

1 ILLINOIS FINANCE AUTHORITY
2 SPECIAL MEETING OF THE DIRECT AND
3 ALTERNATIVE FINANCING COMMITTEE MEMBERS AND THE
4 TAX-EXEMPT CONDUIT TRANSACTIONS COMMITTEE MEMBERS
5 February 14, 2019, at 8:30 a.m.

6
7 REPORT OF PROCEEDINGS had at the Special
8 Meeting of the Direct and Alternative Financing
9 Committee Members and the Tax-Exempt Conduit
10 Transactions Committee on February 14, 2019, at the
11 hour of 8:30 a.m., pursuant to notice, at 160 North
12 LaSalle Street, Suite S-1000, Chicago, Illinois.

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1 APPEARANCES:
2 ILLINOIS FINANCE AUTHORITY
3 DIRECT AND ALTERNATIVE FINANCING COMMITTEE MEMBERS

4 MR. JAMES J. FUENTES
5 MS. ARLENE A. JURACEK
6 MR. E. LYLE McCOY
7 MR. BRADLEY R. ZELLER
8 MR. ERIC R. ANDERBERG, *ex officio*, non-voting

9 ILLINOIS FINANCE AUTHORITY
10 TAX-EXEMPT CONDUIT TRANSACTIONS COMMITTEE MEMBERS

11 COMMITTEE VICE CHAIR E. LYLE McCOY
12 MR. JAMES J. FUENTES
13 MR. MIKE GOETZ
14 MS. ARLENE A. JURACEK
15 MR. BRADLEY R. ZELLER
16 MR. ERIC R. ANDERBERG, *ex officio*, non-voting

17 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

18 MR. CHRISTOPHER B. MEISTER, IFA Executive Director
19 MR. RICH FRAMPTON, Executive Vice President
20 MR. BRAD FLETCHER, Vice President
21 MR. RYAN OECHSLER, IFA Associate General Counsel
22 MS. ELIZABETH WEBER, General Counsel and Legal
23 Adviser to the Board
24 MS. LISA BONNETT, Illinois Finance Authority
25 MS. KATHY LYDON, IFA Federal Affairs Advisor (via
26 audio conference)
27 MS. LORRIE KARCHER, Agricultural Program
28 Coordinator (via audio
29 conference)
30 SULLIVAN REPORTING COMPANY, by
31 Brad Benjamin, CSR
32 License No. 084-004805

1 CHAIR McCOY: I've been asked to chair the --
2 or to lead the meeting of the Direct and Alternative
3 Financing Committee in the excused absence of the
4 Committee Chair.

5 I'd like to call the meeting of the
6 Members of the Direct and Alternative Financing
7 Committee to order. Will the Assistant Secretary
8 please call the roll?

9 OECHSLER: Certainly. The time is 8:30 a.m.

10 Mr. Fuentes?

11 FUENTES: Here.

12 OECHSLER: Ms. Juracek?

13 JURACEK: Here.

14 OECHSLER: Mr. McCoy?

15 CHAIR McCOY: Here.

16 OECHSLER: And Mr. Zeller?

17 ZELLER: Here.

18 OECHSLER: Mr. Anderberg, ex-officio,
19 non-voting?

20 ANDERBERG: Here.

21 OECHSLER: Member McCoy, a quorum of Committee
22 Members has been constituted.

23 CHAIR McCOY: Thank you very much.

24 Does anyone wish to make any

1 additions, edits or corrections to the Minutes to the
2 July 9th, 2018, meeting?

3 (No response.)

4 CHAIR McCOY: Hearing none, I'd like to request
5 a motion to approve the Minutes.

6 Is there such a motion?

7 FUENTES: So moved.

8 JURACEK: Second.

9 CHAIR McCOY: Thank you.

10 All those in favor?

11 (Chorus of ayes.)

12 CHAIR McCOY: Opposed?

13 (No response.)

14 CHAIR McCOY: The ayes have it.

15 Now, I'd like to call the meeting of
16 the Members of the Tax-Exempt Conduit Transaction
17 Committee to order.

18 Will the Assistant Secretary please
19 call the roll?

20 OECHSLER: Certainly.

21 Mr. Fuentes?

22 FUENTES: Here.

23 OECHSLER: Mr. Goetz?

24 GOETZ: Here.

1 OECHSLER: Ms. Juracek?

2 JURACEK: Here.

3 OECHSLER: Mr. Zeller?

4 ZELLER: Here.

5 OECHSLER: And Committee Chair McCoy?

6 CHAIR McCOY: Here.

7 OECHSLER: Mr. Anderberg, ex-officio,
8 non-voting?

9 ANDERBERG: Here.

10 OECHSLER: Committee Chair McCoy, a quorum of
11 Committee Members has been constituted.

12 CHAIR McCOY: Thank you.

13 Does anyone wish to make any
14 additions, edits, corrections to the Minutes of the
15 December 12th, 2018?

16 (No response.)

17 CHAIR McCOY: Hearing none, I'd like to request
18 a motion to approve the Minutes.

19 Is there such a motion?

20 GOETZ: So moved.

21 FUENTES: Second.

22 CHAIR McCOY: All those in favor?

23 (Chorus of ayes.)

24 CHAIR McCOY: Opposed?

1 (No response.)

2 CHAIR McCOY: The ayes have it.

3 We'll move forward with Presentation
4 and Consideration of New Business, Items 3, 4, and 5,
5 by the Direct and Alternative Financing Committee
6 Members.

7 BONNETT: Good morning. I was told to come to
8 the table.

9 Good morning. I'm Lisa Bonnett, and,
10 as many of you know, I have joined IFA to work with
11 Chris on developing better infrastructure financing
12 tools. And under that he has asked that I lead the
13 SRF 2019 Series.

14 So today we are asking approval to
15 issue tax-exempt Bonds in a not-to-exceed amount of
16 \$450 million on behalf of the Illinois Environmental
17 Protection Agency State Revolving Loan Program. The
18 Bond proceeds will be used to finance eligible water
19 infrastructure projects. The 2019 Series will be the
20 fourth series of Bonds issued under the Master Trust
21 Agreement dated November 1st, 2013.

22 IFA will utilize the same structure as
23 the 2017 Series, which will allow us to efficiently
24 and expeditiously close this transaction by no later

1 than May 1, 2019. Like prior series, the 2019 Bonds
2 are secured by federal capitalization grants and loan
3 repayments. The 2019 Series will include \$22.9
4 million to match \$114.5 million in federal
5 capitalization grants.

6 With this transaction, the IFA will
7 also be issuing its first SRF green bonds. Green
8 bonds are used to finance environmental and climate
9 change adaptation projects, which is a perfect fit
10 for the SRF program. Since 2017, approximately \$1.5
11 billion of green bonds have been issued for SRF state
12 water and sewer projects.

13 Benefits of green bonds include
14 increased investor demand and diversification.
15 Institutional investors are increasingly demanding
16 socially responsible investment opportunities, and
17 issuing green bonds has shown to attract new
18 investors and new types of investors.

19 And just as important is that the IFA
20 will be taking a leadership role in encouraging
21 sustainable growth and will be branded in the market
22 as forward thinking, innovative, and sustainable.

23 Issuing green bonds will also show
24 support to the governor's executive order on climate

1 change. The plan is to use best practices from other
2 state SRF green bond programs where projects are
3 self-certified and their repor- -- the disclosure
4 reporting requirements are minimal. Such examples
5 include Iowa, New York, and MWRD.

6 The Illinois Finance Authority has
7 worked with the Illinois EPA and the financial
8 advisors to devalidate [sic] cash flows and coverage
9 ratios for the 2019 Series, and we are confident that
10 the requested amount is appropriate and that the Bond
11 proceeds will be needed for this upcoming
12 construction season.

13 The proposed Bond transaction is
14 expected to be rated AAA by both S&P and Fitch.

15 I'd be happy to take any questions.

16 CHAIR McCOY: Any questions?

17 (No response.)

18 CHAIR McCOY: No? That's great. Thank you
19 very much.

20 Next?

21 FLETCHER: Sure. Certainly, Mr. Committee
22 Chair.

23 Next is Item No. 4 in your board books
24 and also on today's Committee Agenda.

1 Item No. 4 requests your approval of a
2 Property Assessed Clean Energy Bond Resolution
3 authorizing Counterpointe Energy -- excuse me --
4 Counterpointe Sustainable Real Estate to purchase
5 PACE bonds issued by the Authority in an aggregate
6 amount not to exceed \$200 million for a period of
7 three years.

8 Pursuant to this PACE Resolution
9 before you, the Authority is approving a
10 substantially final form of Master Indenture and
11 related form of Issuance Certificate by which
12 Counterpointe, as the bond purchaser, may obtain any
13 of the Authority's PACE Bonds subject to the stated
14 interest rate and maturity limitations in the
15 resolutions to fund energy projects located
16 throughout the state.

17 As you may recall from previous
18 committee meetings, local governments enable PACE
19 areas within their jurisdictional boundaries in order
20 to finance or refinance up to 100 percent of their
21 energy efficiency and renewable energy and water
22 conservation project costs on a long-term basis
23 through the sale of municipal bonds.

24 Commercial property owners, therefore,

1 voluntarily enter into assessment contracts with
2 these local governments because PACE programs
3 eliminate the need for upfront capital and can more
4 effectively amortize project costs in comparison to
5 standard commercial lending terms.

6 Accordingly, record owners of
7 commercial property expect that the monetary savings
8 to be greater than the repayment costs of the energy
9 projects they undertake with these assessments
10 imposed upon their properties, thus generating
11 immediate positive cash flow.

12 To the transaction before you, in
13 order to fund energy projects originated by the bond
14 purchaser, Counterpointe Sustainable Real Estate,
15 local governments will permissively assign assessment
16 contracts to the Authority in order to utilize the
17 Authority's new standardized, efficient, and
18 affordable PACE bond financing structure.

19 Specifically, the Authority has
20 expended resources developing the following
21 standardized documents: No. 1, a standardized
22 Ordinance that any local government can utilize to
23 establish a PACE area within its jurisdictional
24 boundaries upon selecting a PACE program

1 administrator. No. 2, standardized provisions that
2 must be incorporated into a form Assessment Contact
3 adopted by a local unit of government in order for
4 the Authority to accept its assignment as security
5 for any PACE bonds we issue. Three, a standardized
6 Assignment Agreement any local government can utilize
7 to actually assign the assessment contracts to the
8 Authority. Four, the standardized PACE Bond
9 Resolution to be utilized by any bond counsel seeking
10 to issue PACE bonds through the Authority, which can
11 be found in the board book. And, fifth and finally,
12 a standardized form of master indenture to be
13 executed among the Authority, the program
14 administrator, and its trustee selected by the
15 program administrator; and the related form of
16 issuance certificate a capital provider will utilize
17 to obtain any bonds issued by the Authority.

18 In furtherance of efficiency in our
19 bond financing structure, this PACE Bond Resolution
20 further delegates to authorized officers, as defined
21 therein, the capacity to execute and deliver issuance
22 certificates under the approved form of master
23 indenture for the Bond Purchaser to finance specific
24 energy projects hereafter.

1 This delegation to authorize officers
2 ensures efficient and timely funding of energy
3 projects by the Bond Purchaser consistent with market
4 expectations. As a result, Counterpointe Sustainable
5 Real Estate will be able to aptly fund multiple
6 energy projects through this single master indenture,
7 improving liquidity in the Illinois C-PACE market as
8 the Bonds issued by the Authority for the Bond
9 Purchaser become easier to securitize due to the
10 diminished amount of due diligence required in the
11 secondary market.

12 Also, this PACE Bond Resolution,
13 before you, you are considering includes a three-year
14 sunset provision, as I mentioned earlier, which
15 allows the Authority to properly manage its available
16 \$2 million of bonding capacity granted by the General
17 Assembly, and has the effect of requiring
18 Counterpointe Sustainable Real Estate to reapply for
19 additional bonding authorization as needed with the
20 Authority.

21 During this three-year period, Staff
22 anticipates providing Authority members a synopsis of
23 successful PACE Bond closings attributable to this
24 Bond Purchaser on a quarterly basis at a minimum.

1 Finally, if I can turn your attention
2 to the top of page 8 in the report, we've provide an
3 economic disclosure statement for the Bond Purchaser
4 that we are approving by this PACE Bond Resolution.

5 And I can ask any questions -- answer
6 any questions. We recommend approval.

7 Sure.

8 JURACEK: So as a mayor of a municipality --

9 FLETCHER: Yes?

10 JURACEK: -- who is a signatory to the Greenest
11 Region Compact, of course, this piques my interest.

12 FLETCHER: Sure.

13 JURACEK: And we have a council management form
14 of government. So I'm, like, the CEO, and I've got a
15 big staff of 300 people who probably know something
16 about this. But I'm wondering if there are marketing
17 materials available for distribution --

18 FLETCHER: Yes, there are. Absolutely.

19 JURACEK: -- to the mayored level to get them
20 familiar with this.

21 FLETCHER: Yes. I've been -- they're on their
22 website.

23 JURACEK: Because as a community that has a
24 TIF district and is at looking at downtown

1 redevelopment, I can see some potential --

2 FLETCHER: Yeah.

3 JURACEK: -- if I understood the rules --

4 FLETCHER: Absolutely.

5 JURACEK: -- and then in other parts of the
6 village.

7 FLETCHER: So I have some materials I can give
8 you after the meeting.

9 JURACEK: Okay.

10 FLETCHER: They're also available on our
11 website. I can certainly send them by e-mail.

12 JURACEK: But I'm wondering whether, like, the
13 Metropolitan Mayors Caucus or the other councils of
14 government are vehicles to make this better known to
15 mayors.

16 MEISTER: I -- I agree with that. I think the
17 important part about this framework that Brad has
18 outlined is this is the first time in this state that
19 we have a standardized, efficient legal process
20 framework that everything else can be hung on, works
21 through the councils of government to the
22 Metropolitan Mayors Caucus.

23 And, I think, Brad, who, I think over
24 the last 14 months, 18 months has established himself

1 as the expert in this state on Property Assessed
2 Clean Energy financing, is -- once we have this, this
3 document that is on the Agenda today, the framework
4 will make an extraordinary amount of sense to the
5 folks within your government.

6 JURACEK: See, here's the issue for me, is this
7 program needs to rise above the noise.

8 MEISTER: Yes.

9 JURACEK: And it's not bad noise. It's just
10 there's a lot of stuff out there. I get mails all
11 the time from MWRD, from CMAP, from all kinds of
12 people where there are grant opportunities. And my
13 public works guys are totally on top of this stuff
14 and, to me, it's noise. This looks like it's
15 something a little bit different because it involves
16 businesses in my community, not just municipal
17 projects. And so it seems to me that could be an
18 economic development tool that's needed.

19 So whatever you do --

20 MEISTER: That's the goal.

21 JURACEK: -- for the outreach, try it make this
22 rise above the noise. And I would couple it, if it's
23 appropriate, because maybe I don't understand it at
24 all, but I would couple it with the idea of economic

1 redevelopment in aging communities.

2 MEISTER: I think those are great suggestions,
3 and I agree with your assessment on the noise.

4 When Lisa and I work together with
5 IEPA on the statewide revolving fund, despite all of
6 the advantages of low -- those low interest loans, it
7 still had -- there was still a challenge in rising
8 that benefit among the noise.

9 Brad and I have had -- particularly
10 Brad has had significant experience over the last
11 several months in interacting primarily with
12 county-level officials, because that's where the
13 assessment process happens. And what we have found
14 is we needed something that was legally well
15 constructed and well tested, as this structure is and
16 we needed it in a form that would make sense to the
17 those mid-to-lower-level municipal finance employees
18 who frankly are -- they -- I've always -- I've
19 interacted with them a lot over the years. They do
20 their jobs very well, but they are paid to be small-c
21 conservative, and anything new sort of -- Brad and I
22 were down in Will County and --

23 FLETCHER: For a third time.

24 MEISTER: Yeah. For the third time, and we

1 ended up -- and we're going back. And we were down a
2 rabbit hole of some esoterica of Will County ass- --
3 property assessment law, which -- you know, obviously
4 Brad has spent an extraordinary amount time on this.

5 JURACEK: Well, the time is right to do this
6 because the solar industry is out there right now
7 very, very actively. We had a seminar in the village
8 yesterday that customers weren't invited to. So
9 apparently they have developed their materials with
10 respect to all the state and federal grants and then
11 et cetera, et cetera, where solar is exempt.

12 You know, it actually saves you money.

13 MEISTER: Yes.

14 JURACEK: I haven't figured that out yet
15 because there's all this other money flowing into it,
16 but it's the right time to couple this with that
17 incentive.

18 GOETZ: Hey Chris, as we're reaching out to
19 mayors and counties and stuff, don't forget
20 downstate.

21 MEISTER: Absolutely not. We've been in touch,
22 I think --

23 GOETZ: The Illinois Municipal League.

24 MEISTER: Peoria County and --

1 FLETCHER: Peoria, Adams County just last week,
2 and I think it either -- I think it was Monroe County
3 as well.

4 MEISTER: Winnebago County.

5 FLETCHER: And I'm going to grab you
6 afterwards.

7 ZELLER: Like he said, they went down to Will
8 County.

9 (Laughter.)

10 MEISTER: Now, Brad, you know that, coming from
11 Downtown Chicago, going down to Will County can be
12 the same amount of driving as Will County to work.

13 ZELLER: Absolutely. Absolutely.

14 CHAIR McCOY: I guess, you know, a comment when
15 you read this and what we've been talking about over
16 the past several months, is looking at alternative
17 things and how we do -- we put ourselves, if we can
18 say that, and I think this is a great example of it.
19 And it's coming to fruition now. And I thank Brad
20 and the whole team that put this together.

21 So thank you very much.

22 FLETCHER: Yeah. I mean, certainly, I'll be
23 the first to admit this has touched every staff
24 person at the Authority. It's not just me; it's a

1 collective effort.

2 CHAIR McCOY: And I think it's -- you know, you
3 hear around the table, people that have input from
4 the Board side, you know, you should -- should be
5 willing to use them where we can.

6 FLETCHER: Yeah. I appreciate it. Absolutely.

7 CHAIR McCOY: It will be a great face of the
8 whole --

9 JURACEK: Uh-huh. Well, Except for one, I have
10 to recuse myself.

11 (Laughter.)

12 CHAIR McCOY: Anyway, so we can move ahead with
13 the motion?

14 FLETCHER: I still have 5, right?

15 CHAIR McCOY: You have to --

16 FLETCHER: One more on PACE.

17 CHAIR McCOY: Okay.

18 FLETCHER: So Item No. 5 in your board books,
19 as well as on today's Committee Agenda, I request
20 your approval of a Resolution approving the updated
21 form of the IFA Bond Handbook in addition to the fee
22 schedule for providing PACE bond financing services.

23 In connection with the commencement of
24 the Authority's PACE bond financing services, IFA

1 staff and its counsel undertook a review of the IFA
2 Bond Handbook and made appropriate changes or
3 additions including but not limited to the following:
4 updating the policy considerations; affirming the
5 steps of the PACE bond transaction process;
6 establishing deadlines for submission of a PACE bond
7 resolution to the Authority's counsel -- general
8 counsel; creating standard document provisions
9 required of a PACE assessment contract; drafting of
10 the form assignment agreement and form master
11 indenture maintained on file by the Authority and
12 available upon request by a program administrator --
13 is now stipulated in the Bond Handbook; and, finally,
14 drafting the form PACE bond resolution found in the
15 new handbook, Exhibit B-2.

16 We did not print out a redline of the
17 Bond Handbook for this committee because it's so
18 voluminous. But I will point out for when we go into
19 the boardroom, there was an additional four change
20 pages [sic] we made just yesterday in response to
21 market reaction. So, when we approve this
22 Resolution, you're approving the Bond Handbook that
23 is in your board book plus the four pages that you
24 can find in your folder.

1 Furthermore, IFA staff and counsel
2 took the opportunity to update the Authority's office
3 address throughout the Bond Handbook while also
4 updating the former final bond resolution for private
5 activity bonds that permits the executive director to
6 execute bonds consistent with our current market
7 practices.

8 Finally, Exhibit 2 to the Resolution
9 is the confidential fee schedule for the issuance of
10 PACE bonds. I suggest a flat -- flat basis-point fee
11 based on the Issuance Certificate sold par amount for
12 services rendered, provided that there is both a
13 minimum and maximum fee.

14 With respect to the application fee,
15 the Authority will not be charging the application
16 fee. Typically, borrowers have already paid an
17 application fee to PACE program administrators, and
18 we did not want to be duplicative in -- with respect
19 to our structure that we're creating here.

20 In Tab 5 that you'll note that there's
21 a bon- -- a seven-page memo. It kind of goes into
22 the history of how we got here today with respect to
23 PACE. I'm certainly happy to go through it. I think
24 it's kind of self-explanatory. Importantly, I just

1 wanted to point out, again, this was a collective
2 effort of everyone here: Elizabeth; Treasury;
3 Accounting; Ryan, most importantly with respect to
4 change in our admin rules.

5 So this has been a very convoluted
6 process, but we're happy to be here today.

7 CHAIR McCOY: Thank you.

8 FLETCHER: Any questions?

9 CHAIR McCOY: All right. If not, I'd like to
10 request a motion to recommend for approval by the
11 Members of the Direct and Alternative Financing
12 Committee for the following Project Reports, and
13 Resolutions: Items 3, 4, and 5.

14 Is there such a motion?

15 FUENTES: So moved.

16 JURACEK: Second.

17 CHAIR McCOY: Thank you.

18 Will the Assistant Secretary please
19 call the roll?

20 OECHSLER: Certainly.

21 Mr. Fuentes?

22 FUENTES: Yes.

23 OECHSLER: Ms. Juracek?

24 JURACEK: Yes.

1 OECHSLER: Mr. McCoy?

2 CHAIR McCOY: Yes.

3 OECHSLER: And Mr. Zeller?

4 ZELLER: Yes.

5 OECHSLER: Member McCoy, the motion carries.

6 CHAIR McCOY: Thank you.

7 Moving on to Presentation and
8 Consideration of New Business, Item 1, 2A, 2B, 2C, 2D
9 by the Tax-Exempt Conduit Transaction Committee.

10 Members -- Mr. Frampton?

11 FRAMPTON: Okay. Thank you, Mr. Chair.

12 We'll begin with Item 1, which is
13 Tab 1 in your board book. It's a Final Bond
14 Resolution in an amount not to exceed \$40 million for
15 the Steppenwolf Theater Company. The Series 2019
16 Bonds will be a new money financing. Proceeds will
17 be used to provide permanent financing for a
18 second-phase expansion of Steppenwolf's performance
19 space and its educational and instructional
20 facilities.

21 Most recently, IFA issued \$17 million
22 of Bonds for the Steppenwolf in 2013, a portion of
23 which was used to finance the initial phase of this
24 \$73 million expansion plan that was originally

1 announced back in 2012.

2 If you take a look at the Sources and
3 Uses of Funds at the bottom of page 1, you can see
4 that the Steppenwolf is contributing substantial
5 equity into this financing; they've had a lengthy and
6 successful capital campaign.

7 In terms of the security for the
8 Bonds, that is detailed on page 3. The Bonds will be
9 secured by an irrevocable direct pay letter of credit
10 from the Northern Trust Company. The Bonds will be
11 underwritten and remarketed by PNC Capital Markets.
12 The Bonds will be sold initially, either in a -- in a
13 daily or weekly floating rate. So, in addition to
14 benefitting from a tax-exempt rate, these Bonds will
15 also be priced at the low end of the yield curve.

16 The -- it's been a while since we've
17 seen a letter-of-credit-secured transaction. They
18 used to comprise 95 percent of our small non-profit
19 and manufacturing activity. As a result of changes
20 in the banking regulations and reserves required for
21 off-balance sheet items such as letters of credit,
22 the pricing of bank LCs has gone up substantially.
23 And, as a result, the product just doesn't work as
24 well as it once did.

1 Additionally, low interest rates, of
2 course, have contr- -- have also contributed to the
3 reduced activity just in terms of letter of credit
4 deals. There's more detail regarding the letter of
5 credit structure, just as background, on page 15.

6 The Bonds, again, will be sold based
7 on the Northern Trust's letter of credit; their
8 short-term rating is A-1+. The short-term rating is
9 pertinent here since the Bonds will be sold in daily
10 or weekly floating rate.

11 Steppenwolf's board is -- is
12 prominent. It consists of 53 members and 10 -- and
13 10 emeritus trustees that are listed on pages 6
14 through 10.

15 Moving on to the financials, page 11,
16 the proposed IFA -- or the estimated IFA fee is the
17 first line on page 11. Just in terms of financial
18 performance, you'll note that there has been
19 consistent profitability and good and improving debt
20 service coverage. Because their capital campaign is
21 connected with this project, the revenues included in
22 the analysis are both unrestricted revenues and
23 temporary -- temporarily restricted revenues
24 associated with the construction of the project to be

1 financed with the Series 2019 Bonds.

2 The debt service coverages
3 historically have all been good, strong, and
4 improving. If you look at the revenues, the top
5 line, in 2018 much of that growth, as one would
6 expect, is associated with the capital campaign.
7 And, going forward in the forecast, the revenues
8 normalize as the contributions revert to historical
9 levels. But, going forward, the forecast assumptions
10 are noted on page 13. The -- based on current market
11 conditions, the estimated rate -- effective rate on
12 the Bonds is only 2.22 percent. That reflects the
13 underlying bond rate in addit- -- plus all the
14 ongoing expenses.

15 Assumption No. 9, on page 13, contains
16 a bullet. Under that bullet all the components of
17 that 2.22 percent effective rate are noted.

18 In terms of the forecast assumptions,
19 the interest rate for amortization purposes has been
20 assumed to be a fixed rate of 6 percent. That's
21 likely to be considerably higher than any rate that
22 the Steppenwolf might enter into a swap on, but that
23 interest rate level is 6 percent stress test
24 Steppenwolf's cash flows and if -- and, based on the

1 forecast assumptions, the revenues to be posted in
2 2021 would be sufficient to cover maximum annual debt
3 service payments on all Steppenwolf debt by a
4 multiple of 176, which is very strong for a nonrated
5 borrower.

6 So, just in terms of -- of the
7 takeaways here, this financing offers a very sound,
8 highly written security structure; results in minimal
9 risk to the Authority as the conduit issuer as well
10 as to the bond investors. IFA and its predecessors
11 actually have a 30-year history with this -- with the
12 Steppenwolf, going back to 1989. We've issued \$27
13 million of Bonds since '89. Based on the foregoing
14 factors, Staff recommends approval of the Final Bond
15 Resolution as presented.

16 With that, I'll conclude my remarks
17 and open up the floor to any questions you may have.

18 CHAIR McCOY: Thanks, Rich.

19 Any questions?

20 (No response.)

21 CHAIR McCOY: Thank you.

22 I think we're on the phone now.

23 Lorrie, for the Beginning Farmer Bonds?

24 KARCHER: Yes. Good morning.

1 Item 2A a one-time Final Bond
2 Resolution requesting approval for a Beginning Farmer
3 Bond for Shane A. and Donna M. Reymond, who are
4 purchasing 120 acres of farmland located in Bond
5 County, in a not-to-exceed amount of \$543,800.
6 Bradford National Bank of Greenville is purchasing
7 bank for the Conduit transaction.

8 Item 2B is a one-time Final Bond
9 Resolution requesting approval for a Beginning Farmer
10 Bond for Jason and Jessica Wenger, who is purchasing
11 46 acres of farmland in McLean County, in the
12 not-to-exceed amount of \$241,500. Bank of Pontiac is
13 the purchasing bank for this Conduit transaction.

14 Moving on to -- Item 2C is a one-time
15 Final Bond Resolution requesting approval for a
16 Beginning Farmer Bond for Mitchell D. and Melissa
17 Wirth, who are purchasing 33.2 acres of farmland
18 located in Shelby County, in the not-to-exceed amount
19 of \$145,084. First Mid Bank & Trust is the
20 purchasing bank for this transaction.

21 And, the last one, Item 2D is a
22 one-time Final Bond Resolution requesting approval
23 for the Beginning Farmer Bond for Rollin Wenger, who
24 is purchasing 40 acres of farmland in McLean County,

1 in the not-to-exceed amount to \$131,000. Bank of
2 Pontiac is also the purchasing bank for this
3 transaction.

4 And it should be noted that Jason and
5 Rollin Wenger are brothers. However, the two Conduit
6 financings described in 2B and 2D are independent
7 transactions.

8 That concludes the Beginning Farmer
9 Bonds. If anyone has any questions?

10 CHAIR McCOY: Thank you.

11 Any questions?

12 (No response.)

13 CHAIR McCOY: If not, I would like to request a
14 motion to recommend for approval by the Members of
15 the Tax-Exempt Conduit Transactions Committee the
16 following Project Reports: Items 1, 2A, 2B, 2C and
17 2D.

18 Is there such a motion for this?

19 GOETZ: So moved.

20 CHAIR McCOY: Thank you.

21 Second?

22 FUENTES: Second.

23 CHAIR McCOY: Thank you.

24 Will the Assistant Secretary please

1 call the roll of the Tax-Exempt Conduit Transaction
2 Committee Members?

3 OECHSLER: Certainly.

4 Mr. Fuentes?

5 FUENTES: Yes.

6 OECHSLER: Mr. Goetz?

7 GOETZ: Yes.

8 OECHSLER: Ms. Juracek?

9 JURACEK: Yes.

10 OECHSLER: Mr. Zeller?

11 ZELLER: Yes.

12 OECHSLER: Committee Chair McCoy?

13 CHAIR McCOY: Yes.

14 OECHSLER: Committee Chair McCoy, the motion
15 carries.

16 CHAIR McCOY: Thank you.

17 Is there any other business to come
18 before the Direct and Alternative Financing
19 Committee?

20 MEISTER: Mr. Chairman?

21 CHAIR McCOY: Yes.

22 MEISTER: I just want to note for the Members
23 that the projects on this committee's agenda is an
24 excellent example of the wide range and

1 self-supporting tools of the Authority. This state
2 revolving fund takes federal grant dollars and
3 leverages them to lower the cost of capital and thus
4 the tax and rate burden on multiple taxpayers for
5 essential water and sewer projects.

6 The PACE framework that was -- that is
7 being established piggybacks on an existing tax
8 structure but costs no state tax dollars. And,
9 again, to your point, Arlene, is -- we hope will be
10 both an economic development tool and a climate tool
11 that will be used by private property owners decades
12 into the future.

13 The Steppenwolf Theater is a federal
14 tax benefit, and the cultural products of that
15 theater enrich our state and is -- a benefit under
16 the federal tax code, requires no state contribution
17 whatsoever, the same with the Beginning Farmer Bonds
18 and the same with the hospitals and colleges and
19 senior living.

20 So I think this is a diverse Agenda,
21 and I think it really encapsulates the tools that we
22 have to positively impact our fellow citizens.

23 CHAIR McCOY: That's very well said. Thank
24 you.

1 With respect to Other Business, is
2 there any for the Tax-Exempt Conduit Transaction
3 Committee?

4 (No response.)

5 CHAIR McCOY: Public Comment: Is there any
6 public comment to come before either one of these
7 committees?

8 (No response.)

9 CHAIR McCOY: If not, I would like to request a
10 motion to adjourn the meeting, both the Direct and
11 Alternative Financing Committee Members.

12 Is there such a motion?

13 FUENTES: So moved.

14 GOETZ: Second.

15 CHAIR McCOY: Thank you.

16 All those in favor?

17 (Chorus of ayes.)

18 CHAIR McCOY: Opposed?

19 (No response.)

20 CHAIR McCOY: The ayes have it.

21 I would like to request a motion to
22 adjourn the meeting of the Tax-Exempt Conduit
23 Transaction Committee Members.

24 Is there such a motion?

1 JURACEK: So moved.

2 ZELLER: Second.

3 CHAIR McCOY: All those in favor?

4 (Chorus of ayes.)

5 CHAIR McCOY: Opposed?

6 (No response.)

7 CHAIR McCOY: The ayes have it. Thank you very
8 much.

9 OECHSLER: The time is 9:01.

10 (Whereupon the above
11 matter was adjourned.)

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