

1 ILLINOIS FINANCE AUTHORITY
2 REGULAR MEETING OF THE MEMBERS
3 March 12, 2019, at 9:31 a.m.

4 REPORT OF PROCEEDINGS had at the Regular
5 Meeting of the Illinois Finance Authority on
6 March 12, 2018, at the hour of 9:30 a.m., pursuant to
7 notice, at 160 North LaSalle Street, Suite S-1000,
8 Chicago, Illinois.

9 APPEARANCES:

10 CHAIRMAN ERIC ANDERBERG

MR. JAMES J. FUENTES

11 MR. MIKE GOETZ

MS. ARLENE A. JURACEK

12 MR. LERRY KNOX

MR. E. LYLE McCOY

13 MR. TERRENCE O'BRIEN

MR. ROGER POOLE

14 MS. BETH SMOOTS

MR. BRADLEY A. ZELLER

15
16 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

MR. CHRISTOPHER B. MEISTER, Executive Director

17 MR. RICH FRAMPTON, Executive Vice President

MR. BRAD FLETCHER, Vice President

18 MS. PAMELA LENANE, Executive Vice President

MR. RYAN OECHSLER, Associate General Counsel

19 MR. TERRY FRANZEN, Procurement

Ms. XIMENA GRANDA, Controller

20 MS. ELIZABETH WEBER, General Counsel and Legal
Adviser to the Board

21 MS. SARA PERUGINI, Vice President, Healthcare

22

23

24

1 GUESTS:

Mr. John Kirkwood, Faegre Baker Daniels LLP

2 Ms. Alisa Coleman, Chief Executive Officer, Ferrell
Hospital (via audio conference)

3 Mr. Dick Sterrett, Chicago Campus Manager, National
Louis University

4 Mr. Matt Havey, Managing Director, Vermilion
Development

5

SULLIVAN REPORTING COMPANY, by

6 Cheryl L. Sandeck, CSR

License No. 084-03710

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

1 CHAIRMAN ANDERBERG: Okay. Good morning,
2 everyone. I would like to call the meeting to order.

3 Will the Assistant Secretary please
4 call the roll.

5 MR. FLETCHER: Certainly. The time is 9:31.

6 Mr. Fuentes?

7 FUENTES: Here.

8 FLETCHER: Mr. Goetz?

9 GOETZ: Here.

10 FLETCHER: Ms. Juracek?

11 JURACEK: Here.

12 FLETCHER: Mr. Knox?

13 KNOX: Here.

14 FLETCHER: Mr. McCoy?

15 McCOY: Here.

16 FLETCHER: Mr. O'Brien?

17 O'BRIEN: Here.

18 FLETCHER: Mr. Poole?

19 POOLE: Here.

20 FLETCHER: Ms. Smoots?

21 SMOOTS: Here.

22 FLETCHER: Mr. Zeller?

23 ZELLER: Here.

24 FLETCHER: And Mr. Chairman?

1 CHAIRMAN ANDERBERG: Here.

2 FLETCHER: Mr. Chairman, a quorum of Members
3 physically present in the room has been constituted.

4 At this time, I'd like to ask if any
5 Members would like to attend via audio conference?

6 (No response.)

7 FLETCHER: Hearing none, we can continue.

8 CHAIRMAN ANDERBERG: Okay. Is there a motion
9 to approve -- sorry.

10 FLETCHER: So we'll move on to approval of
11 agenda.

12 CHAIRMAN ANDERBERG: All right. I would like
13 to note that New Business Items 7 and 11 have been
14 withdrawn in advance of today's meeting and we've
15 been presented with a revised agenda.

16 Does anyone wish to make any addition,
17 edits, or corrections to today's revised agenda?

18 (No response.)

19 CHAIRMAN ANDERBERG: Okay, I would like to
20 request a motion to approve the revised agenda.

21 Is there such a motion?

22 MR. O'BRIEN: Motion.

23 MR. GOETZ: Second.

24 MR. CHAIRMAN: We have a motion and second.

1 All those in favor?

2 (Chorus of ayes.)

3 CHAIRMAN ANDERBERG: Opposed?

4 (No response.)

5 CHAIRMAN ANDERBERG: The ayes have it.

6 Is there any public comment for the

7 Members today?

8 (No response.)

9 CHAIRMAN ANDERBERG: Okay. Chairman's remarks.

10 I have none today. I'm happy that the weather is

11 breaking and tomorrow we'll have some better weather

12 here in the state of Illinois.

13 Mr. Meister.

14 MEISTER: Thanks, Mr. Chairman.

15 I just have a brief addition to the

16 Executive Director's Message. At the beginning of

17 the message, we highlight three state policies.

18 State policies are really what makes the ladder of

19 state access to federal tax exemption in the context

20 of conduit bonds.

21 I really want to highlight that the

22 role of the Authority is not to be a regulator.

23 There are other statutory local, state, federal

24 entities that are in charge of regulation. The

1 Authority serves the purpose as a facilitator of
2 financing, of primarily to access federal tax
3 exemption.

4 But I do really want to highlight
5 three, and we'll discuss these more later on in the
6 meeting. We've got a couple of items just to
7 highlight for our borrowers going forward: The
8 importance of the Illinois prevailing wage in the
9 view of Illinois policymakers. That is, of course,
10 enforced by the Illinois Department of Labor and in
11 many ways has some unique elements to the State of
12 Illinois, yet it is an important state policy.

13 Also, green and climate priorities,
14 which was recently articulated by Governor Pritzker
15 in an executive order, is going to be important to
16 the upcoming State Revolving Fund transaction that
17 was considered and approved last month.

18 And the final one of particular
19 interest to our volunteer board members is the ethics
20 structure that -- that the volunteer board members,
21 that their public service lives within and that all
22 members -- all staff members of the Authority are
23 also subject to.

24 So with that, I will turn it back to

1 you, Mr. Chairman.

2 CHAIRMAN ANDERBERG: Okay. Thank you, Chris.

3 Committee reports. Member McCoy.

4 McCOY: Thank you, Mr. Chairman.

5 The Tax-Exempt Conduit Transactions

6 Committee met earlier this morning and voted

7 unanimously to recommend for approval the following

8 New Business Items on today's agenda: Ferrell

9 Hospital Community Foundation, National-Louis

10 University, one Beginning Farmer Bond, the Provident

11 Group - UIUC Properties LLC, and an amendatory

12 resolution for the Shedd Aquarium Society.

13 CHAIRMAN ANDERBERG: Okay. Thank you.

14 I would like to ask for the general

15 consent of the Members to consider New Business Items

16 Numbers 1 through 6, 8 and 9 collectively and to have

17 the subsequent recorded vote applied to each

18 respective individual item unless there are any other

19 New Business Items that a Member would like to

20 consider separately.

21 Okay. The Members will consider and

22 vote on New Business Item Number 10 separately at the

23 end, as the Executive Director will need to exit the

24 room.

1 Okay. Mr. Frampton?

2 FRAMPTON: Okay. Thank you, Mr. Chairman.

3 I'm Rich Frampton. I will be
4 introducing the Project Items this morning.

5 At this time, I would like to note
6 that for each of the new conduit business items
7 presented on today's agenda, including Items 1, 2, 3
8 and 4, the Members are considering approval only of
9 the resolution and the not-to-exceed amount contained
10 therein.

11 Item 1, Ferrell Hospital Community
12 Foundation.

13 Item 1 is a 501(c) (3) Bond request.
14 Staff requests approval of a one-time Final Bond
15 Resolution for Ferrell Hospital Community Foundation
16 in an amount not to exceed \$35 million.

17 Bond proceeds will be used by the
18 Borrower to pay or reimburse the costs of acquiring,
19 renovating, remodeling and expanding, furnishing and
20 equipping the borrower's hospital facility in
21 Eldorado, Illinois. Proceeds will also be used to
22 pay costs of issuance and capitalized interest on the
23 bonds during the project construction period.

24 The bonds will be purchased directly

1 by Old National Bank of Evansville, Indiana. The
2 bonds will be secured by the gross revenues of the
3 borrower and by a mortgage on the property. The
4 Bank's mortgage will be subordinate to three existing
5 mortgages held by the U.S. Department of Agriculture.

6 The bonds are expected to remain
7 outstanding for the duration of the construction
8 period, or approximately 24 months. After the
9 construction period, the bonds will be taken out with
10 a permanent loan from the USDA. In the event of a
11 bond default, the bonds will be subject to mandatory
12 redemption by the Bank, effectively converting the
13 bonds to a taxable loan.

14 PERUGINI: Thanks, Rich.

15 At this time, I would like to
16 recognize and introduce John Kirkwood of Faegre Baker
17 Daniels. He is Bond Counsel on the Ferrell Hospital
18 Community Foundation transaction. So welcome, John.

19 And as you see in your press packet,
20 Governor Pritzker was just down at Ferrell Hospital
21 signing a bill providing \$55 million to critical
22 access hospitals. So we also have joining us today
23 via audio conference Alisa Coleman, who is the CEO of
24 Ferrell Hospital.

1 I like to invite her at this time to
2 say a few words. Alisa.

3 COLEMAN: Good morning.

4 PERUGINI: Good morning.

5 COLEMAN: Hello from way down south in
6 Eldorado, Illinois. We're about 300 miles due south
7 of you guys. So we've got sunny weather down here,
8 so it's probably coming your way.

9 So thank you so much, Sara, for
10 allowing me to talk to you for just a minute before
11 you proceed with your regular meeting. We're very
12 excited to be on your agenda today. I can't tell you
13 what this means to our hospital, our community, and
14 those patients that we serve in this region.

15 Thank you very much for mentioning
16 Governor Pritzker's visit last Friday. We were very
17 excited to host that event. As Sara mentioned, that
18 is a -- will be a shot in the arm for rural -- small
19 rural hospitals in the state of Illinois,
20 particularly critical access hospitals who are a lot
21 of times the safety net for small rural communities.
22 We tend to care for those sicker community members.
23 Our population is just generally older in our rural
24 communities and, therefore, has a lot of health

1 issues. So critical access hospitals in the state of
2 Illinois a lot of times are those communities' safety
3 net healthcare providers.

4 So the reassessment program that the
5 Governor signed into law was a part of an overall
6 bill that was a part of their Senate Bill 1469. And
7 embedded in that Bill were the provisions for the
8 additional funds available to fund hospitals.

9 We are, of course, as Sara mentioned,
10 a 501(c)(3) hospital, not for profit, organization,
11 25-bed critical access hospital in a county of about
12 20,000 folks. We share this county with another
13 hospital in our service area as well and together
14 we've been able to provide these services.

15 Our hospital is almost a hundred years
16 old, and so we've been around a long time. We've
17 seen certainly a lot of ebbs and tides in hospital
18 reimbursement. And so having a Governor come to
19 Eldorado, and particularly to Ferrell Hospital for
20 this signing, was, you know, really a very good
21 indication that the State understands healthcare in
22 this state and in trying to do those things that will
23 not continue to harm hospitals and healthcare
24 providers.

1 It's very difficult in these small
2 communities to recruit and retain qualified
3 healthcare professionals, be it physicians,
4 pharmacists, nurses. It's a challenge. And so
5 having this additional revenue will continue to allow
6 us to provide those healthcare services.

7 And then, again, our project that's
8 being discussed today will allow us to have the
9 infrastructure, the foundation pieces, the tools that
10 those healthcare professionals need to be able to
11 care for the community. You know, as a hospital,
12 we're not able to admit a single patient. That's
13 done by our physicians. And so the hospitals, the
14 structure, the bricks and mortar are a tool. And,
15 frankly, our facility has met its useful life.

16 And so, you know, we are asking for
17 the approval from you to allow us to do the
18 construction of this facility and bring it back into
19 a 21st Century healthcare facility that our community
20 deserves.

21 Our community deserves quality
22 healthcare services. And to provide those, you have
23 to have a safe and quality environment to be able to
24 continue to do that.

1 So, again, thank you so much for
2 allowing us to talk about the Governor's visit.
3 Again, it was very important, a bill signing for all
4 hospitals, particularly critical access hospitals in
5 the state of Illinois, and also to tell him about our
6 project and to tell you about it as well.

7 So, Sara, thank you for allowing me
8 just a couple of minutes to brag on Ferrell Hospital
9 in Eldorado, Illinois.

10 PERUGINI: Thank you, Alisa.

11 FRAMPTON: Does any Member have any questions
12 or comments?

13 (No response.)

14 FRAMPTON: Okay. We'll move on to Item 2,
15 National Louis University.

16 Item 2 is a 501(c) (3) Bond request.
17 Staff requests approval of a one-time Final Bond
18 Resolution for National Louis University in an amount
19 not to exceed \$27 million, the proceeds of which will
20 be used to, (i) current refund 100 percent of the
21 outstanding balance of the Illinois Educational
22 Facilities Authority, Series 1999 Bonds issued on
23 behalf of the University and (ii) provide New Money
24 financing that will enable the University to finance,

1 refinance or reimburse the University for the costs
2 of acquiring, constructing, improving, and equipping
3 real property owned by the borrower at the Gage
4 Building at 18 South Michigan Avenue, and to fund
5 certain reserves, pay capitalized interest, if any,
6 and pay costs of issuance.

7 The University closed on the purchase
8 of approximately 126,000 square feet of condominium
9 space from Roosevelt University located in Gage
10 Building in December 2018. The condominium space
11 purchased by NLU is located on Floors 2-8 and a
12 portion of Floor 1 in the Gage Building. Upon
13 completion, the facilities of Kendall College,
14 including its culinary and hospitality program (which
15 National-Louis purchased in August 2018) will be
16 relocated to a portion of the Gage Building site.
17 The Gage Building will also provide adequate space
18 for future growth.

19 The Series 2019 Bonds will be
20 purchased directly by PNC Bank. National-Louis
21 University is nonrated entity.

22 At this time, I would like to
23 introduce Mr. Dick Sterrett, who is Chicago Campus
24 Manager at National-Louis University, who just has a

1 brief comment regarding his -- regarding IFA's
2 participation in here and their experience in putting
3 this deal together.

4 STERRETT: I just want to, on behalf of the
5 University, thank you for your support. I look
6 forward to working with you. And on behalf of the
7 leadership team and everyone associated, I appreciate
8 it. Thank you very much.

9 FRAMPTON: Does any Member have any questions
10 or comments?

11 (No response.)

12 FRAMPTON: Next is Item 3, Luke F. and
13 Amanda C. Zwilling.

14 Item 3 is a one-time Final Bond
15 Resolution requesting approval for a Beginning Farmer
16 Bond for Luke F. and Amanda C. Zwilling, who are
17 purchasing 20 acres of farmland located in Richland
18 County in the not-to-exceed amount of \$65,000. The
19 Peoples State Bank of Newton is the purchasing bank
20 for this conduit transaction.

21 Does any Member have any questions or
22 comments?

23 (No response.)

24 FRAMPTON: Next is Item 4. Provident Group -

1 UIUC Properties LLC.

2 Item 4 is a 501(c)(3) Bond request.

3 Staff requests approval of a Preliminary Bond

4 Resolution for Provident Group - UIUC Properties LLC

5 in an amount not to exceed \$100 million.

6 The purpose of the Preliminary Bond

7 Resolution is to serve as a resolution of intent by

8 the Illinois Finance Authority as issuer. Upon

9 approval of the Preliminary Bond Resolution today,

10 all capital expenditures (including, for example,

11 orders of building materials) incurred up to 60 days

12 ago that fall within the parameters of the Project

13 Description and Resolution will be eligible to be

14 permanently financed with proceeds of the bonds.

15 Bond Proceeds will be used by the

16 borrower to finance the costs of designing,

17 developing, constructing, and equipping two new

18 facilities. The first project involves development

19 of a new 124,000 square foot Campus Instructional

20 Facility, which will expand instructional space to

21 accommodate planned enrollment growth over the next

22 decade in the University of Illinois at

23 Urbana-Champaign's College of Engineering. The

24 second project involves construction of a new Feed

1 Technology Center at the UIUC campus, which will
2 replace the College of Agricultural, Consumer, and
3 Environmental Sciences' (or College of ACES')
4 existing Feed Mill, which was originally constructed
5 in 1927 and is located adjacent to the University's
6 Technology Park.

7 Again, both facilities will be located
8 on the main campus of the University of Illinois at
9 Urbana-Champaign.

10 The Bonds will be publically offered
11 by RBC Capital Markets, LLC, and it is anticipated
12 that the project will be investment grade-rated by
13 both Moody's and S&P. The Bonds are expected to bear
14 a fixed interest rate and feature approximately level
15 debt service payments over 30 years, which will
16 follow a two-year construction financing period.

17 This transaction utilizes a
18 public-private partnership structure similar to what
19 we have seen for projects at Northern Illinois
20 University, Illinois State University, Northeastern
21 Illinois University, and the University of Illinois
22 at Chicago since 2006 and continues IFA and IDFA's
23 leadership in facilitating prioritized financing
24 structures for state universities since 1997. The

1 Provident/University Ground Lease and Sublease
2 Agreements are expected to conform to the same
3 40-year terms as in the prior IFA financings that
4 used the public-private partnership structure.

5 The University undertook a procurement
6 for a public-private partnership to design, develop,
7 finance, and manage campus -- university campus
8 academic buildings and principally for the
9 development of the Campus Instructional Facility
10 serving the College of Engineering. From among those
11 responding to the RFP, the University selected the
12 proposal submitted by Vermilion Enterprises, LLC,
13 and its affiliates, successors, and assigns as
14 Developer and with Provident Resources Group, Inc.,
15 which is based in Baton Rouge, Louisiana, and its
16 successors, affiliates, and assigns. The Provident
17 affiliates will be the owner of the project.

18 The University's RFP and the
19 Developer's proposal further enabled the University
20 to consider additional projects under the same
21 procurement, resulting in the addition of the Feed
22 Technology Center Project.

23 Details regarding the University's
24 procurement and background information on Provident

1 and the Development Team are presented on pages 6-8
2 of the report.

3 Finally, the report presented in Tab 4
4 today is again in support of a preliminary bond resolution
5 request. The report will be updated when this matter
6 returns to the Board for consideration of the Final
7 Bond Resolution, which the working group currently
8 anticipates in April.

9 And at this time I would like to
10 introduce Mr. Matt Havey, who is a Managing Director
11 at Vermilion Development and is representing the
12 Development Team on the projects in this financing.

13 HAVEY: Thank you, Mr. Frampton.

14 On behalf of the Development Team, we
15 are pleased to present this financing for your
16 consideration. This financing will help the
17 University of Illinois accomplish three long-term
18 objectives.

19 First, as we've already noted,
20 construction of the Campus Instructional Facility
21 will help the University's College of Engineering
22 attain its planned 5 to 10 percent enrollment growth
23 over the next decade. The Campus Instructional
24 Facility is estimated to provide academic space for

1 approximately 60 percent of the University's College
2 of Engineering students in the future.

3 The second objective is that
4 construction of the new Feed Technology Center will
5 provide the College of ACES with upgraded, modern
6 facilities for undertaking research in animal and
7 human nutrition.

8 And the third objective resulting from
9 this project is that upon completion of the new Feed
10 Technology Center, the 1927-era feed mill will be
11 demolished and the site will be redeveloped to expand
12 the footprint of the University's Technology Park.

13 This Development Team is primarily
14 comprised of a joint venture between Vermillion
15 Development and Campbell Coyle Development as the
16 developers, Skidmore, Owings & Merrill as architect
17 for the Campus Instructional Facility, Pepper
18 Construction as general contractor for the Campus
19 Instructional Facility, and ASI Industrial as the
20 design builder for the Feed Technology Center.

21 On behalf of the University system's
22 entire project development and finance team, we
23 appreciate your efforts and we appreciate your
24 consideration today.

1 Thank you.

2 CHAIRMAN ANDERBERG: Thank you.

3 FRAMPTON: Does any Member have any questions
4 or comments?

5 MEISTER: I would like to just highlight a
6 couple of issues. I think also, Rich, Vermilion was
7 involved several years ago during the federal
8 stimulus with the University of Chicago project,
9 correct?

10 FRAMPTON: Yes. And we issued Bonds for the
11 Hyatt Place Hotel and Harper Court, and Vermilion
12 was the developer for the Harper Court project at the
13 University of Chicago.

14 MEISTER: I also want to take this opportunity
15 because I think this is an important project.
16 Obviously, this is the Authority's first project with
17 the University of Illinois Urbana-Champaign. But I
18 think it also illustrates one of the strengths of the
19 Authority, which is longevity and -- and professional
20 knowledge.

21 Back in February 2011, Rich worked
22 with Northern Illinois University and Illinois State
23 on a similar student dormitory ground lease/sublease
24 structure. And it was evident at that time, there

1 was some legislation that was developing in the
2 general assembly that was going to limit public
3 universities to a maximum term of ten years and that
4 was going to be effective in mid-2011.

5 Now, one of the many productive and
6 impactful things that Rich has done over his long
7 career with the Authority was that he identified this
8 particular developing problem that would have really
9 hurt public universities unintentionally and that --
10 and would have made it probably impossible to
11 structure these public-private partnerships for
12 public university construction.

13 And then Rich recommended and
14 developed some specific amendments to the state
15 Procurement Code. This proposed language was
16 favorably considered by the Illinois General
17 Assembly, ultimately adopted and enshrined into law,
18 and it's now part of Section 53-25 of the Illinois
19 Procurement Code. It provides that if the Illinois
20 Finance Authority issues bonds for the -- for
21 financing a building determined by a public state
22 university, institution of higher education, to be
23 necessary for that institution to meet its mission,
24 then the duration of the lease entered into in

1 connection with the IFA bonds shall be at the
2 discretion of the public institution and no longer
3 limited to the ten-year cap. And it is noted, in order to
4 facilitate a 32-year bond issue, the underlying
5 ground issues and facilities need to be 40 years.

6 So it was an excellent suggestion. It
7 was well thought out. It was favorably considered
8 and became law. And I think, importantly, it
9 provided another tool for Illinois public
10 institutions of higher education to meet their
11 mission to educating the professionals of tomorrow,
12 strengthening our economy, and doing it in a way that
13 provides accountability and transparency.

14 Thank you, Rich.

15 FRAMPTON: Okay. Next we will move on to Item
16 5, which is a Resolution Authorizing Certain
17 Amendments for the Shedd Aquarium Society Series 2015
18 Bonds.

19 Item 5 is a resolution authorizing the
20 execution and delivery of a First Amendment to the
21 Bond and Loan Agreement and related documents to
22 effectuate a change in the interest rate formula
23 borne on the Shedd Aquarium Society's Series 2015
24 Bond previously issued by the Authority.

1 Approval of this resolution will
2 provide consent necessary to make certain changes to
3 the Series 2015 Bond interest rate provisions as
4 agreed by the Borrower and JPMorgan Bank, as
5 Bondholder Representative for JPMorgan Chase's
6 wholly-owned subsidiary DNT Asset Trust.

7 The Borrower and Bondholder
8 Representative are amending the fixed interest rate
9 through maturity to compensate for the elimination of
10 a "Statutory Tax Rate Change Fee," which has been
11 paid by the borrower since 2018 when federal tax law
12 changes to the maximum corporate tax rate went into
13 effect. The net effect will be an overall lower
14 effective cost to the Shedd.

15 Consistent with current best
16 practices, a LIBOR interest rate floor of 0 percent
17 is being implemented as well.

18 Together, these changes will
19 constitute a reissuance for tax purposes.

20 Does any Member have any questions or
21 comments?

22 (No response.)

23 FRAMPTON: Moving on, next is Item 6, a
24 Resolution Approving Green Bond Designation for the

1 State Revolving Fund and Matters Related Thereto.

2 Item 6 is a resolution approving
3 "Green Bond" designation for the State Revolving Fund
4 Series 2019 Bonds.

5 This resolution authorizes execution
6 and delivery of a fifth amendment to the memorandum
7 of agreement between the IFA and IEPA to support the
8 "Green Bond" designation.

9 This resolution also approves the
10 posting of reports on the IFA's website regarding the
11 projects financed with the proceeds of the 2019 SRF
12 Bonds in support of the "Green Bond" designation.

13 Does any Member have any questions or
14 comments?

15 (No response.)

16 FRAMPTON: Item 7, Item 7 has been withdrawn.

17 Item 8 is a Resolution Approving
18 Updates to the Authority's Bond Handbook and Other
19 Matters Related Thereto.

20 Item 8 is a resolution approving
21 certain updates to the Authority's Bond Handbook.

22 Authority staff recently undertook a
23 review of certain of the Bond Handbook provisions
24 relating to compliance by borrowers, lenders, and

1 counsel for all bond transactions.

2 The changes addressed by this
3 resolution will highlight the need to review and
4 comply with applicable Illinois statutes, laws, and
5 ordinances, including building and zoning codes,
6 which may have materially different requirements and
7 impacts than in other jurisdictions and which may
8 apply as a consequence of utilizing IFA conduit bond
9 financing.

10 MEISTER: Mr. Frampton, I also have some
11 additional context for this. As I opened my comments
12 in the meeting, the Finance Authority is not a
13 regulator. There are other entities that are engaged
14 in regulation.

15 But because our mission and our
16 revenues are focused on customers, when we identify
17 circumstances that -- when we identify circumstances
18 where it becomes necessary to highlight and emphasize
19 certain policies of this state, we like to take the
20 opportunity to do so.

21 And without getting into the details
22 of any enforcement matters that are currently
23 pending, General Counsel Weber and I can either do
24 that individually, or, if it's the pleasure of the

1 Authority, we can move into closed session.

2 None of these matters I think endanger
3 the finances or funds of the Authority. But it
4 became important to really emphasize in a public way
5 not only to highlight the existing language that it
6 is the duty and obligation that the borrower agrees
7 to follow all federal, state, and local laws,
8 particularly of importance since we are an entity
9 created by State statute, particularly those laws and
10 policies of the State of Illinois.

11 Within the recent past, there have
12 been a couple of borrowers that, despite agreeing to
13 these contractual provisions, failed to do so. Now,
14 that does not provide exposure to the Authority other
15 than to reputational risk. But I think it does place
16 the Authority in a very uncomfortable position.

17 And so upon a lot of internal
18 discussion, work with our own teams and with outside
19 counsel and at least one of the regulators, we're
20 really highlighting that it's the borrower who has
21 the duty to review and comply with local building and
22 zoning codes. And also it is the borrower that has
23 the responsibility to ensure that their project
24 complies with the Illinois prevailing wage

1 provisions. It is not the duty of the Authority.
2 But we are -- and in addition including and not
3 limited to any other federal, state applicable law.

4 So that's the rationale. I can take
5 any questions. But it is -- the collective staff, we
6 thought it was important, particularly in a time
7 where we have new leadership at state agencies and,
8 frankly, some new leadership at federal agencies that
9 we really highlight the duty of the borrowers. So I
10 will take any questions.

11 FRAMPTON: Okay. Item 9, Resolution Honoring
12 Pamela Lenane, Executive Vice President of the
13 Authority.

14 Item 9 is a resolution honoring Pamela
15 Lenane, who, after a long and distinguished career
16 both with the Finance Authority and its predecessor,
17 the Health Facilities Authority, plans to scale back
18 her current role in the coming weeks. We thank
19 Ms. Lenane for her service to the Authority, the
20 State, and the people of Illinois.

21 MEISTER: And, Mr. Frampton, it is my great
22 pleasure to recognize Pam. Pam has been a partner of
23 mine since I joined the Authority in August of '07.

24 She's served as Vice President. She

1 has served as Vice President and Acting General
2 Counsel. She has served as Executive Vice President.
3 And Sara Perugini, Sara, stand up, Pam played a key
4 role in recruiting Sara Perugini who is going to
5 step into Pam's role. And Pam is actively working to
6 ensure a smooth succession, which is one of the
7 reasons why Pam is going to stay on on some sort of
8 part-time basis. We're still working on that.

9 And I think that the importance of
10 nonprofit healthcare and senior living to the
11 Authority and its mission, as the CEO of Ferrell
12 Hospital indicated, cannot be understated. It is one
13 of the core statutory purposes and mission of the
14 Authority. And I think that there are a couple of
15 items that Chairman Anderberg would like to highlight
16 for Pam.

17 CHAIRMAN ANDERBERG: Yeah. And you stole some
18 of the words I wanted to use, but it's fine.

19 She said today in Eldorado, Illinois,
20 the importance of healthcare throughout the state,
21 and I just want to recognize one thing. And nobody
22 can see the resolution here and I want to read this.
23 This is really an amazing career.

24 During her tenure with the Authority,

1 Ms. Lenane oversaw over 270 healthcare bond issuances
2 by the Authority, providing approximately
3 \$29.4 billion in capital for hospitals, healthcare
4 facilities, and continuing care retirement
5 facilities. Illinois owes you a great debt of
6 gratitude for your service, Pam.

7 (Standing ovation.)

8 MS. LENANE: Thank you, Mr. Chairman. As you
9 know, I have a passion for my work and I really like
10 helping the hospitals. I love hospital people. It's
11 been very enjoyable and I've enjoyed working with the
12 Board and predecessor boards and Director Meister.
13 And it's been, I think, a long road.

14 I mean, this was sort of going to be
15 my semiretirement career, my Board work, because I
16 practiced law for 25 years before that, meaning that
17 I'm older than dirt and I should have stayed away a
18 little bit. Thank you very much.

19 CHAIRMAN ANDERBERG: Thank you.

20 Okay. With that, I would like to
21 request a motion to pass and adopt the following New
22 Business Items: Items 1, 2, 3, 4, 5, 6, 8 and 9.

23 Is there such a motion?

24 McCOY: So moved.

1 MR. GOETZ: Second.

2 CHAIRMAN ANDERBERG: Motion of Mr. McCoy,
3 second from Mr. Goetz.

4 FLETCHER: On motion and second, I will call
5 the roll.

6 Mr. Fuentes?

7 FUENTES: Yes.

8 FLETCHER: Mr. Goetz?

9 GOETZ: Yes.

10 FLETCHER: Ms. Juracek?

11 JURACEK: Yes.

12 FLETCHER: Mr. Knox?

13 KNOX: Yes.

14 FLETCHER: Mr. McCoy?

15 McCOY: Yes.

16 FLETCHER: Mr. O'Brien?

17 O'BRIEN: Yes.

18 FLETCHER: Mr. Poole?

19 POOLE: Yes.

20 FLETCHER: Ms. Smoots?

21 SMOOTS: Yes.

22 FLETCHER: Mr. Zeller?

23 ZELLER: Yes.

24 FLETCHER: And Mr. Chairman?

1 CHAIRMAN ANDERBERG: Yes.

2 FLETCHER: Mr. Chairman, the motion carries.

3 CHAIRMAN ANDERBERG: Thank you.

4 Okay. Before we present Item 10, I
5 would like to ask Executive Director Meister to exit
6 the room.

7 (Executive Director Meister exited the
8 room.)

9 FLETCHER: Please note for the record that
10 Executive Director Meister has exited the room.

11 CHAIRMAN ANDERBERG: Okay. In August, 2015,
12 the Illinois Governmental Ethics Act was amended to
13 limit the terms of late-term executive appointees
14 unless retained by official action after a new
15 governor takes office.

16 As you'll recall, Mr. Meister was
17 nominated and appointed to his current term as
18 Executive Director in December 2018. Governor
19 Pritzker took office on January 14, 2019.

20 Consistent with the provisions of the
21 Illinois Governmental Ethics Act, Item 10 confirms as
22 continuation of Executive Director Meister's
23 appointment through and including June 12, 2019.

24 I would like to request a motion to

1 pass and adopt Item 10 of the New Business Items.

2 Does any Member have any questions or
3 comments?

4 O'BRIEN: I will like to speak if I may. I
5 would like to nominate Chris Meister for continuation
6 as the Executive Director. I served on -- had the
7 privilege of serving on this Board for some length
8 of time. I've grown to respect Mr. Meister and his
9 knowledge, his ability, his conscientious way he
10 works with people. I think that he has done a great
11 job in reducing expenses here. He has kept the
12 budget in line. He has also had a substantial amount
13 of legislative accomplishments.

14 I would also like to compliment him --
15 but not only him, but yourself, Mr. Chairman, and the
16 staff that's been assembled and the work that they
17 have done. They are all professionals. They do a
18 wonderful job.

19 And with that in mind, I would
20 nominate Mr. Meister for continuation as Executive
21 Director.

22 GOETZ: And I will second that motion. If
23 anybody has been on this Board longer than Terry,
24 it's me. So thank you.

1 CHAIRMAN ANDERBERG: I fully concur. We have a
2 motion by Mr. O'Brien, a second by Mr. Goetz.

3 Will the Assistant Secretary please
4 call the roll.

5 FLETCHER: On the motion and second, I will
6 call the roll.

7 Mr. Fuentes?

8 FUENTES: Yes.

9 FLETCHER: Mr. Goetz?

10 GOETZ: Yes.

11 FLETCHER: Ms. Juracek?

12 JURACEK: Yes.

13 FLETCHER: Mr. Knox?

14 KNOX: Yes.

15 FLETCHER: Mr. McCoy?

16 McCOY: Yes.

17 FLETCHER: Mr. O'Brien?

18 O'BRIEN: Yes.

19 FLETCHER: Mr. Poole?

20 POOLE: Yes.

21 FLETCHER: Ms. Smoots?

22 SMOOTS: Yes.

23 FLETCHER: Mr. Zeller?

24 ZELLER: Yes.

1 FLETCHER: And Mr. Chairman?

2 CHAIRMAN ANDERBERG: Yes.

3 FLETCHER: Mr. Chairman, the motion carries.

4 CHAIRMAN ANDERBERG: Thank you.

5 (Executive Director Meister returned to
6 the room.)

7 FLETCHER: Next on the record is Item 11. Item
8 11 has been withdrawn prior to commencement of
9 today's meeting.

10 And kindly please note for the record
11 that Executive Director Meister has returned to the
12 room.

13 The following items are subject matter
14 only. We will not be taking a vote on any of the
15 following items.

16 The first item on the agenda is
17 Item 12.

18 Item 12, which can actually be found
19 in your Board Books, is Tab 8 when we are assembling
20 the Board Books last Thursday, is a two-page memo to
21 inform you of the current progress we are making with
22 Property Assessed Clean Energy financing services,
23 which as you may recall after the last month's
24 consideration and approval is now available to all

1 counties, cities, and villages in Illinois.

2 Importantly, the City of Chicago's Law
3 Department recently amended and approved its form
4 assessment contract internally in part to meet our
5 new Illinois Finance Authority Bond Handbook
6 requirements to secure bonds issued by the Authority
7 for PACE projects.

8 Also, we remain in discussions with
9 the Program Administrator that has been engaged by
10 DuPage County and Kane County. And we continue to
11 develop relationships with Cook County and Will
12 County, among others, to broaden the Illinois PACE
13 market.

14 Lastly, we are continuing our work on
15 developing an interim funding product for small
16 energy projects that are otherwise uneconomical for
17 purposes of bond financing. And very recently
18 Senator Melinda Bush of Grayslake filed Senate Bill
19 1296 which adds residential property to the scope of
20 the Property Assessed Clean Energy Act. We are
21 carefully monitoring this legislative development.
22 We've participated in working group meetings and are
23 communicating regularly with the legislation's
24 primary advocate as well as the legislative working

1 group.

2 Does any Member have any questions or
3 comments?

4 MEISTER: I would also just like to add and
5 compliment the work of Mr. Fletcher. Developing new
6 services that customers are willing to pay money for
7 is difficult in the private sector. It's
8 particularly difficult in the public sector. And I
9 think that Brad's work over the last 18 months that
10 really stands out is developing both contractually
11 and with the General Assembly a framework that the
12 Authority can play an important role in facilitating
13 the financing of these commercial property assessed
14 clean energy projects.

15 And I think one of the items that he
16 didn't mention but I will take the liberty of
17 raising, I think this has been well received by the
18 City of Chicago and it's because the Authority has
19 put in a lot of work in -- on the front end. And we
20 think and we hope that the City of Chicago's projects
21 will be a model for the rest of the state.

22 One of the elements of residential
23 PACE -- and, again, getting back to the point of
24 other people regulate the Authority -- or the

1 Authority's projects, not the Authority, is
2 residential PACE poses particular problems. There
3 are consumer issues when construction is being done
4 behind the door of a private residence, privately
5 owned residence and on private residential property.
6 There is also elements of residential mortgage laws.

7 But we think that residential PACE, if
8 some of these issues are worked through, holds
9 promise as one possible tool to addressing the
10 problem of lead water pipes in older Illinois
11 residences. This was highlighted in a United States
12 Environmental Protection Agency report on the
13 challenge posed by residential lead pipes.

14 The Authority is happy to play a role
15 in this conversation, but I think right now our
16 important role under the statute and under this
17 resolution approved by this Board is to make sure
18 that we have a service that we can provide to
19 customers in order to meet the need, the overall need
20 of reducing commercial energy and water use.

21 FLETCHER: Thank you.

22 FRAMPTON: Any comments for Brad?

23 (No response.)

24 MEISTER: Item 13 is again highlighting

1 important state policies. This is a subject matter
2 update. It refers to Illinois prevailing wage.

3 And as Mr. Goetz knows, who was here
4 at the first meeting of the Authority in January of
5 '04, the Prevailing Wage Act was explicitly amended
6 upon consolidation on the '03 legislation that
7 created the Authority. And in '09 the Authority
8 supported Senate Bill 223, which clarified the
9 application of Prevailing Wage Act to projects
10 financed with private activity bonds issued by any
11 conduit issuer, including those created by State
12 statute or Municipal Home Rule Units located in the
13 state of Illinois.

14 As the Members may remember, over the
15 past several years, the Authority has faced a
16 challenge with conduit issuers based in the laws of
17 other states and their policies. They have what's
18 known as multistate authority, and as does the
19 Authority. And that was suggested by Ms. Lenane and
20 again considered and adopted by the General Assembly.

21 But these other -- these foreign state
22 issuers -- and it has, again, related and resulted in
23 additional legislation. But currently there is a
24 regulatory exposure, if you will, that these

1 out-of-state issuers may be able to issue bonds for
2 projects located in the state of Illinois and then be
3 able to argue that those bonds should be issued in
4 Wisconsin or Colorado or Florida or wherever and
5 then, thus, avoid paying the prevailing wage.

6 So we have proposed some language. It
7 is in your Board Book. We have reviewed it with the
8 Illinois Department of Labor, and we will be raising
9 it through the Governor's Office and the General
10 Assembly in the coming weeks.

11 I will take any questions.

12 (No response.)

13 MEISTER: Moving on to Item 14, an update
14 regarding certain ethics consideration for Illinois
15 Finance Authority Members. This is an update, but
16 there is an intersection of the Illinois Finance
17 Authority law that the -- at least I think three
18 statutory -- three or four statutory sets of ethics
19 law and a Governor's Executive Order.

20 We've also included in your Board
21 Books the two statement of economic interest that the
22 volunteer Authority Members need to fill out; one
23 provided by the Secretary of State, one provided by
24 the Ethics Commission.

1 I think importantly our Ethics Officer
2 and General Counsel and Counsel to the Authority
3 Members, Elizabeth Weber -- Elizabeth stand up -- she
4 is available to answer what are often fact-specific
5 questions for the Members. This is complex. We
6 developed this over a period of weeks. And it does
7 have some -- it requires interaction, not just with
8 the lawyers on our staff, Elizabeth Weber and Ryan
9 Oechsler, but also outside counsel and the various
10 bond counsel.

11 Elizabeth, why don't you just sort of
12 highlight in the supplement the elements, the
13 additional elements that we have on the four-page
14 memo.

15 WEBER: Okay. Before we get to that, just to
16 remind you that you'll be getting the actual forms
17 for the statement of economic interest in the mail.
18 So you should not be completing what's in the book;
19 they're just an example. You should not complete the
20 forms in the book to you; they're just there for your
21 reference. You should be receiving those soon.

22 And then again, as in the past, as
23 Ethics Officer, I need to review those forms before
24 they're submitted. So if you could endeavor to get

1 them back in my hands by the next board meeting in
2 April, if possible, depending when you get them, that
3 would be ideal because they are due May 1st.

4 As to the particular provisions that
5 are highlighted in the memo that's included in I
6 think it's at Tab 11 --

7 FLETCHER: So this is in your manila folders.
8 It looks like this.

9 MEISTER: Just have Elizabeth highlight the
10 four or five major elements.

11 WEBER: All right. Thank you.

12 This is conflicts considerations. The
13 specific provisions, the IFA Act, we've dealt with
14 questions under that numerous times. There is
15 certain conflicts that are prohibited. Generally,
16 those don't come up. More likely, it's a question of
17 disclosure and extension. But if you are aware of
18 anything that might pose a conflict, please talk with
19 me. We'll work through it.

20 The next provision is the Illinois
21 Public Officer Prohibited Activities Act. Does
22 everybody have this available in the manila folder?

23 OECHSLER: It should be the last document.

24 WEBER: And that again deals with voting on

1 transactions. So the first two are important in
2 terms of acting -- voting on transactions. The
3 latter ones -- sorry.

4 The latter three apply to dealings
5 with the State and its agencies more broadly. So
6 that would be under (ii), (iii) and (iv). And some
7 of these deal with restrictions after Board Members
8 leave office. So fairly detailed here, I'm not going
9 to try to get into the specifics here.

10 Please look through it. If you have
11 any questions or if you have any specific potential
12 dealings that you want to discuss, both Ryan and I
13 are available to go through those and to assist you
14 in analyzing whether they pose any restrictions.

15 CHAIRMAN ANDERBERG: Okay. Thank you.

16 Financial reports. Ms. Granda.

17 GRANDA: Good morning, everyone. I'm going to
18 be presenting the financial information for period
19 ending February 28, 2019. The financial statements
20 are in your Board Books under the Financial
21 Statements tab.

22 The General Fund highlights are
23 follows: Our total annual revenue equals
24 \$2.8 million and are \$226,000, or 8.7 percent, higher

1 than budget. This is primarily due to higher
2 administrative fees and interest and investment
3 income.

4 Our total expenses equals \$2.9 million
5 and are \$449,000, or 13.6 percent, lower than budget.
6 This was driven by below budget spending on
7 employee-related expenses due to vacancies.

8 In February, the Authority generated
9 \$91,000 in closing fees, which is \$130,000 lower than
10 the monthly budgeted amount of \$221,000.

11 In February, the Authority recorded
12 operating expenses of \$336,000, which is \$77,000
13 lower than the monthly budgeted amount of \$413,000.

14 Our total monthly net loss for
15 February is \$80,000, which is attributable to lower
16 than expected closing fees.

17 Our total annual net loss for the year
18 is at \$30,000, which is better than the forecast
19 operating loss of \$707,000. This is due to higher
20 than expected interest and investment income, in
21 addition to an effective expense control.

22 Moving to audit, our external audit,
23 the Authority has scheduled the entrance conference
24 with our external auditors. The entrance conference

1 is scheduled on April 12. The external auditors will
2 be performing our fiscal year 2019 financial audit
3 and our fiscal year 2018 and fiscal year 2019
4 compliance examination.

5 Moving to our internal audit, as
6 mentioned before, there are two audits that were
7 completed, which are payroll personnel and personal
8 information audits, and that is statutory mandates
9 audit. The Authority has already received a final
10 report on the statutory mandates audit and we're
11 working on providing some responses to the
12 observations.

13 The Authority is waiting for the final
14 report for the payroll personnel and personal
15 information audit, which currently has one
16 observation.

17 I want to emphasize the importance of
18 the internal auditors. The internal auditors have
19 been very helpful in our day-to-day activities and we
20 want to thank CMS and the internal audit division.

21 Are there any questions?

22 (No response.)

23 GRANDA: Thank you.

24 CHAIRMAN ANDERBERG: Okay. All right. I would

1 like to request a motion to accept the financial
2 reports.

3 Is there such a motion?

4 O'BRIEN: So moved.

5 GOETZ: Second.

6 CHAIRMAN ANDERBERG: Motion by Mr. O'Brien,
7 seconded by Mr. Goetz. All those in favor?

8 (Chorus of ayes.)

9 CHAIRMAN ANDERBERG: Opposed?

10 (No response.)

11 CHAIRMAN ANDERBERG: The ayes have it.

12 Procurement.

13 FRANZEN: Good morning, Mr. Chairman, and
14 Members of the Board.

15 On page 1 of the procurement report,
16 those are the items that support our Authority
17 operations. The remainder of the report includes the
18 expired projects through just the fiscal year. And
19 we are working to get both the investment management
20 and the financial advisor RFPs out as soon as we can.

21 Any questions?

22 (No response.)

23 FRANZEN: Thank you.

24 CHAIRMAN ANDERBERG: Thank you.

1 Does anyone wish to make any
2 additions, edits, or corrections to the Minutes from
3 February 14th?

4 (No response.)

5 CHAIRMAN ANDERBERG: Hearing none, I would like
6 to request a motion to approve the Minutes.

7 Is there such a motion?

8 FUENTES: So moved.

9 POOLE: Second.

10 CHAIRMAN ANDERBERG: There's a motion and a
11 second by Mr. Poole.

12 All those in favor?

13 (Chorus of ayes.)

14 CHAIRMAN ANDERBERG: Opposed?

15 (No response.)

16 CHAIRMAN ANDERBERG: The ayes have it.

17 Is there any other business to come
18 before the Members today?

19 (No response.)

20 CHAIRMAN ANDERBERG: I need to request a motion
21 to approve the absence of Member Obernagel today. Is
22 there such a motion.

23 KNOX: So moved.

24 FUENTES: Second.

1 CHAIRMAN ANDERBERG: We have a motion and a
2 second.

3 All those in favor?

4 (Chorus of ayes.)

5 CHAIRMAN ANDERBERG: Opposed?

6 (No response.)

7 CHAIRMAN ANDERBERG: The ayes have it.

8 Okay. Is there any other business to
9 come before the Members?

10 (No response.)

11 CHAIRMAN ANDERBERG: Hearing none, I would like
12 to thank you our full complement of Members for
13 participating today.

14 Is there any matter for discussion in
15 closed session?

16 (No response.)

17 CHAIRMAN ANDERBERG: Good. The next regularly
18 scheduled meeting will be April 9th.

19 I would like to request a motion to
20 adjourn.

21 Is there such a motion?

22 GOETZ: So moved.

23 KNOX: Second.

24 CHAIRMAN ANDERBERG: There's a motion and a

1 second.

2 All those in favor?

3 (Chorus of ayes.)

4 CHAIRMAN ANDERBERG: Opposed?

5 (No response.)

6 CHAIRMAN ANDERBERG: The ayes have it.

7 Now real quick, I'm told we have
8 corned beef and cabbage from Manny's.

9 MEISTER: We have corned beef sandwiches from
10 Manny's thanks to Mari.

11 CHAIRMAN ANDERBERG: So if you want to hang
12 around, you're welcome to do so.

13 FLETCHER: The meeting is adjourned. The time
14 is 10:28 a.m.

15 (Whereupon the above
16 matter was adjourned.)

17

18

19

20

21

22

23

24