

Date: March 10, 2020

To: Eric Anderberg, Chairman
Michael W. Goetz, Vice Chairman
James J. Fuentes
William Hobert
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
Bradley A. Zeller

Roxanne Nava
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Randal Wexler
Jeffrey Wright

From: Christopher B. Meister, Executive Director

Subject: *Message from the Executive Director*

Dear Member of the Authority:

Transformation Initiative: Personnel Update

The Authority congratulates our former colleague, Bill Atwood, for his accomplishments. Bill left the Authority on February 29, 2020, and is pursuing an opportunity in the public pension industry. As a key part of the ***Transformation Initiative***, Bill joined the Authority in July 2018 after leading the Illinois State Board of Investments for fifteen years. Bill brought his deep and wide public pension investment knowledge as the Authority contemplated the new and innovative areas of asset transfer and pension consolidation as avenues to fulfill our essential public function. Bill led the Authority's efforts in staffing the Governor's Pension Consolidation and Asset Transfer Taskforces. He also coordinated the drafting of the landmark pension consolidation legislation Senate Bill ("SB") 1300/Public Act ("P.A") 101-0610. We wish Bill every success in his new endeavors.

Transformation Initiative: SB 1300/P.A. 101-0610

Inherent in our statutory role in local pension fund consolidation through SB 1300/P.A. 101-0610, the Authority is supporting both the newly created Police Officers' Pension Investment Fund ("IPOPIF") and Firefighters' Pension Investment Fund ("IFPIF") in order to help these new entities succeed. The stakes for SB 1300/P.A. 101-0610 could not be higher: (1) reducing the burden on strapped local property taxpayers, and (2) ensuring the provision of earned retirement benefits to first responders and their beneficiaries.

On March 4, 2020, Deputy Executive Director Jacob Stuckey attended the second IPOPIF meeting. Jacob was favorably impressed by the depth of the professional experience of the transition members and their seriousness of purpose in approaching the important, complex and time-sensitive work that lies ahead of them.

Coronavirus Disease 2019 (“COVID-19”) Update

First and foremost, COVID-19 is a human tragedy. As of March 5, 2020, the COVID-19 outbreak has been documented in more than 70 countries and territories. More than 90,000 cases have been documented across the globe, resulting in nearly 3,200 deaths with 100 individual cases identified in thirteen U.S. States, including five in Illinois. The situation is unpredictable and no doubt more developments have occurred by the time you read this letter.

The safety of our Members and employees remains our top priority. The Authority continues to monitor the situation. The Authority is taking necessary steps to ensure continued operations in order to fulfill our essential public function. The Authority stands ready to play any requested role permitted within our statutory powers and the limits of our balance sheet.

Second, the economic impact of COVID-19 is also large, wide-ranging and unpredictable – and is expected to have impact on the revenues and project pipeline of the Authority.

Historically Low Interest Rate Environment

On March 5, 2020, the United States Federal Reserve executed an emergency half-percentage-point rate cut, reducing the federal-funds rate to a range to 1.0% to 1.5%. It was the first time since the 2008 Financial Crisis that there was such a move between meetings of the Federal Reserve. The lower interest rate further erodes the economic value of the Authority’s tools.

The Authority will continue to provide service in a professional, timely, responsive, and accountable manner. The unprecedented duration of this low interest rate environment demonstrates the wisdom of the Authority’s decision to embark on the ***Transformation Initiative*** in order to invest in both product development and staff capacity. We recognize that an unpredictable world may render existing tools obsolete but it may also give rise to new opportunities for the Authority to fulfill its statutory missions of (1) promoting a vigorous Illinois economy and avoiding involuntary unemployment, (2) reducing the cost of indebtedness to Illinois taxpayers and residents, and (3) otherwise enhancing the quality of life in our state. Such opportunities may require new tools and new organizational capacity going forward.

Diverse and Time-Sensitive Agenda

We are proud to present for consideration bond resolutions for qualified borrowers seeking to benefit from the market for federally tax-exempt financing.

On today’s agenda, we have the refinancing of two established supportive living facilities (“SLF”), ***St. Anthony SLF, LLC*** (Lansing in south Cook County) and ***Deer Path SLF, LLC*** (Huntley, Kane County)¹. The SLF structure allows independent quality of life for low-income residents as an alternative to higher cost nursing homes.

The Authority is also pleased to assist three of our state’s long-established not-for-profit higher education resources, ***Roosevelt University*** and ***Robert Morris University***, in metropolitan Chicago and the ***University of St. Francis*** in Joliet/Will County.

¹ Prior to placing the two SLF projects on the agenda, the Authority communicated with the Illinois Housing Development Authority.



We also welcome *Christian Horizons Obligated Group*, a faith-based senior living organization for a multi-state bond issue with new money, refinancing, and taxable components. We know that conduit borrowers have a choice when issuing their debt and we are pleased to provide professional and timely service at their request.

Finally, we have a *participation loan* for a small business project located in Freeport and two federally tax-exempt conduit beginning farmer bonds for land purchases located in Stark and Warren Counties.

Respectfully,



Christopher B. Meister
Executive Director