1	N/A	

PROJECT REPORTS AND RESOLUTIONS

RESOLUTIONS

Tab	Action	Staff
Resolutions		
3	Resolution Approving Supplement to Final Bond Resolution Approved by IFA Board of Directors as of December 14, 2017 that will Specifically Authorize the Issuance of One or More Series of IFA Taxable Series 2018 Bonds (The University of Chicago)	RF/BF
4	Preliminary Bond Resolution Approving the Issuance of Illinois Finance Authority Taxable Revenue Bonds, in One or More Series, for the Benefit of Certain Community Banks and Bank Holding Companies and for the Purposes Set Forth Herein in an Aggregate Principal Amount Now Estimated Not to Exceed \$250,000,000	RF/BF
5	Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Develop and Administer a Commercial Property Assessed Clean Energy Program	RF/BF
6	Resolution Approving Implementation of a New Participation Loan Program for the Illinois Finance Authority, and Delegating Authority to Establish Policies and Procedures for Such Program within Parameters	SL
7	Resolution Approving the Development of the Illinois Finance Authority Ownership and Project Finance Program; and Authorizing the Executive Director of the Illinois Finance Authority to Take Steps Related to the Implementation of the Program	PL
8	Resolution Approving the Restructuring of the Illinois Finance Authority MedCap Program to the Medium Term Healthcare Finance Program; Authorizing the Executive Director of the Illinois Finance Authority to Take Steps Related to the Implementation of the Program	PL
9	Resolution Approving and Confirming Various Procurement Matters, Including (I) a Contract with Baker & Hostetler LLP (Legal Services), (II) a Contract with The Crypsis Group (Network Services), (III) a Personal Services Contract with Kathy Lydon (Consulting Services), (IV) a Personal Services Contract with Janella Kaczanko (Consulting Services), (V) an Amendment to a Contract with Catalyst Consulting Group, Inc. (Information Technology Consulting and Support), and (VI) an Assignment of a Contract (Legal Services) from Polsinelli P.C. to Barnes & Thornburg LLP	EW/RO
10	Appointment of Secretary and Assistant Secretary of the Illinois Finance Authority and Matters Related Thereto	CM
11	Appointment of Treasurer of the Illinois Finance Authority	CM

**ILLINOIS FINANCE AUTHORITY
CALL FOR SPECIAL MEETING**

The undersigned, the duly appointed Chair of the Illinois Finance Authority and pursuant to Article IV, Section 3 of the Authority's By-Laws, does hereby call a Special Meeting to be held at the Authority's Chicago Office, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601 on Thursday, February 15, 2018 at 9:30 a.m. for the purpose of discussing the matters set forth on the attached agenda.

/s/ Eric R. Anderberg

Eric R. Anderberg
Chair, Illinois Finance Authority
November 28, 2017

Date: February 15, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox

Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Christopher B. Meister, Executive Director

Subject: *Message from the Executive Director*

Dear Member of the Authority:

As the Authority's last meeting on December 14, 2017 adjourned, the fate of private activity bonds ("PABs" or federally tax-exempt conduit bonds) still lay in the hands of the Congressional Conference Committee. In pursuit of the Authority's state statutory mission, PABs are the primary job creation/retention and economic development tool - as well as the Authority's predominant revenue source.

Fortunately, late the next day, on Friday, December 15, 2017, we learned, in the words of *The Bond Buyer* headline, that the "final tax bill gives muni market the gift of continued private activity bonds." This happy news came too late in the production cycle of the Authority's Fiscal Year 2017 Financial Audit, prepared and published on December 21, 2017 by the Office of the Illinois Auditor General, to be included in a subsequent event note.

Sadly for American taxpayers, advance refunding, an essential tool to save interest costs, was eliminated in the final federal tax legislation. The elimination of advance refunding is expected by some commentators to reduce overall dollar volume in the municipal market by between 15% and 40%. It will also needlessly cost state and local taxpayers, patients, students and utility rate payers (all of whom are also federal taxpayers) more in interest costs to finance infrastructure investments of all kinds, e.g. hospitals, schools, universities, water and sewer plants, housing projects, as well as roads and bridges.

A note of thanks to the Authority staff team for their extraordinary collective work to document and close the private activity bond/conduit transactions approved in November and December 2017. The net result of this compression of activity is very good financial news for the Authority. As will be discussed in greater detail in the financial report, the Authority has made its budget, with a profit (retained earnings) as of January 31, 2017 for the entire twelve month reporting period of Fiscal Year 2018.

An organizational near death experience, like the one presented by the federal tax legislation, tends to focus the mind. Accordingly, we have focused intently on diversifying the revenue sources of the Authority consistent with our state statutory mission. Among the items in various stages of development, I am proud to highlight:

- Taxable community bank financing preliminary resolution, the Authority's first foray into the rapidly developing Impact or Environmental, Social and Governance ("ESG") sector;
- Reinvention of the Authority's business loan programs with a priority to stand up a veteran-owned business loan program that will meet the capital access needs of today's entrepreneurs who are veterans;
- Engaging Authority resources to help make the State's recently enacted property assessed clean energy program a success that will deliver energy efficiency improvements to commercial properties in an economically effective manner;
- Using the Authority's longstanding, but over the past few decades little used, capital asset purchase powers to better serve our hospital and healthcare system borrowers;
- Restructuring the Authority's MedCap Program as the Medium Term Healthcare Finance Program to better serve the needs of our healthcare borrowers; and
- Development of a New American Infrastructure Model ("NAIM") that could be a path to both the reduction of unfunded public pension liabilities and provide new dollars for infrastructure investments.

These are but six of the approximately dozen serious ideas for new revenues and revenue lines that we are under active development and exploration. Not all of these ideas will be successful, but I am confident that under the leadership of this Board, we will succeed in transforming and diversifying the Authority's offerings in order to have greater positive impact to economic development in Illinois and to the diversify the revenues and operations of the Authority.

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

Respectfully,



Christopher B. Meister
Executive Director

Enclosures: (i) New American Infrastructure Model ("NAIM") Memo and Illustration
(ii) Additions to the Authority Team Memo
(iii) In Memoriam Norm Gold and George Shadid Memo



To: Members of the Authority

From: Chris Meister, Authority Executive Director

Date: February 15, 2018

Re: **New American Infrastructure Model (“NAIM”)**
Discussion Only

Both as a nation and as a state, our challenges with respect to infrastructure and public pension obligations are well-known.

The NAIM Proposal would address both the infrastructure and the public pension obligation by transforming assets, such as publicly owned water or sewer assets, into performance-driven business enterprises. In doing so, the NAIM Proposal would take a public asset, preserve public ownership, and use the proceeds for a public benefit – the reduction of unfunded public pension liabilities and new dollars for infrastructure investments.

Importantly, the NAIM Proposal requires a conduit issuer like the Authority to preserve a specific project’s ability to finance future capital expenditures on a federally tax-exempt basis.

The NAIM Proposal will require changes to state law, and ideally, changes in Federal tax provisions related to governmental purpose bonds and public pension investment in infrastructure.

The attached one-page document provides a summary of the NAIM Proposal.

Ray Kljajic, Managing Director at American Public Infrastructure, LLC, brought the NAIM Proposal to the Authority.

Attachment

New American Infrastructure Model (“NAIM”) — An Illustration

Transforming Public Assets into Performance-Driven, Business Enterprises

- PROBLEM** **Fiscal Challenges:** Infrastructure, Pensions, Budgets and Ratings Pressures
- **Infrastructure** — City has increasing needs, while federal & state assistance is more scarce
 - **Pensions** — City has a large net pension liability of \$500 million (only 50% funded), which is worsened by the low interest rate environment and fewer sound investment options
 - **Budgets** — Together they add to City's fiscal stress, heightening pressure for tax increases

Key obstacles to Public-Private Partnerships (P3s) of existing infrastructure are Fear & Cost:

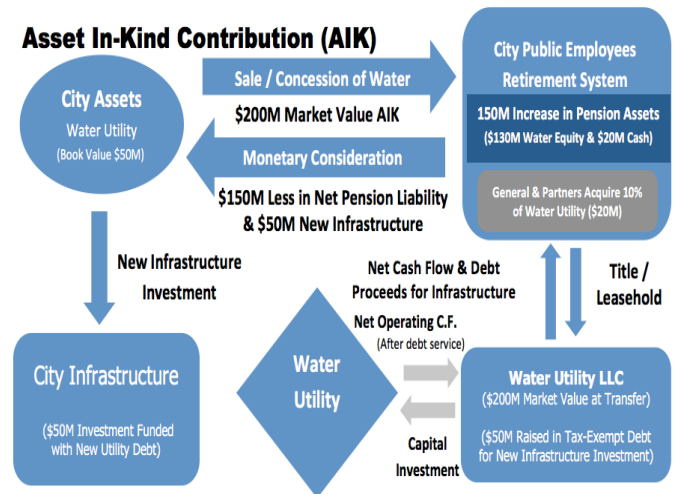
- **Loss of Control** — Selling core infrastructure to private/alien firms ignites stakeholder fears
- **Higher Capital Cost** — Going from 100% low cost, tax-exempt debt to more costly taxable debt and equity, generates serious opposition from stakeholders

SOLUTION **NAIM is about taking core infrastructure, and via sale, concession or asset in-kind contribution (AIK), creating new financial resources to be recycled into new infrastructure investments.** Stakeholders trust public pension stewardship of public assets. Under NAIM, such ownership capitalizes on private sector expertise to transform assets into valuable, performance-driven, business enterprises while preserving low cost capital.

Pensions and their private partners have fiduciary obligation to maximize enterprise value for beneficiaries, which bolsters the amount of trapped equity available for recycling into new infrastructure. This value can be converted into cash through new enterprise debt, equity sell-down and free cash flow, providing:

- **Cash for capital improvements**
- **Funding for Federal match**
- **Investments in other municipal infrastructure**

AIK has significant precedent in corporate finance and abroad, but in U.S. public finance, a huge gulf exists between pension sponsors and their public pension plans — New ERISA-like approaches are designed to bridge this gulf and create great value.



BENEFITS **Two Birds with One Stone** — City transfers Water Utility at “fair market value” to pension fund. The fund’s ownership interest will NOT taint the tax-exemption of outstanding bonds and will preserve the ability to finance future capital expenditures on tax-exempt basis

- **Regional Water & Sewer Consolidation** is long overdue and it can generate tremendous savings from economies of scale, synergizes, capital optimization, etc.
 - **Driving Value** — Private partners bring entrepreneurship, innovation and business discipline, which together with pricing reforms, propel earnings and asset value
 - **Water Utility** — Market value of \$200 million (\$50 million dedicated to new infrastructure)
- **Capital Recycling** — Trapped equity & newly created value can be invested in new infrastructure projects, stimulating economic growth — JOBS
- **Improving Pension Soundness** — AIK raises the fund's total assets by \$150M and offers better investment returns and more price stability
 - **Infrastructure** — Water Utilities particularly are highly treasured assets by institutional investors
 - **Enhanced Investment Returns** act to reduce future pension contribution requirements and ease the City’s fiscal stress

Asset In-Kind Contribution		
\$ Millions	Current	After Transfer
City Water - Fixed Assets <i>(No value for credit rating)</i>	\$50 <i>Book Value</i>	\$200 <i>Market Value</i>
Asset In Kind Contribution		
▪ Pension	\$0	\$150
▪ Infrastructure	\$0	\$50
City - Fixed Assets		
▪ Water	\$50	\$0
▪ Infrastructure (Debt Issue)	\$0	\$50
Total Fixed Assets	\$50	\$50
Pension Assets	\$500	\$650
AA Liabilities	\$1,000	\$1,000
Net Pension Liability	\$500	\$350
Funded Ratio	50%	65%



To: Members of the Authority

From: Chris Meister, Authority Executive Director
Elizabeth Weber, Authority General Counsel
Ximena Granda, Authority Controller

Date: February 15, 2018

Re: ***Additions to the Authority Team***

Since our last meeting, the Authority has added the following staff members:

1. Stan Luboff, Loan and Guarantee Vice President. Decades of experience implementing, administering and developing public and private loan programs and products. Veteran United States Air Force. (full-time, personal services contract)
2. Kathy Lydon, Federal Policy Director. Retired Director State of Illinois Washington D.C. Office. Former Chief of Staff, United States Representative Judy Biggert. Decades of high-level federal experience. (part-time, personal services contract)
3. Janella Kaczanko, Human Resources Manager. Human resources executive with Fortune 1000 experience and demonstrated achievements in strategic planning and operations in complex and competitive business environments. (part-time, personal services contract)
4. Ryan Oechsler, Associate General Counsel. 2017 Graduate of the University of Michigan Law School. English teacher in South Korea. Extensive not-for-profit work experience.



To: Members of the Authority

From: Chris Meister, Authority Executive Director
Elizabeth Weber, Authority General Counsel
Ximena Granda, Authority Controller

Date: February 15, 2018

Re: *In Memoriam*
Norm Gold, former Authority Member
George Shadid, former State Senator, Peoria

Please take a moment to read the attached obituaries.

Norm Gold, a former Member of the Authority and a lawyer with a national reputation, died at age 87 on December 28, 2017. Longer-serving Members of the Authority will remember Norm's steely determination to attend and participate in Authority meetings despite failing health.

George Shadid, a former State Senator and former sheriff of Peoria County, died on February 3, 2018. In 2003, Senator Shadid helped his close friend, the late Senate Majority Leader Vince Demuzio, pass Public Act 93-0205, which created the Illinois Finance Authority.

Both Norm and George made contributions to the Authority and the people of Illinois. They will be remembered with gratitude and affection.

Date: February 15, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox

Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

Subject: ***Minutes of the November 9, 2017 Regular Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (the “**Minutes**”) in connection with the regular meeting of the Members of the Illinois Finance Authority (the “**Authority**”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the second Thursday of November in the year 2017, 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
REGULAR MEETING
Thursday, November 9, 2017
9:30 AM

AGENDA:

- I. Call to Order & Roll Call
(page 3, line 1 through page 4, line 24)
- II. Approval of Agenda
(page 5, line 1 through page 5, line 18)
- III. Chairman’s Remarks
(page 5, lines 19 through 23; page 33, line 5 through page 37, line 1)
- IV. Message from the Executive Director
(page 37, line 2 through page 51, line 11)
- V. Consideration of the Minutes
(page 5, line 24 through page 6, line 16)
- VI. Presentation and Consideration of Financial Reports
(page 6, line 17 through page 7, line 19)
- VII. Monthly Procurement Report
(page 7, line 20 through page 9, line 12)



- VIII. Committee Reports
(page 9, line 13 through page 10, line 2)
- IX. Presentation and Consideration of the Project Reports and Resolutions
(page 10, line 3 through page 33, line 4)
- X. Other Business
(page 51, line 12 through page 52, line 24)
- XI. Public Comment
(page 53, lines 1 through 15)
- XII. Adjournment
(page 53, line 16 through page 54, line 7)

The Minutes of the regular meeting of the Authority 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 to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Brad R. Fletcher
Assistant Vice President

- Enclosures:
- 1. Minutes of the November 9, 2017 Regular Meeting
 - 2. Voting Record of the November 9, 2017 Regular Meeting

ILLINOIS FINANCE AUTHORITY

REGULAR MEETING

November 9, 2017 at 9:30 a.m.

REPORT OF PROCEEDINGS had at the Regular

Meeting of the Illinois Finance Authority on

November 9, 2017, at the hour of 9:30 a.m., pursuant

to notice, at 160 North LaSalle Street, Suite S-1000,

Chicago, Illinois.

APPEARANCES:

MR. ERIC ANDERBERG, Chairman

MR. BRADLEY A. ZELLER

MR. ROGER E. POOLE

MR. GEORGE OBERNAGEL

MR. LYLE McCOY

MR. LERRY KNOX

MS. ARLENE JURACEK

MR. MICHAEL W. GOETZ

MS. BETH SMOOTS

MS. GILA BRONNER (Via Audio Conference.)

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

MR. BRAD FLETCHER, Assistant Vice-President

MR. RICH FRAMPTON, Vice-President

MS. PAMELA LENANE, Vice-President

MS. ELIZABETH WEBER, IFA General Counsel

MS. XIMENA GRANDA, Controller

MR. CHRISTOPHER B. MEISTER, Executive Director

MR. TERRY FRANZEN, Procurement

MR. PATRICK EVANS, Agricultural Banker (Via Audio

Conference.)

GUESTS

MS. LEAH HOBSON, Director of Finance,

Northwestern Memorial Health Care

MR. JACOB A. PANCRATZ, Vice President, Public

Finance, Healthcare Investment Banking, J.P. Morgan

MR. L. MARK DeANGELIS, ESQ, President, Desak

Development Corp.

1 CHAIRMAN ANDERBERG: I'd like to call the
2 meeting to order.
3 Will the Assistant Secretary please
4 call the roll.
5 FLETCHER: Certainly.
6 The time is 9:30 a.m. I will call the
7 roll of Members physically present first.
8 Mr. Goetz?
9 GOETZ: Here.
10 FLETCHER: Ms. Juracek?
11 JURACEK: Here.
12 FLETCHER: Mr. McCoy?
13 MccOY: Here.
14 FLETCHER: Mr. Knox?
15 KNOX: Here.
16 FLETCHER: Mr. Obernagel?
17 OBERNAGEL: Here.
18 FLETCHER: Mr. Poole?
19 POOLE: Here.
20 FLETCHER: Ms. Smoots?
21 SMOOTS: Here.
22 FLETCHER: Mr. Zeller?
23 ZELLER: Here.
24 FLETCHER: And Mr. Chairman?

1 CHAIRMAN ANDERBERG: Here.
2 FLETCHER: Mr. Chairman, a quorum of members
3 physically present in the room has been constituted.
4 At this time, I'd like to ask if any
5 Members wish to attend via audio conference.
6 BRONNER: Yes.
7 This is Gila Bronner. I'm requesting
8 to attend via audio conference due to employment
9 purposes.
10 CHAIRMAN ANDERBERG: Is there a motion to
11 approve this request pursuant to the bylaws and
12 policies of the Authority?
13 OBERNAGEL: I'll make that motion.
14 GOETZ: Second.
15 CHAIRMAN ANDERBERG: Motion by Mr. Obernagel,
16 second by Mr. Goetz.
17 All those in favor?
18 (Chorus of ayes.)
19 CHAIRMAN ANDERBERG: Opposed?
20 (No response.)
21 CHAIRMAN ANDERBERG: The ayes have it.
22 FLETCHER: Mr. Chairman, Member Bronner has
23 been added to the initial quorum roll call.
24 BRONNER: Thank you.

1 CHAIRMAN ANDERBERG: Does anyone wish to make
2 any additions, edits, or corrections to today's
3 Agenda?
4 (No response.)
5 CHAIRMAN ANDERBERG: I'd like to request a
6 motion to approve the Agenda.
7 GOETZ: So moved.
8 CHAIRMAN ANDERBERG: Is there such a motion?
9 GOETZ: So moved.
10 KNOX: Second.
11 CHAIRMAN ANDERBERG: Motion by Mr. Goetz, and a
12 second by Mr. Knox.
13 All those in favor?
14 (Chorus of ayes.)
15 CHAIRMAN ANDERBERG: Opposed?
16 (No response.)
17 CHAIRMAN ANDERBERG: Thank you, Gila. The ayes
18 have it.
19 Chris and I are -- we're going to
20 change things up today because we're at a hard stop
21 with Gila today. Chris and I will defer our remarks
22 and message until after the projects. We've got a
23 lot to talk about.
24 Consideration of the Minutes: Does

1 anyone wish to make any additions, edits, or
2 corrections to the Minutes from October 12th?
3 (No response.)
4 CHAIRMAN ANDERBERG: Hearing none, I'd like to
5 request a motion to approve the Minutes.
6 Is there such a motion?
7 GOETZ: So moved.
8 JURACEK: Second.
9 CHAIRMAN ANDERBERG: A motion by Mr. Goetz, a
10 second by Ms. Juracek.
11 All those in favor?
12 (Chorus of ayes.)
13 CHAIRMAN ANDERBERG: Opposed?
14 (No response.)
15 CHAIRMAN ANDERBERG: The ayes have it.
16 Okay.
17 MEISTER: Okay. Presentation and Consideration
18 of the Financials.
19 At my request, I asked Controller
20 Granda to focus on other matters due to the workload
21 in connection with last Thursday's Congressional
22 proposal and its impact on the Authority. So this
23 month's Financials will be deferred until the
24 December meeting.

1 At the October meeting, to remind
2 everyone, we reported a year-to-date net income of
3 the Authority, as of September 30th, at approximately
4 \$511,000.
5 Now, in October, we only closed a
6 single Beginning Farmer Bond and the Iowa Health
7 System's Nonprofit Hospital Conduit or Private
8 Activity Bond in the amount of \$19.5 million for a
9 fee of \$17,500.
10 We also met with our external
11 auditors -- our internal auditors, and we are working
12 constructively with the Fire Marshal's internal audit
13 to complete their report on the fire truck and
14 ambulance loan program.
15 With respect to the external auditors,
16 it's possible we could have a financial audit
17 completed and published in December 2017.
18 I'll take any questions.
19 (No response.)
20 MEISTER: If not, we'll have Terry Franzen on
21 our team briefly present the Monthly Procurement
22 Report.
23 FRANZEN: Good morning, Mr. Chairman, Members
24 of the Board.

1 From the Procurement Report, you see
2 we've executed five small purchase orders for the
3 Authority: one for court reporting, two for IT
4 related orders, and one for postage meter
5 replacements. The UPS shipping agreement is off a
6 State Master with state procurement in the process of
7 renewing, IFA will be piggybacking on it as soon as
8 it is executed.
9 The Current Asset Innovations contract
10 noted at the bottom of the page is being amended to
11 increase the contract amount by \$165,000, primarily
12 for software upgrades to the IFA's finance and
13 accounting software and for implementing new payroll
14 and timekeeping modules to perform those services
15 inhouse.
16 And the remainder of the list are the
17 expiring contracts for the 2018 fiscal year.
18 Any questions?
19 MEISTER: I have two quick matters to add.
20 Again, the unanticipated workload of last Thursday's
21 announcement, we have been working very steadily
22 to -- changing the ADP TotalSource relationship,
23 where the employees receive our payroll and then
24 Health and Disability insurance benefits at the end

1 of December. Due to the shift in focus, we are going
 2 to be unable to meet that deadline. We've advised
 3 the procurement regulators of that fact, and we are
 4 working to extend that contract to the end of
 5 insurance plan year, December 31st.
 6 As Terry noted, we've made significant
 7 progress in working with State Master Insurance
 8 Broker contract and an existing -- and expanding the
 9 scope of an existing IT contract to possibly replace
 10 those services so that there would be no negative
 11 impact to the employees of the Authority.

12 CHAIRMAN ANDERBERG: Okay.
 13 Committee Reports: The Executive
 14 Committee met earlier this morning and discussed
 15 pending federal tax reform legislation, which we will
 16 discuss as Item 6 on today's agenda.

17 MCCOY: Tax-Exempt Conduit Transaction
 18 Committee met earlier this morning and voted
 19 unanimously to recommend for approval each of the
 20 following matters on today's agenda, including three
 21 Beginning Farmer Bonds; CHF Chicago, LLC; Better
 22 Housing Foundation/Windy City Portfolio Project;
 23 Northwestern Memorial HealthCare; and finally,
 24 Bethesda Home & Retirement Center.

1 Mr. Chairman?
 2 CHAIRMAN ANDERBERG: Okay. Thank you.
 3 Next, we'll move to the Project
 4 Reports and Resolutions.
 5 I'd like to ask for the general
 6 consent of the Members to consider the Project
 7 Reports, Resolutions collectively, and to have a
 8 subsequent recorded vote apply to each respective
 9 individual Project and Resolution, unless there are
 10 any specific Project Reports and Resolutions that a
 11 Member would like to consider separately.

12 GOETZ: Mr. Chairman, I'd like to recuse
 13 myself from these deliberations and voting with
 14 respect to Item 4, Northwestern Memorial HealthCare,
 15 of the Project Reports and Resolution, because my son
 16 works for the financial advisor on the transaction.
 17 SMOOTS: And Mr. Chairman, I would like to
 18 recuse myself from any deliberations and voting with
 19 respect to Item No. 5, Bethesda Home & Retirement
 20 Center, on the Project Reports and Resolutions,
 21 because my husband is on the Board.

22 CHAIRMAN ANDERBERG: Okay. I'd like to
 23 consider Item No. 4 and then Item No. 5 first as
 24 separate votes, and then consider remaining items on

1 the agenda collectively before discussing Item No. 6.
2 Ms. Lenane, before you present Item
3 No. 4, I'd like to ask Member Goetz to exit the room
4 as previously discussed.
5 FLETCHER: Let the record reflect, please, that
6 Member Goetz has recused himself from deliberation by
7 exiting the room.
8 LENANE: This item is No. 4 on your agenda, and
9 No. 4 in the Book.
10 Northwestern Memorial Health Care is
11 requesting a Final Bond Resolution approving the
12 issuance of \$800 million in tax-exempt bonds. The
13 bond -- what we didn't -- this came to the Board
14 Meeting last month, but we didn't know at that time
15 were the bonds to be refunded.
16 They are refunding the 2009A
17 Northwestern bonds and the Series 2009B Northwestern
18 Memorial Health Hospital Bonds. Let's see. A and B.
19 And also the 2009 Central DuPage Health Care bonds;
20 and the Series 2009B Central DuPage Health Care
21 bonds; and the Series Illinois Finance Authority
22 2003A through C, the Delnor-Community Hospital Bonds;
23 and the Illinois Health Facilities Authority 2002A to
24 2002D, the Delnor-Community Hospital Bonds.

1 They're also refunding Northwestern
2 Memorial HealthCare Taxable Commercial Paper Notes,
3 Series A, and they are going to reimburse themselves
4 for the construction and the equipping of an
5 approximately 499,605 square foot facility located at
6 1100 North Westmoreland Road in Lake Forest,
7 Illinois, the new Lake Forest Hospital.
8 Before, when this came to the Board,
9 we only had -- excuse me -- only had Wells Fargo and
10 Barclays Capital as underwriters. They have since
11 added two minority under- -- co-underwriters: Loop
12 Capital Markets, LLC, and Cabrera Capital Markets.
13 Northwestern currently has 24,000
14 jobs. They produced 240 construction jobs in the
15 construction of the Lake Forest Hospital.
16 I have -- the hospitals in the system,
17 are all listed on pages 4 and 6, and I'm not going to
18 repeat through them.
19 Northwestern Memorial HealthCare's
20 current long-term ratings are A -- Aa2 by Moody's and
21 AA+ by S&P. They expect to get those reaffirmed in
22 the next several weeks.
23 The -- if we go to the Financials on
24 page -- on page 8, we can see that they have very

1 strong Financials, with 9.4 debt service coverage and
 2 420 days cash on hand. The estimated present value
 3 of savings of this refunding is \$75 million.
 4 And now I'd like to introduce Leah
 5 Hobson, who's the Director of Finance for
 6 Northwestern Memorial HealthCare.
 7 MS. LEAH HOBSON: Good morning.
 8 I briefly wanted to take advantage of
 9 the opportunity to meet you and say thank you for the
 10 support that we've had throughout the years. We are
 11 very excited about the opportunity to have a
 12 replacement hospital in Lake Forest; it's certainly
 13 overdue. I've had a chance to visit; it looks great.
 14 There's not an increase in beds, it's just done
 15 better. And, obviously, in this interest rate
 16 environment, appreciative for the opportunity to
 17 refund and continue to try to keep costs low in
 18 health care.
 19 So I know you have a busy agenda this
 20 morning, but I just wanted to say good morning and
 21 thank you.
 22 If have any questions, I'd be happy to
 23 answer.
 24 (No response.)

1 MS. LEAH HOBSON: All right. Thank you.
 2 CHAIRMAN ANDERBERG: Thank you.
 3 MEISTER: Thank you very much for coming.
 4 McCOY: Thank you.
 5 LENANE: Does the Board have any questions?
 6 CHAIRMAN ANDERBERG: Let -- Pam, we talked --
 7 what is -- for the record, what is approximately the
 8 savings Northwestern would see in a tax-exempt
 9 funding versus going privately?
 10 LENANE: Oh.
 11 CHAIRMAN ANDERBERG: Over the issuance, over
 12 the period.
 13 LENANE: Yeah. I think -- you want -- with
 14 that? If these -- well, it's -- generally, the
 15 spread is about two percent, but currently it's
 16 probably only about one.
 17 KNOX: Between taxable and tax-exempt?
 18 LENANE: One and -- here's our --
 19 MR. JACOB A. PANCRATZ: Is the question more
 20 geared toward taxable versus tax- --
 21 CHAIRMAN ANDERBERG: That's correct.
 22 LENANE: Yeah.
 23 MR. JACOB A. PANCRATZ: Okay. Yeah.
 24 Right now, I think that the spread

1 between the two is anywhere from 30 to 70 basis
2 points depending on the credit. Northwestern has a
3 great credit, but there is a cost if they're going to
4 go taxably.

5 CHAIRMAN ANDERBERG: Right.
6 MEISTER: And who are you?

7 MR. JACOB A. PANCRATZ: Jake Pancratz with
8 J.P. Morgan.

9 LENANE: I'm sorry.

10 MR. JACOB A. PANCRATZ: Senior Underwriter.
11 LENANE: Senior Underwriter.
12 MEISTER: Great.

13 LENANE: Bookrunner on the transaction.
14 I'm sorry, Jacob. I should've
15 introduced you.

16 MEISTER: Thank you very much, Jacob.
17 LENANE: Now, as -- as --
18 MEISTER: And -- I'm sorry, Pam.

19 Jacob, so the better the credit, the
20 wider the spread between taxable and tax-exempt? Or
21 could you fill us in or -- for the record, on that.

22 MR. JACOB A. PANCRATZ: All right.
23 LENANE: Could you stand up, speak a little
24 louder.

1 MR. JACOB A. PANCRATZ: Yeah.
2 LENANE: Thanks.
3 MEISTER: Actually, come to the podium.
4 KNOX: This keeps getting better.
5 MEISTER: Yes.
6 LENANE: These are the experts here.

7 MR. JACOB A. PANCRATZ: Generally speaking, the
8 better the credit, the tighter the range. For --
9 between tax-exempt and taxable, if -- the lower down
10 on the credit spectrum, the wider that gap's out if
11 you have to go taxably in the market. Northwestern's
12 in a great position where they have tracked their
13 pricing on both -- in both environments, but
14 tax-exempt does yield them a greater benefit in
15 today's market.

16 CHAIRMAN ANDERBERG: Okay.
17 MEISTER: And, Leah, if you can just stand up.
18 And -- and Northwestern Memorial
19 believes that using the private activity bonds and
20 federal tax-exemption will help Northwestern Memorial
21 lower the cost of health care?
22 MS. LEAH HOBSON: Absolutely. We considered
23 taxable at the outset, and it still come to that
24 because we want to try and keep the interest expense

1 low as all other costs are a challenge: our salaries,
 2 drug costs. There's always pressure on those, so
 3 we're trying to do what we can, kind of on the back
 4 office side.

5 JURACEK: I would point out that even though
 6 the spread is small, when you're talking \$800
 7 million, that's a lot of money.

8 MEISTER: Yeah.

9 MS. LEAH HOBSON: About \$1.3 million --

10 JURACEK: Even small spreads matter, right?

11 MS. LEAH HOBSON: Yeah.

12 MEISTER: Yeah. Jacob, you're probably quicker
 13 at doing the math.

14 What -- what is the 30 basis points on
 15 \$800 million.

16 KNOX: I'll tell you in a second. I'm
 17 cheating.

18 MR. JACOB A. PANCRATZ: I don't know, like, two
 19 and a half million.

20 MS. LEAH HOBSON: A year, right?

21 MR. JACOB A. PANCRATZ: Yeah, right. Two and
 22 half million.

23 LENANE: Annual.

24 MS. LEAH HOBSON: And our interest expense, I

1 think, for FY 17 was around \$44 million. So it's a
 2 meaningful amount.

3 CHAIRMAN ANDERBERG: Wow.

4 LENANE: Jacob, as interest rates rise, which I
 5 think everybody thinks they will --

6 MR. JACOB A. PANCRATZ: Uh-huh.

7 LENANE: -- Those spreads will become wider,
 8 won't they?

9 MR. JACOB A. PANCRATZ: That's our best guess.

10 LENANE: Between taxable and tax-exempt.

11 MR. JACOB A. PANCRATZ: That -- right. That's
 12 my best guess.

13 LENANE: Pardon?

14 MR. JACOB A. PANCRATZ: Exactly.

15 LENANE: Okay. It's not as attractive

16 currently as it has been in the past and maybe in the
 17 future.

18 CHAIRMAN ANDERBERG: Thank you so much.

19 MR. JACOB A. PANCRATZ: Of course.

20 CHAIRMAN ANDERBERG: Thank you.

21 Okay. I would like to request a
 22 motion to pass and adopt the following res- --

23 Project Report Resolution, Item No. 4.

24 Is there such a motion?

1 JURACEK: So moved.

2 OBERNAGEL: Second.

3 CHAIRMAN ANDERBERG: So moved by Ms. Juracek,

4 and second by Mr. Obernagel.

5 Will the Assistant Secretary please

6 call you roll.

7 FLETCHER: Certainly.

8 On the motion to second, I'll call the

9 roll.

10 Ms. Bronner?

11 BRONNER: Yes.

12 FLETCHER: Ms. Juracek?

13 JURACEK: Yes.

14 FLETCHER: Mr. McCoy?

15 MCCOY: Yes.

16 FLETCHER: Mr. Knox?

17 KNOX: Yes.

18 FLETCHER: Mr. Obernagel?

19 OBERNAGEL: Yes.

20 FLETCHER: Mr. Poole?

21 POOLE: Yes.

22 FLETCHER: Ms. Smoots?

23 SMOOTS: Yes.

24 FLETCHER: Mr. Zeller?

1 ZELLER: Yes.

2 FLETCHER: And Mr. Chairman?

3 CHAIRMAN ANDERBERG: Yes.

4 FLETCHER: Mr. Chairman, the motion carries.

5 CHAIRMAN ANDERBERG: Get Mr. Goetz.

6 OBERNAGEL: Bring him back in.

7 CHAIRMAN ANDERBERG: Member Smoots will be

8 exiting for Item No. 5.

9 FLETCHER: Let the record reflect, please,

10 Member Goetz has returned to the room, and also

11 Member Smoots has exited the room to recuse herself

12 from deliberations with respect to voting on Item

13 No. 5.

14 Next, is No. 5 on your -- our agenda.

15 Norwegian Lutheran Bethesda Home Association. IFA

16 issued its 2015 Bond in the approximate amount of

17 \$7.5 million to finance on a tax-exempt basis various

18 improvements and construction costs as well as

19 refunding of previously issued Series 2012 Bond.

20 This Bond was purchased directly by MB Financial

21 Bank.

22 At this time, Norwegian Lutheran

23 Bethesda Home Association will be merging with

24 Norwood Lifecare Foundation, which is another senior

1 housing living facility located on the northwest side
2 of Chicago. In order to consummate that merger, the
3 MB Financial Bond and Loan Agreement needs to be
4 amended in order to recognize the new borrowing
5 entities after this corporate restructuring takes
6 place.
7 Bond council's still undertaking its
8 tax due diligence with respect to whether this will
9 be a reissuance for tax purposes. Nevertheless, for
10 our time invested in this project, we estimate our
11 administrative fee to be \$500. Again, this
12 Resolution simply provides our consent to the new
13 amendments with respect to collateral.
14 Are there any questions?
15 (No response.)
16 FLETCHER: Thank you.
17 CHAIRMAN ANDERBERG: Thank you, Brad.
18 All right. I'd like to request a
19 motion to pass and adopt the following Project Report
20 Resolution, Item No. 5.
21 Is there such a motion?
22 POOLE: So moved, Mr. Chairman.
23 CHAIRMAN ANDERBERG: Motion by Mr. Poole.
24 Second?

1 GOETZ: Second.
2 CHAIRMAN ANDERBERG: Second by Mr. Goetz.
3 FLETCHER: On the motion and second, I'll call
4 the roll.
5 Ms. Bronner?
6 (No response.)
7 FLETCHER: Ms. Bronner?
8 BRONNER: Yes.
9 FLETCHER: Mr. Goetz?
10 GOETZ: Yes.
11 FLETCHER: Ms. Juracek?
12 JURACEK: Yes.
13 FLETCHER: Mr. McCoy?
14 MCCOY: Yes.
15 FLETCHER: Mr. Knox?
16 KNOX: Yes.
17 FLETCHER: Mr. Obernagel?
18 OBERNAGEL: Yes.
19 FLETCHER: Mr. Poole?
20 POOLE: Yes.
21 FLETCHER: Mr. Zeller?
22 ZELLER: Yes.
23 FLETCHER: And Mr. Chairman?
24 CHAIRMAN ANDERBERG: Yes.

1 FLETCHER: Mr. Chairman, the motion carries.
2 CHAIRMAN ANDERBERG: Thank you.
3 FLETCHER: Let the record reflect, please, that
4 Member Smoots has returned to the room.
5 CHAIRMAN ANDERBERG: All right. Mr. Evans?
6 EVANS: Yes?
7 CHAIRMAN ANDERBERG: You're ready to go.
8 EVANS: Today, we have three Beginning Farmer
9 Bonds. These Bonds will all have first mortgage
10 positions relating to them.
11 The first borrower is Jason Hayes.
12 Jason purchased 60 acres of bare farm real estate for
13 \$647,250 or \$10,788 per acre. First National Bank of
14 Litchfield will finance 77 percent of the purchase or
15 \$502,250 through the IFA Beginning Farmer Bond
16 Program.
17 The bank will utilize the FSA
18 Beginning Farmer Loan Program. FSA has a second
19 mortgage position on the remaining 23 percent.
20 As stated, IFA Bond will be in first
21 mortgage position on the property being purchased.
22 The property is located in the central portion of
23 Logan County. The terms of the bonds are identified
24 in the write-up.

1 The second borrower -- borrowers
2 are Levi B., and Megan Ann Yager. They are
3 purchasing 40 acres of bare farm real estate for
4 \$204,000 or \$5,100 per acre. First National Bank of
5 Olney will utilize FSA Beginning Farmer Bond to
6 finance 95 percent of this purchase, or \$193,800.
7 The borrower will inject \$10,200
8 toward the purchase. This will be a first mortgage
9 loan. The property's located in the southeast
10 portion of Jasper County. The terms of this bond are
11 identified in the write-up.
12 The final borrower is Ethan Heller.
13 Ethan's purchasing 42 acres of bare farm of real
14 estate for \$215,077 or \$5,121 per acre. Peoples
15 State Bank of Newton will finance 50 percent of the
16 purchase price through the IFA Beginning Farmer Bond.
17 The remaining portion of this sale will be financed
18 through the FSA Beginning Farmer Program. As stated,
19 IFA will have a first mortgage on the property. The
20 property's located in the southeast portion of Jasper
21 County, and the terms and condition of this bonds are
22 identified in the write-up.
23 If there's no questions, I'll pass the
24 floor back to you, Mr. Chairman.

1 CHAIRMAN ANDERBERG: Thank you.

2 FRAMPTON: Okay. Thank you, Mr. Chairman.

3 Next, we'll move on to Item No. 2,

4 which is a Final Bond Resolution for CHF-Chicago,

5 LLC, for a project at the University of Illinois at

6 Chicago. The not-to-exceed amount is 120 million.

7 This will be a privatized project that the University

8 of Illinois of Chicago and the Board of Trustee --

9 and University of -- and the Board of Trustees of the

10 University of Illinois, rather, have engaged and

11 initiated through a request for proposal process.

12 Through that process, they have

13 engaged American Campus Communities, which is a

14 publicly traded REIT based in Austin, Texas, to serve

15 as the developer. And, in turn, ACC has also engaged

16 other members of the financing team, including the

17 Collegiate Housing Foundation to own the project.

18 The Collegiate Housing Foundation is a

19 501(c)(3) organization that -- whose business it is

20 to engage in the ownership and development of student

21 housing projects and other academic facilities, both

22 on public and private university campuses nationally.

23 This will be the fifth transaction that the Authority

24 has issued bonds for on behalf of a -- American

1 Campus Communities and Collegiate Housing Foundation

2 project.

3 The fact that CHF or Collegiate

4 Housing Foundation will be owning property avails the

5 project to tax-exempt financing. So as a result of

6 CHF's involvement, IFA can issue tax-exempt 501(c)(3)

7 bonds for this project, and the cost savings

8 attributable to the tax-exemption will pass through

9 to the students and their parents paying room and

10 board as well as to the university, which will be

11 making lease payments back to CHF pursuant to a

12 sublease agreement on 35- -- I'm sorry -- on 51,000

13 square feet of the 135,000-square-foot property.

14 In terms of material changes from last

15 time, the borrower, in addition to applying to S&P

16 for a rating which they expect to be assigned next

17 week, they are also applying to Moody's for a rating.

18 Municipal bond insurance, as of yesterday, is no

19 longer under consideration.

20 In terms of the rating or the

21 anticipated or target rating on the bonds, the

22 financing team is expecting a rating in the low

23 investment grade, so that will be BBB- or better.

24 If you turn to page 18 of the report,

1 there is a summary of the financial forecast. This
2 has been adapted from the information that was
3 presented to S&P. Most critically on the bottom
4 line, you will see the break-even occupancy, which
5 upon principal and interest payments beginning in
6 full during year 2021, the break-even occupancy on
7 the student housing is approximately 67 percent. In
8 terms of current occupancy, UIC has posted occupancy
9 rates of 97.3 percent and 98.3 percent on their -- at
10 their two -- at their two primary locations of
11 undergraduate housing on the east side of the campus.
12 Most critically, if you turn to page
13 10, UIC has posted steady enrollment increases.
14 Those enrollment increases are contrary to the
15 general trend that has been affecting both public and
16 private universities in the state. And all those --
17 that is most definitely a positive rating factor.
18 So with that, I will conclude my
19 remarks and take any questions or comments that you
20 may have.
21 (No response.)
22 FRAMPTON: Okay. Hearing none, I'll move on
23 then to Tab 3, which is a new project for us. This
24 is a one-time consideration. The not-to-exceed

1 amount is \$65 million.
2 This financing is for the Windy City
3 Portfolio Project, which is comprised of the four
4 borrowers: 2017 IAVF Windy City Fox Run LLC, which
5 is a 220-unit apartment building in St. Charles; 2017
6 IAVF Windy City Parkside LLC, which is a --
7 approximately 118-unit located in Glen Ellyn; IAVF
8 Windy City Shaddle, which is approximately 98-unit, I
9 believe, property located in -- in -- or 70-unit
10 property located in Mundelein; and finally,
11 Villabrook Apartments, which is a 118-unit property
12 located in Addison.
13 The sole member of the four LLCs,
14 which will be borrowers on this financing, is the
15 Better Housing Foundation. This will be the third
16 transaction that the Authority has issued bonds for
17 in connection with a portfolio acquisition by the
18 Better Housing Foundation.
19 Background on the previous IFA bond
20 issues is highlighted at the top of page 8. We
21 issued bonds, both in July of '16 and May of 2017.
22 Both of those were investment-grade rated. This
23 financing has already been rated by S&P. We
24 generally don't see that in advance of a Board

1 doing, you know, rehabbing this housing that's very,
 2 very old that needs to be rehabbed. So it's very
 3 commendable what you're trying to do here.

4 MR. L. MARK DeANGELIS: Yeah. So, you know,
 5 just two seconds.

6 I mean, you know, we're -- we're less
 7 involved in the development side of this deal. The
 8 Lynd Group out of San Antonio, which you probably all
 9 know, is 30,000 units, will be managing this
 10 operation for us. And Invested American Veterans has
 11 about seven other developments already, where they
 12 transition to do as much veterans support as they can
 13 on these facilities.

14 Obviously, they can't discriminate
 15 against other folks, but they do have a VSO, a
 16 Veterans Service Officer who they've put in place to
 17 try to help with VASH vouchers and to make sure that
 18 they're servicing as many veterans in these
 19 communities as they can.

20 So it's -- we're excited, actually.
 21 You know, I'm -- technically, I'm not on the Board
 22 for the Better Housing Foundation, but obviously, I'm
 23 working closely with them. So -- but the Better
 24 Housing Foundation's very excited to start doing some

1 Meeting, but the senior series of bonds have been
 2 assigned an A- rating by S&P while the subordinate
 3 bonds have been assigned a rating of BBB- by S&P.

4 Forecasts on the project that are
 5 based on information provided to S&P are noted on
 6 page 16 of the report. The coverages identified at
 7 the bottom exceed the rating covenants and the debt
 8 service coverage covenants on -- that will be in
 9 effect on the bonds by a substantial margin.

10 Forecast occupancy is 95 percent. The
 11 other forecasts assumptions are noted on page 17.
 12 And, again, the bonds have been assigned a rating. I
 13 have a copy of the rating report from S&P if any of
 14 you would like to review it.

15 And with that, I will conclude my
 16 remarks and turn it back over to you for any
 17 questions or comments.
 18 (No response.)

19 FRAMPTON: Finally, just for the record, I
 20 would just like to introduce Mark DeAngelis who is
 21 with us today, representing the Better Housing
 22 Foundation.

23 GOETZ: I would just like to go on the record
 24 as saying that it's really great cause that you're

1 veterans things, and this is a great opportunity.
2 And, if you remember, the two other
3 developments that we had with you folks, we're
4 actually going to be working with this veterans
5 organization to try to service veterans out of our
6 existing units here in Chicago as well. So it's
7 going to be, I hope, a very synergistic thing, so
8 we're excited about this.
9 Thank you. Nice to see you all again.
10 CHAIRMAN ANDERBERG: Thank you. Maybe we can
11 get Gila from the office. So...
12 MR. L. MARK DeANGELIS: Yep.
13 CHAIRMAN ANDERBERG: Okay. I'd like to request
14 a motion to pass and adopt the following Project
15 Reports and Resolutions, Item 1(a), 1(b), 1(c), 2
16 and 3.
17 Is there such a motion?
18 GOETZ: So moved.
19 JURACEK: Second.
20 CHAIRMAN ANDERBERG: Motion by Mr. Goetz,
21 second by Ms. Juracek.
22 Will the Assistant Secretary please
23 call the roll.
24 FLETCHER: On the motion and second, I'll call

1 the roll.
2 Ms. Bronner?
3 BRONNER: Yes.
4 FLETCHER: Mr. Goetz?
5 GOETZ: Yes.
6 FLETCHER: Ms. Juracek?
7 JURACEK: Yes.
8 FLETCHER: Mr. McCoy?
9 McCOY: Yes.
10 FLETCHER: Mr. Knox?
11 KNOX: Yes.
12 FLETCHER: Mr. Obernagel?
13 OBERNAGEL: Yes.
14 FLETCHER: Mr. Poole?
15 POOLE: Yes.
16 FLETCHER: Ms. Smoots?
17 SMOOTS: Yes.
18 FLETCHER: Mr. Zeller?
19 ZELLER: Yes.
20 FLETCHER: And Mr. Chairman?
21 CHAIRMAN ANDERBERG: Yes.
22 FLETCHER: Mr. Chairman, the motion carries.
23 CHAIRMAN ANDERBERG: Thank you. Thank you,
24 Gila.

1 BRONNER: Thank you.

2 FLETCHER: Okay. Please note for the record,

3 Member Bronner has exited the meeting by terminating

4 her participation via audio conference.

5 CHAIRMAN ANDEBERG: Okay. Chairman's remarks.

6 Last Thursday, private activity bonds

7 or tax-exempt funding got a punch to the gut by

8 H.R. 1 of the Congress. So I want to address --

9 Chris, number one -- Chris Meister has put together a

10 memo that you all have in your packets, and we're

11 going to get PDF copies to you as well, and I want to

12 talk about the future of the IFA.

13 The IFA -- when I became Chairman, it

14 was my concern or desire, and Chairman Funderburg's

15 as well, was to work on diversifying the offering and

16 the revenue of the IFA, and that is ongoing. Chris

17 has been working with Member Knox on a different

18 issuance. And so either way, whether this bill

19 passes as is, or changes and this provision of taking

20 out tax-exempt funding is taken out, either way we

21 are going to diversify the offering of the IFA and

22 its revenue. So in the future, we aren't as impacted

23 as what this could impact us.

24 We were sitting on -- the IFA sits on

1 a considerable reserve, so we are in truant position

2 to weather a period of time to where we can get this

3 underway and going.

4 So on the tax issuance itself, I guess

5 I'm going to say from my personal business background

6 and -- I'm very disappointed in this tax bill and

7 plan, and especially what they're doing with

8 tax-exempt funding.

9 And I want to touch on something if --

10 there's been a lot of -- it seems to me, a lot of --

11 a lack of education in the House Ways and Means

12 Committee of what tax-exempt funding truly is. I've

13 read in the media, for one, they've talked about this

14 eliminates fun- -- you know, the government funding

15 of professional sports stadiums. We don't do that,

16 not the IFA.

17 And probably the most troubling to me

18 is the House Ways and Means Committee put a summary

19 out, 80-some-page summary. And page 47, 48 addresses

20 the private activity bonds and why they're -- and

21 two -- they give two considerations of why they're

22 getting rid of it. And this is the first

23 consideration, two bullet points, and I'll read this

24 to you:

1 "The Federal Government should not
 2 subsidize the borrowing cost of private businesses,
 3 allowing them to pay lower interest rates while
 4 corporate competitors with similar credit worthiness
 5 that are unable to avail themselves of PABS must pay
 6 a higher interest rate on the debt they issue."
 7 This is -- this is a false statement.
 8 This is completely -- shows a lack of understanding
 9 and a lack of education on the committee of -- about
 10 tax-exempt funding. Any entity that qualifies for
 11 tax-exempt funding before the IFA -- well, any of
 12 their competitors would as well, and so this is a --
 13 in my years of going out to Washington, D.C., and
 14 advocating for small manufacturing in the United
 15 States, American manufacturing, I had a very close
 16 Congressman, Don Manzullo, told me one time, he says,
 17 You know, Eric, he says it's very important you come
 18 out and you educate us because -- he says, If you're
 19 not at the table, you're on the menu. And this is
 20 clearly -- this is clearly the case here.

21 So, now, Chris is going to talk here
 22 in a second. There's a lot of allies coming together
 23 here to educate the House Ways and Means Committee
 24 right now. You have the American Hospital

1 Association, you have all types of different agencies
 2 and trade associations, construction laborers that
 3 are trying to educate what this means and the impact
 4 of losing this would mean. And we heard from
 5 Northwestern earlier what this would mean in cost
 6 savings.
 7 So, again, the IFA is in good
 8 position. We're going to continue business as usual.
 9 I'll be at next -- next few quarters, after the first
 10 year of this goes as it is, we might be a little bit
 11 slow, not have much to vote on at first, but we
 12 will -- we will diversify what the IFA does under --
 13 what allows us under the state statute.
 14 And, again, this memo that Chris has
 15 put out, if any of the Board Members have a
 16 relationship with their Congressmen or any of the
 17 senator-- -- any of the two senators, please, if you
 18 can talk to them personally, that would be terrific.
 19 Or talk to the staff that you may know and share with
 20 them this memo and explain it to them. So...

21 We need some -- we have the next few
 22 days. We have a lot of education we have to do
 23 because we got to make sure we're at the table and
 24 not on the menu.

1 So with that, I'll give it to Chris.
2 MEISTER: Thank you, Eric.
3 Again, we talked about this in the
4 Executive Committee, and last week, I let the Board
5 Members and the staff know of this challenge. This
6 is a large issue, but I did want to really pull it
7 together.
8 We've given a brief state of play, and
9 again, when Eric and I were out in Washington, D.C.,
10 on October the 10th, while everyone who spoke to us
11 told us this could change at any time for any reason
12 with no notice to you.
13 But the direction of the public and
14 the private comments that we had received was that
15 private activity bonds, their value was recognized to
16 the extent that there was a priority to -- for more
17 infrastructure, they were -- private activity bonds
18 are recognized as an effective private-sector-driven
19 tool to finance additional infrastructure. And,
20 again, the market participants, many of whom have
21 much more skin in the game than we do, were also
22 similarly surprised, and frankly, I think some of our
23 Congressional advocates were also surprised.
24 There is a Senate bill being unveiled

1 this morning. In fact, as we are meeting, it may
2 well have already been unveiled. And the initial
3 signs from the discussions yesterday, or public
4 comments yesterday, was, possibly, private activity
5 bonds may not be included. But then at the same
6 time, everything is subject to change with no notice.
7 We -- I just really want to -- so that
8 we can all think effectively about the job we do and
9 the structure that we all have, we're stewards of a
10 public utility that operates on a margin business
11 within a relative value market, and the proposed
12 elimination of private activity bonds eliminates the
13 margin of economic value that the Authority assists
14 its borrowers and lenders in delivering.
15 And, sadly, despite the effective
16 nature of the tool, and frankly the private sector,
17 both on the borrower and on the lender side of this,
18 it does not appear that we're on anybody's do or die
19 list, but really, private activity bonds should be.
20 Because while we're a small organization, I'm very
21 grateful to the 13 Board Members; you give your time
22 to the State, and I'm grateful for my colleagues on
23 the staff. At the end of the day, as Eric said, this
24 is not about our jobs. We have reserves. We have

1 plans. We have alternatives.
 2 But what's really going to be hurt are
 3 our borrowers. It's going to be higher costs in --
 4 for hospitals and their patients. It's going to be
 5 higher costs for colleges and universities and their
 6 students. It's going to be higher costs on cultural
 7 institutions and museums. And everybody's going to
 8 be pay for it.
 9 I think one thing that we also need to
 10 keep in mind is these nonprofit institutions make
 11 Illinois a better place to live and work and help
 12 strive for our economy. And I guarantee you that if
 13 it costs more for them to borrow money, it is likely
 14 that these same institutions will be knocking on the
 15 doors of local government, state government, and the
 16 federal government asking for direct taxpayer
 17 subsidies. Right now, it's an indirect exemption.
 18 So we need to make sure that we understand that.
 19 We're a member of a national
 20 organization, NAEFFA in '13. They put together a
 21 study, and they believe that it would cost nonprofit
 22 organizations nationally an additional \$166.3 billion
 23 in interest costs. It will reduce -- and this is the
 24 elimination of private activity bonds for nonprofits.

1 We're not even getting to the for-profit sector. The
 2 projects like CenterPoint; the projects like Camcraft
 3 and Freedman Seating and Bison Gear and some other
 4 very important projects.
 5 But it would reduce the gross domestic
 6 product by \$23.6 billion and cost probably over
 7 299,000 jobs, generating approximately \$15.6 billion
 8 in labor income nationally. We're the first -- fifth
 9 largest economy in the state, so I have not done the
 10 math, but by orders of magnitude.
 11 So it's going to be a big hit. It's a
 12 high-cost, high-damage, low-return proposition for
 13 what is proposed in Section 3601 in Subsection G of
 14 H.R. 1. And just to underscore for the Members, \$24
 15 billion of our current \$25 billion outstanding
 16 conduit portfolio would be impacted by this going
 17 forward.
 18 As of January 1st, we would not be
 19 able to issue new bonds. State revolving fund with
 20 IEPA, the Clean Water Initiative, again, AAA rated.
 21 There's over a billion dollars we've issued on behalf
 22 of IEPA that would not be impacted.
 23 But I think the outstanding question
 24 is, Will there be a rush to market? We don't know.

1 I think we've seen some preliminary indications of
2 interest in our borrowers on the December meeting.
3 Many of you have talked to me and have been very
4 generous or prepared to be generous with your time
5 starting in late November through the end of the
6 year.

7 There are certain time constraints
8 like the 14-day TEFRA notice that may prevent
9 borrowers from making decisions as quickly as they
10 need to if, in fact, this becomes law on January
11 1st, 2018. But currently, the \$24 billion represents
12 about 96 percent of our outstanding bond portfolio.
13 So -- and there is a question as to the individual
14 structure of these bonds. If there's a -- if they --
15 there's a reissuance for tax purpose, if there's a
16 refunding, depending on what those bond documents
17 are, they may become -- they are tax-exempt now, but
18 they may become taxable in the future should this
19 become law.

20 As revenue, it's there for the last
21 two years, PAB, one-time closing fees have accounted
22 for two-thirds of our revenue. And, again, as Eric
23 indicated, we've got good reserves, and I'm also
24 happy to say that in working with all of you and

1 working with the team, we've been able to put any
2 number of our legacy exposures in the rearview mirror
3 so that we can focus on our core business.

4 I talked about the Clean Water
5 Initiative. And, again, just to emphasize again,
6 we're -- this is a tool that's really driven by the
7 private sector.

8 I do just want to highlight the work
9 of MIT Economist Dr. James Poterba and his colleague
10 Arturo Verdugo. We're posting a 2008 study that he
11 did on our website. One of the rating agencies,
12 KBRA, has quoted his work and -- and they note that
13 the Joint Commission on Taxation's estimate of --
14 reported estimate of projected cost savings, 38.9
15 billion over 10 years, or about 3.8 billion a year,
16 and this is nationally, not just in Illinois. That
17 figure could be overstated by as much as 40 or 50
18 percent, with the thinking being that not all of the
19 investors in tax-exempt debt will automatically
20 switch over to taxable investments.

21 I appreciate your support. I
22 appreciate the work of the staff. The staff has
23 really been great, working together over these past
24 few days.

1 As far as new missions within our
2 statute, new -- new delivery systems for value to the
3 people of Illinois, new business lines, we thought
4 and discussed three.
5 The first is -- and it's going to take
6 State legislation, which we already have drafted so
7 that the Authority -- the powers of the Authority
8 could be expanded to be a center of competency and
9 capacity for public-private partnerships, for
10 Illinois local governments. This is based on the
11 very successful Infrastructure Ontario model, which
12 again, autonomous entity tied -- that's a public
13 entity, independent board, independent financing,
14 that engages in objective effective procurement and
15 objective effective and honest contract
16 administration. And once you have those two pillars,
17 you can build financing on that.
18 The second is what has been variously
19 called in the Equity Sector, impact -- impact
20 investing, environmental, governmental, social; this
21 is widely used in Europe. Or ESG, in the United
22 States, it's been used in the equity sector. In the
23 debt sector, it's been called impact or green
24 investing, that we could come together and utilize

1 our government structure and our team, and expand it
2 to bestow some sort of ESG designation on debt
3 instruments. We are working with one very exciting
4 project on a taxable issue right now, that if it
5 comes together, is going to have direct and material
6 economic impact to Illinois.
7 And the final is a bill that was
8 signed by Governor Rauner this summer after
9 marinating in the in the General Assembly since about
10 2009: Property Assessed Clean Energy Bonds. Of
11 course, here in Illinois, we'll probably have to
12 change the name so people don't get mixed up with the
13 regional bus service, PACE. But what it is is a
14 voluntary surcharge on the tax bill for commercial,
15 retail, and multi-housing property, and that this can
16 be used to support a -- to strengthen the credit for
17 a financing to do energy efficiency -- energy
18 efficiency improvement on older retail, commercial,
19 and housing.
20 These are just three. Again, we're
21 open to other ideas. Over time, since 2004, as the
22 longer tenured members know and as the staff knows,
23 we've explored any number of alternative business
24 lines and tools, and we always come back to private

1 activity bonds under the Federal Tax Code, issued on
2 a conduit basis. That has been the experience since
3 2004.

4 It may force us -- we have plans that
5 we've talking about. Anyways, we're going to have to
6 put those on an accelerated basis regardless of the
7 outcome of H.R. 1 and what the House and the Senate
8 do with it.

9 But I'll take any questions.

10 GOETZ: Chris --
11 CHAIRMAN ANDERBERG: Yes, Arlene?
12 MEISTER: She had her hand --
13 JURACEK: Oh, I'm sorry.
14 MEISTER: -- up first, like --
15 JURACEK: -- I didn't mean --
16 GOETZ: She's blocking me.
17 MEISTER: Yeah.
18 JURACEK: You can be next.

19 No, I just jotted down some notes,
20 because these are all issues that, as the mayor of a
21 large municipality, we've had to consider.

22 This past Tuesday, we issued our
23 parameters, ordinance to issue \$9.9 million in
24 bonds, which we're going to do November 20th so that

1 we get in before the December interest rate change.
2 Our closing will be December 20th, but all kinds of
3 timing considerations there.

4 As a municipality, that has a very
5 diverse list of revenues. Property taxes are only
6 about 14 percent of our revenue stream; we've got a
7 lot of other ones. Diversification, anybody here in
8 the financial business knows diversification is the
9 way to go. But as a State agency, we have to avoid
10 appearing like a self-serving for-profit entity. And
11 I think it's really important that we build a very
12 succinct, one-page case for why the IFA is important
13 to the State of Illinois, not only currently, but
14 prospectively, and the value that we bring to the
15 State.

16 When you talked about what we do
17 supports making Illinois a better place to live and
18 do business, right away, I thought about Amazon. I
19 read the Amazon RFQ. I know what they were looking
20 for. They are looking for a place like Chicago, like
21 Illinois, that has the kind of quality of life that
22 all of our customers, our partners in all these
23 financings are. Without the IFA and all the things
24 that we do, we haven't got an ice cube's chance in

1 hell of getting Amazon, you know?
2 Now, how do we say that in a more
3 gentle way? How do we, you know, hammer it home?
4 But I think making a one-page case for what we do
5 sets us apart from being a for-profit entity that
6 looks for diversification. That's not why we're
7 here.

8 This is not about to scope, creep, or
9 anything which we'll be accused of. You don't need
10 that agency. But what is our role here? And it
11 can't be a puff piece. It's got to be a very solid
12 piece, and I think Amazon has done us a very big
13 favor. It's a very short RFQ. You can look at it
14 and say, This is where we fit into this, regardless
15 of what community in Illinois is going for this.

16 The second thing to be watchful for,
17 and we've seen this on a municipal side, is we're
18 talking about having healthy reserves. Guess what?
19 Springfield thinks reserves are theirs for the
20 taking. And unless we have a well-stated case for
21 those reserves and a sound reserve management policy,
22 Springfield is going to look at those reserves and
23 go, oh, we need them to fill the budget gap. They're
24 already taking two percent of our retail sales tax

1 revenues this year as a service charge because the
2 sales taxes flow through the state. They've cut our
3 share of the Local Government Distributive Fund,
4 which is our share of the State income taxes.
5 They're just grabbing money wherever
6 they can. And it's very important that we position
7 these reserves, not as free money for Springfield,
8 but as important to our operation. And then, here's
9 why our operation is important to the State of
10 Illinois.

11 MEISTER: Thank you, Arlene. I could not have
12 said it better. And, in fact, you've said some
13 things that, frankly, I can't say.

14 JURACEK: There you go.

15 GOETZ: So, Chris, is this letter going to be
16 sent, on page 4?
17 MEISTER: We are working on that.
18 GOETZ: Okay.

19 MEISTER: That is our -- that is our desire.
20 GOETZ: Because I -- you and I talked the other
21 day, and I'm president of the Illinois Housing
22 Council, and we've done this. I mean -- and we've
23 sent it out to all of the Illinois Congressional
24 Delegation, and we're not a State quasi-government

1 agency so we can do whatever we want without any, you
2 know, pushback.

3 MEISTER: Well -- and, again, I would prefer
4 not to have a resolution, but if the Board has that
5 one-page memo, on page --

6 GOETZ: 3 or --

7 MEISTER: -- on page 4 of the memo. I mean, is
8 it -- is that the sense of the Board?

9 GOETZ: Well, it would certainly be my sense.
10 Did you read the letter we sent out?

11 MEISTER: Yes, I did.

12 GOETZ: Yes.

13 MEISTER: Eric, what do you think?

14 CHAIRMAN ANDERBERG: No, I'm -- I'm perfectly
15 fine with it. Absolutely.

16 MEISTER: Okay.

17 CHAIRMAN ANDERBERG: And to Arlene's -- Chris
18 and I discussed that. We need to come up with a
19 one-page summary --

20 JURACEK: Uh-huh.

21 CHAIRMAN ANDERBERG: -- of the impact the IFA,
22 with numbers and everything, so they can see --

23 JURACEK: Right.

24 CHAIRMAN ANDERBERG: -- the impact that we've

1 had.

2 JURACEK: And I think Senator Duckworth will be
3 very amenable for this. She called a meeting of
4 mayors last Sunday, which I could not attend, geared
5 toward discussing state and local tax deductibility.
6 And I think anything we do -- she was my
7 congresswoman for part of Mount Prospect, so I have a
8 personal familiarity with her and her staff,
9 definitely. You know, we have -- we should rely on
10 all of our members here to get to --

11 GOETZ: Yeah.

12 JURACEK: -- their local Congress people. And
13 she's a senator now and, you know, just getting to
14 her and Durbin as well.

15 GOETZ: Yeah. It think everybody here on the
16 Board should reach out to their congressperson and
17 talk about this.

18 JURACEK: So if we had a packet, a very
19 succinct packet that we can --

20 GOETZ: Yes.

21 JURACEK: -- use with consistent talking
22 points.

23 GOETZ: We can probably start with this.

24 JURACEK: Exactly.

1 GOETZ: So do we need any kind of official vote
2 on that or anything? Or...

3 CHAIRMAN ANDERBERG: I don't think we need, no.
4 MEISTER: No.

5 GOETZ: No.

6 CHAIRMAN ANDERBERG: I think Chris and the
7 staff will be putting together a packet for us, and
8 then we can get that distributed.

9 MEISTER: And I think I have a sense of -- a
10 sense of what the Board -- how the Board will like us
11 to proceed.

12 CHAIRMAN ANDERBERG: Okay. Is there any other
13 business to come before the Members?
14 (No response.)

15 CHAIRMAN ANDERBERG: Hearing none, I'd like to
16 request a motion to excuse the absences of members
17 unable to participate today.

18 Is there such a motion?
19 McCOY: So moved.
20 KNOX: Second.

21 CHAIRMAN ANDERBERG: Motion by Lyle --
22 Mr. McCoy, and a second by Mr. Knox.
23 All those in favor?
24 (Chorus of ayes.)

1 CHAIRMAN ANDERBERG: Opposed?
2 MEISTER: Oh. And before we take that vote, I
3 do want to make a very important point, just so there
4 is no misunderstanding.
5 At the moment, H.R. 1 is limited to
6 private activity bonds, nonprofits, and certain
7 qualified for-profits issuing on a tax-exempt basis.
8 It does not entail lo- -- state or local government
9 tax-exemption. But, again, as we learned in
10 Washington earlier in October, that could change for
11 any reason and with no notice.

12 POOLE: Oh, yeah.
13 MEISTER: But to the point that Arlene made is
14 in the bill as it stands, the bond issue of Mount
15 Prospect would not be impacted should this become law
16 on January 1st, but obviously the market will be
17 changing.

18 CHAIRMAN ANDERBERG: Okay.
19 MEISTER: Sorry.
20 CHAIRMAN ANDERBERG: All those in favor?
21 (Chorus of ayes.)
22 CHAIRMAN ANDERBERG: Opposed?
23 (No response.)
24 CHAIRMAN ANDERBERG: The ayes have it.

1 Is there any public comment from the
2 Members?
3 (No response.)
4 CHAIRMAN ANDERBERG: I'd just like to thank
5 Mr. Oberrnagel and Mr. Poole. They take a tremendous
6 trip every month to make it here, so thank you for
7 doing that.
8 OBERNAGEL: Thank you very much.
9 CHAIRMAN ANDERBERG: Planes, trains, and
10 automobiles.
11 (Laughter.)
12 SPEAKER: But you come in the night before.
13 CHAIRMAN ANDERBERG: Planes, trains, and
14 automobiles, yes. All of you guys, thank you.
15 JURACEK: Absolutely.
16 CHAIRMAN ANDERBERG: The next regularly
17 scheduled meeting will be December 14th. I would
18 like to request a motion to adjourn.
19 Is there such a motion?
20 POOLE: So moved.
21 CHAIRMAN ANDERBERG: And a second?
22 ZELLER: Second.
23 JURACEK: Second.
24 CHAIRMAN ANDERBERG: We have a second.

1 All those in favor?
2 (Chorus of ayes.)
3 CHAIRMAN ANDERBERG: Opposed?
4 (No response.)
5 CHAIRMAN ANDERBERG: The ayes have it.
6 Thank you.
7 FLETCHER: The time is 10:29 a.m.
8 (Which were all the.
9 proceedings had.)
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1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF COOK)
 3 Brad Benjamin, being first duly sworn on oath,
 4 says that he is a Certified Shorthand Reporter, that
 5 he reported in shorthand the proceedings given at the
 6 taking of said hearing, and that the foregoing is a
 7 true and correct transcript of his shorthand notes so
 8 taken as aforesaid and contains all the proceedings
 9 given at said hearing.

1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF COOK)
 3 Brad Benjamin, being first duly sworn on oath,
 4 says that he is a Certified Shorthand Reporter, that
 5 he reported in shorthand the proceedings given at the
 6 taking of said hearing, and that the foregoing is a
 7 true and correct transcript of his shorthand notes so
 8 taken as aforesaid and contains all the proceedings
 9 given at said Illinois Finance Authority Meeting.

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Certified Shorthand Reporter
 No. 084-004805

Certified Shorthand Reporter
 No. 084-004805

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ILLINOIS FINANCE AUTHORITY
VOICE VOTE
APPROVAL OF REQUEST TO PARTICIPATE VIA AUDIO CONFERENCE
ADOPTED

November 9, 2017

9 YEAS

0 NAYS

0 PRESENT

NV	Bronner	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
NOVEMBER 9, 2017 AGENDA OF THE REGULAR MEETING OF THE MEMBERS, AS
AMENDED
ADOPTED

November 9, 2017

10 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
OCTOBER 12, 2017 MINUTES OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

November 9, 2017

10 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
SUBJECT-MATTER ONLY

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AG1A
BEGINNING FARMER REVENUE BOND – JASON HAYES
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AG1B
BEGINNING FARMER REVENUE BOND – LEVI B. AND MEGAN N. YAGER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AG1C
BEGINNING FARMER REVENUE BOND – ETHAN C. KELLER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-NP02
501(c)(3) REVENUE BOND – CHF-CHICAGO, L.L.C. (UNIVERSITY OF ILLINOIS AT
CHICAGO PROJECT)
FINAL
PASSED*

November 9, 2017

10 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-NP03
501(C)(3) REVENUE BOND – 2017 IAVF WINDY CITY FOX RUN LLC; 2017 IAVF
WINDY CITY PARKSIDE LLC; 2017 IAVF WINDY CITY SHADDLE LLC; AND 2017
IAVF WINDY CITY VILLABROOK LLC (WINDY CITY PORTFOLIO PROJECT - BETTER
HOUSING FOUNDATION)
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-HC04
501(C)(3) REVENUE BOND – NORTHWESTERN MEMORIAL HEALTHCARE
FINAL
PASSED

November 9, 2017

9 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
NV	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AD05
RESOLUTION AUTHORIZING CERTAIN AMENDMENTS RELATING TO THE ILLINOIS
FINANCE AUTHORITY SENIOR LIVING FACILITY REVENUE BOND (BETHESDA
HOME AND RETIREMENT CENTER PROJECT), SERIES 2015, THE PROCEEDS OF
WHICH WERE LOANED TO NORWEGIAN LUTHERAN BETHESDA HOME
ASSOCIATION, D/B/A BETHESDA HOME AND RETIREMENT CENTER, AND RELATED
ENTITIES
ADOPTED

November 9, 2017

9 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	NV	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AD06
RESOLUTION REGARDING FEDERAL TAX REFORM LEGISLATION
SUBJECT-MATTER ONLY

Date: February 15, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox

Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

Subject: ***Minutes of the November 30, 2017 Special Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (the “**Minutes**”) in connection with the regular meeting of the Members of the Illinois Finance Authority (the “**Authority**”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the fifth Thursday of November in the year 2017, 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
SPECIAL MEETING
Thursday, November 30, 2017
9:30 AM

AGENDA:

- I. Call to Order & Roll Call
(page 2, line 1 through page 3, line 20)
- II. Approval of Agenda
(page 3, line 21 through page 4, line 10)
- III. Chairman’s Remarks
(page 4, line 4 through page 5, line 13)
- IV. Message from the Executive Director
(page 5, line 14 through page 7, line 8)
- V. Presentation and Consideration of the Project Reports and Resolutions
(page 7, line 9 through page 26, line 11)
- VI. Other Business
(page 26, line 12 through page 27, line 3)
- VII. Public Comment
(page 27, lines 4 through 6)



VIII. Adjournment
(page 27, lines 7 through 22)

The Minutes of the regular meeting of the Authority 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 to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Brad R. Fletcher
Assistant Vice President

- Enclosures:
1. Minutes of the November 30, 2017 Special Meeting
 2. Voting Record of the November 30, 2017 Special Meeting

1 ILLINOIS FINANCE AUTHORITY
2 SPECIAL MEETING
3 November 30, 2017 at 9:31 a.m.
4
5 REPORT OF PROCEEDINGS had at the Special
6 Meeting of the Illinois Finance Authority on
7 November 30, 2017, at the hour of 9:30 a.m., pursuant
8 to notice, at 160 North LaSalle Street, Suite S-1000,
9 Chicago, Illinois.
10 APPEARANCES:
11 MR. ERIC ANDERBERG, Chairman
12 MR. BRADLEY A. ZELLER
13 MR. ROGER E. POOLE
14 MR. LYLE MCCOY
15 MR. LERRY KNOX
16 MS. ARLENE JURACEK
17 MR. MICHAEL W. GOETZ (Via Audio Conference.)
18 MS. BETH SMOOTS
19 MS. GILA BRONNER
20 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
21 MR. BRAD FLETCHER, Assistant Vice-President
22 MS. PAMELA LENANE, Vice-President
23 MS. ELIZABETH WEBER, IFA General Counsel
24 MR. CHRISTOPHER B. MEISTER, Executive Director
25 MR. TERRY FRANZEN, Procurement
26 GUESTS
27 MS. MEGHAN O'KEEFE, JP Morgan
28 MS. JOANNE F. FEHN, Illinois Department of
29 Transportation, (IDOT)
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1 physically present in the room has been constituted.
 2 At this time, I'd like to ask if any
 3 Members wish to attend via audio conference.
 4 GOETZ: Yes. This is Mike Goetz.
 5 FLETCHER: And you're attending via audio
 6 conference due to employment purposes; is that
 7 correct?
 8 GOETZ: Yeah. Yes, I am. Yes.
 9 CHAIRMAN ANDERBERG: Is there a motion to
 10 approve this request pursuant to the bylaws and the
 11 policies of the Authority?
 12 BRONNER: So moved.
 13 KNOX: Second.
 14 CHAIRMAN ANDERBERG: We have a motion by Gila
 15 and a second by Lerry.
 16 All those in favor?
 17 (Chorus of ayes.)
 18 CHAIRMAN ANDERBERG: Opposed?
 19 (No response.)
 20 CHAIRMAN ANDERBERG: The ayes have it.
 21 Does anyone wish to make any
 22 additions, edits, or corrections to today's agenda?
 23 (No response.)
 24 CHAIRMAN ANDERBERG: I would like -- I guess I

1 would request a motion to approve the agenda?
 2 POOLE: So moved.
 3 JURACEK: Second.
 4 CHAIRMAN ANDERBERG: We have a motion and a
 5 second.
 6 All those in favor?
 7 (Chorus of ayes.)
 8 CHAIRMAN ANDERBERG: Opposed?
 9 (No response.)
 10 CHAIRMAN ANDERBERG: Ayes have it.
 11 First off, I want to thank everybody
 12 for showing up today on short notice. I know we
 13 talked the last wee- -- or earlier in the month about
 14 the situation with the tax -- with the tax plan and
 15 what that could mean. And, again, just thank you for
 16 opening your schedules and being here today.
 17 I'd like to share with you -- I had a
 18 meeting Monday at my facility with Congressman Randy
 19 Hultgren. He was there on other business besides
 20 IFA, but what he shared with me, and I'll share with
 21 you, is we talked about the PABS, the private
 22 activity bond situation and the tax reform plan. And
 23 he was assured by Chairman Brady that the -- there
 24 may be some changes to the private activity bonds.

1 He wasn't specific, but that that they will be safe.
 2 So, again, Chris and I were told a lot
 3 back in October from some of the staff, so we'll
 4 still watch it, but he -- and he did make the
 5 statement that they're going to defer to the Senate,
 6 and the Senate does not do anything about the private
 7 activity bond situation.

8 So that's good news for the Authority.
 9 We'll see what comes out of conference when they go
 10 to conference, but according to the Chairman, who was
 11 first against it, is now for it in the House.

12 So, again, thank you for coming, and
 13 I'll hand it over to Chris.

14 MEISTER: Thanks, Eric.

15 Again, I just want to echo Eric and
 16 extend our thanks to the Board Members for opening
 17 your schedules. Our next regular meeting is going to
 18 be December the 14th, and again, as I've communicated
 19 to the Board Members, we've asked you to, at least
 20 tentatively, keep open or try to keep open Thursday
 21 the 21st and Thursday the 28th. Although, as the
 22 schedule and the agenda for the 14th is developing at
 23 this time, it looks like it will be a heavier agenda
 24 than usual, but there will be a compression of

1 projects. So we will -- while again, we're
 2 appreciative of everybody doing what they can to keep
 3 their schedules open on the 21st and the 28th, right
 4 now, the direction is a compression of activity on
 5 the 14th.

6 I also would like to introduce a
 7 couple of guests. We have Meghan O'Keefe with --
 8 raise your hand, Meghan -- with JP Morgan, and she is
 9 the banker on the Hospital Sisters deal, the reason
 10 we're here today. Meghan previously worked with the
 11 Authority on another special meeting, on the Presence
 12 transaction, so some of you may remember her from
 13 that.

14 I'd also like to introduce one of the
 15 lawyers from the Illinois Department of
 16 Transportation, Joanne Fehn, who's joined us today.
 17 And since we did have the -- we did have the -- this
 18 special meeting, when the request came in from the
 19 Illinois Department of Transportation, we were happy
 20 to work with Secretary Blankenhorn and with Joanne
 21 and with Sam Beydoun from the IDOT (P3)
 22 Public-Private Partnership office.
 23 Finally, I'd just like to bring your
 24 attention in folders to the thank you letter that

1 Eric provided to Congressman Hultgren for all of his
 2 tireless effort at his meeting earlier this week.
 3 And then also attached is the letter that Congressman
 4 Hultgren led the drafting and the signatures of, I
 5 think it's 21 Republican Congressmen that he then
 6 passed onto House and Senate leadership in the U.S.
 7 Congress.

8 With that, I'll conclude. Thank you.

9 CHAIRMAN ANDERBERG: All right. I'd like to
 10 ask the general count consent of the Members to
 11 consider the project reports and resolutions
 12 collectively and have a subsequent recorded vote
 13 applied to each respective individual project and
 14 resolution unless there are any specific project
 15 reports and resolutions that a Member would like to
 16 consider separately.

17 Is there such consideration?

18 (No response.)

19 CHAIRMAN ANDERBERG: Hearing none, I'd like to
 20 ask the staff to now present the project reports and
 21 resolutions, that will be considered collectively.

22 LENANE: Good morning, Mr. Chairman, Board
 23 Members. I'm here to present Hospital Sisters
 24 Services, Inc., which I will refer to as Hospital

1 Sisters, is requesting a one-time final bond
 2 resolution approving the issuance of \$300 million in
 3 tax-exempt bonds.

4 The bond proceeds will be loaned to
 5 Hospital Sisters to currently refund all or a portion
 6 of the IFA's Series 2012A Bonds in the amount of
 7 \$120,415,000; the IFA Series 2012G Bonds in the
 8 principal amount of 31,600- -- \$31,645,000; the IFA
 9 Series 2012H Bonds in the principal amount of
 10 \$65,885,000; IFA Series 2012I Bonds in the principal
 11 amount of \$89,460,000; also, the Southwestern
 12 Development Authority Revenue Bonds, Series 2016 in
 13 the principal amount of \$75,000,000; and the
 14 Southwest Illinois Development Authority Revenue
 15 Bonds, Series 2017B the principal amount of
 16 \$64,870,000.

17 Hospital Sisters is also requesting
 18 that the Authority enter into certain amendments to
 19 the bond documents for the Bonds previously issued by
 20 the Authority in order to provide flexibility in
 21 converting to a different interest rate mode in the
 22 future.

23 In the event the ability to issue
 24 tax-exempt bonds is eliminated in 2018, HSSI is

1 making these amendments now to preserve the
2 tax-exemption on the bonds, since such amendments
3 would -- may constitute a reissuance for federal
4 incomes tax purposes.
5 So if they amended them next year,
6 they become taxable bonds. So that's why they're
7 amending this year, refunding or amending, one or the
8 other.
9 Hospital Sisters will also use the
10 bond proceeds to pay and reimburse themselves for the
11 following Illinois hospitals for the costs of
12 acquiring, constructing, renovating, remodeling, and
13 equipping certain health facilities:
14 St. Elizabeth's -- oh, I have a map if
15 you want to follow. There's a map attached to the
16 report as Exhibit A at the end, and then you can --
17 you can follow where the hospitals are.
18 Okay. St. Elizabeth -- this is where
19 they're going to spend their new money -- St.
20 Elizabeth's Hospital in O'Fallon; St. Joseph's
21 Hospital in Breese; St. Mary's Hospital in Decatur;
22 St. Anthony's Memorial Hospital in Effingham; St.
23 Joseph's Hospital in Highland; St. Francis Hospital
24 in Litchfield; St. John's Hospital in Springfield;

1 St. Mary's Hospital in Streator; HSHS Good Shepherd
2 Hospital in Shelbyville; and HSHS Holy Family
3 Hospital in Greenfield -- Greenville.
4 This is a multistate transaction, so
5 they will also be using the proceeds to pay or
6 reimburse themselves for the following Wisconsin
7 hospitals for the cost of acquiring, constructing,
8 renovating or remodeling, and equipping certain
9 health facilities:
10 St. Joseph's Hospital in Chippewa
11 Falls; Sacred Heart Hospital in Eau Claire; St.
12 Mary's Hospital and Medical Center in Green Bay; St.
13 Vincent Hospital in Green Bay; St. Nicholas Hospital
14 in Sheboygan; St. Clare Memorial Hospital in Oconto
15 Falls. That's probably not how they say it, but
16 Oconto.
17 They will also use the bond proceeds
18 to pay a portion of interest accruing on the Bonds
19 and fund working capital, if deemed necessary, and to
20 pay a -- certain expenses incurred in connection with
21 the issuance of the Bonds or any current refundings.
22 There will 20 -- 35 construction jobs
23 created by this financing, and that was an addition I
24 made to the report that came out.

1 Hospital Sisters is the sole member of
2 thirteen not-for-profit incor- -- not-for-profit
3 corporations that own and operate acute care
4 hospitals, eight in Illinois and five in Wisconsin.
5 Each hospital is separately incorporated and has
6 seven to nine Board Members -- Board of Directors
7 composed of members of Hospital Sister, which is --
8 Hospital Sisters of the Third Order of St. Francis,
9 an order of the Roman Catholic Church: Hospital
10 Sisters employees; and local citizens.
11 The hospitals located in Illinois
12 currently are licensed to operate 2,372 acute care
13 beds, and the hospitals in Wisconsin are currently
14 approved for 1,451 acute care beds.
15 Just a little history, the Order was
16 founded in Germany in 1844 and dedicated to the
17 service of the sick and those in need. In 1875,
18 20 sisters of Third Order of St. Francis arrived in
19 the United States, and several years later, their
20 Motherhouse -- established their Motherhouse in
21 Springfield. The residents of Illinois and Wisconsin
22 were among the first served by the Order.
23 The current long-term ratings for
24 Hospital Sisters are AA-/AA- by Fitch and S&P.

1 The 2017 Bonds will be issued as fixed
2 rate bonds and directly placed with an affiliate of
3 JP Morgan called DNT Asset Trust. Hospital Sisters
4 will then enter into a -- what's called a Total
5 Return Swap with DNT Asset Trust, and the bond will
6 then be swapped to a variable rate mode which will
7 float over SIFMA plus a spread.
8 Now, in the document I sent out, I
9 still thought it was LIBOR. So it says LIBOR, but
10 we're going to correct that, because as we all know,
11 LIBOR may be going away.
12 Hospital Sisters, if you turn to their
13 financials, they have strong financials as indicated
14 by their ratings. They have 4.9 debt service
15 coverage and 301 days cash on hand.
16 So are there any questions? I've been
17 there many times. The Motherhouse is quite
18 exquisite. They remodeled it several years ago. Of
19 course, then, we didn't finance Hospital Sisters for
20 a while, so now they're back, and we're happy to see
21 them back.
22 ZELLER: Good.
23 CHAIRMAN ANDERBERG: Any questions?
24 (No response.)

1 LENANE: Okay.

2 CHAIRMAN ANDEBERG: Thank you, Pam.

3 LENANE: Sure.

4 MEISTER: I would -- I'll turn your attention

5 to Tab 2 in your folders. This is a Resolution to

6 Authorize the Negotiation of an Intergovernmental

7 Agreement with the Illinois Department of

8 Transportation (or IDOT) Relating to Intercity Rail

9 Service, and High-Speed Rail.

10 And Joanne, actually, if you could

11 come to the podium. As the Board Members know, we've

12 had discussions around the topic of public-private

13 partnerships and alternative procurements for a

14 number of years.

15 IDOT actually does have some statutory

16 authorization on this topic. And Secretary

17 Blankenhorn recruited from the state of Virginia

18 Sam Beydoun, who was involved in that state's

19 public-private partnerships effort for several years,

20 and lured him to Springfield.

21 And we were having a discussion and he

22 raised this particular issue that relates to some

23 locomotives that were purchased originally with some

24 federal stimulus dollars. And while it was

1 unforeseen at the time, it appears that there -- that

2 there wasn't a need for the number of locomotives,

3 yet, there was an opportunity for some lease payment

4 revenue from another user of these locomotives. And

5 the goal would be to preserve these lease payments

6 for future rehabilitation and update and capital

7 purposes of these locomotives in the future.

8 So the Resolution authorizes me to

9 continue discussions with IDOT, and that we will then

10 come back to the Board with a detailed

11 intergovernmental agreement about this arrangement.

12 It actually, I think in staff-level

13 discussions, we believe that this is going to be

14 somewhat similar to the arrangement that we have with

15 the Metro East Public Safety Commission, where we

16 steward some funds for them and that there's a

17 documented process for the expenditure of those

18 funds.

19 But I would turn it over to Joanne

20 because I think I may have missed something.

21 MS. JOANNE FEHN: Good morning, Chairman,

22 Executive Director, Board Members, thank you so much

23 for allowing me to share this morning.

24 Thanks for being here on short notice,

1 I've heard, and the fire drill, so I appreciate this
 2 opportunity. I think this is a one -- Secretary
 3 Blakenhorn sends his regrets. He couldn't be here
 4 this morning with you, so he sent me inside. I don't
 5 think I will do as well as job as he would. However,
 6 I'm very honored to be standing here before you
 7 today.

8 I think this is a wonderful
 9 opportunity for our two agencies to collaborate and
 10 to try to move forward and cooperate in connection
 11 with this type of project. And hopefully, we can
 12 build relationships and enter into further
 13 intergovernmental agreements.

14 As your Executive Director said, we
 15 were the -- IDOT was the lead procuring agency for 33
 16 high-speed rail locomotives. It is part of our
 17 high-speed rail inter-passenger rail service
 18 initiatives, where we are working with the states of
 19 Wisconsin, Michigan, and Missouri along with
 20 ourselves to improve infrastructure, for the first
 21 time in the agency's history, to actually buy
 22 locomotive equipment versus leasing the equipment
 23 from Amtrak.

24 And so in doing so, right now, as

1 Executive Director Meister said, we have about five
 2 locomotives that we wouldn't call them surplus, but
 3 they're not needed in connection with our related
 4 services right now. We have one locomotive in
 5 service that actually goes to Milwaukee. It doesn't
 6 quite go 110 miles an hour right now because some of
 7 infrastructure has to be completed.

8 But in the goal to attempt to lease
 9 these locomotives, the goal is to preserve and
 10 protect public money rather than have those
 11 locomotives sit idle and mothballed. Rather, put
 12 them into service with another agency that can use
 13 these -- that use this equipment. And so in doing
 14 so, to the extent we receive revenue, we would like
 15 to partner with you to be able to assist us in that
 16 regard.

17 So I'm happy to take any questions
 18 or....

19 JURACEK: Does IDOT actually operate any train
 20 service? I'm confused as to why IDOT would purchase
 21 locomotives when its usually BNSF or with Amtrak or
 22 somebody else who's actually running the trains.

23 MS. JOANNE FEHN: What occurred is there
 24 were -- as Executive Director Meister said, there

1 were surpluses as part of the American Recovery and
 2 Reinvestment Act. There were stimulus monies of that
 3 federal monies available to the tunes of hundreds of
 4 millions of dollars.

5 And so in working with the federal
 6 Railroad Administration, which is the FRA, I don't
 7 think that that agency would be inclined to use those
 8 federal monies to further subsidize Amtrak. So they
 9 are working with states to put that money into the
 10 states to improve and obtain equipment. So by a
 11 number of grants, we are able to use those funds to
 12 be able to buy equipment, and we partner with the
 13 BNSF, we partner with Amtrak in order to run the
 14 service. So right now, the locomotive that's on the
 15 Milwaukee line, that is by and through our
 16 relationship with Amtrak.

17 JURACEK: Thank you.

18 MS. JOANNE FEHN: So, you know, IDOT does not
 19 technically, and legally we cannot operate a railroad
 20 service, but we would want --

21 JURACEK: This is a conduit to get the money?

22 MS. JOANNE FEHN: Yes.

23 BRONNER: Is there -- is there some revenue
 24 sharing that you receive on the back end?

1 MS. JOANNE FEHN: When you say -- sorry.
 2 BRONNER: If it's your locomotive?
 3 MS. JOANNE FEHN: Well, that's -- the revenue
 4 sharing, for example, with Amtrak, the agreements
 5 with Amtrak are very -- are very succinct, and I
 6 wouldn't call that necessarily a revenue-sharing
 7 scenario based off the long-term relationships that
 8 we've had with Amtrak.

9 But when we work with, for example,
 10 the lessee, we will be receiving monies in through
 11 that relationship, and then because of the federal
 12 grant requirements, we have to put that back into the
 13 program.

14 BRONNER: Okay.

15 MEISTER: I think that this is a potential
 16 opportunity in the transportation sector that may,
 17 after many permutations, work to a tra- -- a capital
 18 transportation revolving fund. That was one of the
 19 reasons why -- while I was so intrigued.

20 BRONNER: Uh-huh.

21 KNOX: Quick question: So on the -- on the
 22 lease of the locomotive, Amtrak or BNSF then provide
 23 lease payments back to IDOT to cover the costs of
 24 the -- IDOT's purchase of the equipment? Is that --

1 I missed that part, or I didn't understand that.
2 FLETCHER: Surplus.
3 MS. JOANNE FEHN: Well, under the Amtrak
4 scenario, there are things because we're right now
5 engaging in contract that I -- legally, I wouldn't be
6 able to say.
7 KNOX: Okay.
8 MS. JOANNE FEHN: But we do receive revenue for
9 the lease under the -- the anticipation is to receive
10 lease monies or lease payments from Amtrak. However,
11 the size of the payments, I would not be -- would not
12 be deemed significant.
13 So with -- in connection with the
14 sur- -- right now, what we're using as the five
15 locomotives that are not needed for the existing
16 services for what we are calling the Midwest states,
17 so these five, we are working towards leasing that to
18 another transportation agency or carrier and therein
19 try to realize the monies that you are probably
20 thinking about, Director, in connection with can we
21 use those funds then to invariably put back into
22 maintenance --
23 KNOX: Uh-huh.
24 MS. JOANNE FEHN: -- and put back into the

1 program for overhauls.
2 These locomotives have a -- they're
3 beautiful state-of-the-art. We've been in the news a
4 little bit lately with these locomotives. And so the
5 overhaul requirements will come in, like, years
6 seven, eight, and nine.
7 KNOX: Uh-huh.
8 MS. JOANNE FEHN: And so to the extent that
9 from inception to that time, we don't anticipate any
10 need to really maintain because the locomotives
11 should be self-supporting except for what we would
12 call typical strikes, bird strikes, tree strikes,
13 things of that nature, where we would have to go into
14 funds to be able to repair that or insurance proceeds
15 to be able to repair that.
16 So if we and when we and can we work
17 with another transportation agency, there would be
18 what we would call more -- more robust lease monies
19 available.
20 KNOX: Okay.
21 McCOY: Quick question: Did you say you
22 purchased 33?
23 MS. JOANNE FEHN: Yes.
24 McCOY: Now, have you -- are there states in

1 the midwest that have done similar things?
2 MS. JOANNE FEHN: We have also partnered with
3 Caltrans for the procurement of the rail cars. So
4 where we were to lead agency for the procurement of
5 the locomotives, Caltrans is the lead agency on the
6 procurement for the rail cars that would make up what
7 they call the consist of the train, and ultimately
8 bring the actual rail service into -- into this
9 century. And so -- maybe -- maybe not quite like
10 Europe, but hopefully we can get there.
11 So we worked with California and the
12 State of Washington in connection with that. And so
13 what will happen, similar to locomotives, we worked
14 with what we call the Midwest Coalition and the
15 midwest states, which are the ones I mentioned.
16 And so we will be sharing the
17 locomotives and the services. For example, the
18 Michigan Line, they will have a locomotive, possibly
19 two locomotives that they are using in that service.
20 We have Wisconsin and then Missouri.
21 McCOY: But they'll all be -- they'll all be
22 the ones that Illinois bought. It's not like
23 Michigan went in and bought some engines as well.
24 MS. JOANNE FEHN: No. But we will be sharing
1 and potentially co-owning the locomotives --
2 McCOY: Okay.
3 MS. JOANNE FEHN: -- and have responsibility
4 for maintenance when that -- when that arises,
5 Director, yes.
6 McCOY: Thank you.
7 MS. JOANNE FEHN: Sure.
8 JURACEK: So I may not be hearing this
9 correctly, but it sounds to me that IDOT is a conduit
10 for federal money, but other than these five surplus
11 locomotives that you hope to get some sort of lease
12 payments on, it looks like the railroads are getting
13 free locomotives and free rail cars.
14 So I'm curious as to why we're doing
15 that, especially for somebody like the Canadian
16 National. Are you doing business with the Canadian
17 National?
18 MS. JOANNE FEHN: No.
19 JURACEK: Okay. Good.
20 MS. JOANNE FEHN: I mean, obviously the CN has
21 a very intricate network, especially in connection
22 with Illinois and our relationship with the CN. I
23 mean, you know, they have yards -- you know, we have
24 CP, we have CN, we have UP. So -- and BNSF. There

1 are a number intricacies. You know, the relationship
 2 is some of those railroads actually own the rail
 3 track.

4 JURACEK: Uh-huh.
 5 MS. JOANNE FEHN: There are other railroads and
 6 this is -- creates the con- -- you know, it's very
 7 convoluted. Then you have other railroads that may
 8 own the underlying land. So we may ow- -- we may owe
 9 money to be able to run the line over that rail
 10 track.

11 So the relationship -- and I'm happy
 12 to speak further -- you know, I'm happy to stay
 13 further and speak with each of you in connection with
 14 some of these nuances, because, certainly, I know you
 15 came in, but for example we don't have an actual
 16 relationship with the CN where they are using our
 17 equipment.

18 JURACEK: So I don't want to delay a vote on
 19 this, you know, with a long, convoluted explanation.

20 MS. JOANNE FEHN: Sure.
 21 JURACEK: But I find this particularly
 22 intriguing. I'm Chair of the O'Hare Noise Capability
 23 Commission, and we have issues between us and the
 24 Tollway -- not with the Tollway, but with the

1 Canadian National on some issues out at O'Hare. I'd
 2 be interested in some backup material.

3 MS. JOANNE FEHN: Sure.

4 JURACEK: If you want to get it to Chris, and
 5 then Chris can get it out to the --

6 MS. JOANNE FEHN: Sure.

7 JURACEK: -- to the Authority afterwards.
 8 MCCOY: Interesting.

9 JURACEK: It sounds like this is a good conduit
 10 to get federal money to come into the railroad sector
 11 here, especially towards high-speed rail. But --

12 MS. JOANNE FEHN: Uh-huh.

13 JURACEK: -- I'm confused by the whole
 14 relationship going on here.

15 MS. JOANNE FEHN: Sure.

16 JURACEK: I appreciate that.

17 CHAIRMAN ANDERBERG: Okay.

18 Thank you.

19 MS. JOANNE FEHN: Thank you.

20 CHAIRMAN ANDERBERG: Okay. I'd like to request
 21 a motion to pass and adopt the following -- the
 22 Project Reports and Resolutions 1 and 2.

23 Is there such a motion?

24 BRONNER: So moved.

1 McCOY: Second.

2 CHAIRMAN ANDERBERG: We have a motion and a

3 second.

4 All those in favor?

5 (Chorus of ayes.)

6 CHAIRMAN ANDERBERG: All right.

7 FLETCHER: If I may, we'll --

8 CHAIRMAN ANDERBERG: We're going to call the

9 roll.

10 FLETCHER: We'll do a roll call.

11 The second was Mr. McCoy, I believe?

12 McCOY: Yeah.

13 CHAIRMAN ANDERBERG: Yes.

14 FLETCHER: So on a motion by Ms. Bronner and a

15 second by Mr. McCoy, I would call the roll.

16 Ms. Bronner?

17 BRONNER: Yes.

18 FLETCHER: Mr. Goetz, on the line?

19 GOETZ: Yes.

20 FLETCHER: Ms. Juracek?

21 JURACEK: Yes.

22 FLETCHER: Mr. Knox?

23 KNOX: Yes.

24 FLETCHER: Mr. McCoy?

1 McCOY: Yes.

2 FLETCHER: Mr. Poole?

3 POOLE: Yes.

4 FLETCHER: Ms. Smoots?

5 SMOOTS: Yes.

6 FLETCHER: Mr. Zeller?

7 ZELLER: Yes.

8 FLETCHER: Mr. Chairman?

9 CHAIRMAN ANDERBERG: Yes.

10 FLETCHER: Mr. Chairman, the motion carries.

11 CHAIRMAN ANDERBERG: Thank you.

12 Is there any other business to come

13 before the Members?

14 (No response.)

15 CHAIRMAN ANDERBERG: Okay. Hearing none, I'd

16 like to request a motion to excuse the absences of

17 Members unable to participate today.

18 Is there such a motion?

19 KNOX: So moved.

20 CHAIRMAN ANDERBERG: A motion by Mr. Knox.

21 POOLE: Second.

22 CHAIRMAN ANDERBERG: And a second by Mr. Poole.

23 All those in favor?

24 (Chorus of ayes.)

1 CHAIRMAN ANDERBERG: Opposed?
2 (No response.)
3 CHAIRMAN ANDERBERG: The ayes have it.
4 Is there any public comment from the
5 Members?
6 (No response.)
7 CHAIRMAN ANDERBERG: Okay. The next regularly
8 scheduled meeting will be December 14th, and I'd like
9 to request a motion to adjourn.
10 Is there such a motion?
11 KNOX: So moved.
12 CHAIRMAN ANDERBERG: A motion by Mr. Knox.
13 A second?
14 BRONNER: Second.
15 CHAIRMAN ANDERBERG: A second by Gila.
16 All those in favor?
17 (Chorus of ayes.)
18 CHAIRMAN ANDERBERG: Opposed?
19 (No response.)
20 CHAIRMAN ANDERBERG: The ayes have it.
21 Again, thank you for coming today.
22 FLETCHER: The time is 10:00 a.m.
23 (Which were all the
24 proceedings had.)

1 STATE OF ILLINOIS)
) SS:
2 COUNTY OF COOK)
3 Brad Benjamin, being first duly sworn on oath,
4 says that he is a Certified Shorthand Reporter, that
5 he reported in shorthand the proceedings given at the
6 taking of said hearing, and that the foregoing is a
7 true and correct transcript of his shorthand notes so
8 taken as aforesaid and contains all the proceedings
9 given at said Illinois Finance Authority Meeting.
10
11
12
13 Certified Shorthand Reporter
14 No. 084-004805

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
APPROVAL OF REQUEST TO PARTICIPATE VIA AUDIO CONFERENCE
ADOPTED

November 30, 2017

8 YEAS

0 NAYS

0 PRESENT

Y Bronner
E Fuentes
NV Goetz
E Horne
Y Juracek

Y Knox
Y McCoy
E O'Brien
E Obernagel
Y Poole

Y Smoots
Y Zeller
Y Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
NOVEMBER 30, 2017 AGENDA OF THE SPECIAL MEETING OF THE MEMBERS
ADOPTED

November 30, 2017

9 YEAS

0 NAYS

0 PRESENT

Y Bronner

E Fuentes

Y Goetz

(VIA AUDIO CONFERENCE)

E Horne

Y Juracek

Y Knox

Y McCoy

E O'Brien

E Obernagel

Y Poole

Y Smoots

Y Zeller

Y Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1130-HC01
501(c)(3) REVENUE BOND – HOSPITAL SISTERS SERVICES, INC.
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 30, 2017

9 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

E Fuentes

Y McCoy

Y Zeller

Y Goetz

E O'Brien

Y Mr. Chairman

(VIA AUDIO CONFERENCE)

E Horne

E Obernagel

Y Juracek

Y Poole

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1130-AD02
RESOLUTION AUTHORIZING IFA TO NEGOTIATE AN INTERGOVERNMENTAL
AGREEMENT WITH THE ILLINOIS DEPARTMENT OF TRANSPORTATION (IDOT)
RELATING TO INTERCITY RAIL SERVICE AND HIGH SPEED RAIL
ADOPTED*

November 30, 2017

9 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

E Fuentes

Y McCoy

Y Zeller

Y Goetz

E O'Brien

Y Mr. Chairman

(VIA AUDIO CONFERENCE)

E Horne

E Obernagel

Y Juracek

Y Poole

* – Consent Agenda

E – Denotes Excused Absence

Date: February 15, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox

Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

Subject: ***Minutes of the December 14, 2017 Regular Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (the “**Minutes**”) in connection with the regular meeting of the Members of the Illinois Finance Authority (the “**Authority**”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the second Thursday of December in the year 2017, 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
REGULAR MEETING
Thursday, December 14, 2017
9:30 AM

AGENDA:

- I. Call to Order & Roll Call
(page 4, line 3 through page 6, line 4; page 14, lines 3 through 23)
- II. Approval of Agenda
(page 6, line 5 through page 6, line 21)
- III. Chairman’s Remarks
(page 6, line 22 through page 7, line 12)
- IV. Message from the Executive Director
(page 7, line 13 through page 8, line 11)
- V. Consideration of the Minutes
(page 8, line 12 through page 8, line 14)
- VI. Presentation and Consideration of Financial Reports
(page 8, line 15 through page 13, line 3)
- VII. Monthly Procurement Report
(page 14, line 24 through page 16, line 9)



- VIII. Committee Reports
(page 13, line 4 through page 14, line 2)
- IX. Presentation and Consideration of the Project Reports and Resolutions
(page 16, line 10 through page 79, line 1)
- X. Other Business
(page 79, line 2 through page 80, line 9)
- XI. Public Comment
(page 80, line 10 through page 81, line 6)
- XII. Adjournment
(page 81, lines 7 through 23)

The Minutes of the regular meeting of the Authority 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 to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Ryan Oechsler
Associate General Counsel

- Enclosures:
- 1. Minutes of the December 14, 2017 Regular Meeting
 - 2. Voting Record of the December 14, 2017 Regular Meeting

ILLINOIS FINANCE AUTHORITY

REGULAR MEETING

December 14, 2017 at 9:31 a.m.

REPORT OF PROCEEDINGS had at the Regular

Meeting of the Illinois Finance Authority on

December 14, 2017, at the hour of 9:30 a.m., pursuant

to notice, at 160 North LaSalle Street, Suite S-1000,

Chicago, Illinois.

APPEARANCES:

- MR. ERIC ANDERBERG, Chairman
- MR. BRADLEY A. ZELLER
- MR. ROGER E. POOLE
- MR. GEORGE OBERNAGEL
- MR. LYLE McCOY (via audio conference)
- MR. LERRY KNOX
- MS. ARLENE JURACEK
- MR. MICHAEL W. GOETZ
- MS. BETH SMOOTS
- MS. GIILA BRONNER (via Audio Conference.)
- MR. JAMES J. FUENTES
- MR. ROBERT HORNE

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

- MR. RICH FRAMPTON, Vice-President
- MS. PAMELA LENANE, Vice-President
- MS. ELIZABETH WEBER, IFA General Counsel
- MS. XIMENA GRANDA, Controller
- MR. CHRISTOPHER B. MEISTER, Executive Director
- MR. TERRY FRANZEN, Procurement
- MR. RYAN OECHSLER, IFA Intern

GUESTS

- MR. CHARLES F. CLARK III, Chair,
The Admiral at the Lake
- MS. ANDREA O. HASTEN, Chair, The Old Peoples Home
- MS. NADIA GEIGLER, Executive Director,
The Admiral at the Lake
- MR. DAN CHURCHILL, CHIEF FINANCIAL OFFICER,
The Admiral at the Lake
- Mr. DAVID LEWIS, ASSISTANT TREASURER,
Ann & Robert H. Lurie Children's Hospital of
Chicago
- MR. THOMAS OTT, VICE PRESIDENT OF TREASURY
SERVICES, OSF HealthCare
- MS. ANNE DONAHOE, FINANCIAL ADVISOR to
OSF HealthCare

1 MR. MICHAEL J. MITCHELL, BOND COUNSEL
 Illinois Finance Authority
 2 GUESTS CONTINUED:
 3 MR. STEVE YENCHEK, CEO, Friendship Village of
 Schaumburg
 4
 MR. MICHAEL FLYNN, CFO, Friendship Village of
 Schaumburg
 5
 MR. DONALD F. HEMMESCH, JR., Smith Hennesch Burke
 Kaczynski
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1 CHAIRMAN ANDERBERG: I'd like to -- welcome.
 2 We have a big audience here today. I'd like to call
 3 the meeting to order.
 4 Will the Assistant Secretary -- the
 5 assistant to the Assistant Secretary please call the
 6 roll.
 7 OECHSLER: Yes. The time is 9:32 a.m. I will
 8 call the roll of Members physically present first.
 9 Mr. Fuentes?
 10 FUENTES: Here.
 11 OECHSLER: Mr. Goetz?
 12 GOETZ: Here.
 13 OECHSLER: Mr. Horne?
 14 HORNE: Here.
 15 OECHSLER: Ms. Juracek?
 16 JURACEK: Here.
 17 OECHSLER: Mr. Knox?
 18 KNOX: Here.
 19 OECHSLER: Mr. Obernagel?
 20 OBERNAGEL: Here.
 21 OECHSLER: Mr. Poole?
 22 POOLE: Here.
 23 OECHSLER: Ms. Smoots?
 24 SMOOTS: Here.

1 OECHSLER: Mr. Zeller?
2 ZELLER: Here.
3 OECHSLER: Mr. Chairman?
4 CHAIRMAN ANDERBERG: Here.
5 OECHSLER: Mr. Chairman, a quorum of Members
6 physically present in the room has been constituted.
7 At this time, I'd like to ask if any
8 members would like to attend via audio conference.
9 BRONNER: Yes, hi. This is Gila Bronner. I'm
10 requesting to attend via audio conference due to
11 employment purposes.
12 CHAIRMAN ANDERBERG: Okay. Is Mr. McCoy there?
13 (No response.)
14 CHAIRMAN ANDERBERG: Okay. Is there a motion
15 to approve these requests pursuant to the bylaws and
16 policies of the Authority?
17 OBERNAGEL: I'll make a motion, Mr. Chairman.
18 CHAIRMAN ANDERBERG: Motion by Mr. Obernagel.
19 A second?
20 FUENTES: Second.
21 CHAIRMAN ANDERBERG: A second by Mr. Fuentes.
22 All those in favor?
23 (Chorus of ayes.)
24 CHAIRMAN ANDERBERG: Opposed?

1 (No response.)
2 CHAIRMAN ANDERBERG: The ayes have it.
3 OECHSLER: Mr. Chairman, Member Bronner has
4 been added to the initial quorum roll call.
5 CHAIRMAN ANDERBERG: Okay. Does anyone wish to
6 make any additions, edits, or corrections to today's
7 agenda?
8 (No response.)
9 CHAIRMAN ANDERBERG: I would like to request a
10 motion to approve the agenda.
11 Is there such a motion?
12 KNOX: So moved.
13 CHAIRMAN ANDERBERG: Motion by Mr. Knox.
14 A second?
15 POOLE: Second.
16 CHAIRMAN ANDERBERG: A second by Mr. Poole.
17 All those in favor?
18 (Chorus of ayes.)
19 CHAIRMAN ANDERBERG: Opposed?
20 (No response.)
21 CHAIRMAN ANDERBERG: The ayes have it.
22 I'll keep my remarks brief, but we can
23 see we have a big agenda today, 21 different projects
24 and resolutions, and that's reflective of what's

1 taking place in Washington, DC, right now.
 2 And I'll just make a quick remark that
 3 we've been active in talking to some congressmen and
 4 congressional staff, and as of this morning we're
 5 really still not clear about the status of what it's
 6 going to take with PABs. We've heard they're in,
 7 they're out, they're going to be modified. So we
 8 should know, maybe by end of today or tomorrow, our
 9 status, and the Authority will act accordingly, and
 10 we will continue to move on.

11 With that, Chris has some more
 12 detailed information.

13 MEISTER: Thanks, Chairman Anderberg.
 14 Again, I'd like to thank the Board
 15 members. This is our third meeting in a month, and
 16 we had a very lengthy and detailed meeting of the
 17 Conduit Committee reviewing these projects yesterday
 18 afternoon. It's a very large agenda. It's a complex
 19 agenda. And I wish I could provide more clarity to
 20 the Board members and the representatives of the
 21 borrowers and their teams of professionals in the
 22 room, but the news that I've received as of this
 23 morning is unclear.

24 So again, I'll restate what Eric and I

1 discussed back at the regular November meeting, and
 2 then, obviously, we had a special meeting on November
 3 the 30th. The Authority is prepared to work with its
 4 borrowers, its board, its staff to meet the needs of
 5 the borrowers and their teams of professional
 6 participants. But we did work extraordinarily hard,
 7 and I just want to thank the staff and everybody
 8 that's in the room today to try and get as much
 9 business accomplished today, this morning, as is
 10 humanly possible.

11 So with that, thank you.

12 CHAIRMAN ANDERBERG: This is in consideration
 13 of the Minutes? Or...

14 MEISTER: Yeah, we're deferring the Minutes.

15 CHAIRMAN ANDERBERG: Presentation of the
 16 Financial Reports.

17 GRANDA: Good morning, everyone. I will be
 18 presenting the financial statements as of
 19 November 30th, 2017. The financial statements along
 20 with The Financial Analysis Memo are in your board
 21 books under your Financial Statement tab.

22 The Authority General Operating Fund

23 is as follows: Our total annual revenues equals \$1.9
 24 million or \$205,000 or 12.3 percent higher than

1 budget. Again, that's due to higher closing and
2 administrative fees.
3 In November, the Authority generated
4 \$376,000 in closing fees, which is \$14,000 higher
5 than the monthly budgeted of \$240,000.
6 Our total annual expenses equals
7 \$1.2 million, and are \$390,000 or 24.2 percent lower
8 than budget, which was mostly driven by a reduction
9 on spending on professional services and
10 employee-related expenses.
11 In November, the Authority recorded
12 operating expenses of \$225,000, which is lower by
13 \$67,000 from our budgeted amount of \$292,000. The
14 variance is due, again, to employee-related expenses
15 and professional services.
16 Our total monthly net income for
17 November is \$236,000, which is a reduction in
18 spending and an increase in closing and
19 administrative fees.
20 Our total annual net income is at
21 630- -- \$658,000, and then the major driver for this
22 annual -- annual positive bottom line continues to be
23 the level of overall spending at 24.2 percent
24 lower-than-budget as well as an increase in closing

1 and administrative fees.
2 Our general fund continues to
3 maintain a strong balance sheet with total net
4 positions of \$57.3 million and unrestricted cash and
5 investments of \$42.5 million.
6 Moving on to the Fire Truck and
7 Ambulance Loan Programs, the Authority has received
8 all of the loan payments that were due on
9 November 1st. Total loan repayments for both
10 programs were \$2.2 million.
11 Moving on to Audit. The Fiscal Year
12 2017 Financial Audit is completed. A draft of the
13 Report was provided in your manila folders. The
14 financial audit will be released in the coming weeks.
15 An audit -- an Audit Plus Committee meeting will be
16 scheduled in the coming weeks to discuss the
17 Financial Audit Report.
18 The two-year compliance examination
19 for fiscal year 2016 and 2017 is ongoing. The field
20 work for that compliance examination is tentative to
21 be finished by tomorrow, December 15th. Currently,
22 we have 11 potential audit findings; we estimate that
23 the number might be 14.
24 Once the potential audit findings are

1 final, a corrective action plan will be presented to
 2 the Audit Plus Committee meeting -- the Audit Plus
 3 Committee.

4 Moving on to the -- our internal
 5 audit. The Internal Audit entrance was held on
 6 November 8th. The Authority is working with the
 7 Department of Central Management Services, the
 8 Division of Internal Audit, and the Audit will keep
 9 the Board informed of the progress of the internal
 10 audit.

11 Just move-- looking ahead, in
 12 December, the Authority anticipates closing 14
 13 projects and 4 host TEFRAS for a total of \$1.7
 14 million in closing and administrative fees. This
 15 December will be the highest month for fees generated
 16 by the Authority since its inception.

17 Is there any questions?
 18 MEISTER: Just to add a couple of things,
 19 again, the large December volume at this meeting and
 20 the anticipated closing fees, in our view, is due
 21 almost solely to a compression effect due to the
 22 uncertainty in Washington with respect to federal tax
 23 legislation.

24 Also, I do want to complement the

1 Auditor General's Office. They worked to get a draft
 2 copy of the Financial Audit, which has one finding in
 3 it, released to us so that we could share it with the
 4 Board before their public release. They understood
 5 the importance of getting a document into the hand of
 6 Board Members at this meeting. So...

7 CHAIRMAN ANDERBERG: I'd like to request --
 8 MCOY: Mr. Chairman, Lyle McCoy joining the
 9 call.

10 CHAIRMAN ANDERBERG: Okay. Thank you, Lyle.
 11 You can recognize that Lyle's --

12 OECHSLER: The time is 9:41 a.m. Let the
 13 record show that Member McCoy has joined the meeting
 14 via audio conference.

15 CHAIRMAN ANDERBERG: Thank you.
 16 I'd like to request a motion to accept
 17 the Financial Reports.

18 Is there such a motion?
 19 GOETZ: So moved.

20 CHAIRMAN ANDERBERG: So moved by Mr. Goetz.
 21 KNOX: Second.

22 CHAIRMAN ANDERBERG: Second by Mr. Knox.
 23 All those in favor?
 24 (Chorus of ayes.)

1 CHAIRMAN ANDERBERG: Opposed?
2 (No response.)
3 CHAIRMAN ANDERBERG: The ayes have it.
4 The Executive Committee met earlier
5 this morning and discussed the appointment of the
6 Executive Director, which we'll discuss as Item
7 No. 21 of today's agenda.
8 Mr. Horne?
9 HORNE: So the Tax-Exempt Conduit Transactions
10 Committee met yesterday and unanimously voted to
11 recommend for approval each of the following matters
12 on today agenda, including Lincoln Park Zoo; the
13 University of Chicago; Lurie Children's Hospital;
14 Friendship Village of Schaumburg; OSF Healthcare; The
15 Admiral at the Lake; Ingalls Memorial Hospital,
16 Financial District Properties KP, L.L.C.; Bradley
17 University; Elmhurst College; Elim Christian
18 Services; Carmel Catholic High School; and IEFA
19 Commercial Paper Program; the Loyola University
20 Commercial Paper Program; Mount Carmel High School;
21 Little City Foundation; Rush University Medical
22 Center; a request for Calendar Year 2018 Volume Cap,
23 Edward Elmhurst Memorial; and Omnibus Res- -- and an
24 Omnibus Resolution. That's a mouthful.

1 CHAIRMAN ANDERBERG: Yeah.
2 HORNE: We had a busy meeting yesterday.
3 CHAIRMAN ANDERBERG: Okay. Mr. McCoy?
4 (No response.)
5 CHAIRMAN ANDERBERG: Lyle?
6 Mccoy: Yes.
7 CHAIRMAN ANDERBERG: Could I request your
8 reasons for not being able to attend today?
9 Mccoy: Yes. I'd like to be excused because of
10 the -- traveling on business purposes.
11 CHAIRMAN ANDERBERG: Okay. Thank you, Lyle.
12 WEBER: And a motion to add him to the --
13 CHAIRMAN ANDERBERG: Can I have a motion to add
14 that --
15 HORNE: So moved.
16 CHAIRMAN ANDERBERG: And a second?
17 GOETZ: Second.
18 CHAIRMAN ANDERBERG: All those in favor?
19 (Chorus of ayes.)
20 CHAIRMAN ANDERBERG: Opposed?
21 (No response.)
22 CHAIRMAN ANDERBERG: The ayes have it. Thank
23 you.
24 JURACEK: Mr. Chairman, point of order. I

1 think we skipped the Procurement Report on the
2 Agenda.
3 CHAIRMAN ANDERBERG: Did we?
4 JURACEK: And I know there there's no vote
5 required, but it is on the Agenda.
6 CHAIRMAN ANDERBERG: I am sorry. I am sorry.
7 Could we have Procurement? I'm sorry
8 about that. Thank you.
9 JURACEK: You're welcome.
10 CHAIRMAN ANDERBERG: You are correct.
11 FRANZEN: Good morning, Mr. Chairman, Members
12 of the Board.
13 From the Procurement Report, you see
14 we've executed three small purchase orders for the
15 Authority. The CDW-G order is for the replacement of
16 the Agency's desktops.
17 The following are addressed in Agenda
18 Item No. 20, Resolution 2017-2014 [sic]. The Ascent
19 Innovations Amendment was executed to increase the
20 contract amount by \$143,416, correcting the 165,000
21 as indicated in the Procurement Report, for software
22 upgrades to the IFA's finance and accounting software
23 and for implementing new payroll and timekeeping
24 modules to perform those services inhouse.

1 The ADP Total Source Agreement is
2 still in progress and is expected to be executed soon
3 for employee benefits and payroll services through
4 May of 2018.
5 And the Catalyst amendment was
6 executed to add \$180,000 in additional funds for
7 voice and data network support.
8 Questions?
9 CHAIRMAN ANDERBERG: Thank you.
10 Okay. Now I'd like to ask for the
11 general consent of the members to consider the
12 project reports and resolutions collectively and have
13 the subsequent recorded vote applied to each
14 respective, individual project and resolution unless
15 there are any specific project reports and
16 resolutions that a member would like to consider
17 separately.
18 Are there any?
19 GOETZ: Yes, Mr. Chairman. I would like to
20 recuse myself from any deliberations and voting with
21 respect to Items No. 3, 5, and 22 of the Project
22 Reports and Resolutions because my son works for the
23 financial advisor in these transactions.
24 CHAIRMAN ANDERBERG: Okay.

1 HORNE: And I, too, would ask to be recused
 2 from the deliberations regarding Item No. 3, which is
 3 the Ann & Robert H. Lurie Hospital. I'm a member of
 4 the -- or senior member of their Foundation Board and
 5 member of their Real Estate Committee.

1 in capital expenditures, and fund the Debt Service
 2 Reserve and pay costs of issuance.

6 CHAIRMAN ANDERBERG: Okay.

3 The Admiral is also requesting a
 4 waiver of the policy for non-rated bonds to issue in
 5 \$5,000 denominations based upon a financial
 6 feasibility study dated December 1, 2017, prepared by

7 Okay. Then I'd like to consider Item
 8 No. 6, The Admiral at the Lake, first, and we'll take
 9 a roll call vote.
 10 And then next, we'll consider Items 3,
 11 5, and 22 as separate votes due to the abstentions.

7 Dixon Hughes Goodman, demonstrating the final --
 8 financial viability of The Admiral.
 9 The Admiral is located on 2.1 acres in
 10 Edgewater/Uptown neighborhoods, at Foster and Marine
 11 Drive, adjacent to Lake Michigan.

12 Then, we'll consider Item No. 21, the
 13 Appointment of Executive Director, as a separate
 14 vote.
 15 And then finally, we'll consider the
 16 remaining items under a consent agenda and take the
 17 final vote at the end.

12 The Admiral at the Lake was founded in
 13 1858 as The Home for the Aged and Indigent Females to
 14 care for Chicago's homeless, elderly women. When it
 15 founded, it was the first and only institution in
 16 Chicago dedicated to the care of the elderly. In
 17 1887, The Admiral revised its charter, changing its

18 The Admiral at the Lake, Pam.
 19 LENANE: Mr. Chairman, the The Admiral at the
 20 Lake is requesting a one-time final bond resolution
 21 to approve the issuance of a series of tax-exempt
 22 bonds in the amount of approximately \$175 million.
 23 These bonds will refund the Borrower's outstanding
 24 Series 2010 Bonds to fund approximately \$2.6 million

18 name to The Old People's Home of the City of Chicago,
 19 and became a non-sectarian institution for both woman
 20 and men of all faiths and nationalities.
 21 In 2004, the Board developed and
 22 approved a Redevelopment Plan which outlined
 23 strategies to develop The Admiral into a financially
 24 viable community for the next 50 years. The Board

1 selected Greystone -- Greystone Communities as the
2 developer of the new community on current Adm- -- on
3 the current Admiral site.
4 Demolition of the old facility began
5 in August of 2007, and was completed in December
6 2007.
7 The Admiral was completely
8 repositioned and redeveloped beginning in 2010 with
9 the proceeds of the IFA's Series 2010 bonds.
10 The Admiral at the Lake currently
11 consists of 198 one-, two-, and three-bedroom
12 independent living apartments, including 12 garden
13 townhome apartments, 39 assisted living units, 17
14 memory support assisted living units, and 36 nursing
15 beds.
16 The Admiral is governed by a 7-member
17 Board shown on page 4 of the report. Present here
18 today are the Chair of The Admiral Board, Mr. Charley
19 Clark; also, we have the Chairman of the Old Peoples
20 Home, Ms. Andrea Hasten; also, we have the Executive
21 Director of the Admiral at the Lake, Nadia -- Nadia
22 Geigler, if you could raise your hand; and -- do --
23 where is Dan Churchill?
24 MS. ANDREA HASTEN: Right here.

1 LENANE: Oh, okay. Okay. Cool.
2 -- Dan Churchill, who is the Chief
3 Financial Officer of the Admiral at the Lake; and Amy
4 Harrison, who comes from the Kendal Corporation,
5 representing the Kendal Corporation.
6 In December 2009, The Admiral entered
7 into a Definitive Agreement with Kendal Corporation,
8 by which The Admiral and Kendal agreed to mutually
9 pursue a continued development marketing and
10 financing and construction in -- of the community.
11 The ongoing relationship with Kendal
12 was memorialized upon substantial completion of the
13 project in 2012 in an affiliation agreement whereby
14 the Admiral became an affiliate of the Kendal System
15 and received certain services in return for a
16 specified system fee.
17 The Admiral at the Lake is currently a
18 non-rated entity by -- the bonds will be offered as
19 fixed rate debt by Ziegler -- by Ziegler Securities
20 at an assumed average interest rate of 5 percent --
21 5 percent.
22 The Admiral Sources and Uses show
23 that -- the Refunding of the Series 2010 Bonds in the
24 amount of \$147,612,000 and -- \$612,110 -- a Debt

1 Service Reserve Fund of approximately \$9 million,
2 capital expenditures in the amount of \$2.6 million,
3 and cost of issuance at \$2.8 million approximately.
4 The unaudited financials for 9 months
5 in 2017 as shown on page 6 show weak debt service
6 coverage of .84 times and very low days cash on hand
7 of 20 days, and approximately \$6.8 million in
8 temporary debt outstanding.

9 The 2017 Bonds, however, when issued,
10 will refinance the approximately \$6.8 million in debt
11 that is due at the end of 2018, and extend out the
12 principal and interest payments on the Series 2010
13 Bonds. Dixon Hughes' Feasibility Study shows that
14 with the refunding The Admiral is forecasted to have
15 1.65 debt service coverage in 2018 and 157 days cash
16 on hand.

17 In the first 9 months of 2017, The
18 Admiral has achieved stable operating performance and
19 continued -- consistent revenue generation. The
20 Admiral posted 96 percent occupancy across all levels
21 of service combined with higher levels of resident
22 turnover, which produced higher net income available
23 for debt service.

24 Thus, an advance refunding at this

1 time will enable The Admiral to significantly improve
2 its financial standing by combining stable operations
3 and sustainable revenues with lower interest rates
4 and revised principal amortization schedule.

5 For example, using the current rates
6 provided by Ziegler, the current plan of finance will
7 produce annual debt service savings in excess of \$1.5
8 million per year, equating to over \$20 million on a
9 net present value basis.

10 In order to strengthen The Admiral's
11 liquidity position, The Admiral Foundation and the
12 Kendal Corporation have agreed to provide liquidity
13 support of \$3.75 million and 70- -- I think it's
14 \$750,000, right? Yeah. 700- -- I -- I have a typo.
15 -- \$750,000, respectively, for a total
16 of \$4.5 million, which will be held in a Liquidity
17 Support Fund by the Master Trustee. The Admiral will
18 be able to draw on these funds for -- pay operating
19 expenses including debt service.

20 I think that's about it. Are there
21 any questions?
22 (No response.)
23 LENANE: Let's see.
24 CHAIRMAN ANDERBERG: Per page 9, this means

1 about a million and a half in savings --
 2 LENANE: Yes. Yes.
 3 CHAIRMAN ANDERBERG: -- for The Admiral every
 4 year?
 5 LENANE: Yes. Yes. Mr. Clark or
 6 Ms. Hasten, would you like to say something?
 7 MR. CHARLES CLARK: Please.
 8 If it pleases the Board, I'd like to
 9 say just a couple of words.
 10 MEISTER: Oh. Could you come up?
 11 MR. CHARLES CLARK: Great. Thank you.
 12 Thank you, Pam.
 13 LENANE: Sure.
 14 MR. CHARLES CLARK: Mr. Chairman, Board
 15 Members: The Admiral at the Lake has been serving
 16 Chicago's elderly for 160 years, and we have an
 17 opportunity here with this advance refunding to take
 18 our average long-term interest rate from 8 percent
 19 down to 5 percent, and in doing so, ensuring our
 20 financial security for at least another 160 years.
 21 We have an excellent relationship with
 22 Kendal, who we've affiliated with, who bring us a
 23 strength and a quality of care that we plan, not only
 24 on serving the people that live within our walls, but

1 the financial security obtained by undertaking this
 2 advanced refunding also allows us to consider how we
 3 may expand our models of care and serve the
 4 communities around us in the City of Chicago.
 5 We look forward to being able to do
 6 that today. We look forward to your positive vote
 7 today. And if you have any questions, we would be
 8 happy to answer them.
 9 (No response.)
 10 MR. CHARLES CLARK: Okay. Thank you very much;
 11 we appreciate your consideration.
 12 MEISTER: And I would just like to make a note.
 13 The tool that The Admiral is using, advanced
 14 refunding, had been eliminated in both the US Senate
 15 and the US House versions of the Tax Legislation, and
 16 what we have heard, is likely to be eliminated in the
 17 conference -- in the outcome of the Conference
 18 Committee.
 19 But The Admiral's situation
 20 demonstrates very clearly the utility and
 21 effectiveness of this tool of advance refunding to
 22 save borrowers money so that they can, rather than
 23 devoting scarce revenues to interest payment, they
 24 can put it back into the operations of their

1 respective nonprofits.

2 MR. CHARLES CLARK: Exactly.

3 When we started, one of the reasons

4 for our 8-percent rate was we were a startup

5 community. We had no operating track record. We

6 still had to completely fill our community. We were

7 able to do that.

8 We were then able to take the next

9 step of improving our margins over time. Even our

10 residents pushed us to be more efficient in how we

11 operated. We were able to achieve that, and now able

12 to qualify for this financing. We think that we will

13 sell very well; provide us with the financial

14 security to take us on indefinitely.

15 LENANE: I think Ms. -- Ms. Hastens [sic] would

16 like to say something.

17 MS. ANDREA HASTEN: Hasten -- it's Andrea

18 Hasten, and I am the Chair of the Old Peoples Home of

19 Chicago Board, and I'd just like to reiterate what

20 Charley had said, but also to mention we're very

21 committed to our fiduciary responsibility as a board.

22 It is a life care, so as we mentioned,

23 people are moving through the different levels of

24 care, from independent to the assisted memory care,

1 skilled nursing. It's really important.

2 And we have, as we've been able to

3 continue over the past years on the Board -- this is

4 a passion of ours -- we've seen different people

5 really move through the level of care. We're also a

6 501(c)(3), and continue, and have in the years,

7 provided for peoples' care as they've gone through

8 the different levels and -- from enjoying life to

9 really making a point to live a very satisfying life.

10 And we welcome anyone to come up to The Admiral at

11 any time and see us.

12 Thank you for your consideration.

13 GOETZ: Mr. Chairman?

14 CHAIRMAN ANDERBERG: Yes.

15 GOETZ: If I may, I'd just like to thank you

16 for the work that you do and that you should be

17 commended, and think it's our honor that we can help

18 you continue your existence.

19 MS. ANDREA HASTEN: Thank you.

20 LENANE: Thank you.

21 CHAIRMAN ANDERBERG: Thank you.

22 MEISTER: And again, just to reiterate what is

23 going on with the Federal Tax Legislation, the House

24 version that was would have eliminated not only the

1 advance refunding, but federal tax exemption for
2 private activity bonds, for nonprofits, for senior
3 care such as The Admiral. And while private activity
4 bonds were retained in the Senate version, again, as
5 I said at the beginning of the meeting, and as Eric
6 and other Board Members have heard from Washington,
7 the future of private activity bond, at this point,
8 and the scope and breadth of them is unclear as we
9 sit here today.

10 CHAIRMAN ANDERBERG: Right.
11 Okay. Thank you so much.

12 HORNE: Thank you.
13 LENANE: Thank you.

14 CHAIRMAN ANDERBERG: All right. I'd like to
15 request a motion to approve project No. 6.
16 Is there a second?

17 GOETZ: So moved.
18 HORNE: Second.

19 CHAIRMAN ANDERBERG: Motion by Mr. Goetz,
20 second by Mr. Horne.

21 Will the Assistant Secretary please
22 call the roll.
23 OECHSLER: Certainly.
24 On the motion and second, I will call

1 the roll.
2 Ms. Bronner via audio conference?
3 BRONNER: Yes.
4 OECHSLER: Mr. Fuentes?
5 FUENTES: Yes.
6 OECHSLER: Mr. Goetz?
7 GOETZ: Yes.
8 OECHSLER: Mr. Horne?
9 HORNE: Yes.
10 OECHSLER: Ms. Juracek?
11 JURACEK: Yes.
12 OECHSLER: Mr. Knox?
13 KNOX: Yes.
14 OECHSLER: Mr. McCoy via audio conference?
15 McCOY: Yes.
16 OECHSLER: Mr. Obernagel?
17 OBERNAGEL: Yes.
18 OECHSLER: Mr. Poole?
19 POOLE: Yes.
20 OECHSLER: Ms. Smoots?
21 SMOOTS: Yes.
22 OECHSLER: Mr. Zeller?
23 ZELLER: Yes.
24 OECHSLER: Mr. Chairman?

1 CHAIRMAN ANDERBERG: Yes.

2 OECHSLER: Mr. Chairman, the motion carries.

3 CHAIRMAN ANDERBERG: Thank you.

4 Okay. Now, I'd like to -- before

5 we do No. 3, the -- Mr. Goetz and Mr. Horne would

6 exit the room.

7 OECHSLER: Let the record reflect that Members

8 Goetz and Horne have recused themselves from

9 deliberations by exiting the room.

10 CHAIRMAN ANDERBERG: Item No. 3.

11 LENANE: Okay. Item No. 3 is the

12 Ann & Robert H. Lurie Children's Hospital of Chicago.

13 Lurie Children's is requesting a

14 one-time final bond resolution to approve the

15 issuance of a series of tax-exempt or taxable bonds

16 in the amount of approximately \$240 million to

17 advance refund all or a portion of the IFA Series

18 2008A bonds and to advance refund all, or a portion

19 of, or none of the IFA Series 2008B bonds, and to pay

20 costs of issuance.

21 Both taxable and tax-exempt issuances

22 are being approved here due to the uncertainty of --

23 regarding tax reform, including the ability to issue

24 advance refundings.

1 The fixed rate bonds will be sold in a

2 public offering by JP Morgan Securities and Goldman

3 Sachs. The bonds will carry ratings. Lurie currn- --

4 Lurie Children's currently has underlying ratings of

5 AA+ and AA- (stable) from S&P and Fitch

6 respectively -- just a minute -- which are to be --

7 which are expected to be affirmed as part of this

8 financing.

9 Lurie Children's is located in Chicago

10 and presently owns and operates the only

11 full-service, independent, freestanding pediatric

12 hospital in Illinois, with 288 licensed beds. Lurie

13 Children's operates more than 50 specialty and

14 primary care outpatient clinics at its main campus in

15 the Streeterville neighborhood and throughout the

16 Chicago area, as well as 2 ambulatory care facilities

17 and 13 outpatient specialty centers in the

18 surrounding metro Chicago areas.

19 Lurie Children's market position is

20 enhanced by its affiliations with Northwestern

21 Memorial Hospital and the Feinberg School of

22 Medicine. These affiliations strengthen Lurie

23 Children's physician recruiting and alignment

24 initiatives. As Feinberg School of Medicine's

1 primary teaching hospital, virtually all of Lurie's
2 hospital-based physicians hold faculty appointments
3 at the medical school. In add-- I found that
4 interesting.
5 In addition to its affiliation with
6 Northwestern Memorial Hospital, Lurie Children's has
7 extended its geographic reach throughout strategi--
8 through strategic partnerships, with an additional 14
9 hospitals and Lurie Children's 11 outpatient centers
10 located throughout the Chicago area.
11 If we look at the financials, Lurie's
12 audited financials for 2017 show very strong debt
13 service coverage of 8.3 times and with 474 days cash
14 on hand.
15 The present value savings from this
16 refunding is \$38 million, a lot of money to go to
17 patient care, pediatric patient care.
18 CHAIRMAN ANDERBERG: Right.
19 LENANE: And -- oh, and we have with us today
20 David Lewis, who is the assistant treasurer. I think
21 he just wants a shout-out-to, not prepared to
22 speak -- or --
23 MR. DAVID LEWIS: That's okay.
24 LENANE: -- he may speak.

1 MR. DAVID LEWIS: No, thank you.
2 MEISTER: Although, David, the \$38 million in
3 savings is correct.
4 MR. DAVID LEWIS: Yes.
5 MEISTER: Okay.
6 CHAIRMAN ANDERBERG: Thank you. So noted in
7 the record. Okay. Thank you, Pam.
8 I'd like to request a motion to pass
9 and adopt Project No. 3.
10 Is there such a motion?
11 JURACEK: So moved.
12 FUENTES: Second.
13 CHAIRMAN ANDERBERG: Motion by Ms. Juracek,
14 second by Mr. Fuentes.
15 Will the assistant to the Assistant
16 Secretary please call the roll.
17 OECHSLER: Certainly.
18 On the motion and second, I will call
19 the roll.
20 Ms. Bronner via audio conference?
21 BRONNER: Yes.
22 OECHSLER: Mr. Fuentes?
23 FUENTES: Yes.
24 OECHSLER: Ms. Juracek?

1 JURACEK: Yes.

2 OECHSLER: Mr. Knox?

3 KNOX: Yes.

4 OECHSLER: Mr. McCoy via audio conference?

5 MCCOY: Yes.

6 OECHSLER: Mr. Obernagel?

7 OBERNAGEL: Yes.

8 OECHSLER: Mr. Poole?

9 POOLE: Yes.

10 OECHSLER: Ms. Smoots?

11 SMOOTS: Yes.

12 OECHSLER: Mr. Zeller?

13 ZELLER: Yes.

14 OECHSLER: Mr. Chairman?

15 CHAIRMAN ANDERBERG: Yes.

16 OECHSLER: Mr. Chairman, the motion carries.

17 CHAIRMAN ANDERBERG: Thank you. Let's get

18 Mr. Horne.

19 LENANE: Thank you.

20 OECHSLER: Let the record reflect that Member

21 Horne has returned to the room.

22 CHAIRMAN ANDERBERG: Nos. 5 and 22.

23 LENANE: Okay.

24 OECHSLER: The time is -- sorry. The time is

1 now 10:03 a.m.

2 LENANE: Okay. No. Fi- -- Tab 5 is OSF

3 Healthcare System.

4 OSF Healthcare System is requesting a

5 one-time final bond resolution to approve the

6 issuance of a series of tax-exempt bonds in the

7 amount of approximately \$235 million to purchase

8 Presence Covenant Medical Center in Urbana and

9 Presence United Samaritans Medical Center in

10 Danville; and to refinance the indebtedness that

11 provided for the construction and equipping of the

12 Mendota Community Hospital doing business as OSF

13 Saint Paul Medical Center; and 3, to refund the

14 Series 2009G bonds.

15 These two -- all of these are being

16 done because of tax reform and being able to issue

17 tax-exempt bonds for the acquisition and the

18 reimbursement as the -- as our Director noted.

19 OSF was incorporated in 1880 as The

20 Sisters of the Third Order of St. Francis. OSF's

21 current name was adopted as part of a corporate

22 restructuring in 1989. The sole corporate member of

23 OSF Health System is the Sisters of Third Order of

24 St. Francis, a religious congregation founded in

1 1877, in Peoria, Illinois. OSF operates health
 2 facilities as a single corporation, with each health
 3 care facility functioning as an operating division of
 4 the OSF Health System.
 5 OSF is headquartered in Peoria. Ten
 6 of OSF's hospitals are located in Illinois and one
 7 hospital's located in Michigan. OSF has
 8 approximately 1,500 licensed acute care beds. OSF's
 9 largest hospital, St. Francis Medical Center in
 10 Peoria, is a 609-licensed-bed, tertiary-care teaching
 11 center providing numerous specialty services and
 12 extensive residency programs for physicians.
 13 The array of health services provided
 14 by OSF also includes 44 hospital-based outpatient
 15 facilities, approximately 248 physician office
 16 facilities of employed physicians, 6 home health
 17 agencies, and 5 hospices. Multi-institutional
 18 membership status has been conferred on OSF by the
 19 Illinois Hospital Association and the American
 20 Hospital Association. Similar membership status
 21 exists with the Catholic Health Association of the
 22 United States and the Illinois Catholic Health
 23 Association.
 24 OSF will be acquiring Presence

1 Covenant Medical Center in Urbana and Presence United
 2 Samaritans Medical Center in Danville. Presence
 3 Covenant Medical Center will be named OSF HealthCare
 4 Heart of Mary Medical Center. It has 206 beds and
 5 more than 700 employees. United Samaritans Medical
 6 Center will become OSF HealthCare Sacred Heart
 7 Medical Center and has 174 beds, and more than 550
 8 employees. Both offer a range -- a full range of
 9 inpatient and outpatient medical services.
 10 The plan of finance contemplates a
 11 bank direct purchase by PNC, the rate on which will
 12 be determined at the Closing depending on market
 13 conditions.
 14 The Sources and Uses show refunding of
 15 \$49 million and the acquisition cost, or new money,
 16 of \$185 million.
 17 OSF currently has facilities in the
 18 following locations in Illinois: In Peoria,
 19 St. Francis Medical Center; in Rockford, St. Anthony
 20 Medical Center; in Alton, Saint
 21 Anthony's Health Center; in Bloomington, St. Joseph's
 22 Medical Center; in Ottawa, Saint Elizabeth's Medical
 23 Center; in Galesburg, St. Mary's Medical Center;
 24 Pontiac, St. James Hospital; in Mendota, Saint Paul

1 Medical Center; Kewanee, Saint Luke Medical Center;
 2 Monmouth, Holy Family Medical Center. OSF's facility
 3 in Michigan, OSF St. Francis Hospital, is located in
 4 Escanaba. And now, with the location of Presence
 5 Covenant Medical Center and Presence United
 6 Samaritans Medical Center, OSF will also have
 7 facilities in Urbana and Danville. It's quite a
 8 large footprint.

9 OSF's 2017 unaudited financials show a
 10 strong debt service coverage of 3.43 with 187 days
 11 cash on hand.
 12 There is no present value savings on
 13 the refundings because the 2009C Bonds -- I meant G.
 14 I mean, G, right? G. Sorry.
 15 -- 2009G bonds are floating rate. OSF
 16 is refunding the 2009G Bonds because of -- the
 17 current structure may create a reissuance for tax
 18 purposes in the future. OSF does not pay property
 19 taxes on its tax-exempt facilities.

20 We have here today Thomas Ott,
 21 Vice-President of Treasury Services for OSF
 22 Healthcare, and I think he would like to make a few
 23 remarks.

24 MR. THOMAS OTT: Good morning, Chairman; good

1 morning, Board Members. Thank you for having us here
 2 today.
 3 I want to thank the IFA for over the
 4 past three weeks. Pam, thanks a lot. Sorry, it's
 5 been a fire drill. We didn't think it could come to
 6 this, but we really appreciate the assistance and the
 7 relationship over the 30 years. OSF has really
 8 counted on the IFA, and we thank you for it.

9 We're here today for -- looking for
 10 \$235 million in bonds, primarily for the acquisition
 11 of the Presence hospitals in Urbana and Danville. We
 12 have two other projects: the one in Mendota, it's a
 13 HUD loan, we'd like to pay that off, which is
 14 taxable. And then we have about \$16.5 million in
 15 some bonds with JP Morgan we'd also like to pay off.
 16 Appreciate your support. We look
 17 forward to working with you in the future.

18 CHAIRMAN ANDERBERG: If I may ask an important
 19 question.

20 MR. THOMAS OTT: Yes.
 21 CHAIRMAN ANDERBERG: If the loss of the private
 22 activity bonds, what would you anticipate the loss of
 23 savings if we don't have this?

24 MR. THOMAS OTT: \$1.5 million a year.

1 CHAIRMAN ANDERBERG: 1.5.
2 MR. THOMAS OTT: Yes.
3 CHAIRMAN ANDERBERG: Is that something you can
4 allocate somewhere else within the organization?
5 MR. THOMAS OTT: Absolutely. And you do that,
6 if you do that 30 years, you know, you're in the \$40
7 million range. That's why we're chasing that spread.
8 CHAIRMAN ANDERBERG: Thank you.
9 MR. THOMAS OTT: Thank you.
10 LENANE: Thank you.
11 Also here with us today, who usually
12 comes on behalf of OSF, is Anne Donahoe their
13 financial advisor.
14 Raise your hand.
15 MS. ANNE DONAHOE: Thank you. I've met all of
16 you in the past and appreciate the work that the
17 Authority does, and Pam. And as Tom just indicated,
18 this financing was on -- the plans were to do it in
19 2018, but because of the pending legislation,
20 everything was moved up. We appreciate your help.
21 LENANE: Thank you, Anne.
22 Are there any questions?
23 CHAIRMAN ANDERBERG: 22.
24 LENANE: You got it.

1 No. 22 is an amendment for
2 Edward-Elmhurst -- actually, for the benefit of
3 Elmhurst Memorial Healthcare and Edward-Elmhurst
4 Healthcare to provide additional flexibility and
5 respect -- with respect to interest rate modes.
6 Edward-Elmhurst Healthcare has
7 requested the IFA enter into supplemental amendments
8 to the IFA's 2017B and 2017C bonds issued for the
9 benefit of Edward Elmhurst Healthcare in order to
10 permit a sale of the bonds at premium upon
11 conversation to a fixed rate.
12 The bonds currently are -- require --
13 the bond indentures currently require, if converted
14 to fixed rate bonds, it would -- bonds are
15 offered for sale at par -- requires that converted
16 fixed rate bonds be offered for sale at par.
17 Since fixed rate are today often
18 remarketed at a premium, this will allow
19 Edward-Elmhurst more flexibility if Edward-Elmhurst
20 decides to convert to a fixed rate.
21 The amendment is being considered
22 today since a proposed amendment would likely cause
23 this to be a tax reissuance -- a reissuance for tax
24 purposes, which would not be permitted after

1 January 1st if tax-exempt laws -- if the
2 tax-exempt -- if the tax laws are changed.
3 Edward-Elmhurst has also requested
4 that IFA enter into supplemental indentures related
5 to the IFA's 2013C, B, and D bonds issued for the
6 benefit of Elmhurst Hospital, which is now controlled
7 by Edward-Elmhurst Health System, in order to permit
8 a sale of the bonds at premium upon conversion to a
9 fixed rate as describe- -- as described -- already
10 described, and a conversion out of bank hold interest
11 rate mode prior to the end of the period agreed to
12 the with the bank.
13 These both -- this amendment -- these
14 amendments also are being considered today since
15 these amendments could not -- would be -- may not be
16 able to be done next year.
17 So, any questions? I have a bond
18 counsel here to answer any technical question.
19 Mike Mitchell has come, right?
20 MR. MICHAEL J. MITCHELL: I'm here.
21 CHAIRMAN ANDERBERG: Any questions?
22 (No response.)
23 CHAIRMAN ANDERBERG: Okay. I'd like to request
24 a motion to pass and adopt Project Reports No. 5 and

1 22.
2 Is there such a motion?
3 OBERNAGEL: I'll make a motion, Mr. Chairman.
4 CHAIRMAN ANDERBERG: Motion by Mr. Obernagel.
5 POOLE: Second.
6 CHAIRMAN ANDERBERG: Second by Mr. Poole.
7 Will the assistant to the Assistant
8 Secretary please call the roll.
9 OECHSLER: Certainly.
10 On the motion and second, I will call
11 the roll.
12 Ms. Brommer via audio conference?
13 (No response.)
14 CHAIRMAN ANDERBERG: Gila, are you there?
15 (No response.)
16 CHAIRMAN ANDERBERG: She's dropped off.
17 OECHSLER: All right.
18 Mr. Fuentes?
19 FUENTES: Yes.
20 OECHSLER: Mr. Horne?
21 HORNE: Yes.
22 OECHSLER: Ms. Juracek?
23 JURACEK: Yes.
24 OECHSLER: Mr. Knox?

1 KNOX: Yes.

2 OECHSLER: Mr. McCoy via audio conference?

3 McCOY: Yes.

4 OECHSLER: Mr. Obernagel?

5 OBERNAGEL: Yes.

6 OECHSLER: Mr. Poole?

7 POOLE: Yes.

8 OECHSLER: Ms. Smoots?

9 SMOOTS: Yes.

10 OECHSLER: Mr. Zeller?

11 ZELLER: Yes.

12 OECHSLER: Mr. Chairman?

13 CHAIRMAN ANDERBERG: Yes.

14 OECHSLER: Mr. Chairman, the motion carries.

15 CHAIRMAN ANDERBERG: Okay. Thank you.

16 OECHSLER: All right. The time is now

17 10:14 a.m. Let the record show that Member Bronner

18 has terminated her participation via audio

19 conference.

20 CHAIRMAN ANDERBERG: And let's get Mr. Goetz

21 back in the room.

22 OECHSLER: And let the record show that Member

23 Goetz has entered the room.

24 CHAIRMAN ANDERBERG: Very good.

1 Before I present Item No. 21, I'd like

2 to ask Executive Director Meister to exit the room as

3 previously discussed.

4 Okay. Per the State Statute, I

5 received two nominations from the Governor, the

6 position of the Authority Executive Director for a

7 one-year term. As you know, by State Statute each

8 year, we have to nominate and elect the Executive

9 Director.

10 This morning -- the Executive

11 Committee met this morning and unanimously

12 recommended Chris Meister for position of Executive

13 Director. It's in the -- if you want to look in

14 the -- at No. 21, it's right there. And all I'd like

15 to do is request a motion nominating Chris Meister as

16 Executive Director.

17 GOETZ: So moved.

18 KNOX: Second.

19 CHAIRMAN ANDERBERG: Motion by Mr. Goetz,

20 second by Mr. Knox.

21 Will the assistant to the Assistant

22 Secretary please call the roll.

23 OECHSLER: Certainly.

24 On the motion and second, I will call

1 the roll.

2 OECHSLER: Mr. Fuentes?

3 FUENTES: Yes.

4 OECHSLER: Mr. Goetz?

5 GOETZ: Yes.

6 OECHSLER: Mr. Horne?

7 HORNE: Yes.

8 OECHSLER: Ms. Juracek?

9 JURACEK: Yes.

10 OECHSLER: Mr. Knox?

11 KNOX: Yes.

12 OECHSLER: Mr. McCoy via audio conference?

13 Mccoy: Yes.

14 OECHSLER: Mr. Obernagel?

15 OBERNAGEL: Yes.

16 OECHSLER: Ms. Poole?

17 POOLE: Yes.

18 OECHSLER: Mr. Poole.

19 Ms. Smoots?

20 SMOOTS: Yes.

21 OECHSLER: Mr. Zeller?

22 ZELLER: Yes.

23 OECHSLER: And Mr. Chairman?

24 CHAIRMAN ANDERBERG: Yes.

1 OECHSLER: Mr. Chairman, the motion carries.

2 CHAIRMAN ANDERBERG: Thank you.

3 Let's get Mr. Meister back in.

4 CHAIRMAN ANDERBERG: Congratulations,

5 Mr. Meister.

6 MEISTER: Thank you.

7 HORNE: Never done.

8 CHAIRMAN ANDERBERG: Mr. Frampton?

9 FRAMPTON: Okay. Thank you, Mr. Chairman.

10 Next, we'll move on to Item 1, which a

11 Final Bond Resolution in the amount of \$17,500,000, a

12 one-time consideration for the Lincoln Park

13 Zoological Society.

14 Consistent with today's theme, the

15 Lincoln Park Zoo is seeking to set up a new long-term

16 financing now to minimize the impact of any adverse

17 changes to the Internal Revenue Code. The resolution

18 will enable the zoo to refinance the outstanding

19 balance of their IEFA Commercial Paper Revenue Notes

20 Pooled Financing Series 1995 through a direct

21 purchase structure. That will be undertaken with two

22 banks: The Northern Trust Company and PNC Bank. In

23 addition to removing taxable -- potentially taxable

24 commercial paper rates for the zoo after January 1st,

1 the refinancing will also eliminate letter of credit
2 pricing risk that the Zoological Society will face --
3 would face going forward.
4 The outstanding CP Revenue Notes are
5 secured by a direct pay letter of credit from the
6 Northern Trust Company. The commercial paper bears
7 variable interest rates. They're reset at least
8 once every 270 days. So these are -- these are
9 short-term, tax-exempt rates, so when they re- --
10 refinance to the term structure through Northern
11 Trust and PNC, they will not be attaining cost-based
12 savings due the change in tenor.
13 As far as financials, those are
14 reported on page 7. The 2016 results were really due
15 to a series of one-time aberrations. Results
16 rebounded in 2017. The forecasts indicate strong
17 coverage going forward. I should note that in the
18 forecast we also stressed the payment coverages by
19 assuming principal and interest payments. As a
20 matter of fact, the Society will only be making
21 interest-only payments through 2025.
22 Again, the refunding bonds will be
23 bank purchased. There is -- as a result, there's
24 essentially no risk to the Authority. As issuer, we

1 recommend approval.
2 Do you have any comments or questions?
3 (No response.)
4 FRAMPTON: Next, move on to Tab 2, which is a
5 final bond resolution for the University of Chicago.
6 I want to clarify the not-to-exceed amount in the
7 agenda. The amount reported under Tab 2, \$275
8 million is, in fact, the final not-to-exceed amount
9 that is included in your resolution packet.
10 This transaction is being accelerated
11 as a result of the tax reform proposals. To provide
12 the University with maximum flexibility to reset
13 interest rates, the bond resolution and documents
14 contemplate the issuance up to \$275 million of
15 multi-modal adjustable rates bonds that would enable
16 all or a portion of the bonds to be sold in one of
17 three modes: initially, on a private placement basis
18 to Barclays Capital, Inc., and/or any such other
19 financial institutions selected by the University;
20 secondly, that could be sold to the public markets
21 through a traditional public offering; or thirdly,
22 potentially, the bonds may initially be sold on a
23 private placement basis and then subsequently
24 converted to a new interest rate mode, or modes, or

1 adjustable period and remarketing, and then
2 remarketed to the public markets.

3 At the bottom of page 1, if you look
4 at Sources and Uses, the allocation of bond proceeds
5 between new money and refunding is a matter that the
6 University and their financial advisor are continuing
7 to evaluate. They are -- they are still in the
8 process of determining that, so as a result,
9 respectively, all the bonds can be new money or
10 refunding, or there could be a mix.

11 The University's long-term ratings are
12 Aa2 from Moody's, AA- S&P, AA+ from Fitch. The
13 University also has short-term investment grade debt
14 ratings of EMIG -- VMIG 1 from Moody's, A1+ from S&P,
15 and F1+ from Fitch.

16 Financials are at page 10. They are
17 as strong as one would expect for a AA-rated
18 institution.

19 Just looking at the Prospective
20 Financing Team if the -- in any event there is a
21 public offering of the bonds, the lineup of co-senior
22 managers are identified on page 8 of the report. Six
23 co-managers have been identified by the University,
24 including Loop, PNC, RBC Capital Markets, Wells

1 Fargo, Bank of America Merrill Lynch, and Siebert
2 Cisneros Shank.

3 And just to put everything into
4 perspective, the University has been the Authority's
5 number one borrower in the Higher Ed. Sector, both in
6 terms of number of transactions and dollar volume.

7 And after the transaction closes, we'll be updating
8 the jobs information.

9 With that, I'll conclude my remarks.

10 Do you have any comments or questions?

11 CHAIRMAN ANDERBERG: Rich, can you estimate for
12 Lincoln Park and University of Chicago, without the
13 tax, what the impact is going to be?

14 FRAMPTON: Well, in the -- in the case of --
15 of -- of Lincoln Park, since that's going to be a
16 bank purchase deal -- let me just look at what I
17 brought -- I think it would be reasonable to ballpark
18 the savings in a range of -- in the range of 70 to
19 100,000 a year.

20 And for the University of Chicago, the
21 spreads for them are going to be less due to their --
22 due to their credit -- due to their credit ratings.
23 Additionally, the University of Chicago also issues
24 taxable debt into the market, and the benefit for

1 them, although not as great on a basis point basis,
2 is -- ends up being material due to the amount
3 borrowed. So for University of Chicago, since we
4 don't know the -- the -- the breakdown between serial
5 and term bonds, we really can't estimate the savings.

6 CHAIRMAN ANDERBERG: Thank you.

7 FRAMPTON: Any other questions or comments?
8 (No response.)

9 FRAMPTON: Okay. Thank you.

10 LENANE: Do you want to do that now?
11 MEISTER: We're going to wait till the end on
12 this list, and then we'll address it.

13 LENANE: Okay. Okay. We'll address it at the
14 end of this list. Okay.

15 No. 4 in your folder is a final
16 one-time final resolution for Friendship Village of
17 Schaumburg. Their exact title is the Evangelical
18 Retirement Homes of Greater Chicago, and they're
19 doing business as Friendship Village of Schaumburg.

20 They're requesting a one-time final
21 bond resolution to approve the issuance of a series
22 of tax-exempt bonds in the amount of approximately
23 \$150 million to finance, refinance, or reimburse for
24 capital expenditures in the amount of \$13,750,000 to

1 refund all or a portion of the IFA Series 2005A
2 Bonds, the Series 2005B Bonds, and the Series 2010
3 Bonds, to fund a debt service reserve for the benefit
4 of the 2017 Bonds to pay -- and to pay certain
5 expenses incurred with the issuance of the 2017
6 Bonds.

7 Friendship Village is requesting two
8 waivers. Their first waiver would be from the Board
9 policy to sell in \$100,000 denominations to the
10 public, not to accredited investors or qualified
11 institutional buyers.

12 Now, at or before pricing, Friendship
13 Village may determine that the bond market -- that
14 they cannot price in the bond market efficiently in
15 \$100,000 denominations, then Friendship Village has
16 requested a waiver in this resolution to refund only
17 the 2005A and B Bonds and the 2010 Bonds, eliminating
18 the new money Project Fund, and issue the bonds in
19 \$5,000 denominations because they are refunding for
20 existing bonds for savings in compliance with the IFA
21 policy.

22 Friendship Village operates a
23 continuing care retirement community consisting of
24 approximately 28 independent living garden homes, 574

1 independent living apartments, 87 assisted living
2 units, 25 memory support assisted living units, and a
3 248-bed skilled nursing facility located on a 68 --
4 60-acre campus in suburban Schaumburg.
5 Friendship Village has grown over the
6 years since 1977 to become the largest single-site
7 continuing care retirement community in the Chicago
8 area and the 17th largest in the nation.
9 Friendship Village is issuing
10 tax-exempt fixed rate bonds in a public underwriting
11 by -- with BB&T Capital Markets.
12 The Sources and Uses indicate a total
13 Refunding of 108 -- approximately \$108 million, a
14 Project Fund of approxin- -- almost \$14 million, and
15 a Debt Service Reserve Fund of almost \$2 million.
16 The Series 2017 Bonds will be rated.
17 Friendship Village received a BB- rating affirmation
18 from Fitch in May and expect the same rating for the
19 2017 Bonds.
20 I could tell you all about Bridgegate,
21 but we're running a little short.
22 MR. MICHAEL J. MITCHELL: There's no rating.
23 LENANE: There's no rating? Oh, I'm sorry. I
24 apologize. It's in the book that way. Okay. All

1 right. There is no rating.
2 You're not re -- you're not affirming
3 the rating? Okay.
4 MR. MICHAEL J. MITCHELL: But the double BB-
5 rating, that's correct. We're --
6 LENANE: You're not reaffirming it; you're
7 dropping it.
8 MR. MICHAEL J. MITCHELL: Yeah.
9 LENANE: Okay. Pardon me. Thank you.
10 MR. MICHAEL J. MITCHELL: Sure.
11 LENANE: Friendship Village Fiscal 2017 Audited
12 Financials show debt service coverage of 1.65 times
13 and 203 days cash on hand, which is in line with most
14 continuing care retirement communities.
15 The estimated present value savings
16 from this refunding is \$6,200,943. Friendship
17 Village does not pay real estate taxes.
18 Today, we have here with us Steve
19 Yenchek, the CEO and President of Friendship Village
20 of Schaumburg, and Michael Flynn, the CFO of
21 Friendship Village of Schaumburg, and Don Hemmesch,
22 their attorney.
23 Would you like to say anything.
24 MR. MICHAEL FLYNN: I'll --

1 position, with, you know, improved financial ratios
 2 going forward with a lower interest rate, and it will
 3 certainly benefit our residents.
 4 CHAIRMAN ANDERBERG: Okay. And to cite open on
 5 the record what, do you estimate the savings for
 6 this?
 7 MR. MICHAEL FLYNN: Roughly around \$6 million.
 8 It really is going to depend on where the underlying
 9 interest rate is, but in that range.
 10 CHAIRMAN ANDERBERG: Thank you.
 11 LENANE: Oh. They do pay real estate taxes.
 12 Sorry. That's not what it says in the report -- in
 13 the application.
 14 I'd like to make a correction. They
 15 do pay real estate taxes, and so we'd like to correct
 16 that. They do pay real estate taxes.
 17 Okay. Any other questions?
 18 (No response.)
 19 LENANE: No?
 20 Okay. No. 7 is a -- is oh. I'd like
 21 to call your attention to -- in the -- in the book,
 22 we refer to UCM Community & Health Division, Inc.
 23 That is not going to be the borrower. The borrower
 24 has changed. It is going to be Ingalls Memorial

1 LENANE: Oh, you will? Please.
 2 MR. MICHAEL FLYNN: Thank you, Mr. Chairman and
 3 Board.
 4 It's -- again, it's a pleasure to be
 5 here today and we appreciate. And very similar to
 6 others, you know, we've kind of accelerated our
 7 financing because of the tax implications. About a
 8 third of our debt would need to be advance refunded,
 9 and as Pam had indicated, we've got some flexibility
 10 in how we would issue the debt if the market doesn't
 11 cooperate.
 12 So the number one issue that we want
 13 is to get the advance refunding piece accomplished
 14 this year, and then if market isn't favorable, then
 15 we would do the remainder next year. But again, if
 16 everything works according to plan, we'd like to
 17 refund all of our debt this year because, like I
 18 said, there's about \$105 million or so in total with
 19 the advance refunding piece.
 20 So again, we appreciate, again,
 21 everybody working very hard to get this done in a
 22 very short period of time, and again, like other
 23 CCRCs, we've been around for over 40 years, and, you
 24 know, this will help us to have a better financial

1 Hospital, which is UCM Community Health & Division,
 2 Inc., [sic] -- is the parent to Ingalls Memorial
 3 Hospital, but the CFO of U of C Medicine called and
 4 asked if we could switch it to Ingalls Memorial
 5 Hospital, and I said of course we can, even though
 6 it's -- anyway.
 7 Ingalls Memorial Hospital is
 8 requesting a one-time final bond resolution to
 9 approve the issuance of a series of tax-exempt bonds
 10 in the amount of approximately \$45 million to refund
 11 all of the Ingalls Health System IFA Series 2004
 12 Bonds and pay certain expenses.
 13 Ingalls Memorial Hospital operates a
 14 544-bed license -- licensed-bed acute care facility,
 15 of which 374 beds are currently staffed. Ingalls
 16 provides secondary and certain tertiary services, and
 17 is located on 22 acres of land in Harvey, Illinois.
 18 Ingalls operates a substantial ambulatory care
 19 network, the cornerstones of which are the ambulatory
 20 care centers located in Tinley Park, Matteson, and
 21 Calumet City, and Flossmoor, and the newest facility
 22 opened in 2013 in Crestwood.
 23 Other ambulatory footprints include
 24 the Ingalls Center for Outpatient Rehab in Calumet

1 City; Ingalls Wellness Center in Flossmoor; and the
 2 Cancer Support Center in Mokena.
 3 Ingalls Memorial Hospital employs
 4 approximately 2,500 employees, equating to
 5 approximately 1,700 full-time equivalent employees.
 6 Ingalls Memorial Hospital's parent,
 7 UCM Community & Health Division, Inc., merged with
 8 the University of Chicago Medical Center under a
 9 member substitution agreement as of September 30,
 10 2016.
 11 Now, I'd like to point out that while
 12 they have merged with the University of Chicago
 13 Medical Center, the financials that we put forth here
 14 are of the UC- -- of Ingall- -- of the UCM Community
 15 Health -- Community & Health Division. The
 16 University of Chicago Medical Center has no financial
 17 liability for these bonds.
 18 The Ingalls Series 2013 Bonds are
 19 rated Baal by Moody's. The bonds will be purchased
 20 by JP Morgan Chase. The interest rate will be
 21 determined on the day of pricing depending on market
 22 conditions.
 23 Ingalls serves a broad geographic
 24 market, attracting patients from the South and

1 Southwestern Chicago suburbs. There's a map on page
2 5 of the report, a nice colored map. It shows
3 primary and secondary service areas in Illinois, and
4 they're really fairly large.

5 The audited financial statements for
6 UCM Community Health & Hospital Division, the parent
7 of Ingalls Memorial Hospital, for the 9-month period
8 ended June 30, 2017, shows good debt service coverage
9 of 2.6 and strong days cash on hand of 446 days.

10 The UCM Community Health & Hospital
11 Division is the parent of Ingalls, the Ingalls
12 Foundation, and the -- one other thing.

13 MR. MICHAEL J. MITCHELL: Healthcare.
14 LENANE: Huh?
15 MR. MICHAEL J. MITCHELL: Healthcare.
16 LENANE: Ingalls Healthcare, yeah.
17 The estimated present value of this
18 refunding is approximately \$3,500,000. Ingalls does
19 not pay real estate taxes -- is what they told me. I
20 don't know. I don't go check the records, you know.

21 CHAIRMAN ANDERBERG: Okay.
22 LENANE: Any questions?
23 (No response.)
24 CHAIRMAN ANDERBERG: All right. Thank you,

1 Pam.
2 Rich, you may want a bottle of water
3 before this.
4 FRAMPTON: I think so. It's all the more
5 reason to be fast, right? What do they say about the
6 three Bs of public speaking? Be informative; be
7 brief; and be seated, right? I'm on the clock.
8 Okay. Next, we'll go to Item 8, which
9 is a resolution for a -- Financial District
10 Properties. This transaction will refinance
11 \$20,200,000 of Midwestern Disaster Area Bonds, which
12 was -- which was a special program under the Internal
13 Revenue Code from 2008 through 2012. This project
14 financed the construction of an 8-story, 150 --
15 115,000-square-foot office building located in
16 downtown Moline. The anchor tenant of the project is
17 KONE Corporation -- or KONE, Inc., which is the
18 US operating subsidiary of Finland-based KONE Oyj,
19 which is a publically traded company on the Helsinki
20 Stock Exchange.
21 The original \$20,200,000 of bond
22 proceeds were part of a New Markets Tax Credit
23 structure that generated an additional \$6.6 million
24 of subordinate debt. The bonds were issued in

1 December of 2010. The 7-year New Markets Tax Credit
2 compliance period will come to an end at this
3 month -- towards the end of this month. And
4 concurrent with that, the 2010 Bonds will be
5 refinanced as a result of this resolution. Great --
6 Great Western Bank of Bettendorf, Iowa, will be the
7 purchaser.

8 Consistent with the New Market
9 structure, there's been no amortization of the IFA
10 Bonds, but keep in mind the \$6.6 million of
11 subordinate debt created through the New Markets Tax
12 Credit structure will be -- will be going away.

13 The original purchaser was U.S. Bank.
14 They also originated the second mortgage loan
15 associated with the new market's subordinate debt.
16 And with that, we recommend approval.
17 Do you have any questions?
18 (No response.)

19 FRAMPTON: Okay. Next, we will move on to Item
20 No. 9, which is a resolution for Bradley University.
21 The Board approved and we closed \$50 million of bonds
22 for Bradley University in September. Those were
23 issued as drawdown bonds. Given the tax reform
24 proposals, Bradley would not be able to draw down the

1 remaining \$30 million of bond proceeds in 2018 and
2 2019 as they proposed. So this resolution would --
3 would enable them to accelerate the schedule of
4 advances to make sure that those happen this month,
5 prior to any tax reform. Bond Counsel's still
6 evaluating this for tax purposes. It may end up
7 being a reissuance -- considered a reissuance for tax
8 purposes.

9 And given the proposed changes and the
10 underlying circumstances, we recommend approval.
11 Do you have any questions?
12 (No response.)

13 FRAMPTON: Okay. Next, on to Item 10. We have
14 a resolution for Elmhurst College. What Elmhurst
15 College is looking to do is replace their existing
16 letter of credit structure with a bank direct
17 purchase structure. Their existing letter of credit
18 bank is BMO Harris. The purchaser of the Refunding
19 Bonds will be PNC Bank. 100 percent of the
20 outstanding balance of the College's 2003 and 2007
21 Bonds will be refunded. The anticipated issuance
22 amount is not to exceed \$37,250,000. The initial
23 term of both of -- of the bank purchase is for 7
24 years. The resolution, however, provides for a final

1 maturity date up to 40 years out .
2 Do you have any questions or comments?
3 (No response.)
4 FRAMPTON: Okay. Moving on to Item 11. We
5 have a resolution for Elim Christian Services, which
6 would authorize execution and delivery of a First
7 Amendment to the Bond and Loan agreement. It would
8 also approve related documents to effectuate an
9 interest rate reset with a new bank, Providence Bank,
10 which would be the successor to Fifth Third. The
11 other -- the other result of the Resolution is it
12 would provide for an extension of the term interest
13 rate for 7 years from -- for approximately 7 years
14 from the date of closing.
15 This transaction is also being
16 accelerated as a result of tax reform. The original
17 bank term was due to be -- was due to be renewed next
18 September.
19 So with that, I'll concludes my
20 remarks. Any requests or comments?
21 (No response.)
22 FRAMPTON: Okay. Moving on next to Item 12,
23 Carmel Catholic High School. This is a resolution
24 approving the execution of -- and delivery of a

1 First Supplemental Bond Trust Indenture between the
2 Authority and U.S. Bank N.A., as the bond trustee.
3 The Resolution would effectuate the
4 extension of the Initial Index Put Rate period by
5 five years on these variable rate bonds. Second, it
6 would make certain modifications to the provisions
7 relating to the engagement of a rate calculation
8 agent in connection with the Authority's Variable
9 Rate Revenue Bonds Series 2012. It would also enable
10 Lake Forest Bank & Trust to undertake the function of
11 rate calculation agent. And again, the need for a
12 rate calculation agent is driven by the variable rate
13 structure of -- of these bonds. And approval of the
14 Resolution will also extend the remarketing period by
15 five years, from 2022 to 2027.
16 And with that, I'll conclude my
17 remarks.
18 Do you have any questions or comments?
19 (No response.)
20 FRAMPTON: Moving on next to Item 13. We have
21 a resolution relating to the IEFA Series 1995
22 Commercial Paper Revenue Notes. The -- as we
23 discussed earlier, Lincoln Park -- the Lincoln Park
24 Zoological Society is refinancing out of this

1 program. As a result, there would be two remaining
2 borrowers. They're identified on page 2, and would
3 include the University of Chicago Medical Center and
4 North Shore University Health System.

5 Approving this Resolution will enable
6 the Commercial Paper Revenue Notes to continue in the
7 future in a taxable mode and would eliminate various
8 opinions and reporting requirements that have to be
9 delivered at any time the notes bear interest in a
10 tax-exempt mode. So this would allow the program to
11 go forward. All the borrowers under these Commercial
12 Paper Revenue Notes programs are evaluating the CP
13 option versus other options that they may have.

14 Do you have any questions or comments?
15 (No response.)

16 FRAMPTON: Okay. Next, Item 14 is a similar
17 resolution relating to Loyola University of Chicago's
18 Commercial Paper Financing Program. Loyola
19 established their program, which is a stand-alone
20 program, in 2008. The requested change would attain
21 the same objective that we just discussed in Item 13:
22 provide flexibility for the Notes to bear interest in
23 a taxable mode going forward in the event of tax
24 reform.

1 Any questions or comments?
2 (No response.)

3 FRAMPTON: Okay. Next, Item 15, Mount Carmel
4 High School. They are requesting approval of a
5 Resolution to authorize execution and delivery of a
6 Second Omnibus Resolution to the Bond and Loan
7 Agreement, and two, to approve related documents to
8 effectuate an extension of their initial interest
9 rate term by six years, and to change the interest
10 rate formula on their existing bonds in the event
11 that pending federal tax reform legislation alter --
12 alters the federal corporate taxation rate.

13 Any questions?
14 (No response.)

15 FRAMPTON: Okay. Next, Item 16, Little City
16 Foundation. This is also Wintrust -- another
17 Wintrust financing, similar to the last deal.
18 Little City is requesting the
19 execution and delivery of amendments to the documents
20 to effectuate an extension of the initial term, and
21 the provision of an interest rate formula that's
22 consistent with what may lie ahead in the event that
23 there is federal tax reform.
24 Additionally, this would provide that

1 the -- that the initial interest rate term would be
 2 extended by approximately two years and nine months
 3 to December of 2027, so they'd be extending out their
 4 initial term for 10 years.
 5 Any questions or comments?
 6 (No response.)
 7 POOLE: Is there anything left?
 8 FRAMPTON: That's it for me. I was just
 9 checking my time.
 10 CHAIRMAN ANDERBERG: Without a drink of water.
 11 Excellent job.
 12 FRAMPTON: Okay. Great. Thank you. Now I can
 13 be seated.
 14 POOLE: Okay.
 15 CHAIRMAN ANDERBERG: Pam?
 16 LENANE: Yep. I mean, yes, sir. Thank you.
 17 Okay. No. 17 is an amendment for Rush
 18 University Medical Center. I have a memo. When the
 19 book went out, the memo -- we didn't have the exact
 20 specifics on the -- what they were trying to do. So
 21 if you go to your book, it's under -- in the
 22 additional information in your folder, it's --
 23 WEBER: Information folder.
 24 LENANE: Huh? It says, Amendment for Elmhurst

1 Memorial Healthcare and Edward-Elmhurst --
 2 Edward-Elmhurst Healthcare, but anyway, the
 3 Resolution's also in the book with the memos in your
 4 folder.
 5 Rush issued -- Series 2011 Bonds were
 6 issued in December of 2011 in the original amount of
 7 \$56,000,000. JP Morgan Securities is the owner of
 8 the Bonds. The Bonds are LIBOR based and are in a
 9 current bank interest period -- period that runs to
 10 November 30, 2021.
 11 Rush would like to convert the Series
 12 2011 Bonds from their current bank interest period to
 13 a new bank interest period that runs through
 14 October 31, 2024. This conversion is permitted by
 15 the Bond Indenture. JP Morgan has the ability to
 16 continue to hold the Series 2011 Bonds through the
 17 conversion, and they have indicated that they are
 18 willing to do so. In connection with the conversion,
 19 JP Morgan will reset the applicable spread based on
 20 current market conditions.
 21 The definition of the LIBOR index will
 22 also be revised in the Bond Indenture to provide
 23 additional flexibility and possible reissuance
 24 protection in the event LIBOR is no longer being used

1 in 2021. The supplemental Bond Indenture will also
2 confirm -- confirm the details of this conversion.
3 The transaction is not presently
4 expected to cause a reissuance for tax purposes.
5 Chapman will give a "no adverse
6 effect" tax opinion with respect to the transaction.
7 Any questions?
8 (No response.)
9 CHAIRMAN ANDERBERG: Okay.
10 MEISTER: I will cover Items 18, 19, and 20.
11 And Item 18 has been withdrawn at the request of the
12 borrower.
13 Item 19 is the Authority's request to
14 the Governor's Office of Management and Budget for
15 Volume Cap. Volume Cap is -- is a necessary grant of
16 authority and documentation from the U.S. Treasury to
17 the State Office of Management and Budget and then
18 allocated to us. We are asking the Board to request
19 \$120 million worth of Volume Cap in the event that
20 private activity bonds go through affec-- or are
21 eliminated as of January 1st, this will be moot, but
22 we are making a request.
23 Does anybody have any questions? This
24 is primarily for Industrial Revenue Bonds; Solid

1 Waste; occasionally, Housing; and Beginning Farmer
2 Bonds.
3 KNOX: Are the projects identified or is this
4 just a Volume Cap?
5 MEISTER: We have some projects broadly, but
6 obviously with the uncertainty, I would characterize
7 this more as a placeholder.
8 KNOX: Okay.
9 MEISTER: Incidentally, one of the discussions
10 in Washington, Volume Cap is allowed to be held over
11 for up to three years in various buckets: Solid
12 Waste, other buckets. One of the current discussions
13 is an entire elimination of Volume Cap, or the
14 ability to carry forward.
15 On Item 20, I'm going to ask Ryan
16 Oechsler, who's been working with Elizabeth and I, to
17 make the presentation. And then Item 23, the Omnibus
18 Resolution, I'm going to ask General Counsel Weber to
19 present.
20 OECHSLER: Thank you.
21 So Item 20 in your book is a
22 resolution concerning Procurement. This resolution
23 does several things: First, it authorizes a 5-month
24 contract with a vendor of employee benefits and

1 payroll services, ADP TotalSource, after the
 2 expiration of which the Authority will transition
 3 employee benefits to another vendor pursuant to a
 4 state master contract and transition payroll services
 5 inhouse.

6 It also confirms a contract amendment,
 7 approved by State Procurement Regulators, with a
 8 vendor of technical support for payroll and
 9 timekeeping services, Ascent Innovations. It
 10 confirms a contract and an amendment, approved by
 11 State Procurement Regulators, with a vendor of IT
 12 Network Consulting Services, Catalyst Consulting
 13 Group.

14 And finally, it authorizes the
 15 Executive Director and the Authority staff to take
 16 steps to create a pool of financial advisors who can
 17 undertake assignments as needed including with
 18 respect to the State Revolving Fund.

19 Are there any questions?
 20 (No response.)

21 CHAIRMAN ANDERBERG: Thank you.

22 Next?
 23 WEBER: Mr. Chairman and Members, I am
 24 presenting Item 23. This was a late addition to the

1 agenda, so it does not appear in the Board Book, but
 2 instead should be the last item in your Resolution
 3 folder.

4 The title is Resolution Concerning the
 5 Amendment of Documents For Debt Issues of the
 6 Illinois Finance Authority and Its Predecessor
 7 Authorities Relating to Draw-down Bonds, Benchmarks,
 8 and Mechanics for Interest Rate Determinations and
 9 Conversions and Other Matters.

10 This Resolution delegates to the
 11 Executive Director and other authorized officers the
 12 authority to approve various amendments to bond
 13 documents that have arisen in connection with the
 14 proposed tax legislation being considered by
 15 Congress.

16 As you've heard today, various
 17 borrowers have asked for our authorization to approve
 18 amendments in advance of the effected date of this
 19 legislation, which is January 1, 2018. We suspect
 20 that we may be approached by other borrowers for
 21 similar amendments before year end. To the extent
 22 that this resolution covers the type of amendments
 23 that they are seeking, we will not need to ask you to
 24 attend another special meeting to consider these

1 amendments.

2 The amendments contemplated by the

3 Resolution cover three basic types of situations:

4 The first is what is referred to as Draw-down Bonds.

5 These are bonds that are incrementally issued, or

6 drawn down, as needed to fund construction. Under

7 the Tax Code, each subsequent draw is treated as a

8 new bond with its own issue date because under IRS

9 guidance, a bond is issued only when money is

10 actually paid for the bond. As a result, any draws

11 after the effective date of the new legislation would

12 be treated as taxable.

13 I call your attention to a Bond Buyer

14 article that appeared yesterday, and I believe is in

15 your folders, titled "House Tax Bill Wreaking Havoc

16 with Tax-Exempt Private Activity Draw-down Bonds."

17 This resolution will permit amendments to allow the

18 draw down or advance of all proceeds by the end of

19 the year.

20 Second, many borrowers have what are

21 called multimodal documents, which permit different

22 types of interest rate modes. Certain benchmarks

23 under these documents may be changing, or in the case

24 of LIBOR, going away. In addition, changes in the

1 documents related to modes or mechanics for

2 conversion or other provisions may be desirable in

3 light of the proposed legislation.

4 Changes in these provisions after the

5 effective date of the legislation may result in these

6 bonds considered to be reissued at a time when they

7 can no longer be qualified as tax-exempt. And as a

8 result, borrowers are making changes now to avoid

9 that situation.

10 Third, some borrowers have bonds that

11 are directly purchased and held by banks or other

12 financial institutions and the indentures may not

13 permit modifications of the then-existing interest

14 rate periods. Again, to avoid a situation where the

15 bond might be considered to be reissued, the

16 Resolution permits amendments.

17 The resolution does not permit changes

18 which are outside the parameters set forth in the

19 original resolution approving the Bond issue such as

20 principal amount or final maturity date, and requires

21 an opinion of bond counsel to the effect that the

22 changes will not adversely affect tax exemption.

23 Are there any questions?

24 (No response.)

1 POOLE: Sounds good.

2 CHAIRMAN ANDERBERG: Okay. I would like to

3 request a motion to pass and adopt the following

4 Project Reports and Resolutions: Items 1, 2, 4, 7,

5 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, and 23.

6 Is there such a motion?

7 GOETZ: So moved.

8 KNOX: Second.

9 CHAIRMAN ANDERBERG: Motion by Mr. Goetz,

10 second by Mr. Knox.

11 Will the assistant to the Assistant

12 Secretary please call the roll.

13 OECHSLER: Certainly.

14 On the motion and second, I will call

15 the roll.

16 Mr. Fuentes?

17 FUENTES: Yes.

18 OECHSLER: Mr. Goetz?

19 GOETZ: Yes.

20 OECHSLER: Mr. Horne?

21 HORNE: Yes.

22 OECHSLER: Ms. Juracek?

23 JURACEK: Yes.

24 OECHSLER: Mr. Knox?

1 KNOX: Yes.

2 OECHSLER: Mr. McCoy via audio conference?

3 Mccoy: Yes.

4 OECHSLER: Mr. Obernagel?

5 OBERNAGEL: Yes.

6 OECHSLER: Mr. Poole?

7 POOLE: Yes.

8 OECHSLER: Ms. Smoots?

9 SMOOTS: Yes.

10 OECHSLER: Mr. Zeller?

11 ZELLER: Yes.

12 OECHSLER: And Mr. Chairman?

13 CHAIRMAN ANDERBERG: Yes.

14 OECHSLER: Mr. Chairman, the motion carries.

15 CHAIRMAN ANDERBERG: Thank you.

16 Quickly, I've been advised by Counsel

17 that I must have made a mistake on votes -- on voting

18 on No. 5. I did not clearly state No. 5. So...

19 GOETZ: I need to step out of the room.

20 CHAIRMAN ANDERBERG: So I'll have to have

21 Mr. Goetz step out. I apologize.

22 OECHSLER: The time is now 11:00 o'clock.

23 CHAIRMAN ANDERBERG: I always take my counsel's

24 word for it. So...

1 OECHSLER: The time is now 11:00 o'clock; let
2 the record reflect that Member Goetz has exited the
3 room.
4 CHAIRMAN ANDERBERG: So I'd like to request a
5 motion to pass and adopt Project Report No. 5 for
6 OSF.
7 Is there such a motion?
8 FUENTES: So moved.
9 OBERNAGEL: Second.
10 CHAIRMAN ANDERBERG: Motion by Mr. Goetz,
11 second by Mr. Obernagel.
12 WEBER: It's a motion by Mr. Fuentes.
13 CHAIRMAN ANDERBERG: I'm sorry. Mr. Fuentes.
14 It can't be Mr. Goetz.
15 (Laughter.)
16 CHAIRMAN ANDERBERG: It was my birthday
17 yesterday, so I'm a year older.
18 (Laughter.)
19 CHAIRMAN ANDERBERG: That's my excuse.
20 Okay. So we have a motion by
21 Mr. Fuentes, a second by Mr. Obernagel.
22 Will the assistant to the Assistant
23 Secretary please call the roll.
24 OECHSLER: Certainly.

1 On the motion and second, I will call
2 the roll.
3 OECHSLER: Mr. Fuentes?
4 FUENTES: Yes.
5 OECHSLER: Mr. Horne?
6 HORNE: Yes.
7 OECHSLER: Ms. Juracek?
8 JURACEK: Yes.
9 OECHSLER: Mr. Knox?
10 KNOX: Yes.
11 OECHSLER: Mr. McCoy via audio conference?
12 MCGOY: Yes.
13 OECHSLER: Mr. Obernagel?
14 OBERNAGEL: Yes.
15 OECHSLER: Mr. Poole?
16 POOLE: Yes.
17 OECHSLER: Ms. Smoots?
18 SMOOTS: Yes.
19 OECHSLER: Mr. Zeller?
20 ZELLER: Yes.
21 OECHSLER: And Mr. Chairman?
22 CHAIRMAN ANDERBERG: Yes.
23 OECHSLER: Mr. Chairman, the motion carries.
24 CHAIRMAN ANDERBERG: Thank you. Sorry about

1 that, everybody.

2 Is there any other business to come

3 before the Members?

4 MEISTER: One very quick matter. For some of

5 the longer serving members of the Board, a former

6 colleague of ours, Norm Gold, we are circulating a

7 get well card for him. His daughters told me that he

8 enjoyed his time on the Board, working with the Board

9 members and the staff. And so current and former --

10 current board members, even if you did not serve with

11 Mr. Gold, we'd appreciate it if you sign the get well

12 card and Staff does as well. I know he would

13 appreciate it.

14 CHAIRMAN ANDERBERG: You have that here in the

15 room with us?

16 MEISTER: Yeah. Mari has it. It's going

17 around.

18 OECHSLER: Let the record show that Member

19 Goetz has returned to the room at 11:01 a.m.

20 CHAIRMAN ANDERBERG: Okay. I'd like to request

21 a motion to excuse the absences of members

22 unavailable to participate today.

23 Is there such a motion?

24 GOETZ: So moved.

1 CHAIRMAN ANDERBERG: So moved by Mr. Goetz.

2 A second?

3 HORNE: Second.

4 CHAIRMAN ANDERBERG: A second by Mr. Horne.

5 All those in favor?

6 (Chorus of ayes.)

7 CHAIRMAN ANDERBERG: Opposed?

8 MCCOY: Aye.

9 CHAIRMAN ANDERBERG: The ayes have it.

10 Public Comment: Any public comment for

11 the Members?

12 POOLE: Mr. Chairman, I think a due thank-you

13 to the Executive Director and the staff for putting

14 this whole deal together today. It didn't happen

15 today, but here at this meeting today, because there

16 was obviously a lot of hard work and long hours went

17 into putting this together. It was no easy task to

18 deliver this today. So I think we owe them a vote of

19 confidence and a very strong thank you.

20 CHAIRMAN ANDERBERG: I'd like to second that,

21 and I wanted to say the same. I'd like to thank the

22 clients --

23 POOLE: I didn't mean to jump you.

24 CHAIRMAN ANDERBERG: -- of the IFA for

1 utilizing and participating, and for the Staff for
 2 what they did here today, and also for the Members
 3 for coming last month, and I will request that we may
 4 need some of your availability and flexibility in the
 5 next two weeks as there are some other issues that
 6 may be coming up.
 7 So with that, the next Regular
 8 Scheduled meeting will be January 11th. And I'd like
 9 to request a Motion to Adjourn.
 10 Is there such a motion?
 11 ZELLER: So moved.
 12 POOLE: Second.
 13 CHAIRMAN ANDERBERG: A motion by Mr. Zeller, a
 14 second by Mr. Poole.
 15 All those in favor?
 16 (Chorus of ayes.)
 17 CHAIRMAN ANDERBERG: Opposed?
 18 McCOY: Aye.
 19 CHAIRMAN ANDERBERG: The ayes have it.
 20 Thank you.
 21 OECHSLER: The time is 11:03 a.m.
 22 (Which were all the
 23 proceedings had.)
 24

1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF COOK)
 3 Brad Benjamin, being first duly sworn on oath,
 4 says that he is a Certified Shorthand Reporter, that
 5 he reported in shorthand the proceedings given at the
 6 taking of said hearing, and that the foregoing is a
 7 true and correct transcript of his shorthand notes so
 8 taken as aforesaid and contains all the proceedings
 9 given at said Illinois Finance Authority Meeting.
 10
 11
 12
 13 Certified Shorthand Reporter
 14 No. 084-004805
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24

ILLINOIS FINANCE AUTHORITY
 VOICE VOTE
 APPROVAL OF REQUESTS TO PARTICIPATE VIA AUDIO CONFERENCE
 ADOPTED

December 14, 2017

10 YEAS

0 NAYS

0 PRESENT

NV	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
Y	Fuentes	NV	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
DECEMBER 14, 2017 AGENDA OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
Y	Fuentes	NV	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
MINUTES
DEFERRED

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
ADOPTED

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

Y	Bronner (VIA AUDIO CONFERENCE)	Y	Knox	Y	Smoots
Y	Fuentes	NV	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-NP01
501(c)(3) REVENUE BOND – THE LINCOLN PARK ZOOLOGICAL SOCIETY
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-NP02
 501(c)(3) REVENUE BOND – THE UNIVERSITY OF CHICAGO
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-HC03
 501(c)(3) REVENUE BOND – ANN & ROBERT H. LURIE CHILDREN’S HOSPITAL OF
 CHICAGO
 FINAL (ONE-TIME CONSIDERATION)
 PASSED

December 14, 2017

10 YEAS	0 NAYS	0 PRESENT
Y Bronner (VIA AUDIO CONFERENCE)	Y Knox	Y Smoots
Y Fuentes	Y McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y Zeller
NV Goetz	E O’Brien	Y Mr. Chairman
NV Horne	Y Obernagel	
Y Juracek	Y Poole	

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-HC04
501(c)(3) REVENUE BOND – EVANGELICAL RETIREMENT HOMES OF GREATER
CHICAGO, INC. D/B/A FRIENDSHIP VILLAGE OF SCHAUMBURG
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-HC05
 501(c)(3) REVENUE BOND – OSF HEALTHCARE SYSTEM
 FINAL (ONE-TIME CONSIDERATION)
 PASSED

December 14, 2017

10 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
NV	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-HC06
 501(C)(3) REVENUE BOND – THE ADMIRAL AT THE LAKE
 FINAL (ONE-TIME CONSIDERATION)
 PASSED

December 14, 2017

12 YEAS	0 NAYS	0 PRESENT
Y Bronner (VIA AUDIO CONFERENCE)	Y Knox	Y Smoots
Y Fuentes	Y McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y Zeller
Y Goetz	E O'Brien	Y Mr. Chairman
Y Horne	Y Obernagel	
Y Juracek	Y Poole	

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-HC07
 501(c)(3) REVENUE BOND – THE INGALLS MEMORIAL HOSPITAL
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD08
 RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$20,200,000 IN
 AGGREGATE PRINCIPAL AMOUNT OF THE ILLINOIS FINANCE AUTHORITY'S
 MIDWESTERN DISASTER AREA REFUNDING REVENUE BOND (KONE CENTRE
 PROJECT), SERIES 2017, THE PROCEEDS OF WHICH ARE TO BE LOANED TO
 FINANCIAL DISTRICT PROPERTIES KP, LLC
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD09
 RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY BY THE ILLINOIS
 FINANCE AUTHORITY OF FIRST SUPPLEMENTAL INDENTURES RELATING TO ITS
 \$25,000,000 MAXIMUM PRINCIPAL AMOUNT REVENUE BONDS (BRADLEY
 UNIVERSITY PROJECT) SERIES 2017A AND \$25,000,000 MAXIMUM PRINCIPAL
 AMOUNT REVENUE BONDS (BRADLEY UNIVERSITY PROJECT) SERIES 2017B,
 ALONG WITH RELATED DOCUMENTS; AND RELATED MATTERS
 ADOPTED*

December 14, 2017

11 YEAS	0 NAYS	0 PRESENT
E Bronner	Y Knox	Y Smoots
Y Fuentes	Y McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y Zeller
Y Goetz	E O'Brien	Y Mr. Chairman
Y Horne	Y Obernagel	
Y Juracek	Y Poole	

* – Consent Agenda
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD10
RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$37,250,000
PRINCIPAL AMOUNT ILLINOIS FINANCE AUTHORITY REVENUE REFUNDING BOND,
SERIES 2017 (ELMHURST COLLEGE); AUTHORIZING THE EXECUTION AND
DELIVERY OF A BOND AND LOAN AGREEMENT, A TAX EXEMPTION CERTIFICATE
AND AGREEMENT AND RELATED DOCUMENTS; AND APPROVING RELATED
MATTERS
ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL

RESOLUTION 2017-1214-AD11

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE BOND AND LOAN AGREEMENT RELATING TO THE ILLINOIS FINANCE AUTHORITY REVENUE REFUNDING BOND, SERIES 2013 (ELIM CHRISTIAN SERVICES), TO PROVIDE FOR CERTAIN AMENDMENTS RELATING TO THE INTEREST RATE AND INITIAL MANDATORY PURCHASE DATE AND CERTAIN OTHER MATTERS; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO EFFECT THE MATTERS SET FORTH IN SUCH FIRST AMENDMENT; AND AUTHORIZING AND APPROVING RELATED MATTERS
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD12
 RESOLUTION APPROVING THE EXECUTION OF A SUPPLEMENTAL BOND
 INDENTURE RELATING TO ITS VARIABLE RATE REVENUE BONDS, SERIES 2012
 (CARMEL CATHOLIC HIGH SCHOOL)
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD13
 RESOLUTION AUTHORIZING CERTAIN AMENDMENTS, MODIFICATIONS AND
 SUPPLEMENTS TO THE TRUST INDENTURE AND RELATED DOCUMENTS DATED AS
 OF NOVEMBER 1, 1995, AS HERETOFORE SUPPLEMENTED AND AMENDED,
 PURSUANT TO WHICH THE ILLINOIS FINANCE AUTHORITY PROVIDES FOR THE
 ISSUANCE AND DELIVERY FROM TIME TO TIME OF NOT IN EXCESS OF \$433,200,000
 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”)
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL

RESOLUTION 2017-1214-AD14

RESOLUTION AUTHORIZING CERTAIN AMENDMENTS, MODIFICATIONS AND SUPPLEMENTS TO THE BOND TRUST INDENTURE DATED AS OF JUNE 1, 2008, AS HERETOFORE SUPPLEMENTED AND AMENDED, PURSUANT TO WHICH THE ILLINOIS FINANCE AUTHORITY PROVIDES FOR THE ISSUANCE AND DELIVERY FROM TIME TO TIME OF NOT TO EXCEED \$95,000,000 IN AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING OF COMMERCIAL PAPER REVENUE NOTES (LOYOLA UNIVERSITY OF CHICAGO FINANCING PROGRAM) (THE "NOTES") PURSUANT TO A TAX EXEMPT COMMERCIAL PAPER PROGRAM; AUTHORIZING AND APPROVING THE EXECUTION OF CERTAIN AMENDMENTS, MODIFICATIONS AND SUPPLEMENTS TO CERTAIN RELATED BOND, CREDIT, TAX AND FINANCING DOCUMENTS; AND AUTHORIZING AND APPROVING CERTAIN RELATED MATTERS ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD15
 AMENDATORY RESOLUTION MODIFYING CERTAIN TERMS AND PROVISIONS OF
 ILLINOIS FINANCE AUTHORITY EDUCATIONAL FACILITY REVENUE BOND, SERIES
 2016 (MOUNT CARMEL HIGH SCHOOL PROJECT), THE PROCEEDS OF WHICH HAVE
 BEEN LOANED TO MOUNT CARMEL HIGH SCHOOL
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD16
 RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT
 TO THE BOND AND LOAN AGREEMENT DATED MARCH 20, 2014 UNDER WHICH
 THE SERIES 2014 BOND WAS ISSUED AND SOLD TO NORTH SHORE COMMUNITY
 BANK & TRUST COMPANY AND APPROVING THE EXECUTION OF CERTAIN OTHER
 AGREEMENTS RELATING TO THE ISSUANCE OF THE SERIES 2014 BOND; AND
 RELATED MATTERS (LITTLE CITY FOUNDATION)
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
 E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD17
 RESOLUTION APPROVING AN INTEREST RATE CONVERSION OF THE RUSH
 UNIVERSITY MEDICAL CENTER OBLIGATED GROUP IFA SERIES 2011 BONDS
 (“RUMC”) AND AUTHORIZING THE EXECUTION AND DELIVERY OF A
 SUPPLEMENTAL TRUST INDENTURE AND ANY OTHER DOCUMENTS TO PROVIDE
 FOR THE CONVERSION AND TO MAKE CERTAIN AMENDMENTS RELATING TO THE
 INTEREST RATE CALCULATIONS AND CERTAIN OTHER MATTERS
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD18
WITHDRAWN

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD19
RESOLUTION OF INTENT REQUESTING AN INITIAL ALLOCATION OF CALENDAR
YEAR 2018 PRIVATE ACTIVITY BOND VOLUME CAP IN THE AMOUNT OF
\$120,000,000
ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD20
 RESOLUTION APPROVING AND CONFIRMING VARIOUS PROCUREMENT MATTERS,
 INCLUDING (I) A CONTRACT WITH ADP TOTALSOURCE, INC. (EMPLOYEE
 BENEFITS AND PAYROLL SERVICES), (II) A CONTRACT AMENDMENT WITH
 ASCENT INNOVATIONS, LLC (PAYROLL SERVICES SOFTWARE MAINTENANCE AND
 SUPPORT), (III) A CONTRACT AND AMENDMENT WITH CATALYST CONSULTING
 GROUP, INC. (INFORMATION TECHNOLOGY CONSULTING AND SUPPORT) AND (IV)
 A REQUEST FOR PROPOSALS FOR FINANCIAL ADVISORS
 ADOPTED*

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD21
RESOLUTION APPOINTING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE
AUTHORITY
ADOPTED

December 14, 2017

11 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD22
 RESOLUTION AUTHORIZING SUPPLEMENTAL INDENTURES RELATED TO THE
 SERIES 2013C AND SERIES 2013D BONDS ISSUED FOR THE BENEFIT OF ELMHURST
 MEMORIAL HEALTHCARE AND THE SERIES 2017B AND SERIES 2013C BONDS
 ISSUED FOR THE BENEFIT OF EDWARD ELMHURST HEALTHCARE TO PROVIDE
 ADDITIONAL FLEXIBILITY WITH RESPECT TO INTEREST RATE MODES
 ADOPTED

December 14, 2017

10 YEAS

0 NAYS

0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y	Zeller
NV	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2017-1214-AD23
 RESOLUTION CONCERNING THE AMENDMENT OF DOCUMENTS FOR DEBT ISSUES
 OF THE ILLINOIS FINANCE AUTHORITY AND ITS PREDECESSOR AUTHORITIES
 RELATING TO DRAW DOWN BONDS, BENCHMARKS AND MECHANICS FOR
 INTEREST RATE DETERMINATIONS AND OTHER MATTERS
 ADOPTED*

December 14, 2017

11 YEAS	0 NAYS	0 PRESENT
E Bronner	Y Knox	Y Smoots
Y Fuentes	Y McCoy (ADDED) (VIA AUDIO CONFERENCE)	Y Zeller
Y Goetz	E O'Brien	Y Mr. Chairman
Y Horne	Y Obernagel	
Y Juracek	Y Poole	

* – Consent Agenda
 E – Denotes Excused Absence

Date: February 15, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox

Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Ximena Granda, Controller

Subject: *Presentation and Consideration of Financial Reports as of January 31, 2018***

****All information is preliminary and unaudited.**

FISCAL YEAR 2018-UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

- a. **Total Annual Revenues** equal **\$3.6** million and are **\$1.3** million or **55.3%** higher than budget due primarily to **higher** closing fees. Closing fees year-to-date of \$2.7 million are \$1.1 million or 62.8% **higher** than budget. Annual fees of \$172 thousand are \$5 thousand higher than the budgeted amount. Administrative service fees of \$111 thousand are \$82 thousand higher than budget. Application fees total \$20 thousand and are \$1 thousand lower than the budgeted amount. Total accrued interest income from loans in connection with the former Illinois Rural Bond Bank local government borrowers and other loans totaled \$354 thousand (which has represented a declining asset since 2014). Net investment income position is at \$155 thousand for the fiscal year and is \$81 thousand higher than budget.
- b. In **January** the Authority generated \$215 thousand in closing fees, lower than the monthly budgeted amount of \$241 thousand. Closing fees were received from: ***Ann & Robert Lurie Children's Hospital of Chicago*** for \$211 thousand and one Beginning Farmer bond for \$4 thousand.
- c. **Total Annual Expenses** of \$1.8 million were \$478 thousand or 20.8% lower than budget, which was mostly driven by below budget spending on professional services and employee related expenses. Year-to-date, employee and professional services expenses total \$1.5 million; with each

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.

*** Governmental Accounting Standards Board (GASB) Statement No. 31.** This Statement establishes accounting and financial reporting standards for all investments held by governmental external investment pools. For most other governmental entities, it establishes fair value standards for investments in (a) participating interest-earning investment contracts, (b) external investment pools, (c) open-end mutual funds, (d) debt securities, and (e) equity securities, option contracts, stock warrants, and stock rights that have readily determinable fair values.

- Authority investment manager advises that global market conditions contribute to this.
- Past performance does not direct the outcome of future outcomes; however in FY2015 investment income total was \$642 thousand compared to (unaudited) FY2016 total \$ 742 thousand.

function at 24.1% and 26.0% under budget, respectively. Annual occupancy costs of \$95 thousand are 6.5% lower than budget, while general and administrative costs are \$232 thousand for the year, which is 15.3% higher than budget. Total depreciation cost of \$9 thousand is 64.0% below budget. Total cash transfers in from the Primary Government Borrowing Fund (setup to track financial activity on behalf of the State of Illinois) to the General Operating Fund are \$58 thousand.

- d. In January, the Authority recorded operating expenses of \$350 thousand, which was higher than the monthly budgeted amount of \$309 thousand.
- e. **Total Monthly Net Loss of \$23 thousand** was driven by lower than expected closing fees.
- f. **Total Annual Net Income** is \$1.8 million. The major driver of the annual positive bottom line continues to be the level of overall spending at 20.8% below budget, as well as higher than expected closing fees.

2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION

The Authority, as of January 31, 2018, is a \$124.8 million dollar agency, but the Authority also accounts for activity in the Other State of Illinois Debt Fund. Total Assets in the Other State of Illinois Debt Fund are \$1.3 billion. The Authority maintains compliance for nearly \$25.0 billion in outstanding debt.

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

In the General Fund, the Authority continues to maintain a strong balance sheet, with total net position of \$58.5 million. The total assets in the General Fund are \$58.9 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total \$43.6 million (with \$6.2 million in cash). Notes receivables from the former Illinois Rural Bond Bank local governments total \$12.0 million. Participation loans, DACA (pilot medical student loans in exchange for service in medical underserved areas in Illinois) and other loans receivables are at \$2.3 million.

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 (“CWI”) bonds issued for IEPA. Total assets in this fund total \$1.3 billion, of which CWI Bonds total \$1.1 billion. The Series 2016 CWI Bonds closed on September 12, 2016 in the amount of \$500 million and the Series 2017 CWI Bonds closed on September 12, 2017 in the amount of \$560 million. Restricted investments total \$482.6million with accrued investment income at \$514 thousand.
- b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year-to-date receipts of \$247 thousand. Year-to-date loan repayments under the Fire Truck and Ambulance Revolving Loan Funds are \$1.9 million and \$296 thousand, respectively. The Net Position for Fire Truck and Ambulance Revolving Loan Funds on the Authority’s balance sheet is \$23.3 million and \$4.2 million, respectively.



The Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer Agribusiness Loan Guarantee Fund include restricted assets held by the State Treasurer to make payouts of losses in relation to the Authority's agricultural loan guarantee programs. As of January 31, 2018, the Agricultural Loan Guarantee Fund had a Restricted Net Position of \$10.2 million and the Agribusiness Fund had a Restricted Net Position of \$8.0 million, with no loss reserves in either fund. However, the Industrial Revenue Bond Insurance Fund includes restricted assets held locally by the Authority to make payouts of losses in relation to the Authority's agricultural loan guarantee programs (please see Senate Bill 324, Public Acct 99-0509). The Restricted Net Position for the Industrial Revenue Bond Insurance Fund was \$11.5 million as of January 31, 2018.

- c. All other nonmajor funds recorded total year-to-date revenues of \$227 thousand. Year-to-date expenses total \$9 thousand as of January 31, 2018. Total Net Position in the remaining non-major funds is \$38.1 million.
- d. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of \$6 thousand in the custody of the Authority. The Illinois Finance Authority NFP Development Fund has a total net position of \$12 thousand.

5. AUTHORITY AUDITS AND REGULATORY UPDATES

The Fiscal Year 2017 two-year Compliance Audit Examination is in its final stages. On February 7, 2018 the Authority had a pre-exit conference meeting to discuss the findings. Currently we have fifteen findings. In the coming weeks additional information will be provided to the Board on the findings. The Fiscal Year 2017 Internal Audit is ongoing.

6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION

The Fiscal Year Comparison of Bonds Issued, the Fiscal Year 2018 Bonds Issued, Schedule of Debt and the State of Illinois Receivables Summary being presented as supplementary financial information in your manila folder.

Respectfully submitted,

/s/ Ximena Granda
Controller



ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
GENERAL OPERATING FUND
FOR FISCAL YEAR 2018 AS OF JANUARY 31, 2018
(PRELIMINARY AND UNAUDITED)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	BUDGET VARIANCE (\$)	BUDGET VARIANCE (%)
Operating Revenues:																
Closing Fees	\$ 136,265	\$ 226,532	\$ 486,374	\$ 19,345	\$ 376,290	\$ 1,279,665	\$ 215,338						\$ 2,739,809	\$ 1,683,442	\$ 1,056,367	62.8%
Annual Fees	21,005	23,599	20,265	22,158	25,018	26,081	34,256						172,382	167,060	5,322	3.2%
Administrative Service Fees	-	10,500	20,000	33,500	500	40,500	6,000						111,000	29,167	81,833	280.6%
Application Fees	100	4,100	3,000	2,300	3,000	6,100	1,100						19,700	21,000	(1,300)	-6.2%
Miscellaneous Fees	104	-	10,336	338	14,750	-	108						25,636	267	25,369	9495.5%
Interest Income-Loans	50,587	49,369	52,190	50,787	50,356	50,244	50,240						353,773	366,176	(12,403)	-3.4%
Other Revenue	164	163	162	57,382	161	160	160						58,352	97	58,255	59799.4%
Total Operating Revenue:	\$ 208,225	\$ 314,263	\$ 592,327	\$ 185,810	\$ 470,075	\$ 1,402,750	\$ 307,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,480,652	\$ 2,267,209	\$ 1,213,443	53.5%
Operating Expenses:																
Employee Related Expense	\$ 133,489	\$ 139,259	\$ 131,705	\$ 131,125	\$ 128,774	\$ 124,356	\$ 181,610						\$ 970,318	\$ 1,278,592	\$ (308,274)	-24.1%
Professional Services	75,916	38,669	50,322	114,233	46,325	68,966	113,925						508,356	686,581	(178,225)	-26.0%
Occupancy Costs	14,324	12,110	13,155	13,506	12,721	12,505	16,610						94,931	101,500	(6,569)	-6.5%
General & Administrative	28,531	28,689	33,165	30,977	35,469	38,158	36,598						231,587	200,893	30,694	15.3%
Depreciation and Amortization	1,177	1,177	1,177	1,148	1,843	1,047	1,047						8,616	23,919	(15,303)	-64.0%
Total Operating Expense	\$ 253,437	\$ 219,904	\$ 229,524	\$ 290,989	\$ 225,132	\$ 245,032	\$ 349,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,813,808	\$ 2,291,485	\$ (477,677)	-20.8%
Operating Income(Loss)	\$ (45,212)	\$ 94,359	\$ 362,803	\$ (105,179)	\$ 244,943	\$ 1,157,718	\$ (42,588)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,666,844	\$ (24,276)	\$ 1,691,120	6966.2%
Nonoperating Revenues (Expenses)																
Miscellaneous Non-Operatg Rev/(Exp)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Bad Debt Adjustments (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,169	(1,169)	-100.0%
Interest and Investment Income*	34,141	51,568	39,087	42,092	39,346	43,482	45,731						295,447	145,833	149,614	102.6%
Realized Gain (Loss) on Sale of Invest	(3,209)	(5,094)	(2,750)	7	31	(1,469)	(3,131)						(15,615)	(14,581)	(1,034)	7.1%
Net Appreciation (Depr) in FV of Invest	11,539	9,008	(35,070)	(25,750)	(48,369)	(13,632)	(22,568)						(124,842)	(58,333)	(66,509)	114.0%
Total Nonoperating Rev (Exp)	\$ 42,471	\$ 55,482	\$ 1,267	\$ 16,349	\$ (8,992)	\$ 28,381	\$ 20,032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,990	\$ 74,088	\$ 80,902	109.2%
Net Income (Loss) Before Transfers	\$ (2,741)	\$ 149,841	\$ 364,070	\$ (88,830)	\$ 235,951	\$ 1,186,099	\$ (22,556)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,821,834	\$ 49,812	\$ 1,772,022	3557.4%
Transfers:																
Transfers in from other funds	\$ 58,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,296	\$ -	\$ 58,296	0.0%
Transfers out to other funds	(58,296)	-	-	-	-	-	-	-	-	-	-	-	(58,296)	-	(58,296)	0.0%
Total Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Income (Loss)	\$ (2,741)	\$ 149,841	\$ 364,070	\$ (88,830)	\$ 235,951	\$ 1,186,099	\$ (22,556)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,821,834	\$ 49,812	\$ 1,772,022	3557.4%



ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
FOR FISCAL YEAR 2018 AS OF JANUARY 31, 2018
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND*	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
Operating Revenues:								
Closing Fees	\$ 2,739,809	\$ -	\$ -	\$ -	\$ 2,739,809	\$ -	\$ 2,739,809	\$ -
Annual Fees	172,382	-	-	-	172,382	-	172,382	-
Administrative Service Fees	111,000	-	-	-	111,000	-	111,000	-
Application Fees	19,700	-	-	-	19,700	-	19,700	-
Miscellaneous Fees	25,636	246,531	-	107	272,274	-	272,274	-
Interest Income-Loans	353,773	16,147	1,860	7,201	378,981	9,657,176	10,036,157	-
Other Revenue	58,352	-	-	-	58,352	-	58,352	-
Total Operating Revenue:	\$ 3,480,652	\$ 262,678	\$ 1,860	\$ 7,308	\$ 3,752,498	\$ 9,657,176	\$ 13,409,674	\$ -
Operating Expenses:								
Employee Related Expense	\$ 970,318	\$ -	\$ -	\$ -	\$ 970,318	\$ -	\$ 970,318	\$ -
Professional Services	508,356	1,668	1,643	7,853	519,520	-	519,520	-
Occupancy Costs	94,931	-	-	-	94,931	-	94,931	-
General & Administrative	231,587	-	-	39	231,626	-	231,626	-
Interest Expense	-	-	-	1,197	1,197	12,771,442	12,772,639	-
Depreciation and Amortization	8,616	-	-	-	8,616	-	8,616	-
Total Operating Expense	\$ 1,813,808	\$ 1,668	\$ 1,643	\$ 9,089	\$ 1,826,208	\$ 12,771,442	\$ 14,597,650	\$ -
Operating Income(Loss)	\$ 1,666,844	\$ 261,010	\$ 217	\$ (1,781)	\$ 1,926,290	\$ (3,114,266)	\$ (1,187,976)	\$ -
Nonoperating Revenues (Expenses):								
Miscellaneous non-opertg rev/(exp)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer of funds and program interest from the State of Illi	-	-	-	-	-	-	-	-
Interest and investment income*	295,447	23,972	17,839	262,860	600,118	2,263,350	2,863,468	6
Realized Gain (Loss) on sale of investment	(15,615)	(1,102)	(3,438)	(244)	(20,399)	(554,858)	(575,257)	-
Net Appreciation (Depr) in fair value of investments**	(124,842)	3,134	3,031	(42,520)	(161,197)	1,405,774	1,244,577	-
Total Nonoperating Revenues (Expenses)	\$ 154,990	\$ 26,004	\$ 17,432	\$ 220,096	\$ 418,522	\$ 3,114,266	\$ 3,532,788	\$ 6
Net Income (Loss) Before Transfers	\$ 1,821,834	\$ 287,014	\$ 17,649	\$ 218,315	\$ 2,344,812	\$ -	\$ 2,344,812	\$ 6
Transfers:								
Transfers in from other funds	\$ 58,296	\$ -	\$ -	\$ -	\$ 58,296	\$ -	\$ 58,296	\$ -
Transfers out to other funds	(58,296)	-	-	-	(58,296)	-	(58,296)	-
Total Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ 1,821,834	\$ 287,014	\$ 17,649	\$ 218,315	\$ 2,344,812	\$ -	\$ 2,344,812	\$ 6



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
 January 31, 2018
 (PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR 1,279,665	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Assets and Deferred Outflows:								
Current Assets:								
Unrestricted:								
Cash & cash equivalents	\$ 6,170,237	\$ -	\$ -	\$ 40,525	\$ 6,210,762		\$ 6,210,762	\$ -
Investments	26,478,267	-	-	3,598,488	30,076,755		30,076,755	-
Accounts receivable, Net	188,637	-	-	-	188,637		188,637	-
Loans receivables, Net	3,954	-	-	-	3,954		3,954	-
Accrued interest receivable	640,176	-	-	14,272	654,448		654,448	-
Bonds and notes receivable	1,574,100	-	-	-	1,574,100		1,574,100	-
Due from other funds	11,549	-	-	-	11,549		11,549	-
Prepaid Expenses	139,712	-	-	-	139,712		139,712	-
Total Current Unrestricted Assets	\$ 35,206,632	\$ -	\$ -	\$ 3,653,285	\$ 38,859,917	\$ -	\$ 38,859,917	\$ -
Restricted:								
Cash & Cash Equivalents	\$ -	\$ 1,068,567	\$ 871,610	\$ 1,940,506	\$ 3,880,683	\$ 87,701,998	\$ 91,582,681	\$ 6,195
Investments	-	1,759,311	1,699,944	11,271,181	14,730,436	479,278,745	494,009,181	-
Accrued interest receivable	-	16,870	6,179	6,663	29,712	513,396	543,108	-
Due from other funds	-	-	-	49,335	49,335	-	49,335	-
Due from primary government	-	-	-	-	-	-	-	-
Bonds and notes receivable from State component units	-	-	-	-	-	-	-	-
Loans receivables, Net	-	-	-	-	-	-	-	-
Total Current Restricted Assets	\$ -	\$ 2,844,748	\$ 2,577,733	\$ 13,267,685	\$ 18,690,166	\$ 567,494,139	\$ 586,184,305	\$ 6,195
Total Current Assets	\$ 35,206,632	\$ 2,844,748	\$ 2,577,733	\$ 16,920,970	\$ 57,550,083	\$ 567,494,139	\$ 625,044,222	\$ 6,195
Non-current Assets:								
Unrestricted:								
Investments	\$ 10,944,348	\$ -	\$ -	\$ 686,888	\$ 11,631,236		\$ 11,631,236	\$ -
Loans receivables, Net	2,261,333	-	-	-	2,261,333		2,261,333	-
Bonds and notes receivable	10,465,037	-	-	-	10,465,037		10,465,037	-
Total Noncurrent Unrestricted Assets	\$ 23,670,718	\$ -	\$ -	\$ 686,888	\$ 24,357,606	\$ -	\$ 24,357,606	\$ -
Restricted:								
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	2,314,384	2,314,384	3,337,846	5,652,230	-
Funds in the custody of the Treasurer	-	2,401,503	296,913	18,209,922	20,908,338	-	20,908,338	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Loans receivables, Net	-	18,094,427	1,378,640	130,663	19,603,730	-	19,603,730	-
Bonds and notes receivable from primary government	-	-	-	-	-	712,272,467	712,272,467	-
Bonds and notes receivable from State component units	-	-	-	-	-	9,203,284	9,203,284	-
Total Noncurrent Restricted Assets	\$ -	\$ 20,495,930	\$ 1,675,553	\$ 20,654,969	\$ 42,826,452	\$ 724,813,597	\$ 767,640,049	\$ -
Capital Assets								
Capital Assets	\$ 841,130	\$ -	\$ -	\$ -	\$ 841,130	\$ -	\$ 841,130	\$ -
Accumulated Depreciation	(791,234)	-	-	-	(791,234)	-	(791,234)	-
Total Capital Assets	\$ 49,896	\$ -	\$ -	\$ -	\$ 49,896	\$ -	\$ 49,896	\$ -
Total Noncurrent Assets	\$ 23,720,614	\$ 20,495,930	\$ 1,675,553	\$ 21,341,857	\$ 67,233,954	\$ 724,813,597	\$ 792,047,551	\$ -
Total Assets	\$ 58,927,246	\$ 23,340,678	\$ 4,253,286	\$ 38,262,827	\$ 124,784,037	\$ 1,292,307,736	\$ 1,417,091,773	\$ 6,195
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred loss on debt refunding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,221	\$ 337,221	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,221	\$ 337,221	\$ -
Total Assets & Deferred Inflows of Resources	\$ 58,927,246	\$ 23,340,678	\$ 4,253,286	\$ 38,262,827	\$ 124,784,037	\$ 1,292,644,957	\$ 1,417,428,994	\$ 6,195



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
 January 31, 2018
 (PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR 1,279,665	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Liabilities:								
Current Liabilities:								
Payable from unrestricted current assets:								
Accounts payable	\$ 65,161	\$ -	\$ -	\$ -	\$ 65,161	\$ -	\$ 65,161	\$ -
Accrued liabilities	84,045	-	-	-	84,045	-	84,045	-
Due to employees	95,721	-	-	-	95,721	-	95,721	-
Due to primary government	50,001	-	-	-	50,001	-	50,001	-
Due to other funds	11,341	-	-	-	11,341	-	11,341	-
Other liabilities	-	-	-	-	-	-	-	6,189
Unearned revenue, net of accumulated amortization	167,791	-	-	-	167,791	-	167,791	-
Total Current Liabilities Payable from Unrestricted Current Assets	\$ 474,060	\$ -	\$ -	\$ -	\$ 474,060	\$ -	\$ 474,060	\$ 6,189
Payable from restricted current assets:								
Accounts payable	-	-	-	-	-	-	-	-
Obligation under securities lending of the State Treasurer	-	-	-	-	-	-	-	-
Accrued interest payable	\$ -	\$ -	\$ -	\$ 208	\$ 208	\$ 4,712,123	\$ 4,712,331	\$ -
Due to other funds	-	-	-	363	363	-	363	-
Due to primary government	-	-	-	-	-	-	-	-
Bonds and notes payable from primary government	-	-	-	-	-	3,695,901	3,695,901	-
Bonds and notes payable from State component units	-	-	-	-	-	513,809	513,809	-
Current portion of long term debt	-	-	-	-	-	424,402	424,402	-
Other liabilities	-	-	-	-	-	-	-	-
Total Current Liabilities Payable from Restricted Current Assets	\$ -	\$ -	\$ -	\$ 571	\$ 571	\$ 9,346,235	\$ 9,346,806	\$ -
Total Current Liabilities	\$ 474,060	\$ -	\$ -	\$ 571	\$ 474,631	\$ 9,346,235	\$ 9,820,866	\$ 6,189
Noncurrent Liabilities								
Payable from unrestricted noncurrent assets:								
Noncurrent payables	\$ 585	\$ -	\$ -	\$ -	\$ 585	\$ -	\$ 585	\$ -
Assets	\$ 585	\$ -	\$ -	\$ -	\$ 585	\$ -	\$ 585	\$ -
Payable from restricted noncurrent assets:								
Bonds and notes payable from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,268,700,043	\$ 1,268,700,043	\$ -
Bonds and notes payable from State component units	-	-	-	-	-	14,598,679	14,598,679	-
Noncurrent portion of long term debt	-	-	-	187,322	187,322	-	187,322	-
Noncurrent loan reserve	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities Payable from Restricted Noncurrent	\$ -	\$ -	\$ -	\$ 187,322	\$ 187,322	\$ 1,283,298,722	\$ 1,283,486,044	\$ -
Total Noncurrent Liabilities	\$ 585	\$ -	\$ -	\$ 187,322	\$ 187,907	\$ 1,283,298,722	\$ 1,283,486,629	\$ -
Total Liabilities	\$ 474,645	\$ -	\$ -	\$ 187,893	\$ 662,538	\$ 1,292,644,957	\$ 1,293,307,495	\$ 6,189
Net Position:								
Net Investment in Capital Assets	\$ 49,896	\$ -	\$ -	\$ -	\$ 49,896	\$ -	\$ 49,896	\$ -
Restricted for Locally Held Agricultural Guarantees	-	-	-	11,481,603	11,481,603	-	11,481,603	-
Restricted for Public Safety Loans	-	23,053,665	4,235,636	-	27,289,301	-	27,289,301	-
Restricted for Agricultural Guarantees and Rural Development Loans	-	-	-	19,777,512	19,777,512	-	19,777,512	-
Restricted for Renewable Energy Development	-	-	-	2,261,518	2,261,518	-	2,261,518	-
Restricted for Credit Enhancement	-	-	-	-	-	-	-	-
Restricted for Low Income Community Investments	-	-	-	12,653	12,653	-	12,653	-
Unrestricted	56,580,871	-	-	4,323,334	60,904,205	-	60,904,205	-
Current Change in Net Position	1,821,834	287,013	17,650	218,314	2,344,811	-	2,344,811	6
Total Net Position	\$ 58,452,601	\$ 23,340,678	\$ 4,253,286	\$ 38,074,934	\$ 124,121,499	\$ -	\$ 124,121,499	\$ 6
Total Liabilities & Net Position	\$ 58,927,246	\$ 23,340,678	\$ 4,253,286	\$ 38,262,827	\$ 124,784,037	\$ -	\$ 1,417,428,994	\$ 6,195



STATE of ILLINOIS
DETAILED RECEIVABLES SUMMARY (UNAUDITED)
AS OF February 7, 2017

As of November 1, 2015 the Illinois Finance Authority has purchased the following receivables on behalf of the State of Illinois, pursuant to Resolutions 2015-1112-AD11 and 2016-0211-AD07:

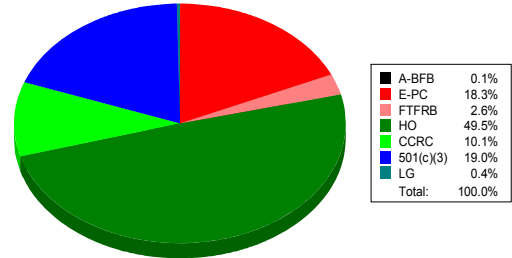
Vendor	Payment dates	Amount
Cosgrove Distributors Inc.	12/21/2015	\$9,225.92
	Payment received by IFA	(<u>\$9,225.92</u>)
	Balance due from Cosgrove Distributors	\$0.00
Grayboy Building Maintenance	12/16/2015	\$15,790.36
	Payment received by IFA	(<u>\$15,790.36</u>)
	Balance due from Grayboy Building Maint.	\$0.00
M. J. Kellner Co. Inc.	12/28/2015	\$1,806,912.20
M. J. Kellner Co. Inc.	3/31/2016	1,929,224.10
	Payment received by IFA	(<u>\$3,732,458.28</u>)
	Balance due from M.J. Kellner	\$3,678.02
Smith Maintenance Company	11/25/2015	\$251,665.26
Smith Maintenance Company	12/29/2015	125,832.63
Smith Maintenance Company	2/10/2016	129,811.11
Smith Maintenance Company	3/21/2016	151,826.83
Smith Maintenance Company	4/14/2016	151,826.83
Smith Maintenance Company	5/19/2016	151,826.83
Smith Maintenance Company	6/23/2016	107,795.38
Smith Maintenance Company	7/21/2016	107,795.38
		<u>\$1,178,380.25</u>
	Payment received by IFA	(<u>1,178,380.25</u>)
	Balance due from Smith Maintenance	\$0.00
Sysco St. Louis LLC	12/16/2015	\$32,418.85
Total State of Illinois Assigned/Purchased Receivables		\$4,971,951.65
Total State of Illinois Assigned/Purchased Receivables Payment Received		\$4,935,854.78
Balance due from State of Illinois Assigned/Purchased Receivables		<u>\$36,096.87</u>

Bonds Issued - Fiscal Year Comparison for the Period Ending January 31, 2018

Fiscal Year 2016

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	3,762,495
10	Education	692,515,000
1	Freight Transfer Facilities Bonds	100,000,000
13	Healthcare - Hospital	1,869,903,000
6	Healthcare - CCRC	381,762,000
9	501(c)(3) Not-for-Profit	717,050,000
1	Local Government	14,540,000
54		\$ 3,779,532,495

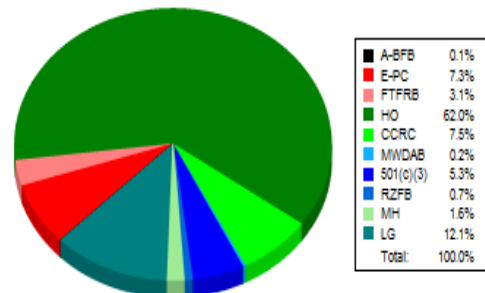
Bonds Issued in Fiscal Year 2016



Fiscal Year 2017

#	Market Sector	Principal Issued
18	Agriculture - Beginner Farmer	3,765,900
7	Education	304,222,000
1	Freight Transfer Facilities Bonds	130,000,000
12	Healthcare - Hospital	2,568,650,000
7	Healthcare - CCRC	310,364,967
1	Midwest Disaster Area Bonds	9,969,162
7	501(c)(3) Not-for-Profit	221,407,000
2	Recovery Zone Facilities Bonds	28,951,409
2	Multifamily/Senior/Not-for Profit Housing	65,365,000
1	Local Government	500,000,000
58		\$ 4,142,695,438

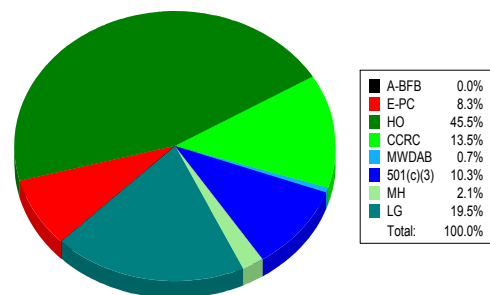
Bonds Issued in Fiscal Year 2017



Bonds Issued in Fiscal Year 2018

Fiscal Year 2018

#	Market Sector	Principal Issued
6	Agriculture - Beginner Farmer	1,128,225
4	Education	239,050,000
7	Healthcare - Hospital	1,308,930,000
5	Healthcare - CCRC	388,700,000
1	Midwest Disaster Area Bonds	20,200,000
6	501(c)(3) Not-for-Profit	296,974,000
1	Multifamily/Senior/Not-for Profit Housing	59,980,000
1	Local Government	560,025,000
31		\$2,874,987,225



Bond Issuance Analysis

The Authority issued \$223,550,000 in conduit debt during the month of January, 2018. This is 91% higher than January, 2017 at \$20,000,000. Total issuance for FY 2018 is \$2,874,987,225. This is 6% lower than the same period for FY 2017 at \$3,047,277,400. The IFA has issued 25 conduit bonds and six beginner farmer bonds in FY 2018.



**Bonds Issued and Outstanding
as of
January 31, 2018**

Bonds Issued between July 01, 2017 and January 31, 2018

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
A-BFB Beginner Farmer Bond	07/01/2017	Variable	1,128,225	0
501(c)(3) YMCA of Rock River Valley	07/25/2017	Variable	9,500,000	5,234,000
CCRC Three Crown Park	07/25/2017	Variable	34,210,000	34,210,000
501(c)(3) Chicagoland Laborers Training and Apprentice Fund	08/10/2017	Fixed at Schedule	12,950,000	0
E-PC Rosalind Franklin University	08/23/2017	Fixed at Schedule	112,390,000	62,390,000
E-PC Bradley University	09/01/2017	Variable	50,000,000	50,000,000
HO Southern Illinois Healthcare Enterprises	09/12/2017	Variable	66,845,000	0
CCRC Tabor Hills Supportive Living Community	09/19/2017	Variable	16,000,000	16,000,000
LG Clean Water Initiative Revolving Fund	09/12/2017	Fixed at Schedule	560,025,000	0
E-PC Bradley University	09/01/2017	Fixed at Schedule	39,500,000	0
HO UnityPoint Health	10/20/2017	Fixed at Schedule	19,500,000	12,000,000
HO Blessing Hospital	11/17/2017	Variable	15,955,000	0
CCRC Greenfields of Geneva	11/17/2017	Fixed at Schedule	65,000,000	65,000,000
HOUS Better Housing Foundation (Windy City Portfolio Project)	11/21/2017	Fixed at Schedule	59,980,000	0
501(c)(3) Chicago Charter School Foundation	11/30/2017	Variable	51,310,000	0
501(c)(3) CHF- Chicago, LLC (University of Illinois at Chicago)	12/19/2017	Fixed at Schedule	94,860,000	0
HO Northwestern Memorial HealthCare	12/19/2017	Fixed at Schedule	706,900,000	593,500,000
HO OSF Healthcare System	12/20/2017	Variable	235,000,000	49,000,000
501(c)(3) Cantigny Foundation	12/27/2017	Variable	58,000,000	0
501(c)(3) The Lincoln Park Zoological Society	12/27/2017	Variable	70,354,000	70,000,000
E-PC Elmhurst College	12/27/2017	Variable	37,160,000	37,000,000
CCRC Friendship Village of Schaumburg	12/28/2017	Fixed at Schedule	122,550,000	108,371,437

HO	Ingalls Memorial Hospital	12/29/2017	Variable	41,180,000	41,180,000
MWDAB	Kone Center Project	12/29/2017	Variable	20,200,000	20,200,000
CCRC	The Admiral at the Lake	12/29/2017	Fixed at Schedule	150,940,000	147,612,110
HO	Ann & Robert Lurie Children's Hospital of Chicago	01/18/2018	Fixed at Schedule	223,550,000	223,550,000

Total Bonds Issued as of January 31, 2018 **\$ 2,874,987,225** **\$ 1,535,247,547**

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

Beginner Farmer Bonds Funded between July 01, 2017 and January 31, 2018

<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>Acres</u>	<u>County</u>
07/06/2017	3.50	70,000	40.00	Montgomery
10/02/2017	3.5	129,675	95.58	Lawrence
12/15/2017	3.25	193,800	40.00	Jasper
12/15/2017	3.85	502,250	60.00	Logan
12/21/2017	3.90	107,500	42.00	Jasper
12/27/2017	3.625	125,000	80.00	Montgomery
Total Beginner Farmer Bonds Issued		<u>\$ 1,128,225</u>	<u>357.58</u>	

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

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

Section I (a)

	Principal Outstanding #		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
Illinois Finance Authority "IFA" ^[b]				
Agriculture	\$ 51,839,174	\$ 48,400,851		
Education	\$ 4,345,951,386	4,326,566,797		
Healthcare	\$ 15,265,699,341	14,998,359,732		
Industrial Development [includes Recovery Zone/Midwest Disaster]	\$ 889,671,685	858,335,419		
Local Government	\$ 725,285,000	1,235,655,000		
Multifamily/Senior/Not-for Profit Housing	\$ 153,127,575	271,969,576		
501(c)(3) Not-for Profits	\$ 1,665,996,057	1,773,576,908		
Exempt Facilities Bonds	\$ 149,915,000	203,500,000		
1 Total IFA Principal Outstanding	\$ 23,247,485,218	\$ 23,716,364,283		
Illinois Development Finance Authority "IDFA" ^[b]				
Education	496,388			
Healthcare	73,600,000	73,600,000		
Industrial Development	171,430,244	173,585,744		
Local Government	222,207,364	173,166,782		
Multifamily/Senior/Not-for Profit Housing	82,249,117	81,806,874		
501(c)(3) Not-for Profits	519,192,342	437,030,430		
Exempt Facilities Bonds				
Total IDFA Principal Outstanding	\$ 1,069,175,454	\$ 939,189,831		
Illinois Rural Bond Bank "IRBB" ^[b]				
Total IRBB Principal Outstanding	\$ -	\$ -		
Illinois Health Facilities Authority "IHFA"	\$ 294,285,000	\$ 197,755,000		
Illinois Educational Facilities Authority "IEFA"	\$ 490,472,000	\$ 402,698,000		
Illinois Farm Development Authority "IFDA" ^[1]	\$ 13,436,353	\$ 11,158,212		
Total Illinois Finance Authority Debt	\$ 25,114,854,025	\$ 25,267,165,325	\$ 28,150,000,000	\$ 2,882,834,675

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

Section I (b)

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
General Purpose Moral Obligations				
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	14,050,000	13,415,000		
Total General Moral Obligations	\$ 14,050,000	\$ 13,415,000	\$ 150,000,000	\$ 136,585,000
* All the Local Government bonds were defeased as of August 1, 2014.				
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ -	\$ -		
Issued through IDFA	-	-		
Total Financially Distressed Cities	\$ -	\$ -	\$ 50,000,000	\$ 50,000,000
State Component Unit Bonds ^[c]				
Issued through IDFA ^[1]	-	-		
Issued through IFA ^[1]	599,372,488	1,095,583,966		
Total State Component Unit Bonds	\$ 599,372,488	\$ 1,095,583,966		

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, 2017	January 31, 2018	
Midwestern Disaster Area Bonds [Flood Relief]	\$ 63,634,933	\$ 63,099,457	N/A

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

Section I (d)

	ARRA Act of 2009 Volume Cap Allocated ^[h]	City/Counties Ceded Voluntarily to/(by) IFA	Bonds issued as of December 31, 2014	Remaining ARRA Volume Cap for each Program as of December 31, 2014
Recovery Zone Economic Development Bonds**	\$ 666,972,000	\$ 16,940,000	\$ 12,900,000	N/A
Recovery Zone Facilities Bonds**	\$ 1,000,457,000	\$ 204,058,967	\$ 214,849,804	N/A
Qualified Energy Conservation Bonds***	\$ 133,846,000	\$ (17,865,000)	\$ 82,795,000	IFA Cap: \$4,755,783 Cities/Counties Cap: \$46,295,717

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

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^(a)

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

Section II	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
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, 2017	January 31, 2018		
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	\$ -	\$ -	\$ 3,000,000,000 ^(d)	\$ 3,000,000,000

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

Section IV	Principal Outstanding		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2017	January 31, 2018			
Agri Debt Guarantees [Restructuring Existing Debt]					
Fund # 994 - Fund Balance \$10,206,209	\$ 5,966,448	\$ 5,042,202	\$ 160,000,000	\$ 154,957,798	\$ 4,285,871
AG Loan Guarantee Program					
Fund # 205 - Fund Balance \$8,003,713	\$ 2,696,940	\$ 2,586,461	\$ 225,000,000 ^(e)	\$ 222,413,539	\$ 2,198,492
Agri Industry Loan Guarantee Program	\$ -				
Farm Purchase Guarantee Program	866,646	857,434			728,819
Specialized Livestock Guarantee Program	1,251,934	1,163,120			988,652
Young Farmer Loan Guarantee Program	578,360	565,907			481,021
Total State Guarantees	\$ 8,663,388	\$ 7,628,663	\$ 385,000,000	\$ 377,371,337	\$ 6,484,363

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, 2017	January 31, 2018	
155	Fire Truck Revolving Loan Program	Fund # 572	\$ 20,057,851	\$ 18,094,427	\$ 5,229,381
22	Ambulance Revolving Loan Program	Fund # 334	\$ 1,672,960	\$ 1,378,640	\$ 2,868,467

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, 2017	January 31, 2018		
Environmental [Large Business]				
Issued through IFA	\$ 14,475,000	\$ 13,645,000		
Issued through IDFA	97,505,000	97,505,000		
Total Environmental [Large Business]	\$ 111,980,000	\$ 111,150,000	\$ 2,425,000,000	\$ 2,313,850,000
Environmental [Small Business]	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
Total Environment Bonds Issued under Act	\$ 111,980,000	\$ 111,150,000	\$ 2,500,000,000	\$ 2,388,850,000

Illinois Finance Authority Funds at Risk

Section VII	Original Amount	Principal Outstanding	
		June 30, 2017	January 31, 2018
Participation Loans			
Business & Industry	23,020,158	99,724	93,745
Agriculture	6,079,859		
Participation Loans excluding Defaults & Allowances	29,100,017	99,724	93,745
Plus: Legacy IDFA Loans in Default		936,358	3,170
Less: Allowance for Doubtful Accounts		938,353	5,165
Total Participation Loans		97,729	91,750
Local Government Direct Loans	1,289,750	627,638	501,477
Rural Bond Bank Local Government Note Receivable		12,069,137	12,039,137
FmHA Loans	963,250	163,518	147,030
Renewable Energy [RED Fund]	2,000,000	1,107,838	-
Total Loans Outstanding	34,353,017	14,065,860	12,779,394
IRBB funds were defeased and transferred into a note receivable with the IFA.			

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

Section VIII	Principal Outstanding		Statutory Debt Limitation	Remaining HELA Debt Limitation
	June 30, 2017	January 31, 2018		
Midwestern University Foundation - Student Loan Program Revenue Bonds	\$ 15,000,000	\$ 15,000,000	\$ 200,000,000 ^(d)	\$ 185,000,000

^(a) Total subject to change; late month payment data may not be included at issuance of report.

^(b) State Component Unit Bonds included in balance.

^(c) Does not include Unamortized issuance premium as reported in Audited Financials.

^(d) Program Limitation reflects the increase to \$3 billion effective 01/01/2010 under P.A. 96-103.

^(e) Program Limitation reflects the increase from \$75 million to \$225 million effective 01/01/2010 under P.A. 96-103.

^(f) Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.

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
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD OF DIRECTORS MEETING
February 15, 2018**

CONTRACTS/AMENDMENTS EXECUTED					
	Vendor	Initial Term	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
<i>Illinois Procurement Code-Small Purchases</i>	ADP TotalSource	01/01/2018-05/31/2018	\$98,000	Contract executed.	Employee Benefits and Payroll Services
<i>Illinois Procurement Code-Exempt</i>	Baker & Hostetler LLP	01/10/2018-01/09/2020	\$250,000	Contract executed	Legal services related to data security
	The Crypsis Group and Baker & Hostetler LLP (as IFA legal counsel)	01/10/2018-01/09/2019	\$43,750	Contract executed.	Consult with web security analysis and best practices
<i>Illinois Procurement Code-Small Purchases</i>	Xerox	02/05/2018-02/04/2021	\$5,860	Order processed. February delivery of new replacement.	Lease for color copier
	Enterprise Holdings	01/01/2018-12/31/2018	\$5,000	Basic Ordering Agreement executed.	Car rentals
	CDW-G	01/25/2018	\$2,909	PO sent.	Server software
	Malelo	01/25/2018	\$550	PO sent.	Back up tapes

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD OF DIRECTORS MEETING
February 15, 2018**

EXPIRING CONTRACTS					
	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
<i>Illinois Procurement Code-Small Purchases</i>	DropBox	02/18/2018	\$1,670	Purchase again via Small Purchase with incumbent.	File Sharing for Board books
	First Choice Services renewal	02/25/2018	\$800	Purchase again via Small Purchase with incumbent.	Annual Water Filtration Lease
	National Tek Services, Inc	02/28/2018	\$16,601	Bid for Symantec and separate bid for tape storage in process.	Symantec Backup Services 3 year renewal, tape storage
	National Tek Services, Inc.	03/25/2018	\$1,750	Renew license.	Trend Micro Enterprise Security for EndPoint
<i>Illinois Procurement Code-Competitive Bids</i>	Acacia Financial Group, Inc.	03/01/2018	\$225,000	RFP/Exemption.	Financial Advisors
	Sycamore Advisors, LLC	03/01/2018	\$225,000	RFP/Exemption.	Financial Advisors
<i>Illinois Procurement Code-Small Purchases</i>	National Tek Services, Inc.	03/31/2018	\$1,245	Renew license.	MailArchiva software
	Tallgrass Systems	03/31/2018	\$4,491	Purchase again via Small Purchase with incumbent.	Barracuda energizer updates and replacement
	Tallgrass Systems Limited	03/31/2018	\$1,649	Purchase again via Small Purchase with incumbent.	Barracuda 300A Technology Refresh
	United States Postal Service	03/31/2018	\$356	Purchase again via Small Purchase with incumbent.	PO Box 2016
<i>Illinois Procurement Code-Order Against Master</i>	Mesirow Insurance Services	04/04/2018	\$297,900	Continue with State Master CMS4819650, expires 4/30/18, one 1 year renewal remaining.	Insurance Brokering Services
	Com Microfilm Company, Inc. (Doc Image)	04/17/2018	\$75,000	State in process of RFP. Continue with State Master.	Document Imaging

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD OF DIRECTORS MEETING
February 15, 2018**

EXPIRING CONTRACTS (cont'd)					
	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
Illinois Procurement Code-Order Against Master	Com Microfilm Company, Inc.	04/17/2018	\$75,000	State in process of RFP. Continue with State Master.	Document Imaging
Illinois Procurement Code-Small Purchases	National Tek Services, Inc.-ADM Manage	04/19/2018	\$1,480	Purchase again via Small Purchase with incumbent.	Manage Engine ADMManager
	Marcor Technologies	05/06/2018	\$4,500	BidBuy quote	MailArchiva Support 3 years
Illinois Procurement Code-Competitive Bids	Arbitrage Compliance Specialists	05/31/2018	\$49,000	RFP TBD	Arbitrage Liability Calculation Services/Bond Comp
Illinois Procurement Code-Small Purchases	Hewlett Packard Enterprise	05/31/2018	\$5,627	Purchase again via Small Purchase with incumbent.	Hardware Support Care Packs
	MX Save	06/12/2018	\$588	Purchase again via Small Purchase with incumbent.	Disaster Recovery for email
	GoDaddy	06/14/2018	\$150	Purchase again via Small Purchase with incumbent.	SSL Certificate for Mobile Device Management
Illinois Procurement Code-Competitive Bids	Merlinos & Associates	06/15/2018	\$45,040	RFP TBD	Actuarial Services
Illinois Procurement Code-Renewal	Ascent Innovations	06/23/2018	\$155,128	Renewals available for \$42K/yr.	Accounting Software Maintenance and Support
	3rd Coast Imaging, Inc.	06/30/2018	\$10,000	Renewal?	Printing Services for Monthly Board Books
Illinois Procurement Code-Order Against Master	Com Microfilm Company, Inc.	06/30/2018	\$7,230	Continue with State Master. State in process with RFP.	Docuware Maintenance and Support
Illinois Procurement Code-Small Purchases	Novanis IT Solutions	06/30/2018	\$203	Purchase again via Small Purchase with incumbent.	Encryption of laptops
	Presidio Networked Solutions	06/30/2018	\$3,292	Continue with new State Master. Contract in process.	Production Support/Subscription VMWare

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD OF DIRECTORS MEETING
February 15, 2018**

EXPIRING CONTRACTS (cont'd)

	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
Illinois Procurement Code-Small Purchases	CDW Government LLC (SmartNet)	06/30/2018	\$422	Purchase again via Small Purchase with incumbent.	SmartNet Technical Support
	Tallgrass Systems SmartNet	06/30/2018	\$540	Purchase again via Small Purchase with incumbent.	Cisco SmartNet
	East Bank Records Management	07/30/2018	\$20,000	Sole economically feasible Purchase.	Records Storage
	United States Postal Service Prepaid Postage	08/08/2018	\$1,000	Purchase again via Small Purchase with incumbent.	Chicago and Mt. Vernon postage
	GoDaddy Web Hosting	08/10/2018	\$539	Purchase again via Small Purchase with incumbent.	Web Hosting Server
	GoDaddy 2018 SSL Cert	08/23/2018	\$299	Purchase again via Small Purchase with incumbent.	SSL Certificate
Illinois Procurement Code-Order Against Master	CDW Government LLC Cisco switches and support	09/10/2018	\$11,939	Continue with State Master CMS4819650, expires 4/30/18, one 1 year renewal remaining.	Cisco switches, firewall, router and support
	CDW Government LLC HPE	09/17/2018	\$37,380	State Master?	HP Servers, disk array, tape drive
Illinois Procurement Code-Small Purchases	SHI International Corp	10/16/2018	\$4,560	BidBuy quote.	Enterprise Mobility Mgmt System
	WellSpring Software, Inc.	10/30/2018	\$100	Purchase again via Small Purchase with incumbent.	Annual support for software to print checks

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD OF DIRECTORS MEETING
February 15, 2018**

EXPIRING CONTRACTS (cont'd)					
	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
<i>Illinois Procurement Code-Small Purchases</i>	Sullivan Reporting	10/31/2018	\$9,500	Purchase again via Small Purchase with incumbent.	BOA for Transcription Services
	United Parcel Service	11/21/2018	\$4,000	Continue with State Master	Package Delivery
	Google Ad 2017-2018	12/3/2018	\$4,500	Purchase again via Small Purchase with incumbent.	IFA Ad Page
	Network Solutions IDFA	12/20/2018	\$39	Purchase again via Small Purchase with incumbent.	Renewal of www.idfa.com
<i>Illinois Procurement Code-Competitive Bids</i>	Cleararc Capital, Inc. Amend Invest	12/26/2018	\$900,000	RFP?	Investment Management Services
<i>Illinois Procurement Code-Sole economically feasible Purchase</i>	Bloomberg Finance L.P. - Anywhere	12/30/2018	\$43,200	Sole economically feasible with incumbent.	Bloomberg Terminal License
<i>Illinois Procurement Code-Anticipation of Litigation</i>	G&R Public Law & Strategies	11/18/2018	\$100,000	TBD	Anticipation of Litigation
	Jenner & Block LLP	12/8/2018	\$250,000	TBD	Anticipation of Litigation
<i>Illinois Procurement Code-Order Against Master</i>	Enterprise Car Rental	12/31/2018	\$5,000	Continue with State Master. State in process with RFP	Car Rental

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Lorrie Karcher and Pat Evans
Date: February 15, 2018
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to \$534,600 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$389,820**
- **Calendar Year Summary:** (as of February 1, 2018)
 - Volume Cap: \$TBD (Note: IFA allocation request/award pending for CY 2018)
 - Volume Cap Committed: \$TBD
 - Volume Cap Remaining: \$TBD
 - Average Farm Acreage: 65
 - Number of Farms Financed: 2
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - IFA conveys tax-exempt, municipal bond status onto the financing
 - Will use dedicated 2018 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 (typically 1st Mortgage)
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel: Burke, Burns & Pinelli, Ltd.**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

A. Project Number: 30397
Borrower(s): Bergbower, Justin Joseph
Borrower Benefit: First Time Land Buyer
Town: Newton, IL
IFA Bond Amount: \$86,820
Use of Funds: Farmland –65.9 acres of farmland
Purchase Price: \$204,290 / \$3,100 per acre
% Borrower Equity 15%
% IFA Bonds 42.5% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”) 42.5% (*Subordinate Financing – 2nd Mortgage*)
Township: Fox (North) & Willow Hill
Counties/Regions: Jasper / Southeastern
Lender/Bond Purchase: Peoples State Bank of Newton / Brian Bohnhoff
Legislative Districts: Congressional: 15
State Senate: 55
State House: 109

Principal shall be paid annually in installments determined pursuant to a Thirty-year amortization schedule, with the first principal payment date to begin on February 1, 2019. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on February 1, 2019 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

B. Project Number: 30398
Borrower(s): Jaeger, Brett D.
Borrower Benefit: First Time Land Buyer
Town: Waggoner, IL
IFA Bond Amount: \$303,000
Use of Funds: Farmland –an undivided 60% of 100 acres of farmland including grain bins
Purchase Price: \$606,000 (\$6,000 bins) / \$10,000 per acre
% Borrower Equity 5%
% IFA Bonds 45% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”) 50% (*Subordinate Financing – 2nd Mortgage*)
Township: Pitman
Counties/Regions: Montgomery / Central
Lender/Bond Purchase: First National Bank of Raymond / Neil Jordan
Legislative Districts: Congressional: 13
State Senate: 48
State House: 95

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.

\$25,000,000 (not-to-exceed amount)
BHF Chicago Housing Group C (Better Housing Foundation Ernst Portfolio Project)

February 15, 2018

<p>REQUEST</p>	<p>Purpose: Bonds will be issued in one or more series and bearing interest on either a tax-exempt or taxable basis. Bond proceeds will be used by BHF Chicago Housing Group C LLC (the “Borrower”), an Illinois limited liability company and special purpose affiliate of the Better Housing Foundation, an Ohio nonprofit corporation (and 501(c)(3) corporation) (“BHF” or the “Sole Member”), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 17 multifamily affordable residential rental properties with approximately 186 residential housing units (at addresses identified on p. 6 of this report and, collectively, the “Projects”), (ii) fund one or more debt service reserve funds for the benefit of the Series 2018 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2018 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Volume Cap Not Required: This financing will not require Volume Cap due to the 501(c)(3) ownership status of the Sole Member of the limited liability company that will be purchasing the subject 17-property portfolio. The Bonds will be issued to also satisfy the <u>low- and moderate-income tenant income requirements</u> specified under Section 142(d) of the Internal Revenue Code of 1986, as amended. Additionally, each of the 17 properties will be subject to Land Use Restriction Agreements and a Tax Regulatory Agreement that will require that the properties comply with applicable tenant income restrictions and limit rental rates until the later of (i) a minimum of 15 years following the date of closing or (ii) until the IFA Series 2018 Bonds are paid in full. Additionally, (a) a minimum of 75% of the units must be allocated for lease to income qualified low- and moderate income individuals and families earning less than 80% of the area median gross income (adjusted for family size) and (b) a minimum of 40% of the units must be allocated for lease to income qualified individuals and households earning less than 60% of the area median gross income.</p> <p>Extraordinary Conditions: None.</p>								
<p>BOARD ACTIONS</p>	<p>Final Bond Resolution (One-time consideration)</p>								
<p>MATERIAL CHANGES</p>	<p>None. This is the first time this Project has been considered by the IFA Board of Directors.</p>								
<p>JOB DATA</p>	<table border="0"> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">Current jobs</td> <td style="text-align: center;">1-2</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;">N/A</td> <td style="text-align: center;">Construction jobs projected</td> </tr> </table>	2	Current jobs	1-2	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected
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<p>DESCRIPTION</p>	<ul style="list-style-type: none"> ● Project Locations: 17-property multifamily housing portfolio located in Chicago (Cook County) (Please see p. 6 for the addresses of the 17 Project sites.) ● Type of entity: BHF Chicago Housing Group C LLC is an Illinois limited liability company and is a single purpose legal entity formed to acquire, rehab, equip and own the subject 17-property, 186-unit residential unit multifamily portfolio, on behalf of the Sole Member (i.e., the Better Housing Foundation). ● Better Housing Foundation, a nonprofit organization incorporated under Ohio law and established in 2015, will engage (through its legal affiliates) Integrus Realty Group LLC (Chicago, IL) to manage the subject 17-property, 186-unit residential unit affordable multifamily rental portfolio. Integrus Realty Group LLC is a for-profit management company engaged by the Borrower to undertake contractual pre-acquisition work and related pre-acquisition due diligence, including third-party reports, and will be responsible for managing the Project. Integrus’ principal owners and senior management currently manage 778 affordable housing units in the City of Chicago that are owned by affiliates of BHF (and located in the same general area as the 17-property Ernst Portfolio. ● In addition to the 501(c)(3) ownership, all properties will be subject to a Land Use Restriction Agreement that will require that the subject projects are maintained as affordable housing properties for the greater of (i) a minimum of 15 years or (ii) the date on which the IFA Bonds (or any subsequent Refunding Bonds) are repaid in full. The Foundation’s mission requires that a minimum of 75% of units be allocated to qualified low- and moderate income tenants earning less than 80% of the area median gross income (adjusted for family size) and consistent with HUD income limits. 								
<p>CREDIT INDICATORS</p>	<ul style="list-style-type: none"> ● The plan of finance contemplates Bonds to be sold in 3 series (and comprised 2 senior series (1 tax-exempt series and 1 taxable series to cover non-qualified costs); and 1 subordinate tax-exempt series. 								

	<ul style="list-style-type: none"> • BHF has applied to S&P Global Ratings for ratings on the Project and anticipate ratings in the low Single A range for the Senior Tax-Exempt 2018A-1 Bonds and Senior Taxable 2018A-2 Bonds (e.g., ‘A-’, and ratings in the low Triple-B range (e.g., ‘BBB-’ for the Subordinate Tax-Exempt 2018B Bonds). 																															
SECURITY	<ul style="list-style-type: none"> • The Bonds will be secured by Project Revenues and a First Mortgage on the subject properties (Projects) and a collateral assignment of Rents and Leases. <i>Also see the headings titled “Security – Senior Series 2018A...” (see pp. 4-5) and “Security – Subordinate Series 2018B Tax Exempt Bonds” (see p. 5).</i> 																															
MATURITY	<ul style="list-style-type: none"> • Pursuant to the Bond Resolution, the proposed Bonds will mature no later than 40 years from the issuance date (Note: the anticipated final maturity date is presently December 2053 (35 years).) 																															
SOURCES AND USES (SUBJECT TO CHANGE – ALSO SEE P. 3)	<p>Sources:</p> <table border="0"> <tr> <td>Senior Series 2018A-1 Tax-Exempt Bonds</td> <td style="text-align: right;">\$15,085,000</td> </tr> <tr> <td>Series 2018A-1 (Original Issue Discount)</td> <td style="text-align: right;">(331,084)</td> </tr> <tr> <td>Series 2018A-2 (Taxable) Bonds</td> <td style="text-align: right;">675,000</td> </tr> <tr> <td>Series 2018A-2 (Original Issue Discount)</td> <td style="text-align: right;">(2,693)</td> </tr> <tr> <td>Subordinate Series 2018B Tax-Exempt Bonds</td> <td style="text-align: right;">3,180,000</td> </tr> <tr> <td>Series 2018B (Original Issue Discount)</td> <td style="text-align: right;"><u>69,070</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$18,537,153</u></td> </tr> </table>	Senior Series 2018A-1 Tax-Exempt Bonds	\$15,085,000	Series 2018A-1 (Original Issue Discount)	(331,084)	Series 2018A-2 (Taxable) Bonds	675,000	Series 2018A-2 (Original Issue Discount)	(2,693)	Subordinate Series 2018B Tax-Exempt Bonds	3,180,000	Series 2018B (Original Issue Discount)	<u>69,070</u>	Total	<u>\$18,537,153</u>	<p>Uses:</p> <table border="0"> <tr> <td>Acquisition – 17 Properties (186-units)</td> <td style="text-align: right;">\$16,000,000</td> </tr> <tr> <td>Rehabilitation</td> <td style="text-align: right;">325,000</td> </tr> <tr> <td>Third Party Reports & Other Pre-Acquisition Costs</td> <td style="text-align: right;">481,313</td> </tr> <tr> <td>Settlement Statement Expenses</td> <td style="text-align: right;">150,000</td> </tr> <tr> <td>Escrowed Real Estate Taxes (24 mo.’s)</td> <td style="text-align: right;">300,000</td> </tr> <tr> <td>Debt Service Reserve Fund</td> <td style="text-align: right;">574,490</td> </tr> <tr> <td>Costs of Issuance</td> <td style="text-align: right;"><u>706,350</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$18,537,153</u></td> </tr> </table>	Acquisition – 17 Properties (186-units)	\$16,000,000	Rehabilitation	325,000	Third Party Reports & Other Pre-Acquisition Costs	481,313	Settlement Statement Expenses	150,000	Escrowed Real Estate Taxes (24 mo.’s)	300,000	Debt Service Reserve Fund	574,490	Costs of Issuance	<u>706,350</u>	Total	<u>\$18,537,153</u>
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**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 February 15, 2018**

Project: BHF Chicago Housing Group C LLC (Better Housing Foundation Ernst Portfolio Project)

STATISTICS

Project Number: 12422	Amount: \$25,000,000 (not-to-exceed amount)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Locations: Chicago	County/Region: Cook County/Northeast

BOARD ACTION

Final Bond Resolution (one-time consideration)	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

VOTING RECORD

This is the first time this Project has been considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be issued in one or more series and used by the Borrower to finance the acquisition and rehabilitation of 17 multifamily properties with 186 units located in Chicago. Additionally, bond proceeds will be used to capitalize debt service reserves and to pay costs of issuance. Details regarding the 17 properties to be acquired are presented on p. 6.

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 Bond 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 (SUBJECT TO CHANGE – same as p. 2)

Sources:		Uses:	
Senior Series 2018A-1 Bonds (Tax-Exempt)	\$15,085,000	Acquisition – 17 Projects	\$16,000,000
Series 2018A-1 Bonds (Discount)	(331,084)	Rehabilitation	325,000
** Senior (Taxable) Series 2018A-2 Bonds	675,000	Third Party Reports & Other Pre-Acquisition Costs	481,313
		Settlement Statement Expenses	150,000
Subordinate Series 2018B (Tax-Exempt)	3,180,000	Escrowed Real Estate Taxes (24 mo's.)	300,000
Subordinate Series 2018B Bonds (Discount)	<u>(69,070)</u>	Debt Service Reserve Fund	574,490
		Costs of Issuance	<u>706,350</u>
Total	<u>\$18,537,153</u>	Total	<u>\$18,537,153</u>

****Note: Taxable proceeds are primarily expected to fund a Real Estate Tax Escrow (sufficient to cover 2 years of real property taxes) and Costs of Issuance that exceed 2% of bond proceeds.**

JOBS

Current employment:	2	Projected new jobs:	1-2
Jobs retained:	N/A	Construction jobs:	N/A

FINANCING SUMMARY – SUMMARY OF STRUCTURE – BASIS OF RATING

Structure: The plan of finance contemplates the public issuance of an amount not-to-exceed \$25.0 million of tax-exempt debt to be issued in multiple series that would be underwritten by Stifel Nicolaus & Company, Incorporated. Fixed Rate Bonds would be sold based on the Projects’ assigned ratings (see discussions of Security for the Senior Bonds and for the Subordinate Series of Bonds below; also see the discussion presented under the heading of “Ratings” – *see p. 5*). The anticipated issuance amount (net of Original Issue Discount) based on sizing estimates was approximately \$18.5 million as of 1/22/2018.

Security – Senior
Series 2018A-1
Tax-Exempt
Bonds and
Series 2018A-2
Taxable Bonds
(the “Senior
Bonds”):

Trust Estate: The Bonds are secured by the Trust Estate created in the Trust Indenture, which includes all right, title and interest to (a) the Note, the Mortgages, the Land Use Restriction Agreements, and the Loan Agreement (other than the Unassigned Rights of the Authority) – *each of these items is discussed further below*; (b) all funds, money and securities held by the **Trustee** (i.e., **Wilmington Trust, National Association**) under the terms from the Indenture (except with respect to the Rebate Fund), (c) any and all other rights and interests in property conveyed, mortgaged, pledged, assigned, or transferred as and for additional security for the Bonds, and (d) all proceeds of the foregoing.

The Note: The Borrower will be obligated under the Loan Agreement to make payments, when due, on the Bonds as well as certain other fees and expenses in connection with the Bonds. As evidence of their obligations to make the Loan Payments with respect to the Bonds, the Borrower will execute and deliver to the Trustee a promissory note (the “**Note**”).

Mortgages: As further security, the Bonds will be secured by a First Mortgage on each of the 4 properties and a collateral assignment of Rents and Leases (for all residential and commercial units across the 4 properties). The Mortgages will grant a first lien on and first security interest in the Borrower’s interest in the Projects.

Furthermore, the Mortgages will secure the Senior Bonds and the Subordinate Bonds in that order of priority.

Bond Payments will be derived solely from operation of the Projects and the various funds and accounts held by the Bond Trustee (Wilmington Trust, National Association) under the Trust Indenture: *This financing will be rated by S&P Global Ratings as a stand-alone project financing.* Again, the Borrower’s obligation to make scheduled payments on the Bonds will be derived from the operation and maintenance of the Project (consisting of the 17 subject properties) and of monies held in various Funds and Accounts established under the Indenture.

Rate Covenant: Additionally, the Borrower has agreed in the Loan Agreement to use its best efforts to fix, charge, and collect rents, fees, and charges in connection with the operation and maintenance of the Projects such that for each fiscal year the Debt Service Coverage Ratio will not be less than:

- (i) 1.25x on all outstanding Senior Bonds (i.e., combined payments on the Senior Tax-Exempt Series 2018A-1 and Senior Taxable Series 2018A-2 Bonds); and
- (ii) 1.10x on combined payments for all Outstanding Senior and Subordinate Bonds (i.e., combined Debt Service Coverage on all IFA Senior Series 2018A-1/A-2 Bonds and IFA Subordinate Series 2018B Bonds issued for the Financing Purposes).
 - In the event that the Borrower is unable to satisfy the applicable Coverage Test requirements, the Borrower will be required to engage an external management consultant with expertise in matters relating to owning and operating multifamily residential rental housing properties to make recommendations with respect to the operations of the Projects and the sufficiency of rates, fees, and charges imposed by the Borrower in order to improve the applicable Debt Service Coverage Ratios to satisfy the applicable Coverage Tests.
 - **Note:** *as provided for in the bond documents and disclosed in the Preliminary Official Statement, failure to satisfy the Rate Covenant will not constitute an Event of Default with respect to the Bonds.* Additionally, the ability of the Borrower to increase Project rents may be limited by the applicable Land Use Restriction Agreements for these properties (which impose tenant income requirements on a minimum of 75% of the units).

Proceeds of the Taxable Series 2018A-2 Bonds will be used to pay excess costs of issuance and other costs that are not eligible (e.g., two years of escrowed real estate taxes) for tax-exempt financing.

Security –
Subordinate
Series 2018B
Tax-Exempt
Bonds:

The Subordinate Series 2018B Bonds (the “**Subordinate Bonds**”) will be secured by the same security as the Senior Series 2018A-1 and Senior Series 2018A-2 Taxable Bonds (the “**Senior Bonds**”), **but are subordinate in all respects to the Senior Bonds.**

- **Note:** A payment default on the Subordinate Bonds alone *will not* constitute an Event of Default on the IFA Series 2018 Bonds while the Series 2018 Senior Bonds remain outstanding.

Ratings:

The Borrower has applied to S&P Global Ratings for a rating and anticipates assignment of a rating by mid-February. The Working Group anticipates ratings in the range of ‘A-’ for the Senior Series 2018 A-1 Tax-Exempt Bonds and Series 2018 A-2 Taxable Bonds and ‘BBB-’ for the Subordinate Series 2018B Bonds.

The Key Structuring Element Supporting the S&P Debt Rating is the Flow of Project Revenues Under Which Bondholders Are Paid First, Before Operating Expenses: The key structuring element underlying the S&P rating on this and prior multifamily transactions that have been assigned investment grade ratings under this structure is the priority of payment on both the Senior and Subordinate Bonds relative to operating expenses. S&P’s methodology assumes that debt service to bondholders is paid first, before operating expenses.

Maturity:

The anticipated final maturity date is in 35 years (2053) based on the anticipated ‘A-’/ ‘BBB-’ ratings (application for rating to S&P Global Ratings in process as of 1/31/2018) for the Senior Series 2018A1/A2 Bonds and the Subordinate Series 2018B Bonds, respectively.

Estimated

Interest Rates: The estimated all-in interest rate on the 3 series of Bonds is estimated to range between 4.75% and 5.40% based on market conditions (and market expectations) as of 1/22/2018.

Estimated

Closing Date: February or March 2018

Rationale / Project

Impact: Creation of new, land-use restricted affordable housing units (with improvements) at 17 properties that will preserve the existing 186 residential units as affordable rental housing for a minimum of 15 years or until the IFA Bonds are paid in full (whichever is later).

Each of the 17 Projects will be subject to its own Land Use Restriction Agreement that will be in effect for a minimum of 15 years (i.e., 2033) after the date of closing of the proposed IFA Series 2018 Bonds. The maximum term of each Land Use Restriction Agreements associated with the IFA Series 2018 Bonds will coincide with the final maturity date of the IFA Series 2018 Bonds (unless any IFA Tax-Exempt Bonds (or Tax-Exempt Refunding Bonds, if issued in the future) are paid in full prior to the final maturity date). (Also see “Land Use Restriction Agreements” – p. 12.) These Land Use Restriction Agreements, along with a Tax Regulatory Agreement, will assure that these properties are subject to more stringent income-based tenant limitations as a result of Better Housing Foundation’s acquisition of these properties.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **BHF Chicago Housing Group C LLC** (the “**Borrower**”), an Illinois limited liability company and special purpose affiliate of the **Better Housing Foundation**, an Ohio nonprofit corporation (and 501(c)(3) corporation) (“**BHF**” or the “**Sole Member**”), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 17 multifamily affordable residential rental properties with approximately 186 residential housing units (at the addresses identified immediately below and collectively, the “**Projects**”), (ii) fund one or more debt service reserve funds for the benefit of the Series 2018 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2018 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

The 17 Projects:

The 17 properties that will be acquired by the Borrowers in connection with the issuance of the Bonds are listed below (each a “**Project**” and collectively, the “**Projects**”), together with a description of the number of residential units in each Project, the location of each Project, the Borrower associated with each Project and the maximum principal amount of bond proceeds allocable to each such Project (the following not-to-exceed parameters were cited in the TEFRA Hearing Notices published for these Projects):

- 1) 734-36 East 95th Street, Chicago, Illinois 60619 (6 residential units/\$850,000 maximum amount of Bonds allocated);
- 2) 1418 East 67th Place, Chicago, Illinois 60637 (6 residential units/\$840,000 maximum amount of Bonds allocated);
- 3) 3652-54 South Indiana Avenue, Chicago, Illinois 60653 (7 residential units/\$1,150,000 maximum amount of Bonds allocated);
- 4) 3656-58 South Indiana Avenue, Chicago, Illinois 60653 (6 residential units/\$1,100,000 maximum amount of Bonds allocated);
- 5) 4952-56 South Vincennes Avenue, Chicago, Illinois 60615 (8 residential units/\$1,940,000 maximum amount of Bonds allocated);
- 6) 4956-58 South Michigan Avenue, Chicago, Illinois 60615 (12 residential units/\$1,800,000 maximum amount of Bonds allocated);
- 7) 5715-17 South Indiana Avenue, Chicago, Illinois 60637 (8 residential units/\$1,260,000 maximum amount of Bonds allocated);
- 8) 6605-07 South Greenwood Avenue, Chicago, Illinois 60637 (6 residential units/\$840,000 maximum amount of Bonds allocated);
- 9) 6609-11 South Greenwood Avenue, Chicago, Illinois 60637 (6 residential units/\$ 840,000 maximum amount of Bonds allocated);
- 10) 6800 South Clyde Avenue, Chicago, Illinois 60649 (18 residential units/\$2,250,000 maximum amount of Bonds allocated);
- 11) 6900-08 South Michigan Avenue, Chicago, Illinois 60637 (24 residential units/\$2,850,000 maximum amount of Bonds allocated);
- 12) 8056 South Ellis Avenue, Chicago, Illinois 60619 (12 residential units/\$1,460,000 maximum amount of Bonds allocated);
- 13) 8100 South Evans Avenue, Chicago, Illinois 60619 (12 residential units/\$1,440,000 maximum amount of Bonds allocated);
- 14) 8200 South Evans Avenue, Chicago, Illinois 60619 (22 residential units/\$2,230,000 maximum amount of Bonds allocated);
- 15) 9032 South Dauphin Avenue, Chicago, Illinois 60619 (8 residential units/\$990,000 maximum amount of Bonds allocated);
- 16) 9300 South Bishop Street, Chicago, Illinois 60620 (19 residential units/\$2,060,000 maximum amount of Bonds allocated); and
- 17) 9942 South Walden Parkway, Chicago, Illinois 60643 (6 residential units/\$1,010,000 maximum amount of Bonds allocated).

Although the not-to-exceed amount specified in the Bond Resolution is \$25,000,000, the anticipated issuance amount is approximately \$18.5 million based on preliminary working group estimates as of 1/22/2018.

BUSINESS SUMMARY

The Borrower: **BHF Chicago Housing Group C LLC** is an Illinois limited liability company (the “**Borrower**”).

The sole member of the Borrower is **Better Housing Foundation**, an Ohio nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and exempt from federal income taxation under Section 501(a) of the Code (the “**Sole Member**”). Additional information regarding the Better Housing Foundation is provided below (p. 7) under the caption the “Sole Member”.

Ownership of the
Projects by the
Borrowers:

The Borrower will be acquiring 17 properties with a total of 186 residential units in Chicago. *A site map of the 17 Projects is presented on p. 14.*

The Borrower has been established to purchase and own the subject 17-property portfolio.

The subject properties will be the only assets owned by the Borrower subsequent to closing of the proposed IFA Series 2018 Bonds. The asset or assets of the Borrower will be the underlying 17 properties owned by it.

The Borrower does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the ownership of the properties acquired in connection with the proposed IFA Series 2018 Bonds

The Sole
Member:

The **Better Housing Foundation** (“**BHF**” or the “**Sole Member**” of the Borrower) is an Ohio nonprofit corporation formed for the purpose for the purpose of providing quality, affordable housing to persons of low income across the United States. The Sole Member received a determination letter from the IRS dated April 23, 2015 for its tax-exempt status as an organization described in Section 501(c)(3) of the Code.

The Sole Member does not own any assets. Rather, BHF is the sole member of several special purpose entities whose assets consist solely of affordable rental housing properties acquired in connection with the issuance of tax-exempt bonds.

Prior BHF Conduit
Bond Issues
through IFA:

To date BHF has used proceeds of three IFA Bond issues to finance the acquisition of two portfolios of affordable rental apartment properties since 2016. The three portfolios of projects acquired with IFA Bond proceeds to date each currently maintain the investment grade ratings originally assigned to those bond issues at the time of issuance.

1. In **November 2017**, IFA issued **\$59,980,000 of Bonds** to finance the acquisition of the 4-property, 528-unit Windy City portfolio with properties located in Addison, Glen Ellyn, Mundelein, and St. Charles, Illinois. BHF is the Sole Member of the 4 limited liability companies that were each formed to own one of the four projects. The senior and subordinate series of Windy City Portfolio Bonds were rated ‘A-’ and ‘BBB-’, respectively, by S&P Global Ratings. The Series 2017 Bonds (Windy City Portfolio) currently maintain those ratings and posted a 93% residential occupancy rate as of January 1, 2018.
2. In **May 2017**, IFA issued **\$51,805,000 of Bonds** to finance the acquisition of the 45-property, 518-unit Icarus-WPD Portfolio) located on the South Side of Chicago. BHF is the Sole Member of the Project Owner (i.e., BHF Chicago Housing Group B LLC). The

senior and subordinate series of Icarus-WPD Portfolio Bonds were rated 'A-' and 'BBB-' respectively by S&P Global Ratings. The Series 2017 Bonds (Icarus-WPD Portfolio) currently maintain those ratings and posted a 92% occupancy rate as of January 1, 2018.

3. In **July 2016**, IFA issued **\$13,560,000 of Bonds** to finance the acquisition of a 13-property, 262-unit Shoreline Portfolio located on the South Side of Chicago (Better Housing Foundation Shoreline Portfolio). BHF is the Sole Member of the Project Owner (i.e., Lindran Properties LLC). The senior and subordinate series of Shoreline Bonds were rated 'BBB' and 'BBB-', respectively, by S&P Global Ratings and the Series 2016 Bonds (Better Housing Foundation Shoreline Portfolio) currently maintain those ratings and posted an 88% occupancy rate as of January 1, 2018.

BHF's

Governance: The Sole Member is governed by a Board of Directors, which currently consists of five members – who are identified immediately below. Mr. Antonio, Mr. Dayan, and Mr. Morgan (#4, #5, and #6 below) are local, Illinois residents who were appointed to serve as BHF Directors within the past year. According to the draft Preliminary Official Statement, each has the following experience managing and working with other affordable housing and other not-for-profit organizations:

1. **Daniel Renz, President.** Mr. Renz is the founder and owner of SwitchHub, a financial services recruiting firm based in Dublin (Columbus), OH (see www.switchhub.org). Prior to founding SwitchHub, Mr. Renz served in various capacities (from lending to private banking at Merrill Lynch).
2. **Meredith Rosenbeck, Secretary and Treasurer.** Ms. Rosenbeck is a resident of Dublin, Ohio. She is a practicing attorney with over 10 years of experience working with nonprofit organizations. She currently runs her own law practice focused on nonprofit organizations. She has served as legal counsel to the Sole Member since its inception in 2015.
3. **Tracy Hughey, Board Member.** Ms. Hughey is the Director of Operations for an Ohio-based long term care provider that operates over 20 long term care facilities in Ohio. Ms. Hughey is an experienced leader in the nonprofit community, leading initiatives ranging from education to affordable housing and community development. Ms. Hughey is committed to fulfilling the charitable mission of the Foundation -- providing quality, affordable housing to low income families.
4. **Douglas J. Antonio, Board Member.** Mr. Antonio is an experienced real estate attorney with extensive experience financing real estate projects structured with various federal, state, and local programs. Mr. Antonio has advised clients that have financed projects using tax-exempt housing bonds, low income housing tax credits, and New Markets Tax Credits. Mr. Antonio is an attorney at Sugar Felsenthal Grais & Hammer LLP in Chicago, Illinois.
5. **Max S. Dayan, Board Member.** Mr. Dayan currently serves as the Director of Development for the Libenu Foundation of Skokie, Illinois, a non-profit providing supervised group housing serving Jewish adults with developmental disabilities in the Chicago area. Mr. Dayan has been working with the special needs community since 2009, beginning as a direct service provider before becoming a Qualified Intellectual and Developmental Disabilities Professional ("QIDP") for Clearbrook of Arlington Heights, Illinois in 2013. Clearbrook is a leading service provider to the developmentally disabled.
6. **Jon Morgan, Board Member.** Mr. Morgan is a co-founding principal of Interra Realty of Chicago. He is focused on the disposition and acquisition of multi-family, office and retail assets of all classes. Mr. Morgan has also cultivated a niche representing variety of financial institutions in the disposition of REO assets, short sales, and mortgage collateralized note sales. In 2008, Mr. Morgan was named the Top New Investment Sales Broker by the Chicago Association of Realtors Commercial Forum and was featured in the Wall Street Journal. He was also recognized with the Gold Achiever Award for outstanding sales accomplishments in 2011 in Commercial Sales Volume from the Commercial Forum of the Chicago Association of Realtors.

Consultants
Engaged by the
Sole Member:

The consulting companies engaged by the Borrower (on behalf of the Sole Member) will include (i) an Acquisition Consultant and (ii) a Property Manager.

Note: as reported below, the Acquisition Consultant and Property Manager are affiliated entities under common ownership and management control (i.e., same principals and managers).

The Acquisition Consultant. The Better Housing Foundation will enter into an Acquisition Services Agreement with **Desak Development Corp.**, an Illinois corporation (“**Desak**” or the “**Acquisition Consultant**”). Pursuant to the Acquisition Services Agreement, Desak will provide advisory services related to the acquisition, design, planning, financing, and rehabilitation of the Projects. The Acquisition Consultant has funded upfront escrow deposits, and pre-acquisition due diligence reports (e.g., appraisal reports; property condition reports; environmental site assessment reports).

In consideration for paying all pre-acquisition due diligence expenses and good faith escrow deposits in connection with a purchase option on the properties, the Acquisition Consultant will be paid approximately \$481,000 upon issuance of the Series 2018 Bonds. Proportional amounts of the Bond Proceeds associated with the first three IFA Better Housing Foundation portfolio acquisition pools were also used to finance these pre-acquisition due diligence expenses (and were approved in connection with S&P’s ratings assignments on the prior Better Housing Foundation financings).

The Property Manager. The Projects will be managed by **Integrus Realty Group LLC**, an Illinois limited liability company established in 2015 and based in Chicago, Illinois (“**Integrus**” or the “**Manager**”). The Manager currently manages a total of approximately 300 properties overall (including 28 properties owned by affiliates of the Better Housing Foundation with approximately 778 units). The properties are located primarily in south side and west side neighborhoods in Chicago. The key personnel of the Manager include (i) Mr. L. Mark DeAngelis, who is also the president of Desak Development Corp. (which is the Acquisition Consultant for the Borrower) and (ii) Ms. Afia Watts, Lead Property Manager.

Integrus currently manages 778 units owned by the Better Housing Foundation (and its affiliates). Each Integrus-managed property owned by BHF is a low-income property (and each property leases a minimum of 40% of the units to persons or families earning at or below 60% of Adjusted Median Income (“AMI”) for Cook County, as adjusted for family size.

Pursuant to a Management Agreement with the Borrower, the Manager will be engaged to undertake marketing, leasing, rent collection, lease enforcement, maintenance and repairs, the provision of utilities and services, and obtaining insurance for the Projects. Additional services will include, among other duties: providing asset management oversight, reviewing financial and operating information relating to the Projects (including periodic financial statements, operating reports, and capital and operating budgets), meeting with the Borrower to review the performance of the Projects, monitoring compliance with the Borrower’s financial and operating covenants, and assisting the Borrower with continuing disclosure obligations in connection with the IFA Series 2018 Bonds.

Under the Management Agreement, the Manager will be paid a monthly fee. The initial monthly Management Fee will equal approximately 4.50% of effective gross income for the 17 Ernst Portfolio Projects.

**Summary
Characteristics
of the 17
Portfolio
Projects:**

The 17-property portfolio to be purchased with the IFA Series 2018 Bonds is comprised of 186 residential units. The addresses of the 17 properties are identified in the table below (p. 10).

Currently, 15 of the 17 properties have units occupied by tenants who hold Section 8 HUD Housing Choice Vouchers issued by the Chicago Housing Authority. Overall, 76 units (or 41% of the 186 total units) are occupied by tenants who hold HUD HCV Vouchers (see table on p. 10). All 17 properties are currently market rate properties.

Notably, rents on 166 out of 186 units at the 17 properties (i.e., 89.2% of the units) are lower than the FY 2018 HUD Fair Market Rents reported for the Chicago MSA. Presently, given that only 76 (i.e., 40.9%) of the 166 units are leased to HUD HCV Voucher tenants, it appears that the Property Manager has substantial room to attract HUD HCV Voucher tenants to the 90 existing units with rents below current FY 2018 HUD Fair Market Rents. Of the larger units targeted to families (i.e., the 3BR, 4BR, and 5BR units), currently 61 out of 69 of such units feature rents that are below the FY 2018 HUD Fair Market Rents.

Note: Internal Revenue Code requirements resulting from the BHF acquisition and the proposed tax-exempt bond financing only impose tenant income restrictions on the 17 properties. The proposed Series 2018 Bonds will not impose any IRS-mandated monthly rent restrictions on the 17 properties.

Current unit mixes, monthly rents, and the number of existing HUD Voucher Units at each of the 17 properties are reported in the following table:

Ernst Portfolio Rents (Chicago, Illinois) - By Property (as of 1/1/2018)									
No.	Property (all Chicago)	Studio	1-BR	2-BR	3-BR	4-BR	5-BR	# Units - Total	# - Section 8 Voucher Units
1	734- 736 E. 95th Street			\$ 1,200					
	# Units by Type			6				6	0
2	1418- 1420 E. 67th Place			\$ 1,010	\$ 1,010				
	# Units by Type			4	2			6	3
3	3652 S. Indiana			\$500	\$ 1,275	\$ 1,300			
	# Units by Type			1	1	5		7	3
4	3656 S. Indiana				\$ 1,250	\$ 1,250	\$ 1,350		
	# Units by Type				1	1	4	6	6
5	4952- 4956 S. Vincennes				\$ 1,640	\$ 2,025			
	# Units by Type				6	2		8	0
6	4956 S. Michigan			\$ 1,000	\$ 945	\$ 1,132	\$ 1,321		
	# Units by Type			1	5	4	2	12	12
7	5715- 5717 S. Indiana			\$775		\$ 1,247			
	# Units by Type			2		6		8	6
8	6605- 6607 S. Greenwood		\$ 1,025	\$ 1,010					
	# Units by Type		1	5				6	4
9	6609- 6611 S. Greenwood		\$ 950	\$1,025					
	# Units by Type		1	5				6	6
10	6800 S. Clyde			\$ 875	\$ 1,000				
	# Units by Type			15	3			18	5
11	6900- 6908 S. Michigan				\$ 851				
	# Units by Type				24			24	7
12	8056 S. Ellis Ave.			\$ 875	\$ 875				
	# Units by Type			9	3			12	4
13	8100 S. Evans Ave.		\$ 822	\$980					
	# Units by Type		9	3				12	2
14	8200 S. Evans Ave.	\$ 629	\$ 721	\$ 790					
	# Units by Type	6	6	10				22	2
15	9032 S. Dauphin Ave.			\$890					
	# Units by Type			8				8	5
16	9300 S. Bishop Street	\$ 700	\$ 786	\$ 800					
	# Units by Type	3	11	5				19	5
17	9942 S. Walden Pkwy.		\$ 850	\$1,287					
	# Units by Type		1	5				6	6
	Total Units by Unit Type:	9	29	79	45	18	6	186	76

Source: The Borrower

HUD Fair Market Rents - FY 2017 and FY 2018						
Chicago - Joliet - Naperville HUD Metro Fair Market Rents - By # Bedrooms						
	Efficiency	1BR	2BR	3BR	4BR	
FY 2018	\$ 879	\$ 1,014	\$ 1,180	\$ 1,501	\$ 1,794	
FY 2017	\$ 912	\$ 1,055	\$ 1,232	\$ 1,569	\$ 1,878	
% Change:	-3.62%	-3.89%	-4.22%	-4.33%	-4.47%	

Source: U.S. Department of Housing and Urban Development's website

HUD Fair Market Rents are reduced in FY 2018 compared to FY 2017. Pursuant to HUD regulations, annual Fair Market Rents (i.e., FY 2018) can drop no lower than 90% of the HUD Fair Market Rent values established for the preceding fiscal year (i.e., FY 2017).

Current Unit
 Occupancies &
 Property
 Condition

Assessments: **ICG, Inc.** of Baltimore, Maryland was engaged to prepare a **Property Condition Assessment** report for each of the 17 properties with dates of inspection occurring on August 1 and August 2, 2017. _

The table below (i) identifies the estimated costs of “critical repairs” and “non-critical repairs” to be completed at each Project and (ii) recent capital expenditures undertaken by the Seller at each Project.

Unit Occupancy - Building Information - Pending Repairs & Seller CapEx								
Property No.	Address	Unit Mix			Year Built	Critical Repairs	Immediate Repairs	Recent CapEx - By Seller
		Units	Occupied Units	Occupancy				
1	734-736 East 95th Street	6	6	100%	1897	5,775	2,083	-
2	1418-1420 East 67th Place	6	6	100%	1913	\$ 585	\$ 760	\$ 16,100
3	3652 S. Indiana Avenue	7	7	100%	1894	6,775	-	-
4	3656 S. Indiana Avenue	6	6	100%	1894	400	2,500	71,200
5	4952-4956 S. Vincennes	8	8	100%	2008	675	250	-
6	4956 S. Michigan	12	12	100%	1925	275	10,000	8,000
7	5715-5717 S. Indiana Ave.	8	8	100%	1926	1,500	11,000	6,200
8	6605-6607 S. Greenwood	6	6	100%	1915	1,425	500	24,100
9	6609-6611 S. Greenwood	6	6	100%	1919	775	-	24,100
10	6800 S. Clyde Avenue	18	18	100%	1926	650	750	167,000
11	6900-6908 S. Michigan Avenue	24	22	92%	1926	3,450	2,750	356,800
12	8056 S. Ellis Avenue	12	11	92%	1938	2,700	750	196,000
13	8100 S. Evans Avenue	12	12	100%	1938	125	11,250	57,500
14	8200 S. Evans Avenue	22	22	100%	1938	3,500	12,500	21,700
15	9032 S. Dauphin Avenue	8	8	100%	1938	100	7,500	7,800
16	9032 S. Bishop Street	19	19	100%	1938	2,425	-	153,400
17	9942 S. Walden Pkwy.	6	6	100%	1959	1,775	1,250	26,500
Total		186	183	98.4%		\$ 32,910	\$ 63,843	\$ 1,136,400

Sources: Seller & ICG, Inc. (Property Assessment Report)

Recent capital expenditures undertaken by the Seller (since 2012) at the 17 properties totaled \$1,136,400 (or approximately \$6,110 per unit) and are reported in the far right column in the table above.

Additionally, critical and immediate repair (to be bond-financed) are also reported for each property in the table above.

According to the Seller, the subject units posted 98.4% composite occupancy as of January 1, 2018.

Repair &
 Replacement
 Reserve:

Additionally, the Borrower has budgeted (i.e., \$300 per unit-per year subject to 3% escalation annually) of Repair & Replacement Reserve Expenses to properly reflect ongoing investments necessary to maintain the 17 properties. This amount was submitted to S&P in connection with their ratings assessment.

Phase I

Environmental

Audit Reports: The Borrower obtained an independent Phase I Environmental Site Assessment prepared by ICG, Inc. of Baltimore, MD for each of the 17 properties (the “Environmental Assessments”) in connection with inspections completed in August 2017.

Conclusion: The Environmental Assessments, as to be reported in Appendix A to the Preliminary Official Statements revealed (i) no on-site recognized environmental conditions (“REC”) and (ii) no on-site historical recognized environmental conditions (“HREC”) at any of the 17 Project sites. However, the Environmental Assessments noted other environmental issues applicable to all of the Projects in connection with asbestos-containing material and lead-based paint, which are likely to have been used at the Projects (most of which were originally construction in the 1920s or 1930s). The Environmental Assessments also revealed damages at some of the Projects, which were classified as “Immediate Repairs” and with costs itemized in the table above (p. 11).

PROJECT REGULATION: LAND USE RESTRICTION AND TAX REGULATORY AGREEMENTS

Will Provide for Tenant Income Restrictions on a Minimum of 75% of the 186 Units for a Minimum Period of 15 Years (or until 100% of the IFA Bonds are redeemed)

Land Use Restriction Agreements (“LURA”). All 17 properties to be acquired with the IFA Series 2018 Bonds will be subject to a Land Use Restriction Agreement under which the Borrower (and any successor as Owner) will be obligated (pursuant to Section 142(d) of the Internal Revenue Code of 1986 and during the Qualified Project Period (i.e., a minimum of 15 years from the closing date or the date on which the Series 2018 Bonds or any Refunding Bonds are repaid in full) at least 40% of the completed units (i.e., 75 units) be occupied by families or individuals whose adjusted income does not exceed 60% (adjusted for family size) of the median gross income for the area.

Tax Regulatory Agreement. The Tax Regulatory Agreement will impose additional requirements relating to the 501(c)(3) tax-exempt treatment of the Sole Member, including the requirement that a minimum of 75% of the completed units (i.e., 140 units) be rented to persons whose income does not exceed 80% (adjusted for family size) of the area median gross income. Accordingly, upon acquisition by the Borrower, these properties must maintain a higher percentage of below-median-income units than specified by standard HUD income restrictions.

ECONOMIC DISCLOSURE STATEMENT

Applicant/

Sole Member of

Borrowers: (1) Better Housing Foundation, c/o Mr. Daniel Renz, President, Better Housing Foundation, 6932 Rings Rd., #234, Amlin, OH, 43002, Tel.: 440.552.0872
(2) Ms. Meredith Rosenbeck, Secretary-Treasurer, c/o Rosenbeck Law, LLC, 5701 Tynecastle Loop, Dublin, OH 43016; Tel: 614.546.8042; Email: mrosenbecklaw@yahoo.com.

Acquisition

Consultant: **Desak Development Corp.**, 2539 W. Peterson Ave., Chicago, IL 60659
Contact: Mr. L. Mark DeAngelis, President; Tel.: 312.307.2138

Site Locations: The 17 site locations are listed on p. 6 of this report (also see site maps on p. 14).

Project Name: Illinois Finance Authority, 501(c)(3) Revenue Bonds, BHF Chicago Housing Group C LLC (Better Housing Foundation Ernst Portfolio Project), Senior Tax-Exempt Series 2018A-1, Senior Taxable Series 2018A-2 and Subordinate Tax-Exempt Series 2018B

Governance
 of the Sole
 Member:

The Sole Member of each of the Borrower (i.e., BHF Chicago Housing Group C LLC) is the **Better Housing Foundation** of Amlin, Ohio, a 501(c)(3) corporation and Ohio nonprofit corporation. The Better Housing Foundation is governed by a 6-member board, which currently consists of the following Members (see p. 8 for their professional profiles):

1. Mr. Daniel Renz, President (Dublin, Ohio)
2. Ms. Meredith Rosenbeck, Secretary-Treasurer (Dublin, Ohio)
3. Ms. Tracy Hughey, Board Member (Columbus, Ohio)
4. Mr. Douglas J. Antonio, Board Member (Chicago, Illinois)
5. Mr. Max Dayan, Board Member (Skokie, Illinois)
6. Mr. Jon Morgan, Board Member (Chicago, Illinois)

Property
 Manager –
 Post-Closing:

Integrus Realty Services, LLC, an Illinois limited liability company, 2539 W. Peterson Ave., Chicago, IL 60659
 Contacts: Mr. Anthony Jackson, Director of Operations; Tel: 773.728.4000; and Ms. Afia Watts, Lead Property Manager; Tel.: 773.728.4000

Seller Disclosure –

17 Properties: **Seller #1:** Twelve of the 17 subject properties are owned by **Ernst Development LLC, an Illinois limited liability company** (www.ernstdevelopmentllc.com) directly, or through an affiliate:

- **Manager:** Mr. Nate Ernst, Manager, 2835 N. Sheffield Ave., Suite 312, Chicago, IL 60657. (P) 773.698.6863
- **Counsel to Seller #1:** Mr. John R. Potts, Brotschul Potts LLC, 30 N. LaSalle St., Suite 1402, Chicago, IL 60602-3353; (P) 312.551. 9003

Seller #2: Five of the 17 subject properties are owned by **Housing Initiatives Series LLC, an Illinois limited liability company**, or through an affiliate:

- **Manager:** Mr. Scott McNaughton, Manager, 123 E. Ogden, Suite 202, Hinsdale, IL 60521; (P) 630.655.0559
- **Counsel to Seller #2:** Mr. John R. Potts, Brotschul Potts LLC, 30 N. LaSalle St., Suite 1402, Chicago, IL 60602-3353; (P) 312.551. 9003

PROFESSIONAL & FINANCIAL

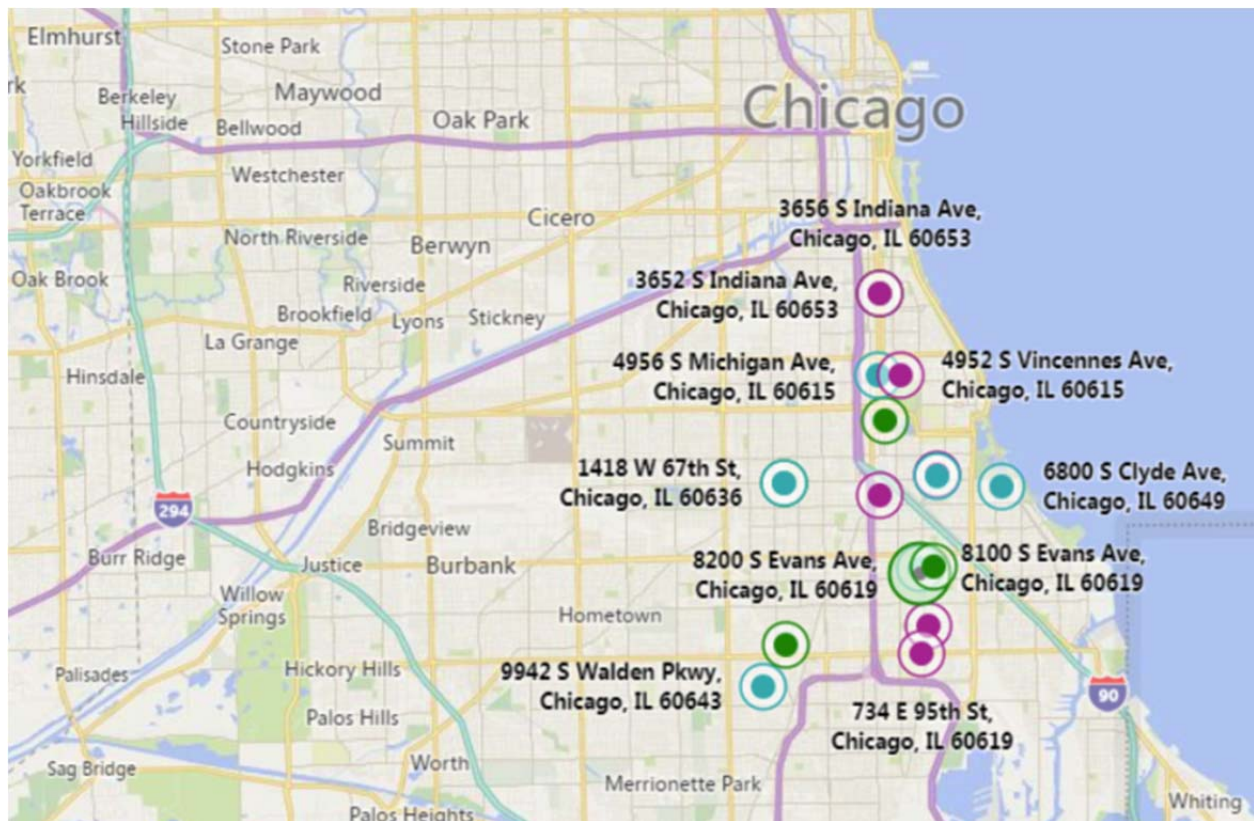
Sole Member:	Better Housing Foundation	Amlin, OH	Daniel Renz, President
Sole Member’s Counsel:	Rosenbeck Law LLP	Dublin, OH	Meredith Rosenbeck
Borrower’s Counsel - Local:	Chuhak & Tecson P.C.	Chicago, IL	Adam Moreland
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Tom Smith
Underwriter:	Stifel Nicolaus & Co., Inc.	Atlanta, GA	Cody Wilson
Underwriter’s Counsel:	Butler Snow LLP	Atlanta, GA	David Williams
Bond Trustee:	Wilmington Trust	Dallas, TX	Cam Lindsey
Trustee’s Counsel:	Ballard Spahr LLP	Atlanta, GA	Han Choi, Stephanie Kim
Bond Rating:	S&P Global Ratings (Structured Finance Group)	Chicago, IL	
Dissemination Agent:	Disclosure Advisors LLC	Columbus, OH	Paul Rutter
Acquisition Consultant:	Desak Development Corp.	Chicago, IL	L. Mark DeAngelis
Property Manager:	Integrus Realty Group LLC	Chicago, IL	Anthony Jackson, Afia Watts
Counsel to the 2 Sellers:	Brotschul Potts LLC	Chicago, IL	John R. Potts
Auditor to the Borrower and Sole Member:	To be determined		
Architect:	Not applicable		

General Contractor:	To be managed and supervised by the Property Manager (Integrus Realty Group LLC)		
Appraiser:	BBG, Inc.	Chicago, IL	Ken Konrath, MAI David Cardo
Property Condition Report:	ICG, Inc.	Baltimore, MD	Michael Pickering Sherry Anderson
Environmental Site Assessment:	ICG, Inc.	Baltimore, MD	Michael Pickering Sherry Anderson
IFA Counsel:	Charity & Associates, P.C.	Chicago, IL	Tim Hinchman
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden, Siamac Afshar

LEGISLATIVE DISTRICTS - 17 PROPERTY PORTFOLIO

	<u>U.S. Congressional</u>	<u>Illinois Senate</u>	<u>Illinois House</u>
Ernst Portfolio - Chicago, IL	Multiple	Multiple	Multiple

Site Map of the 17 Ernst Portfolio Projects



Source: Bing Maps

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton and Brad Fletcher

Date: February 15, 2018

Re: Resolution Supplementing Resolution 2017-1214-NP02 Providing for the Issuance by the Illinois Finance Authority of Not To Exceed \$275,000,000 Aggregate Principal Amount of Illinois Finance Authority Adjustable Rate Demand Revenue Bonds, Series 2017 (University of Chicago); and Authorizing and Approving Certain Related Matters

Request:

The **University of Chicago** (the “**University**”) is requesting approval of a Resolution to supplement the above-referenced Final Bond Resolution approved December 14, 2017 (the “**December 14th Resolution**”) authorizing and approving the issuance of not-to-exceed \$275.0 million in aggregate principal amount of its revenue bonds in one or more series (the “**Bonds**”) and bearing interest at one or more fixed or variable interest rates and loans and loaning the proceeds thereof to the University.

Impact:

Although the December 14th Resolution authorized a not-to-exceed issuance amount of \$275.0 million and included flexibility for the University to issue under a variety of structures, the authority to issue taxable bonds was not contemplated.

The attached supplemental Resolution will enable the proposed Bonds to be issued in either Tax-Exempt or Taxable interest rate modes.

Approval of this supplemental Resolution is being requested in an abundance of caution at the request of the University.

As presently contemplated (as of 2/7/2018), the University anticipates issuing \$125.0 million of Tax-Exempt Bonds through the Authority and \$50.0 million of Taxable Bonds through the Authority. (The not-to-exceed parameter established in the December 14th Resolution was \$275.0 million.)

Anticipated closing will occur during the week of March 5, 2018.

Recommendation:

The Credit Review Committee recommends approval of the accompanying Resolution (pp. 2-7) supplementing Resolution 2017-1214-NP02 as requested.

PROFESSIONAL & FINANCIAL

Borrower’s Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Auditor:	KPMG LLP	Chicago, IL	Kurt Gabaouer
Borrower Financial Advisor:	Prager & Co., LLC	San Francisco, CA	Susan Fitzgerald
		New York, NY	Mary Jane Darby
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke

PROFESSIONAL & FINANCIAL - Continued

Senior Manager:	Barclays Capital, Inc.	New York, NY	John Augustine
Co-Senior Managers:	Loop Capital Markets, LLC	Chicago, IL	Clarence Bourne
	PNC Capital Markets LLC	Cleveland, OH	Mary Grace Pattison
	RBC Capital Markets LLC	Chicago, IL	Kevin Hoecker
	Wells Fargo Securities	New York, NY	Sally Bednar
	Bank of America Merrill Lynch (BAML)	San Francisco, CA	Chris Cowen
	Siebert Cisneros Shank & Co.	Chicago, IL	Karen Walker
Disclosure Counsel:	Greenberg Traurig LLP	Chicago, IL	Lorraine Tyson
Underwriter’s Counsel:	Pugh Jones & Johnson, P.C.	Chicago, IL	Glenn Weinstein
Trustee:	Wells Fargo Bank, NA	Chicago, IL	Gail Klewin
IFA Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Steve Welcome
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago, IL	Courtney Tobin, Olyvia Jarmoszka

RESOLUTION 2018-0215-AD03

RESOLUTION SUPPLEMENTING RESOLUTION 2017-1214-NP02 PROVIDING FOR THE ISSUANCE BY THE ILLINOIS FINANCE AUTHORITY OF NOT TO EXCEED \$275,000,000 AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY ADJUSTABLE RATE DEMAND REVENUE BONDS, SERIES 2017 (UNIVERSITY OF CHICAGO); AND AUTHORIZING AND APPROVING CERTAIN RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “Authority”), including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the “Act”), is authorized by the laws of the State of Illinois, including, without limitation, the Act, to issue its revenue bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the costs of the planning, design, acquisition, construction, renovation, improvement, expansion and equipping of “educational facilities,” as defined in the Act, and to provide for the refunding and defeasance of any bonds deemed necessary in connection with any purpose of the Authority; and

WHEREAS, on December 14, 2017, the Authority adopted Resolution 2017-1214-NP02 (the “Original Resolution”) authorizing and approving the issuance of not to exceed \$275,000,000 in aggregate principal amount of its revenue bonds in one or more series (the “Bonds”) and bearing interest at one or more fixed or variable rates and the loaning of the proceeds from the sale thereof to The University of Chicago, an Illinois not for profit corporation (the “University”); and

WHEREAS, the Original Resolution contemplated that the Bonds would be issued pursuant to one or more multi-modal documents and provided different alternatives with respect to the terms of the Bonds, including that the Bonds may be issued as fixed and/or variable rate bonds and the Bonds may be sold on either a public and/or private placement basis; and

WHEREAS, such alternatives were set forth in the Original Resolution in order to provide flexibility to the University under the circumstance where proposed tax reform legislation (the “Proposed Tax Act”) provided for the elimination of tax-exempt debt for the benefit of certain not for profit institutions, including the University; and

WHEREAS, such provisions of the Proposed Tax Act with respect to the elimination of the availability of such tax-exempt debt were ultimately not enacted; and

WHEREAS, the University now desires to issue the Bonds consisting of two series of publically offered, fixed rate bonds with one series to be issued on a tax-exempt basis and one series to be issued on a taxable basis; and

WHEREAS, such two series of the Bonds are expected to be designated (i) the Illinois Finance Authority Revenue Bonds, The University of Chicago, Series 2018A (the “Series 2018A Bonds”) and (ii) the Illinois Finance Authority Taxable Revenue Bonds, The University of Chicago, Series 2018B (the “Series 2018B Bonds”); and

WHEREAS, the Series 2018A Bonds and the Series 2018B will be issued pursuant to the terms of separate trust indentures (collectively, the “Indentures”), each dated as of February 1, 2018 between the Authority and Wells Fargo Bank, National Association, as trustee; and

WHEREAS, the aggregate principal of Series 2018A Bonds and the Series 2018B Bonds will not exceed \$275,000,000 and

WHEREAS, the proceeds from the sale of the Series 2018A Bonds and the Series 2018B Bonds will be loaned to the University through the purchase of two separate promissory notes (collectively, the “Notes”), to be issued by the University pursuant to separate Loan Agreements (collectively, the “Loan Agreements”), each dated as of February 1, 2018 between the Authority and the University), and assigned by the Authority to the Trustee pursuant to the related Indenture as security for the Series 2018A Bonds and the Series 2018B Bonds, as applicable; and

WHEREAS, the University will use the proceeds from the sale of the Series 2018A Bonds and the Series 2018B Bonds for one or more of the Financing Purposes (as defined in the Original Resolution); and

WHEREAS, in connection with the public offering and sale of the Series 2018A Bonds and the Series 2018B Bonds, the Underwriter (as defined in the Original Resolution) will distribute a Preliminary Official Statement (the “Preliminary Official Statement”) and a final Official Statement (the “Official Statement”); and

WHEREAS, the University has requested the Authority to supplement the Original Resolution to approve the issuance of the Series 2018A Bonds and the Series 2018B Bonds as fixed rate, publically offered bonds, with the Series 2018A Bonds being issued on a tax-exempt basis and the Series 2018B Bonds being issued on a taxable basis and reaffirm the other matters set forth in the Original Indenture; and

WHEREAS, the Authority desires to so approve the issuance of the Series 2018A Bonds and the Series 2018B Bonds as described above and reaffirm the other matters set forth in the Original Resolution;

NOW, THEREFORE, Be It Resolved by the members of the Illinois Finance Authority as follows:

Section 1. Bonds. In order to obtain the funds to loan to the University to be used for the Financing Purposes, the Authority hereby authorizes the issuance of the Series 2018A Bonds and the Series 2018B Bonds. The Series 2018A Bonds and the Series 2018B Bonds shall be issued under and secured by and shall have the terms and provisions set forth in each of the respective Indentures; provided, however, that the aggregate principal amount of the Series 2018A Bonds and the Series 2018B Bonds shall not exceed \$275,000,000 (excluding original issue discount or premium, if any, plus accrued interest, if any).

The Series 2018A Bonds and the Series 2018B Bonds shall mature not later than 40 years from the date of their issuance, and shall have maturities or mandatory bond sinking fund redemptions as provided in each of the respective Indenture. The Series 2018A Bonds shall be issued on a tax-exempt basis and shall bear interest at one or more fixed rates of interest; provided, however, that such fixed rates of interest for the Series 2018A Bonds shall not exceed a weighted average annual interest rate of 8.0% per annum. The Series 2018B Bonds shall be issued on a taxable basis and shall bear interest at one or more fixed rates of interest; provided, however, that such fixed rates of interest for the Series 2018B Bonds shall not exceed a weighted average annual interest rate of 8.0% per annum.

The Series 2018A Bonds and the Series 2018B Bonds shall be issued only as fully registered bonds without coupons. The Series 2018A Bonds and the Series 2018B Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairperson, its Vice Chairperson or its Executive Director and attested by the manual or facsimile signature of its Secretary or any Assistant Secretary, or any person duly appointed by the members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon.

Each issue of the Series 2018A Bonds and the Series 2018B Bonds shall be issued and sold by the Authority and purchased by the Underwriter for such issue at a purchase price of not less than 98% of the principal amount of such Series 2018A Bonds and Series 2018B Bonds, respectively, excluding, in each case, any original issue discount or premium, if any, plus accrued interest, if any. The Underwriter for each such issue of the Series 2018A Bonds and the Series 2018B Bonds, respectively, shall receive underwriting compensation with respect to the sale of any such Series 2018A Bonds and Series 2018B Bonds, including underwriting discount, not in excess of 2% of the principal amount of such Series 2018A Bonds and such Series 2018B Bonds, respectively, excluding, in each case, original issue discount or premium, if any in connection with the sale of such Series 2018A Bonds and such Series 2018B Bonds.

The Series 2018A Bonds and the Series 2018B Bonds and the interest thereon shall be limited obligations of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to each of the respective Loan Agreements and each of the respective Notes (except such income and revenues as may be derived by the Authority pursuant to the Unassigned Rights (as defined in each of the respective Indentures)). The Series 2018A Bonds and the Series 2018B Bonds and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) proceeds of the sale of the Series 2018A Bonds and the Series 2018B Bonds, (ii) the income and revenues derived by the Authority pursuant to each of the respective Loan Agreements and Notes and other amounts available under each of the respective Indentures and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

Section 2. Authority Documents. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by an Authorized Officer (as defined in the Original Resolution), and the delivery and use, of the Indentures and the Loan Agreements and reaffirms its authorization and approval of each of the other applicable Authority Documents (as defined in the Original Resolution). The Secretary or any Assistant Secretary

of the Authority is hereby authorized to attest, and may affix the official seal of the Authority to the Indentures, the Loan Agreements and any other Authority Document. The Indentures and the Loan Agreements related to the Series 2018A Bonds and the Series 2018B Bonds, respectively, shall be substantially in the forms of the Indentures and the Loan Agreements previously provided to and on file with the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of the terms of the Series 2018A Bonds and the Series 2018B Bonds, respectively. Each of the remaining Authority Documents shall be in the form to be approved by bond counsel, by counsel for the University and by counsel to the Authority. When the Indentures, the Loan Agreements or any other Authority Document are executed and delivered on behalf of the Authority as herein provided and as provided in the Original Resolution, such Indenture, Loan Agreement or other Authority Document will be binding on the Authority; and that from and after the execution and delivery of such Indenture, Loan Agreement or other Authority Document, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary or desirable to carry out and comply with the provisions of such Indenture, Loan Agreement or other Authority Document as executed.

Section 3. Distribution of the Preliminary Official Statement and Official Statement. The Authority does hereby approve the distribution of the Preliminary Official Statement and the Official Statement by the Underwriter in connection with the public offering and sale of of the Series 2018A Bonds and the Series 2018B Bonds. The Preliminary Official Statement and the Official Statement shall be substantially in the forms approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the Indentures, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of the final form of the Preliminary Official Statement and the Official Statement.

Section 4. Original Resolution. Except to the extent modified by this Resolution, the Authority hereby ratifies and confirms the authorizations and approvals and all terms and provisions set forth in the Original Resolution, including, without limitation, the approval of the execution and delivery of any applicable Additional Transaction Documents (as defined in the Original Resolution) and the authorization and approval of the members, officers, agents and employees of the Authority to do all such acts and things and to execute or accept all documents referred to therein. The final forms of the Additional Transaction Documents shall be approved by the Authorized Officer of the Authority executing the Indentures, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of the final forms of the Additional Transaction Documents.

Section 5. Subsequent Activity. Each Authorized Officer of the Authority is hereby further authorized, empowered and directed to do all such acts and things and to execute, acknowledge, deliver and file all such documents, agreements, certificates and undertakings after the date of issuance of any of the Series 2018A Bonds and the Series 2018B Bonds as may be necessary to carry out the terms set forth in the Indentures, the Loan Agreements and the other related Authority Documents or other related bond or financing documents, including, without limitation, delivering all notices and certificates described therein and entering into supplements or amendments to the Indentures, the Loan Agreement or such or such other Authority Documents or such other bond or financing documents contemplated by the terms thereof.

Section 6. Authorization and Ratification of Acts. The members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such as may be necessary to carry out and comply with the provisions of this Resolution, the Original Resolution, the Indentures, the Loan Agreement, the other Authority Documents and the Additional Transaction Documents, and all

of the acts and doings of the members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of this Resolution and the Original Resolution and within the parameters set forth herein and in the Original Resolution (except to the extent modified by this Resolution), whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Indentures, the Loan Agreements, any other Authority Documents or any other document executed in connection with the issuance of the Series 2018A Bonds or the Series 2018B Bonds it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer to take such action, by any two members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Original Resolution (except to the extent modified by this Resolution).

Section 7. Severability. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 8. Conflict. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 9. Effective Date. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Richard K. Frampton, EVP

Date: February 15, 2018

Re: Preliminary Bond Resolution authorizing development of a Community Bank Bond Program pursuant to an application submitted by StoneCastle Advisors LLC for the issuance of one or more series of Illinois Finance Authority Taxable Revenue Bonds in an aggregate principal amount now estimated not-to-exceed \$250,000,000

I. Request: a Preliminary Bond Resolution on a Program Development Matter – The Illinois Community Bank Bond Program:

StoneCastle Advisors LLC (the “Sponsor”), an SEC-registered investment advisor, has submitted an application to the Illinois Finance Authority (the “Authority” or “IFA”) for the issuance of up to \$250,000,000 of Taxable Revenue Bonds to provide loans to community banks in Illinois.

The Sponsor defines a “community bank” to mean banks, savings associations and their holding companies with less than \$10 billion in consolidated assets that serve local markets.

- The proposed Bonds will be investment grade-rated by the **Kroll Bond Rating Agency (“Kroll”)** and sold on a private placement basis to Qualified Institutional Buyers (“QIBs”) identified by the Sponsor.
- The target bond rating is ‘BBB’ or better (Kroll).
- The proposed conduit (taxable) bonds would be non-recourse to the Authority.
- The maximum proposed bond term is estimated at 12 years from the issuance date. (The actual maturity may be shorter due to prepayments on the Tier-2 Loans after the fifth anniversary date subsequent to issuance.)

The underlying borrowers of these subordinate debt bond issues have been community banks.

Eligible banks would be limited to (i) community banks headquartered in Illinois and (ii) community banks with branches located in Illinois.

Additional information describing the benefits of the Program to community banks is provided below (see Section III – pp. 2-3).

II. IFA’s Role as Conduit Issuer for the Community Bank Bond Program:

The Authority will serve as a conduit issuer of Taxable Revenue Bonds issuing the proposed Bonds on a non-recourse basis.

As proposed, StoneCastle Advisors, LLC (Sponsor) will be responsible for credit approving each prospective community bank that participates in the multi-bank (i.e., composite) pooled collateralized loan program based on credit criteria established by Kroll.

The Sponsor anticipates that the underlying loans to the participating (and pre-designated) community banks will qualify as “Tier-2 Loans” and “regulatory capital” for such banks based on prior experience in providing subordinate debt to community banks.

Various StoneCastle affiliates have experience investing in and structuring investment grade-rated Collateralized Loan Obligation Pools and debt- (and related equity-) based products issued by community banking institutions nationally.

A. Public Purpose:

The goal of the proposed transaction is to foster economic growth and create jobs in the State of Illinois. The proposed transaction seeks to provide cost-efficient capital to community banks in Illinois to enable these institutions to make affordable credit available to small businesses in the State, thereby leveraging existing capabilities.

B. Program Would Provide “Multiplier Effect” on Illinois Community Bank Lending Capacity:

More specifically, Bond Proceeds would be used to originate subordinate loans to Illinois community banks or bank holding companies (i.e., “Tier-2 Loans”) that the Sponsor (StoneCastle) anticipates would qualify as regulatory capital in Illinois for the borrowing institutions.

Because regulatory capital has a multiplier effect for banks, if the subordinate debt were fully deployed to originate loans, StoneCastle estimates that, on average, 9x leverage (i.e., loan capacity) would result for each dollar of regulatory capital created through the proposed IFA bond issue.

Accordingly, StoneCastle concludes that a \$250 million IFA Bond issue could generate over \$2 billion of new lending and investment by Illinois Community Bank Bond Program borrowers, resulting in job creation and economic activity in Illinois communities served by participating institutions.

C. IFA as Conduit Issuer Could Generate “ESG” Investor Interest

The Sponsor believes there is significant demand for **Environmental, Social, and Governance** (“ESG”) qualifying investments, particularly within the thematic sectors of “community investing” or “local investing”.

Management of StoneCastle Advisors believes that the proposed IFA Community Bank Bond Program will satisfy ESG investing requirements thereby resulting in additional investor demand to this asset class from ESG institutional investors, further improving access to capital for Illinois community banks and holding companies.

III. Program Benefits to Illinois Community Bank Participants – Subordinate Loan Program (Tier-2 Loans) to Create Additional Regulatory Capital:

By initiating the Community Bank Bond Program, IFA would issue Taxable Bonds that would provide up to \$250 million of subordinate loans that would qualify as Tier-2 Regulatory Capital and generate 9x leveraging as estimated (on average) by StoneCastle.

Key Program Features include the following:

- Eligible Participants:
 - Community banks domiciled or that have branches in the State of Illinois would qualify for financing under the Program
 - Qualification would be further subject to satisfying Sponsor/Rating Agency credit approval standards to be established for the Community Bank Bond Program
- Would offer flexible lending to prospective borrowers, ranging from \$1 million to \$15 million funded by the IFA conduit bond issue.

- For the borrowing banks, interest paid on the Tier-2 Loans is deductible from income taxes (whereas dividends on preferred and common equity are not deductible).
 - As a result, the Program’s subordinated debt provides tax-advantaged capital at a net cost of 4% to 5%
 - The Program would provide a tax-advantaged capital solution featuring significantly lower costs than (i) the 12%+ returns expected for Common Equity or (ii) the 7%+ return expected for Preferred Stock
 - Additionally, under this Program, community banks would be able to improve capitalization without diluting their existing shareholders.
- As contemplated, the Program would provide Tier-2 capital to the participating banks, enabling the funding of additional loans (i.e., growth) through a “multiplier effect”, which generally works as follows:
 - For every \$1 of additional regulatory capital (including Tier-2 subordinate loans), a bank can make approximately \$7-\$10 of additional loans (StoneCastle has estimated that a “typical” community bank would be able to originate, on average, \$9 of additional loans).
 - Accordingly, as a result of the proposed \$250 million to be issued under the Community Bank Bond Program, the Program could generate up to \$2 billion of new loans to small businesses as a result of the leveraging impact of the subordinate loans (as Tier-2 regulatory capital).
- **Note:** *Prospective banks or bank holding companies will be required to notify and receive approval from its primary regulators before borrowing under this proposed program.*

IV. Background - StoneCastle Advisors, LLC and its parent company (StoneCastle Partners, LLC)

A. StoneCastle Advisors, LLC (the “Sponsor”):

StoneCastle Advisors, LLC, as Sponsor, will be responsible for originating, underwriting (and applying for a debt rating from Kroll – anticipated at ‘BBB’ or higher), monitoring, and servicing the portfolio of capital loans to community banks.

The Sponsor will identify both (i) the participating community banks that will borrow through the Program, and (ii) the target institutional investors for the private placement. *StoneCastle Advisors, LLC is an SEC-registered investment advisor.*

The Sponsor is wholly-owned by **StoneCastle Partners, LLC**.

B. StoneCastle Partners, LLC (the “Parent Company”):

StoneCastle Partners, LLC is a leading asset management firm founded in 2003 and focused exclusively investing in community banks and related financial assets throughout the United States, with community bank investments in all 50 states.

The Parent Company’s community bank financing activities also include originating and funding subordinate loans to bank holding companies.

Community bank financing activities are also undertaken by various affiliated companies, including a publicly traded closed-end fund, **StoneCastle Financial Corporation (“SCFC”)**, which is publicly traded (NASDAQ: “BANX”) and investment grade rated. Both SCFS (‘A+’) and SCFS’s preferred shares (‘BBB+’) are currently investment grade rated by Kroll.

StoneCastle Partners and its affiliates have substantial experience working with community banks, state and federal regulators, and industry trade organizations (e.g., the American Bankers Association).

StoneCastle Partners collectively manages over \$12 billion of assets focused on community banks, including over \$2 billion of capital invested in more than 250 community banking institutions and over \$10 billion of institutional cash in over 650 community and national banks as of 12/31/2017.

The Parent Company is headquartered in New York, NY, with offices in Atlanta, Memphis, Los Angeles, Chicago, Denver, and Salt Lake City and had approximately 65 employees as of 6/30/2017.

The Parent Company is majority-owned and managed by its employees and its managing partners Joshua S. Siegel (CEO) and George Shilowitz (Co-CEO). Both Charlesbank Capital Partners, LLC (a private equity firm based in Boston) and CIBC Capital Corporation (a subsidiary of Canadian Imperial Bank of Commerce) own minority interests in the Parent Company.

C. About StoneCastle's Investment Team:

The StoneCastle Advisors/StoneCastle Partners investment team is comprised of professionals with substantial expertise investing in community banks, and includes former bank managers, credit officers, private equity investors, rating agency analysts, bank examiners, fixed income specialists, and attorneys.

This investment team is responsible for a rigorous, fundamental-based, bottom-up, credit and investment analysis on each community bank investment opportunity.

StoneCastle Advisors/StoneCastle Partners' due diligence review examines each community bank's geographic footprint, regulatory filings and financial statements, business plan, and management team, among key factors.

Following origination, all investments are monitored continuously via calls with the bank's management team along with ongoing reviews of quarterly regulatory filings (including financial statements) and related information.

This methodology will be also be followed by the StoneCastle managers responsible for overseeing the investing, lending, placement, and portfolio management activities of the proposed Illinois Community Bank Bond Program.

Professional profiles of the Sponsor's (i.e., StoneCastle's) key management team will be presented in connection with a Final Bond Resolution for this financing.

D. StoneCastle's Prior Experience Structuring, Originating, and Managing Investment Grade-Rated Pooled Community Bank Debt Obligations:

The specialized experience of StoneCastle's investment team, includes a track record of successfully structuring, originating, and managing investment portfolios comprised of pooled equity and debt instruments (including subordinate debt) originated on behalf of (multiple) community banks.

StoneCastle's experience in originating and managing community bank investment portfolios has included both investment grade-rated private placements and public securities offerings.

- Most recently, StoneCastle's investment team was involved as the portfolio manager and servicer (through its StoneCastle Investment Management, LLC) for a pooled debt issuance of \$205.0 million (Community Funding CLO, Ltd.) that was privately placed to an institutional investor in October 2015.
- This 2015 portfolio consisted primarily of unsecured, subordinated loans to FDIC-insured community/savings banks or their respective holding companies (each an "Obligor") – these are essentially the same targeted borrowers proposed under the proposed Illinois Community Bank Bond Program.
 - Demonstrating the viability of the pooled community bank subordinate debt obligation concept, the \$205.0 million 2015 Notes were issued subject to obtaining a minimum rating of 'A3 (sf)' by Moody's.
 - The Moody's Press Release for the A3 (sf) rating assignment to the 2015 Notes is attached (see Attachment 2 to this memorandum (pp. 8-9)).

V. Sponsor’s Program Development Plan – Next Steps:

Assuming that the proposed Preliminary Bond Resolution is approved at today’s Board Meeting (see Attachment 1), the Sponsor plans to initiate program development, which will include the following activities:

- A. engaging prospective ESGs as potential investors (in the conduit IFA-issued Taxable Bonds);
- B. developing participant qualification criteria (including, but not limited to developing performance metrics and related evaluative criteria) in conjunction with Kroll (see Attachment 3: Kroll Research Report: “The Case for Community Banks, June 2, 2017 (pp. 11-21));
- C. obtaining general regulatory approval of the Program from community banking regulators; and,
- D. obtaining approval from community banking regulators that the proposed subordinate loans will qualify as “Tier-2” regulatory capital for the community bank participants.

The accompanying Preliminary Bond Resolution (see Attachment 1) will evidence the Illinois Finance Authority’s interest in developing a conduit, Taxable Bond-financed, Pooled Community Bank Bond Program with StoneCastle that will serve community banks domiciled in Illinois or those with branch locations in Illinois.

VI. Recommendation and Comments:

Staff recommends approval of the accompanying Preliminary Bond Resolution (p. 7) that will support StoneCastle’s preliminary program development feasibility and due diligence undertaking.

If StoneCastle’s program development effort is ultimately successful, StoneCastle will authorize bond counsel and placement counsel to initiate drafting of bond and underwriting/securities documents.

Upon completing all legal and securities documentation to the satisfaction of all transaction counsel (including Special Counsel to the Illinois Finance Authority), StoneCastle would then return to the IFA Board of Directors and request consideration of a Final Bond Resolution that would authorized issuance of the proposed conduit, taxable Community Bank Bond Program (now proposed in an amount not-to-exceed \$250.0 million).

Notably, in connection with consideration of the Final Bond Resolution, more comprehensive descriptive information regarding the structure, mechanics, and borrower characteristics will be will be presented at that time.

VII. Preliminary Transaction Participant List – as of 1/31/2018:

Conduit Bond Issuer:	Illinois Finance Authority	Chicago, IL	
Manager:	StoneCastle Advisors, LLC	New York, NY	
Counsel to Manager:	To be determined		
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	David Kates
Placement Agent:	To be determined		
Counsel to Placement Agent:	To be selected by Placement Agent		
Bond Trustee:	To be determined		
Trustee’s Counsel:	To be selected by Bond Trustee		
Bond Rating:	Kroll	New York, NY	
IFA Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
IFA Financial Advisor:	To be determined		

Attachments:

- **Attachment 1: Preliminary Bond Resolution for Conduit Taxable Community Bank Bond Program**
- **Attachment 2: Moody’s Investors Service Press Release on Pooled Community Bank Subordinated Loan Portfolio – October 15, 2015: “Community Funding CLO, Ltd.” – rated ‘A3 (sf)’.**

This offering was a portfolio of subordinate loans issued by US community banks or their holding companies. 100% of the portfolio participants were identified upfront. Moody’s noted that the portfolio consisted entirely of subordinated debt issued by US community banks (or holding companies) that Moody’s did not rate at the time of issuance.

An affiliate of StoneCastle (StoneCastle Investment Management, LLC) (i) identified the underlying Obligors (i.e., community banks/holding companies), (ii) arranged for and negotiated the terms of the Collateral Obligations (i.e., subordinate community bank loans that secure the Bonds), and (iii) serviced and monitored portfolio performance (i.e., underlying Obligor performance).

- **Attachment 3: Kroll Research Report – June 2, 2017: “The Case for Community Banks”**

Attachment 1: Preliminary Bond Resolution

RESOLUTION 2018-0215-AD04

**A PRELIMINARY BOND RESOLUTION APPROVING THE ISSUANCE OF
ILLINOIS FINANCE AUTHORITY TAXABLE REVENUE BONDS, IN ONE OR MORE SERIES, FOR
THE PURPOSES SET FORTH HEREIN IN AN AGGREGATE PRINCIPAL AMOUNT NOW
ESTIMATED NOT TO EXCEED \$250,000,000**

WHEREAS, there has been presented to the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the “*Authority*”), by StoneCastle Advisors, LLC (the “*Sponsor*”), an application for the issuance of one or more series of Taxable Revenue Bonds by the Authority, in an amount now estimated not-to-exceed Two Hundred Fifty Million Dollars (\$250,000,000) (the “*Bonds*”); and

WHEREAS, the Sponsor’s application has been made with respect to “projects” 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 Authority with funds which may be loaned to community banks and bank holding companies domiciled in Illinois or with operations in Illinois (collectively, “*Community Banks*”) (i) to provide capital that will allow such Community Banks to provide additional loans to individuals and businesses, (ii) to fund one or more debt service reserve funds, if deemed necessary or advisable by the Sponsor or the Authority, (iii) to pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Sponsor or the Authority, and (v) paying certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the “*Financing Purposes*”); and

WHEREAS, a determination has been made by the Authority that its issuance of the Bonds for the Financing Purposes will be consistent and in accord with the provisions and purposes of the Act; and

WHEREAS, each of the Members of the Authority present is familiar with the form of this Preliminary Bond Resolution;

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

Section 1. Approval. The application of the Sponsor is approved.

Section 2. Adoption of Resolution. The Chairperson or Executive Director of the Authority, or any person duly appointed by the Members to serve in such office 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 Preliminary Bond 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, on or before February 28, 2019, the Authority and the Sponsor 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 (or comparable 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, execution of said bond purchase agreements, to issue its Bonds on behalf of the Borrower to finance all or a portion of the Financing Purposes in an amount now estimated not to exceed Two Hundred Fifty Million Dollars (\$250,000,000).

Rating Action: Moody's assigns rating to one class of notes issued by Community Funding CLO, Ltd.

Global Credit Research - 16 Oct 2015

New York, October 16, 2015 -- Moody's Investors Service, ("Moody's") has assigned a rating to one class of notes issued by Community Funding CLO, Ltd. (the "Issuer" or "Community Funding CLO").

Moody's rating action is as follows:

U.S.\$205,000,000 Class A Senior Secured Fixed Rate Notes Due 2027 (the "Class A Notes"), Definitive Rating Assigned A3 (sf)

RATINGS RATIONALE

Moody's rating of the Class A Notes addresses the expected loss posed to noteholders. The rating reflects the risks arising from defaults of the underlying portfolio of assets, the transaction's legal structure, and the characteristics of the underlying assets.

Community Funding CLO is a static cash flow CDO. **The issued notes will be collateralized by a portfolio of subordinated debt, which are mostly in the form of subordinated loans, issued by US community banks or their holding companies. The Issuer has identified 100% of the portfolio and has included 98% of the portfolio as of the closing date.**

StoneCastle Investment Management, LLC (the "Servicer") has directed the selection and acquisition and will direct the disposition of the assets on behalf of the Issuer. The Servicer will also direct the disposition of any defaulted securities. The transaction prohibits any asset purchases or substitutions at any time, except for one asset that is pending regulatory approval.

In addition to the Class A Notes, the Issuer will issue preferred shares.

The transaction incorporates interest and par coverage tests which, if triggered, divert interest proceeds to pay down the notes.

This CDO's portfolio consists entirely of subordinated debt issued by US community banks or their holding companies that Moody's does not rate. Moody's assesses the default probability of bank obligors that do not have public ratings through credit scores derived using RiskCalc™, an econometric model developed by Moody's Analytics. Moody's evaluation of the credit risk of the bank obligors in the pool relies on FDIC Q2-2015 financial data with further adjustments to the banks' capital structure to account for the issuance of the subordinated debt. Moody's assumed a fixed recovery rate of 10% for these subordinated debt obligations.

Moody's rating of the Class A Notes took into account a stress scenario in which we made adjustments to the RiskCalc™ credit scores for highly levered bank holding company issuers. This stress scenario was an important factor in the assigned rating.

In addition, Moody's rating considered the highly concentrated nature of the portfolio, both by state and by individual asset size. Approximately 10% of the portfolio assets are located in the state with the highest exposure and about 20% of the portfolio assets are located in three states with high exposure to the oil and gas industry. Moreover, the portfolio only has 38 assets from 35 obligors, with the five largest assets each constituting 5.0% of the portfolio par. Credit deterioration of banks in particular states or the largest banks could have an outsized negative impact on the credit quality of the portfolio.

For modeling purposes, Moody's used the following base-case assumptions:

Par amount: \$250,000,000

Weighted Average Rating Factor (WARF): 753

Weighted Average Coupon (WAC): 6.98%

Weighted Average Recovery Rate (WARR): 10.0%

Weighted Average Life (WAL): 9.9 years

In addition to the quantitative factors that Moody's explicitly models, qualitative factors were part of rating committee considerations. Moody's considers the structural protections in the transaction, the risk of an event of default, the legal environment and specific documentation features. All information available to rating committees, including macroeconomic forecasts, inputs from other Moody's analytical groups, market factors, and judgments regarding the nature and severity of credit stress on the transactions, influenced the final rating decision.

Methodology Underlying the Rating Action

The principal methodology used in this rating was "Moody's Approach to Rating TruPS CDOs," published in June 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Factors That Would Lead to an Upgrade or Downgrade of the Rating:

This transaction is subject to a number of factors and circumstances that could lead to an upgrade or downgrade of the rating, as described below:

- 1) Macroeconomic uncertainty: The transaction's performance could be negatively affected by uncertainty about credit conditions in the general economy, certain regional economies, and in the US banking sector. Moody's has a stable outlook on the US banking sector.
- 2) Portfolio credit risk: Credit performance of the assets collateralizing the transaction that is better than Moody's current expectations could have a positive impact on the transaction's performance. Conversely, asset credit performance weaker than Moody's current expectations could have adverse consequences on the transaction's performance.

Related Issuers

Community Funding CLO, Ltd.

Related Research

New Issue Report: Community Funding CLO, Ltd.

SEC Rule 17g-7 Report of R&Ws: Community Funding CLO, Ltd. Deal v1.0 Compared To CLO, SME, Other Cash Flow CDO & ABS v2.0

1/31/2018

Research: Rating Action: Moody's assigns rating to one class of notes issued by Community Funding CLO, Ltd. - Moody's

3) Exposure to non-publicly rated assets: The portfolio consists entirely of unrated assets whose default probability Moody's assesses through credit scores derived using RiskCalc. Because these are not public ratings, they are subject to additional uncertainties.

Loss and Cash Flow Analysis:

Moody's obtained a loss distribution for this CDO's portfolio by simulating defaults using Moody's CDOROM™, which used Moody's assumptions for asset correlations and fixed recoveries in a Monte Carlo simulation framework. Moody's then used the resulting loss distribution, together with structural features of the CDO, as an input in its CDOEdge™ cash flow model. Moody's CDOROM is available on www.moody.com under Products and Solutions -- Analytical models, upon receipt of a signed free license agreement.

In addition to the base case analysis, Moody's conducted sensitivity analyses to test the impact of different default probabilities on the Rated Notes relative to the base case modeling results, which may be different from the rating assigned to the Rated Notes. Below is a summary of the impact of different default probabilities (expressed in terms of WARF level) on the Rated Notes (shown in terms of the number of notch difference versus the base case modeling results, whereby a negative difference corresponds to higher expected losses), assuming that all other factors are held equal:

Assuming a two-notch upgrade to assets with below-investment grade rating estimates (WARF of 469)

Class A Notes: +2

Assuming a two-notch downgrade to assets with below-investment grade rating estimates (WARF of 1175)

Class A Notes: -2

Further details regarding Moody's analysis of this transaction may be found in the related new issue report, available soon on [Moody.com](http://www.Moody.com).

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

Further information on the representations and warranties and enforcement mechanisms available to investors are available on http://www.moody.com/viewresearchdoc.aspx?docid=PBS_SF418482

Moody's describes its loss and cash flow analysis in the section "Ratings Rationale" of this press release.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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The Case for Community Banks



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Summary

- Though it might strike some as counterintuitive, Kroll Bond Rating Agency (KBRA) believes community banks can compete successfully with much larger banks; In fact, many community banks in KBRA's rated universe consistently produce superior risk-adjusted profitability compared to many of the larger U.S. banks
- A closer examination of cost structure—both interest and noninterest expense—reveals that community banks (assets less than \$10 billion) are not at a competitive disadvantage from a pricing power standpoint
- KBRA believes that the benefits that accrue to smaller banks by virtue of being local—in terms of market knowledge, deeper customer relationships, and superior responsiveness—can offset the advantages derived from larger banks' size, most notably more efficient processing, more sophisticated risk management, broader product offerings, and larger marketing spend
- The concentration of risks—both geographic and in the loan book—is a key differentiating feature between smaller banks and larger ones; well-run community banks with demonstrably advantageous local share have proven that those risks are manageable
- Based on a thorough review of relevant data, and factoring in our extensive experience in rating nearly 100 community banks—each one factoring in in-depth conversations with management teams—give us a high degree of confidence that well-run community banks deserve to be rated in the investment grade category.

Asset size might not be as important as you think

At first blush, you can see why someone would question the ability of community banks (those with assets less than \$10 billion) to compete successfully (and earn competitive returns) against the industry's giants. You would reason that banking is a commodity business, where competitiveness is a function of capitalizing on economies of scale (onboarding more customers to the platform) and scope (leveraging core functions such as marketing and risk management and cross-selling one product line into another). Moreover, you might figure that smaller banks typically are hampered by outdated technology, and subject to risky geographic loan concentrations and adverse selection in terms of their customers.

At KBRA, we see these points as overly simplistic generalizations.

To get a sense as to how important size is to fundamental performance in U.S. banking, we broke the industry into three buckets, based on asset size:

- Less than \$10 billion
- Between \$10 billion and \$50 billion
- Greater than \$50 billion

We then looked at a variety of operating metrics, encompassing profitability, asset quality, and capital adequacy, on average, for the three groups across a 10-year period to pick up pre- and post-financial-crisis performance.

Upon closer examination of the issues and relevant performance data, we would make the following observations:

- Cost structures—the basis for competition—are not that different between smaller banks and larger ones.
- The benefits that accrue to smaller banks by virtue of being local—in terms of market knowledge, deeper customer relationships, and superior responsiveness—can offset the advantages derived from size, most notably larger banks' more efficient processing, more sophisticated risk management, broader product offerings and larger marketing spend.
- Risks are not any more ominous at smaller banks than at larger ones. In fact, our [prior research](#) examining small- and large-bank performance in the 2008-09 financial crisis found that smaller banks fared better than the largest banks.

These points underpin the superior risk-adjusted profitability that smaller banks have achieved through the cycle compared to larger banks. When KBRA factors in the industry's secular improvements, most notably improved capital adequacy and enhanced regulatory oversight, we believe well-run community banks can be investment-grade-rated credits.

Finally, this is not to say that smaller banks are equal to or better credits than larger ones. Diversification of earnings and risks ultimately make well-run larger banks better credits than well-run smaller banks. KBRA's research merely points out that smaller banks can indeed achieve fundamental performance that is consistent with our definition of what constitutes investment grade.

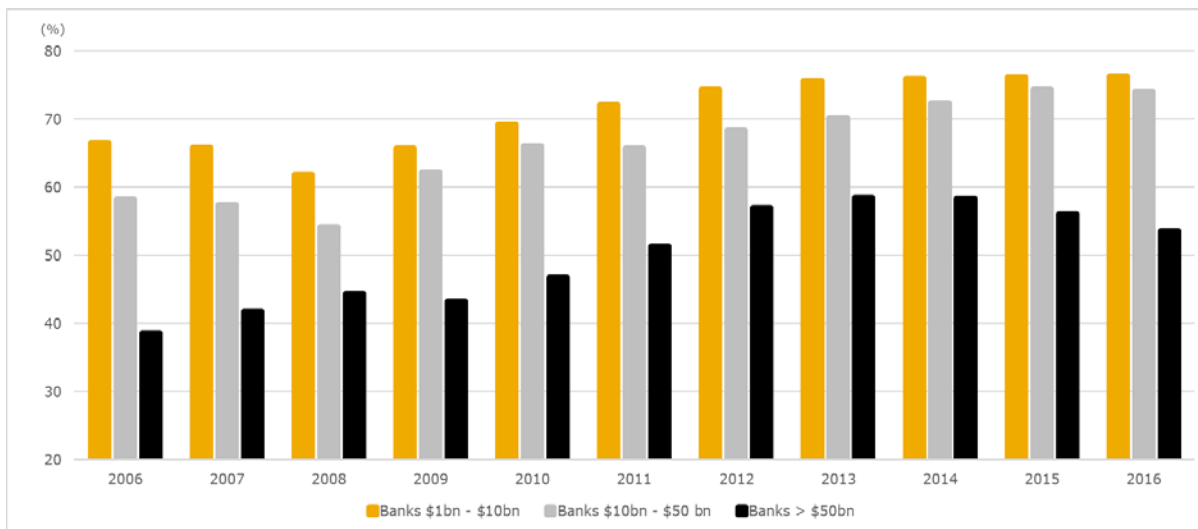
Deposits, the great equalizer

A deposit charter is one of the great competitive equalizers in financial services. It allows regulated depositories to gather federal government guaranteed funding (up to \$250,000 per account per bank), regardless of the size of the institution. Guaranteed deposits are credit insensitive, tend to be sticky, and are usually highly cost effective. In all but the most stressed conditions, we can confidently say the same of the more broadly defined core deposit category, which excludes brokered deposits and jumbo time deposits over \$250,000.

The benefit of deposit funding, especially core deposit funding, goes beyond pricing power. Core deposits' relative stickiness becomes critically important when the credit cycle turns. Remember, risk of bank failure rises when hot money smells trouble—almost always related to loan quality deterioration—and pulls out. Relative lack of a reliance on credit sensitive sources of funding puts the vast majority of community banks in good stead compared to the largest banks.

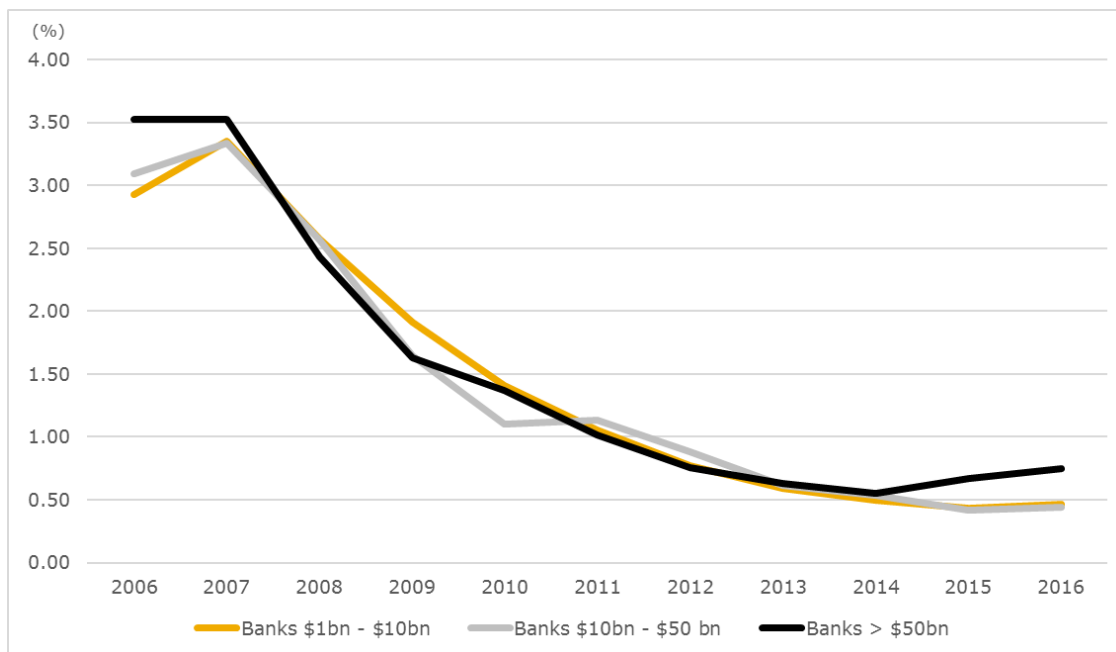
As of December 31, 2016, some 76% of community bank liabilities were core deposits, compared to 54% for the large banks (assets greater than \$50 billion) as shown in Figure 1.

Figure 1: Community Banks' Advantageous Funding Base
Core Deposits as a Percentage of Total Liabilities



The ability of community banks to fund most of their balance sheets with core deposits goes a long way to solidifying pricing power vis a vis their larger brethren. In 2016, community bank liabilities cost 46 bp on average, 28 bp through the 74 bp average reported among the largest banks. (Figure 2). In addition to strong core deposit bases, community banks generally maintain ample capacity to borrow from the Federal Home Loan Bank (FHLB) in the event of need. The FHLB was a reliable and relatively low cost contingent funding source during the 2008 financial crisis.

Figure 2: No Disadvantage Here
Average Cost of Liabilities



Of course, while this historic relative performance provides some reasonable basis to expect a continuation of such trends over the near-to-intermediate term, we'd be remiss not to consider the possibility that deposit betas¹ may be different this time around as the Fed embarks on its first interest rate tightening cycle in years. In this regard, we will monitor—and expect to comment further on—core deposit pricing trends in the anticipated rising rate environment, given some key industry dynamics that are on the horizon.

Notably, the increasing prevalence of “scale” internet deposit platforms (backed with formidable marketing budgets and prowess), as likely industry pricing leaders, is expected to create at least some upward pressure on deposit costs.

Perhaps holding even greater implications for deposit betas in a rising rate environment (as we see it), the requirements of the liquidity coverage ratio (LCR) place a new regulatory-driven premium on core deposit balances. Compounding that increased importance of “high LCR value” deposits is the fact that a large amount of the industry's Level I high-quality liquid assets (HQLA) are balances held at the Fed.

As the country's central banker pursues the normalization of its now \$4.5 trillion balance sheet, we would expect those bank reserves held at the Fed to necessarily decline. By extension, even when assuming just a static industry balance sheet, large banks are likely to need to replace these Level I assets with at least some portion of Level II assets (which are subject to liquidity “haircuts” under the LCR numerator calculation). Accordingly, high-value LCR deposits will become even more valuable under the outflow assumptions required in the calculation of the LCR's denominator.

All of this means competition for core deposits is likely to increase. Partially mitigating this concern for many community banks is the prevalence of relationship-based commercial deposits from small business customers. These long-standing customers tend to avoid the large banks given generally superior customer service at the community banks combined with ready access to key decision-makers at the bank.

Operating expenses—where did the benefits of scale go?

For banks, a funny thing happened on the way to getting larger—the benefits of scale became illusive. How can that be? Banking efficiency has to increase as the scope and scale of its business grows, right? Well, not necessarily.

What the great consolidation wave in banking, starting in the 1980s, has taught us is that size, achieved largely through acquisition, breeds complexity, in terms of both a growing geographic footprint and an expanded set of products and services. Complexity produces greater administrative friction stemming from increased span-of-control risk, including management layers, regulatory reporting and compliance requirements, and technology black holes. So, whether we observe noninterest expenses relative to assets (Figure 3) or revenues (Figure 4), community banks actually fare better than their larger bank peers. Even though the significantly increased regulatory reporting and compliance burden falls disproportionately on smaller banks, we can make a convincing case that the added costs related to increased complexity that larger banks bear largely offset the benefits of scale.

Our thinking squares up with what regulatory research has discovered. According to the FDIC, “most of the benefit of economies of scale is realized once community banks reach \$100 million to \$300 million in total assets, depending on the lending specialty.”²

¹ Defined as the percentage of a rate move that will be passed along to customers with interest bearing deposit accounts.

² “FDIC Community Banking Study,” *FDIC*, December 2012.

Figure 3: Complexity Offsets the Benefits of Scale (I)
Operating Costs as a Percentage of Average Assets

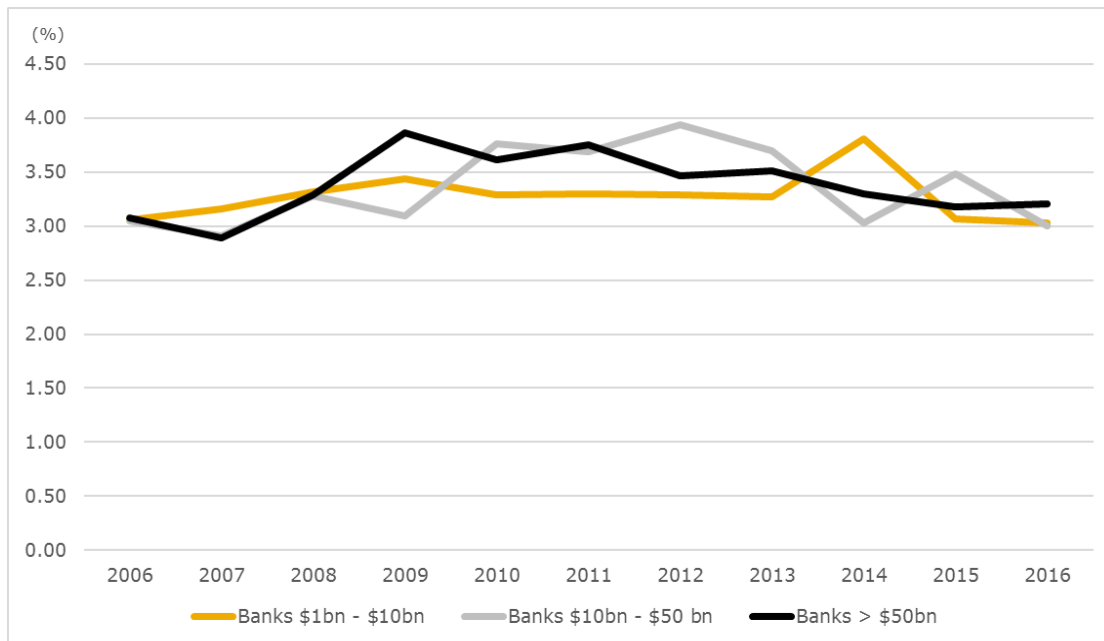
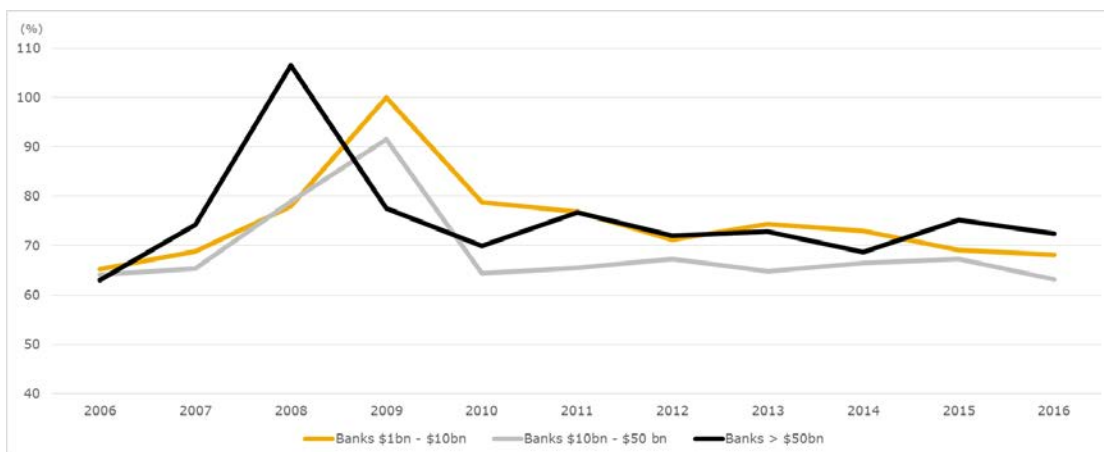


Figure 4: Complexity Offsets the Benefits of Scale (II)
Efficiency Ratio



The key is not just scale, but local scale

So, when taken together, the cost structure—funding and operating—of community banks does not result in a competitively disadvantaged position in our opinion. We acknowledge that scale matters, but, in banking, the degree of *local* scale can be the most important competitive determinant.

Think about it this way. Banks with low market share (usually defined by deposit share) in a given market will likely see subpar returns, a function of seeing fewer opportunities (from getting lost in the competitive landscape), being subject to a lack of pricing power for both assets and liabilities, and running the risk of adverse selection in terms of lending.

As the bank in question builds local scale, competitiveness improves, as brand awareness grows, bringing with it improved pricing power. In addition, a broader lending opportunity set emerges, which, in turn, allows the bank to become more selective with regard to its borrowers.

It naturally follows that at some point, decreasing returns of scale will eventually set in as the marginal increase in profitability no longer justifies the increase in expenses used to build another branch or add additional staff. Local scale has been achieved.

The upshot of all of this is that smaller banks can compete quite effectively for their natural customers (individuals and small businesses) by building local scale in a market or submarket. Now, by definition, smaller banks will have competitive scale in fewer markets than their larger competitors will, and that concentration of risk is something that our methodology takes into consideration when we rate smaller banks. Which brings us to our next topic.

The risks of being simple

Conventional wisdom holds that concentrated risks are riskier than risks that are more dispersed. We know community bank risks are more concentrated than the larger banks, most notably on two dimensions:

- Geographic footprint, and
- Loan type.

Community banks operate in a comparatively small market area. There are plenty of examples of economic hardship impacting certain areas more than others, including the oil patch in the 1980s, New England in the late 1980s and early 1990s, and some of the Sun Belt markets in the wake of the financial crisis. All three instances triggered banking crises to varying degrees. Unbridled speculative real estate development was at the heart of all three, which brings us to our second risk concentration, loan type.

Community banks have seen an erosion of their participation in the most popular consumer loan products as these have been recast really as consumer products that are now dominated by the very large banks which market intensively and across the country. That leaves community banks concentrated more heavily in commercial lending, including commercial real estate.

We are not overly concerned about this concentration where the bank in question is a diligent, capable, and experienced credit underwriter. Smaller business lending is a nicely profitable segment where we believe risk and reward generally stay in alignment through the credit cycle.

Loan exposures, while concentrated compared to the largest banks, are generally not *unduly* concentrated, in our opinion. Most areas in the U.S. are fairly well diversified economically, and most community bank commercial loan portfolios are fairly granular, with largest loans well below regulated legal lending limits. It is worth noting that leveraged lending to the middle- and large-corporate market, on the other hand, has shown a pattern of much greater volatility, where risk and reward routinely breaks down toward the end of economic expansions. Community banks really don't play in that market to any great degree.

Ever vigilant on commercial real estate

A business line that is prominent at many smaller banks is lending on commercial real estate (CRE). Lending on smaller scale properties is a natural business for community banks, as it leverages local market knowledge and relationships. Astute local lenders will thoroughly understand a market's real estate dynamics and economic sensitivity.

In assessing the risks of CRE, we break down exposures into two buckets:

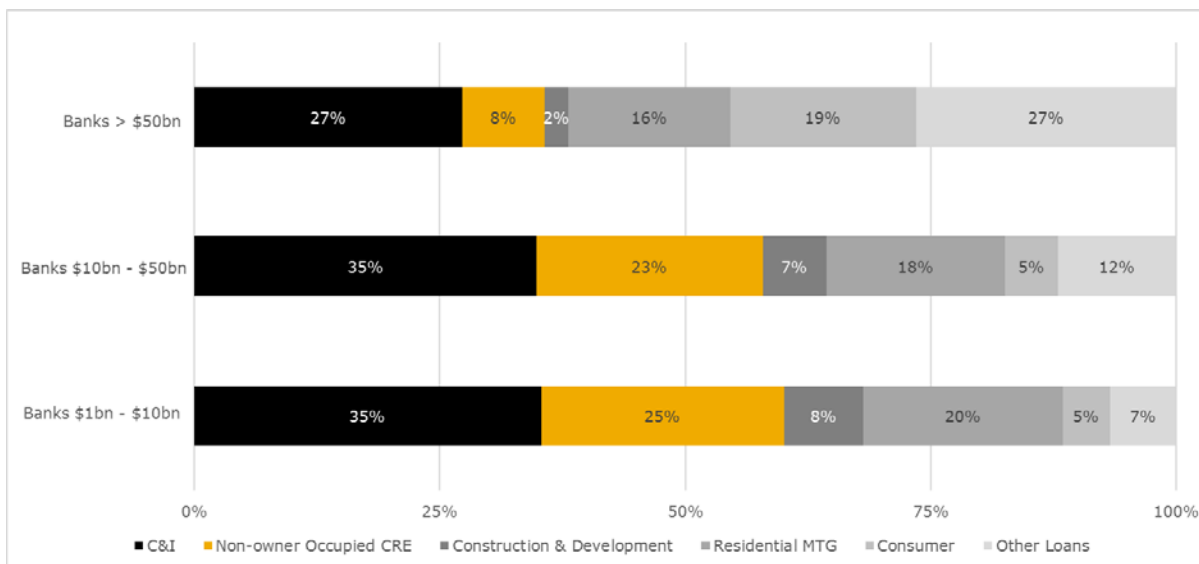
- Owner-occupied mortgages, which behave much more like comparatively low risk commercial and industrial (C&I) loans, and
- Investor CRE, which includes non-owner occupied commercial mortgages as well as construction loans (loans used for the acquisition, development, and construction (ADC) of commercial properties in regulatory parlance)

The latter is the riskier bucket, especially ADC lending, given that its cash flow expectations are prospective and subject to overruns and market uncertainty.

As shown in Figure 5, lending on investor CRE represents on average nearly one-third of community bank loan portfolios at December 31, 2016. This is one of the principal points of differentiation between smaller banks and larger banks, where investor CRE represents less than 11% of total loans.

Figure 5: Investor CRE: Important to Smaller Banks

Loan Portfolio Mix – Year End 2016



We watch trends in CRE carefully as a common theme running through community banks that run into trouble is aggressive growth in CRE, especially out of footprint. During the recent financial crisis, FDIC analysis³ shows that failed banks had concentrations of ADC loans to total assets that were roughly three times the average of concentrations of non-failed institutions. According to the FDIC, “even the most well-conceived and soundly underwritten CRE project can become troubled during the periodic overbuilding cycles that characterize these markets.” Often, banks fund rapid growth in ADC loans with brokered deposits, thereby compounding community bank risk.

At KBRA, we spend a lot of time discussing CRE lending strategy, underwriting, exposure, and risks with bank managements. In addition, we take comfort in regulators being vigilant on emerging risks in the asset class. Notably, in December 2015, the regulators updated their 2006 interagency guidance⁴ on CRE risks by releasing a statement entitled “Prudent Risk Management for Commercial Real Estate Lending.”⁵ Observing that “substantial growth in many CRE assets and lending markets, increased competitive

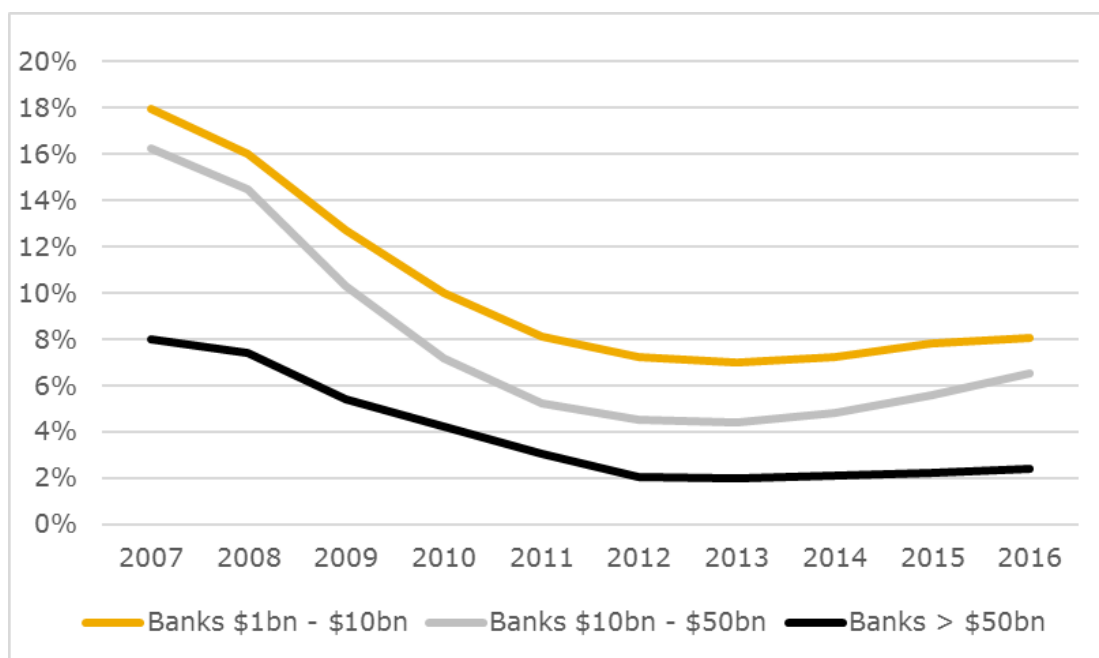
³ “Acquisition, Development, and Construction Loan Concentration Study,” *FDIC Office of Inspector General*, October 2012.

⁴ “Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices,” *Federal Reserve, FDIC, OCC*, December 12, 2006.

⁵ “Statement on Prudent Risk Management for Commercial Real Estate Lending,” *Federal Reserve, FDIC, OCC*, December 17, 2015.

pressures, rising CRE concentrations in banks, and an easing of CRE underwriting standards” regulators stepped up their scrutiny of CRE given there is “some concern that the credit cycle may be about to change.” The good news is that regulatory jawboning backed with increased examination scrutiny and, perhaps most importantly, capital penalties for excessive risk concentrations have had an impact. To that end, banks have kept construction lending to levels well below those seen pre-financial crisis (Figure 6).

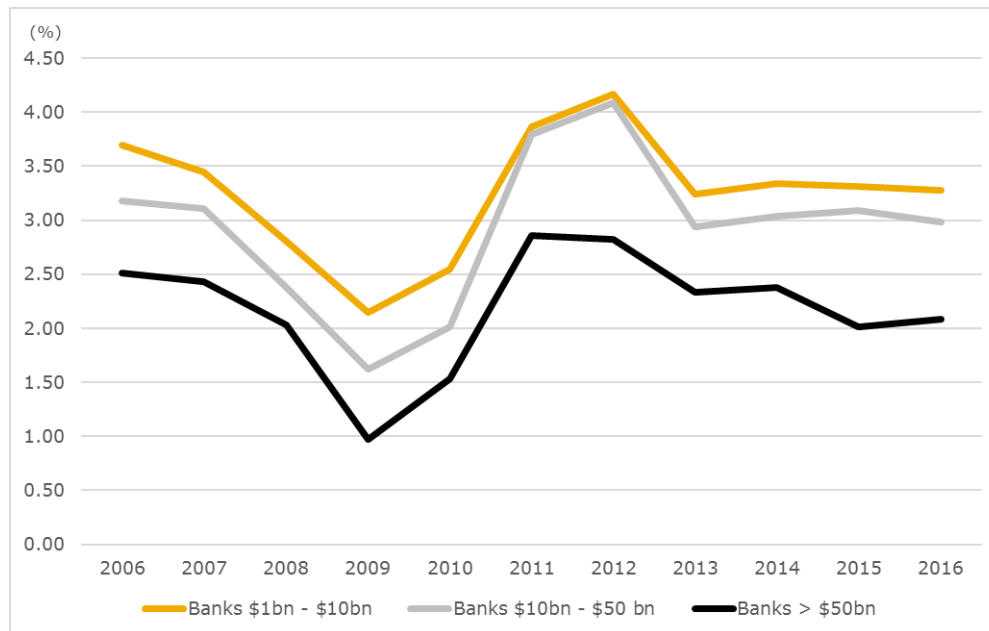
Figure 6: Under Tight Control
Construction Lending 2007-2016



Finally, we will examine closely just how competitive a smaller bank is in its natural footprint. The strongest community banks are the ones that do not have to reach for earnings growth via compromised loan underwriting standards in the easiest—and riskiest—place to do so, investor CRE.

But if we assume the bank is an effective credit underwriter, there is little evidence that the typical community bank portfolio composition is any more risky than the larger banks. To investigate, we looked at risk-adjusted net interest margins (NIM less net charge offs) for our three groups of banks over the past 10 years (Figure 7) and the community bank group produced materially higher risk-adjusted profitability than the large bank group.

Figure 7: A More Profitable Mix through the Cycle
Risk Adjusted Net Interest Margin



The advantages of being simple

We often hear “broadening the product set” as a key motivation driving bank acquisition activity. Conceptually it makes sense—drive more product into your customer base—and it is an important piece of planned merger synergies that justify premiums paid for the target. It is reasonable for managements to assume that an ever growing array of products and services will strengthen customer relationships, and, in turn, competitive advantage.

But is a broader product set really something that a community bank’s typical customer base demands? We have long been skeptical of the value of cross-sell in banking. Sure, delivering more products to your customers is a great way to improve efficiency and strengthen customer satisfaction; after all, you’re meeting more of their demands in a one stop shopping experience. But is that really what your customers want? Maybe all they want is a simple array of basic products done well. We believe that mindset is typical among community bank customers and synchs up well with what community banks offer. So maybe that broader product set, complete with layers of operational support and distracted and potentially overbearing and misguided sales tactics really isn’t all that additive to a bank’s enterprise value.

Much has been made of the fact that community banks are reliant on two businesses, gathering deposits and making loans. Their lack of non-lending businesses, according to conventional thinking, makes community bank revenue streams qualitatively deficient relative to those of larger banks. With a more diverse product set, revenue streams at the larger banks tend to have a greater contribution from fees, theoretically making them less sensitive to the economic cycle.

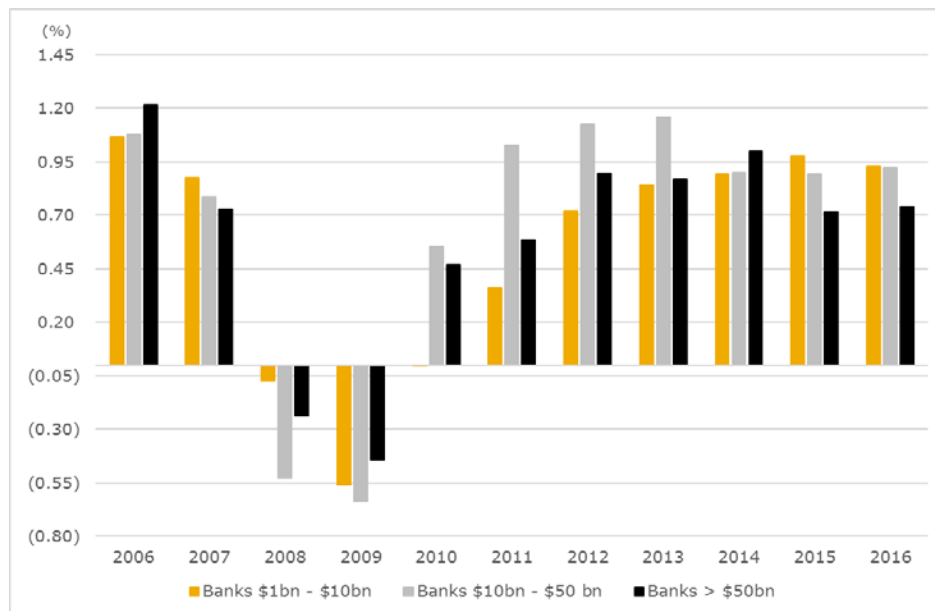
We would make the following observations:

- All things being equal, you would prefer to have a durable (and growing) revenue stream. However, simply having a higher percentage of revenue derived from fee-based sources does not necessarily make you a better credit. Several fee-based sources are highly volatile, namely trading, investment banking, mortgage banking, and loan syndications. They also can have relatively high fixed costs

while adding to complexity, drawing into question just how qualitatively superior they are relative to lending income.

- Through the most recent cycle, there is little evidence that larger banks, with a greater percentage of their revenue generated through fee-based sources, produced more stable returns than community banks (Figure 8).
- Taking all things into consideration—net interest income, noninterest income, operating expenses and loan losses—we do not view well-run community banks' mix of business as materially inferior in terms of creditworthiness compared to that of larger banks.

Figure 8: Community Banks Holding Their Own
Return on Average Assets



Regulatory evolution helps

There is nothing like a good crisis to spur evolution. In U.S. banking regulation, each black eye brings about subsequent improvements in regulatory surveillance. It may annoy bankers, but to credit investors, improvements in regulatory oversight is generally a plus.

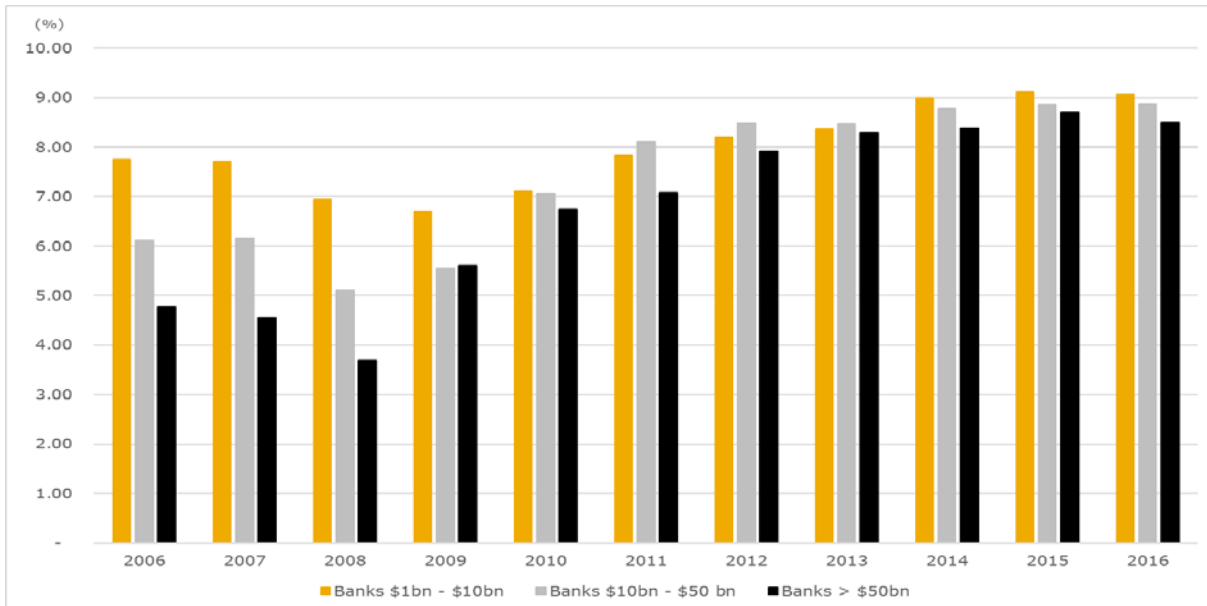
Over the years, we have gotten improved disclosure (facilitating all important market discipline) and oversight around commercial real estate, leveraged lending, and sovereign lending. In the most recent financial crisis, the most damaging practice undertaken by traditional commercial banks (large and small) involved residential real estate. Although community banks were not large originators of subprime mortgages, nor were they involved in the riskier capital markets aspects of the mortgage markets, many were guilty of moving away from traditional underwriting practices across the mortgage space and a small but meaningful subset became aggressive lenders in construction and land development.

This go around, regulators materially increased capital requirements, tightened loan documentation and disclosure minimums, and made it more difficult for banks to originate riskier loans, especially leveraged corporate loans and commercial property loans. As discussed earlier, greater regulatory scrutiny on, and disincentives related to, investor CRE exposure is especially relevant to the community bank sector.

Stronger capital rounds out the picture

Improved regulatory oversight is one secular change that is strengthening the community bank story. Another is increased capital. Along with the rest of the industry, capital adequacy of community banks has improved significantly post the financial crisis. Today, their capital ratios compare favorably to the larger banks on an absolute basis (Figure 9), and, look better still when factoring in the higher risk profiles of the largest banks.

Figure 9: Structurally Stronger
Tangible Common Equity Ratio



The KBRA Difference

At KBRA, we rated our first community bank in December 2012, and today we are rapidly approaching our 100th rated name in the sector. Our approach is quintessential KBRA—begin with no pre-conceived biases, do thorough research, rigorously test the conclusion, and closely monitor ongoing trends.

An essential element to our due diligence is to spend time with management. In this report, we've outlined the intuitive risks in the sector. *We look to management to explain how we should get comfortable with the management of those risks.* What is management's case competing against the giants in the industry? What are the local risks? Take us back to the financial crisis—how did the bank fare? What lessons were learned? Take us forward. What is the growth plan? To what degree is technology impacting operations and influencing strategy? What is the sensitivity to an economic softening? This is a story sector, and the management discussion and interaction is critical to our rating outcome.

Banking regulators have come to the same conclusion. According to the FDIC, "[community] bank management decisions...underscore the importance of a management approach that sticks to the basics, avoiding such practices as out-of-area lending and reliance on non-core funding, and emphasizing portfolio diversification and strong practices in loan underwriting and administration."⁶

⁶ FDIC Community Banking Study, FDIC, December 2012.

Recent FI Research:

- [KBRA First Quarter 2017 Compendium](#)
- [KBRA 2017 U.S. Banking Outlook Update](#)
- [KBRA FI Research: Bank Construction Lending on the Rise](#)
- [KBRA FI Research: Surging Bank Acquisitions Stable to Positive for Ratings](#)

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Brad R. Fletcher

Date: February 15, 2018

Re: Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Develop and Administer a Commercial Property Assessed Clean Energy Program

Request:

The Illinois Finance Authority (the “Authority”) is requesting approval of a Resolution delegating to the Executive Director the power to develop and administer a commercial Property Assessed Clean Energy (“PACE”) program in connection with recently enacted state legislation.

Background:

According to the U.S. Department of Energy, approximately \$400 million in projects has been financed through commercial PACE programs in at least 30 states as of early 2007. Enabling legislation for commercial PACE in Illinois was signed into law in August 2017.

As provided for under the Property Assessed Clean Energy Act (50 ILCS 50/), owners of privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) properties in Illinois can finance up to 100% of their energy efficiency and renewable energy projects through a local unit of government that has established a PACE area within its jurisdictional boundaries.

Local units of government fund these energy efficiency and renewable energy projects and are repaid through an assessment imposed by the county which constitutes a lien against the property on which the assessment is imposed until the assessment, including any interest or penalty, is paid in full. Program administrators originate and underwrite qualifying projects and facilitate access to capital on behalf of the local units of government.

Accordingly, development of a commercial Property Assessed Clean Energy Program by the Authority may provide the following benefits:

- Utilizes a statewide body politic and corporate for issuance of conduit revenue bonds, supplanting need for local units of government to issue costly and time-consuming Supplemental Act Assessment Bonds to fund qualifying projects; and
- Statewide PACE program removes administrative burden and liability otherwise borne on local units of government at no cost; and
- Uniform assessment and bond document provisions may be replicated for each PACE transaction, reducing fees; and
- Commercial PACE achieves economies of scale with respect to program costs, i.e. marketing, management, etc.

RESOLUTION NO. 2018-0215-AD__

RESOLUTION DELEGATING TO THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY THE POWER TO DEVELOP AND ADMINISTER A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM

WHEREAS, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act, as amended (20 ILCS 3501/801-1 *et seq.*) (the “Act”); and

WHEREAS, the Authority is authorized to make loans and enter into loan agreements to accomplish the purposes of the Act; and

WHEREAS, the Authority is authorized, pursuant to the Act in general and Article 825 thereof specifically, to issue revenue bonds to finance, among other things, Energy Efficiency and Renewable Energy projects (all as defined or provided in the Act); and

WHEREAS, on August 11, 2017, Governor Bruce Rauner signed House Bill 2831, creating the Property Assessed Clean Energy Act (50 ILCS 501/ *et seq.*) (the “PACE Act”); and

WHEREAS, pursuant to the PACE Act, a county, city, or village (each, a “Local Unit of Government”), may create a property assessed clean energy program to provide financing for energy projects on privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property (“Commercial Property”) located within the jurisdictional boundaries of a Local Unit of Government (the “PACE Area”); and

WHEREAS, a Local Unit of Government may enter into an assessment contract with the record owner of Commercial Property to provide for the repayment of the cost of an energy project through assessments upon the Commercial Property benefited; and

WHEREAS, Article 7, Section 10(a) of the 1970 Constitution of Illinois and the Intergovernmental Cooperation Act, as amended (5 ILCS 220/1 *et seq.*), authorize “public agencies” to contract with other “public agencies” to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform; and

WHEREAS, the Authority desires to make loans and/or issue revenue bonds to fund energy projects on Commercial Properties within PACE Areas on behalf of Local Units of Government; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AUTHORITY AS FOLLOWS:

Section 1. 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 such 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 development and administration of the Commercial Property Assessed Clean Energy Program.

Section 2. 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 3. Enactment. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Stanley Luboff

Date: February 15, 2018

Re: Resolution Approving Implementation of a New Participation Loan Program for the Illinois Finance Authority, and Delegating Authority to Establish Policies and Procedures for Such Program within Parameters

Request:

Revise and relaunch the Authority's Participation Loan Program based on current legislative authority, utilizing the successful guidelines and procedures applied under DCEO's Advantage Illinois Program. Additionally, approve available Authority Funds on 2/8/18 (amount to be determined) for use in a Participation Loan Program for Veteran-Owned businesses as a pilot effort.

Impact:

Approval of this Resolution will enable the Authority to quickly establish a Veterans' Loan Program, as was the object of legislation enacted in 2015, though now to be carried out with a product line expected to be more attractive to Lenders and more effective in assisting Veterans. Upon Board approval, draft Master Participation Loan Program Agreement documentation (attached), will be delivered to banks known to be active in DCEO's Advantage Illinois Participation Loan Program. It is anticipated that, because the documentation is similar to that which has been accepted by lenders active in the DCEO program, the banks will readily accept the IFA program. Though the initial goal is to establish a Veterans' Loan program, it is anticipated that the Authority will be able to expand the program to Agriculture, Small Business (under 500 employees), and DBE/MBE/WBE-owned businesses.

Once a track record of projects is established (expected within 6 to 12 months), we anticipate developing a state legislative strategy to allow the conversion of Guarantee Program funds, (currently estimated to be ~\$26MM, vs est. \$7MM in potential exposure), to Participation Loan Program funds, thus providing the Authority with more appropriate use of its financial resources.

Background:

Rationale for Creation of Participation Loan Program: An in-depth review and analysis of the Authority's IFA Agricultural and Veterans Guarantee Programs was conducted. It was concluded that IFA's programs were uncompetitive against longer-established and better-funded SBA Programs and USDA Programs. These well-staffed opposing programs are also more widely marketed and are supported by robust centralized administrative and servicing infrastructures. Furthermore current IFA guarantee statutes require that Lenders seeking IFA Guarantees must provide below-market interest rates, unlike competing, Federally-supported guarantee programs. Lastly, the pricing structure outlined in the current statutes does not adequately compensate IFA, often generating a fiscal loss to the Authority.

Current legislation pertaining to the IFA Guarantee Programs requires complete collateral coverage up to the amount of the Authority's Guarantee amount and limits the end user's use of IFA-supported financing to the funding of more "lendable" types of collateral, such as real estate assets and capital equipment. These limitations fail to address the real, primary requirements of the types of activities and businesses to which Veterans' are mainly drawn (such as service/skills-oriented businesses, franchises, restaurants/snack shops, etc., all of which are typically established in leased premises. Adding to this collateral shortfall is the

fact that Veterans, while typically persistent in pursuit of their goals, of good character, and armed with a variety of useful skills, normally possess little in the way of personal start-up equity.

Though it is possible to improve the Guarantee Programs over time, it is felt that securing legislative action to enable IFA to implement the modifications necessary would be too time-consuming to meet the need for near term action. Thus a review of the current market programs to assist Veterans' business activities was conducted.

Despite all the pronouncements concerning the provision of support for Veteran-owned start-up businesses, most Lender-based programs are primarily passive in nature, and do not produce the level of loan activity that one would expect, based on the level of publicity emanating from the industry. There appears to be little in the way of a genuine proactive pursuit of lending activity to Veteran start-up businesses, with most banks simply awaiting referrals from the Small Business Administration and/or loan brokers. Once these handoffs are made, the banks tend to proceed only if support from the SBA's Veterans Advantage Program is available. (This program is basically SBA's Express (Guarantee) Program, but with the SBA's standard 3% upfront fee waived for Veterans business loans, Veteran's Advantage comprises only about 8% of all SBA Express activity, which in and of itself, is only a small fraction of total SBA activity.)

IFA Staff also investigated the possibility of issuing IFA Direct Loans to Veteran start-up businesses, if supported by SBA's Veterans' Advantage Guarantee Program, but that appears to be a non-starter at this time, since the SBA regards IFA as an governmental arm of the State of Illinois, and thus, the only path for IFA to qualify for SBA support would be once IFA formed a non-profit, federally-certified Community Development Financial Institution and met other tests/hurdles.

IFA Staff has concluded that the best, near-term course of action in establishing a Veterans Small Business financing vehicle would be to revise and reinvigorate IFA's Participation Loan Program, but only after tailoring it after DCEO's highly-successful Advantage Illinois Program. First, this proposal can be implemented quickly, in that Board approval, and not legislative action, is required to initiate the program. Furthermore, lenders prefer to operate under participation loan scenarios over guarantee procedures, despite the fact that the support, in percentage terms, is lower, since participation loan programs, such as the one being proposed, are viewed as less ambiguous and administratively burdensome than most guarantee programs. It should also be noted that there are approximately 120 lenders across the State that are already comfortable with the DCEO product and its attendant application, approval and documentation processes, and so we expect that IFA will be able to promptly enter the market with a familiar, successful product.

Lastly, by employing pricing flexibility available to IFA, the Authority will be able to be both adequately compensated for the level of risk, while providing a product that will also catalyze lender support of Veteran loan activity and provide attractive below-market rate loans for Veterans. Furthermore, IFA Staff will also focus on generating better access to potential Veterans entrepreneurs via steady interaction with Veterans organizations as well coordinated marketing in conjunction with the Illinois Association of County Veterans Assistance Commissions and the Veterans Administration. (Some of these links have already been initiated/established by IFA.)

RESOLUTION NO. 2018-0215-AD__

**APPROVING IMPLEMENTATION OF A NEW PARTICIPATION LOAN
PROGRAM FOR THE ILLINOIS FINANCE AUTHORITY, AND
DELEGATING AUTHORITY TO ESTABLISH POLICIES AND
PROCEDURES FOR SUCH PROGRAM WITHIN PARAMETERS**

WHEREAS, Section 801-30 of the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501/801-1 et seq. (the “Act”), grants the Illinois Finance Authority (the “Authority”) all the “powers as a body corporate necessary and convenient to accomplish the purposes of the Act”; and

WHEREAS, Section 801-30(a) of the Act specifically authorizes the Authority “to enter into loans, contracts, agreements and mortgages in any manner connected with any of its corporate purposes”; and

WHEREAS, Section 801-30(e) of the Act specifically authorizes the Authority to “adopt all needful ordinances, resolutions, bylaws, rules and regulations for the conduct of its business and affairs and for the management and use of the projects developed, constructed, acquired and improved in furtherance of its purposes”; and

WHEREAS, Section 801-30(f) of the Act specifically empowers the Authority to “have and exercise all powers . . . otherwise necessary to effectuate the purposes of” the Act; and

WHEREAS, Section 801-40(i) of the Act grants the Authority the power “to make loans to persons to finance a project, to enter into loan agreements with respect thereto, and to accept guarantees from persons on its loans or the resultant evidences of obligations of the Authority”; and

WHEREAS, pursuant to its statutory powers, the Members of the Authority heretofore authorized a prior Participation Loan Program (the “Original Program”) and, in connection with the Original Program, established the policies and procedures of the Authority which were used in connection with the Original Program, for which loans are no longer being initiated but with respect to which some loans are outstanding; and

WHEREAS, the Authority wishes to implement a new Participation Loan Program (the “New Program”), the focus of which shall be, among other things, to support Illinois Veterans and Illinois Veterans-Owned Business; and

WHEREAS, the Authority intends that the New Program be separate and apart from any Direct Loan Program that may from time to time be initiated and continued pursuant to Section 801-40(r) of the Act, and therefore the New Program shall not be subject to the specific parameters of any such Direct Loan Program conducted under Section 801-40(r) of the Act; and

WHEREAS, the Authority intends to fund its purchase of loan participations in the New Program primarily with funds on deposit from time to time in the Authority’s General Operating Fund; and

WHEREAS, the Executive Director has lead a comprehensive review of the current policies and procedures applicable to the Authority’s Original Program, including an analysis of modifications that would be appropriate to incorporate into the New Program to make the New Program more competitive in view of current market lending conditions, to address the needs of financial institutions and current and potential borrowers and the economic realities confronting projects appropriate for funding by the New Program, and he has reported the findings and recommendation developed as a result of this review to the Members; and

WHEREAS, based on this review, the Members of the Authority have determined that it is in the best interests of the Authority to implement the New Program to approve a form of Participation Loan Agreement (the “Participation Loan Agreement”) to be entered into by the Authority with financial institutions participating in the New Program and to grant authority to the Executive Director and other appropriate officers to adopt new policies and procedures related to and governing the New Program, thereby facilitating the Authority’s purpose of fostering economic development and job creation and retention throughout the State of Illinois and to support Illinois Veterans and Veteran-Owned Businesses; and

WHEREAS, the Members of the Authority have the power to adopt this Resolution pursuant to Sections 801-25, 801-30 and 801-40 of the Act; and

NOW, THEREFORE, BE IT RESOLVED BY 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 it fully set forth herein, including without limitation, the delegation to the Executive Director and other appropriate officers of authority to adopt new policies and procedures related to and governing the New Program and approval of funds on deposit from time to time in the Authority’s General Operating Fund to fund the New Program.

Section 2. Approval of Participation Loan Agreement. The Members do hereby approve and adopt the form of Participation Loan Agreement attached hereto as Exhibit A, with such changes or modifications as shall be approved from time to time by the Executive Director, as evidenced by the execution of each specific Participation Loan Agreement by the Executive Director.

Section 3. Enactment. This Resolution shall take immediate effect. 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 the 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 doings 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.

IFA Ownership and Project Finance Program

Presented by:

**Pamela Lenane, Executive Vice President, Healthcare
Illinois Finance Authority**





Executive Summary:

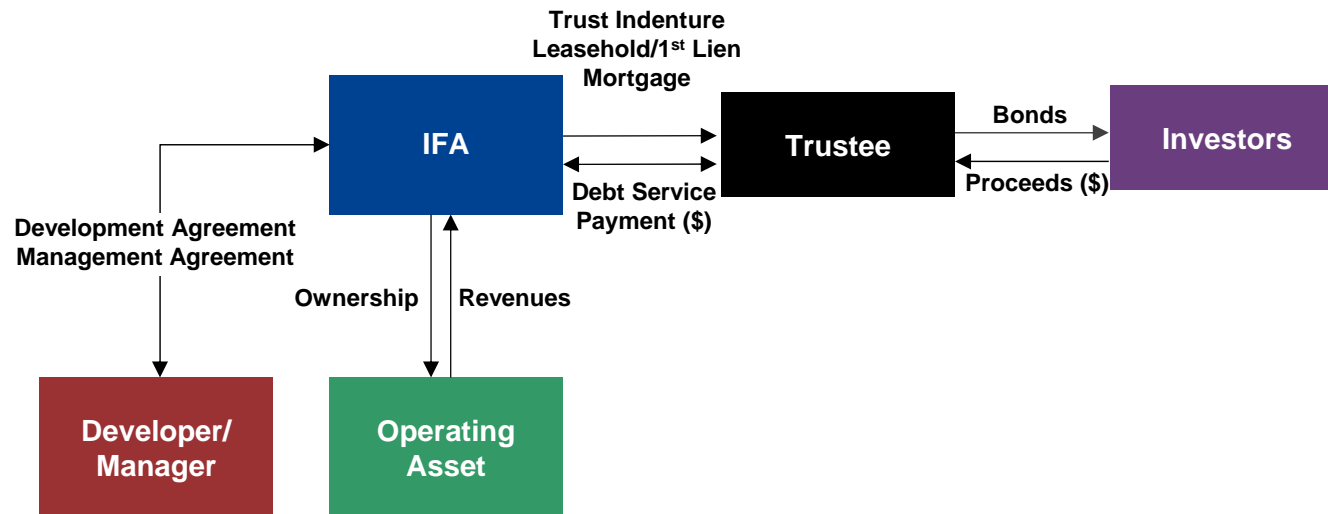
- **Loop Capital Markets brought this program to IFA and will coordinate any projects constructed through this program**
- **Traditionally, 501(c)3 organizations issue their tax-exempt bonds through a conduit to fund projects or refinance debt**
- **The IFA has the legislative authority to issue governmental bonds to acquire or own certain assets that provide a public benefit (“Ownership and Project Finance Program”)**
- **The Ownership and Project Finance Program serves to ease the debt capacity concerns of certain entities by allowing them to build or renovate facilities without adding debt to their balance sheet**
 - **Preserves limited debt capacity**
- **Entities seeking to execute projects through the IFA’s Ownership and Project Finance Program can avoid using an underlying 501(c)3 as the borrower while still being able to access the tax-exempt market**
- **IFA will charge an upfront and ongoing annual fee**
- **Loop Capital Markets will review credit quality of projects**



Structure Overview:

- **IFA will own asset. Revenues net of expenses will be deposited to the Indenture and the Trustee will pay debt service**
- **IFA will enter into a management/development agreement with a manager/developer**
- **Agreements between IFA and Trustee**
 - Trust indenture
 - Leasehold mortgage is a first lien
- **Loop Capital Markets will act as an underwriter, placement agent and/or coordinate the source of the financing. The construction of the Project will be financed with bond proceeds.**
- **The IFA and Loop Capital Markets will receive a feasibility study supporting the viability of the Project**

Flow Chart:





Contact Information

Illinois Finance Authority

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Chicago, IL 60601
P: 312.651.1340
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<http://www.il-fa.com>

Contact:

Pamela Lenane
Executive Vice President, Healthcare
Direct: 312.651.1340
plenane@il-fa.com

Loop Capital Markets
Prakash Ramani
Senior Vice President
Phone: 312.356.5005
prakash.ramani@loopcapital.com



IFA RESOLUTION NUMBER 2018-0215-AD07

RESOLUTION APPROVING THE DEVELOPMENT OF THE ILLINOIS FINANCE AUTHORITY OWNERSHIP AND PROJECT FINANCE PROGRAM; AND AUTHORIZING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY TO TAKE STEPS RELATED TO THE IMPLEMENTATION OF THE PROGRAM

WHEREAS, the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the “*Authority*”), has been created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the “*Act*”);

WHEREAS, pursuant to the Act, the Authority has the power to enter into loans, contracts, agreements and mortgages in any manner connected with any of its corporate purposes;

WHEREAS, the Act provides that the Authority has the power to acquire by purchase, lease, gift or otherwise any property or rights therein from any person useful for its purposes, whether improved for the purposes of any prospective project (as defined in the Act), or unimproved;

WHEREAS, the Authority also has the power under the Act to develop, construct and improve either under its own direction, or through collaboration with any approved applicant, or to acquire through purchase or otherwise, any project, using for such purpose the proceeds derived from the sale of its bonds, and to hold title to such project in the name of the Authority;

WHEREAS, the Act provides that the Authority may issue bonds for its corporate purposes and such bonds may be secured by the receipts, revenues, income and other available funds of the Authority and the bonds may be issued as limited obligations with a claim for payment solely from such revenues, funds and obligations as provided in the resolution authorizing such bonds;

WHEREAS, the Authority desires to develop a program to assist with the construction, financing and operation of projects in the State of Illinois and, as permitted by the Act, in other states;

WHEREAS, pursuant to its powers, the Authority proposes to develop its Ownership and Project Finance Program (the “*OPF Program*”) to provide such assistance;

WHEREAS, it is expected that pursuant to the OPF Program (i) the Authority will issue its revenue bonds from time to time and use the proceeds thereof to acquire ownership of and develop a project, (ii) the Authority will enter into a management agreement and, if necessary, development agreement with a third party pursuant to which the Authority will pay the third party to develop, manage and operate the project, as applicable, and (iii) the Authority will use the revenues and income of the project to, among other things permitted under the Act, pay debt service on the bonds; and

WHEREAS, upon request of interested parties in the OPF Program, Loop Capital Markets LLC will coordinate the acquisition of projects, locate and assess the creditworthiness of third

party managers and owners and will act as placement agent, underwriter or otherwise finance the projects pursuant to the OPF Program; and

WHEREAS, the Authority may engage a municipal advisor for each series of bonds issued through the OPF Program or for all of the bonds issued through OPF Program, if deemed necessary or desirable by the Authority; and

WHEREAS, the Authority will adopt separate approving resolutions for each series of bonds issued through the OPF Program that will identify the project being acquired and the managers and developers of the project;

WHEREAS, the Authority desires to authorize the Executive Director and staff of the Authority to take such actions as they determine to be necessary or desirable to develop the OPF Program;

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

Section 1. Development of OPF Program. The development of the OPF Program is hereby authorized and approved.

Section 2. Authority of Executive Director and employees of the Authority. The Executive Director of the Authority and any employees of the Authority designated by the Executive Director are hereby authorized to take such steps, including without limitation engagement of legal counsel, as they determine necessary or desirable to develop the OPF Program.

IFA Medium Term Healthcare Finance Program

Presented by:

**Pamela Lenane, Executive Vice President, Healthcare
Illinois Finance Authority**





Highlighted Benefits:

- **Historic Low Interest Rates**
- **Simplified documentation and process**
- **Financing for Equipment, Technology, EMR/EHR, construction projects, monetizing owned assets, build out/tenant improvement/soft costs**
- **No post funding interest rate risk**
- **Forward Rate Lock options**



Rates:

Medium Term Capital - Example Fixed Tax Exempt Rates	
Tax Exempt rate range*	
5 year	2.73% to 3.43%
7 year	2.89% to 3.62%
10 year	2.99% to 3.69%

**For discussion only - rates are indicative, are Indexed to average life US Swap Rates and are not meant to be construed as a commitment to lend.*

Unique timing:

- Still favorable interest rates and market returns





Marketing Plan:

	January			February			April			May			June		
Key internal meetings		Target list and program discussions		Feb 8 IFA Board											
Internet				Update website					Check website stats						
Marketing Material			Create one page exec sum	Modify material											
Email				Mail summary material and make phone calls to target list.					Meetings throughout quarter as well as follow-up calls and emails.					Follow-up email to key Hospitals	
Associations			Central IL HFMA		Discuss and lock in mtg dates									IHA Rural Hosp Conf June TBD	

Additional meetings/notes:

Additional meetings: Oct 23-24,
First IL HFMA Conference
(possible speaking role)

IHA Leadership Summit: Sept TBD

- Targeted, organized list for marketing campaign
- Capture notes and action items
- Networking at Associations (IHA and HFMA)



Contact Information

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Contact:

Pamela Lenane

Executive Vice President, Healthcare

Direct: 312.651.1340

plenane@il-fa.com



RESOLUTION 2018-0215-AD08

RESOLUTION APPROVING THE RESTRUCTURING OF THE ILLINOIS FINANCE AUTHORITY MEDCAP PROGRAM TO THE MEDIUM TERM HEALTHCARE FINANCE PROGRAM; AUTHORIZING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY TO TAKE STEPS RELATED TO THE IMPLEMENTATION OF THE PROGRAM.

WHEREAS, the Illinois Finance Authority (the “*Authority*”) has been created by the Illinois Finance Authority Act, as amended (the “*Act*”);

WHEREAS, the Act provides that “it is the intent of the General Assembly of the State of Illinois to provide a measure of assistance and alternative methods of financing to participating health institutions to aid them in providing needed health facilities that will assure admission and care of high quality to all who need it”; and

WHEREAS, pursuant to the Act, the Authority is granted the power to issue bonds, notes, certificates and any other evidence of indebtedness for its corporate purposes; and

WHEREAS, certain health facilities would benefit from additional access to capital; and

WHEREAS, health facilities have significant capital expenditures, including, without limitation, expenditures related to the renovation and remodeling of their healthcare facilities and additions to, and maintenance of, their information technology systems; and

WHEREAS, the Authority desires to assist such health facilities in gaining easier access to capital, including capital related to the renovation and remodeling of their healthcare facilities and additions to, and maintenance of, their information technology systems; and

WHEREAS, the Authority has established its “Medium Term Healthcare Finance Program” to provide such assistance; and

WHEREAS, it is expected that pursuant to the Medium Term Healthcare Finance Program the Authority will issue its revenue notes to private purchasers (each, a “*Note Purchaser*”) and loan the proceeds of the sale of such notes to health facilities (each, a “*Borrower*”); and

WHEREAS, it is expected that the revenue notes will be issued and the loans will be made pursuant to the terms of master financing agreements and attached schedules (each, collectively, an “*Agreement*”), each such Agreement to be among the Authority, a Note Purchaser and a Borrower; and

WHEREAS, the Authority desires to authorize the Executive Director and staff of the Authority to take such actions as they determine to be necessary or desirable to further develop the Medium Term Healthcare Finance Program and to create a model Agreement;

NOW THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY as follows:

1. The development of the Medium Term Healthcare Finance Program is hereby authorized and approved.
2. The Executive Director of the Authority and any employees of the Authority designated by the Executive Director are hereby authorized to take such steps, including without limitation, the development of the Medium Term Healthcare Finance Program, including authorization to have a model Agreement prepared for use with the Medium Term Healthcare Finance Program.
3. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.
4. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.
5. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 15th day of February, 2018.

Ayes:

Nays:

Abstain:

Absent:

ILLINOIS FINANCE AUTHORITY

By _____
Executive Director

ATTEST:

Assistant Secretary
[SEAL]

RESOLUTION No. 2018-0215-_____

RESOLUTION APPROVING AND CONFIRMING VARIOUS PROCUREMENT MATTERS, INCLUDING (I) A CONTRACT WITH BAKER & HOSTETLTER LLP (LEGAL SERVICES), (II) A CONTRACT WITH THE CRYPISIS GROUP (NETWORK SERVICES), (III) A PERSONAL SERVICES CONTRACT WITH KATHLEEN LYDON (CONSULTING SERVICES), (IV) A PERSONAL SERVICES CONTRACT WITH JANELLA KACZANKO (CONSULTING SERVICES), (V) AN AMENDMENT TO A CONTRACT WITH CATALYST CONSULTING GROUP, INC. (INFORMATION TECHNOLOGY CONSULTING AND SUPPORT), AND (VI) AN ASSIGNMENT OF A CONTRACT (LEGAL SERVICES) FROM POLSINELLI P.C. TO BARNES & THORNBURG LLP

WHEREAS, the Illinois Finance Authority (the “Authority”) has been created and exists under the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Act”); and

WHEREAS, on January 10, 2018, in accordance with the provisions of the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) (the “Procurement Code”), the Authority entered into a contract with Baker & Hostetler LLP (the “Baker Contract”) for the provision of legal services relating to data security for a two-year period ending on January 9, 2020; and

WHEREAS, on January 10, 2018, in accordance with the provisions of the Code, the Authority entered into a contract with The Crypsis Group (as amended, the “Crypsis Contract”) for the provision of network services for a one-year period ending on January 9, 2019; and

WHEREAS, on November 3, 2017, in accordance with the provisions of the Code, the Authority entered into a personal services contract with Kathleen Lydon (the “Lydon PSC”) for the provision of certain consulting services relating to legislative tracking and analysis; and

WHEREAS, on January 22, 2018, in accordance with the provisions of the Code, the Authority entered into a PSC with Janella Kaczanko (the “Kaczanko PSC”) for the provision of certain consulting services relating to human resources and benefits; and

WHEREAS, on April 1, 2017, in accordance with the provisions of the Procurement Code, the Authority entered into a contract with Catalyst Consulting Group, Inc. (“Catalyst”) for the provision of IT network consulting services for the Authority’s voice and data network for a one year period ending on March 31, 2018 for the amount of \$108,000 (the “Original Catalyst Contract”); and

WHEREAS, on December 14, 2017, the Members of the Authority adopted a resolution (the “December Resolution”) approving an amendment to the Catalyst Contract which increased the amount thereunder by \$180,000 for a revised cost of \$288,000 in order to provide for additional support services to configure, install, and provide other services in connection with security and hardware upgrades to ensure that

the Authority's technology continues to meet the demands of the Authority's operations (the Original Catalyst Contract as so amended, the "Catalyst Contract"); and

WHEREAS, the Executive Director has determined that the need for such additional support services is greater than was known at the time of the previous meeting of the Members of the Authority on December 14, 2017; and

WHEREAS, pursuant to Section 4 of the December Resolution, the Executive Director is authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Catalyst Contract; and

WHEREAS, in accordance with the provisions of the Procurement Code and Resolution No. 2017-0209-AD05, Resolution Authorizing the Executive Director to Enter into Contracts with Various Legal Firms, the Authority entered into a contract with Polsinelli P.C. ("Polsinelli") for the provision of legal services for a four-year period for an estimated maximum amount of \$114,285.71 (the "Polsinelli Contract"); and

WHEREAS, due to a lawyer changing firms, Polsinelli and Barnes & Thornburg LLP ("BT") have requested that the Members of the Authority consent to the assignment of the Polsinelli Contract to BT (as assigned, the "Assigned Contract"), and the Executive Director has determined that such assignment is desirable; and

WHEREAS, the above contracts are or may be for amounts of \$50,000 or more; 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 of Baker Contract. The execution and delivery of the Baker Contract by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to extend the Baker Contract beyond the period herein described, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of the services covered by the Baker Contract.

Section 3. Approval of Crypsis Contract. The execution and delivery of the Crypsis Contract by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to further amend or to extend the Ascent Contract beyond the current period, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Crypsis Contract.

Section 4. Approval of Lydon PSC. The execution and delivery of the Lydon PSC by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to further amend or to extend the Lydon PSC beyond the current period, the Executive Director is hereby authorized to take such actions and enter

into such agreements as are necessary or desirable to ensure the continuation of services covered by the Lydon PSC.

Section 5. Approval of Kaczanko PSC. The execution and delivery of the Kaczanko PSC by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to further amend or to extend the Kaczanko PSC beyond the current period, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Kaczanko PSC.

Section 6. Approval to Amend Catalyst Contract. The execution and delivery by the Executive Director or his designee of any amendment to the Catalyst Contract that is reasonable and necessary to ensure the continuation of services covered by the Catalyst Contract are hereby authorized and approved.

Section 7. Consent to Assignment of Polsinelli Contract. The assignment of the Polsinelli Contract from Polsinelli to BT is hereby consented to, authorized and approved. If additional actions are necessary or desirable to further amend or to extend the Assigned Contract beyond the current period, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Assigned Contract.

Section 8. 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 doings 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 9. 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 10. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 11. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 15th day of February, 2018 by roll call vote as follows:

Yeas:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

Executive Director

[SEAL]

Assistant Secretary



To: Members of the Authority

From: Chris Meister, Authority Executive Director

Date: February 15, 2018

Re: **IX. Presentation and Consideration of the Project Reports and Resolutions
Tab/Resolution No. 10.
*Appointment of Secretary and Assistant Secretary of the
Illinois Finance Authority and Matters Related Thereto***

I recommend the appointment of the following Officers of the Authority pursuant to the Authority Act and the Authority By-Laws:

Elizabeth Weber, Secretary

Ryan Oechsler, Assistant Secretary

The following Officers of the Authority will remain in their positions:

Brad Fletcher, Assistant Secretary

Mari Money, Assistant Secretary

RESOLUTION NUMBER 2018-0215-__

**APPOINTMENT OF SECRETARY AND ASSISTANT
SECRETARY OF THE ILLINOIS FINANCE AUTHORITY AND
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.*), as amended (the “Act”); and

WHEREAS, pursuant to Section 845-40 of the Act and Article III, Section 3 and Section 4 of Resolution No. 2007-07-21, Resolution Adopting the Amended and Restated By-Laws of the Illinois Finance Authority (“By-Laws”), the Authority is authorized to appoint a Secretary and one or more Assistant Secretaries; and

WHEREAS, Mr. Brad Fletcher and Ms. Mari Money currently serve as Assistant Secretaries of the Authority; and

WHEREAS, in order to fulfill duties under the Act and the By-Laws, the Members of the Authority deem it proper to appoint Elizabeth Weber as Secretary to the Authority and to appoint Mr. Ryan Oechsler, Associate General Counsel to the Authority, as an additional Assistant Secretary to the Authority and to assign to each of the Assistant Secretaries duties as authorized by the Act, administrative rules, certain resolutions, certain agreements and the By-Laws of the Authority; and

NOW, THEREFORE, BE IT RESOLVED by 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. Appointment of Secretary. Elizabeth Weber is appointed to the Office of Secretary of the Authority and shall serve in that office during the pleasure of the Members of the Authority. Before entering upon the duties of Secretary of the Authority, Elizabeth Weber shall take and subscribe to the constitutional oath of office. As Secretary, Elizabeth Weber shall have the same powers prescribed for the Office as authorized by the Act, other statute, the By-Laws, any resolution of the Authority, and any other rule, regulation, policy or practice of the Authority. The Secretary shall exercise these powers as directed by the Members of the Authority and the Executive Director.

Section 3. Appointment of an additional Assistant Secretary. In order to facilitate the effective execution of duties by the Secretary and the current Assistant Secretaries, the Members of the Authority deem it appropriate to appoint an additional Assistant Secretary. Mr. Ryan Oechsler is appointed to the Office of Assistant Secretary and shall serve in that office during the pleasure of the Members of the Authority. Before entering upon the duties of Assistant Secretary of the Authority, Mr. Oechsler shall take and subscribe to the constitutional oath of office. Each Assistant Secretary shall have the same powers prescribed for the Office of Secretary of the Authority as authorized by statute, the Authority’s By-Laws, any resolution of the Authority, and any other rule, regulation, policy or practice of the Authority. Each Assistant Secretary shall exercise

these powers as directed by the Members of the Authority, the Executive Director and the Secretary. The newly appointed Assistant Secretary shall have co-equal duties with the current two Assistant Secretaries, Mr. Brad Fletcher and Ms. Mari Money, whose appointments are hereby confirmed.

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 doings 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 15th day of February, 2018, by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancy:

ILLINOIS FINANCE AUTHORITY

Executive Director

[SEAL]

Assistant Secretary



To: Members of the Authority

From: Chris Meister, Authority Executive Director

Date: February 15, 2018

Re: **IX. Presentation and Consideration of the Project Reports and Resolutions
Tab/Resolution No. 11.
*Appointment of Treasurer of the Illinois Finance Authority***

I recommend the appointment of the following Officer of the Authority pursuant to the Authority Act and the Authority By-Laws:

Brad Fletcher, Treasurer

RESOLUTION NUMBER 2018-0215-__

**APPOINTMENT OF TREASURER OF THE ILLINOIS FINANCE
AUTHORITY**

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.*), as amended (the “Act”); and

WHEREAS, pursuant to Section 845-40 of the Act and Article III, Section 3 and Section 4 of Resolution No. 2007-07-21, Resolution Adopting the Amended and Restated By-Laws of the Illinois Finance Authority (“By-Laws”), the Authority is authorized to appoint a Treasurer; and

WHEREAS, in order to fulfill duties under the Act and the By-Laws, the Members of the Authority deem it proper to appoint Brad Fletcher as Treasurer to the Authority, and to assign to him duties as authorized by the Act, administrative rules, certain resolutions, certain agreements and the By-Laws of the Authority; and

NOW, THEREFORE, BE IT RESOLVED by 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. Appointment of Treasurer. Brad Fletcher is appointed to the Office of Treasurer of the Authority and shall serve in that office during the pleasure of the Members of the Authority. Before entering upon the duties of Treasurer of the Authority, Brad Fletcher shall take and subscribe to the constitutional oath of office and shall execute a bond with corporate sureties. As Treasurer, Brad Fletcher shall have the same powers prescribed for the Office as authorized by the Act, other statutes, the By-Laws, any resolution of the Authority, and any other rule, regulation, policy or practice of the Authority. The Treasurer shall exercise these powers as directed by the Members of the Authority and the Executive Director.

Section 3. Surety Bond. The surety bond of the Treasurer shall be payable to the Authority in the penal sum of not less than \$100,000 conditioned upon the faithful performance of the duties of Treasurer and the payment of all moneys received by the Treasurer according to law and the order of the Authority. Such bond shall satisfy all of the requirements of Section 845-40 of the Act. Authority is hereby delegated to the Executive Director to approve the Treasurer’s bond and to establish the penal sum of such bond (being not less than \$100,000).

Section 4. Duties of the Treasurer. The Treasurer shall fulfill any and all duties of his office under the Act, administrative rules, certain resolutions, certain agreements and the By-Laws of the Authority, including without limitation the maintaining of certain funds and the signing of certain checks or drafts, as appropriate and as provided by the Act. The Treasurer shall coordinate with the current vendor, ClearArc Capital, Inc., and with any future vendors providing investment management services to manage the investments of the Authority in accordance with the policies and procedures of the Authority and applicable laws and regulations and shall report to the

Members of the Authority at least annually regarding such investments. Authority is hereby delegated to the Executive Director to establish the form of such report.

Section 5. 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 doings 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 6. 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 7. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 8. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 15th day of February, 2018, by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancy:

ILLINOIS FINANCE AUTHORITY

Executive Director

[SEAL]

Assistant Secretary