

1 ILLINOIS FINANCE AUTHORITY BOARD
2 BOARD OF DIRECTORS REGULAR MEETING
3 April 14th, 2016 at 9:36 a.m.

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7 Report of Proceedings had at the Meeting of the
8 Illinois Finance Authority Board of Directors Regular
9 Meeting on April 14th, 2016, at the hour of 9:30 a.m.,
10 pursuant to notice, at 160 North LaSalle Street, Suite
11 S1000, Chicago, Illinois.

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1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS

3 MINUTES 02 Marzullo Transcript 04142016.txt
MR. R. ROBERT FUNDERBURG, Chairman
4 MR. JAMES J. FUENTES
MR. ROBERT HORNE
5 MS. ARLENE JURACEK
MS. GILA J. BRONNER
6 MR. MICHAEL W. GOETZ
MR. ROGER POOLE
MR. LYLE McCOY
7 MR. JOHN YONOVER (Added at 9:50 a.m.)

8

9 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

10 MR. BRAD FLETCHER, Assistant Vice-President
MR. RICH FRAMPTON, Vice-President
11 MS. MELINDA GILDART, CFO
MS. PAMELA LENANE, Vice-President
12 MS. ELIZABETH WEBER, General Counsel
MR. CHRISTOPHER B. MEISTER, Executive Director

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1 CHAIRMAN FUNDERBURG: Welcome, everyone. Thank
2 you for coming today. I would like to call to order
3 the Board meeting of the Illinois Finance Authority.

4 Why don't we go ahead and get started. I
5 would like to note that Member Yonover is running
6 late. He has some traffic problems coming in from
7 O'Hare, but will be here shortly.

8 FLETCHER: At this time, I'll call the roll.
9 Ms. Bronner?
10 BRONNER: Here.
11 FLETCHER: Mr. Fuentes?
12 FUENTES: Here.
13 FLETCHER: Mr. Goetz?
14 GOETZ: Here.
15 FLETCHER: Mr. Horne?
16 HORNE: Here.
17 FLETCHER: Ms. Juracek?
18 JURACEK: Here.
19 FLETCHER: Mr. McCoy?
20 MCCOY: Here.
21 FLETCHER: Mr. Pool e?
22 POOLE: Here.
23 FLETCHER: Mr. Chair man?
24 CHAIRMAN FUNDERBURG: Here.

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1 FLETCHER: Mr. Chairman, at this time we have a
2 quorum of the Members physically present in the
3 room. I would like to ask if are there any Board
4 Members participating by audio conference? Hearing
5 none, we may proceed.
6 CHAIRMAN FUNDERBURG: Great. Thank you. Okay,
7 first up I would just like to ask if anybody would
8 like to amend or add anything to the agenda for
9 today's meeting?
10 If not, I would like to ask for a motion
11 to approve it.

12 BRONNER: So moved.
13 POOLE: Second.
14 CHAIRMAN FUNDERBURG: Motion seconded by Roger.
15 All in favor, say aye.
16 (A chorus of ayes.)
17 CHAIRMAN FUNDERBURG: Any opposed?
18 (No response.)
19 CHAIRMAN FUNDERBURG: Okay. Motion carries.
20 As far as my report, it's sort of redundant with the
21 Executive Director, to a certain extent, but I would
22 like to note and also congratulate five IFA Board
23 Members for the reappointment; and also would like
24 to acknowledge and thank Member Adam Israelov for
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1 his tenure and contributions to the Board. That's
2 it.
3 MEISTER: Thank you, Mr. Chairman. And I would
4 like to congratulate Chairman Funderburg for being
5 confirmed in his position of Authority Member
6 yesterday by the Illinois Senate, in addition to the
7 five confirmations.
8 POOLE: That's a good idea.
9 JURACEK: I have a question. Were there five
10 yesterday?
11 MEISTER: No, there was only one yesterday.
12 JURACEK: Thank you.
13 MEISTER: At today's meeting, I do really want
14 to highlight -- give some broad-brush highlights.
15 We have a number of very high-impact financings:
16 Association House, the Qualified Energy Conservati

17 Bonds for the Metropolitan Water Reclamation
18 District's upcoming financing; MercyRockford Health,
19 where we have guests here; and UnityPoint, a number
20 of projects in Peoria, and they're based in Iowa.

21 I do have one project that I really would
22 like to highlight, because at the time of print, it
23 did not make it into my message from the Executive
24 Director.

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1 The work on that staff is done, led by
2 Rich Frampton, on the Better Housing Foundation
3 Shoreline Properties, is very innovative for the
4 finance Authority.

5 It has great impact for affordable housing
6 across the south side of Chicago; and importantly,
7 it preserves and improves 300 plus units of housing,
8 many of which are multi-bedroom that were built
9 between 1898 and the early 1960s.

10 We are very proud to be a part of this,
11 and Rich Frampton did a great deal of work, and I
12 think you should all look forward to hearing about
13 that.

14 We do have some important procurement
15 items, including with respect to the Environmental
16 Protection Agency's State Revolving Fund, as well as
17 some other items for the operations of the
18 Authority.

19 We make an effort at the Authority to
20 highlight transparency. Our Board books, which are

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21 generally 100 pages long, are posted on the website
22 well in advance of our Board meeting, but I do want
23 to highlight a new report on page 43 of the online
24 version; and our CFO, Melinda Gildart will cover it,

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1 in a new exhibit directly after her unaudited
2 financial analysis report.

3 It is entitled "The State of Illinois
4 Detailed Receivables Summary as of April the 4th,"
5 and it was pursuant to resolutions noted on that
6 report in November of 2015 and February of 2016. So
7 she'll be covering that in that report.

8 I also -- again, from time to time, we've
9 covered unique matters that arise on our agenda, due
10 to the budget impasse. Elizabeth Weber, our General
11 Counsel, and I, representatives of the Department of
12 Human Services who are here, are going to be
13 covering an inter-governmental agreement and the
14 advancement of grant funds to Catholic Charities for
15 certain housing vouchers. We'll cover that.

16 And finally, last week I attended the
17 National Association of Health Educational
18 Facilities Finance Authorities. It is one of our
19 national groups. The benefits that we get from that
20 are, frankly, very cost-effective representation in
21 Washington, D.C.

22 Since the main thing that we sell here at
23 the Authority is federal tax exemption, which
24 originates in the federal tax code, which is under

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1 the jurisdiction of Congress, it's something that we
2 need to pay close attention to.

3 And in the Board Members' packets, there's
4 a summary of the various proposals that would impact
5 our world from the various presidential candidates
6 and whatever is circulating and Congress and the
7 regulatory agencies.

8 CHAIRMAN FUNDERBURG: Okay, thank you. Next, I
9 would like to ask if there are any additions,
10 corrections or comments on the minutes of last
11 month's meeting? No?

12 Okay, if not, then I would like to ask for
13 a motion to approve the minutes.

14 GOETZ: So moved.

15 BRONNER: Second.

16 CHAIRMAN FUNDERBURG: Okay. All in favor,
17 please say aye.

18 (A chorus of ayes.)

19 CHAIRMAN FUNDERBURG: Okay, motion carries.
20 Thank you. Next up, Ms. Gildart.

21 GILDART: Good morning. I'm Melinda Gildart,
22 Chief Financial Officer of the Authority, and this
23 month's financial presentation is as follows: For
24 our fiscal year 2016 unaudited results, the

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1 Authority has generated total annual revenues of
2 \$3.6 million, which is two percent below budget.

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That's due mostly to lower closing fees

3
4 since December 2015. Our closing fees year to date
5 are \$2.5 million, and that's one percent below
6 budget. Net investment income stands at \$110,000
7 for the fiscal year.

8 In March, the Authority generated closing
9 fees of \$85,000, and that's the lowest monthly total
10 in FY16, and also the lower than the monthly
11 budgeted amount of \$276,000.

12 Closing fees are received from Adler
13 University for \$68,000. Loyola University care of
14 Deferred Action for Childhood Arrivals of \$8,000.
15 That's our DACA Loan Program of \$8,000.

16 Various agricultural-related closings of
17 \$9900. In February, we recorded a net investment
18 gain of \$19,000, and it's below the \$88,000 we
19 received in January, which was our highest monthly
20 total for the fiscal year.

21 Total annual expenses are \$3.2 million,
22 and that's still 15 percent below budget, due mostly
23 to vacant staff positions. Year-to-date employee
24 and professional services expenses are at 1.3

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1 million, and that's 24 percent and 4 percent below
2 budget, respectively.

3 Our depreciation costs are \$100,000 under
4 budget, and that's due to the delay in debt
5 management software implementation. Total cash out
6 of the general operating fund to the primary
7 government borrowing fund, that's on behalf of the

8 State of Illinois, it's \$4.7 million.

9 Total cash transfers out of the general
10 operating fund to the DACA Loan Fund for the fiscal
11 year 2016 programs is \$1.2 million. In March, the
12 Authority recorded operating expenses of \$462,000,
13 and that's higher than the monthly budgeted amount
14 of \$419,000.

15 We have a total monthly net loss of
16 \$291,000, and again that's driven by lower closing
17 fees, and also increases in professional services
18 fees, the major driver being expenses paid or
19 accrued on behalf of the State of Illinois.

20 Our total annual net income is \$463,000,
21 and we continue to have this positive bottom line,
22 due mostly to the level of overall spending. That's
23 about 15 percent below budget.

24 On the balance sheet in our general
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1 operating fund, we have total net position of
2 \$53.2 million, total assets of \$56.6 million, and
3 total liabilities, including some amounts that are
4 due to the brokers for pending investment purchases,
5 of \$2.7 million.

6 For the other funds, the debt of the other
7 State of Illinois agencies, including the Illinois
8 Environmental Protection Agency, we have assets and
9 liabilities of \$146,000,000 each.

10 In the locally-held fire truck and
11 ambulance revolving loan funds, we have year-to-date

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12 revenues of \$281,000, and FY16 we've issued 29 fire
13 truck loans for \$7.5 million; and we will be issuing
14 13 new ambulance loans totaling \$1.7 million in
15 April or May of 2016.

16 The Authority has requested reimbursement
17 from the Illinois Comptroller for ag-related
18 guarantee payout that was in FY15 of \$155,000. We
19 expect to receive those funds prior to June 30th.

20 The Authority's management has completed
21 and submitted a followup report on our FY15 and FY14
22 financial audit and compliance findings, and that
23 report details mitigation and remediation plans for
24 those findings.

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1 In addition, the Authority will welcome
2 new external auditors for FY16 and FY17 financial
3 audit and compliance examination. The responses for
4 the office of the Auditor General's RFP are actually
5 due today, and we will be kicking off the FY16
6 financial audit next month. Are there any
7 questions?

8 CHAIRMAN FUNDERBURG: If there are no
9 questions, then, is there a motion to accept this
10 month's financial report?

11 McCOY: So moved.

12 CHAIRMAN FUNDERBURG: By Roger. Is there a
13 second?

14 GOETZ: Second.

15 MEISTER: Wait before we take the vote. I do
16 just want to --

17 CHAIRMAN FUNDERBURG: You want to highlight?

18 MEISTER: I want to highlight -- can you just,
19 since this is a new report, can you just sort of --

20 GILDART: In addition to the schedule of debt
21 and other related financial reports that are behind
22 the financial statements in the Board package, we do
23 have a new report that's for the State of Illinois,
24 receivables that have been purchased on behalf of

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1 the State of Illinois due to the budget impasse.

2 In total, the Authority has purchased
3 receivables of \$4.5 million to respective amounts
4 due to vendors, Cosgrove Distributors, Gray Boy,
5 M. J. Kellner and Smith Maintenance.

6 MEISTER: And I believe that as late as
7 yesterday, I executed some additional documents
8 where I think is a transfer within the next day or
9 two.

10 GILDART: Another one for Smith Maintenance.

11 MEISTER: Yes, Smith Maintenance. It is a
12 disadvantaged business that provides janitorial and
13 sanitation services to the James R. Thompson Center
14 across the street.

15 BRONNER: Quick question, are there thresholds?
16 I notice one is for \$9,000?

17 MEISTER: Elizabeth?

18 WEBER: There was no threshold, just the total
19 maximum amount of \$12,000,000.

20 GOETZ: So the total maximum is \$12,000,000?

21

WEBER: Yes.

22

CHAIRMAN FUNDERBURG: Any other questions?

23

Okay, then, I would like to ask again approve the

24

monthly financial reports including the receivable

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1 financials.

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POOLE: So moved, Mr. Chairman.

3

GOETZ: Second.

4

CHAIRMAN FUNDERBURG: Okay. All in favor,

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please say aye?

6

(A chorus of ayes.)

7

CHAIRMAN FUNDERBURG: Any opposed? Okay,

8

motion carries. Procurements, please.

9

GILDART: In March, the Authority executed

10

emergency contracts for IT network consulting agent

11

and paying agent and loan management services, in

12

addition to temporary staffing and Board book

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printing.

14

We are working to execute a debt

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management software contract, and we're waiting

16

approval from the Chief Procurement Officer to move

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forward to extend the emergency contract with ADP

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Total Source, or to grant us authority to enter into

19

a sole-source contract in order to be a determined

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vendor.

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Upcoming contract renewals include

22

financial advisory services, investment management

23

services, in addition to our State Revolving Fund

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Trustee Services.

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1 As a reminder, we have underwriting
2 agreements for the State Revolving Fund that expire
3 in July 2016 with no renewals pending.

4 MEISTER: And there was a resolution on that
5 point?

6 GILDART: Yes. Any questions?

7 CHAIRMAN FUNDERBURG: Thank you very much.
8 Next up we have committee reports. Mr. Horne?

9 HORNE: Well, we just had a conduit loan
10 committee meeting and reviewed four or five, I don't
11 recall exactly, submissions.

12 Do you want me to go through each one, or
13 are we going to go through each?

14 MEISTER: We're going to go through -- the
15 staff will present, I think it's fair to say, the
16 committee.

17 HORNE: Yeah. I think, you know, we had a
18 couple submissions on social services and several on
19 healthcare. I think as Chris described it well,
20 we're covering a broad part of the State with the
21 submissions, and I think all of the submissions that
22 we reviewed today were endorsed by our committee.

23 FLETCHER: Unanimously.

24 HORNE: Excuse me?

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1 FLETCHER: Unanimously.

2 CHAIRMAN FUNDERBURG: Thank you. There were no

3 MINUTES 02 Marzullo Transcript 04142016.txt
4 other committee meetings during the past month.

5 Okay. Next up are the consideration of
6 project reports and resolutions. Mr. Fletcher,
7 please?

8 FLETCHER: Shall we ask if any Board Members
9 would like to abstain?

10 CHAIRMAN FUNDERBURG: I'm sorry, I skipped that
11 part. At every meeting, I ask if anybody would like
12 to pull any of the agenda items on the project
13 reports and resolutions for individual
14 consideration.

15 Otherwise, we will consider them
16 collectively, and have each individual vote assigned
17 to those individual projects. Would anybody like to
18 pull anything?

19 Okay, we'll consider them as a whole.
20 Thank you.

21 FLETCHER: Mr. Chairman, Members of the Board,
22 tab No. 1 in your Board book is a proposed Final
23 Bond Resolution Board for the Association House of
24 Chicago in a not-to-exceed amount of \$6,000,000.

25 Association House is a safety net social

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1 services provider, located in Humboldt Park on the
2 northwest side of Chicago. The plan of finance
3 seeks to refund their Series 2007 bonds, originally
4 issued through our agency, outstanding currently in
5 the approximate amount of \$4.8 million, as well as
6 they are seeking approximately \$1.035 million of
7 project cost and facility upgrades.

8 Notably, of which include replacing two
9 steam boilers in the basement, adjusting the chimney
10 height on their main facility, replacing an
11 elevator, and cooling tower replacement, as well as
12 some soft cost of architectural and design.

13 Mr. Chairman, if I may, I would like to
14 add Member Yonover to our roll call before I finish
15 my presentation.

16 CHAIRMAN FUNDERBURG: Thank you.

17 YONOVER: Sorry, folks.

18 FLETCHER: PNC Development Company, LLC, an
19 affiliate of PNC Bank, will be the direct purchaser
20 for the initial term secured by a first mortgage on
21 the main headquarters of Association House.

22 Subsequent to publishing of this report
23 and mailing, BNY Mellon was engaged as filing agent,
24 so I wanted to disclose that.

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1 Finally, if I may turn your attention to
2 the top of page 8 of the report in the confidential
3 section, you'll note that we've requested your
4 approval for discounted fee, given the current
5 budget impasse in the State of Illinois; and given
6 that this is a safety net social services provider,
7 we felt it was appropriate at this time. Again,
8 \$4.8 million in refunding.

9 Your approval is also helping them
10 generate interest savings and smoothing out debt
11 payments going forward, which improves their

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12 financials as well.

13 Are there any questions at this point?

14 Thank you.

15 FRAMPTON: Good morning, everyone. Next we'll
16 move on to Item 2, which is a one-time consideration
17 of a Final Bond Resolution for Lindran Properties,
18 LLC, and IRG Bronzville Group, LLC, a project that
19 is called the Better Housing Foundation Shoreline
20 Portfolio Project.

21 This will be an acquisition and
22 rehabilitation project that comprises 14 properties.
23 The 14 properties are listed on page 11 of your
24 report. The properties comprise a mix of studio,
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1 one, two, and three-bedroom apartments overall.

2 There are 321 units.

3 One key thing to point out is out of the
4 321 units, 42 are three-bedroom, two-bath units,
5 while 135 out of the 321 are two-bedroom, one-bath
6 units. So, clearly, there are many units in this
7 collection of properties that are going to be, and
8 continue to be, rented to families.

9 In terms of the financing structure, this
10 is a project-based financing. S&P Structured
11 Finance Group will rate this as a stand-alone
12 transaction, based on review of the net operating
13 income of the collection of projects.

14 One very significant thing on the project,
15 if you flip to pages 17 and 20 of the report, the
16 table on page 20 reports the current occupancy rates

17 across all the properties, across all 14 properties.

18 There is currently 89.4 percent occupancy.

19 That occupancy rate actually is sufficient to cover

20 debt service payments on the proposed bonds, and

21 that's really the basis or Lynch pin for the

22 anticipated S&P rating.

23 And I would add that on page 2 of the

24 report we note our condition for approval. Our

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1 condition for approval is that all the bonds be

2 investment grade, and the lowest -- and that implies

3 the lowest-rated bonds on this transaction have to

4 be assigned a minimum rating of at least triple B

5 minus.

6 So those are the big-picture details on

7 the financing. S&P actually has rated 321 -- I

8 mean, 372. I'm fixated on the number of units, but

9 372 of these projects. The bulk of these have been

10 rated single A minus initially or single A.

11 Just in terms of the financial

12 performance, the profile, the ownership, and the

13 management of the projects, several of the projects

14 that S&P has rated single A minus have been for new

15 501(c)(3) entities, which is the situation we have

16 here with the Better Housing Foundation.

17 And with that, I would like to introduce

18 Mark DeAngelis, who is consultant to the Better

19 Housing Foundation. They are -- Mark has actually

20 been managing all the pre-acquisition development

21 work. He has executed the purchase contracts.
22 His company has paid for, on behalf of the
23 Foundation upfront, all the escrow payments, and he
24 has also paid for the upfront due-diligence reports,
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1 including the appraisals, the property condition
2 assessments, as well as the environmental reports.

3 So -- but the main reason I've asked Mark
4 to speak is just to make some remarks about the
5 portfolio, and what the overall plans for the Better
6 Housing Foundation are for undertaking projects in
7 Chicago and Illinois.

8 DeANGELIS: Thank you very much. Again, Mr.
9 Chairman, fellow Board Members. Thank you very much
10 for your time. I appreciate it. I know a lot of
11 you come from fairly far away. I appreciate the
12 dedication that you all show.

13 As Mr. Frampton said, I am in a
14 consultancy relationship with the primary borrower,
15 the sole member of the two acquiring LLCs, the
16 Better Housing Foundation. We are doing all the
17 development work, as Mr. Frampton said.

18 I'm extremely excited about this. We have
19 been working now with S&P, as Mr. Frampton said, to
20 secure our rating. It was a little slow to get them
21 going. They had some budgets cuts themselves, and
22 now, though, we have them engaged, and hopefully
23 we'll be getting this rating in the next week or so.
24 God willing.

1 So I think one thing Mr. Frampton said, I
2 would just highlight the debt-coverage ratio of the
3 project is extremely strong. We're hovering around
4 1.4 probably. If we end up having to do a
5 subordinate, it will also meet S&P requirements to
6 reach that investment grade rating.

7 The project is one that is very close to
8 my heart and the heart of the trustees. It is a new
9 501(c)(3), as Mr. Frampton said, but the Board
10 Members of the Better Housing Foundation have
11 another charitable organization they've worked with
12 for a long time.

13 They have 3500 units already of affordable
14 housing. They have partnered up with us, in order
15 to develop sort of a separate asset class to focus
16 more on the Midwest. Their focus with their other
17 entity is in the northeast primarily and south.

18 So we also are going to probably be
19 focusing a little more on trying to provide
20 supportive services through our facilities, which
21 will probably be a revenue source for the
22 not-for-profit, quite honestly, but we don't include
23 that in our analysis, in our underwriting, at all.

24 It is something that we want to approach.

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1 Basically, the vision that we have is to purchase
2 larger assets, not larger, mid-size assets from the

3 60- to 200-unit range, have those serve as hubs, and
4 then acquiring smaller properties as spokes out from
5 that hub, in order to provide services to more than
6 just the residents in that one larger facility.

7 This is why the Vincennes property is so
8 important to us. Quite honestly, the only reason
9 that there's only an 89-occupancy rate now is
10 because that property, since it's been under
11 contract for probably two years, we have told the
12 sellers to not bring in new tenants, because we're
13 putting in a half million dollars of renovations
14 into that building, slightly less.

15 We're putting significant renovations in
16 that building. The building is an old nursing home
17 facility. If you go by the building in Bronzville,
18 you can see it says, I think, "Old folks facility,"
19 or something on the front.

20 It's been around a while. It is a solid
21 facility, large, large units, and a lot of common
22 space where we plan to do educational training, job
23 training probably.

24 We're going to work with The University of

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1 Chicago, I'm almost certain, in order to have
2 graduate students come and do after-school tutoring
3 for children and that sort of thing.

4 So we really see this is an important part
5 of our operation, which is why we made it a part of
6 this transaction. The occupancy rate would be in
7 the high 90s otherwise.

8 Thirteen other properties are all fully
9 stabilized. We will qualify all the tenants to make
10 sure that they meet the affordability requirements.
11 The rents will already qualify, and over the next
12 year, I believe Bond Counsel is here, and I believe
13 we have a year, Tom?

14 SMITH: Correct.

15 DeANGELIS: So we have a year to certify all of
16 the tenants, and we'll easily meet the 75, 60, you
17 know, percent rate.

18 So if you have any other questions for me,
19 I would be happy to take them. I appreciate all of
20 your time for sure thank you.

21 CHAIRMAN FUNDERBURG: Thank you.

22 GOETZ: I would like to thank you for doing
23 this. I'm involved in the affordable housing
24 business, and there is nothing more important than

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1 the preservation of existing public housing.

2 DeANGELIS: Thank you.

3 GOETZ: Which is exactly what we're trying to
4 do here.

5 DeANGELIS: Thank you. And just to add, you
6 know, I do hope this will serve as a model, and that
7 we get to work IFA in the future. Because this
8 doesn't have any LIHTC financing, there's no
9 taxpayer dollars whatsoever.

10 We are perfectly able to work with you
11 folks, and I look forward to us building with Better

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12 Housing Foundation a large portfolio of homes that
13 we can fully envision, fully capture our vision.

14 CHAIRMAN FUNDERBURG: Thank you.

15 FRAMPTON: Are there any other questions?

16 CHAIRMAN FUNDERBURG: I think we're good.

17 LENANE: Mr. Chairman, Board Members,
18 MercyRockford Health Systems Corporation is seeking
19 approval of Final Bond Resolution for \$525,000,000.

20 The proceeds of the bonds will be used to
21 construct a second campus for Rockford Memorial
22 Hospital that will include 188 inpatient bed,
23 extensive outpatient services and an ambulatory
24 services building and renovations on the Rockford

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1 Memorial Hospital campus.

2 We'll also refinance a portion of the
3 Rockford Memorial 2008 and 2012 bond, and will also
4 refinance a portion of the Mercy Alliance obligated
5 group bonds Series 2010A. This is interesting
6 because this makes this transaction multi-state.

7 Final resolution, the bonds will be sold
8 at the public-fixed rate market by Ziegler
9 Securities. The Hospital Health System expects an
10 underlying rating of Moody's AA3 to be delivered
11 this afternoon. I think they have to go back and
12 pick up their rating.

13 MITCHELL: A3, not AA3.

14 LENANE: A3?

15 MITCHELL: Yes, not AA3. Thank you.

16 LENANE: You're welcome. Thank you. The debt

17 service coverage is strong 4.0, and their day's cash
18 on hand is 238 days.

19 Are there any questions? We have here
20 today with us Henry Seybold, who is the CFO and
21 senior vice-president of the Proctor Memorial Health
22 system, long-time friend of the Authority having
23 come from Rockford Memorial Hospital.

24 SEYBOLD: Thank you, Pam. Mr. Chair, Board
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1 Members, thank you for your attention and time.
2 I'll stand over here, because I want to show you
3 some of the renderings of the new facility.

4 As Pam said, this is an effort to go to
5 one hospital, two campuses. So we were very
6 committed -- our Board is very committed to maintain
7 a significant presence on our current campus, as we
8 call it our Rocken Avenue Campus.

9 We're going to leave 100 beds on that
10 facility, med surge, full service, emergency room
11 surgical capability, et cetera, so a full-service
12 hospital on Rocken Avenue Campus.

13 On the Riverside Campus, which is going to
14 be built on property the system has owned since
15 early 1990s, which is 260 acres.

16 As you'll see in another slide, we're
17 building a 188 multi-specialty campus. We will be
18 having a women's and children's focus. Almost half
19 the beds will either be women's or children's
20 including 46-bed neonatal intensive care unit.

21 On the other side, we'll have
22 approximately 100 beds of adult care services, and
23 then a clinic building of some 80,000 square feet to
24 provide that services with physician offices, et

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1 cetera, et cetera.

2 As you can see from this rendering, this
3 is the I90 corridor. So this is going to be very
4 convenient to care, which we believe is going to
5 open us up to significant folks coming from areas
6 that, quite frankly, might be difficult to come to
7 our Rocken Avenue Campus right now.

8 If there is any questions on this, I'll be
9 happy to answer, but I also wanted to give you a
10 feel for our entire campus, and this is upside down.
11 I just wanted to give you a feel for where we are.

12 So this is I90, as I said. This is
13 Riverside, which is a major exit off in Rockford,
14 and this is the entirety of the 263 acres that we
15 have. There has been significant interest in
16 development of this entire property, and actually we
17 have committed to about 68 acres to go toward
18 commercial development which we think, once again,
19 will be a boom for the Rockford area in total.

20 Any questions? Thank you.

21 LENANE: Thank you, Henry.

22 CHAIRMAN FUNDERBURG: Thank you very much.

23 LENANE: My next project is Uni tyPoi nt Iowa
24 Heal th System, Iowa Heal th System doi ng busi ness as

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1 Uni tyPoi nt. The bond proceeds will be used to
2 refund the Proctor Hospi tal 2006A bond. \$22,000,000
3 will be used for the benefi t of Methodi st Medi cal
4 Center to bui ld, purchase and bui ld an approxi mately
5 82,000 square-foot bui ldi ng space, whi ch wi ll
6 i nclude the Col l ege of Nursi ng.

7 They are al so goi ng to acqui re another
8 addi ti onal 45,000 square feet for warehouse space,
9 and \$13,500,000 of the proceeds wi ll be for exteri or
10 renovati on of thei r mai n campus.

11 It's expecte d to produce 365 constructi on
12 j ob s. Uni tyPoi nt is currentl y A3, AA mi nus by
13 Moody' s and Fi tch. Fi nanci al s, whi ch we went over
14 l ast month i n detai l .

15 On page 7, i t shows a debt servi ce
16 coverage of 3.0 and day' s cash on hand of 2.19
17 days -- 219 days. Any questi on s?

18 CHAI RMAN FUNDERBURG: Okay.

19 LENANE: Can I go back and add one thi ng that I
20 thi nk I mi ssed on Mercy?

21 CHAI RMAN FUNDERBURG: Pl ease.

22 LENANE: I thi nk I di dn' t tal k about the new
23 j ob s that are goi ng to be created by the Mercy
24 Rockford Hospi tal . We have 331 new j ob s and 1,000

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1 to 1,500 constructi on j ob s projecte d for thi s
2 project, whi ch i s real l y a boom to Rockford.

3 MEISTER: And also, for the Board Members,
4 again, in your manila folder, and because they are
5 preliminary unaudited and internal, we do have this
6 monthly report on construction jobs, permanent jobs,
7 retained jobs.

8 So, typically, those numbers end up
9 appearing in our CAFR at the end of the fiscal year,
10 combined -- is it the combined annual financial
11 report?

12 FLETCHER: Comprehensive.

13 MEISTER: I always want to call it combined.

14 CHAIRMAN FUNDERBURG: It is combined, too.

15 MEISTER: Yes.

16 BRONNER: It's had worse names.

17 MEISTER: Yes.

18 CHAIRMAN FUNDERBURG: Thank you, Pam.

19 FLETCHER: Next is tab No. 5 in your Board
20 book. Very briefly, this is a resolution on behalf
21 of Chinese American Service League and U.S. Bank.
22 IFA predecessor's agency, IDFA, Illinois Development
23 Finance Authority, issued bonds in 2002 for
24 construction of Chinese American Service League's

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1 community center in Chinatown on Princeton Avenue.

2 In 2010, we approved amendments to the
3 bond documents enabling the bonds to be directly
4 purchased. At this time the bonds are solely owned
5 by U.S. Bank, and U.S. Bank and the borrower are
6 seeking our consent to reset the interest rate for
7 the next five years.

8 For tax purposes, this will be considered
9 a reissuance, and we're asking your approval for a
10 \$500 closing fee for this transaction. I can take
11 any questions.

12 CHAIRMAN FUNDERBURG: Thank you.

13 FLETCHER: Very briefly, next is tab No. 6 in
14 the Board book. This is a resolution on behalf of
15 Precision Resource Incorporated, through its
16 affiliated LLC 700 Hickory Hills Drive, and Wells
17 Fargo Bank.

18 We are being requested for consent to make
19 the technical change in the definition of LIBOR
20 throughout the Series 2013 bond documents.

21 They will be adding an interest rate floor
22 of 0.00 percent, as the parties originally intended.
23 For our purposes, we're treating this as a technical
24 amendment, a clarification, if you will. So we will

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1 not be charging an administrative closing fee for
2 this transaction.

3 Any questions?

4 CHAIRMAN FUNDERBURG: Thank you.

5 FRAMPTON: Next, we'll move on to tab 7, which
6 is a resolution to transfer \$4,000,000 of IFA's
7 remaining balance of Qualified Energy Conservation
8 Bonds to the Metropolitan Water Reclamation District
9 of Greater Chicago.

10 This resolution is similar in purpose and
11 nature to two that the Authority has approved in the

12 past. The first was for the Village of Deerfield in
13 2011. The second was for Southern Illinois
14 University in 2012.

15 The Authority, as the result of
16 legislation, has an allocation of \$22.6 million of
17 these Qualified Energy Conservation Bonds.
18 Originally, we had contemplated as serving as the
19 issuer on these bonds; but after evaluating it
20 further, we decided against that because IFA would
21 actually be the taxpayer.

22 We would also be -- we would also be
23 receiving the direct tax interest rate subsidy from
24 the Department of Treasury, and then remitting that

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1 to the borrower, which would be, in this case, the
2 Water Reclamation District.

3 By not doing that, we eliminate a slew of
4 IRS audit, financial audit, and perhaps even legal
5 followup, in the event that there happened to be
6 private-use issues, or other things that crop up
7 after closing.

8 So by instead of serving as the issuer,
9 we're requesting, as with Deerfield and SIU, to
10 transfer this QECB allocation to the Water
11 Reclamation District. As a result, the Authority
12 gets the same issuance fee.

13 We'll receive the same fee that we would
14 get, if we were issuing the bonds, but we get none
15 of the downside. So we get all the upside of
16 issuing without the downside compliance and

17 regulatory risks.

18 So, with that, we recommend approval, and
19 I can answer any questions.

20 YONOVER: Rich, I'm unclear. Is this
21 \$4,000,000 coming out of the IFA's capital, and it's
22 coming back now?

23 FRAMPTON: No. Let me explain what this is.
24 This QECB issuance allocation is really a debt

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1 limit. It's not cash. It's a debt limit for the
2 ability to issue up to \$4,000,000 in bonds. So what
3 the Water Reclamation District will do, they cannot
4 issue these bonds unless they have \$4,000,000 of
5 allocation.

6 So back in 2009, the U.S. Congress, when
7 they established this, and then the State as a
8 whole, the State of Illinois as a whole, received
9 \$133.8 million approximately of issuance authority
10 to use over the life of the program.

11 So over the life of the program, up to
12 \$133,000,000 can be issued statewide. Of that, we
13 received an allocation of \$22.6 million to allocate
14 to projects.

15 Does that respond to your question?

16 MEISTER: John, it is unlike conduit tax
17 exemption that we typically do. This is analogous
18 to what the federal government did during stimulus,
19 and in the wake of the recession, sort of like Build
20 America Bonds.

21 It is a direct interest subsidy from the
22 U.S. Treasury. So it is, in essence, an interest
23 rate buy down rather than the Delta between the
24 taxable and tax exempt that we typically have on our

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1 conduit bond issues.

2 YONOVER: Thank you.

3 FRAMPTON: There is actually an example on
4 page 2 that explains how it works. The third bullet
5 in the example at the bottom of page 2 notes the
6 assumed taxable market rate at which these bonds
7 would be sold at. We're assuming 5.48.

8 The U.S. Treasury would actually be making
9 a cash payment to Metropolitan Water Reclamation
10 District to effectively write the interest rate down
11 from 5.48 percent down to 2.31 percent, and that
12 would be for the entire 29-year term. So those are
13 the mechanics.

14 YONOVER: Thank you.

15 FRAMPTON: Any other questions?

16 CHAIRMAN FUNDERBURG: Thank you.

17 WEBER: Mr. Chairman, Members, as General
18 Counsel to the IFA I'm presenting Items 8, 9 and 10,
19 all relating to procurement.

20 Item 8 approves and ratifies the extension
21 of three contracts under the emergency purchase
22 provisions of the Procurement Code. The first is
23 for MABSCO Capital, Inc., for loan management
24 services through December 31st of this year, in the

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1 amount of \$75,000.

2 The second is for Catalyst Consulting
3 Group for information technology services, including
4 network voice and data consulting services and IT
5 support, also through December 31st, in the amount
6 of \$67,500.

7 And the third is for Accounting Principals
8 for advanced level temporary staffing through
9 October 22nd of this year in the amount of \$302,724.
10 Are there any questions on item 8?

11 Item 9 authorizes the Executive Director
12 to enter into contracts with our current provider,
13 ADP Total Source, or with other providers for
14 employee benefits and payroll services.

15 As to employee benefits, the Authority has
16 been testing the market with an insurance broker.
17 This resolution delegates to the Executive Director
18 the Authority to select the plan in the best
19 interest of the Authority, considering factors such
20 as the most cost-effective price, maintaining equal
21 or better benefit options, and minimizing disruption
22 and services to the Authority employees and their
23 families.

24 Such selections shall be consistent with
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1 the Procurement Code and the directive and guidance
2 of the Chief Procurement Officer. Any questions on

3 Item 9?

4 Item 10 authorizes proceeding with various
5 procurements relating to the State Revolving Fund
6 for drinking-water and clean-water purposes. That
7 fund is administered jointly by the Authority and
8 the Illinois Environmental Protection Authority.

9 Procurements for financial advisor for the
10 State Revolving Fund were previously authorized in
11 2015. This resolution authorizes procurements for
12 underwriters, trustee, bond counsel, issuers
13 counsel, and other professionals.

14 Any questions on Item 10? Thank you.

15 CHAIRMAN FUNDERBURG: Thank you.

16 MEISTER: Item No. 11 will be presented by me
17 as Executive Director. I also would like to
18 recognize representatives, our colleagues in State
19 government of the Department of Human Services,
20 Ms. Brenda Hampton. Brenda?

21 And who is with the Department of Human
22 Services, Division of Mental Health, and Mr. Fred
23 Flather, who is the General Counsel of the
24 Department of Health and Human Services.

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1 FLATHER: Good morning.

2 MEISTER: From time to time, as I mentioned,
3 issues have arisen where the Authority, despite its
4 small size and limited balance sheet, can play a
5 positive role, despite the larger issues of the
6 budget impasse.

7 Such an opportunity has arisen over the
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8 past couple of weeks. The Department of Human
9 Services provides housing vouchers to a number of
10 individuals. I think, Brenda, the number is 460?

11 HAMPTON: It's going down. It started at 471,
12 but it's decreasing each month, yes.

13 MEISTER: So these housing vouchers go to
14 landlords for individuals that are low income and
15 have mental health issues. In connection with these
16 vouchers, these individuals also receive supportive
17 services to help them manage their illnesses and
18 disabilities.

19 Over the past few months, our sister
20 agency, the Department of -- IHDA, the Illinois
21 Department of Housing Development, or the Housing
22 Development Authority, stepped up into this role and
23 entered into a governmental agreement between DHS
24 and the Department of Human Services; and, in

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1 essence, in anticipation of a grant from future
2 appropriations fronted this money that goes to
3 Catholic Charities, a nonprofit, that has also been
4 a past borrower of the Authority.

5 Elizabeth and I, as General Counsel, has
6 worked together with the General Counsel of DHS, and
7 we have a structure where there will be an
8 agreement.

9 The Illinois Finance Authority will front
10 up to \$600,000 that will probably cover the next 60
11 days plus for these individuals, depending on need

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12 and depending on the resolution of the budget
13 impasse. I think it's worth noting there will be no
14 interest. There will be no fees.

15 This was an opportunity for the Authority
16 to light a candle rather than curse the darkness of
17 the current budgetary situation. So I think that
18 the consequences for these 400 plus individuals are
19 rather dire, if they are evicted from their current
20 services, and are deprived -- or their current
21 housing arrangements and are deprived of services.

22 Those consequences are set forth in the
23 memo, and Ms. Hampton and Mr. Flather are available
24 to answer any questions that the Board may have, as

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1 are Elizabeth and I.

2 CHAIRMAN FUNDERBURG: Okay, great.

3 HORNE: So this is a 60-day financing?

4 MEISTER: Financing is actually -- we
5 anticipated that, and your question anticipated --
6 we anticipated that, and Elizabeth and I had a
7 rather robust and extended discussion over the word
8 "financing" in this context.

9 HORNE: Given the zero interest rate, that may
10 not be financing.

11 MEISTER: Yes. Elizabeth, you have probably
12 the best term of art for what we are doing here.

13 WEBER: Well, we're entering into an agreement
14 with DHS where they will give us a grant, and we
15 will employ our own funds to make the expenditures
16 that are required by the grant, the payment to

17 reimbursement, reimburses us for those expenditures
18 will be made once DHS gets an appropriation from the
19 State.

20 FLATHER: That's is exactly right, yes.

21 MEISTER: Also, in connection with this
22 agreement, and modeled on the agreement that DHS had
23 with IHDA, the Authority is really acting as more of
24 a fiscal agent.

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1 The various grant administration and
2 monitoring and program administration and monitoring
3 will be divided between either Catholic Charities or
4 the Department of Human Services.

5 We will be bearing, I think it's fair to
6 say, Fred, no additional monitoring.

7 FLATHER: That's right. There is zero
8 programmatic responsibilities for the IFA. DHS
9 retains all programmatic responsibility, and then
10 Catholic Charities actually administers it.

11 They are absorbing -- this is not any
12 administration cost for Catholic Charities. They
13 are absorbing those for now, and they're going to
14 bill us back against their own grant they have for
15 us. This is only money that goes straight to the
16 rent and not for any other cost at all.

17 YONOVER: What happens if we don't have a
18 budget in 60 days?

19 MEISTER: Actually, excellent question, because
20 this is an unusual situation in this programmatic

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21 area, and every other part of the state, other than
22 the City of Chicago. This programmatic
23 responsibility is borne by their local housing
24 authority.

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1 And if the representatives from DHS can
2 discuss, if you can, what discussions are ongoing.

3 FLATHER: I can.

4 MEISTER: Yes, with the Chicago Housing
5 Authority.

6 FLATHER: Is your question -- I just want to
7 clarify. Is your question are you worried about
8 what's going to happen to these residents after 60
9 days, or what happens about getting paid back?

10 YONOVER: I think it's both.

11 FLATHER: I can answer both.

12 YONOVER: It's clearly an unpleasant situation.

13 FLATHER: Right.

14 YONOVER: We don't want to make it worse for
15 people who are already in a bad situation.

16 FLATHER: Right.

17 YONOVER: I just want to understand if this is
18 a bridge for the next 60 days, what happens if we
19 don't have a budget, how do you bridge the next 60
20 days?

21 FLATHER: So what's happening is we're working
22 with local housing agencies to transfer these
23 individuals from us paying bridge subsidies to
24 having them be with -- under administration of local

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1 housing authority, which is really how this should
2 be going in the future.

3 Some of them may end up coming back to us
4 for various reasons, but most of them are getting
5 transferred. So towards that end, the Housing
6 Authority of Cook County has really stepped up.
7 They're doing a good job, as well as the Chicago
8 Housing Authority is working on absorbing a large
9 number of individuals.

10 It takes time. They got to get their
11 inspections done. They've got to qualify. And what
12 so we're hoping is we're expecting by May 1st, this
13 460 number is going to down a little bit.

14 We're expecting by June 1st, this number
15 should be cut significantly, because we have been
16 working with these agencies over 60 days, can get
17 the people qualified, can get their inspections
18 done.

19 So we're hoping is that the \$600,000 that
20 we're asking for, we paid \$209,000 in rent for
21 April. We're expecting about the same for May. We
22 are expecting and hoping the number way down for May
23 -- I mean, for June.

24 And then July forward, the handful of
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1 people we can get transferred will be using those
2 funds to try to pay for that.

3 YONOVER: So by July, all of these people that
4 are in danger, will not be.

5 FLATHER: I don't think it's going to be all of
6 them, but we're hopeful it's going to be most of
7 them. It just depends on the various requirements
8 for the Housing Authority to get everybody
9 qualified. We're hoping that a large number of them
10 will be transferred before July 1st.

11 YONOVER: Assuming they are all transferred by
12 July, then you are not in a position to return the
13 money until we have a budget, correct?

14 FLATHER: That's exactly right, yes.

15 YONOVER: It could be a year, it could be nine
16 months?

17 FLATHER: It could be an eternity.

18 YONOVER: I want one of those loans.

19 MEISTER: Ms. Hampton, can you speak a little
20 bit about the services that are provided to these
21 individuals?

22 HAMPTON: Sure. There are an array of
23 community-based mental health services, assertive
24 community treatment, which is the most intensive

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1 service, which is provided by teams of the mental
2 health professionals, as well as licensed
3 clinicians.

4 There is drop-in centers. There is
5 community support services, as well as psychiatric
6 medication administration and monitoring. So the
7 service array is robust. It is what DMH has within

8 its service taxonomy.

9 As with affordable housing, services are
10 not a condition for housing to be retained, but what
11 we have done is that everyone who has a bridge
12 subsidy is what we call it, everyone that has a
13 bridge subsidy was connected with the Mental Health
14 Center before the bridge subsidy was given to them.

15 So there was a connection made at the
16 front end. So if there is a connection on the front
17 end, there is a greater probability that they will
18 retain services, once they are in housing.

19 MEISTER: Thank you.

20 YONOVER: Thank for you the work that you do.

21 BRONNER: Chris?

22 GOETZ: No, go ahead.

23 BRONNER: Just a quick question. Is the
24 Authority also then reimbursed for any

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1 out-of-pocket, be it expenses associated with our
2 role in this, such as legal, or any other related
3 consultative services that we need to have.

4 FLATHER: I can tell you what we previously did
5 with IHDA, we did. They weren't able to get zero
6 interest financing. It was something like their
7 cost, we expect to be about \$875, and we did build
8 that into the grant as well.

9 That is something that we would be happy
10 to take into the grant, if there are some expenses
11 related to that as well.

12 MEISTER: I will also say in this case, we were
13 able to build on the model that was already put in
14 place by IHDA, and Elizabeth did a great deal of the
15 work herself. And again, obviously, there is a cost
16 in Elizabeth's time.

17 In this case, we were able to build on a
18 well thought-out structure.

19 GOETZ: Is IHDA still part of the deal?

20 FLATHER: No. IHDA -- we had an agreement for
21 them to pay the March rent and to pay the April
22 rent, and that was the most that they were able to
23 do.

24 GOETZ: So you don't have to pay that money
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1 back?

2 FLATHER: Oh, no, we do have to pay that money
3 back, that's right, but they are in the same, they
4 could wait until eternity as well.

5 GOETZ: Okay. All right.

6 FLATHER: Depending on what happens on the
7 budget and the Governor.

8 GOETZ: So we're not using our money to pay
9 them?

10 FLATHER: This money is going to be used
11 exclusively for the rent for mentally-ill,
12 low-income people, yes.

13 GOETZ: Okay.

14 CHAIRMAN FUNDERBURG: Any other questions?

15 Okay, thank you all very much. Now I would like to
16 ask if there is a motion to pass and adopt the

17 Project Reports and Resolutions 1 through 11.

18 Is there such a motion?

19 McCOY: Move to approve.

20 JURACEK: Second.

21 CHAIRMAN FUNDERBURG: Mr. Fletcher?

22 FLETCHER: On the motion, I'll call the roll.

23 Ms. Bronner?

24 BRONNER: Yes.

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1 FLETCHER: Mr. Fuentes?

2 FUENTES: Yes.

3 FLETCHER: Mr. Goetz?

4 GOETZ: Yes.

5 FLETCHER: Mr. Horne?

6 HORNE: Yes.

7 FLETCHER: Ms Juracek?

8 JURACEK: Yes.

9 FLETCHER: Mr. McCoy?

10 McCOY: Yes.

11 FLETCHER: Mr. Pool e?

12 POOLE: Yes.

13 FLETCHER: Mr. Yonover?

14 YONOVER: Yes.

15 FLETCHER: And Mr. Chair man?

16 CHAIRMAN FUNDERBURG: Yes.

17 FLETCHER: Mr. Chair man, the moti on carries.

18 CHAIRMAN FUNDERBURG: Thank you very much.

19 Next I would like to ask if there is any other business

20 whatsoever anybody would like to discuss? If not, I would

21 like to ask for a motion to excuse the absences of the
22 Members unable to participate today. Is there such a
23 motion?

24 BRONNER: So moved.

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1 CHAIRMAN FUNDERBURG: Is there a second?

2 POOLE: Second.

3 CHAIRMAN FUNDERBURG: All in favor, say aye.

4 (A chorus of ayes.)

5 CHAIRMAN FUNDERBURG: Any opposed?

6 (No response.)

7 CHAIRMAN FUNDERBURG: And then I would like to
8 ask if there is any public comment at all? We've
9 got a number of visitors that have come in. Some of
10 you were working with us this month, some others as
11 well. Any other public comment whatsoever?

12 MEISTER: If I may, Mr. Seybold, thank you for
13 coming down from Rockford. We really appreciate it.
14 And, again, thank you for bringing the renderings.
15 They are very clear. They remind me of the new Rush
16 facility on the west side with the butterfly wings
17 that you have.

18 So we're happy to be helping out
19 Metropolitan Rockford and Northern Illinois. It's
20 very exciting. And it also, just to note, that
21 Mercy is a Wisconsin-based entity that is coming
22 down and investing in Illinois, and we're
23 appreciative of that.

24 SEYBOLD: We appreciate all of your support.

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1 Thank you.

2 CHAIRMAN FUNDERBURG: And I'll weigh in on that
3 as well. As a resident of the area, I want to echo
4 Executive Director Meister's remarks, and good luck
5 with your project.

6 SEYBOLD: Thank you.

7 CHAIRMAN FUNDERBURG: Okay. If that's it, then
8 I would like to ask for a motion to adjourn.

9 HORNE: So moved.

10 FUENTES: Second.

11 CHAIRMAN FUNDERBURG: All in favor, say aye.

12 (A chorus of ayes.)

13 CHAIRMAN FUNDERBURG: Okay. Thank you all very
14 much.

15 FLETCHER: It's 10:33.

16 (WHICH WERE ALL THE PROCEEDINGS HAD at 10:33 a.m.)

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

PAMELA A. MARZULLO
License No. 084-001624

MARZULLO REPORTING AGENCY (312) 321-9365

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