

To: Members of the Authority

From: Christopher B. Meister, Executive Director

Date: November 10, 2022

Subject: ***Message from the Executive Director***

Dear Member of the Authority:

Federal Funding Potential Through the EPA & DOE for the Climate Bank

Since we last met, more information has become available regarding one of the most significant federal funding opportunities available to the Authority in its role as the Climate Bank: Section 134 of the federal Inflation Reduction Act, the Greenhouse Gas Reduction Fund (“GGRF”), amends the U.S. Clean Air Act to create a new financial assistance program with \$27 billion in grants from the United States Environmental Protection Agency (“EPA”). In my view, the GGRF purposes are consistent with the purposes of the Illinois Climate and Equitable Jobs Act or CEJA, specifically its goals of:

- ***putting 1 million Electric Vehicles on Illinois roads by 2030***
- ***Reaching 100% clean energy in Illinois by 2050; and***
- ***prioritizing job creation-training-placement reflecting the diversity of Illinois.***

EPA describes the GGRF:

“This first-of-its-kind program will provide ***competitive grants*** to ***mobilize financing and leverage private capital for clean energy and climate projects that reduce greenhouse gas emissions*** – with an emphasis on projects that ***benefit low-income and disadvantaged communities*** -and further the Biden-Harris Administration’s commitment to environmental justice.” (*emphasis added*; <https://www.epa.gov/inflation-reduction-act/greenhouse-gas-reduction-fund>)

EPA is seeking public input with shaping the GGRF. EPA held remote national listening sessions on the evenings of November 1 and November 9, 2022. EPA Administrator Regan has also engaged the EPA Environmental Financial Advisory Board (“EFAB”)¹. The Authority/Climate Bank plans to submit a response to the EPA request for information due on December 5, 2022 (<https://www.regulations.gov/docket/EPA-HQ-OA-2022-0859>).

Authority/Climate Bank Listening Session on EPA GGRF

In connection with this unprecedented federal funding opportunity through GGRF, the Authority is, for the first time, holding a listening session to stakeholders and potential stakeholders after this morning’s meeting at 11:00 a.m. CST to learn potential approaches and priorities for the Authority/Climate Bank in anticipation of an application for the GGRF ([https://www.il-fa.com/sites/all/themes/ifa/docs/11-10-22-ggrf-notice\(13\).pdf](https://www.il-fa.com/sites/all/themes/ifa/docs/11-10-22-ggrf-notice(13).pdf)). Chair Hobert, along with Members Juracek, Pawar, and Poole will participate in the listening session. We believe that listening to stakeholders will lead to a more competitive application for the Authority/Climate Bank when the time comes to apply to EPA for GGRF funds.

¹ I was an EFAB Member for six years until June 2022. EFAB will deliver its recommendations to EPA on December 15, 2022 following public sessions on October 18-19, November 17, December 1, and December 15, 2022 (<https://www.epa.gov/waterfinancecenter/efab>).



There is also a formula federal funding opportunity for the Authority/Climate Bank through the United States Department of Energy (“USDOE”) for grants to enhance the resilience of the electric grid. A listening session/public hearing is likely to be necessary for this federal funding opportunity as well.

The funding opportunities available to the Authority/Climate Bank through the EPA/GGRF and the USDOE grid resilience support the Governor’s goals to have 1 million electric vehicles in Illinois by 2030 and for 100% clean energy in Illinois by 2050. The proposed investment approach to obtain these federal funds is set forth in Item 16.

Conduit Bond Projects

COH HoldCo Inc., whose parent is ***City of Hope*** is a new, not-for-profit healthcare borrower to the Authority. City of Hope, based in California, is purchasing the assets of the for-profit Cancer Treatment Centers of America with facilities in Arizona, Georgia, and Illinois, with a taxable conduit loan.

Long-time and valued not-for-profit health borrower, ***The University of Chicago Medical Center***, seeks to issue federally tax-exempt conduit bonds to acquire a majority interest in the following four Adventist Health hospitals: Adventist Bolingbrook Hospital, Adventist GlenOaks Hospital (Glendale Heights), Adventist Midwest Health d/b/a La Grange Hospital, and Adventist Midwest Health d/b/a Hinsdale Hospital. Adventist usually issued its bonds through a Florida-based conduit issuer.

The ***Shedd Aquarium Society***, a not-for-profit scientific and cultural institution established in 1924 and located on the City’s lakefront, seeks to issue tax-exempt conduit bonds in connection with its ***Centennial Project*** to transform its historic Museum Campus galleries and expand capacity beyond 2 million guests annually. Additionally, bond proceeds will be used to purchase, renovate, and equip a building on the City’s northside for animal care and related purposes that support Shedd’s Museum Campus facility.

DePaul College Prep, with an enrollment of 1,081, is a Vincentian not-for-profit Catholic high school founded in 2016 (the “School”). ***DePaul College Prep Foundation*** is a supporting organization of DePaul College Prep and is the owner of the campus and the conduit borrower on the Tax-Exempt Series 2022 Bonds (on behalf of the School). Bond proceeds will refinance an existing taxable mortgage note used to purchase DePaul College Prep’s North Rockwell campus, to finance construction and equipping of a new academic wing, and to finance athletic and other campus improvements.

Franciscan Communities, Inc., a not-for-profit Catholic senior living organization with 1,698 units across seven communities, seeks to refinance its outstanding 2013 federally tax-exempt conduit bonds for projects located in Illinois, Indiana, and Ohio.

Legacy Charter School was founded in 2005 as a charitable project of the Chicago law firm of Sonnenschein Nath & Rosenthal (now Dentons LLP). Legacy, a K-8 public charter school, is located in the City’s North Lawndale community and serves over 450 students. Legacy is a new conduit borrower to the Authority and will use the Series 2022 Tax-Exempt Revenue Bonds to refinance a New Markets Tax Credit (“NMTC”) financing structure that financed construction of a new school facility that opened in 2017. Upon unwinding Legacy’s \$21.6 million NMTC financing structure, Legacy’s outstanding debt will solely consist of the \$8.0 million IFA Series 2022 Bonds.

There is one beginning farmer bond for a project in Hoosier Township, Clay County.



Finally, JPMorgan Chase Bank, National Association, is seeking the Authority's consideration of a resolution to be approved as a capital provider that may purchase bonds and notes issued by the Authority to finance or refinance PACE Projects.

Bond Amendment Resolutions

The Authority will consider amendments on behalf of ***CenterPoint Joliet Terminal Railroad Project***; predecessor conduit borrowers, CDH-Delnor Health System and Centegra Health System, now part of ***Northwestern Memorial HealthCare***; the ***Chicago Symphony Orchestra***; ***De La Salle Institute***; ***Lincoln Park Zoological Society***; ***National Louis University***; and ***Chicago Shakespeare Theater***.

Respectfully,

A handwritten signature in black ink, appearing to read "C. Meister", with a long horizontal line extending to the right.

Christopher B. Meister
Executive Director