

# ILLINOIS FINANCE AUTHORITY

February 18, 2015

## AGENDA

### COMMITTEE OF THE WHOLE MEETING

10:00 a.m.

**Michael A. Bilandic Building  
160 North LaSalle Street  
Hearing Room N - 808  
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
- VI. Monthly Procurement Report
- VII. Committee Reports
- VIII. Project Reports and Resolutions
- IX. Other Business
- X. Public Comment
- XI. Adjournment

### BOARD MEETING

10:30 a.m.

**Michael A. Bilandic Building  
160 North LaSalle Street  
Hearing Room N - 808  
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	Michael Tyler Kessler	Oblong Township (Crawford County)	\$504,950	-	-	PE/LK
<b>TOTAL AGRICULTURE PROJECTS</b>			<b>\$504,950</b>	-	-	

**HEALTHCARE PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
<b>501(c)(3) Revenue Bonds</b> <i>Final</i>						
2	KishHealth System	Sycamore and DeKalb (DeKalb County)	\$14,000,000	-	-	PL
<b>501(c)(3) Revenue Bonds</b> <i>Final (One-Time Consideration)</i>						
3	Lifespace Communities, Inc.	Lombard (DuPage County), IL and Upper St. Clair (Allegheny County), PA	\$65,000,000	20	22	PL
<b>501(c)(3) Revenue Bonds</b> <i>Preliminary</i>						
4	Silver Cross Hospital	New Lenox (Will County)	\$294,975,000	-	-	PL
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$373,975,000</b>	<b>20</b>	<b>22</b>	
<b>GRAND TOTAL</b>			<b>\$374,479,950</b>	<b>20</b>	<b>22</b>	

**RESOLUTIONS**

Tab	Action	Staff
<b>Resolutions</b>		
5	Resolution to Award the Accounting and Auditing Pool Contract	MG
6	Resolution to Accept the Fiscal Year 2014 Financial Audit	CM/MG
7	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

**Executive Director's message will be distributed separately.**

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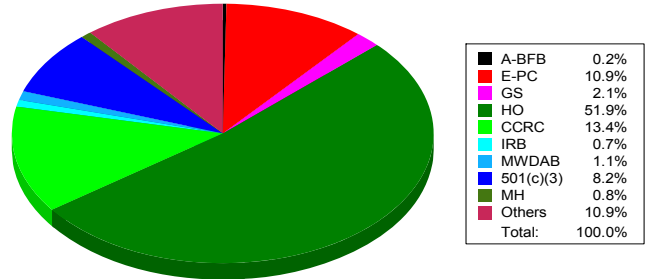


## Bonds Issued - Fiscal Year Comparison for the Period Ending January 31, 2015

### 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	75,000,000
2	Local Government	15,025,000
1	Enviromental issued under 20	10,935,000
<b>60</b>		<b>\$ 2,270,786,753</b>

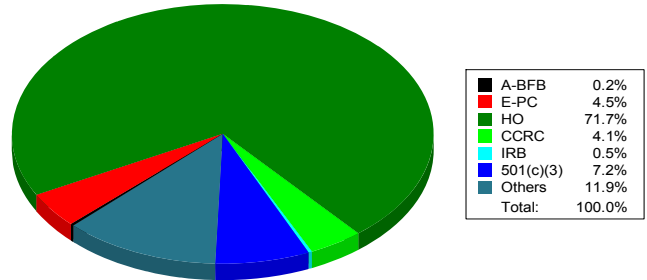
### Bonds Issued in Fiscal Year 2013



### Fiscal Year 2014

#	Market Sector	Principal Issued
21	Agriculture - Beginner Farmer	3,729,751
4	Education	93,895,000
9	Healthcare - Hospital	1,493,795,000
4	Healthcare - CCRC	84,995,000
1	Industrial Revenue	10,000,000
11	501(c)(3) Not-for-Profit	165,617,000
6	Local Government	247,360,000
<b>56</b>		<b>\$ 2,099,391,751</b>

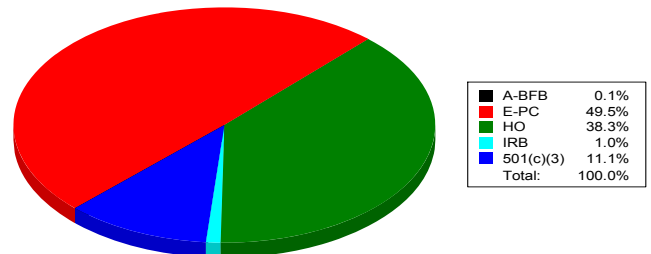
### Bonds Issued in Fiscal Year 2014



### Fiscal Year 2015

#	Market Sector	Principal Issued
3	Agriculture - Beginner Farmer	982,350
3	Education	659,604,000
6	Healthcare - Hospital	511,375,000
2	Industrial Revenue	14,000,000
7	501(c)(3) Not-for-Profit	147,676,075
<b>21</b>		<b>\$ 1,333,637,425</b>

### Bonds Issued in Fiscal Year 2015





**Bonds Issued and Outstanding as of  
January 31, 2015**

**Bonds Issued between July 01, 2014 and January 31, 2015**

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
HO Southern Illinois Healthcare	07/01/2014	Variable	127,215,000	51,235,000
IRB Peddinghaus Corporation	07/11/2014	Variable	4,000,000	0
A-BFB Beginning Farmer Bonds	07/01/2014	Variable	635,550	0
501(c)(3) Freeport Regional Health Care Foundation	07/22/2014	Variable	40,000,000	0
501(c)(3) Lawrence Hall Youth Services	08/13/2014	Variable	12,100,000	0
HO The Carle Foundation	08/08/2014	Variable	26,095,000	26,095,000
E-PC University of Chicago	08/12/2014	Variable	573,645,000	500,000,000
E-PC Dominican University	08/20/2014	Variable	19,800,000	19,800,000
IRB Freedman Seating Company	09/25/2014	Variable	10,000,000	5,068,417
501(c)(3) Rodgers Park Montessori School	09/26/2014	Fixed at Schedule	18,515,000	10,000,000
501(c)(3) Lake Forest College	10/17/2014	Variable	18,275,000	17,870,000
501(c)(3) Search, Inc.	10/31/2014	Variable	10,355,000	9,965,000
E-PC North Central College	12/04/2014	Variable	66,159,000	46,500,000
501(c)(3) Navy Pier, Inc.	12/16/2014	Variable	46,500,000	0
HO Advocate Health Care	12/18/2014	Fixed at Schedule	304,770,000	324,780,000
501(c)(3) Hispanic Housing Development Corporation	12/24/2014	Fixed at Schedule	1,931,075	1,931,075
HO The Reserve of Geneva	12/23/2014	Variable	13,500,000	10,949,700
HO Illinois Valley Community Hospital	12/23/2014	Variable	21,830,000	11,160,000
A-BFB Beginner Farmer Bonds	01/01/2015	Variable	346,800	0
HO Silver Cross Hospital	01/28/2015	Variable	17,965,000	17,965,000
<b>Total Bonds Issued as of January 31, 2015</b>			<b><u>\$ 1,333,637,425</u></b>	<b><u>\$ 1,053,319,192</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, 2014 and January 31, 2015**

<u>Borrower</u>	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>Acres</u>	<u>County</u>
Gentry Storm	09/19/2014	3.125	485,550	138.61	Shelby
Adam E. Helregel	11/19/2014	4.35	150,000	10.00	Jasper
Thomas Frederick Justison	01/05/2015	2.75	346,800	27.20	Macon
<b>Total Beginner Farmer Bonds Issued</b>			<b><u>\$ 982,350</u></b>	<b><u>175.81</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, 2014	January 31, 2015		
<b>Illinois Finance Authority "IFA" <sup>[b]</sup></b>				
Agriculture	\$ 48,343,519	\$ 48,979,069		
Education	4,258,096,234	4,302,072,294		
Healthcare	13,448,248,546	13,341,178,427		
Industrial Development (includes Recovery Zone/Midwest Disaster)	699,148,562	770,223,849		
Local Government	357,530,000	320,965,000		
Multifamily/Senior Housing	171,092,016	169,514,730		
501(c)(3) Not-for Profits	1,398,527,100	1,396,952,161		
Exempt Facilities Bonds	299,970,000	249,915,000		
<b>Total IFA Principal Outstanding</b>	<b>\$ 20,680,955,977</b>	<b>\$ 20,599,800,531</b>		
<b>Illinois Development Finance Authority "IDFA" <sup>[b]</sup></b>				
Education	496,388	496,388		
Healthcare	83,400,000	83,400,000		
Industrial Development	324,951,564	294,127,392		
Local Government	315,078,470	306,852,834		
Multifamily/Senior Housing	84,424,117	84,354,117		
501(c)(3) Not-for Profits	744,591,262	728,736,315		
Exempt Facilities Bonds	75,000,000	-		
<b>Total IDFA Principal Outstanding</b>	<b>\$ 1,627,941,801</b>	<b>\$ 1,497,967,044</b>		
<b>Illinois Rural Bond Bank "IRBB" <sup>[b]</sup></b>				
<b>Total IRBB Principal Outstanding</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>Illinois Health Facilities Authority "IHFA"</b>	<b>\$ 807,134,980</b>	<b>\$ 776,035,000</b>		
<b>Illinois Educational Facilities Authority "IEFA"</b>	<b>\$ 703,216,992</b>	<b>\$ 657,105,990</b>		
<b>Illinois Farm Development Authority "IFDA" <sup>[f]</sup></b>	<b>\$ 18,747,389</b>	<b>\$ 18,747,389</b>		
<b>Total Illinois Finance Authority Debt</b>	<b>\$ 23,837,997,139</b>	<b>\$ 23,549,655,954</b>	<b>\$ 28,150,000,000</b>	<b>\$ 4,600,344,046</b>

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

**Section I (b)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2014	January 31, 2015		
<b>General Purpose Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
** Issued through IRBB - Local Government Pools	\$ 10,985,000			
** Issued through IFA - Local Government Pools	21,370,000			
Issued through IFA - Illinois Medical District Commission	37,600,000	36,280,000		(278,446,973)
<b>Total General Moral Obligations</b>	<b>\$ 69,955,000</b>	<b>\$ 36,280,000</b>	<b>\$ 150,000,000</b>	<b>\$ 113,720,000</b>
<b>Financially Distressed Cities Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ -	\$ -		
Issued through IDFA	-	-		
<b>Total Financially Distressed Cities</b>	<b>\$ -</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>[f]</sup>	-	-		
Issued through IFA <sup>[f]</sup>	148,237,655	124,290,594		
<b>Total State Component Unit Bonds</b>	<b>\$ 148,237,655</b>	<b>\$ 124,290,594</b>		

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, 2014	January 31, 2015		
<b>Midwest Disaster Bonds [Flood Relief]</b>	<b>\$ 66,044,684</b>	<b>\$ 65,614,917</b>	<b>\$ -</b>	<b>\$ 41,530,000</b>

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>\$ 204,253,658</b>	<b>\$ 214,849,804</b>	<b>\$ (10,596,146)</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, 2014	January 31, 2015		
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, 2014	January 31, 2015		
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, 2014	January 31, 2015			
<b>Agri Debt Guarantees [Restructuring Existing Debt]</b>					
Fund # 994 - Fund Balance \$10,135,639	\$ 9,243,360	\$ 8,847,253	\$ 160,000,000	\$ 151,152,747	\$ 7,514,932
<b>AG Loan Guarantee Program</b>					
Fund # 205 - Fund Balance \$7,827,647	\$ 9,837,616	\$ 9,250,962	\$ 225,000,000 <sup>[e]</sup>	\$ 215,749,038	\$ 7,863,318
Agri Industry Loan Guarantee Program	\$ 5,108,251	\$ 4,748,592			4,036,303
Farm Purchase Guarantee Program	917,680	909,887			773,404
Specialized Livestock Guarantee Program	2,763,756	2,560,472			2,176,402
Young Farmer Loan Guarantee Program	1,047,929	1,032,010			877,209
<b>Total State Guarantees</b>	<b>\$ 19,080,977</b>	<b>\$ 18,098,215</b>	<b>\$ 385,000,000</b>	<b>\$ 366,901,785</b>	<b>\$ 15,378,250</b>

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

Section V		Fund #	Principal Outstanding		Appropriation Fiscal Year 2015	Cash and Investment Balance
			June 30, 2014	January 31, 2015		
132	Fire Truck Revolving Loan Program	572	\$ 17,052,813	\$ 15,548,078	\$ 2,383,342	\$ 15,828,219
8	Ambulance Revolving Loan Program	334	\$ 415,920	\$ 321,600	\$ 7,006,800	\$ 3,964,251

Note: Due to deposits in transit, the Fund Balance at the IOC may differ from the IFA General Ledger. In May, 2014 the OSF transferred the Fund Balance to a Locally Held Fund by the IFA.

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

Section VI	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2014	January 31, 2015		
<b>Environmental [Large Business]</b>				
Issued through IFA	\$ 26,315,000	\$ 25,595,000		
Issued through IDFA	177,380,000	153,645,000		
<b>Total Environmental [Large Business]</b>	<b>\$ 203,695,000</b>	<b>\$ 179,240,000</b>	<b>\$ 2,425,000,000</b>	<b>\$ 2,245,760,000</b>
<b>Environmental [Small Business]</b>	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
<b>Total Environment Bonds Issued under Act</b>	<b>\$ 203,695,000</b>	<b>\$ 179,240,000</b>	<b>\$ 2,500,000,000</b>	<b>\$ 2,320,760,000</b>

**Illinois Finance Authority Funds at Risk**

Section VII	Original Amount	Principal Outstanding	
		June 30, 2014	January 31, 2015
<b>Participation Loans</b>			
Business & Industry	23,020,158	1,616,353	1,134,263
Agriculture	6,079,859	114,269	114,269
<b>Participation Loans excluding Defaults &amp; Allowances</b>	<b>29,100,017</b>	<b>1,730,622</b>	<b>1,248,532</b>
<b>Plus: Legacy IDFA Loans in Default</b>		<b>858,458</b>	<b>858,458</b>
<b>Less: Allowance for Doubtful Accounts</b>		<b>1,002,182</b>	<b>998,440</b>
<b>Total Participation Loans</b>		<b>1,586,898</b>	<b>1,108,549</b>
<b>Local Government Direct Loans</b>	<b>1,289,750</b>	<b>157,689</b>	<b>136,000</b>
<b>Rural Bond Bank Local Government Note Receivable</b>			<b>22,685,037</b>
<b>FmHA Loans</b>	<b>963,250</b>	<b>227,046</b>	<b>212,870</b>
<b>Renewable Energy [RED Fund]</b>	<b>2,000,000</b>	<b>1,396,598</b>	<b>1,341,952</b>
<b>Total Loans Outstanding</b>	<b>34,353,017</b>	<b>3,368,231</b>	<b>25,484,409</b>

IRBB funds were defeased and transferred into a note receivable with the IFA.

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

[b] State Component Unit Bonds included in balance.

[c] Does not include Unamortized issuance premium as reported in Audited Financials.

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

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

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

[g] 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.

[h] 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]

[i] Includes EPA Clean Water Revolving Fund



## COMMITTEE MINUTES

**ILLINOIS FINANCE AUTHORITY  
COMMITTEE OF THE WHOLE  
REGULAR MEETING  
TUESDAY, JANUARY 13, 2015  
9:43 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 the Conference Center, 120 North LaSalle Street, Suite 1120, Chicago, Illinois 60601, on the second Tuesday of January in the year 2015, 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 was recorded as present at the time of 9:49 a.m.

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

January 13, 2015

0 YEAS

0 NAYS

11 PRESENT

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

E – Denotes Excused Absence



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

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

Chairman Brandt informed the Committee that he had a discussion with a potential successor Chairperson. Based on that discussion, Chairman Brandt believes that any changes made to the Board of Directors will not occur until likely March or April. Accordingly, Chairman Brandt reminded the Committee that despite changes in State administration, projects presented for consideration by staff at the Authority are good projects and will continue to be good projects. Chairman Brandt kindly requested the Committee to view the need to have these good projects get approved in a timely manner as a commitment to their public service and loyalty to the State of Illinois.

Chairman Brandt and Executive Director Meister confirmed that 11 Members are serving under expired terms. Members Leonard, Poole and Zeller remain the 3 exceptions. There is one vacancy. Chairman Brandt asked the Committee to do the best it can going forward to ensure bond financing projects get approved in a timely manner by establishing a quorum to consider the projects despite Members' expired terms.

Moreover, Chairman Brandt informed the Committee that based on his discussion with the putative Chairperson, several Members may be asked to continue to serve.

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

Executive Director Meister thanked Members of the Committee for their attendance.

Concerning the Village of Thomson, Executive Director Meister informed the Members that the Village Board met last night but was unable to approve a resolution authorizing the execution of a Forbearance Agreement with the Authority in connection with their outstanding Authority General Obligation Waterworks and Sewerage Revenue Bonds, Series 2000. However, the Village Board informed Executive Director Meister that they now expect to have sufficient funds for the February 1, 2015 payment due to the Authority.

Chairman Brandt asked Executive Director Meister if the February 1, 2015 payment due to the Authority is principal and interest. Executive Director Meister stated that this payment is interest-only.

Mr. Frampton and Ms. Granda corrected Executive Director Meister and informed the Committee that the February 1, 2015 payment of \$249,538.55 is principal plus interest, while the August 1, 2015 payment of \$59,892.43 is interest-only.

The Committee agreed that the Village Board now having sufficient funds to make the February 1, 2015 principal and interest payment obviates an immediate need for a Forbearance Agreement.

Next, Executive Director Meister informed the Committee that Governor Bruce Rauner yesterday signed Executive Order 15-08 addressing the State of Illinois' fiscal crisis ordering a freeze of all state discretionary spending, halting the awarding of contracts and grants, and instructing the sale of surplus state property. Executive Director Meister will review Executive Order 15-08 to determine its applicability to the Illinois Finance Authority, a body politic and corporate.

#### IV. 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 December 9, 2014 or any errors in the Minutes of the regular meeting of the Board held on December 9, 2014.

Member Bronner moved for the adoption of the Minutes of the regular meeting of the Committee held on December 9, 2014.

Member Pederson seconded the motion.

The motion prevailed and the Minutes were adopted.

#### V. Presentation and Consideration of the Financial Statements

Ms. Gildart presented the following monthly and annual summary as of December 31, 2014:

##### 1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET TRANSFERS

- a. **Annual Operating Revenues** totaling \$1.96 million are \$144 thousand or 6.8% below budget; due primarily to lower than expected closing, administrative service and miscellaneous fees. Closing fees year to date of \$1.1 million, are \$151 thousand or 12.2% below budget. Included in Interest Income on Loans, the year to date revenue accrued for interest due from the former IRBB local governments totaled \$577 thousand. Annual fees of \$190 thousand are 12.5% or \$21 thousand higher than budget. Application fees are also 27% higher than budgeted; totaling \$26 thousand for the year.
- b. **In December**, the Authority generated \$510 thousand in closing fees, the highest monthly total of Fiscal Year (“FY”) 2015. Closing fees were received from: *Advocate Health Care*, \$211 thousand, *Navy Pier, Inc.*, \$102 thousand, *North Central A & B*, \$94 thousand, and *Agriculture-related* closings of \$9 thousand. No fund transfers were recorded in December and all amounts in the IRBB reserve have been transferred to the General Operating Fund. The balance in the IRBB Reserve Fund is now zero.
- c. **Annual Operating Expenses** of \$1.7 million are \$447 thousand or 20.4% lower than budget, mostly driven by lower employee-related expenses and professional service costs. Year to date, employee expenses are \$906 thousand or 16.5% below budget and professional services are \$527 thousand or 30% below budget. Annual occupancy costs are \$119 thousand and \$26 thousand or 18.1% under budget. Other contributors to lower year to date operating costs include the delay in the implementation of the debt management software application, reduced staff, lower rental space costs for the Chicago Office and the reduction in investment management fees for IEPA.

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<sup>1</sup>Operating Revenues and Expenses are direct results of our basic business operations.

- d. **In December**, total professional services of \$112 thousand included payments for IT audit services, investment management and legislative services fees and accounting software support and maintenance. Also, legal fees paid totaled \$62 thousand for the month. Employee-related expenses dropped by over \$6 thousand with the departure of three full time employees and two Finance/Legal Fellows.

## **2. GENERAL OPERATING FUND-ASSETS AND LIABILITIES**

- a. IFA continues to maintain a strong balance sheet, with total assets in the General Fund of \$53 million (consisting of cash, investments, and receivables). Unrestricted cash and investments total \$24.4 million, notes receivables for the former IRBB local governments total \$22.7 million, other loans receivables are at \$1.9 million and restricted cash in the DACA Loan Fund totals \$1.3 million. Liabilities, current and non-current, total just \$571 thousand.

## **3. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS**

- a. The Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of \$273 thousand. Additional receipts and loan funds of \$8 million, is expected to be transferred from the Illinois State Treasurer in the next few weeks.
- b. Other Nonmajor Funds booked revenues of \$94 thousand. Total funds transferred out of the IRBB Reserve Fund to the General Operating fund were \$294 thousand.
- c. The Agency/Fiduciary Funds for IFA include both the Metro East Police District Commission and the Illinois Finance Authority NFP Development Fund, with combined current assets of \$60 thousand.

## **4. FY14 FINANCIAL STATEMENT AUDIT and GFOA/GASB UPDATE**

- a. Fieldwork is completed in the FY14 financial audit and the Office of the Auditor General is currently reviewing.
- b. The Authority has completed its first Comprehensive Annual Financial Report (CAFR). The document is currently being reviewed by the Office of the Auditor General and will be released upon the completion of that review.

In connection with General Operating Fund Revenues, Expenses and Net Transfers, Chairman Brandt estimated that because annual operating revenues are \$144 thousand below budget despite generating \$510 thousand in closing fees during the month of December, the Authority will experience very tight operating margins during the next 6 months of Fiscal Year 2015. Chairman Brandt and Ms. Gildart engaged in a conversation about the decline in operating expenses as a result of loss of staff, and the corresponding impact on the Authority's income statement.

Executive Director Meister further added that operating expenses have been further reduced due to the Authority's move to temporary office space in the Michael A. Bilandic building.

Chairman Brandt noted that the Authority is a lagging indicator of the macroeconomic economy. It is his hope that revenue will increase as the economy continues to improve.

Chairman Brandt, Member O'Brien, Member Bronner and Executive Director Meister engaged in a conversation about the Authority's temporary office space and expectations of when Central Management Services will fulfill its promise to move the Authority into permanent office space in the Michael A. Bilandic building.

Executive Director Meister informed the Committee that the litigation concerning the Seabaugh Agri-Guarantee remains ongoing.

Member Bronner moved to recommend for approval the Financial Statements for the Month Ended December 31, 2014.

Member Pedersen seconded the motion.

The motion prevailed and the Financial Statements were recommended for approval when considered by the Board of Directors.

## **VI. Monthly Procurement Report**

Ms. Gildart stated that there was no Monthly Procurement Report this month.

## **VII. Committee Reports**

### ***Audit Committee***

Member Bronner reported that the Audit Committee was unable to meet despite several attempts. This was mainly due to the Audit Committee respecting the wishes of the Auditor General to not discuss the FY14 Financial Audit until it has been formally released.

The Audit Committee will formally meet upon its release.

Member Bronner commended Ms. Gildart and the Finance Department staff for preparing the Authority's first Comprehensive Financial Audit Report, or CAFR.

Member Pedersen inquired if the Authority has a chance of winning a Government Finance Officer Association award given that this will be the Authority's first published CAFR.

Member Bronner expected the CAFR to be well received.

Member Pedersen informed the Committee that the Village of Franklin Park won an award for its first CAFR.

### ***Agriculture Committee***

Member Zeller reported that the Agriculture Committee reviewed and recommended approval of the following project report: Item 1.

Executive Director Meister stated that while he believes project report Item 3 falls within the scope of the Agriculture Committee, there was insufficient time to present it to the Agriculture Committee before today's consideration by the Board of Directors. Mr. Frampton will present Item 3 in detail as a result.

*Healthcare and Education Committee*

Member Knox reported that the Healthcare and Education Committee reviewed and recommended approval of the following project report: Item 2.

**VIII. Project Reports and Resolutions**

Mr. Frampton presented the following project:

*Agriculture Projects*

**Item 1:** Item 1 is a request for Beginning Farmer Revenue Bond financing. Jacob A. Birch is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Two Hundred Thirty-Six Thousand Three Hundred and Sixty Dollars** (\$236,360). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 38 acres of farmland located in Broughton Township in Livingston County.

Ms. Lenane presented the following project:

*Healthcare Projects*

**Item 2:** Item 2 is a request for 501(c)(3) Revenue Bond financing.

Silver Cross Hospital and Medical Centers and Silver Cross Health System are requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twenty-Eight Million Four Hundred Sixty Thousand Dollars** (\$28,460,000). This financing is being presented for one-time consideration.

Silver Cross Hospital and Medical Centers (the “**Hospital**”) and Silver Cross Health System (the “**Parent**” and, together with the Hospital, the “**Borrowers**” and, collectively, the “**Members of the Obligated Group**”), each an Illinois not for profit corporation, request that the Authority issues not to exceed \$28,460,000 in aggregate principal amount of tax-exempt and/or taxable revenue bonds consisting of (i) one or more series of Revenue Refunding Bonds, Series 2015A (Silver Cross Hospital and Medical Centers) (the “**Series 2015A Bonds**”) and/or (ii) one or more series of Taxable Revenue Refunding Bonds, Series 2015B (Silver Cross Hospital and Medical Centers) (the “**Series 2015B Bonds**” and, together with the Series 2015A Bonds, the “**Bonds**”) of the Authority, the proceeds of which are to be loaned to either or both of the Borrowers to provide the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding principal amount of the (a) Illinois Health Facilities Authority Revenue Refunding Bonds, Series 1999 (Silver Cross Hospital and Medical Centers) (the “**Series 1999 Bonds**”), currently outstanding in the principal amount of \$3,805,000, (b) Illinois Finance Authority Revenue Bonds, Series 2005A (Silver Cross Hospital and Medical Centers) (the “**Series 2005A Bonds**”), currently outstanding in the principal amount of \$11,930,000, and (c) Illinois Finance Authority Fixed Rate Revenue Bonds, Series 2005C (Silver Cross Hospital and Medical Centers) (the “**Series 2005C Bonds**” and, collectively with the Series 2005A Bonds and the Series 1999 Bonds, the “**Prior Bonds**”), currently outstanding in the principal amount of \$12,725,000, and (ii) pay certain expenses

incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds, all as permitted under the Act (collectively, the “**Financing Purposes**”).

Mr. Frampton presented the following resolutions:

***Resolutions***

**Item 3:** Item 3 is a Request for Extension of IFA Participation Loan to Brett L. Zehr and Christine A. Zehr (Zehr Foods, Inc. Project) for a Second Five-Year Term to February 1, 2020.

Mr. Frampton informed the Committee that **Brett L. Zehr and Christine A. Zehr** (hereinafter, jointly, the “**Borrower**”) and **First Security Bank of Mackinaw** (the “**Bank**”) are requesting approval of a five-year extension of an IFA Participation Loan that financed the purchase of a \$300,000 participation interest in a \$614,000 First Mortgage Loan that was closed and funded on February 5, 2010. The initial term of the loan is set to expire as of 2/5/2015. The Borrower and Bank are requesting IFA to extend the existing Participation Loan for an additional five-year term (i.e., through 2/5/2020) while re-setting the interest rate at 3.50% (i.e., a 1.0% buydown of the Bank’s new 4.50% interest rate as proposed).

The combined IFA/Bank loan balances have been paid down by approximately \$100,000 (since 2/5/2005) to approximately \$514,000.

Chairman Brandt inquired if the February 5, 2015 payment is a balloon payment.

Mr. Frampton informed Chairman Brandt and the Committee that the loan has been amortizing and all scheduled payments have been made in full pursuant to schedule. Accordingly, the Borrower has paid down the principal balance of the IFA participation from \$300,000 to \$253,266.07 as of the 2/5/2015 initial term/renewal date of the Participation Agreement (excluding accrued interest from 1/1/2015 to 2/5/2015).

Mr. Frampton further informed the Committee that the 2010 financing enabled the Borrower to rebuild and equip the Village of Mackinaw’s only local, full-service food store after it was destroyed by fire in September 2008. The Village’s subordinate loan and grant funds were used to construct a new parking lot, costs that were not financed with proceeds of the insurance policy.

Chairman Brandt estimated that the 2010 transaction, therefore, was akin to a food desert financing. Mr. Frampton agreed, and he informed the Committee that the nearest Kroger and Walmart stores were (i) approximately 12 to 18 miles away from the Zehr’s primary store located in Mackinaw, IL and (ii) 22 to 25 miles away from the Zehr’s second store located in Minier, IL (approximately 9 miles south of Mackinaw).

Chairman Brandt, Member Lonstein and Mr. Frampton engaged in a conversation about the Authority’s collateral. Currently, the Authority and Bank are secured by (i) a First Mortgage on the subject Mackinaw property, (ii) a collateral assignment of Rents and Leases on the subject property in Mackinaw, and (iii) the corporate guaranty of Zehr Foods, Inc. Brett Zehr and Christine Zehr each signed the IFA/Bank Participation Loan personally, as borrowers.

Mr. Frampton noted that staff conditionally recommends approval of the Borrower’s and Bank’s request to extend the Participation Agreement and reduce the respective interest rates on the Bank and IFA Participation by 1.75%, subject to the Borrower allowing the combined IFA/Bank Participation Loan to be further secured by a 2<sup>nd</sup> mortgage on the Borrower’s 6,500 square foot retail store property in Minier,

IL that is currently leased to Zehr Foods, Inc. (d/b/a Minier IGA). Additionally, the IFA/Bank Participation Loans shall be further secured by a collateral assignment of Rents and Leases on the underlying lease to Zehr Foods, Inc. This mortgage shall only be subject to a first mortgage from First Security Bank in the current outstanding amount of approximately \$17,000 as of 1/1/2015. (Note: because the Minier IGA loan is scheduled to mature during calendar 2016, the IFA/Bank Participation Loan will be secured by a First Mortgage on the Minier store property during the proposed latter portion of the term of the IFA/Bank Participation Agreement.

Chairman Brandt stated that he believes the citizens of Mackinaw will continue to support this local grocer, and it is the Authority's mission to continue its support of this business by this participation loan.

Finally, Member Lonstein further added that this is simply an extension, and affirmed the Borrower has been repaying pursuant to schedule.

**Item 4:** Item 4 is a Resolution Approving the Execution of a Supplemental Loan Agreement Relating to its Variable Rate Revenue Bond, Series 2012 (Carmel Catholic High School).

**Item 5:** Item 5 is a Resolution of Intent Requesting an Initial Allocation of Private Activity Volume Cap in the Amount of \$100,000,000.

## **IX. Other Business**

Executive Director Meister informed the Committee that the Authority has pending rules before the Joint Committee on Administrative Rules ("JCAR"), a bipartisan legislative oversight committee created by the General Assembly in 1977. The pending rules concern the Fire Truck Revolving Loan Program, Ambulance Revolving Loan Program and Fire Station Revolving Loan Program, and they are to be considered at JCAR's next scheduled meeting on January 15, 2015 in Springfield, IL.

Finally, Executive Director Meister informed the Committee that U.S. Representative Randy Hultgren (R-IL-14) plans to introduce the Modernizing American Manufacturing Bonds Act ("MAMBA") of 2015. MAMBA will update the decades-old rules concerning industrial revenue bonds and facilitate continued growth for small- and mid-sized manufacturers such as Freedman Seating Company seeking to expand their businesses, invest in new capital equipment and, most importantly, hire more workers.

## **X. Public Comment**

None.

## **XI. Adjournment**

At the time of 10:25 a.m., Member Pedersen moved that the Committee do now adjourn until February 10, 2015, at 9:30 a.m.

Member O'Brien 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, JANUARY 13, 2015  
10:34 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 the Conference Center, 120 North LaSalle Street, Suite 1120, Chicago, Illinois 60601, on the second Tuesday of January in the year 2015, 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: 11 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**

January 13, 2015

0 YEAS

0 NAYS

11 PRESENT

P Bronner  
P Fuentes  
E Goetz  
E Gold  
P Knox

P Leonard  
(VIA AUDIO CONFERENCE)  
P Lonstein  
P O’Brien  
P Parish  
P Pedersen

P Poole  
(VIA AUDIO CONFERENCE)  
E Tessler  
P Zeller  
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 January 13, 2015, 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 December 9, 2014 were taken up for consideration.

Member Zeller moved for the adoption of the Minutes.

Member Pedersen seconded the motion.

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

The motion prevailed and the Minutes were adopted.

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

Financial Statements for the Month Ended December 31, 2014 were taken up for consideration.

Member Bronner moved for the acceptance of the Financial Statements.

Member Zeller seconded the motion.

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

The motion prevailed and the Financial Statements were accepted.

## **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:** Item 1 is a request for Beginning Farmer Revenue Bond financing.

Jacob A. Birch is requesting approval of a **Final** Bond Resolution in an amount not to exceed **Two Hundred Thirty-Six Thousand Three Hundred and Sixty Dollars** (\$236,360). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 38 acres of farmland located in Broughton Township in Livingston County.

Member Parish moved for the adoption of the following project: Item 1.

Member Pedersen seconded the motion.

And on that motion, a vote was taken resulting as follows: 11 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 without guests or abstentions to the Board.

Mr. Frampton presented the following project and resolutions:

*Healthcare Projects*

**Item 2:** Item 2 is a request for 501(c)(3) Revenue Bond financing.

Silver Cross Hospital and Medical Centers and Silver Cross Health System are requesting approval of a **Final** Bond Resolution in an amount not to exceed **Twenty-Eight Million Four Hundred Sixty Thousand Dollars** (\$28,460,000). This financing is being presented for one-time consideration.

Silver Cross Hospital and Medical Centers (the “**Hospital**”) and Silver Cross Health System (the “**Parent**” and, together with the Hospital, the “**Borrowers**” and, collectively, the “**Members of the Obligated Group**”), each an Illinois not for profit corporation, request that the Authority issues not to exceed \$28,460,000 in aggregate principal amount of tax-exempt and/or taxable revenue bonds consisting of (i) one or more series of Revenue Refunding Bonds, Series 2015A (Silver Cross Hospital and Medical Centers) (the “**Series 2015A Bonds**”) and/or (ii) one or more series of Taxable Revenue Refunding Bonds, Series 2015B (Silver Cross Hospital and Medical Centers) (the “**Series 2015B Bonds**” and, together with the Series 2015A Bonds, the “**Bonds**”) of the Authority, the proceeds of which are to be loaned to either or both of the Borrowers to provide the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding principal amount of the (a) Illinois Health Facilities Authority Revenue Refunding Bonds, Series 1999 (Silver Cross Hospital and Medical Centers) (the “**Series 1999 Bonds**”), currently outstanding in the principal amount of \$3,805,000, (b) Illinois Finance Authority Revenue Bonds, Series 2005A (Silver Cross Hospital and Medical Centers) (the “**Series 2005A Bonds**”), currently outstanding in the principal amount of \$11,930,000, and (c) Illinois Finance Authority Fixed Rate Revenue Bonds, Series 2005C (Silver Cross Hospital and Medical Centers) (the “**Series 2005C Bonds**” and, collectively with the Series 2005A Bonds and the Series 1999 Bonds, the “**Prior Bonds**”), currently outstanding in the principal amount of \$12,725,000, and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds, all as permitted under the Act (collectively, the “**Financing Purposes**”).

*Resolutions*

**Item 3:** Item 3 is a Request for Extension of IFA Participation Loan to Brett L. Zehr and Christine A. Zehr (Zehr Foods, Inc. Project) for a Second Five-Year Term to February 1, 2020.

**Item 4:** Item 4 is a Resolution Approving the Execution of a Supplemental Loan Agreement Relating to its Variable Rate Revenue Bond, Series 2012 (Carmel Catholic High School).

**Item 5:** Item 5 is a Resolution of Intent Requesting an Initial Allocation of Private Activity Volume Cap in the Amount of \$100,000,000.

Chairman Brandt asked for and, by unanimous consent, obtained leave to apply the results of the vote for Item 1 to the following project and resolutions: Items 2, 3, 4 and 5.

Leave was granted.

This project and these resolutions, having received the votes of a quorum of the Members of the Board, were declared passed and adopted, respectively.

**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 next regular meeting of the Board will be held on February 10, 2015.

At the time of 10:41 a.m., Member O'Brien moved that the Board do now adjourn until February 10, 2015, 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**

February 18, 2015

**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS  
MONTHLY AND ANNUAL SUMMARY AS OF JANUARY 31, 2015****1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME**

- a. **Annual Operating Revenues** totaled \$2.2 million, while annual Net Non-Operating Revenues totaled \$132 thousand. Total annual combined revenues of \$2.3 million are \$287 thousand or 11.1% below budget; due primarily to lower than expected closing, administrative service and miscellaneous fees. Closing fees year to date of \$1.2 million, are \$290 thousand or 20% below budget. Included in Interest Income on Loans, the year to date revenue accrued for interest due from the former IRBB local governments totaled \$682 thousand. Annual fees of \$218 thousand are 10.9% or \$21 thousand higher than budget. Annual net investment income of \$128 thousand is double the fiscal year 2014's ending total as of January.
- b. **In January**, the Authority generated \$68 thousand in closing fees, which is \$97 thousand lower than the average monthly total of \$166 thousand. Closing fees were received from: *Silver Cross*, \$66 thousand and *Agriculture-related* closings of \$3 thousand. January's net investment gain of \$64 thousand is well above the average monthly net gain of \$18 thousand and an improvement from December, where, per IFA's investment manager, the referenced benchmark, Bank of America Merrill Lynch, 1-3 year Government Index also had lower returns. No fund transfers were recorded in December for the General Fund.
- c. **Annual Operating Expenses** of \$2 million are \$555 thousand or 21.7% lower than budget, mostly driven by lower employee-related expenses and professional service costs. Year to date, employee expenses total \$1 million and are 17.2% below budget and professional services total \$598 thousand and are 31.8% below budget. Annual occupancy costs total \$130 thousand and are \$40 thousand or 23.7% under budget. Other contributors to lower year to date operating costs include the delay in the implementation of the compliance driven debt management software application, reduced staff costs, lower space rental costs for the Chicago Office and the reduction in investment management fees for IEPA.
- d. **In January**, total professional services of \$72 thousand included payments for compliance audit assistance, investment management, payroll and legislative services fees and information technology support and maintenance. Salaries dropped by \$20 thousand since November, with the departure of three full time employees and two Finance/Legal Fellows, while other employee-related expenses increased due to payroll tax payments.
- e. **January** activities resulted in monthly Net Income of \$7 thousand. **On a year to date** basis, IFA currently shows Annual Net Income of \$584 thousand. Major contributors to the positive bottom line include 9 closings in the month of December, the transfer of the remaining IRBB reserve funds, lower overall expenses and greater than expected investment returns. Budgeted net income at this point in the fiscal year is just \$21 thousand.

**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS  
MONTHLY AND ANNUAL SUMMARY AS OF JANUARY 31, 2015 (CONT'D)**

**2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION**

- a. The Authority, as of January 2015, is a \$128 million dollar agency which also accounts for \$400 million in total activity (including component units) and maintains compliance for \$24 billion in outstanding debt.

**3. GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION**

- a. In the General Fund, IFA continues to maintain a strong balance sheet with total net position of \$52.5 million. The total assets in the General Fund are \$53 million (consisting of cash, investments, and receivables). Unrestricted cash and investments total \$24.7 million, notes receivables for the former IRBB local governments total \$22.7 million, other loans receivables are at \$3.3 million and restricted cash in the DACA Loan Fund totals \$1.3 million. Liabilities, current and non-current, total just \$629 thousand.

**4. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS**

- a. The Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of \$242 thousand. Net investment income from both funds equals \$56 thousand. Monies have been invested since July 2014. On January 12, 2015, the Authority received additional receipts and loan funds of \$8 million through a transfer from the Illinois State Treasurer pursuant to Public Act 97-901 and the intergovernmental agreement required by that Act. In light of the State's Fiscal Crisis and the appropriated origin of these funds, it was subsequently requested that these funds be reserved per request of the State Fire Marshal's Office (OSFM) and the Governor's Office of Management & Budget (GOMB). The Authority is working with OSFM and GOMB towards a resolution of this issue. Current net position of \$29.9 million for Fire and \$4.2 million for Ambulance are now shown on the Authority's books due to recent statutory changes.
- b. Other Nonmajor Funds booked revenues of \$165 thousand, of which, \$141 thousand is derived from investment activity. Year to date, the nonmajor funds show a net loss of \$138 thousand, driven by the transfer of funds out of the IRBB Reserve Fund to the General Operating Fund. All other activities result in net income of \$156 thousand as of January. Total Net Position in the Nonmajor Funds is \$39.4 million.
- c. The Agency/Fiduciary Funds for IFA include both the Metro East Police District Commission and the Illinois Finance Authority NFP Development Fund, with combined current assets of \$60 thousand.

**5. FY14 FINANCIAL STATEMENT AUDIT and GFOA/GASB UPDATE**

- a. The FY14 financial audit is completed and the report was issued by the Office of the Auditor General on January 15, 2015.
- b. The Authority's first Comprehensive Annual Financial Report (CAFR) is available on our website and has been submitted to the Government Finance Officers Association (GFOA) for consideration of the Certificate of Achievement for Excellence in Financial Reporting.

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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.



**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND NET INCOME**  
**GENERAL OPERATING FUND**  
**FOR FISCAL YEAR 2015 AS OF JANUARY 31, 2015**  
**(PRELIMINARY AND UNAUDITED)**

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	2015 BUDGET VARIANCE (\$)	2015 BUDGET VARIANCE (%)
<b>Operating Revenues:</b>											
Closing Fees	66,825	295,753	138,542	78,500	2,150	510,496	68,431	1,160,697	1,450,750	(290,053)	-20.0%
Annual Fees	10,367	42,720	31,533	34,580	34,230	36,372	28,534	218,336	196,875	21,461	10.9%
Administrative Service Fees	-	10,000	15,000	-	20,000	-	-	45,000	67,083	(22,083)	-32.9%
Application Fees	1,100	14,328	4,300	2,700	2,500	1,100	1,100	27,128	23,920	3,208	13.4%
Miscellaneous Fees	62	-	-	-	-	14	34	110	35,000	(34,890)	-99.7%
Interest Income-Loans	120,406	67,709	102,031	102,123	106,114	103,356	102,006	703,745	676,568	27,177	4.0%
Other Revenue	272	291	-	269	287	2,942	249	4,310	2,800	1,510	53.9%
<b>Total Operating Revenue:</b>	<b>\$ 199,032</b>	<b>\$ 430,801</b>	<b>\$ 291,406</b>	<b>\$ 218,172</b>	<b>\$ 165,281</b>	<b>\$ 654,280</b>	<b>\$ 200,354</b>	<b>\$ 2,159,326</b>	<b>\$ 2,452,996</b>	<b>\$ (293,670)</b>	<b>-12.0%</b>
<b>Operating Expenses:</b>											
Employee Related Expense	158,165	155,946	152,957	148,571	148,404	142,070	142,279	1,048,392	1,266,460	(218,068)	-17.2%
Professional Services	2,882	179,754	97,492	49,885	84,877	111,758	71,839	598,487	877,905	(279,418)	-31.8%
Occupancy Costs	26,485	26,590	9,247	40,454	8,583	8,124	10,361	129,844	170,128	(40,284)	-23.7%
General & Administrative	28,707	28,568	26,718	28,656	26,890	28,029	28,210	195,778	195,008	770	0.4%
Depreciation and Amortization	3,847	3,847	3,847	3,876	3,876	4,794	4,794	28,881	46,667	(17,786)	-38.1%
<b>Total Operating Expense</b>	<b>\$ 220,086</b>	<b>\$ 394,705</b>	<b>\$ 290,261</b>	<b>\$ 271,442</b>	<b>\$ 272,630</b>	<b>\$ 294,775</b>	<b>\$ 257,483</b>	<b>\$ 2,001,382</b>	<b>\$ 2,556,168</b>	<b>\$ (554,786)</b>	<b>-21.7%</b>
<b>Operating Income(Loss)</b>	<b>\$ (21,054)</b>	<b>\$ 36,096</b>	<b>\$ 1,145</b>	<b>\$ (53,270)</b>	<b>\$ (107,349)</b>	<b>\$ 359,505</b>	<b>\$ (57,129)</b>	<b>\$ 157,944</b>	<b>\$ (103,172)</b>	<b>\$ 261,116</b>	<b>253.1%</b>
<b>Nonoperating Revenues (Expenses):</b>											
Bad Debt Recoveries and Adjustments	-	-	-	-	-	3,741	-	3,741	8,750	(5,009)	-57.2%
Miscellaneous Non-Operating Revenues/(Expenses)	-	-	-	-	-	-	-	-	(1,167)	1,167	-100.0%
Interest and Investment Income	26,997	34,457	19,837	29,932	15,661	35,176	20,838	182,898	292,017	(109,119)	-37.4%
Realized Gain (Loss) on Sale of Investment	-	(445)	(19)	(31)	(5)	190	(364)	(674)	(29,167)	28,493	-97.7%
Net Appreciation (Depr) in Fair Value of Investment	(38,575)	3,960	(17,901)	5,423	3,764	(54,607)	43,741	(54,195)	(145,833)	91,638	-62.8%
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (11,578)</b>	<b>\$ 37,972</b>	<b>\$ 1,917</b>	<b>\$ 35,324</b>	<b>\$ 19,420</b>	<b>\$ (15,500)</b>	<b>\$ 64,215</b>	<b>\$ 131,770</b>	<b>\$ 124,600</b>	<b>\$ 7,170</b>	<b>5.8%</b>
<b>Net Income (Loss) Before Transfers</b>	<b>\$ (32,632)</b>	<b>\$ 74,068</b>	<b>\$ 3,062</b>	<b>\$ (17,946)</b>	<b>\$ (87,929)</b>	<b>\$ 344,005</b>	<b>\$ 7,086</b>	<b>\$ 289,714</b>	<b>\$ 21,428</b>	<b>\$ 268,286</b>	<b>1252.0%</b>
<b>Transfers:</b>											
Transfers in from other funds	-	2,263,041	116,837	10	177,108	-	-	2,556,996	-	-	0.0%
Transfers out to other funds	-	(2,263,041)	-	-	-	-	-	(2,263,041)	-	-	0.0%
<b>Total Transfers In (Out)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 116,837</b>	<b>\$ 10</b>	<b>\$ 177,108</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 293,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Net Income (Loss)</b>	<b>\$ (32,632)</b>	<b>\$ 74,068</b>	<b>\$ 119,899</b>	<b>\$ (17,936)</b>	<b>\$ 89,179</b>	<b>\$ 344,005</b>	<b>\$ 7,086</b>	<b>\$ 583,669</b>	<b>\$ 21,428</b>	<b>\$ 562,241</b>	<b>2623.9%</b>



**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND NET INCOME**  
**IFA FUNDS AND AGENCY FUND ACTIVITY**  
**FOR FISCAL YEAR 2015 AS OF JANUARY 31, 2015**  
**(PRELIMINARY AND UNAUDITED)**

	<b>GENERAL FUND</b>	<b>FIRE TRUCK REV LOAN FUND</b>	<b>AMBULANCE REV LOAN FUND</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL IFA FUNDS</b>	<b>AGENCY FUNDS</b>
<b>Operating Revenues:</b>						
Closing Fees	1,160,697	-	-	-	1,160,697	25,000
Annual Fees	218,336	-	-	-	218,336	-
Administrative Service Fees	45,000	-	-	-	45,000	-
Application Fees	27,128	-	-	-	27,128	-
Miscellaneous Fees	110	241,726	-	31	241,867	-
Interest Income-Loans	703,745	-	-	23,038	726,783	-
Other Revenue	4,310	-	-	-	4,310	-
<b>Total Operating Revenue:</b>	<b>\$ 2,159,326</b>	<b>\$ 241,726</b>	<b>\$ -</b>	<b>\$ 23,069</b>	<b>\$ 2,424,121</b>	<b>\$ 25,000</b>
<b>Operating Expenses:</b>						
Employee Related Expense	1,048,392	-	-	-	1,048,392	-
Professional Services	598,487	1,839	1,258	6,614	608,198	174
Occupancy Costs	129,844	-	-	-	129,844	-
General & Administrative	195,778	-	-	-	195,778	-
Interest Expense	-	-	-	2,513	2,513	-
Depreciation and Amortization	28,881	-	-	-	28,881	-
<b>Total Operating Expense</b>	<b>\$ 2,001,382</b>	<b>\$ 1,839</b>	<b>\$ 1,258</b>	<b>\$ 9,127</b>	<b>\$ 2,013,606</b>	<b>\$ 174</b>
<b>Operating Income(Loss)</b>	<b>\$ 157,944</b>	<b>\$ 239,887</b>	<b>\$ (1,258)</b>	<b>\$ 13,942</b>	<b>\$ 410,515</b>	<b>\$ 24,826</b>
<b>Nonoperating Revenues (Expenses):</b>						
Bad Debt Recoveries and Adjustments	3,741	-	-	806	4,547	-
Transfer of funds and program interest from the State of Ill	-	8,000,000	-	-	8,000,000	-
Interest and Investment Income	182,898	44,165	27,608	178,557	433,228	-
Realized Gain (Loss) on Sale of Investment	(674)	(2,419)	(308)	(1,719)	(5,120)	-
Net Appreciation (Depr) in fair value of Investments	(54,195)	(6,322)	(6,276)	(35,580)	(102,373)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 131,770</b>	<b>\$ 8,035,424</b>	<b>\$ 21,024</b>	<b>\$ 142,064</b>	<b>\$ 8,330,282</b>	<b>\$ -</b>
<b>Net Income (Loss) Before Transfers</b>	<b>\$ 289,714</b>	<b>\$ 8,275,311</b>	<b>\$ 19,766</b>	<b>\$ 156,006</b>	<b>\$ 8,740,797</b>	<b>\$ 24,826</b>
<b>Transfers:</b>						
Transfers in from other funds	2,556,996	-	-	-	2,556,996	-
Transfers out to other funds	(2,263,041)	-	-	(293,955)	(2,556,996)	-
<b>Total Transfers In (Out)</b>	<b>\$ 293,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (293,955)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income (Loss)</b>	<b>\$ 583,669</b>	<b>\$ 8,275,311</b>	<b>\$ 19,766</b>	<b>\$ (137,949)</b>	<b>\$ 8,740,797</b>	<b>\$ 24,826</b>





**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**IFA FUNDS AND AGENCY FUND ACTIVITY**  
 January 31, 2015  
 (PRELIMINARY AND UNAUDITED)

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	TOTAL IFA FUNDS	AGENCY FUNDS
<b>Assets and Deferred Outflows:</b>						
<b>Current Assets:</b>						
<b>Unrestricted:</b>						
Cash & cash equivalents	4,266,661	-	-	1,037,031	5,303,692	-
Investments	6,275,253	-	-	4,586,804	10,862,057	-
Accounts receivable, Net	150,766	-	-	-	150,766	-
Loans receivables, Net	54,131	-	-	-	54,131	-
Accrued interest receivable	684,525	-	-	56,539	741,064	-
Bonds and notes receivable	2,003,000	-	-	-	2,003,000	-
Due from other funds	1,690,224	-	-	-	1,690,224	-
Due from other local government agencies	-	-	-	3,000,000	3,000,000	-
Prepaid Expenses	147,225	-	-	-	147,225	-
<b>Total Current Unrestricted Assets</b>	<b>\$ 15,271,785</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,680,374</b>	<b>\$ 23,952,159</b>	<b>\$ -</b>
<b>Restricted:</b>						
Cash & Cash Equivalents	1,280,252	8,064,590	56,333	2,029,032	11,430,207	60,394
Investments	-	1,782,444	1,492,699	245,502	3,520,645	-
Accrued interest receivable	-	24,959	14,843	7,984	47,786	-
Loans receivables, Net	-	-	-	45,267	45,267	-
<b>Total Current Restricted Assets</b>	<b>\$ 1,280,252</b>	<b>\$ 9,871,993</b>	<b>\$ 1,563,875</b>	<b>\$ 2,327,785</b>	<b>\$ 15,043,905</b>	<b>\$ 60,394</b>
<b>Total Current Assets</b>	<b>\$ 16,552,037</b>	<b>\$ 9,871,993</b>	<b>\$ 1,563,875</b>	<b>\$ 11,008,159</b>	<b>\$ 38,996,064</b>	<b>\$ 60,394</b>
<b>Non-current Assets:</b>						
<b>Unrestricted:</b>						
Investments	14,203,534	-	-	7,918,171	22,121,705	-
Accounts receivable, Net	-	-	-	-	-	-
Loans receivables, Net	1,580,857	-	-	-	1,580,857	-
Bonds and notes receivable	20,682,037	-	-	-	20,682,037	-
<b>Total Noncurrent Unrestricted Assets</b>	<b>\$ 36,466,428</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,918,171</b>	<b>\$ 44,384,599</b>	<b>\$ -</b>
<b>Restricted:</b>						
Cash & Cash Equivalents	-	-	-	600,000	600,000	-
Investments	-	4,312,844	2,320,898	505,597	7,139,339	-
Funds in the custody of the Treasurer	-	1,668,340	94,321	17,963,286	19,725,947	-
Loans receivables, Net	-	15,548,078	321,600	1,496,738	17,366,416	-
<b>Total Noncurrent Restricted Assets</b>	<b>\$ -</b>	<b>\$ 21,529,262</b>	<b>\$ 2,736,819</b>	<b>\$ 20,565,621</b>	<b>\$ 44,831,702</b>	<b>\$ -</b>
<b>Capital Assets</b>						
Capital Assets	839,578	-	-	-	839,578	-
Accumulated Depreciation	(745,561)	-	-	-	(745,561)	-
<b>Total Capital Assets</b>	<b>\$ 94,017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,017</b>	<b>\$ -</b>
<b>Total Noncurrent Assets</b>	<b>\$ 36,560,445</b>	<b>\$ 21,529,262</b>	<b>\$ 2,736,819</b>	<b>\$ 28,483,792</b>	<b>\$ 89,310,318</b>	<b>\$ -</b>



**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**IFA FUNDS AND AGENCY FUND ACTIVITY**  
 January 31, 2015  
 (PRELIMINARY AND UNAUDITED)

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	TOTAL IFA FUNDS	AGENCY FUNDS
<b>Total Assets</b>	\$ 53,112,482	\$ 31,401,255	\$ 4,300,694	\$ 39,491,951	\$ 128,306,382	\$ 60,394
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Payable from unrestricted current assets:						
Accounts payable	117,041	-	-	1,925	118,966	-
Accrued liabilities	105,299	-	-	-	105,299	-
Due to employees	89,452	-	-	-	89,452	-
Due to other funds	73,765	-	-	17,403	91,168	-
Other liabilities	(14,593)	-	-	-	(14,593)	60,394
Unearned revenue, net of accumulated amortization	236,077	-	-	-	236,077	-
<b>Total Current Liabilities Payable from Unrestricted Current Assets</b>	<b>\$ 607,041</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,328</b>	<b>\$ 626,369</b>	<b>\$ 60,394</b>
Payable from restricted current assets:						
Accounts payable	-	943	592	108	1,643	-
Accrued interest payable	-	-	-	665	665	-
Due to other funds	-	1,504,735	94,320	-	1,599,055	-
<b>Total Current Liabilities Payable from Restricted Current Assets</b>	<b>\$ -</b>	<b>\$ 1,505,678</b>	<b>\$ 94,912</b>	<b>\$ 773</b>	<b>\$ 1,601,363</b>	<b>\$ -</b>
<b>Total Current Liabilities</b>	<b>\$ 607,041</b>	<b>\$ 1,505,678</b>	<b>\$ 94,912</b>	<b>\$ 20,101</b>	<b>\$ 2,227,732</b>	<b>\$ 60,394</b>
<b>Noncurrent Liabilities</b>						
Payable from unrestricted noncurrent assets:						
Accrued liabilities	22,222	-	-	-	22,222	-
<b>Assets</b>	<b>\$ 22,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,222</b>	<b>\$ -</b>
Payable from restricted noncurrent assets:						
Noncurrent portion of long term debt	-	-	-	369,080	369,080	-
<b>Total Noncurrent Liabilities Payable from Restricted Noncurrent</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 369,080</b>	<b>\$ 369,080</b>	<b>\$ -</b>
<b>Total Noncurrent Liabilities</b>	<b>\$ 22,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 369,080</b>	<b>\$ 391,302</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 629,263</b>	<b>\$ 1,505,678</b>	<b>\$ 94,912</b>	<b>\$ 389,181</b>	<b>\$ 2,619,034</b>	<b>\$ 60,394</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	94,017	-	-	-	94,017	-
Restricted	-	21,620,266	4,186,016	22,418,035	48,224,317	-
Unrestricted	51,805,533	-	-	16,822,684	68,628,217	-
Current Change in Net Position	583,669	8,275,311	19,766	(137,949)	8,740,797	-
<b>Total Net Position</b>	<b>\$ 52,483,219</b>	<b>\$ 29,895,577</b>	<b>\$ 4,205,782</b>	<b>\$ 39,102,770</b>	<b>\$ 125,687,348</b>	<b>\$ -</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 53,112,482</b>	<b>\$ 31,401,255</b>	<b>\$ 4,300,694</b>	<b>\$ 39,491,951</b>	<b>\$ 128,306,382</b>	<b>\$ 60,394</b>



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer  
**Date:** February 18, 2015  
**Re:** Monthly Procurement Report

**NEW CONTRACTS/RENEWALS EXECUTED**

Services Provided	Vendor	Initial/ Renewal Term	Start/End	Total Final NTE Value	Total Prior Contract NTE Value	Total Prior Contract Expense	Avg Yrly Prior Contract Expense
Accounting and Auditing Services Pool	To be provided for February 2015 Board Meeting ( <i>IFA Exemption</i> ). A follow up RFP will be issued for specialty audit services, debt verification and tax support services. No responses were received for these categories.	3	03/15-02/18	\$495,000	N/A	N/A	N/A

**ACTIVE SOLICITATIONS**

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
Debt Management Software Application	No Board Action Needed. Management is currently reviewing. ( <i>IL Procure Code</i> ). System demonstrations were held on Nov 14, 2014.	3	03/15-02/18	TBD	N/A	N/A	N/A

**UPCOMING SOLICITATIONS**

Services Provided	Vendor	Proposed Initial Term (Yrs)	Start/End	Estimated NTE Value*	Prior Contract NTE Value*	Prior Contract Expense*	Avg Yrly Prior Contract Expense
Investment Advisor and/or Management Services	Per BOD Direction ( <i>IFA Exemption</i> )	2	N/A	N/A	N/A	N/A	N/A
Payroll and Employee Benefit Services	No Board Action Needed. Anticipated award June 2015. ( <i>IL Procure Code</i> )	5	07/15-06/20	N/A	\$ 233,000	\$ 170,000	\$ 170,000
Accounting Software Maintenance and Support	No Board Action Needed. Anticipated award Mar/Apr 2015. ( <i>IL Procure Code</i> )	3	03/15-02/18	N/A	\$ 49,500	\$ 49,500	\$ 49,500
Loan Management and Paying Agent/Custodian Services	Anticipated award June 2015. ( <i>IFA Exemption</i> )	3	07/15-06/18	N/A	\$ 300,000	\$ 158,662	\$ 52,887
Insurance Broker	No Board Action Needed. Anticipated award June 2015. ( <i>IL Procure Code</i> )	3	07/15-06/18	N/A	\$ 68,700	\$ 68,700	\$ 22,900
Legislative Services	No Board Action Needed. Anticipated award June 2015. ( <i>IL Procure Code</i> )	3	07/15-06/18	N/A	\$ 180,000	\$ 180,000	\$ 60,000
Marketing Services	No Board Action Needed. Anticipated award July 2015. ( <i>IL Procure Code</i> )	3	07/15-06/18	N/A	\$ 300,000	\$ 179,276	\$ 89,638
IT Network Support	No Board Action Needed. Anticipated award July 2015. ( <i>IL Procure Code</i> )	3	07/15-06/18	N/A	\$ 90,000	\$ 90,000	\$ 30,000
Financial Deposit Institution/Cash Management	Anticipated award May 2015. ( <i>IFA Exemption</i> )	5	05/15-04/18	N/A	\$ 105,000	\$ 105,000	\$ 105,000
Specialty Accounting/Audit Services	Anticipated award April 2015. ( <i>IFA Exemption</i> )	3	04/15-05/18	N/A	\$ 200,000	\$ 200,000	\$ 50,000
Typesetting and Printing Services	No Board Action Needed. Anticipated award June 2015. ( <i>IL Procure Code</i> )	3	07/15-06/18	N/A	\$ 40,000	\$ 40,000	\$ 40,000
Information Technology Software Support	No Board Action Needed. Anticipated award May 2015. ( <i>IL Procure Code</i> )	3	05/15-04/18	N/A	\$ -	\$ -	\$ -

\*For comparison purposes only. Includes only the initial term, not renewals.

**UPCOMING RENEWALS**



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer  
**Date:** February 18, 2015  
**Re:** Monthly Procurement Report

Services Provided	Vendor	Proposed Renewal Term (Yrs)	Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior
							Contract Expense
Energy Efficiency Projects-No Fee to IFA	Hanson Professionals Services, Inc. <i>(IFA Exemption)-Will Not Renew</i>	5	02/15-02/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Siemens Industry Inc. <i>(IFA Exemption)-Will Not Renew</i>	5	03/15-03/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Johnson Controls, Inc. <i>(IFA Exemption)-Will Not Renew</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Hill Mechanical Group <i>(IFA Exemption)-Will Not Renew</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Utilities Dynamics, Inc. <i>(IFA Exemption)-Will Not Renew</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Ameresco, Inc. <i>(IFA Exemption)</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Honeywell International, Inc. <i>(IFA Exemption)-Will Not Renew</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Kenny Construction <i>(IFA Exemption)-Will Not Renew</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Noresco, LLC <i>(IFA Exemption)-Will Not Renew</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Insur. Broker: Energy Efficiency Projects-No Fee to IFA	Mesirow Insurance Services, INC <i>(IFA Exemption)</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Insur. Broker: Energy Efficiency Projects-No Fee to IFA	AON Risk Services Central, INC. <i>(IFA Exemption)</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A

**PROPOSED CHANGES TO IFA PROCUREMENT POLICY**

Per discussion with the Procurement Policy Board, Chief Procurement Officer, and the Authority, an intergovernmental agreement will be drafted and submitted to the Board for approval to further clarify specific compliance, procedures and responsibilities needed for Authority management to fulfill its obligation under the Illinois Procurement Code and IFA's own Procurement Policy.

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

Services Provided	Vendor	Initial/Renewal Term (Yrs)	Start/End	Total Final NTE Value	Total Current Contract NTE Value	Total Current Contract Expense	Avg Yrly Current
							Contract Expense
Financial Services/MSRB & EMMA Reporting	Bloomberg Finance L.P.	1	09/14-09/15	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Bloomberg Anywhere Services	Bloomberg Finance L.P.	2	12/14-11/16	\$ 42,000	\$ 42,000	\$ 42,000	\$ 21,000
McAfee Annual Software Renewal	Novanis IT Solutions	1 yr 6 mos	12/14-06/16	\$ 329	\$ 329	\$ 329	\$ 219
Citrix Software VPN Services	En Pointe Technologies	1	12/14-11-15	\$ 840	\$ 840	\$ 840	\$ 840
Typesetting Services for CAFR	RR Donnelley	4 mos	10/14-02/15	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
Printing Services for CAFR	3rd Coast Imaging, Inc.	4 mos	10/14-02/15	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Data Cartridges	Malelo and Company	1 yr 11 mos	01/15-10/16	\$ 3,357	\$ 3,357	\$ 3,357	\$ 1,679
Staffing Assistance	Anchor Staffing	6 mos	01/15-06/15	\$ 23,251	\$ 23,251	\$ 23,251	\$ 46,502
Staffing Assistance	Seville Staffing	6 mos	01/15-06/15	\$ 9,504	\$ 9,504	\$ 9,504	\$ 19,008
Cloud-Based File Sharing	Dropbox	1	02/15-02/16	\$ 1,670	\$ 1,670	\$ 1,670	\$ 1,670
Storage Services	Midwest Moving & Storage	7 mos	12/14-06/15	\$ 8,295	\$ 8,295	\$ 8,295	\$ 16,590
Post Office Box Rental	United States Postal Service	1	01/15/12/15	\$ 1,094	\$ 1,094	\$ 1,094	\$ 1,094
Multi-functional Device (Color)	Xerox	3	02/15-01/18	\$ 10,936	\$ 10,936	\$ 10,936	\$ 3,645

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors  
From: Lorrie Karcher  
Date: February 18, 2015  
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 \$517,700 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$504,950.00**
- **Calendar Year Summary:** (as of February 18, 2015)
  - Volume Cap: \$10,000,000
  - Volume Cap Committed: \$741,310
  - Volume Cap Remaining: \$9,258,690
  - Average Farm Acreage: 49
  - Number of Farms Financed: 2
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
  - **New Money Bonds:**
    - Convey tax-exempt status
    - Will use dedicated 2015 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

<b>A. Project Number:</b>	<b>A-FB-TE-CD-8722</b>
<b>Borrower(s):</b>	<b>Kessler, Michael Tyler</b>
Borrower Benefit:	First Time Land Buyer
Town:	Oblong, IL
<b>IFA Bond Amount:</b>	<b>\$504,950</b>
Use of Funds:	Farmland – 60 acres of farmland
Purchase Price:	\$504,950 / \$8,416 per acre
%Borrower Equity	0%
%Other	0%
%IFA	100%
Township:	Oblong
Counties/Regions:	Crawford / Southeastern
Lender/Bond Purchase:	First National Bank in Olney / Richard Kocher
<b>Legislative Districts:</b>	Congressional: 15
	State Senate: 55
	State House: 110

Principal shall be paid annually in installments determined pursuant to a Thirty 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.

February 18, 2015

**\$14,000,000**  
**KishHealth System**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>KishHealth System</b> (the “<b>Corporation</b>” or the “<b>Borrower</b>”) to (i) fund the purchase of a 70,324 square foot medical clinic building commonly known as the DeKalb Clinic, 1850 Gateway Drive, Sycamore, IL.</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</p> <p>Voting Record (December 9, 2014) – Preliminary Bond Resolution – 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Lonstein; Parish; Tessler; and Zeller); 0 Vacant.</p>												
<b>MATERIAL CHANGES</b>	<p>None.</p>												
<b>JOB DATA</b>	<table border="0"> <tr> <td>156</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>156</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	156	Current jobs	N/A	New jobs projected	156	Retained jobs	N/A	Construction jobs projected				
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Locations: Sycamore and DeKalb, Illinois (DeKalb County/Northeast Region)</li> <li>• KishHealth System is purchasing the existing 70,324 square foot medical clinic building located at 1850 Gateway Drive in Sycamore, Illinois. The property is presently utilized as a medical/clinic facility, serving the population of the greater DeKalb/Sycamore market. The property will serve a similar use upon purchase by KishHealth System.</li> </ul>												
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> mortgage and assignment of rents on the real estate at 1850 Gateway Drive, Sycamore, IL</li> </ul>												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• Direct purchase by the National Bank &amp; Trust Company of Sycamore and Castle Bank, a subsidiary of First National Bank of Omaha</li> </ul>												
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• Matures in 5-years or 10 years.</li> <li>• Principal and interest payments due monthly, based on a 20-year amortization.</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 style="text-align: right;"><u>\$13,300,000</u></td> <td>Purchase Real Estate (DeKalb Clinic)</td> <td style="text-align: right;"><u>\$13,300,000</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$13,300,000</u></b></td> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$13,300,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	<u>\$13,300,000</u>	Purchase Real Estate (DeKalb Clinic)	<u>\$13,300,000</u>	<b>Total</b>	<b><u>\$13,300,000</u></b>	<b>Total</b>	<b><u>\$13,300,000</u></b>
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IFA Bonds	<u>\$13,300,000</u>	Purchase Real Estate (DeKalb Clinic)	<u>\$13,300,000</u>										
<b>Total</b>	<b><u>\$13,300,000</u></b>	<b>Total</b>	<b><u>\$13,300,000</u></b>										
<b>RECOMMENDATION</b>	<p>Credit Review Committee recommends approval.</p>												

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 February 18, 2015**

**Project: KishHealth System**

**STATISTICS**

Project Number: H-HO-TE-CD-8717	Amount: \$14,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane
Cities: DeKalb and Sycamore	County/Region: DeKalb County / Northeast Region

**BOARD ACTION**

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

**VOTING RECORD**

Voting Record (December 9, 2014) – Preliminary Bond Resolution – 11 Yeas; 0 Nays; 0 Abstain; 4 Absent (Lonstein; Parish; Tessler; and Zeller); 0 Vacant.

**PURPOSE**

Bond proceeds will be used by **KishHealth System** (the “**Corporation**” or the “**Borrower**”) to (i) fund the purchase of a 70,324 square foot medical clinic building commonly known as 1850 Gateway Drive, Sycamore, IL 60178.

**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.

**VOLUME CAP**

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

**JOBS**

Current Jobs: 156	Projected new jobs: N/A
Retained Jobs: 156	Construction jobs: N/A

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>	<b>Uses:</b>
IFA Bonds	Purchase Real Estate (DeKalb Clinic)
<u>\$13,300,000</u>	<u>\$13,300,000</u>
<b>Total</b>	<b>Total</b>
<u><b>\$13,300,000</b></u>	<u><b>\$13,300,000</b></u>

**FINANCING SUMMARY**

Security:	1 <sup>st</sup> mortgage and assignment of rents on the real estate commonly known as 1850 Gateway Drive, Sycamore, IL
Structure:	Principal and interest payments due monthly based on 20-year amortization schedule
Interest Rate:	Option 1: 2.80% (5-year option) Option 2: 3.75% (10-year option)
Interest Mode:	Fixed



Maturity:                   Option 1) 5-years  
                                  Option 2) 10-years

Rating:                     The Bonds will not be rated.

Estimated Closing Date:  March 2015

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

Bond proceeds will be used by **KishHealth System** (the “**Corporation**” or the “**Borrower**”) to (i) fund the purchase of a 70,324 square foot medical clinic building commonly known as 1850 Gateway Drive, Sycamore, IL.

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**BUSINESS SUMMARY**

**Market**

KishHealth System’s (“KHS’s) operations are primarily comprised of its two hospital facilities: (i) Kishwaukee Community Hospital (“KCH”) located in DeKalb (DeKalb County), Illinois and (ii) Valley West Community Hospital (“VWCH”) in Sandwich (DeKalb County), Illinois, which also serves the adjacent communities of Plano and Yorkville in Kendall County.

Although KCH and VWCH comprise the majority of KHS’s operations, KHS operations also include the following entities:

- Kishwaukee Health Foundation;
- Health Progress Inc., an entity that facilitate KHS's joint ventures as well as certain clinics;
- The DeKalb County Hospice;
- Home Health; and
- Kishwaukee Physician Group (KPG), which employs approximately 10 physicians.

Although KHS remains independently controlled and governed, it has increased the number of its clinical affiliations during the past few years to further support its goals of expanding certain service lines, including an oncology affiliation with Loyola Health System (part of Trinity Health) in Chicago and a stroke center affiliation with Central DuPage Hospital (now known as Cadence Health). KHS employs about 10 physicians, and DeKalb Medical Clinic, the largest clinic in the immediate area, with about 23 physicians on KHS' medical staff, is independent of but is located across the road from KHS (bond proceeds are being used to purchase this medical clinic building which is known as the “DeKalb Clinic”).

The population of DeKalb County, estimated at 104,195, grew 11.31% in 2002 through 2007 but has slowed in recent years with just 1.1% total growth in the past five years.

Although KCH and VWCH are the only hospitals in DeKalb County, the greater service area is somewhat more competitive, with similarly sized and larger hospitals located in the neighboring counties of Winnebago (Rockford Memorial Hospital, Swedish American, and OSF Saint Anthony Medical Center, the last of which is part of OSF Health Care) and Kane (Delnor Community Hospital, which is part of Cadence Health; Sherman Hospital, which is part of Advocate Health Care Network; and Mercy and Saint Joseph Hospitals, which are part of Presence Health). Many of these hospitals are involved in or have recently completed their own construction projects, which could affect volumes, mostly in KHS’s secondary service area.

Additionally, hospitals from the southwest suburbs have developed outpatient centers that compete with VWCH in Kendall County. Also, although the primary service area accounts for the majority of KHS' patient volume, the secondary service area still accounts for about 20% of the total patient base.

**ECONOMIC DISCLOSURE STATEMENT**

Applicant: KishHealth System  
 Location: DeKalb  
 Project name: Kishwaukee (Series 2015)  
 Organization: 501(c)(3) Not-for-Profit Corporation  
 State: Illinois  
 Contact: Loren Feolske, Chief Financial Officer

**Board of Trustees:**

Tom Matya, Chair	Mary Lynn McArtor
John Moulton, Vice Chair	Jagdish Patel
Tom Choice, 2 <sup>nd</sup> Vice Chair	Kevin Poorten
Mike Cullen	Leonetta Rizzi
Terry Duffy	Marc Strauss
Mike Larson	Promod Vohra
Photine Liakos	

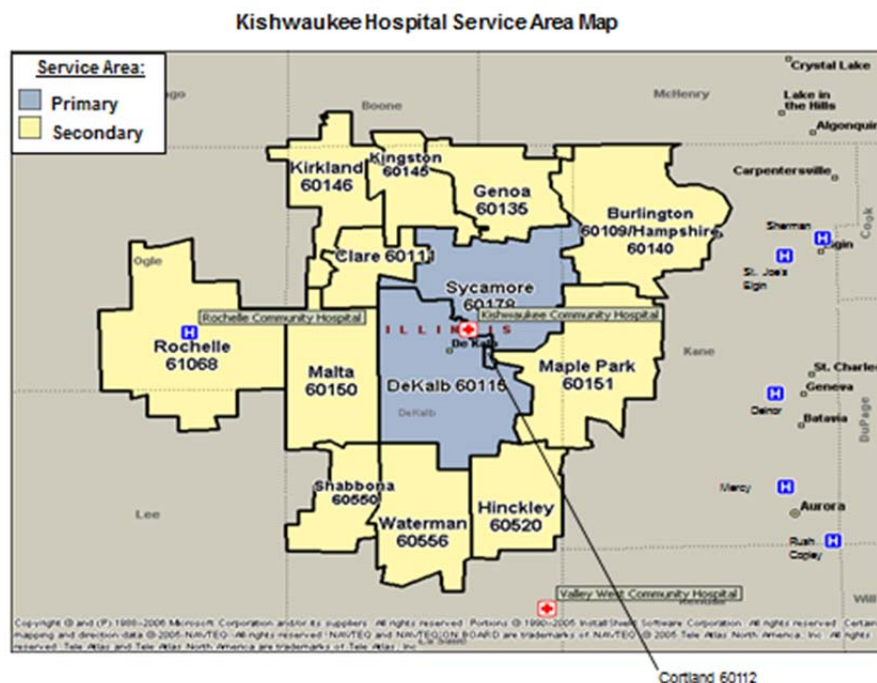
**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Reinhart, Boerner, Van Deuren	Milwaukee, WI
Bond Counsel:	Chapman and Cutler, LLP	Chicago, IL
Banks:	National Bank & Trust Co. of Sycamore	Sycamore, IL
	Castle Bank, N.A.	DeKalb, IL
Bank Counsel:	Chapman and Cutler, LLP	Chicago, IL
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago, IL
Issuer's Counsel:	Foley & Lardner LLP	Chicago, IL

**LEGISLATIVE DISTRICTS**

Congressional: 14, 16 (Note Project is ½ block east of District 16 boundary; KHS is in District 16)  
 State Senate: 35  
 State House: 70

**SERVICE AREA**



**\$65,000,000**  
**Lifespace Communities, Inc.**

February 18, 2015

<b>REQUEST</b>	<p><b>Purpose:</b> The proceeds will be used by <b>Lifespace Communities, Inc.</b> (the “<b>Corporation</b>” or the “<b>Borrower</b>”) to: (i) fund remodeling, renovating, improving and equipping of the Beacon Hill facility in the approximate amount of \$19,300,000; (ii) refund the Series 1999A Beacon Hill Bonds, outstanding in the approximate amount of \$3,600,000; (iii) refund Lifespace’s Series 2010T Taxable Bonds, outstanding in the approximate amount of \$4,700,000; (iv) refund a portion of Lifespace’s Series 2013 Direct Placement Bonds, outstanding in the approximate amount of \$10,545,520; (v) refund the Series 2003A Friendship Village of South Hills (PA) Bonds, outstanding in the approximate amount of \$4,060,000; and (vi) pay costs of issuance.</p> <p>The portion of the Series 2013 Direct Placement that is being refinanced was used to fund projects located at Claridge Court in Prairie Village, Kansas, and Friendship Village of South Hills in St. Clair, Pennsylvania.</p> <p>The issue will consist of approximately \$60,500,000 of tax-exempt Series 2015A Bonds and approximately \$4,500,000 of taxable Series 2015B 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 (One-time consideration)																												
<b>MATERIAL CHANGES</b>	None. This is the first time this project is being presented to the IFA Board of Directors.																												
<b>JOB DATA</b>	<table border="0"> <tr> <td style="padding-right: 20px;">233</td> <td style="padding-right: 20px;">Current jobs</td> <td style="padding-right: 20px;">20</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>22</td> <td>Construction jobs projected (12-16 months)</td> </tr> </table>	233	Current jobs	20	New jobs projected	N/A	Retained jobs	22	Construction jobs projected (12-16 months)																				
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Locations: Lombard / DuPage County / Northeast Region, Upper St. Clair/Allegheny County/Pennsylvania, and Johnson County, Kansas.</li> <li>• Beacon Hill consists of approximately 389 independent living units and 189 skilled nursing beds. The Beacon Hill project consists of adding a fitness center, auditorium and additional dining venue. The Project will also create some common areas connecting two main buildings on the Beacon Hill campus.</li> <li>• Beacon Hill is a member of the Lifespace Communities Obligated Group. Lifespace is a non-profit senior living system that provides housing, health care and other related services to senior citizens. The Lifespace Obligated Group, including Beacon Hill, consists of 10 communities.</li> </ul>																												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The Bonds will be fixed rate bonds sold through a public offering. Lifespace Obligated Group carries a Fitch “A” rating. The existing “A” rating is expected to be retained. The Series 2015A Bonds will be tax-exempt, and the Series 2015B Bonds will be taxable.</li> </ul>																												
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• First mortgage on property and equipment of the obligated group, and a gross revenue pledge.</li> </ul>																												
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will mature no later than August 15, 2045 (30 years).</li> </ul>																												
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<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																												

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
February 18, 2015**

**Project: Lifespace Communities, Inc.**

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**STATISTICS**

Project Number:	H-SL-TE-CD-8723	Amount:	\$65,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
IL Location:	Lombard	IL County/	
		Region:	DuPage/Northeast
PA Location:	Upper St. Clair	PA County:	Allegheny
KS Location:	Prairie Village, KS	KS County:	Johnson County

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**BOARD ACTION**

Final Bond Resolution ( <i>One-time consideration</i> )	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

None. This is the first time this project is being presented to the IFA Board of Directors.

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**PURPOSE**

**Purpose:** The proceeds will be used by **Lifespace Communities, Inc.** (the “**Corporation**” or the “**Borrower**”) to: (i) fund remodeling, renovating, improving and equipping of the Beacon Hill facility in the approximate amount of \$19,300,000; (ii) refund the Series 1999A Beacon Hill Bonds, outstanding in the approximate amount of \$3,600,000; (iii) refund Lifespace’s Series 2010T Taxable Bonds, outstanding in the approximate amount of \$4,700,000; (iv) refund a portion of Lifespace’s Series 2013 Direct Placement Bonds, outstanding in the approximate amount of \$10,545,520; (v) refund the Series 2003A Friendship Village of South Hills (PA) Bonds, outstanding in the approximate amount of \$4,060,000; and (vi) pay costs of issuance.

The portion of the Series 2013 Direct Placement that is being refinanced was used to fund projects located at Claridge Court in Prairie Village, Kansas, and Friendship Village of South Hills in St. Clair, Pennsylvania.

The issue will consist of approximately \$60,500,000 of tax-exempt Series 2015A Bonds and approximately \$4,500,000 of taxable Series 2015B 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 capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

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**VOLUME CAP**

501(c)(3) Bonds do not require Volume Cap.

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Series 2015A Tax-Exempt Bonds	\$60,500,000	Beacon Hill Project	\$19,300,000
IFA Series 2015B Taxable Bonds	4,500,000	Refunding Escrow	41,925,000
Trustee-Held Funds	<u>2,579,513</u>	Allowance for Original Issue Discount/Cushion/	
			5,054,513
		Debt Svc. Reserve Funds	
		Costs of Issuance	<u>1,300,000</u>
<b>Total</b>	<b><u>\$67,579,513</u></b>	<b>Total</b>	<b><u>\$67,579,513</u></b>

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**JOBS**

Current employment:	233	Projected new jobs:	20
Jobs retained:	N/A	Construction jobs:	22 (12-16 months)

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**FINANCING SUMMARY**

Structure:	Fixed rate, taxable and tax-exempt serial and term bonds sold through a public offering by Ziegler based on the underlying investment grade rating of the Borrower (Obligated Group).
Interest Rate:	To be determined on the day of pricing.
Interest Rate Modes:	Fixed through final maturities
Underlying Ratings:	Rated 'A' by Fitch Ratings (for Lifespace Communities, Inc.)
Maturity:	No later than August 15, 2045
Estimated Closing Date:	March 19, 2015
Rationale:	The refunding at both Beacon Hill and South Hills (PA) will generate cash flow savings for the Borrower and will match the original maturities of the Bonds. The new money projects at the Beacon Hill campus will improve the quality of life for residents and their families, and will be accretive to the overall financial success of Beacon Hill over the long term. The new projects will enhance Beacon Hill's competitiveness in its marketplace.

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

**Purpose:** The proceeds will be used by **Lifespace Communities, Inc.** (the "**Corporation**" or the "**Borrower**") to: (i) fund remodeling, renovating, improving and equipping of the Beacon Hill facility in the approximate amount of \$19,300,000; (ii) refund the Series 1999A Beacon Hill Bonds, outstanding in the approximate amount of \$3,600,000; (iii) refund Lifespace's Series 2010T Taxable Bonds, outstanding in the approximate amount of \$4,700,000; (iv) refund a portion of Lifespace's Series 2013 Direct Placement Bonds, outstanding in the approximate amount of \$10,545,520; (v) refund the Series 2003A Friendship Village of South Hills (PA) Bonds, outstanding in the approximate amount of \$4,060,000; and (vi) pay costs of issuance.

The portion of the Series 2013 Direct Placement that is being refinanced was used to fund projects located at Claridge Court in Prairie Village, Kansas, and Friendship Village of South Hills in St. Clair, Pennsylvania.

The issue will consist of approximately \$60,500,000 of tax-exempt Series 2015A Bonds and approximately \$4,500,000 of taxable Series 2015B Bonds.

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### BUSINESS SUMMARY

The Borrower, Lifespace Communities, Inc., is an Iowa nonprofit corporation organized for the purpose of owning and operating continuing care retirement communities (CCRCs) located throughout the United States. The Borrower is the sole member of the Obligated Group; none of the affiliates have any responsibility for repayment of the Borrower's bond debt.

The Borrower currently owns and operates ten CCRCs in six states, and is the sole member of the Lifespace Communities Obligated Group (OG). The communities in the OG have a total of 2,537 independent living units, 144 villas, 22 assisted living units, 662 nursing care beds and 53 boarding care units, for an aggregate of 3,418 units. The communities are all unincorporated divisions consisting of:

- Abbey Delray, Abbey Delray South and Harbour's Edge, all located in Delray Beach, Florida;
  - Friendship Village of Bloomington in Bloomington, Minnesota;
  - The Waterford in Juno Beach, Florida;
  - Friendship Village of South Hills in Upper St. Clair, Pennsylvania;
  - Beacon Hill in Lombard, Illinois;
  - Village on the Green in Orlando, Florida;
  - Grand Lodge at the Preserve in Lincoln, Nebraska; and
  - Claridge Court in Prairie Village, Kansas.
- Non-obligated subsidiaries of the Borrower include: (i) Lifespace DG, LLC (dba Oak Trace Community, fka Fairview Village), an Illinois nonprofit corporation CCRC located in Downers Grove (DuPage County), Illinois and acquired by Lifespace DG in August 2011; (ii) Deerfield Retirement Community, Inc., an Iowa nonprofit corporation which owns and operates a CCRC in suburban Des Moines, Iowa, and is managed by the Borrower; and (iii) The Lifespace Foundation, which serves as the fundraising arm for the Borrower.

Beacon Hill is located in Lombard, Illinois (DuPage County) on an approximately 19.5 acre site, and is comprised of 389 independent living units, common areas, and a skilled nursing facility with 108 skilled nursing care beds.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Lifespace Communities, Inc.

Site Address: Lifespace Communities, Inc.  
100 East Grand Avenue, Suite 300  
Des Moines, IA 50309-1835

Contact: Larry Smith, CFO. Phone: 515/288-5805

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

Project name: Beacon Hill

Organization: 501(c)(3) Not-for-Profit Corporation

State: Lifespace Communities, Inc. is an Iowa not-for-profit that operates communities located in Florida, Minnesota, Pennsylvania, Illinois, Nebraska and Kansas. Non-Obligated Group members are located in Illinois and Iowa.

Board of Directors:

<b>Board Member</b>	<b>Occupation</b>	<b>Began on Board</b>
Donald W. Bourne (San Francisco, CA)	Operations Manager for Swinteron Builders	1992
William R. Cook (Board Chair) (West Des Moines, IA)	Retired Partner for Deloitte & Touche	2004
Rita M. Dragonette (Chicago, IL)	Principal of Dragonette Career Strategies	2007
E. Laverne Epp (Lawrence, KS)	Executive Chair, Bioscience & Technology Business Center at KU (Kansas University)	2009
John J. Kaduce (West Des Moines, IA)	Retired Chief Executive Officer of Lifespace Communities, Inc.	1990
Robert C. Kehm (Overland, KS)	Retired Partner for KPMG LLP	2009
Paula J. Shives (Vice Chair) (Orlando, FL)	Retired Senior Vice President, Secretary and General Counsel for Darden Restaurants, Inc.	2005
Ann M. Wagner-Hauser (Minnetrista, MN)	Retired President (Des Moines and Central Territory Manager) from Northwest Bank Des Moines	2002
M. Sloan Bentley	President and Chief Executive Officer of Lifespace Communities, Inc.	2014

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Dorsey & Whitney LLP	Des Moines, IA	David Grossklaus
Bond Counsel	Gilmore & Bell	Kansas City, MO	Rick Wright
Underwriter(s):	Ziegler	Chicago	Dan Hermann
Underwriters' Counsel:	Katten Muchin Rosenman LLP	Chicago	Janet Hoffman
Trustee:	U.S. Bank	Miami, FL	Mike Daly
Trustee's Counsel:	Holland & Knight	Lakeland, FL	Mike Wiene
IFA Counsel:	Chapman and Cutler, LLP	Chicago	David J. Kates
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	6
State Senate:	24
State House:	48

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**SERVICE AREA**

- Beacon Hill is located in the Village of Lombard in DuPage County, Illinois. The primary market area is the Chicago western suburbs, located in DuPage County and western Cook County. Lombard is located approximately 22 miles due west of the central business district of the city of Chicago. It is part of the west suburban growth corridor that includes the towns of Elmhurst, Oak Brook and Villa Park on the east and Glen Ellyn and Wheaton on the west. Lombard is located on the Union Pacific West commuter rail line (formerly Chicago and Northwestern Railroad), which has driven the growth of these towns over the last 60+ years.
- Senior living communities that are considered to be key competition for prospective residents are located within approximately 15 miles of Beacon Hill. Primary competitors include Windsor Park, Wyndemere, The Devonshire, The Meadows, Lexington of Lombard, Lexington of Elmhurst, Park Place, Plymouth Place, and Oak Trace (which is affiliated with Lifespace Communities).



February 18, 2015

**\$294,975,000**  
**SILVER CROSS HOSPITAL**

<b>REQUEST</b>	<p><b>Purpose:</b> Silver Cross Hospital is expected to use proceeds of the sale of the Series 2015C Bonds to (i) advance refund all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the “Prior Bonds”), currently outstanding in the principal amount of \$259,725,000; (ii) fund a Debt Service Reserve Fund, if required, and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C 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 ACTION</b>	Preliminary Bond Resolution																							
<b>MATERIAL CHANGES</b>	None. This is the first time this project has been presented to the IFA Board of Directors for consideration.																							
<b>JOB DATA</b>	1,642	Current FTE’s	N/A	New jobs projected																				
	1,642	Retained FTE’s	N/A	Construction jobs projected																				
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• New Lenox (Will County)</li> <li>• <b>Silver Cross Hospital (“SCH”)</b> is a 501(c)(3) corporation established under Illinois law. Silver Cross is a 295-bed hospital located in New Lenox, Illinois, approximately 35 miles southwest of Chicago. SCH has a good reputation of providing a broad range of healthcare services, with substantial resources. Silver Cross has consistently gained market share and is the market share leader in its primary service area. Silver Cross is located in Will County, one of the most rapidly growing counties in the country. The county has experienced explosive growth over the past 15 years and projections suggest that strong population growth will continue for the next 25 years.</li> </ul>																							
<b>CREDIT INDICATORS</b>	• Silver Cross Hospital is currently rated BBB-/BBB+ (S&P/Fitch)																							
<b>STRUCTURE</b>	• Fixed rate, tax-exempt bonds.																							
<b>SECURITY</b>	• Obligated Group; Secured by revenue pledge and mortgage on par with outstanding debt.																							
<b>MATURITY</b>	• No later than 10 years.																							
<b>SOURCES AND USES</b>	<p><b>Sources:</b></p> <table border="0"> <tr> <td>Par Amount</td> <td>\$294,975,000</td> </tr> <tr> <td>Premium</td> <td>28,219,000</td> </tr> <tr> <td>Accrued Interest</td> <td>3,757,000</td> </tr> <tr> <td>DSRF Release</td> <td><u>29,076,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$356,027,000</u></b></td> </tr> </table>		Par Amount	\$294,975,000	Premium	28,219,000	Accrued Interest	3,757,000	DSRF Release	<u>29,076,000</u>	<b>Total</b>	<b><u>\$356,027,000</u></b>	<p><b>Uses:</b></p> <table border="0"> <tr> <td>Refunding Escrow</td> <td>\$325,780,000</td> </tr> <tr> <td>Debt Service</td> <td></td> </tr> <tr> <td>Reserve Fund</td> <td>26,556,000</td> </tr> <tr> <td>Costs of Issuance</td> <td><u>3,691,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$356,027,000</u></b></td> </tr> </table>		Refunding Escrow	\$325,780,000	Debt Service		Reserve Fund	26,556,000	Costs of Issuance	<u>3,691,000</u>	<b>Total</b>	<b><u>\$356,027,000</u></b>
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Costs of Issuance	<u>3,691,000</u>																							
<b>Total</b>	<b><u>\$356,027,000</u></b>																							
<b>RECOMMENDATION</b>	The Credit Review Committee recommends approval.																							

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 February 18, 2015**

**Project: SILVER CROSS HOSPITAL**

**STATISTICS**

Project Number: H-HO-TE-CD-8724	Amount: \$315,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Pam Lenane
Location: New Lenox, IL	County/ Region: Will/Northeast

**BOARD ACTION**

Preliminary Bond Resolution	No extraordinary conditions
Conduit 501 (c)(3) Revenue Bonds	Credit Review Committee recommends approval
No IFA funds at risk	

**VOTING RECORD**

None. This is the first time this project has been presented to the IFA Board of Directors or consideration.

**PURPOSE**

Silver Cross Hospital is expected to use proceeds of the sale of the Series 2015C Bonds to (i) advance refund all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the "Prior Bonds"), currently outstanding in the principal amount of \$259,725,000; (ii) fund a Debt Service Reserve Fund; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C Bonds and the refunding of the Prior Bonds.

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance 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.

**VOLUME CAP**

501(c)(3) Bonds do not require Volume Cap.

**JOBS**

Current employment: FTE's 1,642	Projected new jobs: N/A
Jobs retained: FTE's 1,642	Construction jobs: N/A

**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses :</b>	
Par Amount	\$294,975,000	Refunding Escrow	\$325,780,000
Premium	28,219,000	Debt Service Reserve	
Accrued Interest	3,757,000	Fund	26,556,000
DSRF Release	<u>29,076,000</u>	Costs of Issuance	<u>3,691,000</u>
<b>Total</b>	<b><u>\$356,027,000</u></b>	<b>Total</b>	<b><u>\$356,027,000</u></b>

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**FINANCING SUMMARY/STRUCTURE**

Security:	The Series 2015C Bonds will be secured by a revenue pledge and mortgage on par with outstanding debt.
Structure:	Tax-exempt, fixed rate debt
Expected Interest Rate:	5.00%
Interest Mode:	Fixed
Current Rating:	S&P: BBB-/Stable; Fitch: BBB+/Stable
Final Maturity:	August 15, 2044
Estimated Closing Date:	April 30

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**PROJECT SUMMARY**

Silver Cross Hospital is expected to use proceeds of the sale of the Series 2015C Bonds to (i) advance refund all of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the "Prior Bonds"), currently outstanding in the principal amount of \$259,725,000; (ii) fund a Debt Service Reserve Fund; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C Bonds and the refunding of the Prior Bonds.

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**BUSINESS SUMMARY**

**Silver Cross Hospital** ("SCH") is a 501(c)(3) corporation established under Illinois law. Silver Cross is a 295-bed hospital located in New Lenox, Illinois, approximately 35 miles southwest of Chicago. SCH has a good reputation of providing a broad range of healthcare services, with substantial resources. Silver Cross has consistently gained market share and is the market share leader in its primary service area. Silver Cross is located in Will County, one of the most rapidly growing counties in the country. The county has experienced explosive growth over the past 15 years and projections suggest that strong population growth will continue for the next 25 years.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Project name:	Silver Cross Hospital 1900 Silver Cross Blvd. New Lenox, IL 60451	
Applicant:	Silver Cross Hospital	
Ownership (501(c)(3)):	501(c)(3) Not-for-Profit Corporation	
State:	Illinois	
Board Members:	Carlstrom, Jack M. Danielson, Mark, M.D. Hutchison, Douglas Jr. Kenny, Michael McCowan, Al Mikolajczak, David, D.O. Morrissette, Steve Paddock, Scott Pawlak, Paul Phelan, John Prock, Susan Roolf, James	Retired Businessman General Surgeon, Surgical Consultants of Joliet Retired Businessman CFO, Panduit Consultant Physician, EM Strategies Retired Businessman, College Professor President, Chicagoland Speedway President/CEO, Silver Cross Hospital Businessman, CommScope LOA from career President, First Midwest Bank

Stofan, Mark  
Totten, Mary  
Udovich, Christopher, M.D.

Stofan Agazzi & Company, Inc.  
President, Totten & Associates  
Physician, Hedges Clinic

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Foley & Lardner LLP	Chicago, IL	Laura Bilas
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Rich Tomei
Underwriter	Goldman, Sachs & Co.	New York, NY	Rondy Jennings
Underwriter's Counsel:	Dentons US LLP	Chicago, IL	Mary Wilson
Issuer's Counsel:	Hinshaw & Culbertson LLP	Chicago, IL	Leslie Richards-Yellen
Borrower Financial Advisor:	Ponder & Co.	Valparaiso, IN	Mike Tym
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	11
State Senate:	43
State House:	86

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**SERVICE AREA**

Silver Cross Hospital is located near the U.S. Hwy. 6/I-355 (Veterans Memorial Tollway) interchange in New Lenox, Illinois, approximately 37 miles southwest of the City of Chicago. The primary service area provided approximately 74% of its admissions (July, 2014, prior 12 months) and includes the surrounding Will County communities of Crest Hill, Elwood, Frankfort, Homer Glen, Joliet, Lemont, Lockport, Manhattan, Mokena, New Lenox, and Orland Park (the "Primary Service Area"). The secondary service area extends about 20 miles beyond the Primary Service Area and consists of the communities of Bolingbrook, Braidwood, Channahon, Coal City, Matteson, Minooka, Monee, Morris, Palos Park, Plainfield, Romeoville, Shorewood, Tinley Park and Wilmington (the "Secondary Service Area").

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Melinda Gildart, Chief Financial Officer

Date: February 18, 2015

Re: Resolution to Award the Accounting and Auditing Pool Contract

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### **Request:**

The accompanying Resolution is in connection with awarding bidders for the Authority's recent procurement of accounting and auditing services through the Authority's exemption from the Illinois Procurement Code for Financial, Legal and Professional and Artistic services.

### **Background:**

This procurement was made to augment the Authority's understaffed Finance Department. These vendors will tackle delayed accounting and auditing projects to assist staff mostly in preparation of the financial audit and compliance audits and accounting software ledger updates. The awardees will be engaged for a 3-year term with no anticipated renewal options.

These are six separate contracts similar to the legal pool we currently have, with each having a separate NTE amount.

### **Recommendation:**

Staff recommends approval of the accompanying Resolution as presented.

**RESOLUTION NO. 2015-0218-AD05**

**RESOLUTION TO AWARD THE ACCOUNTING AND AUDITING POOL  
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;

**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.

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

**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 Audit and Attestation Services Contract.** The Authority hereby approves the terms of an Audit and Attestation Services contract to (i) Washington, Pittman and McKeever, LLC, (ii) Prado and Renteria CPAs Professional Corp., (iii) Crowe Horwath LLP, (iv) Franklin and Vaughn, LLC and (v) Ringold Financial Management Services, Inc. (the “Audit and Attestation Services Contract”).

**Section 3. Approval of Accounting Services Contract.** The Authority hereby approves the terms of an Accounting Services contract to (i) Washington, Pittman and McKeever, LLC, (ii) Prado and Renteria CPAs Professional Corp., (iii) Crowe Horwath LLP, (iv) Franklin and Vaughn, LLC, (v) Ringold Financial Management Services, Inc. and (vi) Globetrotters International, Inc. (the “Accounting Services Contract”).

**Section 4. 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 Audit and Attestation Services Contract and the Accounting Services Contract.

**Section 5. 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 6. 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 7. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 8. 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: IFA Board of Directors

From: Christopher B. Meister, Executive Director  
Melinda Gildart, Chief Financial Officer

Date: February 18, 2015

Re: Resolution to Accept the Fiscal Year 2014 Financial Audit

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### **Request:**

The accompanying Resolution is in connection with the acceptance of the Authority's Fiscal Year 2014 Financial Audit.

### **Background:**

The Authority's Fiscal Year 2014 Financial Audit was released by the Auditor General of the State of Illinois on January 15, 2015.

### **Recommendation:**

Staff recommends approval of the accompanying Resolution as presented.



**RESOLUTION NO. 2015-0218-AD06**

**RESOLUTION TO ACCEPT THE FISCAL YEAR 2014 FINANCIAL AUDIT**

**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**, pursuant to the Act, the Auditor General shall conduct financial audits and program audits of the Authority, in accordance with the Illinois State Auditing Act (30 ILCS 5/1-1 *et seq.*) (the “Illinois State Auditing Act”);

**WHEREAS**, it is the Auditor General’s responsibility to express an opinion on the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, a component unit of the State of Illinois, as of and for the year ended June 30, 2014 (“Fiscal Year 2014”), and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements;

**WHEREAS**, E. C. Ortiz & Co., LLP performs as Special Assistant Auditors for the Auditor General;

**WHEREAS**, E. C. Ortiz & Co., LLP conducted the Authority’s Financial Audit for Fiscal Year 2014 (the “Fiscal Year 2014 Financial Audit”) in accordance with Government Auditing Standards, issued by the Comptroller General of the United States;

**WHEREAS**, on January 15, 2015, the Auditor General released the Authority’s Fiscal Year 2014 Financial Audit;

**WHEREAS**, in the opinion of the Independent Auditors’ Report, the Authority’s Fiscal Year 2014 Financial Audit presents fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information for Illinois Finance Authority, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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. Acceptance of Illinois Finance Authority Fiscal Year 2014 Financial Audit.** The Authority hereby accepts the Financial Audit for fiscal year ended June 30, 2014.

**Section 3. 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 4. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 5. 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: IFA Board of Directors

From: Chris Meister, Executive Director

Date: February 18, 2015

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 (“DACA Loan Program”) in an Amount Not to Exceed \$2,900,000 and Ratifying Certain Matters Related Thereto

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***Request***

In Fiscal Year 2014, the Illinois Finance Authority (“Authority”) began a pilot loan program to enable talented applicants to Illinois medical schools and dental schools who have Deferred Action for Childhood Arrivals (“DACA”) status to finance tuition and fees (“DACA Loan Program”). Medical and dental school applicants with DACA status cannot receive federal loans to pay for medical school or dental school regardless of their credentials. The Authority’s DACA Loan Program requires one-year of service obligation in medically underserved areas of Illinois for each year that the loan is received by the student.

In May 2014, up to \$2.9 million was authorized from Authority General Funds that did not originate in State taxpayer appropriations for the DACA Loan Program for school years 2014-2018. To date, the Authority has allocated \$1,280,252 to fund loans for seven students under the DACA Loan Program. The accompanying resolution (“New 2015 Resolution”) requests that the remaining approximately \$1.62 million under Resolution No. 2014-0513-AD (“May 2014 Resolution”) be allocated to the DACA Loan Program for school years 2015-2018. The New 2015 Resolution will enable the entire \$2.9 million of IFA-sourced funds originally envisioned to fund DACA Loans for students beginning school in 2015.

***Background:***

The Authority considered and voted to approve the pilot DACA Loan Program twice, on July 9, 2013 (Resolution No. 2013-0709-AD05) and on May 13, 2014 (May 2014 Resolution), when an amount not to exceed \$2.9 million was allocated to the DACA Loan Program to finance tuition and fees for up to twelve medical students. The DACA Loan Program is consistent with the Authority’s Act (20 ILCS 3501/801-5(1); 801-30(a)) and the Authority’s Strategic Plan.

Currently, Loyola University’s Stritch School of Medicine (“Stritch”) is the only medical school (Loyola does not operate a dental school) in Illinois accepting applications from applicants with DACA status. Under the pilot DACA Loan Program, the Authority directly lends money to cover tuition and fees to students of DACA status that have been accepted into any Illinois medical or dental school that accepts applicants with DACA status. For each year a DACA student receives a loan under the program, that student will agree to practice full-time as a physician in a medically underserved area in Illinois for one year (“Service Obligation”) upon completion of their residency. The loans are zero interest unless the DACA students fail to complete the Service Obligation. The loans are serviced through the participating medical school to minimize the administrative burden on the Authority.

To date, it appears that Stritch is the only Illinois medical (or dental) school that accepts applicants with DACA status. The availability of loan funds under the pilot program is available to all Illinois medical and dental schools that accept applicants with DACA status and that comply with the terms of the DACA Loan Program.

In the 2014-2015 medical school year, seven DACA students are attending Stritch through the DACA Loan Program. The Authority restricted \$1,280,252 of its locally-held monies to fund loans for four years of tuition and fees (2014-2018) for these seven students and this restriction appears in the Authority’s public monthly Financial Analysis and Financials. On February 9, 2015, Stritch’s Associate Dean provided the following update to the Authority:

“ . . . all seven students are in good standing at Stritch and remain on pace to successfully complete our curriculum and graduate in May 2018. The students completed three courses in the fall semester with NO course failures, and several students earned Honors (H) as their final grade in at least one course.

The students took their first exam in the first spring course, historically the most difficult first-year course, and all passed. A couple of the students scored in the 90<sup>th</sup> percentile on the exam [and] are on pace to earn Honors (H) as their final grade in this course as well.”

- *February 9, 2015, correspondence from James G. Mendez, PhD, Stritch Associate Dean*

***The DACA Loan Program meets the four evaluative criteria specified in the Authority’s Strategic Plan:***

The Authority’s strategic plan approved four evaluative criteria that it will use to guide program development and commitments as well as investments and asset allocations. The Authority will evaluate the proposed program initiative according to the following four evaluative criteria: (i) appropriateness to public mission; (ii) clear articulation and evaluation of risk; (iii) evaluation of competitive position; and (iv) net revenue impact. The DACA Loan Program meets statutory requirements as well as all four stated goals for program development specified in the Authority’s Strategic Plan.

***i. Public Mission***

The Authority has the power to enter into loans connected with any of its statutory corporate purposes, including loans to benefit the people of Illinois by enhancing their welfare, developing their health and providing opportunities for them to develop their intellectual capacities. 20 ILCS 3501/801-5(I); 801-30(a). The DACA Loan Program provides vital financial resources so that talented DACA students may enter and complete medical or dental school in Illinois. In exchange, participating students must fulfill a Service Obligation in medically underserved areas in Illinois. The DACA Loan Program is a comparatively small commitment of Authority public funds in exchange for a large public impact through the Service Obligation. Accordingly, the DACA Loan Program meets both one of the Authority’s statutory corporate purposes and the public mission leg of the Authority’s strategic plan.

***ii. 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, DACA status at any time. In this situation, a participating DACA student would not be able to repay the loan to the Authority or fulfill the Service Obligation.

***iii. Competitive Position***

This is a “but for” program. DACA students 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 as well as most State financial aid programs. “But for” the DACA Loan Program and the mandatory Service Obligation, DACA students have no way to pay for their medical or dental education.

***iv. Net Revenue Impact***

This resolution seeks approval to proceed with committing the remaining estimated \$1.6 million of the \$2.9 million authorized under the May 2014 Resolution (No. 2014-0513-AD). As with the seven loans already authorized, 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. The participating medical or dental school will service the DACA Student Loans for their respective students, so the administration and compliance costs to the Authority will be minimal.

**IFA RESOLUTION NO. 2015-0218-AD07**

**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 found, determined and declared that the following policy should animate Authority’s programs:

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**, 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**, under Resolution Nos. 2013-0709-AD05 and 2014-0513-AD, the Authority created the pilot “DACA Loan Program” to provide loans to DACA students attending Illinois medical and dental schools to finance the cost of tuition and fees in exchange for an agreement by a DACA Student to practice full-time as a physician in Underserved Areas in Illinois one year for each year the loan funds are received by the DACA Student (the “Service Obligation”); and

**WHEREAS**, Loyola University’s Stritch School of Medicine (“Stritch”) has waived legal residency as an admissions requirement and thus has allowed DACA students to apply and be accepted by Stritch; and

**WHEREAS**, in calendar year 2014, the Authority allocated approximately \$1.3 million to fund loans to seven (7) DACA students attending Stritch for medical school years 2014-2018 under Resolution No. 2014-0513-AD and that there is approximately \$1.6 million in remaining financial authority under that same resolution; and

**WHEREAS**, the DACA Loan Program is available to any medical or dental school in Illinois that agrees to comply with the program's conditions subject to the availability of funds under this resolution;

**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 DACA Loan Program.** The DACA Loan Program provides vital and "but for" financial resources so that talented DACA medical and dental students can complete their medical education in Illinois in exchange for a Service Obligation in medically underserved Illinois communities. The purpose of the DACA Loan Program is consistent with the statutory policy findings in 20 ILCS 3501/801-5(l).

**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. Specifically but not limited to, the Authority delegates to the Executive Director of the Authority to allocate the remaining \$1.6 million of the \$2.9 million approved through Resolution No. 2014-0513-AD to the DACA Loan Program.

**Section 4. Additional 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.