

**MINUTES OF THE MARCH 1, 2010 MEETING OF THE HEALTHCARE COMMITTEE  
OF THE ILLINOIS FINANCE AUTHORITY**

The Audit Committee (the “Committee”) of the Illinois Finance Authority (the “IFA”), pursuant to notice duly given, held an Audit Committee Meeting at 7:30 p.m. on Tuesday, April 13, 2010 at the Illinois Finance Authority, 180 N. Stetson, Suite 2555, Chicago, Illinois:

**Board Members**

**Present:**

William A. Brandt, Chair  
Joseph McInerney  
Terrence M. O’Brien

**Board Members**

**Absent:**

Ronald E. DeNard

**Staff Participants**

**Present:**

Christopher B. Meister, Executive Director  
Yvonne Towers, Chief Financial &  
Technology Officer  
Pamela Lenane, Vice President and  
Acting General Counsel  
Ximena Granda, Asst. Chief Financial  
Officer  
Kara Boulahanis, Project Coordinator &  
Asst. Secretary to the Board

**Guests Present:**

None

**Call to Order and Roll Call**

The meeting was called to order by Chairman Brandt at 7:37 a.m. with the above Board Members, IFA staff, and other participants present.

**Approval of Minutes**

The minutes from the Healthcare Committee meeting held on November, INSERT DATE, 2009 were reviewed. Mr. O’Brien motioned for approval of the minutes and Mr. McInerney seconded the motion; the minutes were unanimously approved by the Committee.

**FY 2009 Audit**

Chairman Brandt asked to move to the Fiscal Year 2009 Audit. He stated that he had reviewed the published reports of both the financial audit and the compliance examination. He stated that he was pleased at how many findings had been reduced or eliminated from the previous year. He asked Ms. Towers to give her presentation on the Audit for the benefit of the Committee.

Ms. Towers noted that IFA had received one material finding on the financial audit and four (4) immaterial findings on the compliance examination. The material finding was related to the lack of an independent valuation of the venture capital investments since 2006. The four immaterial findings pertained to (i) the filing of CO8 forms with the State Comptroller’s office, (ii) an error on an agency report filed with the State Comptroller, (iii) a lack of a disaster recovery test and (iv) the lack of encryption software on IFA’s laptops.

Ms. Towers shared with the Board that she expects the CO8 forms will be a repeat finding this year, due to the fact that the Authority relies on third party trustees for the necessary information. She thanked Joy Kuhn, Assistant Treasurer, for her assistance in reducing this finding from material to immaterial. Ms. Towers added that the IFA was taking steps to address all of the remaining findings before the next audit cycle begins.

Director Meister noted for the Committee that beginning July 1, 2010, the start of fiscal year 2011, Senate Bill 51, which was signed by the Governor on November 3, 2010, will become effective. SB 51 completely restructures the procurement process IFA must adhere to. Beginning July 1, 2010, all procurement will be handled by the Procurement Policy Board and all State Procurement Officers will be reporting to this board. Director Meister stated that the exact impact on the Authority has yet to be determined, but in discussions with IFA's current procurement officer it has become clear that IFA will have to devote scarce resources to completing a significantly larger amount of procurement work.

Chairman Brandt asked if the IFA anticipated meeting these new needs with internal resources or if the IFA anticipated hiring additional staff. Director Meister responded that the Authority intended to pursue both.

Chairman Brandt then asked for information about the venture capital portfolio valuation. Ms. Towers explained that the IFA has decided to utilize Scott Balice, IFA's existing, properly procured financial advisory firm, to complete the venture capital portfolio valuation for \$50,000 plus expenses.

Chairman Brandt stated that he believed the venture capital (VC) portfolio valuation finding from the FY08 Audit needs to be properly addressed in a manner acceptable to the Office of the Auditor General (OAG). He added that there was concern that an attempt to address this finding through the current, properly procured financial advisory firms may not be sufficient to meet the OAG's standard. Chairman Brandt asked staff to ensure that this plan of action would be acceptable to the Auditor General's office to ensure that the Authority does not spend scarce resources on services that may not address the finding. He noted that anecdotal evidence indicated that the VC portfolio had not been performing strongly.

After a brief discussion, during which no substantive issues were raised, Chairman Brandt asked to turn to the fiscal year 2010 audit.

Ms. Towers noted that the entire accounting department was working to ensure that no findings would be repeated on FY10 audit from the FY09 audit, other than the CO8s as explained above.

Chairman Brandt asked if there was any other business to come before the Board. There being none, Chairman Brandt requested a motion to adjourn. Upon a motion by Mr. O'Brien and seconded by Mr. McInerney, the meeting adjourned at 8:32 a.m.

Respectfully Submitted,

Kara Nystrom-Bouhahanis  
Asst. Secretary to the Board