

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, 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 Policy Director (via  
26 audio conference)  
27 MS. LORRIE KARCHER, Agricultural Program  
28 Coordinator (via audio  
29 conference)

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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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