

1           ILLINOIS FINANCE AUTHORITY BOARD  
2           BOARD OF DIRECTORS REGULAR MEETING  
3           November 12th, 2015, at 9:30 a.m.

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7           Report of Proceedings had at the Meeting of the  
8           Illinois Finance Authority Board of Directors Regular  
9           Meeting on November 12th, 2015, at the hour of 9:30,  
10          pursuant to notice, at 160 North LaSalle Street, Suite  
11          S1000, Chicago, Illinois.

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1       APPEARANCE:

2       ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS

3 MR. R. ROBERT FUNDERBURG  
4 MR. ERIC ANDERBERG  
5 MR. ROBERT HORNE  
5 MR. ADAM ISRAELOV  
5 MS. ARLENE JURACEK  
5 MR. LERRY KNOX  
6 MR. BARRETT PEDERSON (Added 9:41 a.m.)  
6 MR. MORDECAI TESSLER (Added 9:41 a.m.)  
7 MR. ROBERT E. POOLE  
7 MS. GI LA J. BRONNER  
8 MR. MICHAEL W. GOETZ

9 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS  
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10 MR. BRAD FLETCHER, Assistant Vice-President  
11 MR. RICH FRAMPTON, Vice-President  
11 MS. MELINDA GILDART, CFO  
12 MS. PAMELA LENANE, Vice-President  
12 MS. ELIZABETH WEBER, General Counsel  
13 MS. SUX GRANDA, Controller  
13 MR. CHRISTOPHER B. MEISTER, Executive Director  
14 MR. PATRICK EVANS, AG Banker

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1 CHAIRMAN FUNDERBURG: I would like to call to  
2 order the meeting of the Illinois Finance Authority  
3 at 9:35. First is roll.

4 FLETCHER: The time is 9:35 a.m. At this time,  
5 I'll call the roll. Mr. Anderberg?

6 ANDERBERG: Here.

7 FLETCHER: Ms. Bronner?  
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8 BRONNER: Here.  
9 FLETCHER: Mr. Goetz?  
10 GOETZ: Here.  
11 FLETCHER: Mr. Horne?  
12 HORNE: Here.  
13 FLETCHER: Mr. Israel ov?  
14 ISRAELOV: Here.  
15 FLETCHER: Ms. Juracek?  
16 JURACEK: Here.  
17 FLETCHER: Mr. Knox?  
18 KNOX: Here.  
19 FLETCHER: Mr. Pool e?  
20 POOLE: Here.  
21 FLETCHER: Mr. Chai rman?  
22 CHAI RMAN FUNDERBURG: Here.  
23 MR. FLETCHER: Any Board Members on the  
24 telephone?

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1 EVANS: This is Pat Evans.  
2 FLETCHER: Mr. Chai rman, at this time we have a  
3 quorum.  
4 CHAI RMAN FUNDERBURG: Thank you very much.  
5 Next is approval of the agenda. Anything anybody  
6 would like to correct or add to the agenda, you  
7 could do that.  
8 If not, is there a motion to approve that?  
9 GEOTZ: Moved.  
10 POOLE: Second.  
11 CHAI RMAN FUNDERBURG: All in favor, please say

12 aye?

13 (A chorus of ayes.)

14 CHAI RMAN FUNDERBURG: Any opposed?

15 (No response.)

16 CHAI RMAN FUNDERBURG: Okay, thank you. Next, I  
17 would just like to open by thanking all of the staff  
18 at the IFA. It's been a very, very busy month not  
19 only conducting the business of the IFA, but also in  
20 working on a number of other projects, and you've  
21 all been doing a great job.

22 Sincere thanks to all of you. Also, just  
23 in terms of a procedural matter, I just want to  
24 point out that, you know, this is a volunteer,

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1 unpaid, part-time position that all of us have.  
2 From time to time, our other interests, business or  
3 otherwise, sometimes create a potential conflict  
4 with IFA customers.

5 And I'm recommending that, you know, from  
6 here on out, if there is a potential or actual  
7 conflict, that the affected Director remove himself  
8 or herself from the room during that point of  
9 discussion. That's all I have for now. Chris?

10 MEISTER: Thanks, Mr. Chairman. Again, my name  
11 is Chris Meister. I'm the Executive Director of the  
12 Illinois Finance Authority.

13 I just want to call the Board Members and  
14 the audience to my message that is posted in the  
15 front part of the book.

16 Obviously, there is some extraordinary  
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17 times here in Illinois State Government; and in  
18 connection with these extraordinary times, I'm  
19 asking the Authority to consider some extraordinary  
20 actions, which are found on items -- specifically  
21 Items 7, 11, and 8 of the project reports and  
22 resolutions on the agenda.

23 I will speak to those, but specifically  
24 I'm going to be asking the Authority to help

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1 ameliorate the difficulties faced by certain state  
2 vendors and providers of 911 services in this state.

3 I'm also very pleased, again, we have a  
4 diverse agenda, the agriculture, education,  
5 healthcare, and industry on the conduit borrowers  
6 side. I also want to note that last week at the  
7 invitation of the Canadian Consulate, I was part of  
8 an Illinois Delegation that went to Toronto for the  
9 Canadian Public/Private Partnership Conference.

10 I was accompanied by Roger Driskell, who  
11 works for the Illinois Department of Transportation;  
12 and in the transportation space in Illinois, is our  
13 State's subject matter expert, and a newly-appointed  
14 Executive Director of the Chicago Infrastructure  
15 Bank, Leslie Darling.

16 And I would like to thank the Canadian  
17 Consulate General Roy Norton, as well as his staff  
18 in the Trade Division, Darcy Munroe and Ann Rosen.  
19 It was very productive. I'll be providing the Board  
20 with a report in the coming days.

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21 With that, I think we can turn back to the  
22 agenda, Mr. Chairman.

23 CHAI RMAN FUNDERBURG: Okay. Thank you very  
24 much. Next, is the consideration and the approval

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1 of the minutes. Are there any additions or  
2 corrections to the minutes of last month's meeting?

3 If not, is there a motion to approve?

4 BRONNER: So moved.

5 CHAI RMAN FUNDERBURG: Okay.

6 KNOX: Second.

7 CHAI RMAN FUNDERBURG: There's a motion and  
8 second. All in favor, please say aye.

9 (A chorus of ayes.)

10 CHAI RMAN FUNDERBURG: Any opposed?

11 (No response.)

12 CHAI RMAN FUNDERBURG: Thank you. Next order of  
13 business then is the financial reports.

14 Ms. Gildhart?

15 GILDART: Good morning. I'm Melinda Gildart.

16 I'm Chief Financial Officer of the Illinois Finance  
17 Authority.

18 In summary, for FY15 results, unaudited  
19 results, our net income number has not changed.  
20 We're still looking about \$622,000 in unaudited net  
21 income for FY15.

22 And those audits are -- the financial and  
23 compliance audits are drawing to a close. They are  
24 near completion, and we're still working on the

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1 CAFR, which we hope to finalize in the next coming  
2 week.

3 The summary results for FY16 unaudited,  
4 our total revenues equal \$2.2 million, and it's  
5 about \$619,000, or just under 40 percent over  
6 budget, and that's driven mostly by higher closing  
7 fees, higher than expected closing fees.

8 And we also have closing fees year to date  
9 of \$1.7 million. So it's about 55 percent higher  
10 than what we budgeted.

11 In October, we had closings from the  
12 Columbia College, which generated fees of \$113,000;  
13 Plymouth Place at \$111,000; Riverside Health System,  
14 \$92,000; Nazareth Academy for \$70,000; Advocate  
15 Health Care, \$48,000; and then we have various  
16 agricultural-related closings for about \$13,000.

17 We also collected application fees of  
18 \$11,000 from local governments and fire districts in  
19 relation to the FY16 fire truck loan applications.  
20 So those are added to our bottom line for revenues.

21 Our total annual expenses are 1.3 million,  
22 and that's 21 percent below budget. Again, that's  
23 driven mostly by vacant budgeted positions and the  
24 delay in our IT projects and purchases.

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1 Our projected annual net income at this  
2 point in the fiscal year is \$959,000; and again, the

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3 major driver is lower than expected spending at 25  
4 percent below budget.

5 Overall, the Authority continues to  
6 maintain a strong balance sheet. We have  
7 \$54,000,000 in assets and just \$918,000 in  
8 liabilities.

9 Again, the Authority also accounts for  
10 activity for the State of Illinois Component Units,  
11 the Illinois Environmental Protection Agency, the  
12 Illinois Medical District Commission and Northern  
13 Illinois University Foundation, and their activity  
14 is about \$158,000,000 on our balance sheet.

15 We processed 5.8 million in fire truck  
16 loans and will seek to disburse them, once the  
17 Authority completes its final administrative review.

18 As of June 30th, 2015, the Illinois  
19 Agricultural Loan Guarantee Fund and the Illinois  
20 Farmer Agri Business Loan Guarantee Fund have  
21 expense amounts of \$155,000 in the loan guarantee  
22 fund, and \$563,000 as a loss reserve for potential  
23 loan payoffs for the ag funds.

24 Again, we are completing our FY14 and FY15

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1 financial compliance audits, and we will seek to  
2 finish the CAFR soon. Are there any questions?

3 HORNE: I have one question on fees. You were  
4 outlining for October, the Advocate fee of \$48,000.

5 It just struck me as a low fee compared to  
6 the others, and I recall that being a very large  
7 bond issuance. So was that just a small fee for  
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8 that issuance?

9 LENANE: Yes. Advocate issued a bond in May of  
10 this year, which would have been the last fiscal  
11 year, and then they bought -- they also approved the  
12 refunding opportunity, but that refunding  
13 opportunity wasn't available at the time they went  
14 to the market, and the market wasn't good.

15 So at that time I priced it based on what  
16 they actually issued. And then the market broke in  
17 October, and we went really fast, two weeks start to  
18 finish, and we issued those bonds. They got a  
19 fabulous rate. So I only charged them the balance  
20 of the fee.

21 HORNE: Okay.

22 LENANE: So the total fee would have been, I  
23 think, like, 150 something.

24 HORNE: Okay. I just remember the bond amount

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1 was significant.

2 LENANE: It was significant.

3 HORNE: It seems small in the context of that.

4 LENANE: Right. It is about, I want to say, a  
5 little over \$100,000,000 in bonds. So what we  
6 authorized was larger in May. We had authorized it,  
7 but it was based on what was authorized originally.

8 HORNE: Okay. Thank you.

9 GILDART: Any other questions?

10 CHARMAN FUNDERBURG: If there are no other  
11 questions, then, is there a motion to accept the

12 financial report?

13 FLETCHER: If I may, Mr. Chairman.

14 CHAIRMAN FUNDERBURG: Yes.

15 FLETCHER: Let the record reflect before we  
16 take the vote the arrival of Member Pedersen and  
17 Member Tessler.

18 CHAIRMAN FUNDERBURG: Thank you. Okay. So is  
19 there a motion to accept the financial reports?

20 GOETZ: So moved.

21 CHAIRMAN FUNDERBURG: By Mr. Goetz. Is there a  
22 second?

23 POOLE: Second.

24 CHAIRMAN FUNDERBURG: Seconded by Poole. All  
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1 in favor, please aye.

2 (A chorus of ayes.)

3 CHAIRMAN FUNDERBURG: Any opposed?

4 (No response.)

5 CHAIRMAN FUNDERBURG: Thank you. Also, just  
6 please note that there are, regarding monthly  
7 procurement reports.

8 GILDART: We will update the Board in December  
9 on procurement activity.

10 CHAIRMAN FUNDERBURG: Okay, very good. Thank  
11 you. There were no committee reports for the month,  
12 so we'll move on to the projects report and  
13 resolutions.

14 I would like to ask the Board if it's okay  
15 if we go ahead and take them collectively in general  
16 consent.

17 Is that agreeable with the group?

18 (A chorus of ayes.)

19 CHAI RMAN FUNDERBURG: No one is opposed. Thank  
20 you.

21 MEISTER: But I do believe that we have a  
22 member that there are going to be conflicts on a  
23 couple of them.

24 CHAI RMAN FUNDERBURG: Yes. Right. You want to

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1 address it at this point. Adam?

2 ISRAELOV: Right, yes. Items 7 and 11, so I'll  
3 have to recuse myself from consideration and  
4 deliberation on voting. Citibank Capital Markets I  
5 think is a client of my employer.

6 MEISTER: And also to Item 9, I just want to  
7 speak briefly to that. That item is going to be  
8 withdrawn.

9 Some weeks ago I circulated a memo  
10 regarding possible loans by the Illinois Finance  
11 Authority to local governments, in connection with  
12 motor fuel tax and 911 services to Illinois local  
13 governments.

14 I had received a contact from a downstate  
15 sheriff that is facing financial troubles with his  
16 911 service, due to the budget impasse. We've taken  
17 the 911 portion and rolled it into Item 11. I  
18 received no similar outreach from any local  
19 government concerning motor fuels tax; and as a  
20 result, I'm withdrawing this Item 9.

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21 CHAI RMAN FUNDERBURG: Okay. 7 and 11 will be  
22 considered separately, and Item 9 is dropped from  
23 the agenda. Okay?  
24 MEISTER: Yes.

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1 CHAI RMAN FUNDERBURG: Next up is the  
2 agricultural project.  
3 FRAMPTON: I believe we have Patrick Evans on  
4 the phone.  
5 EVANS: Correct. We have one beginning farmer  
6 bond. Michael and Stephanie Taylor, purchasing  
7 33 acres of farm land for \$330,000 for \$10,000 per  
8 acre. The property is located in Whiteside County  
9 in the northwest corner of Illinois.  
10 The individuals are injecting 30.3 percent  
11 of the purchase price with the Community State Bank  
12 of Rock Falls financing 69.7 percent or \$230,000.  
13 They are utilizing the Illinois beginning  
14 farmer bond. The loan would be a 25-year amortized  
15 loan, requiring monthly -- I mean, requiring annual  
16 principal and interest payments. The initial  
17 interest rate will be 3.25.  
18 The interest rate will adjust every five  
19 years at 1 percent below Wall Street general prime,  
20 with a floor of 3.25 and a cap of 8.25 will be  
21 established.  
22 Any questions?  
23 CHAI RMAN FUNDERBURG: Pat, no questions here.  
24 Thank you.

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1           FLETCHER: Okay. Mr. Chairman, Members of the  
2 Board, Tab No. 2 is a proposed preliminary bond  
3 resolution for Adler University, a not-to-exceed  
4 amount of \$19.1 million.

5           Adler University is a private, non-profit,  
6 postbaccalaureate school for social and health  
7 sciences. The physical campus is currently in  
8 downtown Chicago, as well as Vancouver, Canada. And  
9 this is a graduate school essentially for  
10 psychologists, both Graduate Degrees as well as  
11 Doctorate Degrees.

12           The proposed transaction before you would  
13 enable Adler to acquire its space that it currently  
14 leases at its downtown campus located in the  
15 building known as One North Dearborn. They have a  
16 mailing address of 17 North Dearborn.

17           The proposed bond would be purchased  
18 directly by MB Financial through a direct purchase  
19 structure. An IFF subordinate loan and Adler cash  
20 will provide the remaining sources of funds to  
21 provide for the total \$25,000,000 acquisition.

22           Turning to our confidential analysis  
23 page 8 of the report, you'll note that we provided a  
24 financial forecast, because Adler is a non-rated

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1 entity, pursuant to guidelines adopted by our credit  
2 committee beforehand.

3 Our forecast anticipates that Adler will  
4 generate sufficient operating cash flows to cover  
5 the proposed debt service in connection with the  
6 Series 2015 bond. Again, your consideration today  
7 is for preliminary bond resolution.

8 Once business terms of the transaction are  
9 finalized, and bond documents have been  
10 substantially finalized, we will return for your  
11 final consideration. We recommend approval, and I  
12 can take any questions at this time.

13 CHAIRMAN FUNDERBURG: Okay. Thank you,  
14 Mr. Fletcher. Ms. Lenane?

15 LENANE: Yes. I'm sorry. Sarah Bush Lincoln  
16 now returns for a final bond resolution. Sarah Bush  
17 Lincoln returns for a final board resolution in the  
18 amount of \$30,000,000 for a bank private placement.

19 They have selected Bank of America, and  
20 that is really the only change since the last -- one  
21 more change. They have not received yet a  
22 certificate of need for the new cardiology wing that  
23 they are financing, but they are going to pass the  
24 bond resolution.

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1 And they have a list of substitute  
2 projects that they would finance, in the event they  
3 don't receive the CON for the cardiology wing. So  
4 that's -- the only other change, and then Jordan  
5 Feffer is here, counsel to Sarah Bush Lincoln, and  
6 the CFO Dennis Pluard would have liked to have been  
7 here today, but he had a conflict and it's a far

8 drive.

9 So Jordan is going to just speak a little  
10 about the project. I told him he had a minute.

11 FEFFER: Sarah Bush Lincoln would like to thank  
12 Mr. Chairman and all the Board Members for the  
13 opportunity. Driving in, potentially, it would be a  
14 little risky, because there's some tornado in East  
15 Central Illinois. So it might have been a little  
16 bit of hike for them.

17 But Sarah Bush is very excited for this  
18 opportunity. It involves new construction of a  
19 medical surgical unit that would include 19,000  
20 square feet of surgery units, about 32,000 square  
21 feet of recovery units.

22 Also, a new cardiology, as Pam mentioned,  
23 43,000 square feet, along with ambulatory medical  
24 units, and obstetrics and pediatric units, along

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1 with the new Toledo Clinic.

2 This would result in approximately 90 new  
3 jobs and 60 construction jobs. So Sarah Bush is  
4 very excited about this potential project. So I  
5 appreciate your consideration.

6 CHAIRMAN FUNDERBURG: Thank you.

7 LENANE: Thank you. Any other questions?

8 ISRAELOV: I have one question. On page 2, it  
9 talks about the purpose and the proceeds of the  
10 bond, what they will be used for; and then the use  
11 of proceeds I see \$19.7 million is going towards the

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12 project fund and \$10,000,000 going towards  
13 reimbursement.

14 Can you just talk through the  
15 reimbursement, what's covered in that?

16 LENANE: Well, some of this they've already  
17 started, and I don't think I have the breakout.  
18 Some of this they've already started work on.

19 And, you know, if they pass a  
20 reimbursement resolution, they can go back 18 months  
21 and pick up money that they've spent and reimburse  
22 themselves under the tax rules for that money.

23 I don't have that exact breakout on what  
24 they are reimbursing themselves for. I believe it's

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1 portions of this, but I think we could probably get  
2 that. Couldn't we?

3 Bond counsel, Amy Cobb Curran, is here, or  
4 Dan Bacastow can speak to that.

5 BACASTOW: Thank you, Pam.

6 THE COURT REPORTER: Spell your name, please.

7 BACASTOW: I'm Dan Bacastow. Dan Bacastow,  
8 B-a-c-a-s-t, as in Tom, o-w. Bond counsel and  
9 partner at Chapman & Cuttler, and we are the bond  
10 counsel on this particular issue, and reimbursement  
11 is a tax issue for us to complete, because there are  
12 very prescribed rules with respect to what can or  
13 cannot be reimbursed.

14 Under the regulations, Pam alluded to the  
15 18-month rule, which allows us to go back and pick  
16 up expenditures, but only if the borrower has

17 adopted an appropriate reimbursement resolution,  
18 prior to incurring those expenditures, other than  
19 preliminary expenditures.

20 And the Sarah Bush Lincoln project is part  
21 of the completion of a master facilities plan, and  
22 some of those expenditures were, in fact, incurred  
23 over the last 18 months to complete those projects.  
24 They are the same projects that are listed in the

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1 resolution.

2 So in terms of the substantive projects,  
3 they're not any different, but we do have, as part  
4 of that masters facilities plan, emergency  
5 department, surgery, imaging, third- and  
6 fourth-floor bed units, surgery units and temporary  
7 OR, during the construction of the additional  
8 surgery units, and lobby improvement projects.

9 So it's all part of the general project.  
10 It's been ongoing, and in order to efficiently  
11 finance their project, rather than issue the bonds  
12 18 months ago, they've waited until they had  
13 completed those projects and now are in a position  
14 to more economically finance the entire project,  
15 both the reimbursement component, as well as the  
16 perspective component.

17 So that's the reason for the significant  
18 reimbursement here.

19 ISRAELOV: Thank you.

20 BACASTOW: You're welcome.

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21 GOETZ: Mr. Chairman, I would just like to make  
22 a comment. I'm very, very familiar with this part  
23 of the state; and if it wasn't for you guys, there  
24 wouldn't be any healthcare at all available. You

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1 are really to be commended for doing these additions  
2 and upgrades and stuff. You are the only game in  
3 town.

4 BACASTOW: We've got an 18-county footprint.

5 CHAIRMAN FUNDERBURG: Thank you, Mr. Goetz, for  
6 that comment. Also, I would like to just mention,  
7 too, I think that IFA has done a pretty good job of  
8 having impact throughout the state, and we're  
9 certainly going to continue that effort and broaden  
10 that and reach out even further. Thank you.

11 BRONNER: Just one comment or observation,  
12 relative to job data, which I'm trying to monitor  
13 now.

14 I will go back and say it's nice to see 90  
15 new jobs projected here, of which 60 will be  
16 construction jobs that are projected, but I did want  
17 to say just relative going back to Adler University,  
18 I would think, at a minimum, the current jobs would  
19 be retained. I mean, it was an NA.

20 FRAMPTON: We don't count jobs that are staying  
21 as retained jobs unless they are going to leave, if  
22 they're going to leave the state, for example. So  
23 that's the distinction.

24 BRONNER: Except we have it here for Sarah Bush

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1 Lincoln. So I'm thinking before we have categories,  
2 we should probably consistently report information  
3 across the different --

4 FRAMPTON: True.

5 CHAI RMAN FUNDERBURG: Consistently and then  
6 cumulatively as well.

7 BRONNER: So we will be able to keep track and  
8 have some trend data and statistics for ourselves.

9 CHAI RMAN FUNDERBURG: Thank you. Great point.

10 Thank you.

11 FLETCHER: If I may.

12 BRONNER: Yes.

13 FLETCHER: It's simply a preliminary resolution  
14 at this time. We can request that information, if  
15 it's available. There is not necessarily a forecast  
16 or model done for jobs.

17 In a nutshell, what Adler University is  
18 proposing is just exchanging lease payments for debt  
19 service, their costly lease these payments in favor  
20 of cheaper debt service.

21 So I don't know that a job model will be  
22 created towards the retention, although we can  
23 certainly ask when this comes back for a final, we  
24 will have that answer.

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1 CHAI RMAN FUNDERBURG: And I think Ms. Bronner's  
2 comment applies to all of everything.

3 FLETCHER: Sure.

4 CHAI RMAN FUNDERBURG: Thank you for clarifying.

5 BRONNER: Thank you.

6 CHAI RMAN FUNDERBURG: Any other further  
7 questions for Ms. Lenane on that project?

8 LENANE: Could I just make a correction? I  
9 think you said the 60 construction jobs are in the  
10 90. They are not. Those are additional jobs.

11 BRONNER: Great.

12 LENANE: And those are new permanent jobs, 90  
13 jobs; and then the construction job, as you know,  
14 are just they come on and off. And that really is  
15 an estimate because, you know, some of the projects  
16 we're reimbursing for, some are new projects, and  
17 it's separate. It's not inclusive.

18 BRONNER: I will also suggest, then, we have  
19 estimated included in our job data.

20 LENANE: I think one time we did.

21 CHAI RMAN FUNDERBURG: We will address that  
22 going forward. Thank you all very much.

23 Any other questions on that particular  
24 project? No? Please.

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1 LENANE: Okay. Next is a final bond resolution  
2 for Passavant Memorial Area Hospital Association for  
3 \$24,200,000. It's a direct bank placement with PNC  
4 Bank, and this really has nothing new added to it.  
5 It's a straight refunding of its 2006 A and 2006 B  
6 bonds.

7 Yes, and added is the guarantee of

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8 Memorial Health Systems, which they have now become  
9 affiliated with. So, but the bonds, these are  
10 Passavant bonds, that they're refunding.

11 When they reissued, I have a question, are  
12 they going to say Passavant, or are they going to  
13 say Memorial? They are going to say Passavant?

14 BACASTOW: Passavant is the borrower.

15 LENANE: Okay.

16 BACASTOW: And there is a separate guarantee of  
17 Memorial Health System.

18 LENANE: They haven't been merged into the  
19 obligated debt yet?

20 BACASTOW: They are not. They are part of the  
21 same credit group.

22 LENANE: Yes.

23 BACASTOW: They have a parent affiliate  
24 relationship or subsidiary relationship, with

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1 Passavant being the subsidiary, and the parent being  
2 Memorial Health System, which is providing a  
3 separate guarantee, but the bonds are the bonds of  
4 Passavant, the obligation bonds.

5 LENANE: As you can see, Dan is our southern  
6 Illinois bond counsel.

7 Any other questions?

8 CHARMAN FUNDERBURG: Okay. Thank you very  
9 much.

10 LENANE: Okay. Thank you.

11 CHARMAN FUNDERBURG: Mr. Frampton?

11-12-15.txt  
12 FRAMPTON: Quickly, Tab 5 is a resolution to  
13 amend the existing bond and loan agreement for Al ef  
14 Sausage. Al ef actually borrowed through two  
15 special-purpose entities that they formed to own  
16 both real estate associated with the project and the  
17 equipment back in December of 2010.

18 The Authority issued approximately  
19 3,000,000 of bonds to finance the construction and  
20 equipment of a 19,000 square-foot building that  
21 added to Al ef's existing 16,500 square-foot facility  
22 in Mundelein.

23 As a result of the project, they were able  
24 to double their production capacity. In terms of

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1 the amendments to the bond and loan agreement, they  
2 will enable the interest rate to be reset as  
3 scheduled back at the time the original bonds were  
4 issued. Although this will be a reissuance for tax  
5 purposes, the Authority will not be charging a fee.

6 Bonds that are sold into the market, when  
7 they reset interest rates, typically they do not  
8 have to go through a reissuance. They also don't  
9 even need Board approval or consent, ordinarily.

10 So we're attempting here to provide  
11 equivalency between the local bank purchase deals  
12 and the transactions for our borrowers that are sold  
13 out into the market. The outstanding principal  
14 amount of the bonds is approximately \$2.95 million.

15 Presently, First American Bank was the  
16 purchaser. As the purchaser, First American bears

17 all risks as the bond holder. They are also the  
18 relationship bank for Alief.

19 Any questions. Okay. Thank you.

20 CHAI RMAN FUNDERBURG: Thank you.

21 WEBER: Hello. I'm Elizabeth Weber, general  
22 counsel to the Authority. I'm speaking on Item 6,  
23 which will authorize the continuation of the  
24 Authority's employee benefits and payroll services

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1 with ADP, pending a competitive solicitation or  
2 other options for these services.

3 Specifically, the resolution approves the  
4 most recent contract, which is a 90-day contract  
5 ending at the end of January of 2016 and allows for  
6 extensions, as needed.

7 Are there any questions?

8 JURACEK: I don't seem to have that resolution  
9 in my packet. I don't have anything on 7 either. I  
10 might have a shortchanged packet.

11 WEBER: Let me give you my copy.

12 JURACEK: Okay.

13 BRONNER: It's in the folder.

14 JURACEK: No, it's not.

15 WEBER: It begins with a memo.

16 JURACEK: I don't have it.

17 WEBER: I'll give you my copy.

18 HORNE: It's kind of stuck there, but it is in  
19 there.

20 JURACEK: It's not in mine.

11-12-15.txt  
21 MEISTER: I don't know what happened. We can  
22 provide that.

23 BRONNER: It's a single page ahead of the memo.

24 JURACEK: I have no resolution.

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1 ISRAELOV: Is this for both 6 and 7?

2 WEBER: It's for 7.

3 JURACEK: There is a 6 memo. Thank you. I  
4 appreciate that. Thank you.

5 WEBER: Any other questions? Okay.

6 CHAIRMAN FUNDERBURG: Thank you.

7 MEISTER: Item No. 8 is the resolution for the  
8 selection of trustees and/or paying agents for  
9 financing options for debt issuances for one or more  
10 public purpose projects through an emergency  
11 procurement.

12 Last month, and this is a smaller piece of  
13 what we're going to be addressing on Items 7 and 11,  
14 we came to the Board. We authorized -- I asked for  
15 Authority to move forward with emergency purchases  
16 under the Procurement Code for necessary parties for  
17 moral obligation backed financing involving certain  
18 State receivables incurred by State vendors.

19 The trustee is a necessary party. There  
20 was a robust on the -- the emergency purchase  
21 provisions of the Illinois Procurement Code are  
22 exempt from a conventional code procurement, but the  
23 statute does call for as much competition as is  
24 practicable.

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1                 The staff of the Authority engaged in  
2 that. An RFP was posted. Responses came in, and  
3 the staff graders, of which there were three, Rich  
4 Frampton, Pam Lenane, and Six Granda, recommended  
5 Zion's First Bank to serve as trustee/paying agent  
6 or bond registrar, in connection with whatever bond  
7 issue or direct purchase is ultimately provided.

8                 Turning to Agenda Item No. 10, back in  
9 July, and I know that we've had some new additions  
10 to the Board, but over time, the Authority had  
11 developed a rather robust committee structure that  
12 has sort of grown like a coral reef over time.

13                 I sat down with the Chairman, and I  
14 recommended streamlining that in July. We adopted a  
15 resolution reconstituting five committees. One  
16 would be the Audit Budget Finance Investment and  
17 Procurement, what I've referred to as Audit Plus.

18                 The second as Governance Personnel and  
19 Ethics, although based on some discussions that  
20 we've had, I believe that we should move Legislation  
21 from the Audit Committee down to the Governance  
22 Committee, and that is reflected in this resolution.

23                 The third committee is Tax Exempt Conduit  
24 Transaction, which is really our core business,

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1 which previously had been spread among at least  
2 three committees: A Healthcare Committee, an

3 Education Committee, and an Infrastructure  
4 Committee. I think this combines all of the conduit  
5 and the Ag Committee. It combines all of the ag, or  
6 all of the conduit transactions, in a central home.

7 The fourth committee is Direct and  
8 Alternative Financing. From time to time, as people  
9 who are on the Board, and people that follow the  
10 Board know, the Board and the staff consider direct  
11 commitments of the Board's balance sheet or other  
12 aspects, say, involving state guarantees, state  
13 contingent guarantees and other items where either  
14 the taxpayer dollars are at risk or the Authority's  
15 balance sheet may be at risk.

16 I recommended that it would be appropriate  
17 for this to be, since it's more of a risk committee,  
18 to be housed in this committee.

19 And then, ultimately, something new,  
20 because these four prior committees really represent  
21 consolidations of prior existing committees, that we  
22 would form an Executive Committee headed by the  
23 Chairman and the Chairs of these four other  
24 committees.

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1 We provided a breakout of the committee.  
2 We hope that it's been generally fair on the  
3 volunteer -- calling on the volunteer nature of the  
4 Board.

5 The chairs of the committee that we are  
6 recommending are Gila Bronner is Chair of Audit  
7 Plus. Eric Anderberg is Chair of Governance plus,  
Page 26

8 including Legislation. Bob Horne is Chair of Tax  
9 Exempt Conduit Transactions. And Larry Knox is  
10 chair Of Direct and Alternative Financing.

11 Any questions?

12 CHAI RMAN FUNDERBURG: Okay. No questions.  
13 Then I would like to ask that the Board adopt the  
14 following projects and resolutions 1, 2, 3, 4, 5, 6,  
15 8 and 10. Is there such a motion?

16 ANDERBERG: So moved.

17 GOETZ: Seconded.

18 CHAI RMAN FUNDERBURG: Is there a second over  
19 there here, too?

20 GOETZ: Yes.

21 MEISTER: By Mr. Goetz.

22 CHAI RMAN FUNDERBURG: Who made the motion then?

23 MEISTER: Eric.

24 FLETCHER: Mr. Anderberg.

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1 CHAI RMAN FUNDERBURG: Okay. There is a motion  
2 and a second.

3 FLETCHER: There's a motion. I'll call the  
4 roll. Mr. Anderberg?

5 ANDERBERG: Yes.

6 FLETCHER: Ms. Bronner?

7 BRONNER: Yes.

8 FLETCHER: Mr. Goetz?

9 GOETZ: Yes.

10 FLETCHER: Mr. Horne?

11 HORNE: Yes.

12 FLETCHER: Mr. Israel ov? 11-12-15.txt  
13 ISRAELOV: Yes.  
14 FLETCHER: Ms. Juracek?  
15 JURACEK: Yes.  
16 FLETCHER: Mr. Knox?  
17 KNOX: Yes.  
18 FLETCHER: Mr. Pedersen?  
19 PEDERSEN: Yes.  
20 FLETCHER: Mr. Pool e?  
21 POOLE: Yes.  
22 FLETCHER: Mr. Tessler?  
23 TESSLER: Yes.  
24 FLETCHER: And Mr. Chai rman?

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1 CHAI RMAN FUNDERBURG: Yes.  
2 FLETCHER: Mr. Chai rman, motion carries.  
3 CHAI RMAN FUNDERBURG: Thank you. Next up we  
4 have Items 7 and 11. Mr. Israelov, please. Thank  
5 you.

6 (Motions to leave room.)

7 FLETCHER: And let the record reflect Member  
8 Israelov has stepped out of the room. Chris?  
9 MEISTER: Speaking to Agenda Item 7, the  
10 resolution approving the selection of underwriters  
11 for financing options for debt issuances for one or  
12 more projects, including public purpose projects  
13 under an emergency procurement, we have several  
14 memos that have been provided in the manila folder  
15 and are also posted on our website.

16 The first is entitled "Memo" in large  
Page 28

17 letters from our financial advisors, one of whom is  
18 here today. Melani e Shaker, could you stand up from  
19 Sycamore Financial?

20 Her colleague, Jim Beck, from Acacia  
21 Financial, could not be here today, but this memo  
22 provides a rather lengthy summary of the emergency  
23 procurement that the staff of the Authority and its  
24 contractual financial advisors and outside counsel,

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1 Katten Muchin, and our staff engaged in, based on  
2 the October 8th resolution.

3 In summary, we placed an RFP, publicly  
4 placed it. We received up to 19 responses. We  
5 narrowed those down to six in-person interviews with  
6 teams, and then four subsequent -- four  
7 subsequent -- four quality interviews.

8 The staff of the Authority is pleased to  
9 recommend Citi bank as the investment banker to this  
10 Board. Actually, it's formal name is Citi group  
11 Capital Markets Group, Inc., also known as Citi.

12 This is a zero-dollar contract at this  
13 point. I think that we have representatives of Citi  
14 here today. Could you stand and introduce  
15 yourselves?

16 COOMES: I'm Tom Coomes.

17 PADGETT: Brad Padgett.

18 MEISTER: So in the event that Item No. 11 is  
19 approved today, and part of Item No. 11 is that as  
20 early as this afternoon and tomorrow, we hope to, if

11-12-15.txt

21 this resolution is approved, we would reduce that  
22 agreement to writing, have Citi enter into a  
23 contract.

24 We would begin working on the structuring  
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1 of a transaction that we would return to the Board  
2 with either at the regularly-scheduled December  
3 meeting; or, if the need arises, we would recommend  
4 to the Chairman that we would have a special meeting  
5 called before the December meeting.

6 For the Citi folks, I am correct that this  
7 is -- at this point, it is a zero-dollar contract,  
8 and you will only be paid if we have a final  
9 resolution and if we have a closed deal?

10 COOMES: That's correct.

11 CHAI RMAN FUNDERBURG: Any questions? If there  
12 are no questions, then would you move on, please?

13 MEISTER: Yes. Moving on to agenda Item 11 in  
14 this, as I began this meeting, certainly Illinois  
15 State Government is experiencing extraordinary  
16 times, and we laid the foundation for this request  
17 on October 8th, Agenda Item 9, which is also  
18 contained in your package.

19 In that, we outlined basically the  
20 situation. We have received a request from the  
21 Governor's Office, and the Governor's Office of  
22 Management and Budget, to look in our statutory  
23 toolbox provided by the General Assembly, and see  
24 what measures that this Board can take to ameliorate

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1 the difficulties faced by State vendors.

2 Resolution and 911 agencies, that I will  
3 address separately. Agenda Item No. 11 is, in  
4 essence, a preliminary resolution, similar and  
5 analogous to the preliminary resolutions that the  
6 Board hears on conduit deals. However, there is a  
7 substantive difference. This is not conduit.

8 And in connection with this, we will be  
9 asking the Governor of Illinois to sign off on a  
10 moral obligation, which is a statutory contingent  
11 taxpayer pledge to back these bonds.

12 The bonds ultimately will be repaid from  
13 appropriations, appropriations that we believe were  
14 contained in the budgets that were passed by the  
15 Illinois General Assembly in the spring, and  
16 contained in the Governor's introduced budget.

17 These will be budgets consistent with the  
18 emergency purchase procedures under the Illinois  
19 Procurement Code that will be essential governmental  
20 goods and services. Basically, that if these bills  
21 to vendors are not paid, there will be a threat to  
22 public health and safety.

23 There will be -- it calls for -- or No. 2  
24 calls for an immediate expenditure for repairs to

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1 State property or to protect against further loss or  
2 damage to State property.

3, to prevent or minimize serious  
4 disruption for clinical State services that effect  
5 health, safety, collection of substantial State  
6 revenues; or 4, to insure the integrity of State  
7 records.

8 From what I understand of the vendors that  
9 are likely to be paid with these bond proceeds, the  
10 ones that have been provided to me, I will tell you  
11 that they will meet these standards to some; and to  
12 give it by way of example, some of the vendors that  
13 I have been told about are the companies that repair  
14 snowplows for the Illinois Department of  
15 Transportation.

16 Here we are in November. These small  
17 business with unionized employees that's  
18 minority-owned that cleans the James R. Thompson  
19 Center, of course despite no State budget, but under  
20 court order, State employees are continuing to work  
21 in the James R. Thompson Center; and food vendors  
22 for residents of the State Veteran's Homes and  
23 inmates in the custody of the Department of  
24 Corrections.

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1 So under State Law, vendors are entitled  
2 to what is known as statutory prompt payment  
3 interest or penalty. It accrues on the 91st day at  
4 the rate of 1 percent a month.

5 And so what the IFA would be doing is  
6 borrowing money, and then repaying -- and then using  
7 the proceeds to purchase these receivables, and then

11-12-15.txt

8 step into the shoes of these vendors on the  
9 statutory prompt payment.

10 With respect to that, I am asking in our,  
11 Melinda, our general fund currently stands at  
12 roughly \$17,000,000?

13 GILDART: Investments.

14 MEISTER: Investment. So the Authority has  
15 roughly \$17,000,000 in general funds. It is  
16 invested. We have \$600,000 to \$700,000 that are  
17 liquid at this time.

18 We have pledges against that \$17,000,000  
19 in a loan that is being processed for the City of  
20 Blue Island and for various DACA medical students at  
21 school, at Loyola University.

22 But I'm recommending to the Board that we  
23 take \$12,000,000 of that \$17,000,000 fund, we begin  
24 the process to liquidate our short-term investments.

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1 We had a conversation two days ago with  
2 Clear Arc, who is our investment manager. Most of  
3 these investments are in one- to three-year  
4 investments. That we begin to liquidate these in  
5 mitigating loss as much as possible.

6 I cannot predict the future, but our work  
7 with Clear Arc in this area is that they've been  
8 generally successful in this area, but time will  
9 tell.

10 And I'm asking the Board to authorize  
11 myself, or other authorized officers, including the

12 Chairman, to then have the authority to liquidate  
13 these investments and use the \$12,000,000, and it  
14 will be used as follows: Certain of these vendors,  
15 since there has not been a State budget since July,  
16 are basically at the end of their rope and will be  
17 either cutting off services and goods to the State,  
18 or they will be facing some sort of financial  
19 catastrophe.

20 There are a relatively small number, in  
21 the range of one to two to three million dollars,  
22 will be working with Governor's Office of Management  
23 and Budget to identify these; and as early as  
24 Friday, Monday, Tuesday, the Authority would be

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1 basically purchasing certain of these receivables  
2 and stepping into the shoes for prompt payment  
3 purposes.

4 That group of receivables would either be  
5 taken out by any ultimate bond issue, or the  
6 Authority would be able to sit in these on an  
7 investment that could bear up to 9 percent annual  
8 interest.

9 The second purpose is that in our  
10 discussions with Citigroup, in order to make the  
11 proposed transaction as efficient as possible, that  
12 it may be appropriate, and this would be -- the  
13 exact terms of this would be contained in a final  
14 resolution that would return to the Board either in  
15 December or in a special Board meeting, that the  
16 Finance Authority make some sort of what I would

17 term an equity contribution to the transaction,  
18 either to defray the cost of the issuance.

19 That could run north of a \$1,000,000,  
20 and/or to fund a debt service reserve fund which  
21 would stand in front of the moral obligation.

22 Again, until we run numbers, and until we sign a  
23 contract and sit down with Citi, and the financial  
24 advisors, and Citi's lawyers, and our lawyers, I'm

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1 not able to discuss what the range of this would be.

2 And the third purpose, which is separate  
3 from the transaction, the bond transaction that I'm  
4 discussing, is there are 911 agencies. They are  
5 funded by a telecom surcharge. This telecom  
6 surcharge flows through the State budget, and there  
7 has not been a State budget since July 1st. I'm  
8 recommending to the Board that the Authority and the  
9 Executive Director and the authorized officers, be  
10 provided the authority to make direct loans from our  
11 balance sheet to these 911 entities.

12 Because I understand, and I've spoken with  
13 the Sheriff of Christian County, who reached out to  
14 me, who's confirmed this, that a number of these,  
15 particularly outside of northeastern Illinois, will  
16 be closing their doors and southern Illinois people  
17 will dial 911, and there will be nobody there to  
18 pick up the phone.

19 So that is the summary. I'm prepared to  
20 answer questions, including those on the various

11-12-15. txt

21 risks that we will be collectively facing. Mayor?  
22 JURACEK: Yes, thank you. Just to clarify, you  
23 and I spoke yesterday when we talked about the 911  
24 agencies. You said those would be zero-interest

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1      Loans to them?

2 MEISTER: Yes. That is my recommendation to  
3 the Board. The resolution actually provided some  
4 wiggle room; but as I spoke to various Board  
5 Members, there was consensus that this being -- 911  
6 service being an essential public safety government  
7 purpose, that this would be something that I'm  
8 comfortable recommending to the Board at zero  
9 interest.

10 JURACEK: And I really appreciate the much  
11 narrower scope of what we're being asked to vote on  
12 today versus what was presented in our authority to  
13 you to investigate, which would have included motor  
14 fuel tax funds.

15 As a mayor, I joined all the other mayors  
16 who said this is silly. It prolongs the State  
17 impasse, especially at that point in time there was  
18 some discussion as to whether there would be  
19 interest charged on those cash flow loans, we'll  
20 call it, which would just add to the cost of local  
21 taxpayers and shift really a burden from the State  
22 to the local taxpayers.

23 So I think it's really important -- it was  
24 important for me to get comfortable with this, and I

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1 think it's important for everybody else to  
2 understand we're talking about a much narrower scope  
3 of application here.

4 The whole sign of this to vendors, and the  
5 Prompt Payment Act, is a plus because the State --  
6 it's basically a sunk cost. The State is not  
7 paying. The contracts with these small vendors are  
8 subject to the Prompt Payment Act.

9 Either the vendors get the interest, or  
10 I'm assuming Citi bank gets the interest here in  
11 payment for this. So it's no additional cost, given  
12 the situation that we have, but it provides the  
13 immediate cash flow.

14 And I know for a fact that many of these  
15 vendors are small vendors, are minority vendors. In  
16 my previous life, I sat on the board of the Jane  
17 Adams Hull House Association, which no longer  
18 exists. It went bankrupt for a number of cash flow  
19 reasons.

20 And I know that many of the vendors  
21 involved in that whole deal were small minority  
22 vendors who just simply could not withstand this  
23 kind of cash uncertainty situation.

24 The big risk I see is as a moral

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1 obligation bond, that it is now shifting that risk  
2 from the vendors to the Illinois Finance Authority.

3 That's not a bad thing, again, because many of these  
4 vendors are ill-equipped to handle this kind of  
5 risk; and if we're going to shift it anywhere, at  
6 least it's consolidated here in a single entity that  
7 we can perhaps even help manage.

8 But, quite frankly, as a mayor, I say  
9 we're all kind of subject to this larger moral  
10 obligation risk, you know, from the State, until  
11 such time as we get our motor fuel tax funds, our  
12 share of the state income tax.

13 Our sales tax revenues are even being held  
14 up until we get these monies. We're all subject to  
15 this risk, and I see this as a way of at least  
16 mitigating it to the narrow field of beneficiaries  
17 that we're proposing.

18 CHAI RMAN FUNDERBURG: Okay. Thank you. Are  
19 there any other questions?

20 TESSLER: Yes. Is the \$12,000,000 that you're  
21 talking about utilizing that we won't have in the  
22 Finance Authority, because we'll be spending it,  
23 correct?

24 MEI STER: Correct.

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1 TESSLER: Is it, therefore, to be used that we  
2 won't be able to use it for, because we won't have  
3 it anymore if we're spending?

4 CHAI RMAN FUNDERBURG: Opportunity cost.

5 MEI STER: It's an opportunity cost. We will  
6 not have it to collect interest in these  
7 investments, which I think last year -- what was the

8 interest?

9 GILDART: \$200, 000.

10 MEISTER: Yeah. So a portion of that last year  
11 we collected \$200, 000 in revenue from investments  
12 from this.

13 One item that I have been considering at  
14 various times, before the current extraordinary  
15 circumstances, is I had hoped to reach a point where  
16 we could start to reinvigorate our local government  
17 loan program, which went back to the old Rural Bond  
18 Bank, which a couple of years ago we used our  
19 balance sheet to bring those moral obligations in;  
20 and now we have a portfolio of 60 to 70 local  
21 government loans, mainly alternate revenue bonds  
22 that are repaying for central government purposes,  
23 like water and sewer systems.

24 And they're repaying principal and

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1 interest to the Authority, and that helped our  
2 balance sheet immeasurably when conduit issuance  
3 went into a trough.

4 So we will not be able -- we'll have to  
5 delay investment on initiating a program and coming  
6 to the Board with a program like that because we'll  
7 have somewhat less than \$5, 000, 000, particularly  
8 after the DACA funds are transferred and the Blue  
9 Island funds are transferred .

10 TESSLER: The cost to liquidate it, we don't  
11 yet know. I mean, in the unlikely event the State

12 actually pays this before the penalty of the  
13 interest kicks in, we may actually lose money on  
14 this deal, not just on making money if they pay us  
15 back quickly.

16 MEISTER: And I'm glad --

17 TESSLER: We don't know the cost to liquidate,  
18 what it is, but it's going to be a cost?

19 MEISTER: I'm actually glad you posed the  
20 question in the way that you did. It does give me  
21 an opportunity to talk about the risks, and I  
22 want to be --

23 TESSLER: We may lose money just that quickly,  
24 and they may never pay it back?

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1 MEISTER: Exactly. There may not be an  
2 appropriation. There may be a challenge to the  
3 prompt payment. There may be the cost to liquidate  
4 the funds. It may out balance the upside of the  
5 interest. There may be early payment.

6 These are specific real risks, that I'm  
7 going to be quite upfront with the Board, there are  
8 risks. But one of the Board Members posed,  
9 generally, when there is great risk, there is  
10 generally great upside.

11 In this case, we're being called really to  
12 address -- to take a risk not with the expectation  
13 of a financial upside for the Authority, but in a  
14 small way to light a candle in the darkness of a  
15 larger State budgetary impasse of which we are not a  
16 direct participant.

17           GOETZ: Chris, are the 911 loans coming out of  
18       the \$12,000,000?

19           MEISTER: Yes.

20           GOETZ: Okay. I just think this is a good use  
21       of our broad authority that we have to try to  
22       eliminate some of this backlog of payments going to  
23       these vendors.

24           A lot of them are very small vendors, and

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1       they just can't afford to carry the State. One of  
2       the upside, as I understand it, what is the interest  
3       rate we're going to have to pay on the bonds?

4           MEISTER: Melanie or Citi, one of you, why  
5       don't you address that.

6           GOETZ: What's the approximate interest rate  
7       we're going to have to pay Citi?

8           SHAKER: I think it's going to be dependent on  
9       what the market looks like, and what the structure  
10      of the deal is. The final structure of the deal is  
11      not determined what kind of a form it's going to be.

12           GOETZ: Would it be less than 9 percent?

13           SHAKER: I would expect so; but again, I can't  
14      commit to that.

15           GOETZ: So are we in the spread?

16           CHAI RMAN FUNDERBURG: It's possible. So,  
17       Mr. Tessler, your point is very well taken. There  
18       will be some costs.

19           There may be some opportunity costs  
20      relative to the rates that we're receiving on our

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21 investment portfolio at the time.  
22 The biggest risk, from my standpoint, is  
23 appropriation risk, at some point in time in the  
24 future, but that is really the business that the IFA

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1 is in. We take risks, to try to help the citizens  
2 of Illinois through economic development and other  
3 matters.

4 And I think that there is some irony here,  
5 too, that here an agency of the State of Illinois is  
6 discussing the relative risks of doing business with  
7 the State of Illinois.

8 TESSLER: And no one feels good about it.

9 BRONNER: In fact, Mr. Chairman, if you look at  
10 page 2 of the memo, the Lou Greenbaum memo, I think  
11 specifically where it speaks to authority to carry  
12 the structure of IFA, the first paragraph there,  
13 this is really, I believe, exactly in concert with  
14 our specific mission and authority, and was  
15 contemplated as such by the General Assembly as  
16 described here in this paragraph.

17 CHAIRMAN FUNDERBURG: Thank you.

18 KNOX: Quick question.

19 CHAIRMAN FUNDERBURG: Yes.

20 KNOX: Chris, as it relates to the \$5,000,000  
21 that is going to be left in our portfolio, how much  
22 of that is encumbered? How much free capital will  
23 we have?

24 MEISTER: After DACA and Blue Island, what are

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1 we looking at?

2 GILDART: I mean, that's the \$5,000,000 that we  
3 have to take into account, payroll and AP.

4 MEISTER: Yeah.

5 GILDART: So we would have to update our cash  
6 flow.

7 MEISTER: So DACA and -- DACA and Blue Island  
8 have already been taken out?

9 GILDART: Yes.

10 MEISTER: Okay.

11 KNOX: So it's five?

12 MEISTER: It's five.

13 HORNE: Any other on there?

14 CHARMAN FUNDERBURG: Excuse me, yes.

15 PEDERSEN: I think that this is setting a good  
16 precedent. The legislature has adopted legislation  
17 that is requiring municipalities that have small  
18 dispatch centers to begin to consolidate those with  
19 larger ones.

20 The funding of those larger consolidation  
21 dispatch centers comes from the 911 fee, and so  
22 establishing this going forward, as sort of an  
23 emergency funding mechanism, I think, is beneficial.

24 My town is not in a real need for these

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1 funds, but I know many municipalities are. So my  
2 hats off to the suggestion.

3 CHAI RMAN FUNDERBURG: Thank you. Mr. Horne?

4 HORNE: I just wanted to make sure we have this  
 5 \$12,000,000. In terms of other obligations from the  
 6 IFA that are outstanding, I mean, is there any other  
 7 areas of exposure?

8 I mean, I consider that \$17,000,000 as  
 9 kind of our -- basically, our cushion. Are there  
 10 areas of exposure that we would ever have to draw on  
 11 the 17 that are outside? Are we making ourselves  
 12 more vulnerable by only having \$5,000,000 of  
 13 availability.

14 MEISTER: Our most significant taxpayer, direct  
 15 taxpayer exposure, is under the agricultural  
 16 guarantee funds, which are -- we have a locally-held  
 17 fund of \$11,000,000, which is separate from the 17,  
 18 and that acts as an umbrella over two state  
 19 treasurer funds.

20 And the ultimate risk there, if the 11 is  
 21 drained, and the two treasurer funds are drained,  
 22 either by draws on them or by legislative action,  
 23 those decades-old agricultural guarantee programs  
 24 allow lenders, if the collateral for a specific loan

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1 is insufficient, to reach through all of those funds  
 2 directly into the state's general revenue funds.

3 So it's almost the equivalent to the state  
 4 general obligation bond, not quite, but it's been  
 5 delegated to this agency. Maybe it is half a step  
 6 below.

7 In advising the Board, I think that that  
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8 is our most significant risk, that at the top of  
9 that is the pinnacle of what I would characterize is  
10 our risk pyramid, and that is separate and apart;  
11 but I think at this time, the funds locally held in  
12 the two treasury funds, I think, we are over  
13 collateralized.

14 GILDART: We are.

15 MEISTER: By 50 percent.

16 GILDART: Patrick may know the exact amount.

17 MEISTER: Patrick, are you still on the line?

18 EVANS: Yes. It's well over 50 percent.

19 MEISTER: Yeah. So that's the top of the risk  
20 pyramid. That's separate, and that is not involved.

21 At one time, the Authority had probably  
22 close to \$30,000,000 in participation loans that  
23 were concentrated primarily in central Illinois.

24 Most of those have rolled off.

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1 They were on five-year terms, and we must  
2 be in the range of 1 -- maybe 1.25 million, like  
3 one-and-a-quarter million dollars. That is the  
4 remaining exposure there.

5 The other risk that we have is that we do  
6 have a moral obligation to a special district on the  
7 west side of Chicago, the Illinois Medical District  
8 Commission. That goes to the Illinois taxpayers.  
9 There is real estate collateral.

10 Those bonds are publicly traded and are  
11 posted publicly. In the event of a call on the

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12 moral obligation, in collaboration with the  
13 Governor's Office and the Governor's Office of  
14 Management and Budget, staff could theoretically  
15 come to the Authority and say, "We would like to  
16 take some of our balance sheet and help whatever  
17 problem."

18 HORNE: Okay.

19 MEISTER: If there is no problem at that point.

20 HORNE: Right.

21 MEISTER: They are consistent with their  
22 postings, to my understanding. So I think the sum  
23 costs are the cost of the liquidation and the risk  
24 associated there, and the interest that we will not

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1 be collecting on 17 at this point.

2 HORNE: Right. Okay, thank you.

3 GOETZ: Just if I can comment. The last couple  
4 years we made a real concerted effort to get rid of  
5 our -- what would you call it?

6 MEISTER: Legacy risk.

7 GOETZ: Legacy risk. To get rid of those  
8 things off of our books. So we really eliminated  
9 that.

10 CHAI RMAN FUNDERBURG: Good job doing so. Other  
11 questions?

12 HORNE: Just one other comment. So I'm just  
13 trying to understand the political risk of this  
14 agency's involvement in this situation.

15 So, you know, by agreeing to do this as an  
16 agency authority, what's the reverb from General

17 Assembly going forward, in terms of how we now  
18 become a political player in this situation?

19 CHAI RMAN FUNDERBURG: I'll address that first.  
20 I think Chris is better able to address it, but I  
21 don't see it as such at all. I think IFA is doing  
22 its job, first and foremost.

23 MEISTER: I've had no conversations with the  
24 General Assembly. This was posted in October. The

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1 memo that I wrote to Governor's Office of Management  
2 and Budget had wide circulation. I was not in  
3 Springfield the day that it was circulated.

4 I think we've been upfront in posting.  
5 The terms of what we are doing are on the Internet,  
6 and I think it's also worth noting there is an order  
7 of magnitude. Our actions here are, while they are  
8 large and important to us, over the scheme of the  
9 problem, is in the multiples of billions of dollars.

10 HORNE: Right.

11 MEISTER: And we are talking about 12 to  
12 \$150,000,000 out of that.

13 HORNE: Sure.

14 MEISTER: So I think that there will be some  
15 stewardship. I think that there will be some  
16 screens. I think that the statutory provisions of  
17 the Procurement Code that we pursued this under, and  
18 ended up with Zion Bank and Citi, provide a very  
19 useful screen of the sorts of vendors that are  
20 likely to be paid.

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21 There's going to be a clearer screen. It  
22 will be, in my view, the most essential of essential  
23 government goods and services.

24 CHAI RMAN FUNDERBURG: So, you know, other  
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1 points that people have made today around the table  
2 is that it is within in the charge of our charter.  
3 It is within the scope of our purpose.

4 We are in extraordinary times, in terms of  
5 the state of the economy in Illinois, and I think  
6 we're doing -- the IFA is doing what we can, and it  
7 is somewhat extraordinary, but only to match the  
8 situation, and I think we're in the position to try  
9 to assist in any way we can.

10 So we've had great discussion. I'm  
11 certainly willing to consider other questions, other  
12 comments.

13 PEDERSEN: I move approval of the measure.

14 CHAI RMAN FUNDERBURG: Okay. There's the  
15 motion.

16 KNOX: Second.

17 CHAI RMAN FUNDERBURG: Seconded by Mr. Knox.  
18 Any further discussion? Any further questions?  
19 Please.

20 MEISTER: Is it for 7 and 11?

21 CHAI RMAN FUNDERBURG: Yes.

22 MEISTER: Okay.

23 FLETCHER: So on the motion for approval of  
24 resolutions number 7 and 11, I'll call the roll.

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1 Member Anderberg?  
2 ANDERBERG: Yes.  
3 FLETCHER: Ms. Bronner?  
4 BRONNER: Yes.  
5 FLETCHER: Mr. Goetz?  
6 GEOTZ: Yes.  
7 FLETCHER: Mr. Horne?  
8 HORNE: Yes.  
9 FLETCHER: Mr. Juracek?  
10 JURACEK: Yes.  
11 FLETCHER: Mr. Knox?  
12 KNOX: Yes.  
13 FLETCHER: Mr. Pedersen?  
14 PEDERSEN: Yes.  
15 FLETCHER: Mr. Poole?  
16 POOLE: Yes.  
17 FLETCHER: Mr. Tessler?  
18 TESSLER: Yes.  
19 FLETCHER: Mr. Chairman?  
20 CHAIRMAN FUNDERBURG: Yes.  
21 FLETCHER: Mr. Chairman, motion carries.  
22 CHAIRMAN FUNDERBURG: Is there any other  
23 business to come before the Board?  
24 GOETZ: I make a motion to adjourn.

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1 CHAIRMAN FUNDERBURG: We've got public comment.  
2 The last item is the public comment.

3 Is there any public comment?

4 (No response.)

5 CHAIRMAN FUNDERBURG: Okay. Mr. Goetz made a

6 motion to adjourn. Is there a second?

7 PEDERSEN: Second.

8 CHAIRMAN FUNDERBURG: All in favor, please say

9 aye.

10 (A chorus of ayes.)

11 CHAIRMAN FUNDERBURG: Any opposed?

12 (No response.)

13 CHAIRMAN FUNDERBURG: Thank you all.

14 MR. FLETCHER: The time we adjourned is 10:42.

15 (WHICH WERE ALL THE PROCEEDINGS HAD AT 10:30 A.M.)

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

3 Pamela A. Marzullo, C.S.R., being first duly sworn  
4 on oath, says that she is a court reporter doing business in  
5 the city of Chicago; that she reported in shorthand the  
6 proceedings had at the foregoing meeting of the

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7 above-mentioned cause; that the foregoing is a true and  
8 correct transcript of her shorthand notes, so taken as  
9 aforesaid, and contains all the proceedings had at the said  
10 meeting.

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PAMELA A. MARZULLO  
License No. 084-001624

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