

**ILLINOIS FINANCE AUTHORITY**

**May 13, 2014**

**AGENDA**

**COMMITTEE OF THE WHOLE MEETING**

**9:30 a.m.**

**IFA Chicago Office**

**Two Prudential Plaza**

**180 North Stetson Avenue, Suite 2555**

**Chicago, Illinois 60601**

- I. Call to Order & Roll Call
- II. Chairman's Remarks
- III. Message from the Executive Director
- IV. Consideration of the Minutes
- V. Presentation and Consideration of the Financial Statements and the Monthly Procurement Report
- VI. Committee Reports
- VII. Project Reports and Resolutions
- VIII. Other Business
- IX. Public Comment
- X. Adjournment

**BOARD MEETING**

**10:30 a.m.**

**Conference Center**

**One Prudential Plaza**

**130 East Randolph Street, Suite 750**

**Chicago, Illinois 60601**

- I. Call to Order & Roll Call
- II. Chairman's Remarks
- III. Adoption of the Minutes
- IV. Acceptance of the Financial Statements
- V. Approval of Project Reports and Resolutions
- VI. Other Business
- VII. Public Comment
- VIII. Adjournment

**PROJECT REPORTS AND RESOLUTIONS**

**AGRICULTURE PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
<b>Beginning Farmer Bonds</b>						
<i>Final (One-Time Consideration)</i>						
1	A) Clinton R. and Sara B. Bergbower	Fox Township (Jasper County)	\$52,569	-	-	LK
	B) Austin L. Chandler	Rozetta Township (Henderson County)	\$234,000	-	-	LK
<b>TOTAL AGRICULTURE PROJECTS</b>			<b>\$286,569</b>			

**BUSINESS AND INDUSTRY PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	FM
<b>Industrial Revenue Bonds</b>						
<i>Final</i>						
2	Sterling Lumber Company and SLC - Phoenix, LLC	Phoenix (Cook County)	\$10,000,000	50	30	RF/BF
<b>Industrial Revenue Bonds</b>						
<i>Preliminary</i>						
3	Freedman Seating Company, Inc. and its Affiliates	Chicago (Cook County)	\$5,000,000	30	50	RF/BF
<b>TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			<b>\$15,000,000</b>	<b>80</b>	<b>80</b>	

**HEALTHCARE PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
<b>501(c)(3) Revenue Bonds</b>						
<i>Final (One-Time Consideration)</i>						
4	Freeport Regional Health Care Foundation	Freeport (Stephenson County)	\$45,000,000	-	100	PL/NO
5	Rosecrance, Inc.	Rockford (Winnebago County)	\$15,000,000	-	50	PL/NO
<b>501(c)(3) Revenue Bonds</b>						
<i>Final</i>						
6	Centegra Health System	Huntley (McHenry County)	\$60,000,000	1,100	800	PL/NO
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$120,000,000</b>	<b>1,100</b>	<b>950</b>	
<b>GRAND TOTAL</b>			<b>\$135,286,569</b>	<b>1,180</b>	<b>1,030</b>	

**PROJECT REPORTS AND RESOLUTIONS**

**RESOLUTIONS**

Tab	Action	Staff
<b>Resolutions</b>		
7	Resolution Authorizing the Issuance of an Illinois Finance Authority Revenue Refunding Bond, Series 2014 (Catholic Charities Housing Corporation) in an Aggregate Principal Amount Not to Exceed \$10,906,197, the Proceeds of which are to be Loaned to Catholic Charities Housing Development Corporation and Catholic Charities of the Archdiocese of Chicago	RF/BF
8	Resolution Authorizing the Execution and Delivery of a First Supplemental Loan Agreement in Connection with Illinois Finance Authority Midwestern Disaster Area Revenue Bonds, Series 2012 (P.O.B. Development, LLC Project); and Related Matters	RF/BF
9	Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Fund and Administer a Loan Program for Deferred Action for Childhood Arrivals ("DACA") Applicants to Medical and Dental Schools in Illinois, (the "DACA Loan Program") in an Amount Not to Exceed \$2,900,000 and Ratifying Certain Matters Related Thereto	CM
10	Resolution Approving the Terms of Financial Advisory Contracts	MG
11	Resolution Authorizing the Executive Director to Appoint the Chief Internal Auditor for IFA and the Terms of the Internal Auditing Services Contract	MG
12	Resolution Approving the Award of a Sole Source Contract with ADP TotalSource, Inc.	MG/NO
13	Resolution Authorizing the Executive Director to Renew Existing Contracts with MABSCO Capital, Inc., Mesirow Insurance Services, Inc., and Howard Kenner Government Consulting	MG

May 8, 2014

TO: William A. Brandt, Jr., Chairman  
Gila J. Bronner  
James J. Fuentes  
Norman M. Gold  
Lerry Knox  
Edward H. Leonard, Sr.  
Carmen Lonstein  
Terrence M. O'Brien

Michael W. Goetz, Vice-Chairman  
Heather D. Parish  
Mayor Barrett F. Pedersen  
Roger Poole  
Mordecai Tessler  
David Vaught  
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

***Rating Agencies Favorably Receive Governor's Recommended Budget and Revenue Plan***

On April 10, 2014, after our last Board meeting, the State of Illinois announced the first winning bid for State General Obligation Bonds at a true interest cost of 4.08% since Governor Quinn's Budget Address on March 26, 2014. The rate is the third-lowest secured by the State of Illinois since Governor Pat Quinn took office five years ago. Much of the improvement is owed to the favorable views of Governor's Quinn's recommended budget and revenue plan which includes maintaining the current state tax rates to provide long-term stability and properly fund education by the three rating agencies:

***Standard & Poor's:***

"The recommended budget could contribute to enhanced structural alignment due to less severe spending reductions needed to achieve balance . . .

\* \* \* \*

If pension reform moves forward and Illinois takes credible action to achieve structural budget balance beginning in fiscal year 2015, we believe that a higher rating would be warranted."

***Fitch:***

"The governor's recommended budget for the coming fiscal year would . . . provide a basis for the state to achieve fiscal balance."

***Moody's:***

"Legislative leaders have indicated support for the governor's tax-extension proposals, suggesting lawmakers may reach consensus by the regular session's May 31 end date. We would view timely resolution – whether as suggested by the Governor or in an equally effective way – as a positive development.

\* \* \* \*

We believe that State legislators have drafted (pension) reforms that judges could approve . . . Illinois’s status as an outlier based on such measures as pension liability to revenue probably would end with the law’s implementation.”

In short, here at the Authority, we share the unanimous view of the rating agencies that the people of Illinois as well as the Authority’s borrowers would benefit from Governor Quinn’s recommended budget being enacted into law.

***Welcome Melinda Gildart – Authority Chief Financial Officer***

We are pleased to officially welcome Melinda Gildart to the Authority’s senior management team. As the Authority’s Chief Financial Officer, Melinda brings deep and broad experience from her prior public service at the Chicago Public Schools, the City of Chicago, the Chicago Park District and the federal General Services Administration. She is also active in professional leadership roles with the Government Finance Officers Association (“GFOA”). Since joining the Authority’s staff at the end of March, Melinda has rolled up her sleeves and gotten to work in the Authority’s accounting, investment, audit and procurement functions. Melinda’s public sector auditing and accounting skill has already brought material efficiencies to the transparent and accountable administration of the Authority’s operations.

As always, we look forward to working with the Members of the Authority on our job retention and creation mission.

Respectfully,

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Christopher B. Meister  
Executive Director

Attachments:

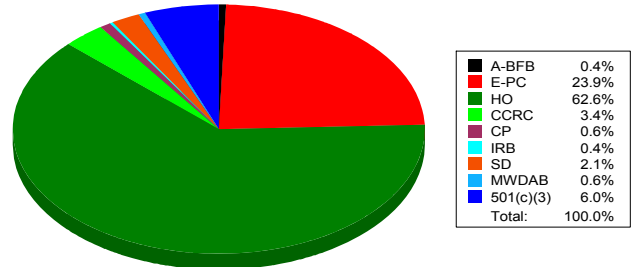
- Attachment 1 – Bonds Issued – Fiscal Year Comparison for the Period Ending April 30, 2014
- Attachment 2 – Bonds Issued and Outstanding as of April 30, 2014
- Attachment 3 – Schedule of Debt as of April 30, 2014

## Bonds Issued - Fiscal Year Comparison for the Period Ending April 30, 2014

### Fiscal Year 2012

#	Market Sector	Principal Issued
41	Agriculture - Beginner Farmer	8,784,789
3	Education	474,685,000
14	Healthcare - Hospital	1,242,038,200
2	Healthcare - CCRC	66,765,000
1	Healthcare-Community Provider	12,700,000
2	Industrial Revenue	7,295,000
1	Local Government Schools	42,010,000
1	Midwest Disaster Area Bonds	11,066,000
13	501(c)(3) Not-for-Profit	118,256,846
<b>78</b>		<b>\$ 1,983,600,835</b>

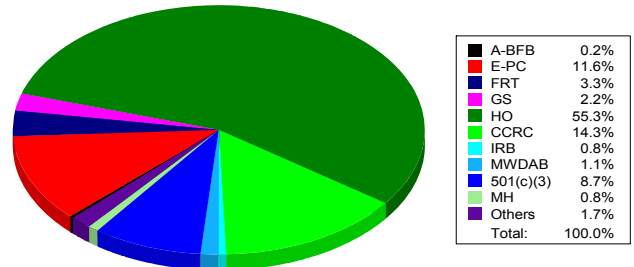
### Bonds Issued in Fiscal Year 2012



### Fiscal Year 2013

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	4,461,655
8	Education	264,865,000
1	Gas Supply	50,000,000
10	Healthcare - Hospital	1,262,625,000
5	Healthcare - CCRC	326,840,068
3	Industrial Revenue	18,112,280
3	Midwest Disaster Area Bonds	25,700,000
11	501(c)(3) Not-for-Profit	198,592,750
1	MultiFamily/Senior Housing	18,630,000
1	Freight Transfer Facilities Bonds	75,000,000
2	Local Government	15,025,000
1	Environmental issued under 20 ILCS 3515/9	10,935,000
<b>60</b>		<b>\$ 2,270,786,753</b>

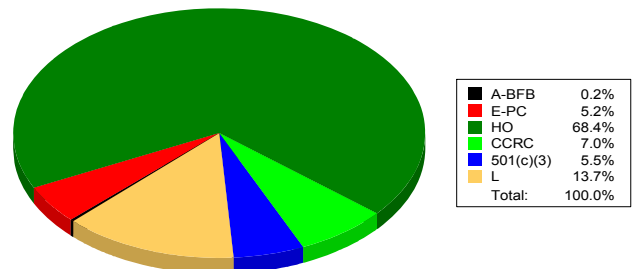
### Bonds Issued in Fiscal Year 2013



### Fiscal Year 2014

#	Market Sector	Principal Issued
16	Agriculture - Beginner Farmer	3,073,182
4	Education	93,895,000
6	Healthcare - Hospital	1,230,795,000
5	Healthcare - CCRC	125,660,000
9	501(c)(3) Not-for-Profit	114,882,000
6	Local Government	247,360,000
<b>46</b>		<b>\$1,815,665,182</b>

### Bonds Issued in Fiscal Year 2014





**Bonds Issued and Outstanding as of  
April 30, 2014**

**Bonds Issued between July 01, 2013 and April 30, 2014**

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
E-PC Concordia University	07/01/2013	Variable	17,000,000	17,000,000
L Township High School District Number 113, Series 2013A	07/01/2013	Fixed at Schedule	41,530,000	0
HO Rehabilitation Institute of Chicago	07/01/2013	Fixed at Schedule	398,000,000	90,000,000
A-BFB Beginner Farmer Bonds	07/01/2014	various	1,893,683	0
501(c)(3) Lake Forest Country Day School	08/01/2013	Variable	23,000,000	23,000,000
HO Advocate Health Care Network	08/08/2013	Fixed at Schedule	96,905,000	0
CCRC Illinois College of Optometry	08/15/2013	Variable	40,665,000	40,152,503
L Township High School District Number 113, Series 2013 B	08/21/2013	Fixed at Schedule	8,470,000	0
L East Richland C.U.S.D. #1	08/29/2013	Fixed at Schedule	20,140,000	20,280,291
501(c)(3) YMCA of Rock River Valley	09/24/2013	Variable	6,750,000	0
HO Presence Health Network	09/17/2013	Variable	366,865,000	366,865,000
L Community College District No. 532	09/27/2013	Fixed at Schedule	26,790,000	0
CCRC Westminster Village	10/31/2013	Variable	7,000,000	0
501(c)(3) Noble Network of Charter School	10/24/2013	Fixed at Schedule	20,000,000	0
CCRC Peace Village	10/29/2013	Fixed at Schedule	22,495,000	16,225,000
E-PC Columbia College Chicago	10/30/2013	Variable	7,850,000	7,695,000
501(c)(3) Elim Christian Services	11/01/2013	Variable	14,577,000	14,400,000
HO Elmhurst Memorial Healthcare	10/31/2013	Fixed at Schedule	109,025,000	126,760,629
E-PC Benedictine University	11/20/2013	Variable	58,645,000	0
CCRC Smith Crossing	11/08/2013	Variable	40,000,000	0
501(c)(3) Lincoln Park Zoo	11/27/2013	Variable	15,000,000	0
L Flora Connumy Unit School District	12/05/2013	Fixed at Schedule	8,730,000	0
L Clean Water Initiative Revolving Fund	12/05/2013	Fixed at Schedule	141,700,000	99,120,000
CCRC The Lodge of Northbrook	12/30/2013	Fixed at Schedule	15,500,000	0
HO Elmhurst Memorial Healthcare	12/17/2013	Variable	200,000,000	0
A-BFB Begining Farmer Bond	01/01/2014	Various	1,179,499	0
HO Memorial Health System	01/30/2014	Fixed at Constant	60,000,000	0
E-PC IIT Research Institute	02/28/2014	Variable	10,400,000	10,400,000
501(c)(3) North American Spine Society	02/26/2014	Variable	8,860,000	8,860,000
501(c)(3) New Hope Center	02/28/2014	Fixed at Schedule	5,325,000	5,325,000
501(c)(3) Little City Foundation	03/18/2014	Variable	5,370,000	2,595,000
501(c)(3) SOS Children's Village	04/16/2014	Variable	16,000,000	7,900,000
<b>Total Bonds Issued as of April 30, 2014</b>			<b><u>\$ 1,815,665,182</u></b>	<b><u>\$ 856,578,423</u></b>

**Legend** Fixed Rate Bonds as shown  
 DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond  
 VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.  
 Beginner Farmer Bonds interest rates are shown in section below.

**Beginner Farmer Bonds Funded between July 01, 2013 and April 30, 2014**

<u>Borrower</u>	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>Acres</u>	<u>County</u>
Scrivner, Wade David Hugh	07/10/2013	3.80%	440,000	164.63	Jefferson
Haile, Joshua R	10/07/2013	3.00%	195,000	123.00	Jefferson
Lynch, Derek C. and Lynch, Jonna V	10/25/2013	3.50%	249,100	55.00	Edwards
Curt & Stacey Robbins	12/03/2013	4.99%	250,000	1,250.00	Wayne
Tyler Ethan Ory Vaughn	12/06/2013	4.25%	120,000	80.00	Wayne
Mason T. Muchow	12/06/2013	3.25%	246,783	41.15	Effingham
Cody D. Heiden	12/06/2013	3.25%	285,000	40.00	Fayette
Gregory S. & Shyannon R.	12/13/2013	3.25%	107,800	98.00	Hamilton
Daniel & Bobbi Ochs	02/14/2014	3.25%	138,245	75.95	Jasper
Levi M. Spurlock	02/28/2014	3.99%	95,000	40.00	Jefferson
Jabob Grapphaus	02/28/2014	2.76%	136,410	39.30	Madison
Derek P. Ifft	03/06/2014	3.10%	100,000	10.00	Ford
Phillip Ochs	03/20/2014	3.25%	237,344	75.95	Jasper
Mark Quade	03/20/2014	3.25%	167,500	49.75	Effingham
Braden Short	03/26/2014	3.75%	152,000	85.50	Hamilton
Austin Ferguson	04/17/2014	3.25%	153,000	51.00	Jasper
<b>Total Beginner Farmer Bonds Issued</b>			<b><u>\$ 3,073,182</u></b>	<b><u>2,279.23</u></b>	

**ILLINOIS FINANCE AUTHORITY**  
Schedule of Debt <sup>[a]</sup>

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

**Section I (a)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	April 30, 2014		
<b>Illinois Finance Authority "IFA" <sup>[b]</sup></b>				
Agriculture	\$ 50,122,850	\$ 53,197,032		
Education	4,299,747,133	4,020,990,026		
Healthcare	13,167,246,739	13,508,916,370		
Industrial Development [includes Recovery Zone/Midwest Disaster]	727,007,782	779,722,970		
Local Government	220,095,000	378,735,000		
Multifamily/Senior Housing	173,925,220	171,845,152		
501(c)(3) Not-for Profits	1,360,842,375	1,390,679,908		
Exempt Facilities Bonds	330,020,000	299,970,000		
<b>Total IFA Principal Outstanding</b>	<b>\$ 20,329,007,099</b>	<b>\$ 20,604,056,459</b>		
<b>Illinois Development Finance Authority "IDFA" <sup>[b]</sup></b>				
Education	12,911,388	12,126,388		
Healthcare	180,475,000	180,475,000		
Industrial Development	181,388,219	372,153,305		
Local Government	395,170,898	314,596,906		
Multifamily/Senior Housing	91,743,171	84,973,648		
501(c)(3) Not-for Profits	804,882,190	784,634,173		
Exempt Facilities Bonds	75,000,000	75,000,000		
<b>Total IDFA Principal Outstanding</b>	<b>\$ 1,741,570,867</b>	<b>\$ 1,823,959,420</b>		
<b>Illinois Rural Bond Bank "IRBB" <sup>[b]</sup></b>				
Bond Bank Revenue Bonds	13,365,000	11,855,000		
<b>Total IRBB Principal Outstanding</b>	<b>\$ 13,365,000</b>	<b>\$ 11,855,000</b>		
<b>Illinois Health Facilities Authority "IHFA"</b>	<b>\$ 1,270,303,000</b>	<b>\$ 973,408,000</b>		
<b>Illinois Educational Facilities Authority "IEFA"</b>	<b>\$ 1,030,201,000</b>	<b>\$ 692,057,000</b>		
<b>Illinois Farm Development Authority "IFDA" <sup>[f]</sup></b>	<b>\$ 21,609,864</b>	<b>\$ 21,609,864</b>		
<b>Total Illinois Finance Authority Debt</b>	<b>\$ 24,406,056,830</b>	<b>\$ 24,126,945,742</b>	<b>\$ 28,150,000,000</b>	<b>\$ 4,023,054,258</b>

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

**Section I (b)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	April 30, 2014		
<b>General Purpose Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
Issued through IRBB - Local Government Pools	13,365,000	\$ 11,855,000		
Issued through IFA - Local Government Pools	23,875,000	21,370,000		
Issued through IFA - Illinois Medical District Commission	38,440,000	37,600,000		
<b>Total General Moral Obligations</b>	<b>\$ 75,680,000</b>	<b>\$ 70,825,000</b>	<b>\$ 150,000,000</b>	<b>\$ 79,175,000</b>
<b>Financially Distressed Cities Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ 2,630,000	\$ -		
Issued through IDFA	1,250,000	-		
<b>Total Financially Distressed Cities</b>	<b>\$ 3,880,000</b>	<b>\$ -</b>	<b>\$ 50,000,000</b>	<b>\$ 50,000,000</b>
<b>State Component Unit Bonds <sup>[c]</sup></b>				
Issued through IDFA <sup>[1]</sup>	58,665,000	11,630,000		
Issued through IFA <sup>[1]</sup>	69,679,739	147,919,666		
<b>Total State Component Unit Bonds</b>	<b>\$ 128,344,739</b>	<b>\$ 159,549,666</b>		

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Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwest Disaster Area Bonds in Illinois, February 11, 2010.

**Section I (c)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	April 30, 2014		
<b>Midwest Disaster Bonds [Flood Relief]</b>	<b>\$ 66,883,240</b>	<b>\$ 66,186,664</b>	<b>\$ -</b>	<b>\$ 41,530,000</b>

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

**Section I (d)**

	ARRA Act of 2009 Volume Cap Allocated <sup>[h]</sup>	City/Counties Ceded Voluntarily to IFA	Bonds issued as of January 31, 2013	Available "Ceded" Volume Cap
<b>Recovery Zone Economic Development Bonds;</b>	<b>\$ 666,972,000</b>	<b>\$ 16,940,000</b>	<b>\$ 12,900,000</b>	<b>\$ 4,040,000</b>
<b>Recovery Zone Facilities Bonds</b>	<b>\$ 1,000,457,000</b>	<b>\$ 205,963,587</b>	<b>\$ 214,849,804</b>	<b>\$ (8,886,217)</b>
<b>Qualified Energy Conservation Bonds</b>	<b>\$ 133,846,000</b>	<b>\$ -</b>	<b>\$ 44,370,000</b>	<b>\$ -</b>



**ILLINOIS FINANCE AUTHORITY**  
Schedule of Debt <sup>[a]</sup>

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

Section II	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	April 30, 2014		
Illinois Power Agency	\$ -	\$ -	\$ 4,000,000,000	\$ 4,000,000,000

Illinois Finance Authority Act [20 ILCS 3501 Section 825-65(f); 825-70 and 825-75] - see also P.A. 96-103 effective 01/01/2010

Section III	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	April 30, 2014		
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	\$ -	\$ -	\$ 3,000,000,000 <sup>[d]</sup>	\$ 3,000,000,000

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

Section IV	Principal Outstanding		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2013	April 30, 2014			
Agri Debt Guarantees [Restructuring Existing Debt] Fund # 994 - Fund Balance \$10,103,212	\$ 13,029,800	\$ 9,496,377	\$ 160,000,000	\$ 150,503,623	\$ 8,063,431
AG Loan Guarantee Program Fund # 205 - Fund Balance \$7,802,604	\$ 13,107,200	\$ 10,234,520	\$ 225,000,000 <sup>[e]</sup>	\$ 214,765,480	\$ 8,699,342
Agri Industry Loan Guarantee Program	\$ 7,256,577	\$ 5,376,867			4,570,337
Farm Purchase Guarantee Program	944,285	937,143			796,571
Specialized Livestock Guarantee Program	3,333,728	2,763,756			2,349,192
Young Farmer Loan Guarantee Program	1,572,606	1,156,754			983,241
<b>Total State Guarantees</b>	<b>\$ 26,137,000</b>	<b>\$ 19,730,897</b>	<b>\$ 385,000,000</b>	<b>\$ 365,269,103</b>	<b>\$ 16,762,772</b>

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

Section V	Principal Outstanding		Appropriation Fiscal Year 2014	Fund Balance
	June 30, 2013	April 30, 2014		
132 Fire Truck Revolving Loan Program Fund # 572	\$ 18,532,024	\$ 17,052,813	\$ 2,383,342	\$ 4,401,741
8 Ambulance Revolving Loan Program Fund # 334	\$ 510,240	\$ 415,920	\$ 7,006,800	\$ 3,768,384

**Note: Due to deposits in transit, the Cash Balance at the Illinois Office of the Comptroller may differ from the Illinois Finance Authority's General Ledger.**

Issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]

Section VI	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	April 30, 2014		
Environmental [Large Business]				
Issued through IFA	\$ 78,235,000	\$ 76,495,000		
Issued through IDFA	289,745,000	219,880,000		
<b>Total Environmental [Large Business]</b>	<b>\$ 367,980,000</b>	<b>\$ 296,375,000</b>	<b>\$ 2,425,000,000</b>	<b>\$ 2,128,625,000</b>
Environmental [Small Business]	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
<b>Total Environment Bonds Issued under Act</b>	<b>\$ 367,980,000</b>	<b>\$ 296,375,000</b>	<b>\$ 2,500,000,000</b>	<b>\$ 2,203,625,000</b>

Illinois Finance Authority Funds at Risk

Section VII	Original Amount	Principal Outstanding	
		June 30, 2013	April 30, 2014
<b>Participation Loans</b>			
9 Business & Industry	23,020,158	3,079,599	1,642,092
6 Agriculture	6,079,859	1,362,183	131,826
15 Participation Loans excluding Defaults & Allowances	29,100,017	4,441,782	1,773,917
<b>Plus: Legacy IDFA Loans in Default</b>		<b>858,458</b>	<b>858,458</b>
<b>Less: Allowance for Doubtful Accounts</b>		<b>1,162,656</b>	<b>1,003,316</b>
<b>Total Participation Loans</b>		<b>4,137,584</b>	<b>1,629,060</b>
4 Local Government Direct Loans	1,289,750	188,821	167,689
3 FmHA Loans	963,250	246,142	227,772
2 Renewable Energy [RED Fund]	2,000,000	1,489,068	1,412,126
24 <b>Total Loans Outstanding</b>	<b>34,353,017</b>	<b>6,061,622</b>	<b>3,436,646</b>

<sup>[a]</sup> Total subject to change; late month payment data may not be included at issuance of report.

<sup>[b]</sup> State Component Unit Bonds included in balance.

<sup>[c]</sup> Does not include Unamortized issuance premium as reported in Audited Financials.

<sup>[d]</sup> Program Limitation reflects the increase to \$3 billion effective 01/01/2010 under P.A. 96-103.

<sup>[e]</sup> Program Limitation reflects the increase from \$75 million to \$225 million effective 01/01/2010 under P.A. 96-103.

<sup>[f]</sup> Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.

<sup>[g]</sup> Midwest Disaster Bonds - Illinois Counties eligible for Midwest Disaster Bonds include Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.

<sup>[h]</sup> Recovery Zone Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]

<sup>[i]</sup> Includes EPA Clean Water Revolving Fund



## COMMITTEE MINUTES

**ILLINOIS FINANCE AUTHORITY  
COMMITTEE OF THE WHOLE  
REGULAR MEETING  
TUESDAY, APRIL 8, 2014  
9:35 A.M.**

### **I. Call to Order & Roll Call**

At the regular meeting of the Committee of the Whole of the Illinois Finance Authority (the “Committee” or “COW”), begun and held at Two Prudential Plaza, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601, on the second Tuesday of April in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the “Act”), William A. Brandt, Jr., Chairman of the Committee, called the Committee to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 10 Present.

On the question of a quorum of Members physically present at the location of this open meeting, the Assistant Secretary of the Board declared that a quorum had been constituted.

Having been absent when the Quorum Roll Call for Attendance was taken, Member Pedersen and Member Gold were recorded as present at the times of 9:45 a.m. and 9:51 a.m., respectively.

**ILLINOIS FINANCE AUTHORITY  
COMMITTEE OF THE WHOLE  
COMMITTEE ROLL CALL  
QUORUM ROLL CALL FOR ATTENDANCE**

April 8, 2014

0 YEAS

0 NAYS

12 PRESENT

P	Bronner	E	Leonard	E	Poole
P	Fuentes	P	Lonstein (VIA AUDIO CONFERENCE)	P	Tessler
E	Goetz	P	O’Brien	P	Vaught
P	Gold (ADDED)	P	Parish	P	Zeller
P	Knox (VIA AUDIO CONFERENCE)	P	Pedersen (ADDED)	P	Mr. Chairman

E – Denotes Excused Absence

## **I. Chairman's Remarks**

Chairman Brandt welcomed Members of the Committee, Authority staff and all guests present.

Chairman Brandt informed the Committee that the Authority has a strong balance sheet, in part due to outstanding loans maturing which effectively increases the cash assets of the Authority as no new loans are being originated. The Authority's mission is to foster economic development, create and retain jobs, and improve quality of life for Illinois residents. Chairman Brandt noted that the Authority cannot achieve its mission by simply possessing a lot cash; rather, the Authority needs to find ways to utilize these funds as the volume of conduit tax-exempt financings is down throughout the industry.

Chairman Brandt remains open to suggestions on how the Authority can improve operational revenues.

## **II. Message from the Executive Director**

Executive Director Meister introduced to the Committee Ms. Melinda Gildart, Chief Financial Officer.

Next, Executive Director Meister announced that the Illinois Senate confirmed Governor Quinn's appointments of Carmen Lonstein and David Vaught on March 20, 2014. On behalf of the Members and the staff of the Authority, he thanked them for their commitment to public service and looks forward to working with them in support of jobs and financing capital expansion projects throughout Illinois.

Executive Director Meister informed the Committee that on April 2, 2014, the Authority appeared before the House Appropriations-Public Safety Committee led by Chair Luis Arroyo, Vice Chair Jay Hoffman, and Minority Spokesperson John Cavaletto. Thanks in large part to the Board's leadership, the Authority was favorably received. However, the fact that the Authority receives no State taxpayer appropriation to support its operations in what is predicted to be a very difficult budget year probably didn't hurt either.

Finally, Executive Director Meister reminded Members that he is working with Howard Kenner, the Authority's Springfield representative, on a variety of legislative initiatives to improve the Authority's ability to help agriculture, education and infrastructure through financing. Executive Director Meister and Member O'Brien will update the Board as these initiatives progress.

## **III. Consideration of the Minutes**

Chairman Brandt asked if the Members wished to direct the Assistant Secretary of the Board to correct any errors in the Minutes of the regular meeting of the Committee held on March 11, 2014 or any errors in the Minutes of the regular meeting of the Board held on March 11, 2014.

Member Bronner moved for the adoption of the Minutes of the regular meeting of the Committee held on March 11, 2014.

Member Fuentes seconded the motion.

The motion prevailed and the Minutes were adopted.

## **IV. Presentation and Consideration of the Financial Statements**

Ms. Gildart presented the following analysis of Financial Statements for the Month Ended March 31, 2014:

**REVENUES****Year-To-Date Highlights**

Total Revenue for the fiscal year beginning July 1, 2013 is \$2,907,065. This amount is \$467,008 or 13.8% unfavorable to budget due to lower than expected administration and closing fees.

**Monthly Highlights**

Total Revenue for March 2014 was \$193,236, which was negative to budget by \$232,498 or 54.6%. Major revenue drivers for March 2014 included Administration & Application Fees (fees on bond closings), all of which were below budget due to lower transaction volume. The Authority closed seven (7) transactions in addition to an administration fee in March 2014 which generated total Administration and Closing Fees of \$51,052.

**EXPENSES****Year-To-Date Highlights**

Total Expenses for the fiscal year beginning July 1, 2013 are \$2,714,160. This amount is \$331,827 or 11.0% favorable to budget, reflecting lower than budgeted expenses across all expense categories.

**Monthly Highlights**

Total Expenses for March 2014 were \$294,149 which was 13.1% or \$44,294 below budget. The primary drivers for March's expenses were Professional Services and Employee related expenses due to lower than budgeted expenses.

**NET INCOME****Year-To-Date Highlights**

Net Income for the fiscal year beginning July 1, 2013 is \$19,707 or \$308,380 or 93.9% below budget. The primary drivers for the decrease are due to lower transaction volume and due to a change in the fair market value of investments. In July 2013 a conservative budget was adopted with only \$75,370 projected of Net Income.

**Monthly Highlights**

The Authority ended the month of March 2014 with a Net loss of \$186,177 due to lower transaction volume and due to change in the fair market value of the investments.

*Note:*

Chairman Brandt, Executive Director Meister and Ms. Gildart engaged in a discussion about the Authority's current and projected net income loss for the fiscal year.

A discussion ensued among the Committee and Executive Director Meister about the interest rate environment, which has led some borrowers to issue taxable bonds as opposed to issuing tax-exempt bonds through a conduit agency. Additionally, the Authority has lost some prospective financings to competing issuers of conduit tax-exempt debt.

Chairman Brandt reiterated his call for new product offerings to replace declining revenues from issuing conduit bonds.

Member O'Brien inquired if there were other factors extraneous to the interest rate environment that have led to the decline in bond issuance volume, e.g. administrative paperwork, etc. Executive Director Meister stated that it was his opinion simple economics were the cause. More specifically, he informed the Committee that it currently is more economical (i.e., less compliance costs, lower fees) for borrowers with high credit ratings to issue taxable debt on a short-term basis. Furthermore, Executive Director Meister informed the Committee that two forms of traditional credit enhancement for non-rated borrowers have disappeared since the Great Recession: (i) bank direct-pay letters of credit and (ii) municipal bond insurance policies.

Executive Director Meister stated that despite these challenges, it is his opinion that the single most important thing the Authority can do is encourage the passage of the American Bond Manufacturing Act, which will update the Internal Revenue Code of 1986, as amended, so that it reflects the current capital needs of America's small- to mid-sized manufacturing sector. Executive Director Meister detailed the decline in Industrial Revenue Bond issuance throughout the industry.

Member Vaught inquired if other states, such as North Dakota, have been able to issue Industrial Revenue Bonds on behalf of qualified borrowers in connection with the ongoing period of rapidly expanding oil extraction from the Bakken formation in the state of North Dakota. Chairman Brandt, Member Vaught and Executive Director Meister then discussed the possibility of Industrial Revenue Bonds potentially being used for certain equipment suppliers in downstate Illinois in connection with horizontal hydraulic fracturing that is expected to begin once the Illinois Department of Natural Resources Office of Oil and Gas Resource Management releases its administrative rules for implementation of the Hydraulic Fracturing Regulatory Act. Mr. Frampton informed the Committee that the Authority's predecessor agency, Illinois Development Finance Authority, issued Solid Waste Disposal Revenue Bonds for CITGO Petroleum Corporation and ExxonMobil Corporation in the past. Additionally, the Authority issued bonds for Air Products and Chemicals, Inc. to finance a portion of the costs of the acquisition, design, construction, equipping, installation and development of a solid waste disposal facility that treated solid wastes generated in the refining operations at the ExxonMobil Joliet Refinery.

Executive Director Meister informed the Committee he would research the activities of other states, i.e. issuances of Industrial Revenue Bonds and Solid Waste Disposal Revenue Bonds.

Chairman Brandt noted that any potential horizontal hydraulic fracturing that occurs in downstate Illinois will not require refining like oil.

Then, Ms. Gildart presented a flash report concerning the Authority's General Fund that will be presented on a quarterly basis going forward.

Ms. Gildart informed Member Vaught and the Committee that in January 2014 the Authority began utilizing the contracted investment firms (Ziegler Lotsoff Capital Management, LLC and Clear Arc Capital Inc.) selected pursuant to the Authority's July 2013 procurement power. In total, The Authority has transferred \$41.0 million (locally held funds) to the investment firms for managing. Since then the Authority purchased short-term securities for a total of \$39.3 million, consistent with the Authority's investment policy and statutory mandates. *Under the Clean Water Initiative, one of these firms will manage the Equity fund per the Intergovernmental Agreement with the Illinois Environmental Protection Agency ("IEPA").*

Chairman Brandt, Member Vaught and Ms. Gildart engaged in a conversation about the rate of return being presented in the future as the locally held funds become invested after a full 30-day period. Member Bronner noted that currently the Authority's assets being managed by the investment firms are heavily invested in short-term securities. Chairman Brandt noted that the Audit Committee could play a role in determining investment policy.

Chairman Brandt and Executive Director Meister discussed the measured reduction of outstanding bonds supported by the moral obligation of the State of Illinois and the measured reduction of Agricultural Guarantees supported by the full faith and credit of the State of Illinois. Executive Director Meister informed the Committee that this fact was favorably received by the House Appropriations-Public Safety Committee at the Authority's recent hearing.

Then, Chairman Brandt, Member Zeller and Executive Director Meister engaged in a discussion about the Authority's current policies and procedures governing participation loans. In particular, Chairman Brandt expressed his belief that the Agricultural market could be better served by the Authority. Executive Director Meister informed the Committee that it was his opinion that certain participation loan problems that arose in the past could be attributed to a lack of a robust discussion before origination. Additionally, he informed the Committee that participation loans were concentrated geographically in the state where the Authority did not have staff. Currently, the outstanding principal amount due to the Authority on participation loans is approximately \$2,000,000 (divided by 14 loans). Therefore, Executive Director Meister believes the Authority has the ability to now engage in a thoughtful, but speedy, discussion concerning retooling this product offering. Chairman Brandt concurred with Executive Director Meister's assessment, stating that he believes the current Members of the Board are more than capable to provide guidance and oversight.

Chairman Brandt and Member Tessler engaged in a discussion about the Authority's enabling statute. In particular, Member Tessler inquired as to the restrictiveness of the Illinois Finance Authority Act as it pertains to economic development. Chairman Brandt and Executive Director Meister stated that the

Authority has broad capabilities to foster economic development, create and retain jobs, and improve quality of life for Illinois residents.

## **VI. Committee Reports**

### ***Agriculture Committee***

Member Zeller reported that the Agriculture Committee reviewed and recommended approval of the following project reports: Items 1(A) and 1(B). Moreover, the Agriculture Committee discussed a potential Agri-Debt Restructuring Guarantee.

Chairman Brandt stated his desire to hire an Agricultural Regional Manager. Member Zeller reported that the Members of the Committee have interviewed a qualified individual. Chairman Brandt said that the Authority needs to network with downstate stakeholders to find qualified applicants.

Member Zeller, in discussing the few applications received for the position, expressed his belief that the current qualifications being sought after in the job posting are restricting the potential pool of applicants. In particular, the required travel time for the position is not conducive to the years of experience the Authority is seeking. That is, qualified individuals with the recommended year of experience are not going to apply for a job that requires so much travel time. These prospective individuals are already progressing in their community bank's management ranks and have started families within their communities.

Chairman Brandt stated that he will rely on the recommendations of the Agriculture Committee.

### ***Healthcare and Education Committee***

Ms. Lenane reported that the Healthcare and Education Committee reviewed and recommended approval of the following project reports and resolutions: Items 3 and 6. Member Knox also stated the Healthcare and Education Committee reviewed the following resolution: Item 4.

Ms. Lenane informed the Committee that she provided them with a copy of a research publication concerning the decline of tax-exempt debt issuance by non-profit hospitals. It states, "We had expected hospital management teams to take advantage of the persistence of extraordinarily low yields, greater certainty from the [Affordable Care Act's] survival against constitutional challenges and tight credit spreads to issue debt. Instead, hospital bond volume dropped to the lowest level in 11 years, falling 24.6% [Year over Year] to \$25.2 billion in 2013, according to Thomson Reuters/SDC Platinum data. However, a closer look reveals that significant hospital borrowing activity in the form of taxable issuance with corporate CUSIPs and bank direct-purchase debt is not captured in conventional muni volume figures. Still, it is clear that hospitals' debt appetite has diminished." ("Municipal Commentary: Hospital Bond Volume Update." *Wells Fargo Securities Research* 26 March 2014. 1-7. Web.)

Executive Director Meister and Ms. Lenane informed the Committee that the Authority's healthcare sector bond volume has remained relatively flat, against national trends as analyzed in the publication. Furthermore, Ms. Lenane predicted that 2014 and 2015 will be tough years, but 2016 will be robust.

## **VII. Project Reports and Resolutions**

Mr. Frampton presented the following projects and resolution:

*Agriculture Projects*

**Item 1(A):** Item 1(A) is a request for Beginning Farmer Revenue Bond financing.

**Mitchell R. Myers** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Two Hundred Sixty-One Thousand Two Hundred and Fifty Dollars** (\$261,250). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 40 acres of farmland located in Jackson Township in Effingham County.

**Item 1(B):** Item 1(B) is a request for Beginning Farmer Revenue Bond financing.

**Landon Withrow** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **One Hundred Fifty-Seven Thousand Five Hundred Dollars** (\$157,500). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 113 acres of farmland located in Hickory Hill Township in Wayne County.

*Business and Industry Projects*

**Item 2:** Item 2 is a request for Affordable Rental Housing Revenue Bond financing.

**Ridge Housing Partners, LLC and its affiliates, successors and assigns (915 West Wilson Supportive Living Facility Project)** are requesting approval of a **Preliminary** Bond Resolution in an amount not-to-exceed **Twenty Million Dollars** (\$20,000,000).

Bond proceeds will assist **Ridge Housing Partners, LLC and its affiliates, successors and assigns** the “**Borrower**”) in providing the Borrower with all or a portion of the funds for the purpose of (i) financing, refinancing or reimbursing the Borrower for the acquisition, rehabilitation, and equipping of an existing residential building located at 915 West Wilson Avenue, Chicago, Illinois for use as a supportive living facility, (ii) paying capitalized interest, (iii) capitalizing various reserve funds, if deemed necessary or advisable by the Borrower, and (iv) paying all or a portion of the costs of issuance for the Bonds, including but not limited to credit enhancement fees on the Bonds, if any, and other qualified costs, all as permitted by the Illinois Finance Authority Act (collectively, the “**Project**”).

Executive Director Meister informed the Committee that the **4% Low Income Housing Tax Credits** (“**LIHTCs**”) for this Project were not competitively allocated by the Illinois Housing Development Authority. Rather, Executive Director Meister and Mr. Frampton informed the Committee that because it is anticipated that over 50% of the Project’s qualified basis will be financed with the proposed IFA tax-exempt bond issue, this Project will automatically become eligible for LIHTCs.

*Resolutions*

**Item 4:** Item 4 is a Resolution Reauthorizing IFA Commercial Paper Revenue Notes (Loyola University of Chicago Financing Program) and Ratifying Certain Actions Related Thereto.



Member Vaught inquired as to how prevalent the Authority's commercial paper programs are for the Authority's 501(c)(3) entities that regularly utilize the Authority for issuing tax-exempt debt. Mr. Frampton explained that aside from Loyola University of Chicago's commercial paper program, there is also a cultural pool program that consists of The University of Chicago, Northwestern University and Lincoln Park Zoo, among others. Likewise, DePaul University has its own stand-alone commercial paper program through the Authority (much like that of Loyola University of Chicago's).

**Item 5:** Withdrawn.

Mr. Frampton informed the Committee that Item 5 has been withdrawn at the request of the Borrower prior to posting of the Open Meetings Act Notice but after printing occurred of the Member's monthly Board Book.

Ms. O'Brien presented the following project and resolution:

***Healthcare Projects***

**Item 3:** Item 3 is a request for 501(c)(3) Revenue Bond financing.

**Memorial Health System** is requesting approval of a Final Bond Resolution in an amount not-to-exceed **Sixty Million Dollars** (\$60,000,000) in aggregate principal amount of revenue bonds consisting of one or more series of Variable Rate Revenue Bonds, Series 2014B (Memorial Health System) (**the "Series 2014B Bonds"**). This project is being presented for one-time consideration.

Bond proceeds of the Series 2014B Bonds will be used by **Memorial Medical Center** (the "**Borrower**") to do any or all of the following: (i) pay or reimburse the Borrower for, or refinance certain indebtedness the proceeds of which were used for, the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain "projects" (as such term is defined in the Illinois Finance Authority Act, hereinafter the "Act") for the Borrower's acute care hospital located in Springfield, Illinois; (ii) establish a debt service reserve fund with respect to the Series 2014B Bonds, if deemed necessary or advisable by the Authority or the Borrower; (iii) pay a portion of the interest on the Series 2014B Bonds, if deemed necessary or advisable by the Authority or the Borrower; (iv) provide working capital to the Borrower, if deemed necessary or advisable by the Authority or the Borrower; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014B Bonds, all as permitted by the Act (collectively, the "Financing Purposes").

**Item 6:** Item 6 is a Resolution Approving Certain Amendments to the Authority Series 2010A and Series 2010B (Palos Community Hospital and St. George Corporation) Loan Agreements.

Executive Director Meister presented the following resolution:

**Item 7:** Item 7 is a Ratification of a Resolution Supporting House Bill 4634, an Amendment to the Illinois Finance Authority Act Regarding the Transfer of Agricultural Guarantee Funds.

Ms. Gildart presented the following resolution:

**Item 8:** Item 8 is a Resolution Approving the Terms of Rating Agency Contracts with Fitch Ratings and Standard & Poor's Ratings Services.

Ms. Lenane and Ms. O'Brien clarified for the Committee that the Authority will be approving the terms of the contracts with the approved vendors, as vendors the Authority may utilize for rating services.

Member Vaught inquired if the Authority received a favorable deal from the vendors through this procurement process. Chairman Brandt and Executive Director Meister informed Member Vaught that the indicative rating required as part of the **Transportation Infrastructure Finance and Innovation Act** ("TIFIA") loan process is pretty standard among vendors.

**VIII. Other Business**

None.

**IX. Public Comment**

None.

**X. Adjournment**

At the time of 10:29 a.m., Member Zeller moved that the Committee do now adjourn until May 13, 2014, at 9:30 a.m.

Member Bronner seconded the motion.

The motion prevailed.

And the Committee stood adjourned.

Minutes published by:  
Brad R. Fletcher  
Assistant Secretary of the Board



## BOARD MINUTES

**ILLINOIS FINANCE AUTHORITY  
BOARD OF DIRECTORS  
REGULAR MEETING  
TUESDAY, APRIL 8, 2014  
10:39 A.M.**

### **I. Call to Order & Roll Call**

At the regular meeting of the Board of Directors of the Illinois Finance Authority (the “Board”), begun and held at One Prudential Plaza, 130 East Randolph Avenue, Suite 750, Chicago, Illinois 60601, on the second Tuesday of April in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the “Act”), William A. Brandt, Jr., Chairman of the Board, called the Board to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 12 Present.

On the question of a quorum of Members physically present at the location of this open meeting, the Assistant Secretary of the Board declared that a quorum had been constituted.

**ILLINOIS FINANCE AUTHORITY  
BOARD OF DIRECTORS  
BOARD ROLL CALL  
QUORUM ROLL CALL FOR ATTENDANCE**

April 8, 2014

0 YEAS

0 NAYS

12 PRESENT

P	Bronner	E	Leonard	E	Poole
P	Fuentes	P	Lonstein (VIA AUDIO CONFERENCE)	P	Tessler
P	Goetz (VIA AUDIO CONFERENCE)	P	O’Brien	P	Vaught
P	Gold	P	Parish	P	Zeller
E	Knox	P	Pedersen	P	Mr. Chairman

E – Denotes Excused Absence

## **II. Chairman's Remarks**

Chairman Brandt welcomed Members of the Board, Authority staff and all guests present.

Chairman Brandt, Chairman, from the Committee of the Whole to which all items of this meeting's agenda were referred, action taken earlier on April 8, 2014, reported the same back and that all items were thoroughly reviewed.

## **III. Adoption of the Minutes**

Minutes of the regular meeting of the Board held on March 11, 2014 and the Financial Statements for the Month Ended March 31, 2014 were taken up for consideration.

Member Pedersen moved for the adoption of the Minutes and the Financial Statements.

Member Parish seconded the motion.

And on that motion, a vote was taken resulting as follows: 12 Yeas; 0 Nays; 0 Answering Present.

The motion prevailed and the Minutes were adopted.

## **IV. Acceptance of the Financial Statements**

See Agenda Item III.

## **V. Approval of Project Reports and Resolutions**

Chairman Brandt directed Mr. Frampton to present the projects and resolutions without guests or abstentions to the Board.

Mr. Frampton presented the following project:

### ***Agriculture Projects***

**Item 1(A):** Item 1(A) is a request for Beginning Farmer Revenue Bond financing.

**Mitchell R. Myers** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Two Hundred Sixty-One Thousand Two Hundred and Fifty Dollars** (\$261,250). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 40 acres of farmland located in Jackson Township in Effingham County.

Member Pedersen moved for the adoption of the following project: Item 1(A).

Member O'Brien seconded the motion.

And on that motion, a vote was taken resulting as follows: 12 Yeas; 0 Nays; 0 Answering Present.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

Chairman Brandt directed Mr. Frampton to present the remaining projects and resolutions without guests or abstentions to the Board.

Mr. Frampton presented the following project and resolutions:

**Item 1(B):** Item 1(B) is a request for Beginning Farmer Revenue Bond financing. **Landon Withrow** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **One Hundred Fifty-Seven Thousand Five Hundred Dollars** (\$157,500). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 113 acres of farmland located in Hickory Hill Township in Wayne County.

### *Healthcare Projects*

**Item 3:** Item 3 is a request for 501(c)(3) Revenue Bond financing.

**Memorial Health System** is requesting approval of a Final Bond Resolution in an amount not-to-exceed **Sixty Million Dollars** (\$60,000,000) in aggregate principal amount of revenue bonds consisting of one or more series of Variable Rate Revenue Bonds, Series 2014B (Memorial Health System) (**the “Series 2014B Bonds”**). This project is being presented for one-time consideration.

Bond proceeds of the Series 2014B Bonds will be used by **Memorial Medical Center** (the **“Borrower”**) to do any or all of the following: (i) pay or reimburse the Borrower for, or refinance certain indebtedness the proceeds of which were used for, the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain “projects” (as such term is defined in the Illinois Finance Authority Act, hereinafter the “Act”) for the Borrower’s acute care hospital located in Springfield, Illinois; (ii) establish a debt service reserve fund with respect to the Series 2014B Bonds, if deemed necessary or advisable by the Authority or the Borrower; (iii) pay a portion of the interest on the Series 2014B Bonds, if deemed necessary or advisable by the Authority or the Borrower; (iv) provide working capital to the Borrower, if deemed necessary or advisable by the Authority or the Borrower; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014B Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

### *Resolutions*

**Item 5:** Withdrawn.

**Item 6:** Item 6 is a Resolution Approving Certain Amendments to the Authority Series 2010A and Series 2010B (Palos Community Hospital and St. George Corporation) Loan Agreements.

**Item 7:** Item 7 is a Ratification of a Resolution Supporting House Bill 4634, an Amendment to the Illinois Finance Authority Act Regarding the Transfer of Agricultural Guarantee Funds.

**Item 8:** Item 8 is a Resolution Approving the Terms of Rating Agency Contracts with Fitch Ratings and Standard & Poor’s Ratings Services.

Chairman Brandt requested leave of the Board to use the last unanimous vote for the adoption of the following projects and resolutions: Items 1(B), 3, 6, 7 and 8.

Leave was granted.

These projects and resolutions, having received the votes of a quorum of the Members of the Board, were declared passed and adopted, respectively.

Chairman Brandt directed Mr. Frampton to present the project which may have a guest to the Board.

Mr. Frampton presented the following project:

***Business and Industry Projects***

**Item 2:** Item 2 is a request for Affordable Rental Housing Revenue Bond financing.

**Ridge Housing Partners, LLC and its affiliates, successors and assigns (915 West Wilson Supportive Living Facility Project)** are requesting approval of a **Preliminary Bond Resolution** in an amount not-to-exceed **Twenty Million Dollars** (\$20,000,000).

Bond proceeds will assist **Ridge Housing Partners, LLC and its affiliates, successors and assigns** the **“Borrower”**) in providing the Borrower with all or a portion of the funds for the purpose of (i) financing, refinancing or reimbursing the Borrower for the acquisition, rehabilitation, and equipping of an existing residential building located at 915 West Wilson Avenue, Chicago, Illinois for use as a supportive living facility, (ii) paying capitalized interest, (iii) capitalizing various reserve funds, if deemed necessary or advisable by the Borrower, and (iv) paying all or a portion of the costs of issuance for the Bonds, including but not limited to credit enhancement fees on the Bonds, if any, and other qualified costs, all as permitted by the Illinois Finance Authority Act (collectively, the **“Project”**).

Chairman Brandt announced that Mr. Jim Martell, Managing Member of Ridge Housing Partners, LLC, was present and ready to speak on behalf of the project.

Mr. Martell thanked the Members of the Board for their consideration of the financing.

Chairman Brandt recognized and thanked Mr. Martell.

Chairman Brandt requested leave of the Board to use the last unanimous vote for the adoption of the following project: Item 2.

Leave was granted.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

Chairman Brandt directed Mr. Frampton to present the resolution which may have an abstention to the Board.

Mr. Frampton presented the following resolution:

***Resolutions***

**Item 4:** Item 4 is a Resolution Reauthorizing IFA Commercial Paper Revenue Notes (Loyola University of Chicago Financing Program) and Ratifying Certain Actions Related Thereto.

Member O’Brien moved for the adoption of the following resolution: Item 4.

Member Fuentes seconded the motion.

And on that motion, a vote was taken resulting as follows: 11 Yeas; 0 Nays; 1 Abstention (Brandt); 0 Answering Present.

Chairman Brandt desired to be recorded as abstaining from the vote due to his service as a member of the Board of Trustees of Loyola University of Chicago.

This resolution, having received the votes of a quorum of the Members of the Board, was declared adopted.

**VI. Other Business**

None.

**VII. Public Comment**

None.

**VIII. Adjournment**

Chairman Brandt reminded Members of the Board, Authority staff and all guests present that the regular meeting of the Board in May will be held on May 13, 2014.

At the time of 10:48 a.m., Member O'Brien moved that the Board do now adjourn until May 13, 2014, at 10:30 a.m.

Member Pedersen seconded the motion.

The motion prevailed.

And the Board stood adjourned.

Minutes published by:  
Brad R. Fletcher  
Assistant Secretary of the Board

**FINANCIAL ANALYSIS**

May 13, 2014

**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS  
MONTHLY AND ANNUAL SUMMARY AS OF APRIL 30, 2014****1. GENERAL FUND REVENUES, EXPENSES AND NET INCOME**

- a. Annual Operating Revenues totaled \$2.9 million, while annual Non-Operating Revenues totaled \$92 thousand. Total annual combined revenues of \$3 million are \$618 thousand or 17% below budget; due primarily to lower than anticipated administration and closing fees.<sup>1</sup>
- b. In April, admin/closing fees from *SOS Children's* and *Memorial Health System* combined for \$118 thousand in revenue. Net investment income totaled \$86 thousand (including prior period adjustments), while unrealized losses totaled only -\$13 thousand, up from -\$76 and -\$85 thousand in February and March, respectively.
- c. Annual Operating Expenses before depreciation totaled \$3.1 million and annual Depreciation totaled \$37 thousand. Annual combined expenses of \$3.1 million are 8.5% below budget primarily due to lower employee related expenses and professional services for the year so far.
- d. In April, total expenses increased from March, primarily due to higher legal fees of \$67 thousand and invoices received for IFA's new records management software of \$40 thousand.
- e. The General Fund showed an Annual Net Income/(Loss) of -\$88 thousand, while in April, the net income/(loss) totaled -\$108 thousand. This is up from the losses of -\$232 and -\$186 thousand in February and March, respectively.
- f. On May 12, 2014 IFA received State Treasurer funds in the amount of \$8.2 million for the Ambulance and Fire Truck Loan program. The monies will now be invested along with IFAs other Locally Held Funds.

**2. ALL FUNDS REVENUES, EXPENSES AND NET INCOME**

- a. Annual Operating Revenues for all funds totaled \$5.4 million, while Annual Operating Expenses totaled \$3.2 million and Annual Non-Operating Revenues/(Expenses) resulted in a negative -\$3.5 million.
- b. In summary, the annual loss in overall non-operating revenues/(expenses) is mostly driven by the return of \$2.3 million dollars in unused grant funds to DCEO in April and total interest paid for debt service.
- c. The Annual Net Income/(Loss) for all funds totaled -\$1.3 million.

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<sup>1</sup>Operating Revenues and Expenses are direct results of our basic business operations. Non-Operating Revenues and Expenses are netted against each other and include interest and investment income and expenses, bad debt adjustments, transfers to the State of Illinois and realized/unrealized gains and losses on investments. Net Income/(Loss) is our bottom line.



**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS  
MONTHLY AND ANNUAL SUMMARY AS OF APRIL 30, 2014 (CONT'D)**

**3. ALL FUNDS ASSETS, LIABILITIES AND NET POSITION**

- a. IFA continues to maintain a strong balance sheet. In the General Fund, total assets of \$50 million (consisting of cash, investments, receivables) are over 52 times the total liabilities of \$960 thousand. Available cash on hand of \$5.8 million is currently 11.7% of total assets in the General Fund and after reserves for current expenses and the DACA Loan Program (direct loans from the General Fund), that figure is reduced to 8.8%. The remaining \$41.2 million of total assets in the General Fund are investments currently held by the investment managers, Clear Arc and Ziegler Capital.
- b. Total assets in all funds are \$364 million, which is nearly 1 and ½ times total liabilities of \$271 million<sup>2</sup>.
- c. In the presentation for the FY14 audited annual financial statements, the *Metro East Police District Commission* will be shown as a separate fiduciary fund and will have its own separate financials.
- d. Per *GASB Statement No. 65*, total deferred costs of issuance on debt are “*costs that the debt issuer pays directly to financial and legal advisors, the trustee (if any), paying agents, auditors, rating agencies and other providers of services to the issuer*”. Current balances for all funds on IFA’s books originate from the Bond Bank transactions and total \$236 thousand (including \$179 thousand in the General Fund). These costs were previously amortized (as assets) on IFAs books over the life of the bond, but per the new accounting standard, they must be expensed immediately in the current period. IFA will be expensing this entire amount on its FY14 audited annual financial statements. This should also be noted for similar transactions in the future.

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<sup>2</sup>Per *GASB Interpretation No. 2*, IFA reports activity for specific component units (Clean Water, Northern Illinois University Foundation, Moral Obligation-Backed Local Gov’t Bonds, etc.) and adjustments for this activity are performed on a quarterly basis. Estimates have been made as of April 30th for presentation purposes. The Consolidated Debt Fund includes both IFA Bond Debt and Component Unit Debt Activity.



**ILLINOIS FINANCE AUTHORITY**  
 Statement of Revenues, Expenses and Net Income  
 General Fund  
 For the Year As of April 30, 2014  
 (Unaudited)

	July	August	September	October	November	December	January	February	March	April	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	BUDGET VS ACTUAL
<b>Operating revenues:</b>													
Interest on loans	13,138	13,012	11,444	10,262	9,746	13,572	9,848	7,530	3,830	3,196	95,577	134,290	(38,713)
Application fees	2,000	3,900	10,250	2,900	1,300	10,600	2,700	1,100	1,200	1,200	37,150	5,840	31,310
Annual fees	16,408	16,691	82,716	23,370	20,055	40,625	42,494	58,410	46,042	51,105	397,915	65,290	332,625
Administrative service fees	292,974	280,030	304,935	269,865	345,613	438,739	79,000	65,984	49,574	130,195	2,256,908	3,203,193	(946,285)
Miscellaneous	40	4,483	4,483	23,581	4,818	4,483	75,353	4,483	4,483	4,483	130,690	53,000	77,690
<b>Total operating revenues</b>	<b>\$ 324,560</b>	<b>\$ 318,115</b>	<b>\$ 413,828</b>	<b>\$ 329,978</b>	<b>\$ 381,532</b>	<b>\$ 508,018</b>	<b>\$ 209,395</b>	<b>\$ 137,506</b>	<b>\$ 105,128</b>	<b>\$ 190,179</b>	<b>\$ 2,918,240</b>	<b>\$ 3,461,613</b>	<b>(543,373)</b>
<b>Operating expenses:</b>													
Employee related expenses	148,641	162,492	146,273	140,293	141,625	141,237	154,491	158,227	156,641	162,867	1,512,788	1,703,750	(190,962)
Professional services	40,121	70,589	89,680	129,904	135,515	96,344	64,463	148,470	80,319	157,605	1,013,010	1,079,180	(66,170)
Occupancy costs	26,273	25,601	26,152	27,637	21,934	26,660	26,750	26,631	26,782	29,390	263,810	289,170	(25,360)
General & Administrative	23,225	28,092	26,238	30,662	26,938	30,193	23,397	24,934	26,978	29,899	270,555	274,410	(3,855)
<b>Total operating expenses before depreciation and amortization</b>	<b>\$ 238,259</b>	<b>\$ 286,775</b>	<b>\$ 288,343</b>	<b>\$ 328,496</b>	<b>\$ 326,012</b>	<b>\$ 294,434</b>	<b>\$ 269,102</b>	<b>\$ 358,262</b>	<b>\$ 290,720</b>	<b>\$ 379,762</b>	<b>\$ 3,060,164</b>	<b>\$ 3,346,510</b>	<b>(286,346)</b>
<b>Operating income (loss) before depreciation and amortization</b>													
	86,300	31,341	125,486	1,483	55,520	213,584	(59,707)	(220,756)	(185,592)	(189,582)	(141,924)	115,103	(257,027)
Depreciation and Amortization	3,737	3,737	3,737	3,737	3,845	3,845	3,845	3,846	3,428	3,428	37,186	37,920	(734)
<b>Operating income (loss)</b>	<b>\$ 82,563</b>	<b>\$ 27,604</b>	<b>\$ 121,748</b>	<b>\$ (2,254)</b>	<b>\$ 51,675</b>	<b>\$ 209,739</b>	<b>\$ (63,552)</b>	<b>\$ (224,602)</b>	<b>\$ (189,020)</b>	<b>\$ (193,010)</b>	<b>\$ (179,110)</b>	<b>\$ 77,183</b>	<b>(256,293)</b>
<b>Nonoperating revenues (expenses):</b>													
Bad Debt Adjustment	-	-	10,761	-	-	-	-	-	39,333	-	50,094	-	50,094
Interest and investment income	1,440	1,338	1,192	2,172	1,181	(2,386)	6,369	70,173	49,137	63,377	193,992	166,670	27,322
investments	-	-	-	-	-	-	-	(1,342)	(363)	(2,113)	(3,817)	-	(3,817)
Net appreciation (depreciation) in fair value of investments	-	-	-	-	-	-	(12,106)	(75,829)	(85,264)	24,509	(148,690)	-	(148,690)
<b>(expenses), net</b>	<b>\$ 1,440</b>	<b>\$ 1,338</b>	<b>\$ 11,954</b>	<b>\$ 2,172</b>	<b>\$ 1,181</b>	<b>\$ (2,386)</b>	<b>\$ (5,736)</b>	<b>\$ (6,998)</b>	<b>\$ 2,843</b>	<b>\$ 85,773</b>	<b>\$ 91,579</b>	<b>\$ 166,670</b>	<b>(75,091)</b>
<b>Net Income/(Loss)</b>	<b>\$ 84,003</b>	<b>\$ 28,941</b>	<b>\$ 133,702</b>	<b>\$ (83)</b>	<b>\$ 52,856</b>	<b>\$ 207,353</b>	<b>\$ (69,288)</b>	<b>\$ (231,600)</b>	<b>\$ (186,177)</b>	<b>\$ (107,237)</b>	<b>\$ (87,531)</b>	<b>\$ 243,853</b>	<b>(331,384)</b>

Note: The sum of some amounts may not equal the total due to rounding



**ILLINOIS FINANCE AUTHORITY**  
 Statement of Revenues, Expenses and Net Income  
 All Funds  
 For the Year As of April 30, 2014  
 (Unaudited)

	General Fund	Bond Fund	Conduit Debt Fund <sup>1</sup>	Consolidated Bond Fund <sup>2</sup>	Firetruck Revolving Fund	Ind Rev Bond Ins Fund	IL Agr Loan Grant Fund	IL Frmr Agr Bus Fund	IRBB Spec Res Fund	FMHA	IL Housing Partnership	RED Fund	Ambulance Revolving Fund	Illinois Energy Fund	TOTAL NON-MAJOR FUNDS	TOTAL ALL FUNDS
<b>Operating revenues:</b>																
Interest on loans	95,577	-	-	-	-	-	-	-	8,050	11,175	-	24,230	-	-	43,455	139,032
Interest on loans (security for revenue bonds)	-	1,142,530	907,336	2,049,866	-	-	-	-	-	-	-	-	-	-	-	2,049,866
Application fees	37,150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,150
Annual fees	397,915	38,310	-	38,310	-	-	-	-	-	-	-	-	-	-	-	436,224
Administrative service fees	2,256,908	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,256,908
Miscellaneous	130,690	-	-	-	341,307	-	-	-	-	107	-	-	-	-	341,414	472,103
<b>Total operating revenues</b>	<b>\$ 2,918,240</b>	<b>\$ 1,180,839</b>	<b>\$ 907,336</b>	<b>\$ 2,088,176</b>	<b>\$ 341,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,050</b>	<b>\$ 11,281</b>	<b>\$ -</b>	<b>\$ 24,230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 384,869</b>	<b>\$ 5,391,284</b>
<b>Operating expenses:</b>																
Employee related expenses	1,512,788	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,512,788
Professional services	1,013,010	64,880	-	64,880	-	1,091	-	-	177	-	115	19,145	-	-	20,528	1,098,418
Occupancy costs	263,810	-	-	-	-	-	-	-	-	-	-	-	-	-	-	263,810
General & Administrative	270,555	-	-	-	-	-	-	-	-	-	-	-	-	-	-	270,555
<b>Total operating expenses before depreciation and amortization</b>	<b>\$ 3,060,164</b>	<b>\$ 64,880</b>	<b>\$ -</b>	<b>\$ 64,880</b>	<b>\$ -</b>	<b>\$ 1,091</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 177</b>	<b>\$ -</b>	<b>\$ 115</b>	<b>\$ 19,145</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,528</b>	<b>\$ 3,145,572</b>
<b>Operating income (loss) before depreciation and amortization</b>	<b>(141,924)</b>	<b>1,115,960</b>	<b>907,336</b>	<b>2,023,296</b>	<b>341,307</b>	<b>(1,091)</b>	<b>-</b>	<b>-</b>	<b>7,873</b>	<b>11,281</b>	<b>(115)</b>	<b>5,085</b>	<b>-</b>	<b>-</b>	<b>364,340</b>	<b>2,245,713</b>
Depreciation and Amortization	37,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,186
<b>Operating income (loss)</b>	<b>\$ (179,110)</b>	<b>\$ 1,115,960</b>	<b>\$ 907,336</b>	<b>\$ 2,023,296</b>	<b>\$ 341,307</b>	<b>\$ (1,091)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,873</b>	<b>\$ 11,281</b>	<b>\$ (115)</b>	<b>\$ 5,085</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 364,340</b>	<b>\$ 2,208,526</b>
<b>(expenses):</b>																
Transfer of Unused Grant Funds to the State of Illinois	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,341,698)	(2,341,698)	(2,341,698)
Bad Debt Adjustment	50,094	-	-	-	-	-	-	-	-	1,081	-	-	-	-	1,081	51,175
Interest and investment income	193,992	415,463	1,814,760	2,230,223	24,648	34,216	30,828	23,126	9,653	167	6,456	2,764	12,473	217	144,549	2,568,764
Interest expense	-	(1,397,081)	(2,215,184)	(3,612,265)	-	-	-	-	-	(3,606)	-	-	-	-	(3,606)	(3,615,871)
Realized Gain(loss) on sale of investments	(3,817)	-	-	-	-	(135)	-	-	(221)	-	(151)	(64)	-	-	(571)	(4,389)
Net appreciation (depreciation) in fair value of investments	(148,690)	-	-	-	-	(33,133)	-	-	(10,423)	-	(7,020)	(3,030)	-	-	(53,605)	(202,295)
<b>Total nonoperating revenues (expenses), net</b>	<b>\$ 91,579</b>	<b>\$ (981,618)</b>	<b>\$ (400,424)</b>	<b>\$ (1,382,042)</b>	<b>\$ 24,648</b>	<b>\$ 949</b>	<b>\$ 30,828</b>	<b>\$ 23,126</b>	<b>\$ (991)</b>	<b>\$ (2,359)</b>	<b>\$ (714)</b>	<b>\$ (330)</b>	<b>\$ 12,473</b>	<b>\$ (2,341,481)</b>	<b>\$ (2,253,851)</b>	<b>\$ (3,544,313)</b>
<b>Net Income/(Loss)</b>	<b>\$ (87,531)</b>	<b>\$ 134,341</b>	<b>\$ 506,912</b>	<b>\$ 641,254</b>	<b>\$ 365,955</b>	<b>\$ (143)</b>	<b>\$ 30,828</b>	<b>\$ 23,126</b>	<b>\$ 6,883</b>	<b>\$ 8,923</b>	<b>\$ (830)</b>	<b>\$ 4,755</b>	<b>\$ 12,473</b>	<b>\$ (2,341,481)</b>	<b>\$ (1,889,510)</b>	<b>\$ (1,335,787)</b>

Note: The sum of some amounts may not equal the total due to rounding

<sup>1</sup> Adjustments for the Conduit Debt Fund are only performed on a quarterly basis. For presentation purposes only, estimates have been made as of April 30th.

<sup>2</sup> The Consolidated Debt Fund includes both IFA Bond Debt and Conduit Debt Activity.



**ILLINOIS FINANCE AUTHORITY**  
 Statement of Net Position  
 All Funds  
 For the Ten Months Ended April 30, 2014  
 (Unaudited)

General Fund	Bond Fund	Component Unit Debt Fund <sup>1</sup>	Consolidated Bond Fund <sup>2</sup>	Fire Truck Revolving Fund	Ind Rev Bond Ins Fund	Venture Inv Fund	Credit ENH Dev Fund	IL Agr Loan Grant Fund	IL Fmr Agr Bus Fund	IRBB Spec Res Fund	Title IX	FMHA	Employee Stock	IL Housing Partnership	RED Fund	Ambulance Revolving Fund	Title IX & Illinois Energy Fund	Metro East <sup>3</sup>	TOTAL NON-MAJOR FUNDS	TOTAL ALL FUNDS
<b>ASSETS:</b>																				
CASH & INVESTMENTS, UNRESTRICTED	47,366,949	8,892,247	80,746,460	89,638,707	-	11,643,027	-	-	-	2,740,296	-	-	-	1,820,268	796,005	-	20	-	16,999,616	154,005,272
ACCOUNTS RECEIVABLES, NET	257,660	-	-	-	-	-	-	-	-	167,688	-	-	-	-	-	-	-	-	167,688	425,348
LOANS RECEIVABLES, NET	1,604,271	-	-	17,052,813	-	-	-	-	-	-	-	214,084	-	1,412,126	415,920	-	-	-	19,094,943	20,699,213
NOTES AND INTEREST RECEIVABLES	576,931	26,001,177	130,261,674	156,262,851	45,592	-	-	-	-	21,389	-	2,869	-	7,454	5,231	-	-	-	82,535	156,922,317
PREPAID EXPENSES	91,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,517
<b>TOTAL CURRENT ASSETS</b>	<b>\$49,897,328</b>	<b>\$34,893,424</b>	<b>\$211,008,134</b>	<b>\$245,901,558</b>	<b>\$17,052,813</b>	<b>\$11,688,619</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$2,929,373</b>	<b>\$-</b>	<b>\$216,953</b>	<b>\$-</b>	<b>\$1,827,722</b>	<b>\$2,213,362</b>	<b>\$415,920</b>	<b>\$20</b>	<b>\$-</b>	<b>\$36,344,781</b>	<b>\$332,143,667</b>
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>																				
DEFERRED COST OF ISSUANCE <sup>4</sup>	178,810	56,913	-	56,913	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	235,723
OTHER ASSETS - RESTRICTED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH, INVESTMENTS & RESERVES	-	-	-	4,401,741	-	-	599,750	10,103,212	7,802,604	10	-	1,902,368	-	-	3,768,384	-	46,521	-	28,624,591	28,624,591
OTHER	(4,845)	-	(241,172)	(241,172)	-	-	-	-	-	4,845	-	-	-	3,000,000	-	-	-	-	3,004,845	2,758,828
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$285,934</b>	<b>\$56,913</b>	<b>\$(241,172)</b>	<b>\$(184,259)</b>	<b>\$4,401,741</b>	<b>\$-</b>	<b>\$599,750</b>	<b>\$10,103,212</b>	<b>\$7,802,604</b>	<b>\$4,855</b>	<b>\$-</b>	<b>\$1,902,368</b>	<b>\$-</b>	<b>\$3,000,000</b>	<b>\$-</b>	<b>\$3,768,384</b>	<b>\$-</b>	<b>\$46,521</b>	<b>\$31,629,436</b>	<b>\$31,731,111</b>
<b>TOTAL ASSETS</b>	<b>\$50,183,262</b>	<b>\$34,950,337</b>	<b>\$210,766,962</b>	<b>\$245,717,299</b>	<b>\$21,454,555</b>	<b>\$11,688,619</b>	<b>\$-</b>	<b>\$599,750</b>	<b>\$10,103,212</b>	<b>\$7,802,604</b>	<b>\$2,934,228</b>	<b>\$-</b>	<b>\$2,119,321</b>	<b>\$4,827,722</b>	<b>\$2,213,362</b>	<b>\$4,184,304</b>	<b>\$20</b>	<b>\$46,521</b>	<b>\$67,974,218</b>	<b>\$363,874,778</b>
<b>LIABILITIES:</b>																				
CURRENT LIABILITIES	697,210	42,718	-	42,718	-	1,091	-	-	-	177	-	1,624	-	115	47	-	-	46,521	49,575	789,502
DUE TO PRIMARY GOVERNMENT	-	-	-	21,454,555	-	-	-	-	-	-	-	-	-	-	4,184,304	-	-	-	25,638,859	25,638,859
LONG-TERM LIABILITIES	261,914	32,731,515	210,766,962	243,498,477	-	-	-	-	-	-	-	428,470	-	-	-	-	-	-	428,470	244,188,862
<b>TOTAL LIABILITIES</b>	<b>\$959,124</b>	<b>\$32,774,233</b>	<b>\$210,766,962</b>	<b>\$243,541,195</b>	<b>\$21,454,555</b>	<b>\$1,091</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$177</b>	<b>\$-</b>	<b>\$430,094</b>	<b>\$-</b>	<b>\$115</b>	<b>\$47</b>	<b>\$4,184,304</b>	<b>\$-</b>	<b>\$46,521</b>	<b>\$26,116,906</b>	<b>\$270,617,224</b>
<b>NET POSITION:</b>																				
Net Investment in Capital Assets	111,969	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	111,969
Restricted for:																				
Enabling Legislation	-	-	-	-	-	-	-	10,072,384	7,779,478	-	-	-	-	-	-	-	-	-	17,851,862	17,851,862
Debt Service and Grantors	-	2,176,104	-	2,176,104	-	-	599,750	-	-	-	-	1,680,303	-	2,207,901	-	-	2,341,501	-	6,829,454	9,005,559
Unrestricted	49,199,701	-	-	-	11,673,089	-	-	-	2,924,504	-	-	-	4,831,205	-	-	-	-	-	19,428,797	68,628,498
Change in Net Position <sup>5</sup>	(87,531)	-	-	-	14,439	-	-	30,828	23,126	9,547	-	8,923	-	(3,598)	5,415	-	(2,341,481)	-	(2,252,801)	(2,340,332)
<b>TOTAL NET POSITION</b>	<b>\$49,224,138</b>	<b>\$2,176,104</b>	<b>\$-</b>	<b>\$2,176,104</b>	<b>\$-</b>	<b>\$11,687,528</b>	<b>\$-</b>	<b>\$599,750</b>	<b>\$10,103,212</b>	<b>\$7,802,604</b>	<b>\$2,934,051</b>	<b>\$-</b>	<b>\$1,689,225</b>	<b>\$4,827,606</b>	<b>\$2,213,316</b>	<b>\$-</b>	<b>\$20</b>	<b>\$-</b>	<b>\$41,857,313</b>	<b>\$93,257,556</b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$50,183,263</b>	<b>\$34,950,337</b>	<b>\$210,766,962</b>	<b>\$245,717,299</b>	<b>\$21,454,555</b>	<b>\$11,688,619</b>	<b>\$-</b>	<b>\$599,750</b>	<b>\$10,103,212</b>	<b>\$7,802,604</b>	<b>\$2,934,228</b>	<b>\$-</b>	<b>\$2,119,319</b>	<b>\$4,827,722</b>	<b>\$2,213,362</b>	<b>\$4,184,304</b>	<b>\$20</b>	<b>\$46,521</b>	<b>\$67,974,219</b>	<b>\$363,874,779</b>

Note: The sum of some amounts may not equal the total due to rounding

<sup>1</sup> Adjustments for the Conduit Debt Fund are only performed on a quarterly basis. For presentation purposes only, estimates have been made as of April 30th.

<sup>2</sup> The Consolidated Debt Fund includes both IFA Bond Debt and Conduit Debt Activity.

<sup>3</sup> In the presentation for the audited annual financial statements, Metro East will be shown separately as a fiduciary fund. It will have its own separate financials.

<sup>4</sup> Per GASB Statement No. 65, deferred issuance costs will no longer be considered assets and will be expensed in the period in which incurred. IFA will be expensing this entire amount on its FY14 audited annual financial statements.

<sup>5</sup> The Change in Net Position is equal to Net Income for the period presented.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: Illinois Finance Authority Board of Directors

From: Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer

Date: May 13, 2014

Re: Monthly Procurement Report

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### **CONTRACT AWARD RECOMMENDATIONS**

<b>Services Provided</b>	<b>Vendor</b>	<b>Term</b>	<b>Start/End</b>	<b>Value</b>
Financial Advisory Services	To be provided on June 2014 Board Day	24	07/14-06/16	\$ 1,777,450
Internal Auditing Services	To be provided on June 2014 Board Day	60	07/14-06/19	\$ 300,000

### **CONTRACT RENEWALS**

<b>Services Provided</b>	<b>Vendor</b>	<b>Term</b>	<b>Start/End</b>	<b>Value</b>
Loan Management and Servicing	Mabsco Capital Inc.	12	07/14-06/15	\$ 100,000
Insurance Broker	Mesirow Insurance Services, Inc.	12	06/14-06/15	\$ 45,800
Legislative Services	Howard Kenner Gov't Consulting	12	07/14-06/15	\$ 60,000

### **NEW CONTRACTS**

<b>Services Provided</b>	<b>Vendor</b>	<b>Term</b>	<b>Start/End</b>	<b>Value</b>
Payroll and Benefit Services	ADP Total Source (Existing Vendor/Sole Source)	12	07/14-06/15	\$ 233,000

### **UPCOMING SOLICITATIONS**

<b>Services Provided</b>	<b>Vendor</b>	<b>Term</b>	<b>Start/End</b>	<b>Value</b>
Energy Lease Financing Opportunity	To be provided on June 2014 Board Day	NTE 120	07/14-06/24	\$ -
Debt Management Software Application	To be provided on July 2014 Board Day	36	08/14-07/17	\$ -

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**PROPOSED CHANGES TO IFA PROCUREMENT POLICY**

1. Designates a minimum of 3 members of each evaluation committee
2. Bars the Agency Procurement Officer from serving as a voting member of any evaluation committee
3. Anticipation of litigation contracts will not be posted on the Illinois Procurement Bulletin or on IFAs website

**ILLINOIS PROCUREMENT CODE ACTIVITIES (NO BOARD ACTION NEEDED)**

<b>Services Provided</b>	<b>Vendor</b>	<b>Term</b>	<b>Start/End</b>	<b>Value</b>
Lease of copiers (Mt. Vernon/Chicago)	RK Dixon	4 months	02/14-05/14	\$ -
Equipment repair services	AMC Mechanical, Inc.	1 year	07/13-06/14	\$ 4,900
Preparation of financial statements/GAAP	Anthes, Pruyn & Associates	1 year	07/13-06/14	\$ 19,900
Data Network Consultant/Licensing Services	Catalyst Consulting Group	1 year	07/13-06/14	\$ 30,000
Maintenance service for RICOH color printer	Imagetec LP	1 year	07/13-06/14	\$ 2,855
Digital Postage Machine	Neopost	3 years	07/11-06/14	\$ 1,508
Board Book Printing	Swift Impressions, Inc.	1 year	07/13-06/14	\$ 8,280
Office Lease - Mt. Vernon	Ten Oaks Properties	4 years	07/10-06/14	\$ 22,660

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Lorrie Karcher  
Date: May 13, 2014  
Re: Overview Memo for Beginning Farmer Bonds

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- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to \$509,600 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$286,569**
- **Calendar Year Summary:** (as of May 13, 2014)
  - Volume Cap: \$12,000,000
  - Volume Cap Committed: \$1,659,663
  - Volume Cap Remaining: \$10,340,337
  - Average Farm Acreage: 42
  - Number of Farms Financed: 9
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - Convey tax-exempt status
    - Will use dedicated 2014 IFA Volume Cap set-aside for Beginning Farmer Bond transactions
- **IFA Fees:**
  - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
  - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's bank (the "Bank")
  - The Bank will be secured by the Borrower's assets, as on a commercial loan
  - Interest rates, terms, and collateral are negotiated between the Borrower and the Bank, just as with any commercial loan
  - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel: Burke, Burns & Pinelli, Ltd.**  
Stephen F. Welcome, Esq.  
Three First National Plaza, Suite 4300  
Chicago, IL 60602

**A. Project Number:** **A-FB-TE-CD-8677**  
**Borrower(s):** **Bergbower, Clinton R. & Sara B.**  
Borrower Benefit: First Time Land Buyer  
Town: Newton, IL  
**IFA Bond Amount:** **\$52,569**  
Use of Funds: Farmland – 19.47 acres of farmland  
Purchase Price: \$105,138 / (\$5,400 per ac)  
%Borrower Equity 5%  
% USDA Farm Service Agency 45% (*Subordinate Financing*)  
%IFA 50%  
Township: Fox  
Counties/Regions: Jasper / Southeastern  
Lender/Bond Purchaser: The First National Bank of Dieterich / Travis Farley  
**Legislative Districts:** Congressional: 15  
State Senate: 55  
State House: 109

Principal shall be paid annually in installments determined pursuant to a thirty (30) year amortization schedule calculated at the initial interest rate, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin one year from the date of closing with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing. The note will have a 30-year amortization and maturity.

**B. Project Number:** **A-FB-TE-CD-8680**  
**Borrower(s):** **Chandler, Austin L.**  
Borrower Benefit: First Time Land Buyer  
Town: Oquawka, IL  
**IFA Bond Amount:** **\$234,000**  
Use of Funds: Farmland – 90.22 acres of farmland  
Purchase Price: \$468,000 / (\$5,200 per ac)  
%Borrower Equity 5%  
% USDA Farm Service Agency 45% (*Subordinate Financing*)  
%IFA 50%  
Township: Rozetta  
Counties/Regions: Henderson / West Central  
Lender/Bond Purchaser: Security Savings Bank / Terri Ewing  
**Legislative Districts:** Congressional: 17  
State Senate: 47  
State House: 94

Principal shall be paid annually in installments determined pursuant to a thirty (30) year amortization schedule calculated at the initial interest rate, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin one year from the date of closing with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing. The note will have a 30-year amortization and maturity.



**\$10,000,000 (not-to-exceed amount)**
**Sterling Lumber Company and SLC – Phoenix, LLC**

May 13, 2014

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>Sterling Lumber Company</b>, an Illinois corporation (“<b>Sterling</b>”), and its affiliate, <b>SLC-Phoenix, LLC</b>, an Illinois limited liability company (“<b>SLC</b>” and together with Sterling, the “<b>Borrower</b>”), to finance a portion of the costs of acquisition of land and a 514,000 square feet building located at 501 East 151<sup>st</sup> Street, Phoenix, Illinois, the renovation of such building and the acquisition of machinery and equipment to be installed therein, all to be used as a wood products manufacturing facility to be owned and operated by the Borrower (the “<b>Project</b>”).</p> <p>It is anticipated that SLC will own the subject real estate for lease to Sterling. Additionally, the Sterling is likely to be the direct obligor on the equipment financed with bond proceeds.</p> <p><b>Program:</b> Industrial Revenue Bond  <b>Volume Cap required:</b> This Project is expected to require approximately \$10.0MM of IFA 2014 Volume Cap.          No IFA Funds at risk. No State Funds at risk.</p>												
<b>BOARD ACTION</b>	<p>Final Bond Resolution</p> <p>Voting Record (October 8, 2013) – Preliminary Bond Resolution: 9 Yeas; 0 Nays; 0 Abstain; 6 Absent.</p>												
<b>MATERIAL CHANGES</b>	<p>None.</p>												
<b>JOB DATA</b>	<table border="0"> <tr> <td>112</td> <td>Current job</td> <td>50</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>10-30 (9 months)</td> <td>Construction jobs projected</td> </tr> </table>	112	Current job	50	New jobs projected	N/A	Retained jobs	10-30 (9 months)	Construction jobs projected				
112	Current job	50	New jobs projected										
N/A	Retained jobs	10-30 (9 months)	Construction jobs projected										
<b>BORROWER DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Type of entity: Wood manufacturer</li> <li>• Location: Phoenix / Cook County / Northeast</li> <li>• The new building will be used by Sterling Lumber Company and SLC – Phoenix, LLC to establish a new centralized wood manufacturing facility to serve operations throughout the Midwest region.</li> </ul>												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The Series 2014 Bond will be purchased directly by First Midwest Bank, N.A. as a direct investment. First Midwest will be the secured lender and direct bond investor. Additional information specifying the anticipated collateral and security to the Bank is described in the Financing Summary of page 3.</li> </ul>												
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Term: 25 amortization on real estate; 10 years on equipment (anticipated)</li> <li>• Rate: The Bond will be purchased directly by First Midwest Bank, N.A. as a direct investment and is expected to bear an interest rate that will be reset every 5 years until maturity. The initial interest rate is currently estimated at between 3.00% and 4.00%.</li> </ul>												
<b>SOURCES AND USES</b>	<table border="0"> <tr> <td>IFA Bond</td> <td>\$10,000,000</td> <td>Project Cost:</td> <td>\$10,800,000</td> </tr> <tr> <td>Equity</td> <td><u>1,000,000</u></td> <td>Costs of Issuance</td> <td><u>200,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b>\$11,000,000</b></td> <td><b>Total</b></td> <td><b>\$11,000,000</b></td> </tr> </table>	IFA Bond	\$10,000,000	Project Cost:	\$10,800,000	Equity	<u>1,000,000</u>	Costs of Issuance	<u>200,000</u>	<b>Total</b>	<b>\$11,000,000</b>	<b>Total</b>	<b>\$11,000,000</b>
IFA Bond	\$10,000,000	Project Cost:	\$10,800,000										
Equity	<u>1,000,000</u>	Costs of Issuance	<u>200,000</u>										
<b>Total</b>	<b>\$11,000,000</b>	<b>Total</b>	<b>\$11,000,000</b>										
<b>RECOMMENDATION</b>	<p>Credit Review Committee recommends approval.</p>												

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 May 13, 2014**

**Project: Sterling Lumber Company and SLC – Phoenix, LLC**

**STATISTICS**

IFA Project:	I-ID-TE-CD-8645	Amount:	\$10,000,000
Type:	Industrial Revenue Bond	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Phoenix	County/ Region:	Cook / Northeast

**BOARD ACTION**

Final Bond Resolution	
Conduit Industrial Revenue Bond	No IFA funds at risk
Credit committee recommends approval	No extraordinary conditions

**VOTING RECORD**

Voting Record (October 8, 2013) – Preliminary Bond Resolution: 9 Yeas; 0 Nays; 0 Abstain; 6 Absent.

**PURPOSE**

Bond proceeds will be used by **Sterling Lumber Company**, an Illinois corporation (“**Sterling**”), and its affiliate, **SLC-Phoenix, LLC**, an Illinois limited liability company (“**SLC**” and together with Sterling, the “**Borrower**”), to finance a portion of the costs of acquisition of land and a 514,000 square feet building located at 501 East 151<sup>st</sup> Street, Phoenix, Illinois, the renovation of such building and the acquisition of machinery and equipment to be installed therein, all to be used as a wood products manufacturing facility to be owned and operated by the Borrower (the “**Project**”).

**IFA PROGRAM AND CONTRIBUTION**

The Authority’s Industrial Revenue Bond Program provides tax-exempt financing for qualifying manufacturing projects.

**VOLUME CAP**

The Authority’s Industrial Revenue Bond Program provides low interest rate financing for qualifying manufacturing projects. IFA’s issuance of the Industrial Revenue Bond will enable the Borrower to obtain a lower interest rate on this capital project. It is anticipated that IFA will provide 100% of the Volume Cap allocation required to finance the New Money portion of this project (i.e., \$10.0MM).

**SOURCES AND USES OF FUNDS**

<b>Sources:</b>	IFA Bonds (IRB)	\$ 10,000,000	<b>Uses:</b>	Project Costs	\$ 10,800,000
	Equity	<u>1,000,000</u>		Costs of Issuance	<u>200,000</u>
	<b>Total</b>	<b>\$ 11,000,000</b>		<b>Total</b>	<b>\$ 11,000,000</b>

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### JOBS

Current employment:	112	Projected new jobs:	50
Jobs retained:	N/A	Construction jobs:	10-30 (9 months)

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### FINANCING SUMMARY

#### Structure/Credit

Enhancement: Conduit Industrial Revenue Bond that will be purchased directly by First Midwest Bank, N.A. as the Direct Investor/Lender.

Interest Rate: The Bond will be purchased directly by First Midwest Bank, N.A. as a direct investment and are expected to bear an interest rate that will be reset 5 years until maturity. The initial interest rate is currently estimated at between 3.00% and 4.00%.

Bank Collateral: As presently contemplated, First Midwest Bank, N.A. would be secured by a first mortgage on the subject property, a corporate guarantee by Sterling Lumber Company and a collateral assignment of Rents and Leases on the real estate portion of the Bond issue. Additionally, the Bank would be secured by a first lien on the financed equipment. It is anticipated that obligations of Sterling Lumber Company, SLC – Phoenix, LLC, and any other affiliated entities will be cross-collateralized and cross-defaulted.

Maturity: Anticipated maximum of 25 Years on real estate assets; 10 years maximum on equipment.

Anticipated Closing: June 2014

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### BUSINESS SUMMARY

Description: **SLC-Phoenix, LLC** (the “**Lessor**”) is a special purpose real estate holding entity established by the owners of **Sterling Lumber Company** (the “**Operating Company**” or “**Tenant**”, and together with the Lessor, the “**Borrower**”). Sterling Lumber Company was established in 1949 and incorporated under Illinois law as an S corporation in 1990.

Owners of 7.5% or more of SLC-Phoenix, LLC and Sterling Lumber Company are identified in the Economic Disclosure Statement section of this report (see pp. 4-5).

Background: In 1949, Gerhard Sterling formed a scrap metal business in Northern Illinois. By 1970, the company had evolved into a successful supplier of hardwood lumber serving steel processors (e.g., crates for coil and slit steel) and heavy highway construction sectors (e.g., wooden planking to transport heavy construction equipment across unpaved land).

In 2004, the Company began producing crane mats to serve the wind energy sector, a growth segment. Sterling quickly gained a reputation for outstanding customer service, prompt delivery, and superior hardwood quality. The Company’s sales increased more than 10-fold from 1992 to 2012. According to the Company, this sales increase was particularly attributable to its quality production of crane mats and access mats. Sterling presently employs 170 workers at facilities located in Blue Island, Illinois, and in Indiana and Missouri.

Products to be produced at the new facility include crane mats, access mats, pipeline skids, blocking lumber, dunnage, crates, coil spacers, bridge shielding, pallets and more.

Sterling Lumber’s website has additional information regarding the Company’s various products and applications (please see: <http://www.sterlinglumber.com/?vm=r> ).

*The Project site is located in the DCEO-designated Harvey/Phoenix/Hazel Crest Enterprise Zone and includes vacant land that would enable future expansion of the facility.*

Rationale: The proposed project will enable Sterling Lumber Company to retain and expand its primary facility in Illinois. The Company has reached full production capacity at its current facility in Blue Island. The new facility in Phoenix will provide significant space for Sterling Lumber Company to expand operations in the future. Upon relocation, the expanded facility will enable Sterling Lumber to increase production capacity and improve operating efficiencies.

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **Sterling Lumber Company**, an Illinois corporation (“**Sterling**”), and its affiliate, **SLC-Phoenix, LLC**, an Illinois limited liability company (“**SLC**” and together with Sterling, the “**Borrower**”), to finance a portion of the costs of acquisition of land and a 514,000 square feet building located at 501 East 151<sup>st</sup> Street, Phoenix, Illinois, the renovation of such building and the acquisition of machinery and equipment to be installed therein, all to be used as a wood products manufacturing facility to be owned and operated by the Borrower (the “**Project**”).

Estimated project costs consist of the following:

Land/Building Acquisition	\$2,150,000
Building Renovation/Rehabilitation	2,250,000
New Equipment	5,500,000
Architectural/Engineering	250,000
Legal & Professional	650,000
<b>Total New Money Project Costs</b>	<b><u>\$10,800,000</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Sterling Lumber Company/SLC – Phoenix, LLC, c/o Mr. Christian Sterling, Vice President, 3415 West 127<sup>th</sup> Street, Blue Island, IL 60406

Financial

Advisor to

Borrower:

Mr. Anthony R. (“Tony”) Grant, Managing Director, Total Capital Solutions, Inc., 28 Iowa Street, Oak Park, IL 60302; Ph.: 708-660-0494; Email: [tgrant@totalcapitalsolutionsinc.com](mailto:tgrant@totalcapitalsolutionsinc.com)

Project name: IFA Industrial Revenue Bond (Sterling Lumber Company Project), Series 2013

Location: 501 East 151<sup>st</sup> Street, Phoenix (Cook County), Illinois 60426

Ownership

Information:

All anticipated LLC Managers [i.e., Managing Partners] or individuals holding a 7.5% or greater ownership [i.e., Membership] interest (i.e., IFA private company disclosure threshold) for the Borrower and its affiliate include:

**(i) SLC-Phoenix, LLC, an Illinois Limited Liability Company (and the proposed Owner/Lessor of the subject real estate):**

- John Sterling: 20%
- Christian Sterling, Manager 20%
- Carson Sterling, Manager 20%
- Cooper Sterling, Manager 20%
- Carter Sterling, Manager 20%

**(ii) Sterling Lumber Company, a corporation incorporated under State of Illinois law (the Tenant and Operating Company):**

- John Sterling, CEO: 20%
- Christian Sterling, VP 20%
- Carson Sterling, VP 20%
- Cooper Sterling, VP 20%
- Carter Sterling, VP 20%

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**PROFESSIONAL & FINANCIAL**

Borrower Counsel:	Much Shelist, P.C.	Chicago, IL	Scott David
Outside Accountant:	Mulcahy, Pauritsch, Salvador & Co.	Orland Park, IL	
Financial Advisor to Borrower:	Total Capital Solutions, Inc.	Oak Park, IL	Tony Grant
Bank (Direct Purchaser/ Lender):	First Midwest Bank, N.A.	Palos Heights, IL	Guy Weir
Bond Counsel:	Greenberg Traurig, LLP	Chicago, IL	Matt Lewin
Bank Counsel:	To be determined		
Bond Trustee:	Not applicable (bank direct purchase)		
General Contractor:	Harbour Contractors, Inc.	Plainfield, IL	
Rating Agency:	Not applicable (bank direct purchase)		
IFA Counsel:	Requested		
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	2
State Senate:	15
State House:	30

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May 13, 2014		<b>\$5,000,000 (not-to-exceed amount)</b>																									
		<b>Freedman Seating Company, Inc. and its Affiliates</b>																									
<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used for the purpose of providing <b>Freedman Seating Company, Inc. and its Affiliates</b> (collectively, the “<b>Borrowers</b>”) all or a portion of the funds for the purpose of (i) assisting in the substantial rehabilitation and equipping of all or a portion of its existing manufacturing building located at 4501 W. Augusta Blvd., in Chicago (Cook County), Illinois, 60651 for use in expanding the Company’s seat manufacturing production facilities, (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the “<b>Project</b>”).</p> <p><b>Program:</b> Industrial Revenue Bond</p> <p><b>Volume Cap required:</b> This Project is expected to require an anticipated \$5.0MM of IFA 2014 Volume Cap. No IFA Funds at risk. No State Funds at risk.</p>																										
<b>BOARD ACTION</b>	None. This is the first time this project has been presented to the IFA Board of Directors.																										
<b>JOB DATA</b>	622	Current jobs	30																								
	N/A	Retained jobs	50																								
			New jobs projected																								
			Construction jobs projected (12 months)																								
<b>BORROWER DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Type of entity: Manufacturer of upholstered seating used in commercial trucks and buses.</li> <li>• Location: Chicago/Cook/Northeast</li> <li>• A key element of the Company's strategy is to grow its market share in the heavy-duty transit-seating segment of the business. Thus, the renovation of the existing building will be used by the Borrowers to expand and improve existing manufacturing operations as well as construct a new Research and Development Center for this endeavor.</li> </ul>																										
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The Series 2014 Bond will be purchased directly by Wells Fargo Bank, N.A. as a direct investment. Wells Fargo will be the secured lender and direct bond investor.</li> </ul>																										
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Term: Not-to-exceed 40 years (anticipated maximum of 25 Years on real estate assets and 10 years on equipment)</li> <li>• Rate: The Bond will be purchased directly by Wells Fargo Bank as a direct investment and are expected to bear an interest rate that will be reset every 5 years until maturity. The initial interest rate is currently estimated at between 3.0% and 4.0%.</li> </ul>																										
<b>SOURCES AND USES</b>	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><b>Sources:</b></td> <td style="width: 30%;"></td> <td style="width: 30%;"><b>Uses:</b></td> <td style="width: 10%;"></td> </tr> <tr> <td>IFA Bond</td> <td style="text-align: right;">\$5,000,000</td> <td>Equipment:</td> <td style="text-align: right;">\$2,500,000</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;"><u>150,000</u></td> <td>Rehabilitation</td> <td style="text-align: right;">2,250,000</td> </tr> <tr> <td></td> <td></td> <td>Architectural/Engineering</td> <td style="text-align: right;">250,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>150,000</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$5,150,000</b></td> <td><b>Total</b></td> <td style="text-align: right;"><b>\$5,150,000</b></td> </tr> </table>			<b>Sources:</b>		<b>Uses:</b>		IFA Bond	\$5,000,000	Equipment:	\$2,500,000	Equity	<u>150,000</u>	Rehabilitation	2,250,000			Architectural/Engineering	250,000			Costs of Issuance	<u>150,000</u>	<b>Total</b>	<b>\$5,150,000</b>	<b>Total</b>	<b>\$5,150,000</b>
<b>Sources:</b>		<b>Uses:</b>																									
IFA Bond	\$5,000,000	Equipment:	\$2,500,000																								
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<b>Total</b>	<b>\$5,150,000</b>	<b>Total</b>	<b>\$5,150,000</b>																								
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																										

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
May 13, 2014**

**Project: Freedman Seating Company, Inc. and its Affiliates**

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**STATISTICS**

IFA Project:	I-ID-TE-CD-8681	Amount:	\$5,000,000 ( <i>not-to-exceed amount</i> )
Type:	Industrial Revenue Bond	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Chicago	County/ Region:	Cook / Northeast

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**BOARD ACTION**

Preliminary Bond Resolution	
Conduit Industrial Revenue Bond	No IFA funds at risk
Credit committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

This is the first time this project is being presented to the IFA Board of Directors.

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**PURPOSE**

Bond proceeds will be used for the purpose of providing **Freedman Seating Company, Inc. and its Affiliates** (collectively, the **“Borrowers”**) all or a portion of the funds for the purpose of (i) assisting in the substantial rehabilitation and equipping of all or a portion of its existing manufacturing building located at 4501 W. Augusta Blvd., in Chicago (Cook County), Illinois, 60651 for use in expanding the Company’s seat manufacturing production facilities (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the **“Project”**).

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**IFA PROGRAM AND CONTRIBUTION**

The Authority’s Industrial Revenue Program provides tax-exempt financing for qualifying manufacturing projects.

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**VOLUME CAP**

The Authority’s Industrial Revenue Bond Program provides low interest rate financing for qualifying manufacturing projects. IFA’s issuance of the Industrial Revenue Bond will enable the Borrowers to obtain a lower interest rate on this capital project. It is anticipated that IFA will provide 100% of the Volume Cap allocation required to finance the Project (i.e., anticipated amount of \$5.0MM).

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**SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bond	\$5,000,000	Equipment:	\$2,500,000
Equity	<u>150,000</u>	Rehabilitation	2,250,000
		Architectural/Engineering	250,000
		Costs of Issuance	<u>150,000</u>
<b>Total</b>	<b>\$5,150,000</b>	<b>Total</b>	<b>\$5,150,000</b>

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**JOBS**

Current employment:	622	New jobs projected:	30
Jobs retained:	N/A	Construction jobs projected:	50 (12 months)

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**FINANCING SUMMARY**

Structure/Credit

Enhancement: The conduit Industrial Revenue Bond will be purchased directly by Wells Fargo Bank, N.A. as the Direct Investor/Lender.

Interest Rate: The Bond will be purchased directly by Wells Fargo Bank, N.A. as a direct investment and are expected to bear an interest rate that will be reset every 5 years until maturity. The initial interest rate is currently estimated at between 3.0% and 4.0% for an initial term of 3 to 5 years.

Bank Collateral: Wells Fargo Bank, N.A. will be secured by a first mortgage on the subject property, a first lien on the financed equipment, a corporate guarantee by Freedman Seating Company, Inc. and a collateral assignment of Rents and Leases any real estate and equipment that is leased to Freedman Seating Company, Inc.

Maturity: Not-to-exceed 40 years (anticipated maximum of 25 Years on real estate assets and 10 years on equipment)

Closing: August 2014

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**BUSINESS SUMMARY**

Description: **FSLH, LLC** and **FSLH, LLC – Series 4501** (collectively, the “**Affiliates**”) are special purpose entities created to own equipment and real estate, respectively, by the principal owners of **Freedman Seating Company, Inc.** (the “**Company**”) (and together with the Affiliates, the “**Borrowers**”).

Owners of 7.5% or more of Freedman Seating Company, Inc. and its various affiliates are identified in the Economic Disclosure Statement section of this report (see page 5). The Company has been family-owned by members of the Freedman family since it was founded in the 1890s. The same parties will also be involved in any successor affiliate that serves as a co-borrower on the subject financing.



**Background:** **Freedman Seating Company, Inc.** was originally founded members by the Freedman family over 120 years ago as a manufacturing of seat cushions for horse drawn buggies. The Company has been based in Chicago since its inception and continues to be owned by members of the Freedman family. Freedman Seating has evolved over time with the Company's principal market now consists of manufacturing upholstered seating products used in buses and commercial trucks.

Freedman has posted steady growth since 1999, when the Company relocated from the Ravenswood neighborhood to its present facility on Chicago's West Side which enabled the Company to quadruple its production capacity.

IFA issued approximately \$2.24MM of Industrial Development Revenue Bonds in 2005 that financed the acquisition of equipment to enable the Company to add a transit seat production line under a joint venture with the USSC Group (all payments on the IFA Series 2005 Bonds have been paid as scheduled and are current). Since installation of the transit seat line in 2006, Freedman has added lines to manufacture school bus seat headrests and seat belts.

Freedman Seating has steadily expanded its employment from 265 at the time of its 1998 expansion/relocation from Ravenswood, to 363 in 2005 (prior to the IFA-financed equipment expansion) to 622 presently. Additionally, the Company anticipated creating 43 new jobs within two years of completing its 2005 IFA-financed expansion (resulting in 406 total jobs pursuant to their 2005 forecast). Instead, Freedman Seating's continued growth resulted in additional hiring – the Company's headcount in 2012 of 530 significantly exceeded their forecast of 406 based on their 2005 application.

Moreover, in 2012, Freedman Seating returned to the IFA to purchase, renovate, and equip the subject facility at 4501 W. Augusta Blvd. that is being renovated as part of this financing to now accommodate a Research and Development Center. Freedman also refunded \$1,085,000 principal amount of the Authority's Industrial Development Revenue Bonds (Freedman Seating Company Project), Series 2005, and \$1,855,000 principal amount of City of Chicago Industrial Development Revenue Bonds, Series 1998, as part of the 2012 transaction. At the time of the IFA application in 2012, the Company again anticipated creating 43 new jobs within two years of completing its 2012 IFA-financed expansion (resulting in 573 total jobs pursuant to their 2012 forecast). Instead, Freedman Seating's continued growth resulted in additional hiring – the Company's headcount in 2014 of 622 significantly exceeded their forecast of 573 in their 2012 application.

Freedman Seating Company, Inc. produces over 50 products in five product lines. Freedman Seating's on-site production is comprised of the following activities: metal forming, bending and welding, fabric cutting and sewing, upholstery and assembly. These production activities are supported by a 40-member design and engineering team, as well as a quality testing department. According to the Company's management, Freedman Seating has been gaining market share in the heavy-duty transit seating segment of the upholstered seating business by providing reduced lead times and improved sales support and also providing replacement seating to OEM manufacturers.

Key OEM bus builders with U.S. operations that purchase seating include Daimler Benz/Freightliner, Navistar, New Flyer, Neoplan, North America Bus, and Gillig.

In addition to bringing back production that was previously sourced offshore, Freedman Seating also sources many parts from steel, plastic, hardware, and screw machine parts from U.S.-based suppliers located in Illinois and nearby states.

**Rationale:** The proposed project is necessary to enable Freedman Seating to increase production capacity to serve the heavy-duty transit-seating segment of the seating business. Tax-Exempt Industrial Revenue Bond financing will help the Company finance its capital intensive growth at a significantly lower interest rate, thereby enabling the Company to more effectively compete with foreign competition based in Europe, Asia, or South America.

According to the Company, Freedman Seating is the largest employer in the 37<sup>th</sup> Ward of the City of Chicago.

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**PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)**

Bond proceeds will be used for the purpose of providing **Freedman Seating Company, Inc. and its Affiliates** (collectively, the “**Borrowers**”) all or a portion of the funds for the purpose of (i) assisting in the substantial rehabilitation and equipping of all or a portion of its existing manufacturing building located at 4501 W. Augusta Blvd., in Chicago (Cook County), Illinois, 60651 for use in expanding the Company’s seat manufacturing production facilities, (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the “**Project**”).

Estimated Project costs consist of the following:

Equipment	\$2,500,000
Rehabilitation	2,250,000
Architectural/Engineering	<u>250,000</u>
<b>Total New Money Project Costs</b>	<b><u>\$5,000,000</u></b>

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Freedman Seating Company, Inc. and its affiliates, c/o Mr. Lynn Crim, Controller, Freedman Seating Company, Inc., 4545 W. Augusta Blvd., Chicago, IL 60651; Ph. 773-524-2440; Email: [lynnc@freedmanseat.com](mailto:lynnc@freedmanseat.com)

Website: [www.freedmanseating.com](http://www.freedmanseating.com)

Project name: IFA Industrial Revenue Bond (Freedman Seating Project), Series 2014

Locations: 4501 W. August Blvd., Chicago, Illinois 60651

Ownership Information: All management employees or individuals holding a 7.5% or greater ownership interest (i.e., IFA private company disclosure threshold) in Freedman Seating Company, Inc. are listed below:

(i) **Real Estate Tenant/Operating Company/Equipment Owner/Equipment Lessee/Corporate Guarantor:**

**Freedman Seating Company, an Illinois corporation:**

**Ownership:**

- Craig Freedman, President;
- Daniel Smith-Cohen, VP Sales;
- David L. Cohen, Vice President; and
- Wendy Freedman-Borsuk (no operational ties)\*

\* Note: 100% of common stock of Freedman Seating Company is held within the Freedman family.

(ii) **Limited Liability Company Affiliates of Freedman Seating Company (and Owners of Various Assets financed by Series 2014 Bond Proceeds):**

**FSLH, LLC and FSLH, LLC - Series 4501 (each entity is an Illinois Limited Liability Company):**

- Craig Freedman, Manager;
- Daniel Smith-Cohen, VP Sales; and
- David L. Cohen, Vice President.

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**PROFESSIONAL & FINANCIAL**

General Counsel:	Robbins Salomon & Patt, Ltd.	Chicago, IL	Richard Gayle
Accounting:	FLS Group, LLC	Skokie, IL	
Bank (Direct Purchaser/ Lender):	Wells Fargo Bank, N.A.	Chicago, IL	
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Bank Counsel:	Thompson Coburn LLP	Chicago, IL	Thomas C. Smith
Architect/Contractor:	Inbalance LLC	Chicago, IL	
IFA Counsel:	To be engaged		
IFA Financial Advisor:	Public Financial Management, Inc.	Chicago, IL	Shannon Williams

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**LEGISLATIVE DISTRICTS**

Congressional:	7
State Senate:	5
State House:	10

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May 13, 2014

**\$45,000,000**  
**Freeport Regional Health Care Foundation**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>Freeport Regional Health Care Foundation</b> (“FHN”, the “<b>Corporation</b>” or the “<b>Borrower</b>”) to provide Freeport Memorial Hospital (the “<b>Hospital</b>”) and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Corporation and the Hospital for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and/or the Hospital, including renovating the emergency department and outpatient services facilities; (ii) refund all or a portion of the \$10,000,000 original principal amount County of Stephenson, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 County Bonds”); (iii) refund all or a portion of the \$8,000,000 original principal amount City of Freeport, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 City Bonds”); (iv) refund all or a portion of the \$13,330,000 original principal amount City of Freeport, Illinois Variable Rate Demand Revenue Bonds, Series 2001A (Freeport Regional Health Care Foundation) (the “2001 City Bonds” and, together with the 2008 County Bonds and the 2008 City Bonds, the “Prior Bonds”); (v) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Corporation; (vi) provide working capital to the Corporation and/or the Hospital, if deemed necessary or advisable by the Corporation; and (vii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																				
<b>BOARD ACTIONS</b>	Final Bond Resolution ( <i>One-time consideration</i> )																				
<b>MATERIAL CHANGES</b>	None. This is the first time this project has been presented to the IFA Board of Directors.																				
<b>JOB DATA</b>	<table border="0"> <tr> <td>1,042 FTEs</td> <td>Current jobs</td> <td>0</td> <td>New jobs projected</td> </tr> <tr> <td>1,042 FTEs</td> <td>Retained jobs</td> <td>100</td> <td>Construction jobs projected</td> </tr> </table>	1,042 FTEs	Current jobs	0	New jobs projected	1,042 FTEs	Retained jobs	100	Construction jobs projected												
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Freeport, Illinois (Stephenson County/Northern Stateline)</li> <li>• Freeport Regional Health Care Foundation, (d/b/a “FHN”) is a regional not-for-profit healthcare system based in Freeport, IL – approximately 120 miles northwest of Chicago.</li> <li>• Dating back to 1902 with the opening of Globe Hospital in Freeport, today FHN is an integrated health system encompassing: FHN Memorial Hospital (“FMH”), located in Freeport, with 146 licensed and 99 staffed beds; FHN Leonard C. Ferguson Cancer Center; 7 specialty and family healthcare locations within Freeport; 11 primary care facilities spread throughout five counties; Hospice and occupational health services; Northern Illinois Health Plan (“NIHP”), which serves approximately 12,500 individual members; and FHN Physician Group comprising 24 Primary Care Physicians, 30 Specialists and 25 Nurse Practitioners / Physician Assistants.</li> </ul>																				
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• The Bonds are expected to be secured by the Borrower’s Direct Note Obligations issued pursuant to its Master Trust Indenture (“MTI”).</li> </ul>																				
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Variable rate Direct Purchase by U.S. Bank and Fifth Third Bank (seven year term)</li> </ul>																				
<b>SOURCES AND USES</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td><u>\$45,000,000</u></td> <td>Project Fund</td> <td>\$20,400,000</td> </tr> <tr> <td></td> <td></td> <td>Refunded Bonds</td> <td>24,000,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance</td> <td><u>600,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$45,000,000</u></b></td> <td><b>Total</b></td> <td><b><u>\$45,000,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	<u>\$45,000,000</u>	Project Fund	\$20,400,000			Refunded Bonds	24,000,000			Cost of Issuance	<u>600,000</u>	<b>Total</b>	<b><u>\$45,000,000</u></b>	<b>Total</b>	<b><u>\$45,000,000</u></b>
<b>Sources:</b>		<b>Uses:</b>																			
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<b>Total</b>	<b><u>\$45,000,000</u></b>	<b>Total</b>	<b><u>\$45,000,000</u></b>																		
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
May 13, 2014**

**Project: Freeport Regional Health Care Foundation**

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**STATISTICS**

Project Number:	H-HO-TE-CD-8683	Amount:	\$45,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
City:	Freeport	County/Region:	Stephenson/Northern Stateline

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**BOARD ACTION**

Final Bond Resolution ( <i>One-time Consideration</i> )	No IFA Funds at Risk
Conduit 501(c)(3) Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval	

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**VOTING RECORD**

This is the first time this project is being presented to the IFA Board of Directors.

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**PURPOSE**

Bond proceeds will be used by **Freeport Regional Health Care Foundation** (“FHN”, the “**Corporation**” or the “**Borrower**”) to provide Freeport Memorial Hospital (the “**Hospital**”) and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Corporation and the Hospital for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and/or the Hospital, including renovating the emergency department and outpatient services facilities; (ii) refund all or a portion of the \$10,000,000 original principal amount County of Stephenson, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 County Bonds”); (iii) refund all or a portion of the \$8,000,000 original principal amount City of Freeport, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the “2008 City Bonds”); (iv) refund all or a portion of the \$13,330,000 original principal amount City of Freeport, Illinois Variable Rate Demand Revenue Bonds, Series 2001A (Freeport Regional Health Care Foundation) (the “2001 City Bonds” and, together with the 2008 County Bonds and the 2008 City Bonds, the “Prior Bonds”); (v) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Corporation or the Authority; (vi) provide working capital to the Corporation and/or the Hospital, if deemed necessary or advisable by the Corporation or the Authority; and (vii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance and refinance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower’s interest expense.

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**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

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**JOBS**

Current employment: 1,042 FTEs

Projected new jobs: 0  
Construction jobs: 100

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	<u>\$45,000,000</u>	Project Fund	\$20,400,000
		Refunded Bonds	24,000,000
		Cost of Issuance	<u>600,000</u>
<b>Total</b>	<b><u>\$45,000,000</u></b>	<b>Total</b>	<b><u>\$45,000,000</u></b>

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**FINANCING SUMMARY**

Security:	The Bonds will be secured by the Borrower's Direct Note Obligations, Series issued pursuant to its Master Trust Indenture ("MTI"). To secure the prompt payment of the principal of and interest on and any premium on each Obligation, each Member pledges, assigns and grants to the Master Trustee, an assignment of and security interest in the Gross Revenues of each Member. The security will also include either a mortgage or negative pledge.
Structure:	The plan of finance contemplates the issuance of two series of Bonds purchased directly by U.S. Bank and Fifth Third Bank. Each bank holding period will have an initial term of seven years.
Interest Rate:	Variable rate based on LIBOR.
Credit Enhancement:	None.
Maturity:	2044
Rating:	The Bonds will not be rated.
Estimated Closing Date:	June, 2014

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**PROJECT SUMMARY**

Bond proceeds will be used by **Freeport Regional Health Care Foundation** ("FHN", the "Corporation" or the "Borrower") to provide Freeport Memorial Hospital (the "Hospital") and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Corporation and the Hospital for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and/or the Hospital, including renovating the emergency department and outpatient services facilities; (ii) refund all or a portion of the \$10,000,000 original principal amount County of Stephenson, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the "2008 County Bonds"); (iii) refund all or a portion of the \$8,000,000 original principal amount City of Freeport, Illinois Health Care Facilities Revenue Bonds (Freeport Regional Health Care Foundation) Series 2008 (the "2008 City Bonds"); (iv) refund all or a portion of the \$13,330,000 original principal amount City of Freeport, Illinois Variable Rate Demand Revenue Bonds, Series 2001A (Freeport Regional Health Care Foundation) (the "2001 City Bonds" and, together with the 2008 County Bonds and the 2008 City Bonds, the "Prior Bonds"); (v) pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Corporation or the Authority; (vi) provide working capital to the Corporation and/or the Hospital, if deemed necessary or advisable by the Corporation or the Authority; and (vii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

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**BUSINESS SUMMARY**

- Freeport Regional Health Care Foundation, (d/b/a "FHN") is a regional not-for-profit healthcare system based in Freeport, IL – approximately 120 miles northwest of Chicago.

- Dating back to 1902 with the opening of Globe Hospital in Freeport, today FHN is an integrated health system encompassing:
  - FHN Memorial Hospital (“FMH”), located in Freeport, with 104 licensed and 99 staffed beds;
  - FHN Leonard C. Ferguson Cancer Center;
  - 7 specialty and family healthcare locations within Freeport;
  - 11 primary care facilities spread throughout six counties;
  - Hospice and occupational health services; and
  - Northern Illinois Health Plan (“NIHP”), which serves approximately 12,500 individual members; and
  - FHN Physician Group comprising 24 Primary Care Physicians, 30 Specialists and 25 Nurse Practitioners / Physician Assistants.
- FHN provides over 40 services, including Cancer Care, Cardiology, Ob/Gyn, Orthopaedics, Primary Care and many others.

**ECONOMIC DISCLOSURE STATEMENT**

Applicant: FHN  
 Site Address: 1045 W Stephenson Street, Freeport, IL 61032  
 Project name: FHN (Series 2014)  
 Organization: 501(c)(3) Not-for-Profit Corporation  
 Contact: Michael Clark, Chief Financial Officer  
 mclark@fhn.org  
 815.599.6361

<u>Board of Directors:</u>	Carol Schuster	Larry Main	Dr. Barry Barnes, M.D.
	Ellen Poppen	Michael Perry	Mark Wright
	Dr. Allen Workman, M.D	Gary Fontana	Heather McPherson
	Steven Kneubuehl	Dr. Rebecca Pedersen, M.D.	
	Neal Richardson	Martin Cleary, MD, President Medical Staff	

**PROFESSIONAL & FINANCIAL**

Financial Advisor:	Hammond Hanlon Camp LLC	Chicago	Victoria Poindexter
Borrower’s Counsel:	Hinshaw Culbertson	Chicago	Leslie Richards-Yellen
Bond Counsel:	Chapman and Cutler	Chicago	David Kates
Banks:	US Bank	Dubuque	Dean Wilgenbusch
	Fifth Third Bank	Chicago	Stan Rosendahl
Bank’s Counsel:	Chapman and Cutler	Chicago	Carol Thomson
			Christopher Walrath
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jim Beck

**LEGISLATIVE DISTRICTS**

Congressional: 17  
 State Senate: 45  
 State House: 89

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**SERVICE AREA**



**1. Freeport Locations**

- FHN Memorial Hospital
- FHN Community Healthcare Center
- FHN Family Dental Care
- FHN Family Healthcare Centers
- FHN Healthcare Centers
- FHN Specialty Care

**Regional Locations**

- 2) FHN Family Center – Pecatonica
- 3) FHN Family Center – Forreston
- 4) FHN Family Center – Lanark
- 5) FHN Family Center – Mount Carroll
- 6) FHN Family Center – Savanna
- 7) FHN Family Counseling Center – Jo Daviess County
- 8) FHN Family Center – Stockton
- 9) FHN Family Center – Warren
- 10) FHN Family Center – Lena
- 11) FHN Family Center – Orangeville



May 13, 2014

**\$15,000,000**  
**Rosecrance, Inc.**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>Rosecrance, Inc.</b> (“<b>Rosecrance</b>” or the “<b>Corporation</b>”) and <b>Rosecrance Health Network</b> (the “<b>User</b>”) to (i) pay or reimburse the Corporation and the User for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and the User; (ii) provide working capital to the Corporation and/or the User, if deemed necessary or advisable by the Corporation or the Authority; (iii) pay a portion of the interest on the Bonds if deemed necessary or advisable by the Corporation or the Authority; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds, all as permitted by the Act (collectively, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																				
<b>BOARD ACTIONS</b>	Final Bond Resolution ( <i>One-time consideration</i> )																				
<b>MATERIAL CHANGES</b>	None. This is the first time this project has been presented to the IFA Board of Directors.																				
<b>JOB DATA</b>	<table border="0"> <tr> <td>700</td> <td>Current jobs</td> <td>0</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>50</td> <td>Construction jobs projected</td> </tr> </table>	700	Current jobs	0	New jobs projected	N/A	Retained jobs	50	Construction jobs projected												
700	Current jobs	0	New jobs projected																		
N/A	Retained jobs	50	Construction jobs projected																		
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Locations: More than 20 locations in the Chicago and Rockford areas.</li> <li>• Rosecrance, Inc. was established in 1916 and is incorporated under the State of Illinois law. Rosecrance is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.</li> </ul>																				
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will be secured by real estate</li> </ul>																				
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• Rosecrance Health Network and Rosecrance, Inc. are non-rated entities (Alpine Bank and BMO Harris Bank will be the direct investors/secured lenders)</li> </ul>																				
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Bonds will be directly purchased by Alpine Bank and BMO Harris Bank</li> </ul>																				
<b>SOURCES AND USES</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td>\$9,810,000</td> <td>Reimbursement</td> <td>\$1,760,000</td> </tr> <tr> <td>Equity</td> <td><u>1,500,000</u></td> <td>Capital Projects</td> <td>9,300,000</td> </tr> <tr> <td></td> <td></td> <td>Issuance Costs</td> <td><u>250,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$11,310,000</u></b></td> <td><b>Total</b></td> <td><b><u>\$11,310,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$9,810,000	Reimbursement	\$1,760,000	Equity	<u>1,500,000</u>	Capital Projects	9,300,000			Issuance Costs	<u>250,000</u>	<b>Total</b>	<b><u>\$11,310,000</u></b>	<b>Total</b>	<b><u>\$11,310,000</u></b>
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Equity	<u>1,500,000</u>	Capital Projects	9,300,000																		
		Issuance Costs	<u>250,000</u>																		
<b>Total</b>	<b><u>\$11,310,000</u></b>	<b>Total</b>	<b><u>\$11,310,000</u></b>																		
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
May 13, 2014**

**Project: Rosecrance, Inc.**

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**STATISTICS**

Project Number:	H-HO-TE-CD-8679	Amount:	\$15,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
City:	Rockford	County/Region:	Winnebago/Northern Stateline

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**BOARD ACTION**

Final Bond Resolution ( <i>One-time consideration</i> )	No IFA Funds at Risk
Conduit 501(c)(3) Revenue Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval	

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**VOTING RECORD**

This is the first time this project is being presented to the IFA Board of Directors.

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**PURPOSE**

Bond proceeds will be used by **Rosecrance, Inc.** (“**Rosecrance**” or the “**Corporation**”) and **Rosecrance Health Network** (the “**User**”) to (i) pay or reimburse the Corporation and the User for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and the User; (ii) provide working capital to the Corporation and/or the User, if deemed necessary or advisable by the Corporation or the Authority; (iii) pay a portion of the interest on the Bonds if deemed necessary or advisable by the Corporation or the Authority; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance and refinance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower’s interest expense.

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**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

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**JOBS**

Current employment: 700	Projected new jobs: 0
	Construction jobs: 50

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	\$9,810,000	Reimbursement	\$1,760,000
Equity	<u>1,500,000</u>	Capital Projects	9,300,000
		Issuance Costs	<u>\$250,000</u>
<b>Total</b>	<b><u>\$11,310,000</u></b>	<b>Total</b>	<b><u>\$11,310,000</u></b>

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**FINANCING SUMMARY**

Security: Alpine Bank and BMO Harris Bank will use certain real estate as collateral.

Structure: The Bonds will be purchased directly by Alpine Bank and BMO Harris Bank.

Interest Rate: Variable rate. To be determined based on market conditions.

Credit Enhancement: None.

Maturity: July 1, 2021 (seven years)

Rating: The Bonds will not be rated.

Estimated Closing Date: June 30, 2014

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**PROJECT SUMMARY**

Bond proceeds will be used by **Rosecrance, Inc.** (“**Rosecrance**” or the “**Corporation**”) and **Rosecrance Health Network** (the “**User**”) to (i) pay or reimburse the Corporation and the User for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Corporation and the User; (ii) provide working capital to the Corporation and/or the User, if deemed necessary or advisable by the Corporation or the Authority; (iii) pay a portion of the interest on the Bonds if deemed necessary or advisable by the Corporation or the Authority; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds, all as permitted by the Act (collectively, the “**Financing Purposes**”).

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**BUSINESS SUMMARY**

Rosecrance, a not-for-profit organization, is a national leader in treatment for substance abuse and is one of the largest and most respected providers of community mental health services in the state of Illinois. With almost 100 years of experience serving families, Rosecrance has the administrative structure, professional expertise and long-term stability to provide quality, evidence-based treatment for children, adolescents, adults and families who need care for substance use and mental health disorders. Rosecrance offers inpatient substance abuse treatment and comprehensive outpatient behavioral health services in Rockford, as well as outpatient services in Boone, McHenry, Cook and Will counties. Rosecrance has six Chicagoland offices for confidential consultations, treatment, prevention, and education programs.

Rosecrance was originally established in 1916 by Dr. and Mrs. James Rosecrance of New Milford (Winnebago County), Illinois, who left provisions in their wills for their farm to become an orphanage for boys. Rosecrance expanded its mission in the 1950’s to provide residential services for boys and girls with emotional and behavioral disorders. In 1973, Rosecrance assumed operation of the Winnebago County Boy’s Farm School (now known as Maryville School) in Durand (Winnebago County).

Rosecrance further expanded its mission in 1982 by opening the first chemical dependency treatment center for adolescents in Northern Illinois. In 1985, Rosecrance began a Drug/Alcohol Family program in cooperation with law enforcement agencies in Winnebago and Boone Counties to provide free early intervention and education classes for referred minors and their families. Beginning in 1986, Rosecrance implemented student assistance programs in the Harlem School District (Loves Park/Machesney Park) and the Rockford School District.

Rosecrance expanded several times during the 1990's. In 1992, Rosecrance took over management of Alcare, a financially distressed 501(c)(3) substance abuse treatment center serving indigent adults in Rockford. In 1994, Rosecrance opened its Fairgrounds Valley Facility to provide prevention and outpatient services for youth and families. Additionally, in 1994, Rosecrance built a school addition to its *Rosecrance on Alpine* facility in Rockford, and opened *Rosecrance at Highland Hospital* in Belvidere to serve adjacent Boone County.

In 1995, Rosecrance constructed a \$5.3 million, 68-bed treatment center (Rosecrance on Harrison) to serve adults and their families located at 3815 Harrison Avenue in Rockford. Winnebago County issued \$3.6 million of tax-exempt Series 1994 501(c)(3) Revenue Bonds to finance construction of the Harrison Avenue facility. The Series 1994 Winnebago County 501(c)(3) Revenue Bonds were purchased by Bank One (Rockford) as a direct investment for its investment portfolio. The Series 1994 Bonds were refunded with the proceeds of the IDFA Series 2003 Bonds.

On January 1, 2011 Rosecrance Inc. affiliated with the Janet Wattles Center, a leading community mental health provider in Rockford. The relationship developed into a full merger on September 1, 2011. This merger allowed for an expansion of mental health services as a result of the State of Illinois closing the Singer Mental Health Facility in Rockford on September 30, 2012.

On October 1, 2012, Rosecrance Health Network and Rosecrance Inc, refinanced substantially all outstanding indebtedness by issuing the \$8,360,000 Illinois Finance Authority Variable Rate Revenue Bonds, Series 2012A (Rosecrance Inc.) \$9,000,000 Illinois Finance Authority Variable Rate Revenue Bonds, and Series 2012B (Rosecrance Inc).

Rosecrance is consolidating some services for both mental health and substance abuse into a former grocery store. It is also opening a crisis stabilization center (a first for Illinois) in downtown Rockford.

Rosecrance currently has more than 20 locations in the Chicago and Rockford areas and serves more than 14,000 families each year.

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: Rosecrance, Inc.  
Location: 1021 N. Mulford Road  
Rockford, Illinois 61107  
(T) 815-387-5600  
(F) 815-316-4638  
[www.rosecrance.org](http://www.rosecrance.org)  
Project name: Rosecrance, Inc.  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Contact: Mr. John Schuster, CFO

Board of Directors:

Phillip W. Eaton, President and CEO  
Jeff DiBenedetto, Chair  
Paula Carynski, First Vice Chair  
Jeffrey Lee, Second Vice Chair  
Margaret Wilkerson, Treasurer  
Gregory Franchini, Secretary  
Veronica Blake  
John R. Cook III  
Tom Furst  
Randy Krup  
Rodney Link  
Lee Mayer  
Rev. Loren L. Nielsen  
Jerry Paris  
Dan Pecora  
Jody Schumacher  
Joe Vanderwerff, Sr.  
Richard Wiermanski

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Bond Counsel:	Chapman and Cutler	Chicago	David Kates
Banks:	BMO Harris Bank	Rockford	Michele Petrie
	Alpine Bank	Rockford	Pat Morrow
BMO Harris Counsel:	Chapman and Cutler	Chicago	Carol Thompson
Alpine Bank Counsel:	Hinshaw and Culbertson	Rockford	Tom Lester
IFA Financial Advisor:	Public Financial Management, Inc.	Chicago	Shannon Williams
Issuer's Counsel:	Ice Miller LLP	Chicago	Jim Snyder

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**LEGISLATIVE DISTRICTS**

Congressional:	16 and 17
State Senate:	35
State House:	69

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**SERVICE AREA**

Rosecrance, Inc. has more than 20 locations in the Chicago and Rockford areas. Service area includes Rockford, Belvidere, Frankford, Geneva, Chicago, McHenry, Naperville, Northfield, Oak Park, and surrounding areas.

May 13, 2014

**\$60,000,000**  
**Centegra Health System**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds of the Series 2014A (the “<b>Fixed Rate Bonds</b>”)(presented to the Board in March 2014) , the Series 2014B/C Bonds (the “<b>Variable Rate Bonds</b>”) will be used by <b>Centegra Health System</b> (“<b>Centegra</b>”, or the “<b>Borrower</b>”) to: (i) pay or reimburse Centegra and Northern Illinois Medical Center (d/b/a Centegra Hospital – McHenry) (“<b>NIMC</b>”), Memorial Medical Center – Woodstock (d/b/a Centegra Hospital – Woodstock) (“<b>MMC</b>”), NIMED Corp. (“<b>NIMED</b>”) and Centegra Hospital – Huntley (“<b>CHH</b>” and, collectively with NIMC, MMC and NIMED, the “<b>Users</b>”), for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain “projects”, including, but not limited to, the construction and equipping of an approximately 384,000-square foot, 128-bed acute care hospital facility expected to be owned, operated and managed by CHH (the “<b>Project</b>”); (ii) provide working capital to Centegra or one or more of the Users, if deemed necessary or advisable by Centegra or the Authority; (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by Centegra; (iv) fund a debt service reserve fund, if deemed necessary or advisable by Centegra; and (v) pay certain expenses incurred in connection with the issuance of the Bonds.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																				
<b>BOARD ACTIONS</b>	<p>Final Bond Resolution Preliminary Bond Resolution approved 2/11/2014 Yeas: 10; Nays: 0; Abstentions: 1 (Goetz); Absent 4 (Gold, Leonard, Pedersen, Tessler); Vacancies: 0</p>																				
<b>MATERIAL CHANGES</b>	<p>The updates the report submitted to the IFA Board of Directors on March 11, 2014 to incorporate details regarding the Series 2014B Bonds and the Series 2014C Bonds.</p>																				
<b>JOB DATA</b>	<table border="0"> <tr> <td>N/A</td> <td>Current jobs</td> <td>1,100</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>800</td> <td>Construction jobs projected</td> </tr> </table>	N/A	Current jobs	1,100	New jobs projected	N/A	Retained jobs	800	Construction jobs projected												
N/A	Current jobs	1,100	New jobs projected																		
N/A	Retained jobs	800	Construction jobs projected																		
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Locations: The new Centegra Hospital - Huntley will be located in Huntley, Illinois. Centegra Health System also has hospitals in McHenry and Woodstock.</li> <li>•Centegra Hospital-Huntley will be located in southern McHenry County to meet the existing bed need, as determined by the Illinois Department of Public Health and the Illinois Health Facilities and Services Review Board in their “Revised Bed Need Determinations” to the “Inventory of Health Care Facilities and Services and Need Determinations,” as well as the anticipated increase in Medical/Surgical bed need that will occur between 2015 and the hospital’s second full year of operation (July, 2017 – June, 2018). The new hospital is proposed to have a total of 128 authorized beds: 100 Medical/Surgical beds; 8 Intensive Care beds; and 20 Obstetrical beds.</li> </ul>																				
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• The plan of finance for the Fixed Rate and Variable Rate Bonds contemplates the issuance of tax-exempt bonds secured under a Master Financing Agreement.</li> </ul>																				
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• The Series 2014B/C Bonds will be variable rate and purchased directly by North Shore Bank and Trust Co. (d/b/a Wintrust Financial Corporation) and First Midwest Bank.</li> </ul>																				
<b>SOURCES AND USES</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>Fixed Rate</td> <td>\$133,000,000</td> <td>Centegra Hospital – Huntley</td> <td>\$180,650,000</td> </tr> <tr> <td>Variable Rate</td> <td><u>60,000,000</u></td> <td>Routine capital expenditures</td> <td>10,000,000</td> </tr> <tr> <td></td> <td></td> <td>Cost of Issuance (estimated)</td> <td><u>2,350,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$193,000,000</u></b></td> <td><b>Total</b></td> <td><b><u>\$193,000,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		Fixed Rate	\$133,000,000	Centegra Hospital – Huntley	\$180,650,000	Variable Rate	<u>60,000,000</u>	Routine capital expenditures	10,000,000			Cost of Issuance (estimated)	<u>2,350,000</u>	<b>Total</b>	<b><u>\$193,000,000</u></b>	<b>Total</b>	<b><u>\$193,000,000</u></b>
<b>Sources:</b>		<b>Uses:</b>																			
Fixed Rate	\$133,000,000	Centegra Hospital – Huntley	\$180,650,000																		
Variable Rate	<u>60,000,000</u>	Routine capital expenditures	10,000,000																		
		Cost of Issuance (estimated)	<u>2,350,000</u>																		
<b>Total</b>	<b><u>\$193,000,000</u></b>	<b>Total</b>	<b><u>\$193,000,000</u></b>																		
<b>RECOMMENDATION</b>	<p>Credit Review Committee recommends approval.</p>																				

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
May 13, 2014**

**Project: Centegra Health System**

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**STATISTICS**

Project Number: H-HO-TE-CD-8671	Amount: \$60,000,000 (not-to-exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane and Nora O'Brien
City: Huntley	County/Region: McHenry/Northeast

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**BOARD ACTION**

Final Bond Resolution	No IFA Funds at Risk
Conduit 501(c)(3) Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval	

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**VOTING RECORD**

Preliminary Bond Resolution approved 2/11/2014  
Yeas: 10; Nays: 0; Abstentions: 1 (Goetz); Absent: 4 (Gold, Leonard, Pedersen, Tessler); Vacancies: 0

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**PURPOSE**

Bond proceeds of the Series 2014A (the "**Fixed Rate Bonds**") (presented to the Board in March 2014), the Series 2014B/C Bonds (the "**Variable Rate Bonds**") will be used by **Centegra Health System** ("**Centegra**", or the "**Borrower**") to: (i) pay or reimburse Centegra and Northern Illinois Medical Center (d/b/a Centegra Hospital – McHenry) ("**NIMC**"), Memorial Medical Center – Woodstock (d/b/a Centegra Hospital – Woodstock) ("**MMC**"), NIMED Corp. ("**NIMED**") and Centegra Hospital – Huntley ("**CHH**" and, collectively with NIMC, MMC and NIMED, the "**Users**"), for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain "projects", including, but not limited to, the construction and equipping of an approximately 384,000-square foot, 128-bed acute care hospital facility expected to be owned, operated and managed by CHH (the "**Project**"); (ii) provide working capital to Centegra or one or more of the Users, if deemed necessary or advisable by Centegra or the Authority; (iii) pay a portion of the interest on the Bonds, if deemed necessary or advisable by Centegra; (iv) fund a debt service reserve fund, if deemed necessary or advisable by Centegra; and (v) pay certain expenses incurred in connection with the issuance of the Bonds.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance and refinance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower's interest expense.

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**VOLUME CAP**

501(c)(3) bond issues do not require Volume Cap.

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**JOBS**

Current employment: N/A	Projected new jobs: 1,100
	Construction jobs: 800

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
Fixed Rate	\$133,000,000	Centegra Hospital – Huntley	\$180,650,000
Variable Rate	<u>60,000,000</u>	Other Routine Capital	\$10,000,000
		Cost of Issuance (estimated)	<u>\$2,350,000</u>
<b>Total</b>	<b><u>\$193,000,000</u></b>	<b>Total</b>	<b><u>\$193,000,000</u></b>

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**FINANCING SUMMARY**

**Security:** Revenue Pledge

**Structure:** The Series 2014A Fixed Rate Bonds will be sold in a public offering. The Series 2014B and Series 2014C Variable Rate Bonds will be purchased directly by Wintrust Financial Corporation and First Midwest Bank.

**Interest Rate:** Variable rate tied to 30-day LIBOR plus a credit spread.

**Interest Mode:** The Series 2014A Bonds will be issued at a fixed rate bonds. The Series 2014B Bonds and Series 2014C Bonds will be variable rate.

**Rating:** The Series 2014A Fixed Rate Bonds will be rated. The Series 2014B and Series 2014C Variable Rate Bonds will not be rated and purchased directly by Wintrust Financial Corporation and First Midwest Bank.

**Maturity:** No later than 2044

**Estimated Closing Date:** The Fixed Rate Bonds are expected to price in mid-May and the closing date for both the Fixed Rate Bonds and the Variable Rate Bonds will be in June, 2014.

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**PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)**

Centegra Health System, an Illinois not for profit corporation (“**Centegra**”), previously requested that the Authority issue not to exceed \$193,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of revenue bonds (collectively, the “**Series 2014 Bonds**”), including a series of Revenue Bonds, Series 2014A (Centegra Health System) (the “**Fixed Rate Bonds**”), and loan the proceeds of such Fixed Rate Bonds to Centegra in order to assist Centegra in providing a portion of the funds necessary to do any or all of the following: (i) pay or reimburse Centegra and Northern Illinois Medical Center (d/b/a Centegra Hospital – McHenry) (“**NIMC**”), Memorial Medical Center – Woodstock (d/b/a Centegra Hospital – Woodstock) (“**MMC**”), NIMED Corp. (“**NIMED**”) and Centegra Hospital – Huntley (“**CHH**” and, collectively with NIMC, MMC and NIMED, the “**Users**”), each an Illinois not for profit corporation, for the payment of certain costs of acquiring, constructing, renovating, remodeling and equipping certain “projects” (as such term is defined in the Act), including, but not limited to, the construction and equipping of an approximately 384,000-square foot, 128-bed acute care hospital facility expected to be owned, operated and managed by CHH (the “**Project**”); (ii) provide working capital to Centegra or one or more of the Users, if deemed necessary or advisable by Centegra or the Authority; (iii) pay a portion of the interest on the Fixed Rate Bonds, if deemed necessary or advisable by Centegra or the Authority; (iv) fund a debt service reserve fund, if deemed necessary or advisable by Centegra or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Fixed Rate Bonds, all as permitted by the Act (collectively, the “**Fixed Rate Bonds Financing Purposes**”). Centegra, on behalf of itself and the Users, has requested that the Authority issue not to exceed \$60,000,000 in aggregate principal amount of Series 2014 Bonds consisting of one or more series of Variable Rate Revenue Bonds, Series 2014 (Centegra Health System) (the “**Variable Rate Bonds**”), the aggregate principal amount of which, when combined with the principal amount of the Fixed Rate Bonds, will not exceed the Authorized Maximum Principal Amount, and loan the proceeds



thereof to Centegra in order to assist Centegra in providing a portion of the funds necessary to do any or all of the following: (i) pay or reimburse Centegra and one or more of the Users for the payment of certain costs related to the Project; (ii) provide working capital to Centegra or one or more of the Users, if deemed necessary or advisable by Centegra or the Authority; (iii) pay a portion of the interest on the Variable Rate Bonds, if deemed necessary or advisable by Centegra or the Authority; (iv) fund a debt service reserve fund, if deemed necessary or advisable by Centegra or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Variable Rate Bonds, all as permitted by the Act (collectively, the “**Variable Rate Bonds Financing Purposes**”).

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### BUSINESS SUMMARY

Centegra Health System (“**Centegra**” and /or the “**System**”) is an Illinois not-for-profit corporation that provides health care and other related services to Chicago’s far northwestern suburban metropolitan area. Acute inpatient care services are provided at the System’s two hospitals, the 166-acute-care-bed Northern Illinois Medical Center (“**NIMC**”) in McHenry, IL, and the 86-acute-care-bed Memorial Medical Center (“**MMC**”) in Woodstock, IL. Centegra is the parent and sole corporate member of NIMC and MMC. In July, 2012, the Illinois Health Facilities and Services Review Board approved the application for the 128-bed Centegra Hospital – Huntley.

In addition to acute inpatient services provided at NIMC and MMC, the System also provides health care services through other affiliates and subsidiary corporations. Such services include thirteen primary care clinics located in McHenry, Kane, and Lake Counties, two health and wellness centers, behavioral health services, rehabilitation and sports medicine, surgery, diabetes care, home health care, cardiac rehabilitation, occupational health, spine center, wound care center, sleep disorders clinic, bariatric, and neurology services.

Centegra Health System includes the following affiliated entities:

- Northern Illinois Medical Center
- Memorial Medical Center
- Centegra Health System Foundation;
- NIMED Corp., a not-for-profit entity that owns real estate, leases office space, and houses joint ventures;
- Health Bridge Corporation and Centegra Health Bridge Fitness Center L.L.C., health and wellness centers;
- Centegra Management Services, Inc., a for-profit general management services company for physician practices;
- Centegra Insurance Services, LTD, a captive insurance plan;
- Centegra Primary Care L.L.C., an operator of various group physician practices with an emphasis on primary care and 82 physicians;
- Centegra Clinical Laboratories, L.L.C., a reference laboratory providing laboratory and pathology services to Centegra Health System and its affiliates;
- Centegra Health & Wellness Network, a clinically integrated health care network encompassing Centegra’s independent and employed medical staff, hospitals, and ancillary affiliates.

Only Centegra, NIMC, MMC and NIMED are presently members of the Centegra Health System Obligated Group. The intent is to add Centegra Hospital – Huntley to the Obligated Group in conjunction with this financing.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Centegra Health System  
Location: 4209 West Shamrock Lane  
McHenry, Illinois 60050  
Project name: Centegra Hospital Huntley  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Contact: Eric Zornow, Vice President of Finance and Treasury

Board of Trustees:

Terrence J. Bugno	Angela McAuley	Spiro Gerolimos – Ex-Officio
Tom Carey	Pat Morehead	Clare Legursky – Ex-Officio

William Cox	Christian Newkirk
Mike Curran	Jack Porter
Michael S. Eesley	Kathy Powell
Luke Johnsos	Charles Ruth
Richard Lind	Charie Zanck
Michael Luecht	

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	K&L Gates	Chicago	Richard Sevcik
Accountant:	KPMG LLP	Chicago	Darryl Buikema
Financial Advisor:	Kaufman Hall	Skokie	Eric A. Jordahl
Bond Counsel:	Chapman and Cutler	Chicago	Mike Mitchell
Banks:	Wintrust Financial Corporation	Chicago	Kandace Lenti
	First Midwest Bank	Chicago	Steven Rankins
Bank Counsel:	Ungaretti & Harris	Chicago	Julie Seymour
Issuer's Counsel:	Miller Canfield	Chicago	Paul Durbin
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jim Beck

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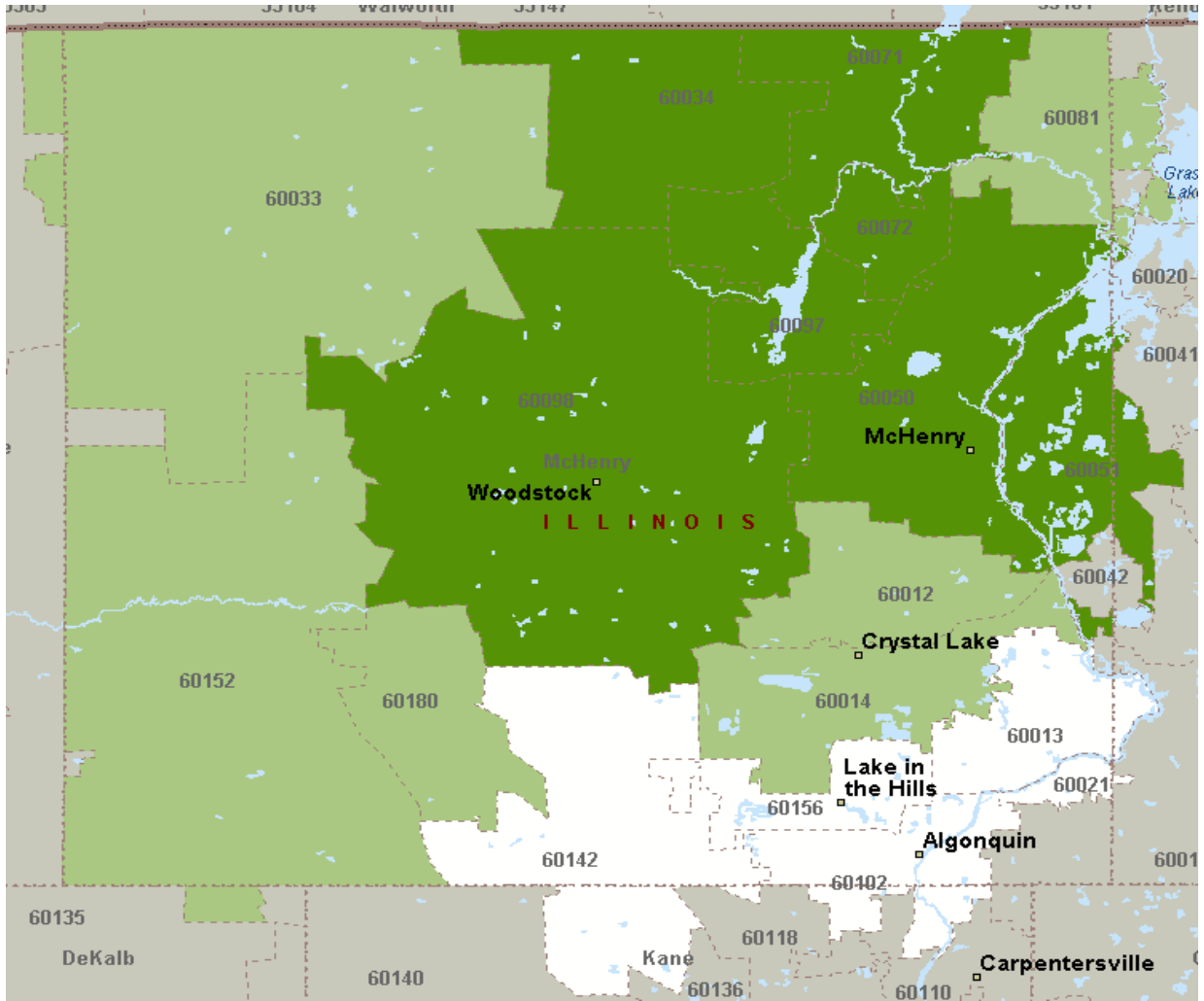
**LEGISLATIVE DISTRICTS**

Congressional:	14
State Senate:	33
State House:	66

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**SERVICE AREA**

Centegra's total service area includes McHenry County, northern portions of Kane County and the western portion of Lake County.



# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date: May 13, 2014

Re: Resolution Authorizing the Issuance of an Illinois Finance Authority Revenue Refunding Bond, Series 2014 (Catholic Charities Housing Corporation) in Aggregate Principal Amount Not to Exceed \$10,906,197, the Proceeds of which are to be Loaned to Catholic Charities Housing Development Corporation and Catholic Charities of the Archdiocese of Chicago

IFA Series 2014 File Number: N-NP-TE-CD-8684

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### Request:

Catholic Charities of the Archdiocese of Chicago and its affiliate, **Catholic Charities Housing Development Corporation** (the “**Borrower**” or “**Catholic Charities**”), an Illinois not for profit corporation, and **North Shore Community Bank & Trust Co.**, a wholly-owned subsidiary of Wintrust Financial Corporation (the “**Bank**” or “**Bond Purchaser**”), are requesting approval of a Resolution to (i) authorize execution and delivery of a Bond and Loan Agreement, a Tax Exemption Certificate and Agreement and related documents and (ii) approve related matters to effectuate the refinancing of a portion of the outstanding Illinois Development Finance Authority (“**IDFA**”) Series 1993A and Series 1993B Bonds issued on behalf of Catholic Charities Housing Development Corporation, Series 1993 (the “**Series 1993 Bonds**”) by issuing a Revenue Refunding Bond (Catholic Charities), Series 2014 (the “**Series 2014 Bond**”).

The Series 1993 Bonds are currently secured by a Direct Pay Letter of Credit from The Northern Trust Company. The original par amount of the Series 1993 Bonds was \$29,370,000. (Note: IDFA Series 1993C Bonds issued on behalf of Catholic Charities Housing Development Corporation in the original par amount of \$16,980,000 have been paid off). It is anticipated that North Shore Community Bank & Trust Company (Wintrust) will purchase the Series 2014 Bond in an expected amount of \$10,906,197 that will fully fund redemption of the Series 1993 Bonds and potentially pay costs of issuance. This transaction will be considered a refunding for tax purposes. IFA’s estimated administrative fee will be \$11,800.

### Impact:

The accompanying Resolution will enable Catholic Charities to switch from a Direct Pay LOC secured bond structure to a Bank Direct Purchase bond structure.

### Background:

Proceeds of the Series 1993A Bonds were used for the purpose of providing funds to enable Catholic Charities to advance refund \$7,500,000 in aggregate principal amount of The County of Cook, Illinois Adjustable Demand Revenue Bonds, Series 1988A-1 (Catholic Charities Housing Development Corporation Project), bearing interest in an adjustable long period ending July 1, 1993, and \$7,500,000 in aggregate principal amount of The County of Cook, Illinois, Adjustable Demand Revenue Bonds, Series 1988A-1 (Catholic Charities Housing Development Corporation Project), bearing interest in an adjustable long period ending July 1, 1995.

Proceeds of the Series 1993B Bonds were used for the purpose of providing funds to enable Catholic Charities to advance refund \$13,000,000 in aggregate principal amount of The County of Cook, Illinois Adjustable Demand Revenue Bonds, Series 1988A-2 (Catholic Charities Housing Development Corporation Project), bearing interest in a weekly mode

All payments relating to the Series 1993 Bonds are current and have been paid as scheduled.

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<b>PROFESSIONAL &amp; FINANCIAL</b>			
Borrower's Counsel:	Catholic Charities (in-house counsel)	Chicago, IL	Michele Bianchi
Bond/Bank Counsel:	Dentons US LLP	St. Louis, MO	Karen Jordan Mary Wilson
Bond Purchaser/Bank:	North Shore Community Bank & Trust Co. (Wintrust)	Chicago, IL	Kandace Lenti
Exiting LOC Bank:	The Northern Trust Co.	Chicago, IL	
Exiting Remarketing Agt.:	William Blair & Co., LLC	Chicago, IL	
Exiting Trustee:	BNY Mellon Trust Company, N.A.	Chicago, IL	
IFA Counsel:	Thompson Coburn LLP	Chicago, IL	Tom Smith
IFA Financial Advisor:	Acacia Financial Management, Inc.	Chicago, IL	Jim Beck

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**RESOLUTION NO. 2014-0513-AD\_\_**

**RESOLUTION AUTHORIZING THE ISSUANCE OF AN ILLINOIS FINANCE AUTHORITY REVENUE REFUNDING BOND, SERIES 2014 (CATHOLIC CHARITIES HOUSING CORPORATION) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,906,197, THE PROCEEDS OF WHICH ARE TO BE LOANED TO CATHOLIC CHARITIES HOUSING DEVELOPMENT CORPORATION AND CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO**

**WHEREAS**, the **ILLINOIS FINANCE AUTHORITY** (the "**Authority**") is a body politic and corporate duly organized and existing under and by virtue of the laws of the State of Illinois, including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as amended (the "**Act**"); and

**WHEREAS**, **CATHOLIC CHARITIES OF THE ARCHDIOCESE OF CHICAGO**, an Illinois not for profit corporation ("**Catholic Charities**") and **CATHOLIC CHARITIES HOUSING DEVELOPMENT CORPORATION**, an Illinois not for profit corporation (the "**Housing Corporation**" and each of Catholic Charities and the Housing Corporation shall be referred to herein as a "**Borrower**" and collectively, the "**Borrowers**"), has requested that the Authority issue not to exceed \$10,906,197 in aggregate principal amount of its Revenue Refunding Bond, Series 2014 (Catholic Charities Housing Development Corporation) (the "**Series 2014 Bond**"), and loan the proceeds thereof to the Borrowers in order to assist the Borrowers in providing the funds necessary to do any or all of the following: (i) current refund the outstanding principal amount of the Illinois Development Finance Authority Adjustable Demand Revenue Bonds, Series 1993A (Catholic Charities Housing Development Corporation) and the Illinois Development Finance Authority Adjustable Demand Revenue Bonds, Series 1993B (Catholic Charities Housing Development Corporation) (collectively, the "**Prior Bonds**"); and (ii) pay the costs of issuing the Series 2014 Bond and refunding the Prior Bonds, all as permitted by the Act; and

**WHEREAS**, drafts of the following documents have been previously provided to and are on file with the Authority (collectively, the "**Authority Documents**");

(a) a Bond and Loan Agreement (the “**Agreement**”) among the Authority, the Borrowers and North Shore Community Bank & Trust Company<sup>1</sup> (the “**Purchaser**”), providing for the issuance thereunder of the Series 2014 Bond and setting forth the terms and provisions applicable to the Series 2014 Bond; and

(b) a Tax Exemption Certificate and Agreement among the Authority and the Borrowers, under which the Authority and each Borrower will make certain covenants relating to the tax-exempt status of the Series 2014 Bond; and

**WHEREAS**, in connection with the issuance of the Series 2014 Bond, an Additional Covenant Agreement among the Borrowers and the Purchaser, under which each Borrower will make certain covenants in connection with and as a condition to the Purchaser’s purchase of the Series 2014 Bond, will be executed and delivered in connection with the issuance of the Series 2014 Bond (the “**Additional Covenant Agreement**”); and

**WHEREAS**, the Series 2014 Bond and the obligation to pay principal, premium, if any, and interest thereon are special, limited obligations of the Authority, payable solely out of the revenues and income derived from the Agreement (except pursuant to Unassigned Rights (as defined in the Agreement)); the Series 2014 Bond and the obligation to pay interest thereon shall not be deemed to constitute an indebtedness, a general or moral obligation, or a pledge of the full faith and credit of the Authority, the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or statutory provision or a charge against the general credit or taxing powers, if any, of any of them; and neither the Purchaser nor any future owner of the Series 2014 Bond shall have the right to compel any exercise of the taxing power, if any, of the Authority, the State of Illinois or any political subdivision thereof to pay any principal or purchase price of, premium, if any, or interest on the Series 2014 Bond.

**NOW, THEREFORE, BE IT RESOLVED** by the Members of the Illinois Finance Authority as follows:

**Section 1. Recitals.** The foregoing recitals are incorporated in and made a part of this Resolution by this reference.

**Section 2. Findings.** Based on the representations of each Borrower, the Authority hereby makes the following findings and determinations with respect to the Borrowers, the Series 2014 Bond to be issued by the Authority and the facilities financed and refinanced with the proceeds of the Series 2014 Bond:

(a) Each Borrower is a not for profit corporation organized under the laws of the State of Illinois and is qualified to do business in the State of Illinois;

(b) The Borrowers have properly filed with the Authority their request for assistance in providing funds to the Borrowers which the Borrowers will use for the purposes aforesaid, and the facilities financed or refinanced with the proceeds of the Series 2014 Bond are included within the term “project” as defined in the Act and will be owned and operated by the Borrowers;

<sup>1</sup> North Shore Community Bank & Trust Company intends to change its name to Wintrust Bank in June 2014.

(c) Each Borrower has represented that the facilities to be financed or refinanced with the proceeds of the Series 2014 Bond do not include any institution, place or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship;

(d) The indebtedness to be refinanced with the proceeds of the Series 2014 Bond was issued for purposes which constitute valid purposes under the Act, and each Borrower has represented to the Authority that all of the proceeds of such indebtedness made available to the Housing Corporation were expended to pay, or refinance indebtedness the proceeds of which were expended to pay, a portion of the cost of a "project" (as defined in the Act) owned or operated by the Housing Corporation, such refinancing is in the public interest and is permitted and authorized under the Act; and

(e) The Series 2014 Bond is being issued for a valid purpose under and in accordance with the provisions of the Act.

**Section 3. Series 2014 Bond.** In order to obtain the funds to loan to the Borrowers to be used for the purposes aforesaid, the Authority hereby authorizes the issuance of the Series 2014 Bond. The Series 2014 Bond shall be issued under and secured by and shall have the terms and provisions set forth in the Agreement. The Series 2014 Bond shall be issued in an aggregate principal amount not exceeding \$10,906,197. The Series 2014 Bond may be issued in one or more series, of which any such series may be issued in two or more subseries, with such additional series or subseries designated in such manner as approved by the Authorized Officer (as defined herein) of the Authority, which approval shall be evidenced by such Authorized Officer's execution and delivery of the Agreement.

The Series 2014 Bond shall have a final maturity date no later than January 1, 2028 and shall have maturities or mandatory bond sinking fund redemption as provided in the Agreement. The Series 2014 Bond may bear interest at variable rates established pursuant to the Agreement (provided that the Agreement shall provide for a maximum interest rate applicable to the Series 2014 Bond which shall not exceed the highest rate permitted by law), and shall be subject to purchase and tender and to optional and extraordinary redemption and be payable all as provided for in the Agreement. As initially issued, the Series 2014 Bond shall bear interest at a variable rate, or a fixed interest rate for a specified term, which in the case of a fixed interest rate, shall not exceed 8.0% per annum.

The Series 2014 Bond shall be issued only as a fully registered bond without coupons. The Series 2014 Bond shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Executive Director, Secretary or any Assistant Secretary, or any person duly appointed by the Members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon.

The Series 2014 Bond shall be issued and sold by the Authority and placed directly with, and purchased by, the Purchaser at a purchase price of not less than 100% of the principal amount of such Series 2014 Bond.

The Series 2014 Bond, including the interest and any redemption premium payable thereon, shall be a limited obligation of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to the Agreement (except such income and revenues as may be derived by the Authority pursuant to Unassigned Rights (as defined in the Agreement)). The Series 2014 Bond and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) the proceeds from the sale of the Series 2014 Bond, (ii) the income and revenues derived by the Authority pursuant to the Agreement (except pursuant to Unassigned Rights), and (iii) moneys arising out of the investment or reinvestment of such proceeds, income, revenues or receipts.

The Authority hereby delegates to its Chairman or the Executive Director or any other Authorized Officer (as hereinafter defined) the power and duty to make final determinations as to the Prior Bonds refunded, the principal amount, number of series or subseries of Series 2014 Bond and any names or other designations therefor, dated date, maturities, purchase price, any optional and extraordinary redemption provisions, and the interest rates of the Series 2014 Bond, all within the parameters set forth herein.

**Section 4. Authority Documents.** The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairman, Vice Chairman, Executive Director, General Counsel, or any Assistant Executive Director or any person duly appointed by the Members of the Authority to serve in such office on an interim basis (each an “*Authorized Officer*”) and the delivery and use of the Authority Documents. The Secretary or Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to any Authority Document. The Authority Documents shall be substantially in the forms previously provided to and on file with the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of any changes or revisions therein from such forms of the Authority Documents and to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of the terms of the Series 2014 Bond and the purchase thereof.

**Section 5. Additional Covenant Agreement.** The Authority does hereby approve the execution and delivery by the parties thereto of the Additional Covenant Agreement. The Additional Covenant Agreement shall be in substantially the form previously provided to and on file with the Authority and hereby approved, with such changes therein as shall be approved by, or in such final form as is approved by, the Authorized Officer of the Authority executing the Agreement, with such execution to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of the final form of the Additional Covenant Agreement or any changes or revisions therein from such form of the Additional Covenant Agreement.

**Section 6. Authorization and Ratification of Subsequent Acts.** The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including without limitation the execution and delivery of one or more tax exemption agreements, any supplemental bond trust indentures or similar escrow agreements providing for the



refunding of the Prior Bonds and any additional documents that may be necessary to provide for one or more additional series or subseries of Series 2014 Bond) as may be necessary to carry out and comply with the provisions of these resolutions, the Authority Documents and the Additional Covenant Agreement, and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Authority Documents or any other document executed pursuant hereto it is provided that an action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer to act, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Authority Documents.

**Section 7. Private Placement; Investment Letter; Restrictions on Transfers.** The issuance and sale of the Series 2014 Bond to the Purchaser is authorized on a direct placement basis pursuant to the Agreement; the Purchaser shall deliver an investment letter to the Authority (in the form approved by the Authority's General Counsel) stating, among other things, that the Purchaser is either an "accredited investor" within the meaning of Regulation D, or a "qualified institutional buyer" within the meaning of Rule 144A, under the Securities Act of 1933, as amended; and the Agreement shall contain such restrictions as the Authority's General Counsel shall reasonably determine are necessary or advisable, on the transfer of the Series 2014 Bond by the Purchaser or by any accredited investor or qualified institutional buyer to which the Purchaser transfers the Series 2014 Bond.

**Section 8. Authority Fee.** The Authority shall charge a one time fee, payable at closing, in an amount equal to \$10,000 on the first \$10,000,000 of the par amount of the Series 2014 Bond, plus 20 basis points of the remaining par amount of the Series 2014 Bond.

**Section 9. Severability.** The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

**Section 10. No Conflict.** All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 11. Effective Date.** This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date: May 13, 2014

Re: Resolution Authorizing the Execution and Delivery of a First Supplemental Loan Agreement in Connection with Illinois Finance Authority Midwestern Disaster Area Revenue Bonds, Series 2012 (P.O.B. Development, LLC Project); and Related Matters  
IFA Series 2012 File Number: I-MDAB-TE-CD-8534

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### Request:

The Illinois Finance Authority (the “**Authority**”) authorized the issuance of its Midwestern Disaster Area Revenue Bond, Series 2012 (P.O.B. Development, LLC Project) in the principal amount of \$11,066,000 (the “**Series 2012 Bond**”) pursuant to and in accordance with the provisions of a Bond Trust Indenture dated as of March 1, 2012 between the Authority and **U.S. Bank National Association**, as bond trustee (the “**Bond Trustee**”) and the proceeds of the Series 2012 Bond were loaned to **P.O.B. Development, LLC** (the “**Borrower**” or “**Company**”) pursuant to a Loan Agreement dated as of March 1, 2012 (the “**Loan Agreement**”) between the Authority and the Borrower.

**Enterprise Bank & Trust** (Enterprise Financial Services Corp.) (the “**Bond Purchaser**”) and the Borrower are requesting consideration of the accompanying Resolution that will amend the Borrower’s annual financial statement reporting requirements pursuant to execution and delivery of a First Supplemental Loan Agreement. As a result of this action, the Borrower would be required to provide the Bond Purchaser, the IFA, and the Bond Trustee with financial statements as deemed acceptable by the Bond Purchaser (effective with financial statements prepared for the fiscal year ended 12/31/2013) instead of “audited” financial statements as required under the existing documents. The Borrower will continue to be required to provide its annual financial statements to the Bond Purchaser, the Bond Trustee, and the Authority within 180 days of each fiscal year-end.

Additionally, the Bond Purchaser has also requested that the Borrower’s quarterly financial statement reporting requirement be eliminated effective with the 3/31/2014 fiscal quarter (and each subsequent fiscal quarter).

Finally, the Bond Purchaser has agreed to waive financial reporting covenants that (i) required the Borrower to deliver audited financial statements for the fiscal year ended 12/31/2012 and (ii) for any prior fiscal quarter in which quarterly financial statements were not delivered as specified pursuant to Section 5.4 of the Loan Agreement. The accompanying Resolution would also authorize the Authority to provide consent to these waivers as requested by the Bond Purchaser.

### Background:

The IFA Series 2012 Bond proceeds were used by P.O.B. Development, LLC to finance the costs of constructing a 60,000 square foot, 3-story medical office building at 925 Broadway Avenue in Quincy (Adams County), IL 62301, and to pay bond issuance costs.

The Borrower is leasing the Project to Blessing Health System and its affiliates (including Blessing Hospital). (Accordingly, Blessing Health System and its affiliates are also considered principal users of the Project for tax purposes.)

All payments relating to the IFA Series 2012 Bond are current and have been paid as scheduled to Enterprise Bank.

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**PROFESSIONAL & FINANCIAL**

Bond Counsel:	Chapman & Cutler, LLP	Chicago, IL	Chuck Jarik
Bond Purchaser:	Enterprise Bank & Trust (EFSC)	St. Peters, MO	Jason L. Koelling
IFA Financial Advisor:	Public Financial Management, Inc.	Chicago, IL	Shannon Williams

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**IFA RESOLUTION 2014-0513-AD08**

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO LOAN AGREEMENT RELATING TO THE MIDWESTERN DISASTER AREA REVENUE BOND, SERIES 2012 (P.O.B. DEVELOPMENT, LLC PROJECT), OF THE ILLINOIS FINANCE AUTHORITY; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “*Authority*”), including without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq.*, as supplemented and amended (the “*Act*”), has heretofore issued its Midwestern Disaster Area Revenue Bond, Series 2012 in the principal amount of \$11,066,000 (P.O.B. Development, LLC Project) (the “*Bond*”), and lent the proceeds from the sale of the Bond to P.O.B. Development, LLC, an Illinois limited liability company (the “*Company*”), pursuant to that certain Loan Agreement dated as of March 1, 2012 by and between the Authority and the Company (the “*Loan Agreement*”); and

WHEREAS, in Section 5.4 of the Loan Agreement, the Company has covenanted to provide audited financial statements and unaudited quarterly financial statements to the Authority, the Trustee (as defined in the Loan Agreement) and the owner of the Bond; and

WHEREAS, the Authority, the Company and the owner of the Bond desire to amend said provisions; and

WHEREAS, the Company has requested that the Authority authorize and approve the execution and delivery of a First Amendment to Loan Agreement dated as of May 1, 2014, by and between the Authority and the Company (the “*Amendment*”), to effect such amendments; and

WHEREAS, the Company has also requested that the Authority delegate to its Chairperson, Vice Chairperson, Treasurer, any Assistant Treasurer, Executive Director, any Assistant Executive Director, Chief Financial Officer and any Assistant Chief Financial Officer (and for purposes of this Resolution, any person duly appointed to such office on an acting or interim basis) (each, an “*Authorized Officer*”) the authority to execute and deliver the Amendment and to waive any past non-compliance with such covenants; and

WHEREAS, the Authority desires to authorize and approve the execution and delivery of the Amendment and to waive any past non-compliance with such covenants, and authorize and approve the execution and delivery of any necessary or appropriate documentation to effect the foregoing;

NOW, THEREFORE, Be It Resolved by the members of the Illinois Finance Authority as follows:

*Section 1. Amendment.* That the Authority is hereby authorized to enter into the Amendment with the Company, amending the Loan Agreement, to accomplish the amendments to the Loan Agreement described in this Resolution; that the form, terms and provisions of the Amendment be, and they hereby are, in all respects approved; that each Authorized Officer of the Authority be, and each of them hereby is, authorized,

empowered and directed to execute, and the Secretary or any Assistant Secretary of the Authority be, and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Amendment in the name, for and on behalf of the Authority, and thereupon to cause the Amendment to be delivered to the Purchaser and the Company; the Amendment to be in substantially the same form as is now before the Authority or with such changes therein as an Authorized Officer of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of any and all changes or revisions therein from the form of the Amendment now before the Authority; that when the Amendment is executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, such Amendment will be binding on the Authority; that from and after the execution and delivery of the Amendment the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Amendment, as executed.

*Section 2. Waiver of Past Non-Compliance.* That any Authorized Officer is hereby authorized to waive in writing any past non-compliance with Section 5.4 of the Loan Agreement.

*Section 3. Other Necessary Documents.* That each Authorized Officer of the Authority and any other officer of the Authority (and for purposes of this Resolution, any person duly appointed to any such office on an interim basis) be, and each of them hereby is, authorized to execute and deliver such documents, certificates and undertakings of the Authority and to take such actions as may be required in connection with the execution,

delivery and performance of the Amendment any future amendments of and supplements to the Loan Agreement, all as authorized by this Resolution.

*Section 4. Ratification of Actions.* That all acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

*Section 5. Separable Provisions.* That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

*Section 6. Conflicting Resolutions.* That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

*Section 7. Effectiveness.* That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

**ILLINOIS FINANCE AUTHORITY**  
**Memorandum**

To: IFA Board of Directors

From: Christopher B. Meister, Executive Director

Date: May 13, 2014

Re: Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Fund and Administer a Loan Program for Deferred Action for Childhood Arrivals (“DACA”) Applicants to Medical and Dental Schools in Illinois (the “DACA Loan Program”) in an Amount Not to Exceed \$2,900,000 and Ratifying Certain Matters Related Thereto

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**Background:**

With the prior approval of the Board on July 9, 2013, the Illinois Finance Authority (the “Authority”) now plans to begin a re-lending program that will enable talented applicants to medical schools and dental schools who have Deferred Action for Childhood Arrivals (“DACA”) status to afford a medical school or dental school education in Illinois (the “DACA Loan Program”). Although many people with DACA status have excellent credentials, their inability to receive federal loans to pay for medical school or dental school limits their access. Most DACA students need other sources of funding to complete their professional education and serve Illinois residents.

The Authority will lend money to cover tuition and fees to students of DACA status that have been accepted into Loyola University’s Stritch School of Medicine (“Stritch”) for the 2014-2015 school year (each a “DACA Student Loan” and together, the “DACA Student Loans”). Twelve (12) applicants with DACA status have been offered admission to Stritch for the 2014-2015 school year. Stritch will execute a Servicing Agreement with the Authority and service the individual DACA Student Loans. Currently Stritch is the only school in Illinois accepting applications from applicants with DACA status. For each year the DACA Student receives the loan, they will agree to practice full-time as a physician in a medically underserved area in Illinois for one year (the “Service Obligation”) upon completion of their residency. This loan program will cover tuition and fees (currently approximately \$51,000 annually).

**Strategic Plan:**

The Authority has developed four strategic goals that it will use to guide investments and asset allocations going forward. The Authority will evaluate the proposed initiative through a four-point test: (i) appropriateness to public mission; (ii) evaluation of risk; (iii) evaluation of competitive position; and (iv) net revenue impact.

**Public Mission**

The Authority has the power to enter into loans connected with any of its corporate purposes. The goal of this loan program is to provide vital financial resources so that talented DACA Students can complete their medical school or dental school training in order to serve an underserved Illinois community in accordance with the Authority’s corporate purpose. This purpose is to enhance and develop the welfare, health, and living conditions for the people of the State of Illinois, and assist the people in achieving the required levels of learning and development of their intellectual and mental capacities and skills.

**Risk Profile**

DACA provides for a two-year grant of deferred action to certain individuals who are not in lawful immigration status and entered the United States as minors. DACA recipients are eligible for work authorization, which allows them to be lawfully employed in the United States and to apply for social security numbers. DACA, as well as one’s work authorization, may be renewed at the end of the two-year period pending fulfillment of certain criteria. The Department of Homeland Security (“DHS”) retains the authority to renew, or even terminate, a DACA grant at any time and the DACA Student would not be able to repay the loan.

**Competitive Position**

This is a “But For” program. DACA recipients do not fit into any of the U.S. Department of Education’s categories for eligible noncitizens and are currently ineligible to receive federal financial aid. They are also ineligible for most State financial aid programs. But for this program and the Service Obligation, DACA Students have no way to pay for their education.

***Net Revenue Impact***

The capital commitment for this program will be \$650,000 to \$750,000 in year one and a total not-to-exceed capital commitment of \$2,900,000. Each DACA Loan will have a stated interest rate of 0.00% per annum at all times, provided that the interest rate shall increase retroactively to 10.82% per annum in the event the Service Obligation is not completed. Consistent with the Federal Direct Unsubsidized Loan Program, the Authority will charge a loan fee of 1.07% at closing. Stritch will be servicing each of the DACA Student Loans for their respective students, so the administration and compliance costs to the Authority will be minimal.



**IFA RESOLUTION NO. 2014-0513-AD**

**RESOLUTION DELEGATING TO THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY THE POWER TO FUND AND ADMINISTER A LOAN PROGRAM FOR DEFERRED ACTION FOR CHILDHOOD ARRIVALS (“DACA”) APPLICANTS TO MEDICAL AND DENTAL SCHOOLS IN ILLINOIS, THE “DACA LOAN PROGRAM” IN AN AMOUNT NOT TO EXCEED \$2,900,000 AND RATIFYING CERTAIN MATTERS RELATED THERETO**

**WHEREAS**, the Illinois Finance Authority (the “Authority”) has been created by the Illinois Finance Authority Act (20 ILCS 3501/801-1 et seq.) (the “Act”); and

**WHEREAS**, the Authority is authorized to enter into loans, contracts, agreements and mortgages in any manner connected with any of its corporate purposes and to invest its funds (20 ILCS 3501/801-30(a)); and

**WHEREAS**, the General Assembly of Illinois determined and declared that the following was included as a policy behind the Authority: that for the benefit of the people of the State of Illinois, the conduct and increase of their commerce, the protection and enhancement of their welfare, the development of continued prosperity and the improvement of their health and living conditions it is essential that all the people of the State be given the fullest opportunity to learn and to develop their intellectual and mental capacities and skills; that to achieve these ends it is of the utmost importance that private institutions of higher education within the State be provided with appropriate additional means to assist the people of the State in achieving the required levels of learning and development of their intellectual and mental capacities and skills (20 ILCS 3501/801-5(l)); and

**WHEREAS**, the Secretary of the United States Department of Homeland Security (“DHS”) signed a memorandum on June 15, 2012 setting forth how, in the exercise of its prosecutorial discretion, DHS should enforce the Nation’s immigration laws against certain undocumented young people who came to the United States as children and have pursued education or military service in the United States; and

**WHEREAS**, On August 15, 2012, the United States Citizenship and Immigration Services (“USCIS”) released the forms necessary to apply for Deferred Action for Childhood Arrivals (“DACA”). Individuals who demonstrate that they meet the guidelines may request consideration of deferred action for childhood arrivals for a period of two years, subject to renewal, and may be eligible for employment authorization; and

**WHEREAS**, Loyola University’s Stritch School of Medicine (“Stritch”) has waived legal residency as an admissions requirement; and

**WHEREAS**, twelve (12) applicants with DACA status have been offered admission to Strich for the 2014-2015 school year to begin their medical school education (the “DACA Students”); and

**WHEREAS**, the DACA Students do not fit into any of the United States Department of Education’s categories for eligible non-citizens and are not eligible to receive federal financial aid to cover tuition and fees; and

**WHEREAS**, there is a need for physicians in communities in Illinois designated as Health Professional Shortage Areas (“HPSA”), Medically Underserved Areas (“MUA”) and Medically Underserved Populations (“MUP”) and maintained by the Health Resources and Services Administration (“HRSA”) of the US Department of Health and Human Services (“HHS”) (collectively, the “Underserved Areas”); and

**WHEREAS**, the DACA Student in the DACA Loan Program will agree to practice full-time as a physician in an Underserved Area in Illinois, one year for each year the loan funds are received by the student (the “Service Obligation”);

**NOW, THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:**

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Purpose of the Program.** The purpose of the Program is to provide vital financial resources so that talented DACA medical and dental students can complete their training in order to serve an underserved Illinois community in accord with the Authority's corporate purpose. This purpose is to enhance and develop the welfare, health, and living conditions for the people of the State of Illinois, and assist the people in achieving the required levels of learning and development of their intellectual and mental capacities and skills.

**Section 3. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all such actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents as may be required in connection with the funding and administration of the DACA Loan Program for medical and dental students in Illinois.

**Section 4. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this resolutions; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 5. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 6. Enactment.** This Resolution shall be in full force and effect immediately upon its passage and approval.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: Illinois Finance Authority Board of Directors

From: Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer

Date: May 13, 2014

Re: Resolution Approving the Terms of Financial Advisory Contracts

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On April 23, 2014, the Illinois Finance Authority (the “**Authority**” or “**IFA**”) published a Request for Proposal (“**RFP**”) on the Authority’s website and in the Illinois Procurement Bulletin requesting proposals from financial advisory firms (“**Vendors**”) with the experience, capability and expertise in providing financial advisory services. IFA’s goal was to establish an “Approved Financial Advisor” list for various financial advisory assignments.

To help fulfill IFA’s mission, Vendors will (1) provide strategic assistance to IFA for development and refinement of its programs; (2) assist IFA in developing financial products that will help lower the cost of capital for borrowers; (3) provide financial advisory services on particular financings or projects; (4) advise and assist IFA from time to time in conducting market research to determine demand for financings or financing products; (5) evaluate and structure financings; (6) analyze proposed financings submitted to IFA to meet the capital needs of borrowers; (7) evaluate creditworthiness of borrowers; (8) market IFA programs; (9) evaluate and advise IFA regarding fair market value of outstanding IFA Bonds, including Bonds secured by the “moral obligation”, and, negotiate for the purchase or termination of the Bonds or any derivative securities, instruments, or contracts related to the investment of any proceeds or reserve funds, as applicable, on an as-needed basis; (10) evaluate the value of all or a portion of any outstanding IFA loan portfolio and (11) provide other financial advisory services to IFA that may be requested from time to time. IFA intends to select Vendors on the Approved Financial Advisor list on a rotating basis.

Responses to the RFP were due at 5:00 p.m. on May 2, 2014; with the Authority receiving responses from the following Vendors:

1. Acacia Financial Group, Inc.
2. Columbia Capital Management, LLC
3. Peralta Garcia Solutions, LLC
4. Ernst & Young
5. Sycamore Advisors, LLC
6. Public Financial Management, Inc.

The evaluation committee [Sohair Omar (Authority Deputy Director), Rich Frampton (Authority Vice President) and Nora O’Brien (Authority Associate General Counsel)] reviewed the responses. The responses were evaluated based on professional qualifications, experience, references, technical and

strategic approach, and BEP Certification by the State of Illinois as a Minority Business Enterprise (MBE), Female Business Enterprise (FBE), Female and Minority Business Enterprise (FMB), or Persons with Disability Business Enterprise (PBE).

**The names of the successful vendor(s) are Acacia Financial Group and Sycamore Advisors, LLC.**

The financial advisory contracts will be for an initial two-year term, with the Authority having the right to exercise the option for an additional year.

**RESOLUTION NO. 2014-0513-AD**

**RESOLUTION APPROVING THE TERMS OF FINANCIAL ADVISORY CONTRACTS**

**WHEREAS**, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Illinois Finance Authority Act”)

**WHEREAS**, on July 15, 2013, by Public Act 098-0090 (the “Act”), the Illinois State General Assembly amended the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) (the “Code”) by excluding certain contracts to be entered into by the Authority from the Code; and

**WHEREAS**, pursuant to Section 15 of the Act, contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 (the “Contracts”) by the Authority in which the State of Illinois is not obligated are excluded from the requirements set forth in the Code; and

**WHEREAS**, the Act further provides that such contracts shall be awarded through a competitive process authorized by the Board of the Authority; and

**WHEREAS**, on August 13, 2013 the Board of the Authority approved a written procurement policy (the “Policy”) for the procurement of contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 by the Authority in which the State of Illinois is not obligated; and

**WHEREAS**, the Act further provides that the Board of the Authority shall approve the terms of such Contracts; and

**NOW, THEREFORE**, Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Approval of Financial Advisory Contracts.** The Authority hereby approves the terms of the contracts with the Vendors listed below, as Vendors the Authority may utilize for financial advisory services (the “Financial Advisory Contracts”).

List of Vendors:

**Acacia Financial Group and Sycamore Advisors, LLC.**

**Section 3. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, including but not limited to designating the various categories for which firms are eligible to provide financial advisory services, and to execute,

acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with the Financial Advisory Contracts.

**Section 4. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 5. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 6. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 7. Immediate Effect.** That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: Members of the Authority

From: Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer

Date: May 13, 2014

Re: Resolution Authorizing the Executive Director to Appoint the Chief Internal Auditor for IFA and the Terms of the Internal Auditing Services Contract

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On April 23, 2014, the Illinois Finance Authority (the “**Authority**” or “**IFA**”) published a Request for Proposal (“**RFP**”) on the Authority’s website and in the Illinois Procurement Bulletin requesting proposals from licensed Certified Public Accounting firms (“**Vendors**”) with the experience, capability and expertise in providing internal auditing services and to be designated as the Authority’s Chief Internal Auditor

Per the solicitation, the Vendor will be designated, by the Executive Director and/or Board of Directors, as the Authority’s Chief Internal Auditor and will perform internal audits per the approved annual internal audit plan. Audits will be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In addition, professional standards issued by the American Institute of Certified Public Accountants (**AICPA**) also apply. The audits of the Authority’s balances, transactions, policies, procedures, programs and internal controls will be performed as needed, on at least a quarterly basis. Also, the vendor will respond to inquiries from the Office of the Auditor General, in cooperation with IFAs annual financial statement and compliance audits, as needed.

Responses to the RFP were due at 12:00 p.m. on May 5, 2014; with the Authority receiving responses from the following Vendors:

1. CliftonLarsonAllen LLP
2. Prado & Renteria
3. Crowe Howarth LLP

The evaluation committee [Ximena Granda (Authority Controller), Frankie Patterson (Authority Accountant) and Tiffanv McCoy (Authority Accountant)] reviewed the responses. The responses were evaluated based on professional qualifications, experience, references, technical and strategic approach, and BEP Certification by the State of Illinois as a Minority Business Enterprise (MBE), Female Business Enterprise (FBE), Female and Minority Business Enterprise (FMB), or Persons with Disability Business Enterprise (PBE).

**The names of the successful vendor is CliftonLarsonAllen LLP.** Per statute, the Chief Internal Auditor will serve for a five-year term.

**RESOLUTION NO. 2014-0513-AD**

**RESOLUTION APPROVING THE TERMS OF THE INTERNAL AUDITING CONTRACT**

**WHEREAS**, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Illinois Finance Authority Act”)

**WHEREAS**, on July 15, 2013, by Public Act 098-0090 (the “Act”), the Illinois State General Assembly amended the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) (the “Code”) by excluding certain contracts to be entered into by the Authority from the Code; and

**WHEREAS**, pursuant to Section 15 of the Act, contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 (the “Contracts”) by the Authority in which the State of Illinois is not obligated are excluded from the requirements set forth in the Code; and

**WHEREAS**, the Act further provides that such contracts shall be awarded through a competitive process authorized by the Board of the Authority; and

**WHEREAS**, on August 13, 2013 the Board of the Authority approved a written procurement policy (the “Policy”) for the procurement of contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 by the Authority in which the State of Illinois is not obligated; and

**WHEREAS**, the Act further provides that the Board of the Authority shall approve the terms of such Contracts; and

**NOW, THEREFORE**, Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Approval of Internal Auditing Contract with Clifton Larsen.** The Authority hereby approves the terms of the contract with CliftonLarsonAllen LLP and further, designates, the firm as the Chief Internal Auditor of the Illinois Finance Authority in accordance with the Fiscal Control and Internal Auditing Act (30 ILCS 10/2002).

**Section 3. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, including but not limited to designating the various categories for which the selected firm is eligible to provide internal auditing services, and to execute, acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with the firm’s service as the agency’s Chief Internal Auditor and the Internal Auditing Contract.



**Section 4. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 5. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 6. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 7. Immediate Effect.** That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: Illinois Finance Authority Board of Directors

From: Melinda M. Gildart and Nora O'Brien

Date: May 13, 2014

Re: Resolution Approving the Award of a Sole Source Contract with ADP TotalSource, Inc.

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On May 24, 2004, the Illinois Finance Authority (the “**Authority**” or “**IFA**”) entered into a client service agreement with ADP TotalSource, Inc. (the “**ADP Contract**”) for payroll, human resources (“**HR**”) and benefits services. This contract was last awarded on July 1, 2011 and last renewed for a one-year term from July 1, 2013 thru June 30, 2014 at a cost of \$233,000.

ADP TotalSource, Inc. currently provides the Authority with payroll processing, employee benefits management, human resources functions, W-2 preparation and submission, performance evaluation management, accounting for paid time off, and other functions. In accordance with IFA’s Procurement Policy approved by the Board of Directors on August 13, 2013, contracts for legal, financial and professional and artistic services shall be awarded through a competitive process authorized by the Board of the Authority. Though these services may be available individually by firms in the marketplace, a comprehensive payroll and HR solution, primarily due to the size of our agency, is currently more efficient, cost effective and will provide continuation of critical services for IFA employees. Also, due to the transition of senior Authority personnel in early 2014, a competitive process to fully vet and award a contract for comprehensive payroll and HR functions by the current expiration date of June 30, 2014 was not initiated.

Therefore, we recommend that the Authority enter into a sole source contract with ADP TotalSource, Inc. effective July 1, 2014 to allow time for a detailed and fully transparent competitive bidding process and prevent the disruption of payroll, HR and benefits services. The contract term will be for 1 year, with a new contract to be negotiated and awarded (per the competitive process) no later than December 31, 2014, to allow time for benefit plan and rate negotiations and a smooth transition of personnel data and other employee information, if applicable. Given the timeframe and ADP’s familiarity with the operations of the Authority, ADP TotalSource, Inc. is the only economically feasible source to provide payroll, HR and benefits services to the Authority beginning July 1, 2014.

**RESOLUTION NO. 2014-0513-AD**

**RESOLUTION APPROVING THE TERMS OF A SOLE SOURCE CONTRACT WITH ADP TOTAL SOURCE**

**WHEREAS**, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Illinois Finance Authority Act”)

**WHEREAS**, on July 15, 2013, by Public Act 098-0090 (the “Act”), the Illinois State General Assembly amended the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) (the “Code”) by excluding certain contracts to be entered into by the Authority from the Code; and

**WHEREAS**, pursuant to Section 15 of the Act, contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 (the “Contracts”) by the Authority in which the State of Illinois is not obligated are excluded from the requirements set forth in the Code; and

**WHEREAS**, the Act further provides that such contracts shall be awarded through a competitive process authorized by the Board of the Authority; and

**WHEREAS**, on August 13, 2013 the Board of the Authority approved a written procurement policy (the “Policy”) for the procurement of contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 by the Authority in which the State of Illinois is not obligated; and

**WHEREAS**, the Policy does not apply to sole source procurements, defined as a procurement where there is only one economically feasible source for the item or service; and

**WHEREAS**, given the timeframe and ADP’s familiarity with the Authority, ADP TotalSource, Inc. is the only economically feasible source to provide payroll, HR and benefits services to the Authority beginning July 1, 2014; and

**WHEREAS**, the Act further provides that the Board of the Authority shall approve the terms of such Contracts; and

**NOW, THEREFORE**, Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Approval of ADP Total Source Contract.** The Authority hereby approves the terms of the contract with the ADP TotalSource, Inc. as the vendor to be utilize for Payroll and HR services.

**Section 3. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, including but not limited to designating the various categories for which firms are eligible to provide payroll and HR services, and to execute, acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with the ADP TotalSource, Inc. Contract.

**Section 4. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 5. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 6. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 7. Immediate Effect.** That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: Illinois Finance Authority Board of Directors

From: Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer

Date: May 13, 2014

Re: Resolution Authorizing the Executive Director to Renew Existing Contracts with MABSCO Capital, Inc., Mesirow Insurance Services, Inc., and Howard Kenner Government Consulting

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### **1. MABSCO Capital Inc. – Participation Loan/State Agricultural Guarantee Loan Programs**

On July 1, 2011 the Illinois Finance Authority (the “**Authority**” or “**IFA**”) entered into a contract with MABSCO Capital Inc. (the “**MABSCO Contract**”) to service the IFA’s Participation Loan Portfolio and State Guarantee Loan Programs for the Authority for a two year term with two one-year renewal options. The initial contract expired June 30, 2013.

MABSCO’s contract was renewed for a one-year term on July 1, 2013 and will expire on June 30, 2014. The Authority utilizes MABSCO to provide portfolio analysis, including but not limited to, checking for proper accrual calculations on all participation loans in the IFA’s portfolio and identifying all participants that are delinquent.

The Authority now seeks to extend the MABSCO contract for the second and final, one-year renewal term. If approved, the renewal term shall begin on July 1, 2014 and terminate on June 30, 2015. The total value for MABSCO’s contract renewal is not-to-exceed \$100,000. Authority staff believes that it is necessary to continue these services and that the MABSCO contract should be renewed.

### **2. Mesirow Insurance Services, Inc. – Insurance Brokerage and Risk Management Services**

On June 21, 2012 the Illinois Finance Authority (the “**Authority**” or “**IFA**”) entered into a contract with Mesirow Insurance Services, Inc. (the “**Mesirow Contract**”) to provide insurance brokerage and risk management services to the Authority for a two year term with a one-year renewal option This contract will expire on June 20, 2014.

The Authority is seeking to renew Mesirow’s contract for the one-year renewal option. If approved, the renewal term shall begin on June 21, 2014 and terminate on June 20, 2015. The total value for the Mesirow contract renewal is not-to-exceed \$45,800. Authority staff believes that it is necessary to continue these services and that the Mesirow contract should be renewed.

### **3. Howard Kenner Government Consulting – Legislative Services**

On May 1, 2012 the Illinois Finance Authority (the “**Authority**” or “**IFA**”) entered into a contract with Howard Kenner Government Consulting (the “**Howard Kenner Contract**”) to provide legislative services to the Authority for a one year term with two one-year renewal options.

Howard Kenner’s contract was renewed for a one-year term on July 1, 2013 and will expire on June 30, 2014. The Authority utilizes Howard Kenner to perform the following services: (i) identifying, tracking and drafting legislation that impacts the Authority; (ii) preparing position papers outlining the Authority’s concerns; (iii) appearing for the Authority at public hearings and briefing key personnel; (iv) appropriately advocate/interact with the Office of the Comptroller and the Governmental Accounting Standards Board regarding the appropriate interpretations and application of accounting best practices, rules and principles impacting the Authority and the appropriate presentation of IFA’s financial statements; and (v) preparing reports of activities as requested by the Authority.

The Authority is seeking to renew Howard Kenner’s contract for the second one-year renewal option. If approved, the renewal term shall begin on July 1, 2014 and terminate on June 30, 2015. The total value for Howard Kenner Contract renewal will be \$60,000. Authority staff believes that it is necessary to continue these services and that the Howard Kenner contract should be renewed.

**RESOLUTION NO. 2014-0513-AD**

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE EXISTING CONTRACTS WITH MABSCO CAPITAL, INC.; MESIROW INSURANCE SERVICES, INC. AND HOWARD KENNER GOVERNMENT CONSULTING**

**WHEREAS**, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Illinois Finance Authority Act”)

**WHEREAS**, on July 15, 2013, by Public Act 098-0090 (the “Act”), the Illinois State General Assembly amended the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) (the “Code”) by excluding certain contracts to be entered into by the Authority from the Code; and

**WHEREAS**, pursuant to Section 15 of the Act, contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 (the “Contracts”) by the Authority in which the State of Illinois is not obligated are excluded from the requirements set forth in the Code; and

**WHEREAS**, the Act further provides that such contracts shall be awarded through a competitive process authorized by the Board of the Authority; and

**WHEREAS**, on August 13, 2013 the Board of the Authority approved a written procurement policy (the “Policy”) for the procurement of contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 by the Authority in which the State of Illinois is not obligated; and

**WHEREAS**, the Act further provides that the Board of the Authority shall approve the terms of such Contracts; and

**NOW, THEREFORE**, Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Approval of MABSCO Capital, Inc. Contract.** The Authority hereby approves the terms of the contract with MABSCO Capital, Inc. (the “MABSCO Contract”) to service the IFA’s Participation Loan Portfolio and State Guarantee Loan Programs for the Authority.

**Section 3. Approval of Mesirow Insurance Services, Inc. Contract.** The Authority hereby approves the terms of the contract with Mesirow Insurance Services, Inc. (the “Mesirow Contract”) to provide insurance brokerage and risk management services to the Authority.

**Section 4. Approval of Howard Kenner Government Consulting Contract.** The Authority hereby approves the terms of the contract with Howard Kenner Government Consulting (the “Howard Kenner Contract”) to provide legislative services to the Authority.

**Section 5. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with the MABSCO, Mesirow and Howard Kenner Contracts.

**Section 6. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 7. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 8. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 9. Immediate Effect.** That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.