

ILLINOIS FINANCE AUTHORITY

April 10, 2018

9:30 a.m.

SPECIAL MEETING

Michael A. Bilandic Building

160 North LaSalle Street

Suite S-1000

Chicago, Illinois 60601

- I. Call to Order & Roll Call
- II. Approval of Agenda
- III. Public Comment
- IV. Chairman's Remarks
- V. Message from the Executive Director
- VI. Committee Reports
- VII. Presentation and Consideration of New Business
- VIII. Presentation and Consideration of Financial Reports
- IX. Monthly Procurement Report
- X. Correction and Approval of Minutes
- XI. Other Business
- XII. Closed Session
- XIII. Adjournment

NEW BUSINESS

TAX-EXEMPT CONDUIT TRANSACTION PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Private Activity Bonds - Revenue Bonds <i>Final (One-Time Consideration)</i>						
1	2018 Blue Island LLC (Better Housing Foundation Blue Station Project)	Blue Island (Cook County)	\$27,500,000	N/A	3	RF/BF
2	A) Joshua P. and Nichole E. Hooks	West Township (Effingham County)	\$300,000	-	-	PE/LK
	B) Jordan Weidner	Pixley Township (Clay County)	\$242,500	-	-	PE/LK
	C) Justin Probst	North Muddy Township (Jasper County)	\$92,500	-	-	PE/LK
TOTAL TAX-EXEMPT CONDUIT TRANSACTION PROJECTS			\$28,135,000	N/A	3	

DIRECT AND ALTERNATIVE FINANCING PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Participation Loans <i>Final (One-Time Consideration)</i>						
3	Neighborhoods.com, LLC	Chicago (Cook County)	\$275,000	15	TBD	SL
TOTAL DIRECT AND ALTERNATIVE FINANCING PROJECTS			\$275,000	15	TBD	
GRAND TOTAL			\$28,410,000	15	3	

NEW BUSINESS

RESOLUTIONS

Tab	Action	Staff
Tax-Exempt Conduit Transactions		
4	Resolution Authorizing and Approving the Execution and Delivery of a First Amendment to the Bond and Loan Agreement Dated as of December 1, 2010 under which the Bonds were Issued and Sold to Wheaton Bank & Trust Company and Approving the Execution of Certain Other Agreements Relating to the Issuance of the Bonds; and Related Matters (St. Francis High School College Preparatory Project)	RF/BF
Audit, Budget, Finance, Legislation, Investment and Procurement		
5	Resolution to Accept the Fiscal Year 2017 Financial Audit and Fiscal Years 2016 & 2017 Compliance Examination	CM/XG
6	Resolution Authorizing the Executive Director to Enter Into One or More Contracts with Mesirow Insurance Services, Inc. and One or More of Its Affiliates or other Providers for the Provision of Insurance Brokerage and other Insurance Services, Including Employee Benefits	EW/RO
Governance, Personnel, and Ethics		
7	Resolution Approving Changes in the Dates of Regular Meetings for the Remainder of Fiscal Year 2018	EW/RO

SUBJECT MATTER-ONLY

Tab	Action	Staff
Tax-Exempt Conduit Transactions		
8	Status Report on Illinois Finance Authority Asset Ownership and Project Finance Program and Illinois Medium Term Healthcare Finance Program	PL

Date: April 10, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Neil Heller
Robert Horne
Mayor Arlene A. Juracek

Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Christopher B. Meister, Executive Director

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

Dear Member of the Authority:

Welcome to the Authority, Neil Heller

On behalf of the Chair, Members and staff of the Authority, we are pleased to welcome ***Neil Heller*** as the fourteenth volunteer Member of our Board. Neil is an accomplished entrepreneur who runs a business in El Paso and resides in Bloomington. We thank Governor Rauner for the Neil's appointment and for adding another experienced, central Illinois voice to the Authority.

Better Housing Foundation – Preserving Affordable Rental Housing in Northeastern Illinois

Today, the Members will consider ***2018 Blue Island LLC (“Better Housing Foundation Blue Station Project”)*** with a not-to-exceed amount of \$27.5 million. This project will be the fifth Better Housing Foundation-affiliated project that the Authority has considered since 2016. Like its four sibling projects, these bonds will be structured as pure conduit revenue bonds with investment grade ratings. Once closed, ***Better Housing Foundation Blue Station Project***, and the four prior financings, will total approximately \$170 million in bond proceeds that have or will support the appropriate preservation of approximately 1,839 affordable housing units in Chicago, Addison, Glen Ellyn, Mundelein, St. Charles and Blue Island.

Rejuvenated Authority Participation Loan Program Meets Enthusiastic Response!

On February 8, 2018, the Board considered and adopted a resolution to rejuvenate the Authority's Participation Loan Program (the “Program”). This Program is structured to resemble the highly successful DCEO Advantage Illinois Program, though the Authority's own effort will be funded with locally-held and non-appropriated general funds and promises to be more “targeted” to support the empowerment of veteran, minority, female, and disabled-owned ventures, as well as farmers and others engaged in various types of agribusiness.

To date, the Authority has received an enthusiastic response from entities among the state's financial community. The success of this rejuvenated Program is reliant upon adoption and participation



by our state's private sector lenders. Significantly, we have already been able to enroll six Participating Lenders and expect to enroll another five before the end of April 2018. The Program's initial loan request, *Neighborhoods.com, LLC* will be considered on today's agenda.

Financial Strength and Accountability

The acceptance of two, independent, external audits of the Authority's finances and operations, performed by RSM US LLP as Special Assistant Auditors for the Illinois Auditor General, is on today's agenda: (1) Illinois Finance Authority Financial Audit for the Year Ended June 30, 2017 ("FY 2017 Financial Audit"), and (2) Illinois Finance Authority Compliance Examination for the Two Years Ending June 30, 2017 ("FY 2016 & 2017 Compliance Audit"). The two audits were considered in detail at the April 3, 2018 meeting of the Authority's Audit, Budget, Finance, Investment and Procurement ("Audit Plus") Committee. Once the Authority considers the two audits, the next step will be consideration before the Illinois General Assembly's Legislative Audit Commission, and hopefully, closure.

Importantly, the FY 2017 Financial Audit demonstrates the financial strength of the Authority's operations: Fiscal Year 2017 ended with net income of \$3.1 million for all Authority funds. As the Members know, Fiscal Year 2018's financials, while preliminary, draft and unaudited, are strong as well.

Finally, the Audit Plus Committee also received its first, draft, internal audit report. The Authority looks forward to a productive and useful internal audit program performed by an experienced team at the Authority's sister agency, Central Management Services ("CMS").

Changes in the Dates of Regular Meetings for the Remainder of Fiscal Year 2018

Pursuant to the resolution considered on this month's agenda, the Authority will be changing the dates of the regular meetings for the remainder of Fiscal Year 2018.. Specifically, the next two regular meeting dates will now be Tuesday, May 8, 2018 and Tuesday, June 12, 2018. We hope this change in meeting dates maximizes the ability of our volunteer Members to participate and attend.

As always, I look forward to continuing to work with you in support of jobs and financing capital expansion projects throughout our state.

Respectfully,

Christopher B. Meister
Executive Director

April 10, 2018

\$27,500,000 (not-to-exceed amount)
2018 Blue Island LLC (Better Housing Foundation Blue Station Project)

REQUEST	<p>Purpose: Bonds will be issued in one or more series and bearing interest on either a tax-exempt or taxable basis. Bond proceeds will be used by 2018 Blue Island LLC (the “Borrower”), an Illinois limited liability company and special purpose affiliate of the Better Housing Foundation, an Ohio nonprofit corporation (and 501(c)(3) corporation) (“BHF” or the “Sole Member”), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping a 345-unit multifamily affordable residential rental property located at 2130 W. 122nd Street, Blue Island (Cook County), Illinois (the “Project”), (ii) fund one or more debt service reserve funds for the benefit of the Series 2018 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2018 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Volume Cap Not Required: This financing will not require Volume Cap due to the 501(c)(3) ownership status of the Sole Member of the limited liability company that will be purchasing the subject property. The Bonds will be issued to also satisfy the <u>low- and moderate-income tenant income requirements</u> specified under Section 142(d) of the Internal Revenue Code of 1986, as amended. Additionally, the property will be subject to a Land Use Restriction Agreement and a Tax Regulatory Agreement that will require that the property complies with applicable tenant income restrictions until the later of (i) a minimum of 15 years following the date of closing or (ii) until the IFA Series 2018 Bonds are paid in full. Additionally, (a) a minimum of 75% of the units must be allocated for lease to income qualified low- and moderate income individuals and families earning less than 80% of the area median gross income (adjusted for family size) and (b) a minimum of 40% of the units must be allocated for lease to income qualified individuals and households earning less than 60% of the area median gross income.</p> <p>Extraordinary Conditions: None.</p>			
BOARD ACTIONS	Final Bond Resolution (One-time consideration)			
MATERIAL CHANGES	None. This is the first time this Project has been considered by the IFA Board of Directors.			
JOB DATA	8.5	Current jobs	N/A	New jobs projected
	N/A	Retained jobs	3-4	Construction jobs projected
DESCRIPTION	<ul style="list-style-type: none"> • Project Locations: 345-unit multifamily housing property located at 2130 W. 122nd St. in Blue Island (Cook County). • Type of entity: 2018 Blue Island LLC is an Illinois limited liability company and is a single purpose legal entity formed to acquire, rehab, equip and own the subject 345-unit multifamily property, on behalf of the Sole Member (i.e., the Better Housing Foundation). • Better Housing Foundation, a nonprofit organization incorporated under Ohio law and established in 2015, will engage (through its legal affiliates) The Lynd Group (headquartered in San Antonio, TX or “Lynd”) to manage the subject 345-unit affordable multifamily rental property. Lynd is a national property management company foundation and its affiliates manage 212 properties with 35,000 rental apartment units nationally (which include several affordable properties) located in 16 states. The Blue Station property will be the fifth property (and fifth affordable property) under Lynd management in Illinois. • In addition to the 501(c)(3) ownership, the Project will be subject to a Land Use Restriction Agreement that will require that the property will be maintained as an affordable housing property for the greater of (i) a minimum of 15 years or (ii) the date on which the IFA Bonds (or any subsequent Refunding Bonds) are repaid in full. The Foundation’s mission requires that a minimum of 75% of units be allocated to qualified low- and moderate income tenants earning less than 80% of the area median gross income (adjusted for family size) and consistent with HUD income limits. 			
CREDIT INDICATORS	<ul style="list-style-type: none"> • The plan of finance presently contemplates Bonds to be sold in 3 series (and comprised 2 senior series (1 tax-exempt series and 1 taxable series to cover non-qualified costs); and 1 subordinate tax-exempt series. • BHF has applied to S&P Global Ratings for ratings on the Project and anticipate ratings in the low Single A range for the Senior Tax-Exempt 2018A-1 Bonds and Senior Taxable 2018A-2 Bonds (e.g., ‘A-’, and ratings in the low Triple-B range (e.g., ‘BBB-’ for the Subordinate Tax-Exempt 2018B Bonds). 			
SECURITY	<ul style="list-style-type: none"> • The Bonds will be secured by Project Revenues and a First Mortgage on the Project and a collateral assignment of Rents and Leases. <i>Also see the headings titled “Security – Senior Series 2018A-1/A-2 Tax-Exempt Bonds” (see pp. 4-5) and “Security – Subordinate Series 2018B Tax Exempt Bonds” (see p. 5).</i> 			

MATURITY	● Pursuant to the Bond Resolution, the proposed Bonds will mature no later than 40 years from the issuance date (Note: the anticipated final maturity date is presently December 2053 (35 years).)																													
SOURCES AND USES (PRELIMINARY - SUBJECT TO CHANGE)	Sources:		Uses:																											
	Senior Series 2018A-1 Tax-Exempt Bonds	\$22,015,000	Acquisition – 1Property (345-units)	\$18,600,000																										
	Series 2018A-1 (Original Issue Discount)	(487,047)	Rehabilitation + Rehab. Contingency	1,725,000																										
	Series 2018A-2 (Taxable) Bonds	1,065,000																												
			Third Party Reports & Other Pre-Acquisition Costs	679,581																										
			Settlement Statement Expenses	200,000																										
	Subordinate Series 2018B Tax-Exempt Bonds	1,930,000	Escrowed Real Estate Taxes (24 mo.'s)	800,000																										
	Series 2018B (Original Issue Discount)	(42,692)	Debt Service Reserve Fund	1,512,042																										
			Costs of Issuance	963,638																										
	Total	\$24,480,261	Total	\$24,480,261																										
	**Note: Taxable proceeds are primarily expected to fund a Real Estate Tax Escrow (sufficient to cover 2 years of real property taxes) and Costs of Issuance that exceed 2% of bond proceeds. Additionally, a portion of the proceeds of the IFA Taxable Series 2018 A-2 Bonds may be allocated to pay acquisition costs associated with the 6,500 SF of space currently rented to commercial tenants.																													
RECOMMENDATION	Credit Review Committee recommends approval.																													
REPORT CONTENTS	<table><tr><th>Report Contents</th><th>Pages</th></tr><tr><td colspan="2">2-Page Summary/Overview – pp. 1-2:</td></tr><tr><td>1. Summary/Overview/Recommendation and Conditions – 2-Page Summary</td><td>1-2</td></tr><tr><td>2. Estimated Sources and Uses of Funds Summary</td><td>2</td></tr><tr><td colspan="2">Project Details – pp. 3-13+:</td></tr><tr><td>3. Purpose; Description of Financing Structure; Bond Ratings; Project Rationale</td><td>3-5</td></tr><tr><td>4. Project Summary (Project Description from Bond Resolution)</td><td>5-6</td></tr><tr><td>5. Business Summary: The Borrower, The Sole Member, The Acquisition Consultant & The Property Manager</td><td>6-8</td></tr><tr><td>6. Summary Characteristics of the Project and Due Diligence Reports</td><td>9-10</td></tr><tr><td>7. Project Regulation - Land Use Restriction & Tax Regulatory Agreement</td><td>10-11</td></tr><tr><td>8. Economic Disclosure Statement (includes disclosure on Seller) & Professional Team</td><td>11-12</td></tr><tr><td>9. Legislative Districts and Site Map of the Project</td><td>12</td></tr><tr><td>10. Confidential Information</td><td>13+</td></tr></table>				Report Contents	Pages	2-Page Summary/Overview – pp. 1-2:		1. Summary/Overview/Recommendation and Conditions – 2-Page Summary	1-2	2. Estimated Sources and Uses of Funds Summary	2	Project Details – pp. 3-13+:		3. Purpose; Description of Financing Structure; Bond Ratings; Project Rationale	3-5	4. Project Summary (Project Description from Bond Resolution)	5-6	5. Business Summary: The Borrower, The Sole Member, The Acquisition Consultant & The Property Manager	6-8	6. Summary Characteristics of the Project and Due Diligence Reports	9-10	7. Project Regulation - Land Use Restriction & Tax Regulatory Agreement	10-11	8. Economic Disclosure Statement (includes disclosure on Seller) & Professional Team	11-12	9. Legislative Districts and Site Map of the Project	12	10. Confidential Information	13+
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**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 10, 2018**

Project: 2018 Blue Island LLC (Better Housing Foundation Blue Station Project)

STATISTICS

Project Number:	12424	Amount:	\$27,500,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Blue Island	County/	
		Region:	Cook County/Northeast

BOARD ACTION

Final Bond Resolution (one-time consideration)	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval.	No extraordinary conditions

VOTING RECORD

This is the first time this Project has been considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be issued in one or more series and used by the Borrower to finance the acquisition and rehabilitation of the 345-unit Blue Station multifamily apartment property located in Blue Island. Additionally, bond proceeds will be used to capitalize debt service reserves and to pay costs of issuance. Details regarding the Project to be acquired are presented on pp. 5-6 and p. 9.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bond financing 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 Bond paid to bondholders, thereby reducing the Borrower's interest expense.

VOLUME CAP

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

FINANCING SUMMARY – SUMMARY OF STRUCTURE – BASIS OF RATING

Structure: The plan of finance contemplates the public issuance of an amount not-to-exceed \$27,500,000 million of tax-exempt debt to be issued in multiple series that would be underwritten by Stifel Nicolaus & Company, Incorporated. Fixed Rate Bonds would be sold based on the Project's assigned ratings (see discussions of Security for the Senior Bonds and for the Subordinate Series of Bonds below; also see the discussion presented under the heading of "Ratings" – *see p. 5*). The anticipated par amount was approximately \$24.5 million as of 3/29/2018.

Security – Senior
Series 2018A-1
Tax-Exempt
Bonds and
Series 2018A-2
Taxable Bonds
(the "Senior
Bonds"):

Trust Estate: The Bonds are secured by the Trust Estate created in the Trust Indenture, which includes all right, title and interest to (a) the Note, the Mortgages, the Land Use Restriction Agreements, and the Loan Agreement (other than the Unassigned Rights of the Authority) – *each of these items is discussed further below*; (b) all funds, money and securities held by the **Trustee** (i.e., **Wilmington Trust, National Association**) under the terms from the Indenture (except with respect to the Rebate Fund), (c) any and all other rights and interests in property conveyed,

mortgaged, pledged, assigned, or transferred as and for additional security for the Bonds, and (d) all proceeds of the foregoing.

The Note: The Borrower will be obligated under the Loan Agreement to make payments, when due, on the Bonds as well as certain other fees and expenses in connection with the Bonds. As evidence of their obligations to make the Loan Payments with respect to the Bonds, the Borrower will execute and deliver to the Trustee a promissory note (the “**Note**”).

Mortgages: As further security, the Bonds will be secured by a First Mortgage on the subject property and a collateral assignment of Rents and Leases. The Mortgages will grant a first lien on and first security interest in the Borrower’s interest in the Project.

Furthermore, the Mortgage will secure the Senior Bonds and the Subordinate Bonds in that order of priority.

Bond Payments will be derived solely from operation of the Project and the various funds and accounts held by the Bond Trustee (Wilmington Trust, National Association) under the Trust Indenture: *This financing will be rated by S&P Global Ratings as a stand-alone project financing.* Again, the Borrower’s obligation to make scheduled payments on the Bonds will be derived from the operation and maintenance of the Project and of monies held in various Funds and Accounts established under the Indenture.

Rate Covenant: Additionally, the Borrower has agreed in the Loan Agreement to use its best efforts to fix, charge, and collect rents, fees, and charges in connection with the operation and maintenance of the Project such that for each fiscal year the Debt Service Coverage Ratio will not be less than:

- (i) 1.25x on all outstanding Senior Bonds (i.e., combined payments on the Senior Tax-Exempt Series 2018A-1 and Senior Taxable Series 2018A-2 Bonds); and
- (ii) 1.15x on combined payments for all Outstanding Senior and Subordinate Bonds (i.e., combined Debt Service Coverage on all IFA Senior Series 2018A-1/A-2 Bonds and IFA Subordinate Series 2018B Bonds issued for the Financing Purposes).

- In the event that the Borrower is unable to satisfy the applicable Coverage Test requirements, the Borrower will be required to engage an external management consultant with expertise in matters relating to owning and operating multifamily residential rental housing properties to make recommendations with respect to the operations of the Project and the sufficiency of rates, fees, and charges imposed by the Borrower in order to improve the applicable Debt Service Coverage Ratios to satisfy the applicable Coverage Tests.
- **Note:** *as provided for in the bond documents and disclosed in the Preliminary Official Statement, failure to satisfy the Rate Covenant will not constitute an Event of Default with respect to the Bonds.* Additionally, the ability of the Borrower to increase Project rents may be limited by the applicable Land Use Restriction Agreements for this property (which impose tenant income requirements on a minimum of 75% of the units).

Proceeds of the Taxable Series 2018A-2 Bonds will be used to pay excess costs of issuance and other costs that are not eligible (e.g., (1) two years of escrowed real estate taxes and (2) commercial space leased to an on-site day care center and convenience store) for tax-exempt financing.

Security –
Subordinate
Series 2018B
Tax-Exempt
Bonds:

The Subordinate Series 2018B Bonds (the “Subordinate Bonds”) will be secured by the same security as the Senior Series 2018A-1 and Senior Series 2018A-2 Taxable Bonds (the “Senior Bonds”), but are subordinate in all respects to the Senior Bonds.

- **Note:** A payment default on the Subordinate Bonds alone will not constitute an Event of Default on the IFA Series 2018 Bonds while the Series 2018 Senior Bonds remain outstanding.

Ratings: **The Borrower has applied to S&P Global Ratings for a rating and anticipates assignment of a rating by mid-April.** The Working Group anticipates ratings in the range of ‘A-’ for the Senior Series 2018 A-1 Tax-Exempt Bonds and Series 2018 A-2 Taxable Bonds and ‘BBB-’ for the Subordinate Series 2018B Bonds.

The Key Structuring Element Supporting the S&P Debt Rating is the Flow of Project Revenues Under Which Bondholders Are Paid First, Before Operating Expenses: The key structuring element underlying the S&P rating on this and prior multifamily transactions that have been assigned investment grade ratings under this structure is the priority of payment on both the Senior and Subordinate Bonds relative to operating expenses. S&P’s methodology assumes that debt service to bondholders is paid first, before operating expenses.

Maturity: The anticipated final maturity date is in 35 years (2053) based on the anticipated ‘A-’/ ‘BBB-’ ratings (application for rating to S&P Global Ratings is under review as of 3/29/2018) for the Senior Series 2018A-1/A-2 Bonds and the Subordinate Series 2018B Bonds, respectively. The not-to-exceed maturity specified in the IFA Bond Resolution will be 40 years.

Estimated Interest Rates: The estimated all-in interest rate on the 3 series of Bonds is estimated to range between 4.75% and 5.25% based on market conditions (and market expectations) as of 3/29/2018.

Estimated Closing Date: Early May 2018

Rationale / Project

Impact: Creation of new, land-use restricted affordable housing units (with improvements) at the Project that will preserve the existing 345 residential units as affordable rental housing for a minimum of 15 years or until the IFA Bonds are paid in full (whichever is later).

The Project will be subject to a Land Use Restriction Agreement that will be in effect for a minimum of 15 years (i.e., 2033) after the date of closing of the proposed IFA Series 2018 Bonds. The maximum term of each Land Use Restriction Agreements associated with the IFA Series 2018 Bonds will coincide with the final maturity date of the IFA Series 2018 Bonds (unless any IFA Tax-Exempt Bonds (or Tax-Exempt Refunding Bonds, if issued in the future) are paid in full prior to the final maturity date). (Also see “Land Use Restriction Agreements” – pp. 10-11.) These Land Use Restriction Agreements, along with a Tax Regulatory Agreement, will assure that this property is subject to more stringent income-based tenant limitations as a result of Better Housing Foundation’s acquisition.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **BHF Chicago Housing Group C LLC** (the “**Borrower**”), an Illinois limited liability company and special purpose affiliate of the **Better Housing Foundation**, an Ohio nonprofit corporation (and 501(c)(3) corporation) (“**BHF**” or the “**Sole Member**”), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of a 345-unit residential rental property located on an approximately 6.02 acre site at

2130W. 122nd Street, Blue Island (Cook County), Illinois (the “**Project**” or the “**Subject**”), (ii) fund one or more debt service reserve funds for the benefit of the Series 2018 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2018 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

Although the not-to-exceed amount specified in the Bond Resolution is \$27,500,000, the anticipated total par amount is approximately \$24.5 million based on preliminary working group estimates as of 3/29/2018.

BUSINESS SUMMARY

The Borrower: **2018 Blue Island LLC** is a Florida limited liability company (the “**Borrower**”).

The sole member of the Borrower is **Better Housing Foundation**, an Ohio nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and exempt from federal income taxation under Section 501(a) of the Code (the “**Sole Member**”). Additional information regarding the Better Housing Foundation is provided below (p. 6) under the caption the “Sole Member”.

Ownership of the
Project by the
Borrower:

The Borrower will be acquiring the Blue Station Apartment property, which has a total of 345 residential units in Blue Island. A site map of the Project is presented on p. 12.

The Borrower has been established to purchase and own the subject Project.

The subject property will be the only assets owned by the Borrower subsequent to closing of the proposed IFA Series 2018 Bonds. The asset or assets of the Borrower will be the subject Project (i.e., the 345-unit Blue Station Apartments property in Blue Island, Illinois).

The Borrower does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the ownership of the property acquired in connection with the proposed IFA Series 2018 Bonds

The Sole
Member:

The **Better Housing Foundation** (“**BHF**” or the “**Sole Member**” of the Borrower) is an Ohio nonprofit corporation formed for the purpose for the purpose of providing quality, affordable housing to persons of low income across the United States. The Sole Member received a determination letter from the IRS dated April 23, 2015 for its tax-exempt status as an organization described in Section 501(c)(3) of the Code.

The Sole Member does not own any assets. Rather, BHF is the sole member of several special purpose entities whose assets consist solely of affordable rental housing properties acquired in connection with the issuance of tax-exempt bonds.

Prior BHF Conduit
Bond Issues
through IFA:

To date BHF has used proceeds of three IFA Bond issues to finance the acquisition of four portfolios of affordable rental apartment properties since 2016. The four portfolios of projects acquired with IFA Bond proceeds to date each currently maintain the investment grade ratings originally assigned to those bond issues at the time of issuance.

1. In **March 2018**, IFA issued **\$19,040,000 of Bonds** to finance the acquisition of the 17-property, **186-unit Ernst portfolio comprised of 17 properties** located on the South Side of Chicago. BHF is the Sole Member of BHF Chicago Housing Group C, LLC, a special purpose entity formed to purchase and own the subject 17-property portfolio. The senior and subordinate series of Windy City Portfolio Bonds were rated ‘A-’ and ‘BBB-’,

respectively, by S&P Global Ratings. The Series 2018 Bonds (Ernst Portfolio) currently maintain those ratings and posted a 98% residential occupancy rate as of March 1, 2018.

2. In **November 2017**, IFA issued **\$59,980,000 of Bonds** to finance the acquisition of the 4-property, **528-unit Windy City portfolio with properties located in Addison, Glen Ellyn, Mundelein, and St. Charles, Illinois**. BHF is the Sole Member of the 4 limited liability companies that were each formed to own one of the four Windy City Portfolio properties. The senior and subordinate series of Windy City Portfolio Bonds were rated 'A-' and 'BBB-', respectively, by S&P Global Ratings. The Series 2017 Bonds (Windy City Portfolio) currently maintain those ratings and posted a 93% residential occupancy rate as of March 1, 2018.
3. In **May 2017**, IFA issued **\$51,805,000 of Bonds** to finance the acquisition of the **45-property, 518-unit Icarus-WPD Portfolio, located on the South Side of Chicago**. BHF is the Sole Member of the Project Owner (i.e., BHF Chicago Housing Group B LLC). The senior and subordinate series of Icarus-WPD Portfolio Bonds were rated 'A-' and 'BBB-' respectively by S&P Global Ratings. The Series 2017 Bonds (Icarus-WPD Portfolio) currently maintain those ratings and posted a 92% occupancy rate as of March 1, 2018.
4. In **July 2016**, IFA issued **\$13,560,000 of Bonds** to finance the acquisition of the **13-property, 262-unit Shoreline Portfolio located on the South Side of Chicago** (Better Housing Foundation Shoreline Portfolio). BHF is the Sole Member of the Project Owner (i.e., Lindran Properties LLC). The senior and subordinate series of Shoreline Bonds were rated 'BBB' and 'BBB-', respectively, by S&P Global Ratings and the Series 2016 Bonds (Better Housing Foundation Shoreline Portfolio) currently maintain those ratings and posted an 88% occupancy rate as of March 1, 2018.

BHF's

Governance:

The Sole Member is governed by a Board of Directors, which currently consists of five members – who are identified immediately below. Mr. Antonio, Mr. Dayan, and Mr. Morgan (#4, #5, and #6 below) are local, Illinois residents who were appointed to serve as BHF Directors within the past year. According to the draft Preliminary Official Statement, each has the following experience managing and working with other affordable housing and other not-for-profit organizations as described below:

1. **Daniel Renz, President.** Mr. Renz is the founder and owner of SwitchHub, a financial services recruiting firm based in Dublin (Columbus), OH (see www.switchhub.org). Prior to founding SwitchHub, Mr. Renz served in various capacities (from lending to private banking at Merrill Lynch).
2. **Meredith Rosenbeck, Secretary and Treasurer.** Ms. Rosenbeck is a resident of Dublin, Ohio. She is a practicing attorney with over 10 years of experience working with nonprofit organizations. She currently runs her own law practice focused on nonprofit organizations. She has served as legal counsel to the Sole Member since its inception in 2015.
3. **Tracy Hughey, Board Member.** Ms. Hughey is the Director of Operations for an Ohio-based long term care provider that operates over 20 long term care facilities in Ohio. Ms. Hughey is an experienced leader in the nonprofit community, leading initiatives ranging from education to affordable housing and community development. Ms. Hughey is committed to fulfilling the charitable mission of the Foundation -- providing quality, affordable housing to low income families.
4. **Douglas J. Antonio, Board Member.** Mr. Antonio is an experienced real estate attorney with extensive experience financing real estate projects structured with various federal, state, and local programs. Mr. Antonio has advised clients that have financed projects using tax-exempt housing bonds, low income housing tax credits, and New Markets Tax Credits. Mr. Antonio is an attorney at Sugar Felsenthal Graiss & Hammer LLP in Chicago, Illinois.
5. **Max S. Dayan, Board Member.** Mr. Dayan currently serves as the Director of Development for the Libenu Foundation of Skokie, Illinois, a non-profit providing supervised group housing serving Jewish adults with developmental disabilities in the Chicago area. Mr. Dayan has been working with the special needs community since 2009, beginning as a direct service provider before becoming a Qualified Intellectual and Developmental Disabilities Professional ("QIDP") for Clearbrook of Arlington Heights, Illinois in 2013. Clearbrook is a leading service provider to the developmentally disabled.

6. **Jon Morgan, Board Member.** Mr. Morgan is a co-founding principal of Interra Realty of Chicago. He is focused on the disposition and acquisition of multi-family, office and retail assets of all classes. Mr. Morgan has also cultivated a niche representing variety of financial institutions in the disposition of REO assets, short sales, and mortgage collateralized note sales. In 2008, Mr. Morgan was named the Top New Investment Sales Broker by the Chicago Association of Realtors Commercial Forum and was featured in the Wall Street Journal. He was also recognized with the Gold Achiever Award for outstanding sales accomplishments in 2011 in Commercial Sales Volume from the Commercial Forum of the Chicago Association of Realtors.

Consultants
Engaged by the
Sole Member:

The consulting companies engaged by the Borrower (on behalf of the Sole Member) will include (i) an Acquisition Consultant and (ii) a Property Manager.

Note: as reported below, the Acquisition Consultant and Property Manager are affiliated entities under common ownership and management control by the Lynd Company of San Antonio, Texas.

The Acquisition Consultant. The Better Housing Foundation will enter into an Acquisition Services Agreement with **Lynd Opportunity Partners, LLC** (the “**Acquisition Consultant**”). Pursuant to the Acquisition Services Agreement, the Lynd Opportunity Partners, LLC will provide advisory services related to the acquisition, design, planning, financing, and rehabilitation of the Project. The Acquisition Consultant has funded upfront escrow deposits, and pre-acquisition due diligence reports (e.g., appraisal reports; property condition reports; environmental site assessment reports).

In consideration for paying all pre-acquisition due diligence expenses, the Acquisition Consultant will be paid a one-time fee of \$150,000 (estimated) upon issuance of the Series 2018 Bonds. A portion of the Bond Proceeds associated with the first four IFA Better Housing Foundation portfolio acquisition pools were also used to finance these pre-acquisition due diligence expenses.

The Property Manager. The Project will be managed by **The Lynd Company**, a Texas C Corporation established in 1980 and based in San Antonio, TX (“**Lynd**” or the “**Manager**”). The Manager currently manages a total of approximately 170 properties with approximately 35,000 units in 16 states and 50 metropolitan areas, including several affordable properties in multiple markets. Lynd employs 50 people in its multifamily property management division nationally. See www.LyndWorld.com for additional information.

The Blue Station Project will be Lynd’s fifth affordable project under management in the Chicago metro market. Lynd currently manages 4 affordable properties in the Chicago metropolitan area including the 4 properties (Addison; Glen Ellyn, Mundelein; St. Charles) financed through the Better Housing Foundation’s \$59,980,000 IFA Series 2017 Bonds issued to finance acquisition of the 4-property, 528-unit Windy City Portfolio that closed in November 2017. According to Lynd, the Company intends to hire a full-time manager for the Chicago metro area when the Company’s has a minimum of 8 multifamily properties in the Chicago metro market.

Under the Management Agreement, the Manager will be paid a monthly fee. The initial monthly Management Fee will equal approximately 4.00% of effective gross income for the Blue Station Project.

**Summary
Characteristics
of the
Blue Station
Project:**

The Blue Station Project to be purchased with the IFA Series 2018 Bonds is a 345-unit market rate multifamily property comprised of 74 studios/efficiency units, 209 one-, 60 two-, and two three-bedroom units. The Property consists of 38 one- and two-story apartment buildings constructed from 1963 to 1970.

All 345 residential units were renovated in 2013. The unit renovations consisted of remodeled kitchens, new appliances, updated cabinets, and new simulated hardwood plank vinyl floors. Additionally, there are currently two retail property spaces (6,500 SF of leasable area). Current tenants include (i) Jada's Day Care and a convenience store.

Utilities available at the property include natural gas (heating/cooking/water heating), electricity, water, sewer, trash, and CATV/telephone/internet. The tenant is responsible for paying for electricity and CATV/telephone/internet service. All other utilities are paid by the landlord.

Current unit mixes, monthly rents at Blue Station Apartments, Blue Island (Cook County), Illinois:

Current Rents/Unit Mix/ HUD FY 2018 Fair Market Rents

<u>Unit Type</u>	<u>Unit Size (SF)</u>	<u>Number of Units</u>	<u>Asking Rent</u>	<u>HUD Fair Mkt. Rents</u>
Efficiency/1BA	305	74	\$ 675	\$ 879
1BR/1BA	505	197	\$ 775	\$ 1,014
1BR/1BA	645	12	\$ 850	\$ 1,014
2BR/1BA	750	60	\$ 950	\$ 1,180
3BR/1BA	1,100	2	\$ 1,200	\$ 1,501
Total		<u>345</u>		

Source: The Borrower

The Blue Station property is currently leased as a market rate property. HUD Fair Market Rents are reported for comparison purposes. Notably, asking rents for 345 units are less than the FY 2018 HUD Fair Market Rents specified for the Chicago/Joliet/Naperville metro area.

**Current Unit
Occupancy:**

According to the Seller, the subject Property posted 96.5% occupancy as of January 1, 2018. The 3-year average physical occupancy from 1/1/2015 through 12/31/2017 was 95.0%.

**Property
Condition**

Assessments:

National Due Diligence Services a division of American Surveying & Mapping, Inc. of Orlando, FL was engaged to prepare a **Property Condition Assessment** report for the Project dated as of February 23, 2018.

As described in the Property Condition Assessment, the Project is estimated to have \$690,000 in total repairs. The Seller has represented to the Borrower and the Consultant that it undertook a substantial renovation of the Project prior to this acquisition.

**Repair &
Replacement
Reserve:**

Additionally, the Borrower has budgeted (i.e., \$300 per unit-per year subject to 3% escalation annually) of Repair & Replacement Reserve Expenses to properly reflect ongoing investments necessary to maintain the Project. This amount was submitted to S&P in connection with their ratings assessment.

Phase I
Environmental
Audit Reports:

The Borrower obtained an independent Phase I Environmental Site Assessment prepared by **National Due Diligence Services, a division of American Surveying & Mapping, Inc.** of Orlando, FL for the Project (the “**Environmental Assessment**”) dated as of February 23, 2018.

Conclusions: The Environmental Assessment revealed (i) no on-site recognized environmental conditions (“*REC*”) and (ii) no on-site historical recognized environmental conditions (“*HREC*”) at the Project. The Environmental Assessment identified a controlled recognized environmental condition (“*CREC*”) discussed further below. (These findings have been summarized from a preliminary draft of Appendix A to the Preliminary Official Statement.)

- The Environmental Assessment report, to be summarized in the Preliminary Official Statement will report that the Project’s site was undeveloped in 1938 and contained coal storage yard on the southern portion of the Project site.
- *The Project site was voluntarily enrolled in the Illinois State Remediation Program in 2012 to address concerns related to the Project site’s prior use as a coal yard. A series of subsurface investigations were performed in 2009 and 2012 that identified the presence of polynuclear aromatic compounds (“*PNAs*”), specifically benzoanthracene as well as arsenic and lead levels in shallow soils that exceeded Tier 1 residential, Class I groundwater ingestion or construction worker exposure soil remediation objectives (“*SRO*”), as stipulated by Illinois Environmental Protection Agency (“*IEPA*”) Tiered-Approach Correction Action guidelines for residential settings.*
- *The impacted soils were reportedly excavated, and the areas were replaced with clean fill and surface cover, including a geotextile fabric barrier underlying landscaped areas.*
- **The IEPA issued a no further action determination contingent upon the continued maintenance of the surface cap and compliance with the local ordinance that restricts groundwater use for potable purposes.**
- Based on the conditional regulatory closure, the issued identified immediately above is, as remediated, no longer a *REC* (Recognized Environmental Condition), but is now a *CREC* (Controlled Recognized Environmental Condition).

PROJECT REGULATION: LAND USE RESTRICTION AND TAX REGULATORY AGREEMENTS

Will Provide for Tenant Income Restrictions on a Minimum of 75% of the 345 Units for a Minimum Period of 15 Years (or until 100% of the IFA Bonds are redeemed)

Land Use Restriction Agreement (“*LURA*”). The Blue Station Project to be acquired with the IFA Series 2018 Bonds will be subject to a Land Use Restriction Agreement under which the Borrower (and any successor as Owner) will be obligated (pursuant to Section 142(d) of the Internal Revenue Code of 1986) and during the Qualified Project Period (i.e., a minimum of 15 years from the closing date or the date on which the Series 2018 Bonds or any Refunding Bonds are repaid in full) at least 40% of the completed units (i.e., 138 units) be occupied by families or individuals whose adjusted income do not exceed 60% (adjusted for family size) of the median gross income for the area.

Tax Regulatory Agreement. The Tax Regulatory Agreement will impose additional requirements relating to the 501(c)(3) tax-exempt treatment of the Sole Member, including the requirement that a minimum of 75% of the completed units (i.e., 259 units) be rented to persons whose income does not exceed 80% (adjusted for family size) of the area median gross income. Accordingly, upon acquisition by the Borrower, this property must maintain a higher percentage of below-median-income units than specified by standard HUD income restrictions.

Comment on Tenant Income Restrictions: Internal Revenue Code requirements associated with the BHF acquisition and the proposed tax-exempt bond financing will only impose tenant income

restrictions on the Project. Issuance of the proposed IFA Series 2018 Bonds will not impose any IRS-mandated monthly rent restrictions on the Project.

ECONOMIC DISCLOSURE STATEMENT

Applicant/
Sole Member of
the Borrower:

2018 Blue Island LLC, an Illinois limited liability company, c/o (1) Mr. Daniel Renz, President, Better Housing Foundation, 6932 Rings Rd., #234, Amlin, OH, 43002, Tel.: 440.552.0872 and (2) Ms. Meredith Rosenbeck, Secretary-Treasurer, Better Housing Foundation, c/o Rosenbeck Law, LLC, 5701 Tynecastle Loop, Dublin, OH 43016; Tel: 614.546.8042; Email: mrosenbecklaw@yahoo.com.

Advisor to
Better Housing
Foundation:

Desak Development Corp., 2539 W. Peterson Ave., Chicago, IL 60659
Contact: Mr. L. Mark DeAngelis, President; Tel.: 312.307.2138

Site Location:

2130 W. 122nd Street, Blue Island, Illinois (see general site map on p. 12).

Project Name:

2018 Blue Island LLC (Better Housing Foundation Blue Station Project), Illinois Finance Authority Senior Tax-Exempt Series 2018A-1 Revenue Bonds, Senior Taxable Series 2018A-2 Revenue Bonds, and Subordinate Tax-Exempt Series 2018B Revenue Bonds

Governance
of the Sole
Member:

The Sole Member of the Borrower (i.e., 2018 Blue Island LLC, an Illinois limited liability company) is the **Better Housing Foundation** of Amlin, Ohio, a 501(c)(3) corporation and Ohio nonprofit corporation. The Better Housing Foundation is governed by a 6-member board, which currently consists of the following Members (see pp. 7-8 for their professional profiles):

1. Mr. Daniel Renz, President (Dublin, Ohio)
2. Ms. Meredith Rosenbeck, Secretary-Treasurer (Dublin, Ohio)
3. Ms. Tracy Hughey, Board Member (Columbus, Ohio)
4. Mr. Douglas J. Antonio, Board Member (Chicago, Illinois)
5. Mr. Max Dayan, Board Member (Skokie, Illinois)
6. Mr. Jon Morgan, Board Member (Chicago, Illinois)

Real Estate
Advisor to
Borrower/ Sole

Member:

Lynd Opportunity Partners, LLC, 8000 Interstate 10, San Antonio, Texas, 78230; Contact: Mr. A. David Lynd, President/Manager (P) 210.798.8129

Property
Manager –

Post-Closing:

The Lynd Company, 8000 Interstate Highway 10 West, Suite 1200, San Antonio, TX 78230; Contact: Mr. Lewis Borsellino, VP, (P) 847.417.8031

Seller Disclosure –
Blue Station

Apartments:

Kinzie Vincennes LP, c/o Kinzie Realty Corp., 806 Greenwood St., Evanston, IL 60201

- Seller Contact: Mr. Charles Clark, 806 Greenwood St., Evanston, IL 60201; (P) 847.322.0100
- Counsel to Seller: Mr. Keith Moore, Esq., Law Office of Keith Moore, 806 Greenwood St., Evanston, IL 60201; (P) 847.332.0110

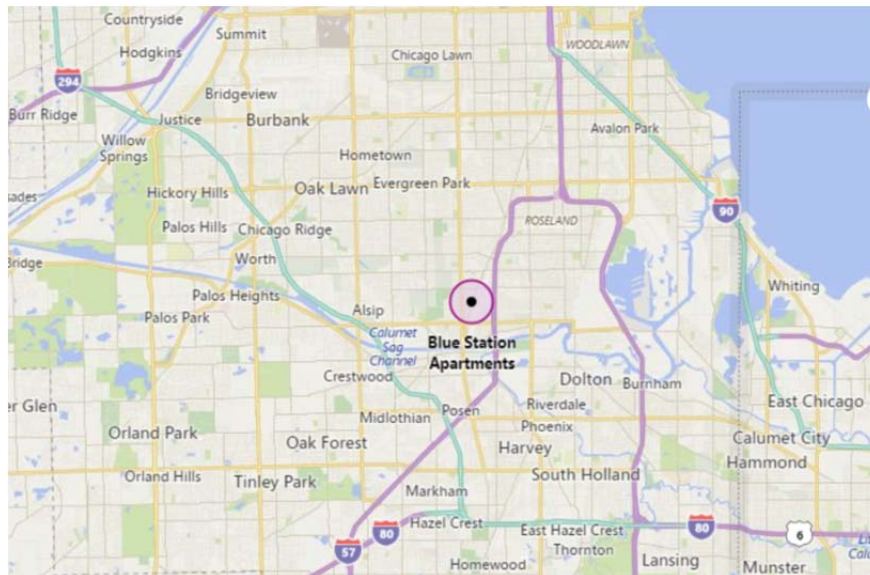
PROFESSIONAL & FINANCIAL

Sole Member:	Better Housing Foundation	Amlin, OH	Daniel Renz, President
Sole Member's Counsel:	Rosenbeck Law LLP	Dublin, OH	Meredith Rosenbeck
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Tom Smith
Underwriter:	Stifel Nicolaus & Co., Inc.	Atlanta, GA	Cody Wilson
Underwriter's Counsel:	Butler Snow LLP	Atlanta, GA	David Williams
Bond Trustee:	Wilmington Trust	Dallas, TX	Cam Lindsey
Trustee's Counsel:	Ballard Spahr LLP	Atlanta, GA	Han Choi, Stephanie Kim
Bond Rating:	S&P Global Ratings (Struct. Finance)	Chicago, IL	
Dissemination Agent:	Disclosure Advisors LLC	Columbus, OH	Paul Rutter
Acquisition Consultant:	Lynd Opportunity Partners, LLC	San Antonio, TX	A. David Lynd
Real Estate Counsel:	Lippes Mathias Wexler Friedman LLP	Ponte Vedra Bch., FL	Christopher Walker
Property Manager:	The Lynd Company	San Antonio, TX & Addison, IL	Lewis Borsellino
Counsel to the Seller:	Law Office of Keith Moore	Evanston, IL	Keith Moore
Auditor – Project:	To be determined		
Architect:	Not applicable		
General Contractor:	To be managed and supervised by the Property Manager (The Lynd Company)		
Appraiser:	Novogradac & Company LLP	Merriam, KS	Rachel Denton
Property Condition Report:	National Due Diligence Services	Orlando, FL	Ronnie Long
Envir. Site Assessment:	National Due Diligence Services	Orlando, FL	
IFA Counsel:	Charity & Associates, P.C.	Chicago, IL	Tim Hinchman
IFA Financial Advisor:	Sycamore Advisors, LLC	Chicago, IL	Courtney Tobin & Olyvia Jarmoszka

LEGISLATIVE DISTRICTS

	<u>U.S. Congressional</u>	<u>Illinois Senate</u>	<u>Illinois House</u>
Blue Station Apartments, Blue Island, IL	1	14	28

GENERAL SITE MAP OF THE BLUE STATION APARTMENTS PROJECT



Source: Bing Maps

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Lorrie Karcher and Patrick Evans
Date: April 10, 2018
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to \$534,600 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$635,000**
- **Calendar Year Summary:** (as of April 10, 2018)
 - Volume Cap: \$10,000,000
 - Volume Cap Committed: \$1,024,820
 - Volume Cap Remaining: \$8,975,180
 - Average Farm Acreage: 65
 - Number of Farms Financed: 5
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - IFA conveys tax-exempt, municipal bond status onto the financing
 - Will use dedicated 2018 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 (typically 1st Mortgage)
 - 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

A. Project Number: 30399
Borrower(s): Hooks, Joshua P. & Nichole E.
Borrower Benefit: First Time Land Buyer
Town: Mason, IL
IFA Bond Amount: \$300,000
Use of Funds: Farmland –76 acres of farmland
Purchase Price: \$600,000 / \$7,895 per acre
% Borrower Equity 5%
% IFA Bonds 50% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”) 45% (*Subordinate Financing – 2nd Mortgage*)
Township: West
Counties/Regions: Effingham / Southeastern
Lender/Bond Purchase: First Mid Illinois Bank & Trust / Doug Kopplin
Legislative Districts: Congressional: 15
State Senate: 54
State House: 107

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 March 15, 2019. Accrued interest on the unpaid balance hereof shall be paid annually with the first interest payment date to begin March 15, 2019 with the thirtieth and final payment of all outstanding balances due thirty (30) years from the first principal date. The note will have a 30-year amortization and maturity.

B. Project Number: 30400
Borrower(s): Weidner, Jordan
Borrower Benefit: First Time Land Buyer
Town: Ingraham, IL
IFA Bond Amount: \$242,500
Use of Funds: Farmland –75 acres of farmland
Purchase Price: \$485,000 / \$6,466 per acre
% Borrower Equity 0%
% IFA Bonds 50% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”) 50% (*Subordinate Financing – 2nd Mortgage*)
Township: Pixley
Counties/Regions: Clay / Southeastern
Lender/Bond Purchase: The Peoples State Bank of Newton / Aaron Ochs
Legislative Districts: Congressional: 15
State Senate: 55
State House: 109

Principal shall be paid annually in installments determined pursuant to a Thirty-year amortization schedule, 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 (30) years from the date of closing.

C. Project Number: 30401
Borrower(s): Probst, Justin
Borrower Benefit: First Time Land Buyer
Town: Montrose, IL
IFA Bond Amount: \$92,500
Use of Funds: Farmland –48 acres of farmland
Purchase Price: \$185,000 / \$3,854 per acre
% Borrower Equity 0%
% IFA Bonds 50% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”) 50% (*Subordinate Financing – 2nd Mortgage*)
Township: North Muddy
Counties/Regions: Jasper / Southeastern
Lender/Bond Purchase: The Peoples State Bank of Newton / Aaron Ochs

Legislative Districts:

Congressional: 15

State Senate: 55

State House: 110

Principal shall be paid annually in installments determined pursuant to a Thirty-year amortization schedule, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance thereof 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 (30) years from the date of closing.

April 10, 2018

\$275,000
NEIGHBORHOODS.COM

PRODUCT TYPE : PARTICIPATION LOAN

REQUEST	Wintrust Bank is requesting IFA contribute funds to be used to finance part of the buildout of new office space for Neighborhood.com, LLC at 600 West Fulton Street, Chicago. The company has outgrown its current limited office space and is seeking to make leasehold improvements on new office space, in order to accommodate its significant recent growth. Product Type: Participation Loan IFA Funds at risk \$275,000 Subject to all Wintrust Bank conditions, including but not limited the subordination of IFA's \$275,000 Participation amount to the bank's \$1,775,000 potential exposure to this Borrower.			
BOARD ACTIONS	Final Participation Loan Resolution Voting Record: None prior			
MATERIAL CHANGES	N/A			
JOB DATA	74*	Current jobs	15*	New jobs projected within next 2 years
	0	Retained jobs	TBD	Construction jobs projected
(*Refers to Illinois jobs only. Borrower has other physical offices in FL, TX, and CA)				
BORROWER	● Neighborhoods.com, LLC			
DESCRIPTION	● Neighborhoods.com, LLC is a real estate broker, operating 2 entities -- " Neighborhoods " and " 55Places "-- that provide unbiased information and reviews on "active adult communities". ● The Purpose of this financing is to buildout of new office space, in order to accommodate the Borrower's rapid recent growth			
CREDIT INDICATORS	Unlimited Joint and Several Personal Guarantees from Daniel Goodman, (30% Owner) and William Ness (70% Owner) First Priority Blanket Lien on all Business Assets of the Borrower			
PROPOSED STRUCTURE	Wintrust Bank is the Participating Bank 1 st Collateral position on all Business Assets of Neighborhoods.com Unlimited Joint & Several Personal Guarantors: Daniel Goodman and William Ness 7 Year fully-amortizing loan. Blended/Weighted Rate of Prime + 0.50%, (currently 5.25%), Floating. Bank Rate: Prime plus 1.0%, (currently 5.75%) Floating, IFA Rate: Prime floating (currently 4.75%) Floating.			
SOURCES AND USES	New Bank Loan: (\$550,000 split between Bank and IFA 50/50) IFA Participation (Subordinated) Landlord Allowance for LH Improv Bank Increase in RLOC Facility Total:	\$275,000 \$275,000 \$534,750 \$500,000 \$1,584,750	Project Cost: Total:	<u>\$1,584,750</u> \$1,584,750
RECOMMENDATION	Credit Review Committee recommends approval			

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
April 10, 2018**

Project: **Neighborhoods.com, LLC**
 (Unlimited Joint and Several Guarantees from William Ness and Daniel Goodman)

STATISTICS

Project Number: #38148 (Neighborhoods.com, LLC)	Amount: \$275,000
Type: Participation Loan	IFA Staff: Stanley Luboff
County/Region: Cook County/Northeast	City: Chicago

BOARD ACTION

Participation Loan Resolution **Staff request:** Approval subject to bank conditions
IFA Funds contributed: \$275,000 **Extraordinary condition:** IFA subordinated to all Bank exposure to Borrower

Credit Committee recommends approval

VOTING RECORD

None. This is the first time the project has been considered.

PURPOSE

Loan proceeds will be used to finance the Borrower's portion of the costs of the buildout and leasehold improvements to new, substantially larger office space for Neighborhood.com, LLC at 600 West Fulton Street, Chicago.

IFA PROGRAM AND CONTRIBUTION

Under its Participation Loan Program, IFA participates in bank loans financing projects for business, industry, farmers and agri-industry. The Authority will participate in loans for up to 10 years at a rate of interest that is variable or fixed for up to 5 years at 100 basis points below the originating bank's rate on its portion. The Authority is subordinated to the bank's collateral position, and generally funds up to the lesser of 25% of a project's total cost, 50% of a specific loan facility within an overall project, or \$500,000, (contingent on no more than \$50,000 per FTE to be created within the next two years or "at risk" FTE retained. IFA's participation mitigates some of the bank's credit risk, and provides credit-disadvantaged borrowers with access to capital and a reduced interest rate.

VOLUME CAP

Not Applicable

ESTIMATED SOURCES AND USES OF FUNDS

Sources: IFA Participation:	\$275,000	Uses: Buildout of New Premises	
Wintrust Bank	\$275,000	(600 W. Fulton St. Chicago):	<u>\$1,584,750</u>
Wintrust Increase to current RLOC:	\$500,000	Total:	\$1,584,750
Landlord Allowance for LH Improv:	<u>\$534,750</u>		
Total:	\$1,584,750		

FINANCING SUMMARY/STRUCTURE

Security:	The Loan will be secured by a 1st Collateral position on all Business Assets of Neighborhoods.com. IFA will be subordinated to Wintrust Bank's total credit exposure to the Borrower. Unlimited Joint/Several Personal Guarantors: Dan Goodman & William Ness
Structure:	84 Monthly principal and interest payments over 7 years. Fully amortizing.
Interest Mode:	Floating
Maturity Estimated:	7 Years
Estimated Closing Date:	06/01/2018

Summary: Neighborhoods is seeking approval for a \$550M term loan, (to be split 50/50 between Wintrust and IFA), to be used to finance their share of the buildout of their new office space at 600W Fulton Street. The upgrade to more appropriate office space is long over-due, and will support the staff required to continue to grow the business. This 7-year loan will be fully-amortizing at a blended/weighted rate of 5.0% per annum. The Borrower is also requesting an increase of \$500K in their existing \$1MM Wintrust Bank RLOC Facility, (with no IFA involvement), in order to cover an L/C requirement related to the lease and build out of the company's newly occupied space. (Within the current RLOC, Wintrust already has a L/C Facility in place covering the proposed premises lease, [\$500K], but now a second L/C is required for the term of the build out (\$207,500), covering the period from when the Company engages a contractor and purchases office equipment to when the Contractor is paid in full.

Project

Rationale: Due to its significant recent business expansion, the Company has outgrown its modest office space at 1525 W. Homer Street, Chicago. Management found it appropriate to expand into a space at 600 W. Fulton Street, which they believe will accommodate anticipated growth over the next several years. However, as a requirement of making this move, the new landlord requires that Neighborhoods provide two L/Cs -- one for \$500K, covering the full duration of the proposed lease, and one for \$207,500 through 4/30/2018, covering the facility's buildout.

Timing: The transaction is expected to close within 60 days of approval.

BUSINESS SUMMARY

Neighborhoods.com, LLC operates 2 entities: 55Places.com and Neighborhoods.com. These two companies operate as a) an online real estate broker, specializing in retirement communities for active adults over 55 years old and b) an online real estate resource that helps people find their "ideal" home as well as neighborhood, respectively. 55places.com was founded by William Ness, (70% Owner) in 2008. Prior to starting 55Places, Ness worked as a Sales Associate/Sales Manager for Del Webb for 5 years, overseeing the sales and marketing efforts at two large active adult communities on Chicago's NW side. Noting the lack of a centralized, reliable, and unbiased resource for active adult communities, he left Del Webb in 2008 to start 55places.com, building it into the nation's leading resource for real estate referrals related to active adult communities. Danny Goodman (30% Owner) worked at Del Webb for 12 years, rising to VP-Sales & Marketing for Pulte Homes/Del Webb, before eventually joining Ness at 55places.com in 2011.

Ness is a 2003 graduate of Notre Dame, (BBA in Marketing), while Goodman has a BBA in Marketing & Finance from West Texas A&M University.

OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT

Applicants:	Neighborhoods.com, LLC
Project Location:	600 West Fulton Street Chicago, IL 60661 (Cook County)
Borrowers:	Neighborhoods.com, LLC
Ownership:	William Ness (Pres./Founder/70% Owner) & Danny Goodman (VP/Partner/30% Owner)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	GoodCounsel.com	Chicago	Ken Obel
Accountant:	Naviaux, Dubow & Harris, LLC	Chicago	
Originating Bank:	Wintrust Bank	Chicago	T. Carson
General Contractor:	Reed Construction	Chicago	

LEGISLATIVE DISTRICTS

Future Congressional: 7th
Future State Senate: 3rd
Future State House: 6th

BACKGROUND INFORMATION: Neighborhoods.com is a real estate broker which operates 2 entities; 55Places.com and neighborhoods.com, (“55Places” and “NH”, respectively and “Neighborhoods” collectively.) 55Places offers unbiased information/reviews of over 1,000 active adult communities across the U.S., including photos, videos, descriptions, floor plans, listings, and reviews. As a licensed broker in every state, 55Places can provide real time MLS data to its clients, enabling users to search for specific active adult communities instead of simply by address or zip code. Users are provided with listings for all of the homes for sale in the specific searched community, as well as comparable data in other nearby communities. 55Places enters into referral contracts with all listing brokers and gets paid a referral fee (0.5% - 1%) upon sale. 55Places has been profitable since 2007.

The Company has started applying its 55Places model to “NH”, which provides similar data and content to that of 55Places for users searching by subdivision or neighborhood. Initially, profits derived from the operation of 55Places covered the early costs of establishing the neighborhoods.com site, however, in 2016, due to the time it took to convert commissions, the Company requested a \$1MM line of credit from Wintrust in order to provide a source of additional working capital to build-out the Neighborhoods platform, build-out the Corporate Regional Headquarters, and increase its marketing efforts. Wintrust renewed the \$1MM RLOC on September 12, 2017.

Thus, the Borrower is now requesting an increase of \$500K in their existing RLOC Facility, in order to cover the L/C requirement related to the lease and build out of the Company’s newly occupied space. Within the current RLOC, Wintrust already has a L/C Facility in place covering the proposed premises lease, (\$500K). A 2nd L/C will be required for the term of the build out (\$207,500), covering the period from when the Company engages a contractor and purchases office equipment to when the Contractor is paid in full.

Neighborhoods has developed a very thorough advertising plan and have the confidence to plan to spend up to \$1MM in 2018 for specifically targeted, web-based marketing efforts. They will be charged for these plans on a per click basis, resulting in management’s ability to determine the effectiveness of these campaigns, and creating the ability to immediately turn them off if they prove ineffective. Thus the actual amount to be spent on marketing in 2018 will be determined by the strategy’s level of success. Wintrust Bank notes that Neighborhoods’ management has extensive experience and ability in the execution of its advertising plans and has, historically, seen significant returns based on advertising costs with an 8-month return on their advertising investment.

RESOLUTION 2018-0410-DA03

APPROVING PARTICIPATION LOAN TO BE MADE BY THE ILLINOIS FINANCE AUTHORITY UNDER THE PARTICIPATION LOAN PROGRAM

WHEREAS, by Resolution 2018-0215-AD06 (the “Approving Resolution”), duly adopted by the Members of the Illinois Finance Authority (the “Authority”) on February 8, 2018, the Authority authorized a Participation Loan Program (the “Program”) to, among other things, support Illinois Veterans and Illinois Veteran-Owned Businesses; and

WHEREAS, the Authority has received an application from the proposed parties identified in Exhibit A to this Resolution seeking to benefit from the Program; and

WHEREAS, the application provides basis for the Authority to determine that the proposed loan will aid, assist or encourage economic growth, development or redevelopment within the State of Illinois (the “State”) or any area thereof, will promote the expansion, retention or diversification of employment opportunities with the State or any area thereof or will aid in stabilizing or developing any industry or economic sector of the State economy (collectively, the “Economic Purposes”).

NOW, THEREFORE, BE IT RESOLVED BY MEMBERS OF THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:

Section 1. Recitals and Determination. 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 and the Members of the Authority hereby determine that the proposed loan will aid, assist or encourage the Economic Purposes.

Section 2. Adoption of Participation Loan Agreement. The Members do hereby confirm, ratify and approve the making of a Participation Loan to the parties described in Exhibit A pursuant to a Master Participation Agreement No. 2018-004 dated as of March 8, 2018 with the Participating Lender shown on Exhibit A, with such changes or modifications as shall be approved from time to time, by the Executive Director, as evidenced by the execution of the specific Master Participation Agreement and any amendments thereto by the Executive Director.

Section 3. Enactment. This Resolution shall take immediate effect. 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. 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 purposes 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 doings 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 this Resolution.

Section 6. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

This Resolution 2018-0410-DA03 is adopted this 10th day of April by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Executive Director

Attested to:

Assistant Secretary

EXHIBIT A

Borrower:	Neighborhoods.com, LLC, an Illinois limited liability company
Participating Bank:	Wintrust Bank
Maximum Principal Amount of Authority Participation:	\$275,000
Final Due Date:	7-years from the date of funding
Loan Purpose:	Finance a portion of the costs of the buildout and leasehold improvements to an office for Borrower at 600 West Fulton Street, Chicago, IL
Interest Rate payable to Authority:	Floating at the Prime Rate as published in the Wall Street Journal

15932-0016
CH2\20712104.1

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date: April 10, 2018

Re: Resolution Authorizing and Approving the Execution and Delivery of a First Amendment to the Bond and Loan Agreement Dated as of December 1, 2010 under which the Bonds were Issued and Sold to Wheaton Bank & Trust Company and Approving the Execution of Certain Other Agreements Relating to the Issuance of the Bonds; and Related Matters (St. Francis High School College Preparatory Project)
IFA Series 2010 File Number: 12010

Request:

St. Francis High School, an Illinois not for profit corporation (the “**Borrower**”), and **Wheaton Bank & Trust Company** (also “**Wintrust Financial**”, the “**Bank**” or “**Bond Purchaser**”) are requesting approval of a Resolution to (i) authorize the execution and delivery of a First Amendment to Bond and Loan Agreement and (ii) approve related documents to effectuate a change in the interest rate formula borne on the Illinois Finance Authority Educational Facilities Revenue Bond (St. Francis High School College Preparatory Project), Series 2010 (the “**Series 2010 Bond**”) for a term of 10 years.

The Series 2010 Bond was directly purchased by Wintrust Financial in the principal amount of \$4,500,000, of which \$3,300,000 remains outstanding. The Series 2010 Bond is bearing a variable rate of interest based on LIBOR for an initial term ending August 9, 2018 with reset provisions thereafter of 3 or 5 years.

Now, the Borrower is expected to pay down an additional \$800,000 of principal, concurrent with the release of certain collateral. As a result, \$2,500,000 will remain outstanding upon the anticipated reissuance of the Series 2010 Bond at the reset interest rate. Furthermore, the Borrower and the Bank have agreed to a new term of 10 years, rather than 3 or 5 years as originally contemplated.

Impact:

Approval of this Resolution will provide consent to changes as agreed to by the Bank and the Borrower concerning the Series 2010 Bond. Specifically, the Bank and the Borrower desire to lower the effective interest rate borne on the Series 2010 Bond for a term of 10 years by approximately 100 basis points due to changes in Federal Corporate Tax Rates. Bond counsel has determined that a new public hearing on the project (i.e., “**TEFRA Hearing**” as defined by Section 147(f) of the Internal Revenue Code of 1986, as amended) will not be necessary.

Background:

Proceeds of the Series 2010 Bond were loaned to the Borrower for (i) financing, refinancing or reimbursing, the Borrower for the construction and equipping of a new science suite and learning resource center located at 2310 West Roosevelt Road, Wheaton, Illinois 60187, and (ii) paying all or a portion of the costs of issuance of the Series 2010 Bond.

All payments relating to the IFA Series 2010 Bond have been current and paid as scheduled.

PROFESSIONAL & FINANCIAL

Borrower Counsel:	Ice Miller LLP	Chicago, IL	David Hight
Bond Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder
			Austin Root
Bank/Direct Bond Purchaser:	Wheaton Bank & Trust (Wintrust)	Willowbrook, IL	Scott Rofstad
		Chicago, IL	Kandace Lenti
Bank Counsel:	Lou Vitullo LTD	Glenview, IL	Lou Vitullo
			Chase Gentile
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden
			Siamic Afshar

RESOLUTION NO. 2018-0410-TE04

RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE BOND AND LOAN AGREEMENT DATED AS OF DECEMBER 1, 2010 UNDER WHICH THE BONDS WERE ISSUED AND SOLD TO WHEATON BANK & TRUST COMPANY AND APPROVING THE EXECUTION OF CERTAIN OTHER AGREEMENTS RELATING TO THE ISSUANCE OF THE BONDS; AND RELATED MATTERS (ST. FRANCIS HIGH SCHOOL COLLEGE PREPARATORY PROJECT).

WHEREAS, the **ILLINOIS FINANCE AUTHORITY** (the “Authority”) a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “State”), including, without limitation the Illinois Finance Authority Act, 20 ILCS 3501/801-1, as supplement and amended (the “Act”), is authorized by the laws of the State, including, without limitation, the Act, to issue its bonds for the purpose set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the cost of the acquisition and improvement of “industrial projects” as defined in the Act; and

WHEREAS, ST. FRANCIS HIGH SCHOOL, an Illinois not for profit corporation (the “Borrower”), has requested that the Authority amend its Illinois Finance Authority Educational Facilities Revenue Bonds (St. Francis High School College Preparatory Project) Series 2010 (the “Bonds”) in an aggregate principal amount not to exceed \$4,000,000. The Bonds were issued for the purpose of (i) financing, refinancing or reimbursing, the Borrower for the construction and equipping of a new science suite and learning resource center located at 2130 West Roosevelt Road, Wheaton, Illinois 60187, and (ii) paying all or a portion of the costs of issuance of the Bonds; and

WHEREAS, the Bonds were sold to Wheaton Bank & Trust Company (the “Purchaser”) in whole; and

WHEREAS, a draft of the following document is hereby presented to the Authority at this meeting and attached to this Resolution (the “Authority Document”):

Bond and Loan Agreement between the Authority, the Borrower and the Purchaser dated as of December 1, 2010 shall be amended by that certain First Amendment to Bond and Loan Agreement and Related Documents, substantially in a form approved by the Authority in similar transactions and on file with the Authority, under which parties

agreed to amend the Interest Rate and Amortization Schedule on the Bonds, all as more fully described in the Authority Document.

NOW, THEREFORE, BE IT RESOLVED by the Illinois Finance Authority as follows:

Section 1. Findings. Based solely on the representations made by the Borrower, the Authority hereby makes the following finds and determinations with respect to the Borrower, the Bonds to be issued by the Authority and the facilities refinanced with the proceeds of the Bonds:

(a) The Borrower is an Illinois not-for-profit corporation organized under the laws of the State of Illinois and is qualified to do business in the State of Illinois;

(b) The Borrower has properly filed with the Authority its request for assistance in providing funds to the Borrower which the Borrower will use for the purposes aforesaid;

(c) The facilities to be refinanced with the proceeds of the Bonds do not include any property used or to be used for sectarian instruction or as a place of religious worship nor any facility which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination or the training of ministers, priests, rabbis or other professional persons in the field of religion; and

(d) The Bonds were issued for a valid purpose under and in accordance with the provisions of the Act.

Section 2. Bonds. The Bonds shall be amended and secured by and shall have the terms and provisions set forth in the Authority Document (the "Amended Bonds").

The Amended Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairperson, its Vice Chairperson, or its Executive Director and attested by the manual or facsimile signature of its Secretary or any Assistant Secretary, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon.

The Amended Bonds and the interest thereon shall be a limited obligation of the Authority, payable solely out of the revenue and receipts derived by the Authority pursuant thereto as described in the Bond and Loan Agreement, as amended. The Amended Bonds shall not in any respect be a general obligation of the Authority, nor shall they be payable in any manner from funds raised by taxation. No holder of the Amended Bonds has the right to compel the exercise of the taxing power of the State or any political subdivision thereof to pay the Amended Bonds, the interest or premium, if any, thereon. The Amended Bonds do not constitute in any respect an indebtedness of the Authority or a loan of credit thereof within the meaning of any constitutional or statutory provision.

Section 3. Authority Document. The Authority does hereby authorize and approve the execution by its Executive Director, or any person authorized by a Resolution of the Authority (each an "Authorized Officer") and the delivery and use of the Authority Document. The Authority Document shall be substantially in a form previously approved by the Authority in similar transactions, which form is on file with the Authority, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such person's approval and the Authority's approval of any changes or revisions therein from the form of such Authority Document attached hereto, and to constitute conclusive evidence of such person's approval and the Authority's approval of the terms of the Amended Bonds and the purchase thereof.

Section 4. Authorization and Ratification of Subsequent Acts. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things

and to execute or accept all such documents (including without limitation the execution and delivery of a document setting forth the agreement and certification of the parties thereto relating to certain federal tax matters) as may be necessary to carry out and comply with the provisions of these resolutions, the Authority Document, and all of the acts and doings of the Members, officers, agents, and employees of the Authority which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved.

Section 5. Approval of Acts. All acts of the officials of the Authority which are in conformity with the purposes and intent of this Resolution and in furtherance of the Amended Bonds, and the same hereby are, in all respects, approved and confirmed.

Section 6. Severability. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of remainder of the sections, phrases and provisions.

Section 7. Repeal of Conflicting Provisions. All resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 8. Full Force and Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

RESOLUTION NO. 2018-0410-AP05

RESOLUTION TO ACCEPT THE FISCAL YEAR 2017 FINANCIAL AUDIT AND THE FISCAL YEARS 2016 & 2017 COMPLIANCE EXAMINATION

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”); and

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”); and

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, 2017 (“Fiscal Year 2017”), and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements; and

WHEREAS, it is the Auditor General’s responsibility to maintain an effective system of internal controls over compliance requirements; and

WHEREAS, RSM US LLP performs as Special Assistant Auditors for the Auditor General; and

WHEREAS, RSM US LLP conducted the Authority’s Financial Audit for Fiscal Year 2017 (the “Fiscal Year 2017 Financial Audit”) in accordance with Government Auditing Standards, issued by the Comptroller General of the United States; and

WHEREAS, RSM US LLP conducted the Authority’s Compliance Examination for the two years ended June 30, 2017 (the “Fiscal Years 2016 & 2017 Compliance Examination”) in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States; the Illinois State Auditing Act; and the Audit Guide as adopted by the Auditor General pursuant to the Illinois State Auditing Act; and

WHEREAS, on December 21, 2017, the Auditor General released the Authority’s Fiscal Year 2017 Financial Audit; and

WHEREAS, on March 13, 2018, the Auditor General released the Authority’s Fiscal Years 2016 & 2017 Compliance Examination; and

WHEREAS, in the opinion of the Special Assistant Auditors, the Authority’s Fiscal Year 2017 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, 2017, 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; and

WHEREAS, in the opinion of the Special Assistant Auditors, except for the noncompliance described in the Fiscal Years 2016 & 2017 Compliance Examination findings, the Authority complied, in all material respects, with the requirements described therein for the two years ended June 30, 2017.

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 2017 Financial Audit. The Authority hereby accepts the Financial Audit for fiscal year ended June 30, 2017.

Section 3. Acceptance of Illinois Finance Authority Fiscal Years 2016 & 2017 Compliance Examination. The Authority hereby accepts the Compliance Examination for the two fiscal years ended June 30, 2017.

Section 4. 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 this Resolution.

Section 5. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 6. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This Resolution No. 2018-0410-AP05 is approved and effective this 10th day of April, 2018 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

Executive Director

[SEAL]

Assistant Secretary

RESOLUTION NO. 2018-0410-AP06

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO ONE OR MORE CONTRACTS WITH MESIROW INSURANCE SERVICES, INC. AND ONE OR MORE OF ITS AFFILIATES OR OTHER PROVIDERS FOR THE PROVISION OF INSURANCE BROKERAGE AND OTHER INSURANCE SERVICES, INCLUDING EMPLOYEE BENEFITS

WHEREAS, the Illinois Finance Authority (the “Authority”) has been created and exists under the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Act”); and

WHEREAS, under the Act, the Authority has the power to enter into certain contracts; and

WHEREAS, it is critical to ensure that employee benefits for the Authority’s employees remain available to ensure, among other things, the Authority’s compliance with federal and state law; and

WHEREAS, on March 9, 2017, the Members of the Authority approved Resolution 2017-0309-AD11, which delegated to the Executive Director the authority to determine the plan or plans for the provision of employee benefits and payroll services which he deems necessary and proper and in the best interests of the Authority, and further delegated to the Executive Director the power to execute and deliver any and all such agreements, instruments, certificates and other documents as are necessary or desirable, in the determination of the Executive Director, to secure the services provided for thereunder; and

WHEREAS, on July 14, 2016, the Members of the Authority approved Resolution 2016-0714-AD12, which approved a one-year contract between the Authority and Mesirow Insurance Services, Inc. (“Alliant/Mesirow”) for insurance brokerage and other insurance services; and

WHEREAS, in April 2017, the Authority entered into a one-year contract with Alliant/Mesirow, pursuant to the State master contract between Alliant/Mesirow and the State of Illinois (the “Master Contract”), for insurance brokerage and other insurance services, which services included general, automobile, property, and public official insurance and other operational insurance coverage types; and

WHEREAS, the Members of the Authority desire to delegate to the Executive Director the authority to use the Master Contract with Alliant/Mesirow to obtain employee benefits, including but not limited to medical, dental, vision, life and disability insurance and flexible spending accounts and voluntary benefits.

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. 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 contract with Alliant/Mesirow pursuant to the Master Contract for the provision of insurance brokerage and other insurance services, including employee benefits. In addition, the Authority hereby delegates to the Executive Director of the Authority the power to execute and deliver any and all such agreements, instruments, certificates and other documents as are necessary or desirable, in the determination of the Executive Director, to secure such services.

Section 3. Further Actions. The Executive Director of the Authority 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 which are in conformity with the intent and purposes 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 doings 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 4. 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 this Resolution.

Section 5. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 6. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This Resolution No. 2018-0410-AP06 is approved and effective this 10th day of April, 2018 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

Executive Director

[SEAL]

Assistant Secretary

RESOLUTION NO. 2018-0410-GP07

**RESOLUTION APPROVING CHANGES IN THE DATES OF
REGULAR MEETINGS FOR THE REMAINDER OF
FISCAL YEAR 2018**

WHEREAS, the Illinois Finance Authority (the "Authority") was created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as amended (the "IFA Act"), as a body politic and corporate of the State of Illinois and is authorized by the laws of the State of Illinois; and

WHEREAS, it is the public policy of the State of Illinois that public bodies exist to aid in the conduct of the people's business and that the people have a right to be informed as to the conduct of their business; and

WHEREAS, in order that the people shall be informed, it is the public policy of the State of Illinois that its citizens shall be given advance notice of and the right to attend all meetings at which any business of a public body is discussed or acted upon in any way; and

WHEREAS, the Illinois Open Meetings Act, 5 ILCS 120/ et seq., as amended (the "Open Meetings Act") was created to implement these public policies; and

WHEREAS, pursuant to the Illinois Open Meetings Act, the Authority is a public body; and

WHEREAS, pursuant to the Illinois Open Meetings Act, every public body shall give public notice of the schedule of regular meetings at the beginning of each calendar or fiscal year and shall state the regular dates, times, and places of such meetings; and

WHEREAS, pursuant to the Illinois Open Meetings Act, a public body may change the dates of such regular meetings if (i) 10 days' notice of such change is given by publication in a newspaper of general circulation in the area in which such body functions; (ii) notice of such change is posted at the principal office of the public body; and (iii) notice of such change is supplied to those news media which have filed an annual request for notice; and

WHEREAS, such notices were given by the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Members of the Illinois Finance Authority as follows:

Section 1. Authority. This Resolution is adopted pursuant to Section 801-15 and Section 801-25 of the IFA Act. The preambles to this resolution are incorporated by reference as part of this resolution.

Section 2. Approval of Changes in the Dates of Regular Meetings for the Remainder of Fiscal Year 2018. The Authority hereby approves the dates of regular meetings for the remainder of the 2018 Fiscal Year attached hereto as Exhibit A, provided that the Authority reserves the right to cancel or reschedule regular meetings in accordance with the notice and posting requirements of the Open Meetings Act.

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 this Resolution.

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

Section 5. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage.

This Resolution No. 2018-0410-GP07 is approved and effective this 10th day of April, 2018 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

Executive Director

[SEAL]

Assistant Secretary

EXHIBIT A
REGULAR MEETINGS FOR FISCAL YEAR 2018



Fiscal Year 2018

PUBLIC NOTICE OF REGULARLY SCHEDULED MEETINGS OF THE MEMBERS OF THE ILLINOIS FINANCE AUTHORITY, AS CHANGED ON APRIL 10, 2018

During Fiscal Year 2018, the regular meetings of the Members of the Illinois Finance Authority (the “Authority”) will be held on the scheduled dates at the times and places listed below.

Please note that the dates of the final two regular meetings in Fiscal Year 2018 have been changed. No changes have been made to the times or locations of those meetings.

An agenda for each regular meeting will be posted at the principal office of the Authority, at the location where the meeting is to be held and at www.il-fa.com at least 48 hours in advance of the holding of the meeting.

Please check www.il-fa.com for updates to times or locations of regular meetings. Unless otherwise noted, regular meetings of the Members will be constituted with a quorum of Members physically present at one of the following locations:

- Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, IL 60601-3124 (the “IFA Chicago Office”); or
- Other locations to be announced.

ILLINOIS FINANCE AUTHORITY MEETINGS OF THE MEMBERS 9:30 AM

Thursday, July 13, 2017

IFA Chicago Office

Thursday, August 10, 2017

IFA Chicago Office

Thursday, September 14, 2017

IFA Chicago Office

Thursday, October 12, 2017

IFA Chicago Office

Thursday, November 9, 2017

IFA Chicago Office

Thursday, December 14, 2017

IFA Chicago Office

Thursday, January 11, 2018

IFA Chicago Office

Thursday, February 8, 2018

IFA Chicago Office

Thursday, March 8, 2018

IFA Chicago Office

Thursday, April 12, 2018

IFA Chicago Office

Tuesday, May 8, 2018

IFA Chicago Office

Tuesday, June 12, 2018

IFA Chicago Office

All meetings will be accessible to handicapped individuals in compliance with Executive Order #5 (1979) as well as pertinent State and Federal laws upon notification of anticipated attendance. Handicapped persons planning to attend any meeting and needing special accommodations should contact Mari Money at the Illinois Finance Authority by calling (312)651-1319, TTY (800) 526-0844.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Pam Lenane, Executive Vice President

Date: April 10, 2018

Re: Status Report on Illinois Finance Authority Asset Ownership and Project Finance Program and Illinois Medium Term Healthcare Finance Program (See program descriptions attached).

Illinois Finance Authority Asset Ownership Program:

In February after the Board passed a resolution approving the development of the Illinois Finance Authority Asset Ownership Program, Loop Capital Markets (“Loop”) distributed the program description to their clients who they felt might have an interest in the program. I received a call from one of our regular large system Borrowers indicating an interest in using the program to build a new community wellness center. We are working on a financial structure based on proposed current rates to discuss with the potential borrower. It is my understanding that Loop is working with several other borrowers on prospective projects.

Illinois Finance Authority Medium Term Healthcare Finance Program:

In March we sent 37 letters to hospitals announcing our new program, the Illinois Finance Authority Medium Term Healthcare Finance Program. To date we have received several inquiries about the program. One hospital has expressed interest in financing information technology on a taxable basis. This month we intend to continue our mailings and make follow up calls.

IFA Ownership and Project Finance Program

Presented by:

**Pamela Lenane, Executive Vice President, Healthcare
Illinois Finance Authority**





Executive Summary:

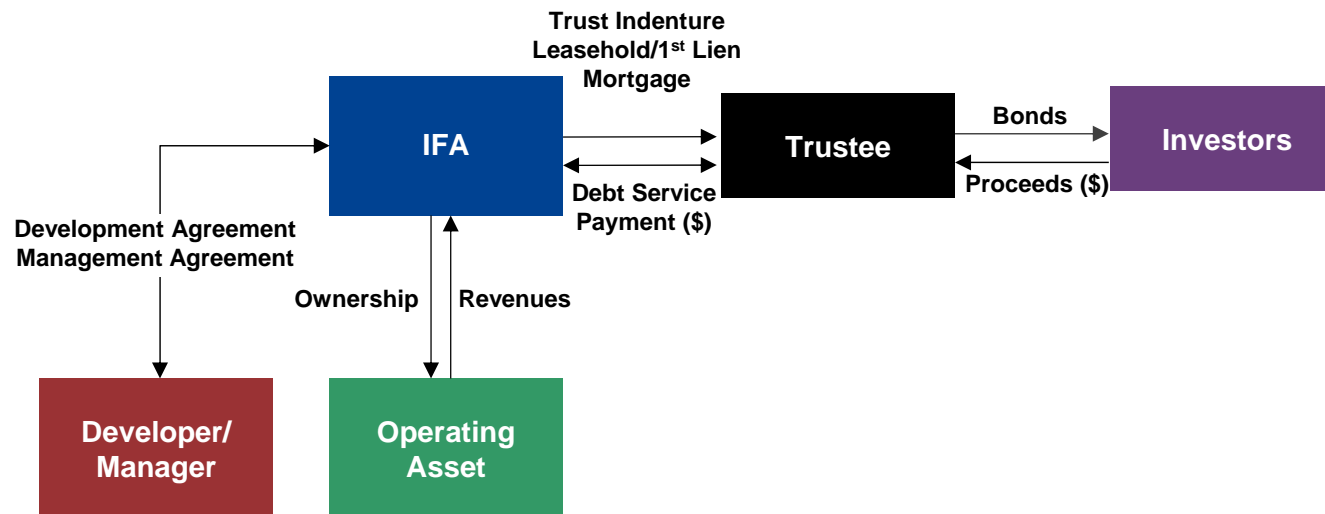
- **Loop Capital Markets brought this program to IFA and will coordinate any projects constructed through this program**
- **Traditionally, 501(c)3 organizations issue their tax-exempt bonds through a conduit to fund projects or refinance debt**
- **The IFA has the legislative authority to issue governmental bonds to acquire or own certain assets that provide a public benefit (“Ownership and Project Finance Program”)**
- **The Ownership and Project Finance Program serves to ease the debt capacity concerns of certain entities by allowing them to build or renovate facilities without adding debt to their balance sheet**
 - **Preserves limited debt capacity**
- **Entities seeking to execute projects through the IFA’s Ownership and Project Finance Program can avoid using an underlying 501(c)3 as the borrower while still being able to access the tax-exempt market**
- **IFA will charge an upfront and ongoing annual fee**
- **Loop Capital Markets will review credit quality of projects**



Structure Overview:

- **IFA will own asset. Revenues net of expenses will be deposited to the Indenture and the Trustee will pay debt service**
- **IFA will enter into a management/development agreement with a manager/developer**
- **Agreements between IFA and Trustee**
 - **Trust indenture**
 - **Leasehold mortgage is a first lien**
- **Loop Capital Markets will act as an underwriter, placement agent and/or coordinate the source of the financing. The construction of the Project will be financed with bond proceeds.**
- **The IFA and Loop Capital Markets will receive a feasibility study supporting the viability of the Project**

Flow Chart:





Contact Information

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Contact:

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Loop Capital Markets

Prakash Ramani

Senior Vice President

Phone: 312.356.5005

prakash.ramani@loopcapital.com



IFA Medium Term Healthcare Finance Program

Presented by:

**Pamela Lenane, Executive Vice President, Healthcare
Illinois Finance Authority**





Highlighted Benefits:

- **Historic Low Interest Rates**
- **Simplified documentation and process**
- **Financing for assets including software (EMR), build out/tenant improvements aka “soft costs” in addition to capital budget items such as IT, Imaging, etc.**
- **Forward rate lock options given the current volatile markets**
- **Rate not affected by changes in tax law**
- **Flexible pre-payment**
- **Select ability to monetize fixed asset register**

Rates:

Medium Term Capital - Example Fixed Tax Exempt Rates	
	Tax Exempt rate range*
5 year	2.83% to 3.53%
7 year	2.98% to 3.72%
10 year	3.09% to 3.85%

**For discussion only - rates are indicative, are Indexed to average life US Swap Rates and are not meant to be construed as a commitment to lend.*

Unique timing:

- Still favorable interest rates and market returns





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Date: April 10, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Neil Heller
Robert Horne
Mayor Arlene A. Juracek

Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

From: Ximena Granda, Controller

Subject: *Presentation and Consideration of Financial Reports as of March 31, 2018***

****All information is preliminary and unaudited.**

FISCAL YEAR 2018-UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

- a. **Total Annual Revenues** equal **\$4.2** million and are **\$1.1** million or **38.1%** higher than budget due primarily to **higher** closing fees. Closing fees year-to-date of \$3.0 million are \$797 thousand or 36.8% **higher** than budget. Annual fees of \$288 thousand are \$79 thousand higher than the budgeted amount. Administrative service fees of \$111 thousand are \$74 thousand higher than budget. Application fees total \$21 thousand and are \$6 thousand lower than the budgeted amount. Total accrued interest income from loans in connection with the former Illinois Rural Bond Bank local government borrowers and other loans totaled \$447 thousand (which has represented a declining asset since 2014). Net investment income position is at \$245 thousand for the fiscal year and is \$150 thousand higher than budget.
- b. In **March** the Authority generated \$222 thousand in closing fees, lower than the monthly budgeted amount of \$241 thousand. Closing fees were received from: ***The University of Chicago*** for \$145 thousand, ***Better Housing Foundation*** for \$68 thousand, ***Deferred Action for Childhood Arrivals*** for \$7 and one Beginning Farmer bond for \$2 thousand.
- c. **Total Annual Expenses** of \$2.5 million were \$454 thousand or 15.3% lower than budget, which was mostly driven by below budget spending on professional services and employee related expenses. Year-to-date, employee and professional services expenses total \$2.1million; with each

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.

*** Governmental Accounting Standards Board (GASB) Statement No. 31.** This Statement establishes accounting and financial reporting standards for all investments held by governmental external investment pools. For most other governmental entities, it establishes fair value standards for investments in (a) participating interest-earning investment contracts, (b) external investment pools, (c) open-end mutual funds, (d) debt securities, and (e) equity securities, option contracts, stock warrants, and stock rights that have readily determinable fair values.

- Authority investment manager advises that global market conditions contribute to this.
- Past performance does not direct the outcome of future outcomes; however in FY2015 investment income total was \$642 thousand compared to (unaudited) FY2016 total \$ 742 thousand.

function at 20.8% and 13.0% under budget, respectively. Annual occupancy costs of \$122 thousand are 6.5% lower than budget, while general and administrative costs are \$291 thousand for the year, which is 14.9% higher than budget. Total depreciation cost of \$11 thousand is 64.4% below budget. Total cash transfers in from the Primary Government Borrowing Fund (setup to track financial activity on behalf of the State of Illinois) to the General Operating Fund are \$899 thousand.

- d. In **March** the Authority recorded operating expenses of \$361 thousand, which was higher than the monthly budgeted amount of \$309 thousand due to untimely receipt of professional services invoices.
- e. **Total Monthly Net Income** of \$64 thousand was driven by an unexpected annual fee from F.C. Harris Pavilion in the amount of \$70 thousand.
- f. **Total Annual Net Income** is \$1.6 million, The major driver of the annual positive bottom line is due to the compressed bond project closing activity in November and December 2017 as well as lower than expected expenses.

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

The Authority, as of March 31, 2018, is a \$124.1 million dollar agency, but the Authority also accounts for activity in the Other State of Illinois Debt Fund. Total Assets in the Other State of Illinois Debt Fund are \$1.3 billion. The Authority maintains compliance for nearly \$25.0 billion in outstanding debt.

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

In the General Fund, the Authority continues to maintain a strong balance sheet, with total net position of \$58.3 million. The total assets in the General Fund are \$58.7 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total \$45.00 million (with \$5.9 million in cash). Notes receivables from the former Illinois Rural Bond Bank local governments total \$10.7 million. Participation loans, DACA (pilot medical student loans in exchange for service in medical underserved areas in Illinois) and other loans receivables are at \$2.9 million.

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

- a. In accordance with Governmental Accounting Standards, the “Other State of Illinois Debt Fund” is comprised of bond activity for the Illinois Environmental Protection Agency (“IEPA”), the Illinois Medical District Commission (“IMDC”) and Northern Illinois University Foundation (“NIUF”). The majority of the activity in this fund derives from the Clean Water Initiative (“CWI”) bonds issued for IEPA. Total assets in this fund total \$1.3 billion, of which CWI Bonds total \$1.1 billion. The Series 2016 CWI Bonds closed on September 12, 2016 in the amount of \$500 million and the Series 2017 CWI Bonds closed on September 12, 2017 in the amount of \$560 million. Restricted investments total \$427.6million with accrued investment income at \$507 thousand. As of March 31, 2017, \$373.1 million or 63.4% of Series 2017 CWI bond proceeds have been disbursed to projects.
- b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year-to-date receipts of \$323thousand. Year-to-date loan repayments under the Fire Truck and Ambulance Revolving Loan Funds are \$1.9 million and \$296 thousand, respectively. The Net Position for

Fire Truck and Ambulance Revolving Loan Funds on the Authority's balance sheet is \$23.5 million and \$4.3 million, respectively.

The Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer Agribusiness Loan Guarantee Fund include restricted assets held by the State Treasurer to make payouts of losses in relation to the Authority's agricultural loan guarantee programs. As of March 31, 2018, the Agricultural Loan Guarantee Fund had a Restricted Net Position of \$10.2 million and the Agribusiness Fund had a Restricted Net Position of \$8.0 million, with no loss reserves in either fund. However, the Industrial Revenue Bond Insurance Fund includes restricted assets held locally by the Authority to make payouts of losses in relation to the Authority's agricultural loan guarantee programs (please see Senate Bill 324, Public Acct 99-0509). The Restricted Net Position for the Industrial Revenue Bond Insurance Fund was \$11.7 million as of March 31, 2018.

- c. All other nonmajor funds recorded total year-to-date revenues of \$318 thousand. Year-to-date expenses total \$11 thousand as of March 31, 2018. Total Net Position in the remaining non-major funds is \$38.2 million.
- d. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of \$6 thousand in the custody of the Authority. The Illinois Finance Authority NFP Development Fund has a total net position of \$12 thousand.

5. AUTHORITY AUDITS AND REGULATORY UPDATES

The Fiscal Year 2017 two-year Compliance Audit Examination was released on March 13, 2018. There were nine material findings reported. On April 3, 2018, both the Fiscal Year 2017 Financial Audit and the two-year Compliance Audit Examination report were discussed in full detail at the Authority's Audit Plus Committee Meeting ("Audit Plus"). An audit finding tracking plan was presented. Finally, Central Management Services Internal Auditors, also present in the Audit Plus Meeting, discussed one of the audits they had performed.

6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION

The Fiscal Year Comparison of Bonds Issued, the Fiscal Year 2018 Bonds Issued, Schedule of Debt and the State of Illinois Receivables Summary being presented as supplementary financial information in your manila folder.

Respectfully submitted,

/s/ Ximena Granda
Controller



ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
GENERAL OPERATING FUND
FOR FISCAL YEAR 2018 AS OF MARCH 31, 2018
(PRELIMINARY AND UNAUDITED)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	BUDGET VARIANCE (\$)	BUDGET VARIANCE (%)
Operating Revenues:																
Closing Fees	\$ 136,265	\$ 226,532	\$ 486,374	\$ 19,345	\$ 376,290	\$ 1,279,665	\$ 215,338	\$ -	\$ 221,778				\$ 2,961,587	\$ 2,164,425	\$ 797,162	36.8%
Annual Fees	21,005	23,599	20,265	22,158	25,018	26,081	34,256	20,616	95,413				288,411	209,640	78,771	37.6%
Administrative Service Fees	-	10,500	20,000	33,500	500	40,500	6,000	-	-				111,000	37,500	73,500	196.0%
Application Fees	100	4,100	3,000	2,300	3,000	6,100	1,100	300	1,000				21,000	27,000	(6,000)	-22.2%
Miscellaneous Fees	104	-	10,336	338	14,750	-	108	-	-				25,636	4,125	21,511	521.5%
Interest Income-Loans	50,587	49,369	52,190	50,787	50,356	50,244	50,240	51,309	41,440				446,522	470,798	(24,276)	-5.2%
Other Revenue	164	163	162	57,382	161	160	160	159	514				59,025	1,500	57,525	3835.0%
Total Operating Revenue:	\$ 208,225	\$ 314,263	\$ 592,327	\$ 185,810	\$ 470,075	\$ 1,402,750	\$ 307,202	\$ 72,384	\$ 360,145	\$ -	\$ -	\$ -	\$ 3,913,181	\$ 2,914,988	\$ 998,193	34.2%
Operating Expenses:																
Employee Related Expense	\$ 133,489	\$ 139,259	\$ 131,705	\$ 131,125	\$ 128,774	\$ 124,356	\$ 181,610	\$ 177,296	\$ 180,593				\$ 1,328,207	\$ 1,677,232	\$ (349,025)	-20.8%
Professional Services	75,916	38,669	50,322	114,233	46,325	68,966	113,925	122,821	137,146				768,323	882,747	(114,424)	-13.0%
Occupancy Costs	14,324	12,110	13,155	13,506	12,721	12,505	16,610	13,833	13,283				122,047	130,500	(8,453)	-6.5%
General & Administrative	28,531	28,689	33,165	30,977	35,469	38,158	36,598	30,703	28,470				290,760	253,125	37,635	14.9%
Depreciation and Amortization	1,177	1,177	1,177	1,148	1,843	1,047	1,047	1,047	1,289				10,952	30,753	(19,801)	-64.4%
Total Operating Expense	\$ 253,437	\$ 219,904	\$ 229,524	\$ 290,989	\$ 225,132	\$ 245,032	\$ 349,790	\$ 345,700	\$ 360,781	\$ -	\$ -	\$ -	\$ 2,520,289	\$ 2,974,357	\$ (454,068)	-15.3%
Operating Income(Loss)	\$ (45,212)	\$ 94,359	\$ 362,803	\$ (105,179)	\$ 244,943	\$ 1,157,718	\$ (42,588)	\$ (273,316)	\$ (636)	\$ -	\$ -	\$ -	\$ 1,392,892	\$ (59,369)	\$ 1,452,261	2446.2%
Nonoperating Revenues (Expenses):																
Miscellaneous Non-Opertg Rev/(Exp)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	#DIV/0!
Bad Debt Adjustments (Expense)	-												-	1,503	(1,503)	-100.0%
Interest and Investment Income*	34,141	51,568	39,087	42,092	39,346	43,482	45,731	42,473	51,718				389,638	187,500	202,138	107.8%
Realized Gain (Loss) on Sale of Invests	(3,209)	(5,094)	(2,750)	7	31	(1,469)	(3,131)	243	(2,305)				(17,677)	(18,747)	1,070	-5.7%
Net Appreciation (Depr) in FV of Invests	11,539	9,008	(35,070)	(25,750)	(48,369)	(13,632)	(22,568)	(16,841)	14,885				(126,798)	(75,000)	(51,798)	69.1%
Total Nonoperating Rev (Exp)	\$ 42,471	\$ 55,482	\$ 1,267	\$ 16,349	\$ (8,992)	\$ 28,381	\$ 20,032	\$ 25,875	\$ 64,298	\$ -	\$ -	\$ -	\$ 245,163	\$ 95,256	\$ 149,907	157.4%
Net Income (Loss) Before Transfers	\$ (2,741)	\$ 149,841	\$ 364,070	\$ (88,830)	\$ 235,951	\$ 1,186,099	\$ (22,556)	\$ (247,441)	\$ 63,662	\$ -	\$ -	\$ -	\$ 1,638,055	\$ 35,887	\$ 1,602,168	4464.5%
Transfers:																
Transfers in from other funds	\$ 58,296	\$ -				\$ -			\$ 899				\$ 59,195	\$ -	59,195	0.0%
Transfers out to other funds	(58,296)	-							(899)				(59,195)	-	(59,195)	0.0%
Total Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Income (Loss)	\$ (2,741)	\$ 149,841	\$ 364,070	\$ (88,830)	\$ 235,951	\$ 1,186,099	\$ (22,556)	\$ (247,441)	\$ 63,662	\$ -	\$ -	\$ -	\$ 1,638,055	\$ 35,887	\$ 1,602,168	4464.5%



ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
FOR FISCAL YEAR 2018 AS OF MARCH 31, 2018
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND*	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
Operating Revenues:								
Closing Fees	\$ 2,961,587	\$ -	\$ -	\$ -	\$ 2,961,587	\$ -	\$ 2,961,587	\$ -
Annual Fees	288,411	-	-	-	288,411	-	288,411	-
Administrative Service Fees	111,000	-	-	-	111,000	-	111,000	-
Application Fees	21,000	-	-	-	21,000	-	21,000	-
Miscellaneous Fees	25,636	323,011	-	213	348,860	-	348,860	-
Interest Income-Loans	446,522	18,596	2,480	11,793	479,391	7,491,615	7,971,006	-
Other Revenue	59,025	-	-	-	59,025	-	59,025	-
Total Operating Revenue:	\$ 3,913,181	\$ 341,607	\$ 2,480	\$ 12,006	\$ 4,269,274	\$ 7,491,615	\$ 11,760,889	\$ -
Operating Expenses:								
Employee Related Expense	\$ 1,328,207	\$ -	\$ -		\$ 1,328,207	\$ -	\$ 1,328,207	\$ -
Professional Services	768,323	2,168	2,143	9,467	782,101	-	782,101	-
Occupancy Costs	122,047	-	-	-	122,047	-	122,047	-
General & Administrative	290,760	-	-	39	290,799	-	290,799	-
Interest Expense	-	-	-	1,509	1,509	11,699,034	11,700,543	-
Depreciation and Amortization	10,952	-	-	-	10,952	-	10,952	-
Total Operating Expense	\$ 2,520,289	\$ 2,168	\$ 2,143	\$ 11,015	\$ 2,535,615	\$ 11,699,034	\$ 14,234,649	\$ -
Operating Income(Loss)	\$ 1,392,892	\$ 339,439	\$ 337	\$ 991	\$ 1,733,659	\$ (4,207,419)	\$ (2,473,760)	\$ -
Nonoperating Revenues (Expenses):								
Miscellaneous non-opertg rev/(exp)	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Transfer of funds and program interest from the State of Illi	-	-	-	-	-	-	-	-
Interest and invesment income*	389,638	36,677	22,914	348,679	797,908	3,440,133	4,238,041	8
Realized Gain (Loss) on sale of investment	(17,677)	(2,696)	(3,470)	352	(23,491)	(1,213,498)	(1,236,989)	-
Net Appreciation (Depr) in fair value of investments**	(126,798)	6,664	5,241	(42,880)	(157,773)	1,980,784	1,823,011	-
Total Nonoperating Revenues (Expenses)	\$ 245,163	\$ 40,645	\$ 24,685	\$ 306,151	\$ 616,644	\$ 4,207,419	\$ 4,824,063	\$ 8
Net Income (Loss) Before Transfers	\$ 1,638,055	\$ 380,084	\$ 25,022	\$ 307,142	\$ 2,350,303	\$ -	\$ 2,350,303	\$ 8
Transfers:								
Transfers in from other funds	\$ 59,195	\$ -	\$ -	\$ -	\$ 59,195	\$ -	\$ 59,195	\$ -
Transfers out to other funds	(59,195)	-	-	-	(59,195)	-	(59,195)	-
Total Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ 1,638,055	\$ 380,084	\$ 25,022	\$ 307,142	\$ 2,350,303	\$ -	\$ 2,350,303	\$ 8



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
 March 31, 2018

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR 1,279,665	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Assets and Deferred Outflows:								
Current Assets:								
Unrestricted:								
Cash & cash equivalents	\$ 5,852,322	\$ -	\$ -	\$ 160,481	\$ 6,012,803		\$ 6,012,803	\$ -
Investments	29,984,652	-	-	3,716,051	33,700,703		33,700,703	-
Receivables from pending investment sales	70,000	-	-	25,000	95,000		95,000	-
Accounts receivable, Net	19,738	-	-	-	19,738		19,738	-
Loans receivables, Net	2,219	-	-	-	2,219		2,219	-
Accrued interest receivable	449,496	-	-	13,813	463,309		463,309	-
Bonds and notes receivable	1,180,200	-	-	-	1,180,200		1,180,200	-
Due from other funds	11,549	-	-	-	11,549		11,549	-
Prepaid Expenses	108,004	-	-	-	108,004		108,004	-
Total Current Unrestricted Assets	\$ 37,678,180	\$ -	\$ -	\$ 3,915,345	\$ 41,593,525	\$ -	\$ 41,593,525	\$ -
Restricted:								
Cash & Cash Equivalents	\$ -	\$ 209,797	\$ 284,616	\$ 2,378,637	\$ 2,873,050	\$ 28,689,050	\$ 31,562,100	\$ 6,297
Investments	-	5,075,403	2,590,943	11,574,652	19,240,998	424,308,439	443,549,437	-
Receivables from pending investment sales	-	-	-	135,000	135,000		135,000	-
Securities lending collateral equity with the Treasurer	-	-	-	-	-		-	-
Accrued interest receivable	-	20,675	5,707	48,636	75,018	506,865	581,883	-
Due from other funds	-	-	-	-	-		-	-
Due from primary government	-	-	-	-	-		-	-
Bonds and notes receivable from State component units	-	-	-	-	-		-	-
Loans receivables, Net	-	-	-	1,352	1,352	-	1,352	-
Total Current Restricted Assets	\$ -	\$ 5,305,875	\$ 2,881,266	\$ 14,138,277	\$ 22,325,418	\$ 453,504,354	\$ 475,829,772	\$ 6,297
Total Current Assets	\$ 37,678,180	\$ 5,305,875	\$ 2,881,266	\$ 18,053,622	\$ 63,918,943	\$ 453,504,354	\$ 517,423,297	\$ 6,297
Non-current Assets:								
Unrestricted:								
Investments	\$ 9,167,444	\$ -	\$ -	\$ 532,874	\$ 9,700,318		\$ 9,700,318	\$ -
Loans receivables, Net	2,928,959	-	-	-	2,928,959		2,928,959	-
Bonds and notes receivable	8,890,837	-	-	-	8,890,837		8,890,837	-
Total Noncurrent Unrestricted Assets	\$ 20,987,240	\$ -	\$ -	\$ 532,874	\$ 21,520,114	\$ -	\$ 21,520,114	\$ -
Restricted:								
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	1,583,428	1,583,428	3,272,078	4,855,506	-
Funds in the custody of the Treasurer	-	83,394	752	18,256,045	18,340,191		18,340,191	-
Accrued interest receivable	-	-	-	-	-		-	-
Loans receivables, Net	-	18,094,427	1,378,640	130,663	19,603,730		19,603,730	-
Bonds and notes receivable from primary government	-	-	-	-	-	825,785,492	825,785,492	-
Bonds and notes receivable from State component units	-	-	-	-	-	8,391,630	8,391,630	-
Total Noncurrent Restricted Assets	\$ -	\$ 18,177,821	\$ 1,379,392	\$ 19,970,136	\$ 39,527,349	\$ 837,449,200	\$ 876,976,549	\$ -
Capital Assets								
Capital Assets	\$ 856,043	\$ -	\$ -	\$ -	\$ 856,043	\$ -	\$ 856,043	\$ -
Accumulated Depreciation	(793,980)	-	-	-	(793,980)	-	(793,980)	-
Total Capital Assets	\$ 62,063	\$ -	\$ -	\$ -	\$ 62,063	\$ -	\$ 62,063	\$ -
Total Noncurrent Assets	\$ 21,049,303	\$ 18,177,821	\$ 1,379,392	\$ 20,503,010	\$ 61,109,526	\$ 837,449,200	\$ 898,558,726	\$ -
Total Assets	\$ 58,727,483	\$ 23,483,696	\$ 4,260,658	\$ 38,556,632	\$ 125,028,469	\$ 1,290,953,554	\$ 1,415,982,023	\$ 6,297
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred loss on debt refunding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,401	\$ 301,401	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,401	\$ 301,401	\$ -



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
 March 31, 2018

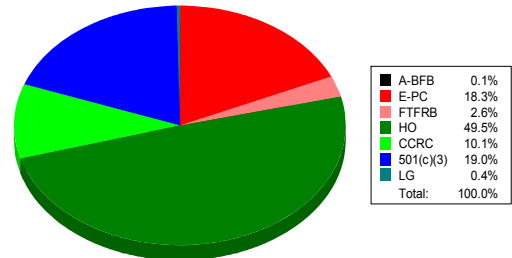
	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR 1,279,665	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Total Assets & Deferred Inflows of Resources	\$ 58,727,483	\$ 23,483,696	\$ 4,260,658	\$ 38,556,632	\$ 125,028,469	\$ 1,291,254,955	\$ 1,416,283,424	\$ 6,297
Liabilities:								
Current Liabilities:								
Payable from unrestricted current assets:								
Accounts payable	\$ 62,539	\$ -	\$ -	\$ -	\$ 62,539	\$ -	\$ 62,539	\$ -
Payables from pending investment purchases	-	49,946	-	99,835	149,781	-	149,781	-
Accrued liabilities	99,804	-	-	-	99,804	-	99,804	-
Due to employees	95,721	-	-	-	95,721	-	95,721	-
Due to primary government	50,001	-	-	-	50,001	-	50,001	-
Due to other funds	11,341	-	-	-	11,341	-	11,341	-
Other liabilities	-	-	-	-	-	-	-	6,289
Unearned revenue, net of accumulated amortization	138,674	-	-	-	138,674	-	138,674	-
Total Current Liabilities Payable from Unrestricted Current Assets	\$ 458,080	\$ 49,946	\$ -	\$ 99,835	\$ 607,861	\$ -	\$ 607,861	\$ 6,289
Payable from restricted current assets:								
Accounts payable	-	-	-	104,830	104,830	-	104,830	-
Obligation under securites lending of the State Treasurer	-	-	-	-	-	-	-	-
Accrued interest payable	\$ -	\$ -	\$ -	\$ 208	\$ 208	\$ 13,272,729	\$ 13,272,937	\$ -
Due to other funds	-	-	-	675	675	-	675	-
Due to primary government	-	-	-	-	-	-	-	-
Bonds and notes payable from primary government	-	-	-	-	-	29,269,666	29,269,666	-
Bonds and notes payable from State component units	-	-	-	-	-	670,000	670,000	-
Current portion of long term debt	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	1,123,881	1,123,881	-
Total Current Liabilities Payable from Restricted Current Assets	\$ -	\$ -	\$ -	\$ 105,713	\$ 105,713	\$ 44,336,276	\$ 44,441,989	\$ -
Total Current Liabilities	\$ 458,080	\$ 49,946	\$ -	\$ 205,548	\$ 713,574	\$ 44,336,276	\$ 45,049,850	\$ 6,289
Noncurrent Liabilities								
Payable from unrestricted noncurrent assets:								
Noncurrent payables	\$ 585	\$ -	\$ -	\$ -	\$ 585	\$ -	\$ 585	\$ -
Assets	\$ 585	\$ -	\$ -	\$ -	\$ 585	\$ -	\$ 585	\$ -
Payable from restricted noncurrent assets:								
Bonds and notes payable from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,233,074,583	\$ 1,233,074,583	\$ -
Bonds and notes payable from State component units	-	-	-	-	-	13,844,096	13,844,096	-
Noncurrent portion of long term debt	-	-	-	187,322	187,322	-	187,322	-
Noncurrent loan reserve	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities Payable from Restricted Noncurrent	\$ -	\$ -	\$ -	\$ 187,322	\$ 187,322	\$ 1,246,918,679	\$ 1,247,106,001	\$ -
Total Noncurrent Liabilities	\$ 585	\$ -	\$ -	\$ 187,322	\$ 187,907	\$ 1,246,918,679	\$ 1,247,106,586	\$ -
Total Liabilities	\$ 458,665	\$ 49,946	\$ -	\$ 392,870	\$ 901,481	\$ 1,291,254,955	\$ 1,292,156,436	\$ 6,289
Net Position:								
Net Investment in Capital Assets	\$ 62,063	\$ -	\$ -	\$ -	\$ 62,063	\$ -	\$ 62,063	\$ -
Restricted for Locally Held Agricultural Guarantees	-	-	-	11,481,603	11,481,603	-	11,481,603	-
Restricted for Public Safety Loans	-	23,053,665	4,235,636	-	27,289,301	-	27,289,301	-
Restricted for Agricultural Guarantees and Rural Development Loans	-	-	-	19,777,512	19,777,512	-	19,777,512	-
Restricted for Renewable Energy Development	-	-	-	2,261,518	2,261,518	-	2,261,518	-
Restricted for Credit Enhancement	-	-	-	-	-	-	-	-
Restricted for Low Income Community Investments	-	-	-	12,653	12,653	-	12,653	-
Unrestricted	56,568,700	-	-	4,323,334	60,892,034	-	60,892,034	-
Current Change in Net Position	1,638,055	380,085	25,022	307,142	2,350,304	-	2,350,304	8
Total Net Position	\$ 58,268,818	\$ 23,433,750	\$ 4,260,658	\$ 38,163,762	\$ 124,126,988	\$ -	\$ 124,126,988	\$ 8
Total Liabilities & Net Position	\$ 58,727,483	\$ 23,483,696	\$ 4,260,658	\$ 38,556,632	\$ 125,028,469	\$ -	\$ 1,416,283,424	\$ 6,297

Bonds Issued - Fiscal Year Comparison for the Period Ending March 31, 2018

Fiscal Year 2016

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	3,762,495
10	Education	692,515,000
1	Freight Transfer Facilities Bonds	100,000,000
13	Healthcare - Hospital	1,869,903,000
6	Healthcare - CCRC	381,762,000
9	501(c)(3) Not-for-Profit	717,050,000
1	Local Government	14,540,000
54		\$ 3,779,532,495

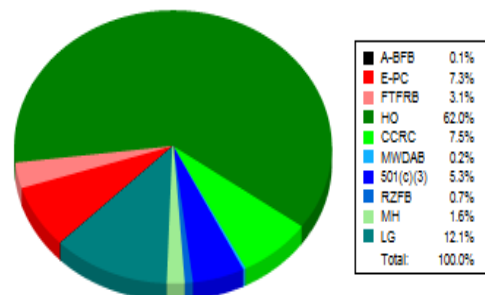
Bonds Issued in Fiscal Year 2016



Fiscal Year 2017

#	Market Sector	Principal Issued
18	Agriculture - Beginner Farmer	3,765,900
7	Education	304,222,000
1	Freight Transfer Facilities Bonds	130,000,000
12	Healthcare - Hospital	2,568,650,000
7	Healthcare - CCRC	310,364,967
1	Midwest Disaster Area Bonds	9,969,162
7	501(c)(3) Not-for-Profit	221,407,000
2	Recovery Zone Facilities Bonds	28,951,409
2	Multifamily/Senior/Not-for-Profit Housing	65,365,000
1	Local Government	500,000,000
58		\$ 4,142,695,438

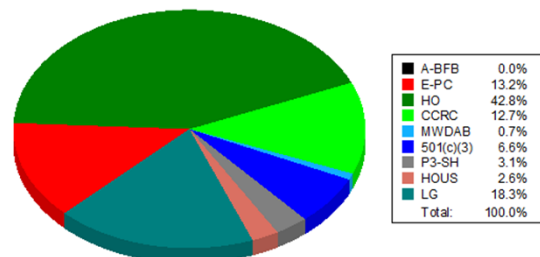
Bonds Issued in Fiscal Year 2017



Fiscal Year 2018

#	Market Sector	Principal Issued
7	Agriculture - Beginner Farmer	1,215,045
5	Education	403,755,000
7	Healthcare - Hospital	1,308,930,000
5	Healthcare - CCRC	388,700,000
1	Midwest Disaster Area Bonds	20,200,000
6	501(c)(3) Not-for-Profit	296,974,000
2	Multifamily/Senior/Not-for-Profit Housing	79,020,000
1	Local Government	560,025,000
34		\$3,058,819,045

Bonds Issued in Fiscal Year 2018



Bond Issuance Analysis

The Authority issued \$183,831,820 in conduit debt during the month of March, 2018. This is 7.91% higher than March, 2017 at \$169,283,909. Total issuance for FY 2018 is \$3,058,819,045. This is 15.8% lower than the same period for FY 2017 at \$3,636,278,309. The IFA has issued 27 conduit bonds and seven beginner farmer bonds in FY 2018.

**Bonds Issued and Outstanding
as of
March 31, 2018**

Bonds Issued between July 01, 2017 and March 31, 2018

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
A-BFB Beginner Farmer Bond	07/01/2017	Variable	1,128,225	0
501(c)(3) YMCA of Rock River Valley	07/25/2017	Variable	9,500,000	5,234,000
CCRC Three Crown Park	07/25/2017	Variable	34,210,000	34,210,000
501(c)(3) Chicagoland Laborers Training and Apprentice Fund	08/10/2017	Fixed at Schedule	12,950,000	0
E-PC Rosalind Franklin University	08/23/2017	Fixed at Schedule	112,390,000	62,390,000
E-PC Bradley University	09/01/2017	Variable	50,000,000	50,000,000
HO Southern Illinois Healthcare Enterprises	09/12/2017	Variable	66,845,000	0
CCRC Tabor Hills Supportive Living Community	09/19/2017	Variable	16,000,000	16,000,000
LG Clean Water Initiative Revolving Fund	09/12/2017	Fixed at Schedule	560,025,000	0
E-PC Bradley University	09/01/2017	Fixed at Schedule	39,500,000	0
HO UnityPoint Health	10/20/2017	Fixed at Schedule	19,500,000	12,000,000
HO Blessing Hospital	11/17/2017	Variable	15,955,000	0
CCRC Greenfields of Geneva	11/17/2017	Fixed at Schedule	65,000,000	65,000,000
HOUS Better Housing Foundation (Windy City Portfolio Project)	11/21/2017	Fixed at Schedule	59,980,000	0
501(c)(3) Chicago Charter School Foundation	11/30/2017	Variable	51,310,000	0
P3-SH CHF- Chicago, LLC (University of Illinois at Chicago)	12/19/2017	Fixed at Schedule	94,860,000	0
HO Northwestern Memorial HealthCare	12/19/2017	Fixed at Schedule	706,900,000	593,500,000
HO OSF Healthcare System	12/20/2017	Variable	235,000,000	49,000,000
501(c)(3) Cantigny Foundation	12/27/2017	Variable	58,000,000	0
501(c)(3) The Lincoln Park Zoological Society	12/27/2017	Variable	70,354,000	70,000,000
E-PC Elmhurst College	12/27/2017	Variable	37,160,000	37,000,000
CCRC Friendship Village of Schaumburg	12/28/2017	Fixed at Schedule	122,550,000	108,371,437
HO Ingalls Memorial Hospital	12/29/2017	Variable	41,180,000	41,180,000

MWDAB	Kone Center Project	12/29/2017	Variable	20,200,000	20,200,000
CCRC	The Admiral at the Lake	12/29/2017	Fixed at Schedule	150,940,000	147,612,110
A-BFB	Beginner Farmer Bond	01/01/2018	Variable	86,820	0
HO	Ann & Robert Lurie Children's Hospital of Chicago	01/18/2018	Fixed at Schedule	223,550,000	223,550,000
E-PC	The University of Chicago	03/07/2018	Fixed at Schedule	164,705,000	0
HOUS	Better Housing Foundation (Ernst Portfolio Project)	03/08/2018	Fixed at Schedule	19,040,000	0

Total Bonds Issued as of March 31, 2018	<u>\$3,058,819,045</u>	<u>\$ 1,535,247,547</u>
---	------------------------	-------------------------

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, 2017 and March 31, 2018

<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>Acres</u>	<u>County</u>
07/06/2017	3.50	70,000	40.00	Montgomery
10/02/2017	3.5	129,675	95.58	Lawrence
12/15/2017	3.25	193,800	40.00	Jasper
12/15/2017	3.85	502,250	60.00	Logan
12/21/2017	3.90	107,500	42.00	Jasper
12/27/2017	3.625	125,000	80.00	Montgomery
03/26/2018	3.90	86,820	65.90	Jasper
Total Beginner Farmer Bonds Issued		<u>\$ 1,215,045</u>	<u>423.48</u>	

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

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)

Section I (a)	Principal Outstanding #		Program Limitations	Remaining Capacity
	June 30, 2017	March 31, 2018		
Illinois Finance Authority "IFA" ^[b]				
Agriculture	\$ 51,839,174	\$ 48,487,671		
Education	\$ 4,345,951,386	4,490,032,978		
Healthcare	\$ 15,265,699,341	14,963,542,692		
Industrial Development [includes Recovery Zone/Midwest Disaster]	\$ 889,671,685	853,320,621		
Local Government	\$ 725,285,000	1,235,655,000		
Multifamily/Senior/Not-for Profit Housing	\$ 153,127,575	610,579,303		
501(c)(3) Not-for Profits	\$ 1,665,996,057	1,448,850,169		
Exempt Facilities Bonds	\$ 149,915,000	203,500,000		
Total IFA Principal Outstanding	\$ 23,247,485,218	\$ 23,853,968,434		
Illinois Development Finance Authority "IDFA" ^[b]				
Education	496,388			
Healthcare	73,600,000	73,600,000		
Industrial Development	171,430,244	119,399,744		
Local Government	222,207,364	173,166,782		
Multifamily/Senior/Not-for Profit Housing	82,249,117	49,482,635		
501(c)(3) Not-for Profits	519,192,342	434,276,931		
Exempt Facilities Bonds				
Total IDFA Principal Outstanding	\$ 1,069,175,454	\$ 849,926,092		
Illinois Rural Bond Bank "IRBB" ^[b]				
Total IRBB Principal Outstanding	\$ -	\$ -		
Illinois Health Facilities Authority "IHFA"	\$ 294,285,000	\$ 197,725,000		
Illinois Educational Facilities Authority "IEFA"	\$ 490,472,000	\$ 396,498,000		
Illinois Farm Development Authority "IFDA" ^[1]	\$ 13,436,353	\$ 11,158,212		
Total Illinois Finance Authority Debt	\$ 25,114,854,025	\$ 25,309,275,738	\$ 28,150,000,000	\$ 2,840,724,262
Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]				

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

Section I (b)

Section I (b)	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2017	March 31, 2018		
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
* Issued through IRBB - Local Government Pools				
*Issued through IFA - Local Government Pools				
Issued through IFA - Illinois Medical District Commission				
	14,050,000	13,415,000		
Total General Moral Obligations	\$ 14,050,000	\$ 13,415,000	\$ 150,000,000	\$ 136,585,000
* All the Local Government bonds were defeased as of August 1, 2014.				
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ -	\$ -		
Issued through IDFA	-	-		
Total Financially Distressed Cities	\$ -	\$ -	\$ 50,000,000	\$ 50,000,000
State Component Unit Bonds ^[c]				
Issued through IDFA ^[1]	-	-		
Issued through IFA ^[1]	599,372,488	1,095,214,096		
Total State Component Unit Bonds	\$ 599,372,488	\$ 1,095,214,096		

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwestern Disaster Area Bonds in Illinois. This Federal program expired as of December 31, 2012.

Section I (c)

	Principal Outstanding		Remaining MDAB Volume Cap
	June 30, 2017	March 31, 2018	
Midwestern Disaster Area Bonds [Flood Relief]	\$ 63,634,933	\$ 62,941,526	N/A

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 ^[b]	City/Counties Ceded Voluntarily to (by) IFA	Bonds issued as of December 31, 2014	Remaining ARRA Volume Cap for each Program as of December 31, 2014
Recovery Zone Economic Development Bonds**	\$ 666,972,000	\$ 16,940,000	\$ 12,900,000	N/A
Recovery Zone Facilities Bonds**	\$ 1,000,457,000	\$ 204,058,967	\$ 214,849,804	N/A
Qualified Energy Conservation Bonds***	\$ 133,846,000	\$ (17,865,000)	\$ 82,795,000	IFA Cap: \$4,755,783 Cities/Counties Cap: \$46,295,717

** Programs expired as of 12/31/2010. There have been no new issues subsequent to the expiration date of these Federal programs.

*** The IFA manages the QECB allocation for the entire State of Illinois. All QECB's to date have been issued by local governments or state universities. The QECB program currently has no set expiration date under Federal law. IFA's remaining QECB allocation of \$4,755,783 has been reserved for use by state universities.

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

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

Section II

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2017	March 31, 2018		
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, 2017	March 31, 2018		
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	\$ -	\$ -	\$ 3,000,000,000 ^[d]	\$ 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, 2017	March 31, 2018			
Agri Debt Guarantees [Restructuring Existing Debt]					
Fund # 994 - Fund Balance \$10,232,060	\$ 5,966,448	\$ 4,919,749	\$ 160,000,000	\$ 155,080,251	\$ 4,181,786
AG Loan Guarantee Program					
Fund # 205 - Fund Balance \$8,023,985	\$ 2,696,940	\$ 2,582,457	\$ 225,000,000 ^[e]	\$ 222,417,543	\$ 2,195,088
Agri Industry Loan Guarantee Program	\$ -				
Farm Purchase Guarantee Program	866,646	857,434			728,819
Specialized Livestock Guarantee Program	1,251,934	1,163,120			988,652
Young Farmer Loan Guarantee Program	578,360	561,903			477,618
Total State Guarantees	\$ 8,663,388	\$ 7,502,206	\$ 385,000,000	\$ 377,497,794	\$ 6,376,875

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

Section V

	Principal Outstanding		Cash and Investment Balance
	June 30, 2017	March 31, 2018	
155 Fire Truck Revolving Loan Program Fund # 572	\$ 20,057,851	\$ 18,094,427	\$ 5,235,255
22 Ambulance Revolving Loan Program Fund # 334	\$ 1,672,960	\$ 1,378,640	\$ 2,875,559

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, 2017	March 31, 2018		
Environmental [Large Business]				
Issued through IFA	\$ 14,475,000	\$ 13,405,000		
Issued through IDFA	97,505,000	47,505,000		
Total Environmental [Large Business]	\$ 111,980,000	\$ 60,910,000	\$ 2,425,000,000	\$ 2,364,090,000
Environmental [Small Business]	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
Total Environment Bonds Issued under Act	\$ 111,980,000	\$ 60,910,000	\$ 2,500,000,000	\$ 2,439,090,000

Illinois Finance Authority Funds at Risk

Section VII

	Original Amount	Principal Outstanding	
		June 30, 2017	March 31, 2018
Participation Loans			
Business & Industry	23,020,158	99,724	92,010
Agriculture	6,079,859		
Participation Loans excluding Defaults & Allowances	29,100,017	99,724	92,010
Plus: Legacy IDFA Loans in Default		936,358	3,170
Less: Allowance for Doubtful Accounts		938,353	5,165
Total Participation Loans		97,729	90,015
Local Government Direct Loans	1,289,750	627,638	501,477
Rural Bond Bank Local Government Note Receivable		12,069,137	10,071,037
FmHA Loans	963,250	163,518	141,826
Renewable Energy [RED Fund]	2,000,000	1,107,838	-
Total Loans Outstanding	34,353,017	14,065,860	10,804,355

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

Higher Education Loan Act (110 ILCS 945 or "HELA")

Section VIII

	Principal Outstanding		Statutory Debt Limitation	Remaining HELA Debt Limitation
	June 30, 2017	March 31, 2018		
Midwestern University Foundation - Student Loan Program Revenue Bonds	\$ 15,000,000	\$ 15,000,000	\$ 200,000,000 ^[d]	\$ 185,000,000

^[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] Midwestern Disaster Area Bonds - Illinois Counties eligible for Midwest Disaster Bonds included Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.^[h] Recovery Zone Facility Revenue 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

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
April 10, 2018**

CONTRACTS/AMENDMENTS EXECUTED					
	Vendor	Initial Term	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
<i>Illinois Procurement Code-Exempt</i>	Acacia Financial Group, Inc.	03/01/2018-09/14/2018	\$225,000	Contract extension executed	Financial Advisors
	Sycamore Advisors, LLC	03/01/2018-09/14/2018	\$225,000	Contract extension executed	Financial Advisors
<i>Illinois Procurement Code-Small Purchases</i>	National Tek Services, Inc.	03/01/2018-02/28/2021	\$15,610	BidBuy PO	Tape Storage, 3 year renewal
	Zones, Inc.	04/01/2018-03/31/2021	\$6,572	BidBuy PO off State Master	VMWare software
	ProVar Technologies	02/03/2018-02/02/2021	\$2,896	BidBuy PO	Symantec Backup Services, 3 year renewal
	Tallgrass Systems Limited	04/09/2018-04/08/2021	\$1,930	BidBuy PO	Barracuda energizer updates and replacement spam filter
	National Tek Services, Inc.	03/26/2018-03/25/2021	\$1,767	BidBuy PO	Trend Micro Enterprise Security antivirus software
	DropBox	02/19/2018-02/18/2019	\$1,670	On-line order	File Sharing for Board books
	National Tek Services, Inc.	04/20/2018-04/19/2021	\$1,545	BidBuy PO	ADManager license renewal password manager software
	Velocita Technology Inc.	03/23/2018	\$1,514	BidBuy PO	Power backup
	National Tek Services, Inc.	04/01/2018-03/31/2021	\$1,245	BidBuy PO	MailArchiva license renewal email archive software
	Advanced Digital Media	02/26/2018-02/25/2019	\$1,140	On-line subscription	Monitor State legislature real time

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
April 10, 2018**

CONTRACTS/AMENDMENTS EXECUTED (cont'd)					
	Vendor	Initial Term	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
Illinois Procurement Code- Small Purchases	First Choice Services	02/15/2018-02/14/2019	\$799	Rental renewal.	Annual Water Dispenser/Filtration Lease
	GoDaddy	01/20/2018-01/19/2020	\$552	On-line order	Web hosting services for IFA site
	GoDaddy	01/09/2018-01/08/2020	\$383	On-line order	Malware and firewall services for IFA site
	Tri Industries	02/27/2018	\$270	BidBuy PO	Toner
	IN PROCESS				
	Marcor Technologies	04/01/2018-03/31/2021	\$9,375	BOA in process	MailArchiva support
	Com Microfilm Company, Inc.	4/18/2018-06/30/2018	Est: \$3,000	BOA extension in process	Document Imaging

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
April 10, 2018**

EXPIRING CONTRACTS					
	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
<i>Illinois Procurement Code-Order Against Master</i>	Mesirow Insurance Services	04/04/2018	\$297,900	Continue with State Master CMS4819650 with BOA.	Insurance Brokering Services
	Com Microfilm Company, Inc. (Doc Image)	04/17/2018	\$75,000	Two month extension in process.	Document Imaging
<i>Illinois Procurement Code-Small Purchases</i>	Marcor Technologies	05/06/2018	\$9,375	BidBuy quote	MailArchiva Support for 3 years
<i>Illinois Procurement Code-Competitive Bids</i>	Arbitrage Compliance Specialists	05/31/2018	\$49,000	Services not required. Let expire.	Arbitrage Liability Calculation Services/Bond Comp
<i>Illinois Procurement Code-Small Purchases</i>	Hewlett Packard Enterprise	05/31/2018	\$5,627	Purchase again via Small Purchase with incumbent.	Hardware Support Care Packs
	MX Save	06/12/2018	\$588	Purchase again via Small Purchase with incumbent.	Disaster Recovery for email
	GoDaddy	06/14/2018	\$150	Purchase again via Small Purchase with incumbent.	SSL Certificate for Mobile Device Management
<i>Illinois Procurement Code-Competitive Bids</i>	Merlinos & Associates	06/15/2018	\$45,040	TBD. May not be required.	Actuarial Services
<i>Illinois Procurement Code-Renewal</i>	3rd Coast Imaging, Inc.	06/30/2018	\$10,000	BidBuy Bid	Printing Services for Monthly Board Books

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
April 10, 2018**

EXPIRING CONTRACTS (cont'd)					
	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
<i>Illinois Procurement Code-Order Against Master</i>	Com Microfilm Company, Inc.	06/30/2018	\$7,230	Continue with State Master. State in process with RFP.	Docuware Maintenance and Support
<i>Illinois Procurement Code-Small Purchases</i>	Novanis IT Solutions	06/30/2018	\$203	Purchase again via Small Purchase with incumbent.	Encryption of laptops
	Presidio Networked Solutions	06/30/2018	\$3,292	Continue with new State Master. Contract in process.	Production Support/Subscription VMWare
<i>Illinois Procurement Code-Small Purchases</i>	CDW Government LLC (SmartNet)	06/30/2018	\$422	Purchase again via Small Purchase with incumbent.	SmartNet Technical Support
	Tallgrass Systems SmartNet	06/30/2018	\$540	Purchase again via Small Purchase with incumbent.	Cisco SmartNet
<i>Illinois Procurement Code-Sole Economically Feasible Purchase</i>	East Bank Records Management	08/31/2018	\$20,000	Purchase again via Small Purchase with incumbent	Records Storage
<i>Illinois Procurement Code-Small Purchases</i>	United States Postal Service Prepaid Postage	08/08/2018	\$1,000	Purchase again via Small Purchase with incumbent.	Chicago and Mt. Vernon postage
	GoDaddy Web Hosting	08/10/2018	\$539	Purchase again via Small Purchase with incumbent.	Web Hosting Server
	GoDaddy 2018 SSL Cert	08/23/2018	\$299	Purchase again via Small Purchase with incumbent.	SSL Certificate
<i>Illinois Procurement Code-Order Against Master</i>	CDW Government LLC Cisco switches and support	09/10/2018	\$11,939	Continue with State Master CMS4819650, expires 4/30/18, one 1 year renewal remaining.	Cisco switches, firewall, router and support
	CDW Government LLC HPE	09/17/2018	\$37,380	BidBuy PO off State Master	HP Servers, disk array, tape drive

**ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT**

**BOARD MEETING
April 10, 2018**

EXPIRING CONTRACTS (cont'd)					
	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
Illinois Procurement Code-Small Purchases	SHI International Corp	10/16/2018	\$4,560	BidBuy quote.	Enterprise Mobility Mgmt System
	WellSpring Software, Inc.	10/30/2018	\$100	Purchase again via Small Purchase with incumbent.	Annual support for software to print checks
Illinois Procurement Code-Small Purchases	Sullivan Reporting	10/31/2018	\$9,500	Purchase again via Small Purchase with incumbent.	BOA for Transcription Services
	United Parcel Service	11/21/2018	\$4,000	Continue with State Master	Package Delivery
	Google Ad 2017-2018	12/3/2018	\$4,500	Purchase again via Small Purchase with incumbent.	IFA Ad Page
	Network Solutions IDFA	12/20/2018	\$39	Purchase again via Small Purchase with incumbent.	Renewal of www.idfa.com
Illinois Procurement Code-Competitive Bids	ClearArc Capital, Inc. Amend Invest	12/26/2018	\$900,000	RFP?	Investment Management Services
Illinois Procurement Code-Sole economically feasible Purchase	Bloomberg Finance L.P. - Anywhere	12/30/2018	\$43,200	Sole economically feasible with incumbent.	Bloomberg Terminal License
Illinois Procurement Code-Anticipation of Litigation	G&R Public Law & Strategies	11/18/2018	\$100,000	TBD	Anticipation of Litigation
	Jenner & Block LLP	12/8/2018	\$250,000	TBD	Anticipation of Litigation
Illinois Procurement Code-Order Against Master	Enterprise Car Rental	12/31/2018	\$5,000	Continue with State Master. State in process with RFP	Car Rental

Date: April 10, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Neil Heller
Robert Horne
Mayor Arlene A. Juracek

Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

Subject: ***Minutes of the February 8, 2018 Regular Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (the “**Minutes**”) in connection with the regular meeting of the Members of the Illinois Finance Authority (the “**Authority**”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the second Thursday of February in the year 2018, 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**”).

To aid in your review of the Minutes, please reference the following pages and line numbers for corresponding sections of the respective meeting’s agenda:

ILLINOIS FINANCE AUTHORITY
REGULAR MEETING
Thursday, February 8, 2018
9:30 AM

AGENDA:

- I. Call to Order & Roll Call
(page 3, line 1 through page 4, line 14)
- II. Approval of Agenda
(page 4, lines 15 through 16)
- III. Chairman’s Remarks
(page 4, line 17 through page 5, line 4)
- IV. Message from the Executive Director
(page 5, line 5 through page 6, line 2)
- V. Consideration of the Minutes
(page 6, lines 3 through 16)
- VI. Presentation and Consideration of Financial Reports
(page 6, line 17 through page 22, line 9)
- VII. Monthly Procurement Report
(page 22, line 10 through page 23, line 4)
- VIII. Committee Reports

- (page 23, lines 5 through 21)*
- IX. Presentation and Consideration of the Project Reports and Resolutions
(page 23, line 22 through page 27, line 15)
- X. Other Business
(page 27, line 16 through page 52, line 6)
- XI. Public Comment
(page 52, line 7 through page 53, line 3)
- XII. Adjournment
(page 53, lines 4 through 11)

Please note that no votes were taken at this meeting due to a lack of quorum.

Please contact an Assistant Secretary to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Ryan Oechsler
Associate General Counsel

Enclosures: 1. Minutes of the February 8, 2018 Regular Meeting

ILLINOIS FINANCE AUTHORITY
 REGULAR MEETING OF THE MEMBERS
 February 8, 2018 at 9:52 a.m.

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

APPEARANCES:
 MR. ERIC ANDERBERG, Chairman
 MR. BRADLEY A. ZELLER
 MR. LYLE MCCOY
 MS. ARLENE JURACEK
 MR. MICHAEL W. GOETZ
 MS. BETH SMOOTS
 MS. GILA BRONNER (via audio conference.)
 MR. ROBERT HORNE

 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

 MR. RICH FRAMPTON, Vice President
 MS. PAMELA LENANE, Vice President
 MR. BRAD FLETCHER, IFA Assistant Vice-President
 MS. ELIZABETH WEBER, IFA General Counsel
 MS. XIMENA GRANDA, Controller
 MR. CHRISTOPHER B. MEISTER, Executive Director
 MR. TERRY FRANZEN, Procurement
 MR. STANLEY LUBOFF, IFA Vice President, Loans and
 Guarantees
 MR. RYAN OECHSLER, IFA Associate General Counsel
 GUESTS
 MS. DANIELLE GALLET, Metropolitan Planning Council
 MR. KEVIN BRYANT, Illinois Environmental Protection
 Agency (via audio conference.)

 MR. R. RAY KLJAJIC, American Public Infrastructure,
 LLC

1 CHAIRMAN ANDERBERG: I'd like to call the
2 meeting to order. Will the Assistant Secretary
3 please call the roll?
4 FLETCHER: Certainly.
5 The time is 9:52 a.m. I will call the
6 roll of Members physically present in the room first.
7 Mr. Horne?
8 HORNE: Yes.
9 FLETCHER: Mr. Goetz?
10 GOETZ: Here.
11 FLETCHER: Ms. Juracek?
12 JURACEK: Here.
13 FLETCHER: Mr. McCoy?
14 MCCOY: Here.
15 FLETCHER: Ms. Smoots?
16 SMOOTS: Here.
17 FLETCHER: Mr. Zeller?
18 ZELLER: Here.
19 FLETCHER: And Mr. Chairman?
20 CHAIRMAN ANDERBERG: Here.
21 FLETCHER: Mr. Chairman, a quorum of Members
22 physically present in the room has not been
23 constituted at this time. However, I'd like to ask
24 if any Members would like to participate in
1 discussion via audio conference.
2 BRONNER: This is Gila Bronner. I request to
3 participate by audio conference.
4 FLETCHER: Okay. Mr. Chairman, Member Bronner
5 can participate going forward.
6 CHAIRMAN ANDERBERG: Okay. Is there a motion
7 to approve this request pursuant to the bylaws and
8 policies of the Authority?
9 GOETZ: No, we can't do that.
10 FLETCHER: Can't do that.
11 CHAIRMAN ANDERBERG: Sorry. This is really
12 messed up.
13 SMOOTS: We're all just listening today.
14 CHAIRMAN ANDERBERG: Listening and questions.
15 FLETCHER: So at this time, due to lack of
16 quorum, we cannot approve the agenda.
17 Moving on to the next item, would be
18 Chairman's remarks.
19 CHAIRMAN ANDERBERG: Okay. Happy New Year.
20 It's short of a quorum, but we
21 survived the new tax law, and -- but Chris and his
22 staff are working on some diversification. We're
23 going to hear a little bit of that today.
24 Sorry this has happened, but probably

1 in the next -- probably the next two weeks we'll have
 2 another meeting to follow up with this. So we'll try
 3 to run through this and get the business done and --
 4 Mr. Meister?

5 MEISTER: Thanks, Mr. Chairman.

6 Again, I just wanted to thank all of
 7 the Members of the Authority who were able to make
 8 it. A number of you have traveled some distance.

9 The cancellations this morning due to
 10 work and travel engagements were wholly unexpected
 11 and took us by surprise, but we do appreciate
 12 everyone's volunteer participation and engagement.

13 And as Chairman Horne and Chairman

14 Zeller will indicate, with respect to the Projects
 15 and Resolutions, these were covered in detail at the
 16 earlier Joint Meeting, and so I would suggest that
 17 those not be presented again.

18 However, the Open Meetings Act does
 19 provide a public venue to inform the Members of the
 20 Authority and the general public as to financial
 21 issues and organizational items, and so I would
 22 suggest that we proceed with that.

23 There will be Minutes despite not

24 having a quorum, and then we will reconstitute at a

1 later time, as schedules permit, to approve the
 2 projects.

3 CHAIRMAN ANDERBERG: Okay. We don't consider
 4 the Minutes, or just go ahead and --

5 MEISTER: No.

6 CHAIRMAN ANDERBERG: Just go ahead and --

7 FLETCHER: So the next agenda item would be
 8 normally Consideration of the Minutes. Due to a lack
 9 of quorum, we cannot approve the Minutes. We can ask
 10 at this time, does anyone wish to make any additions,
 11 edits, or corrections to the Minutes from three
 12 meetings: November 9th, November 30th, and
 13 December 14th, 2017.

14 (No response.)

15 FLETCHER: Okay. Hearing none, these will be
 16 for consideration in our next meeting of the Board.

17 Moving forward, next agenda item would

18 be Presentation and Consideration of Financial

19 Reports. Again, due to lack quorum we will not be
 20 voting after Six's presentation.

21 CHAIRMAN ANDERBERG: Ms. Granda, if you want to
 22 present, please.

23 GRANDA: Good morning, everyone.

24 Due to the short time from January 1st

1 to the printing of the of Board book, the Financial
2 Statements along with the Financial Memo and all of
3 the Treasury Reports are in your manila folders.
4 The last couple of months have been
5 very busy for the Authority. Again, this was due to
6 the circumstances of the tax legislation and the
7 volume of work. But the good news is as of
8 January 31st, 2018, the Authority has exceeded the
9 12-month 2018 budget within the seven months.
10 The Fiscal Year 2018 Budget included
11 only 15,000 in net income, and as of January 31st,
12 2018, the Authority as at \$1.8 million in net income.
13 So that's great news.
14 The Fiscal Year 2019 Budget is going
15 to be presented in the June 14, 2018, Board Meeting.
16 This is going to be a change in practice from the
17 previous years.
18 Now, moving on to the Financial
19 Highlights. The total annual revenue equals \$3.6
20 million and are \$1.3 million or 55.3 percent higher
21 than budget. Again, this is due to a higher closing
22 and administrative fees in the month of December.
23 In January, the Authority generated
24 \$215,000 in closing fees, which is \$26,000 lower than

1 the monthly budget of \$241,000.
2 Our total annual expenses equals \$1.8
3 million, and are \$478,000 or 20.8 percent below
4 budget. This is mostly driven by a reduction in
5 spending on professional services and in
6 employee-related expenses.
7 In January, the Authority recorded
8 operating expenses of \$350,000, which was higher by
9 \$41,000 from the budgeted amount of \$309,000. The
10 variance is due to a slight increase in the
11 professional services.
12 Our total monthly net loss for January
13 is \$23,000, which was driven by lower than expected
14 closing fees.
15 Our total annual net income, as
16 mentioned before, is \$1.8 million. Again, the major
17 driver of the annual positive bottom line continues
18 to be the level of overall spending at 20.8 percent
19 below budget as well as an increase in closing fees
20 and administrative fees, mainly due in the month of
21 December.
22 Our General Fund continues to maintain
23 a strong balance sheet with a total of net position
24 of \$58.9 million and unrestricted cash and

1 investments of \$43.6 million.

2 Moving on to some HR information, the

3 Authority has taken some steps to increase our head

4 count. The Authority has hired Stan Luboff. He is

5 our Vice President of Loans and Guarantees.

6 MEISTER: Stan, could you stand up?

7 LUBOFF: You mean, am I capable of it?

8 MEISTER: I -- absolutely, you are.

9 GRANDA: We also have hired Kathleen Lydon.

10 She is our Federal Policy Director; although, she's

11 in our -- in the office, I guess in Florida.

12 Janelle Kaczanko, she is our human

13 resources manager. And last but not least, Ryan

14 Oechsler, he is our Associate General Counsel.

15 Moving on to some audit. The audit

16 chair, Bronner, participated in a pre-exit conference

17 meeting that was held February 7th, 2018. As a

18 result, the Authority has decided to waive the exit

19 conference. We hope to have to have the Two-Year

20 Compliance Audit finalized and published by the

21 Office of the General -- by the Office of the Auditor

22 General sometime in March. Our Fiscal Year 2017

23 Internal Audit is ongoing, and at this time, there is

24 nothing to report.

1 With that, is there any questions?

2 (No response.)

3 GRANDA: Good.

4 So at this time, I would like to

5 introduce Daniella [sic] Gallet. She is a manager

6 with the Metropolitan Planning Council. She will be

7 presenting the Drinking Water 1-2-3, a guide for

8 local governments on water projects that highlights

9 the State Revolving Fund and that the Authority was a

10 sponsor of.

11 With that, Danielle?

12 MS. DANIELLE GALLET: Am I supposed to be at

13 the podium?

14 MEISTER: Yes, please.

15 MS. DANIELLE GALLET: Got it.

16 Good morning, everyone. I want to

17 thank you for having me here today. My name is

18 Danielle Gallet. I work for the Metropolitan

19 Planning Council, which is a nonprofit. We serve the

20 7-County Region. My background, I'm a water resource

21 strategist, urban planner, and adjunct instructor at

22 UIC.

23 And so what you have in your hands

24 here -- I have extra copies if folks are interested

1 after this as well -- is Drinking Water 1-2-3. This
 2 fills a gap in our region, and frankly, in the
 3 country where we have over -- in this region, over
 4 400 drinking water utilities that operate in
 5 northeastern Illinois, even more throughout the
 6 state, and most of these are run by municipal
 7 governments. And so that means that the decisions
 8 about water rates, about asset infrastructure
 9 management, about financing that appropriately,
 10 making sure that they're taking care of the drinking
 11 water and providing safe service is done usually at
 12 the hyper-local level, by locally elected officials.
 13 They oftentimes come into their civic office without
 14 a background in running water management.
 15 And so this tool is designed
 16 specifically and written for them to give them a leg
 17 up, to make sure that we're helping them understand
 18 what are the checklists, what are the practices, what
 19 are the things that they need to be paying attention
 20 to as an elected official of running that water
 21 utility.
 22 And so we're really excited to have
 23 produced this. There is a print copy, obviously,
 24 that you have, and then we also have an online

1 interactive version that has a resource guide for
 2 staff to go and look at technical documents for some
 3 of the practices that we outline in this.
 4 I want to draw your attention to the
 5 opening flap. We are most grateful to the Illinois
 6 Finance Authority for your sponsorship and
 7 partnership in the creation of this free resource for
 8 this region. We could not have done it without the
 9 sponsorships, and we're grateful and thank you for
 10 that.
 11 Last week, we had a launch event.
 12 Chris was there and spoke, and we were really excited
 13 to have IFA there connecting the dots. MPC, my work
 14 previously, we worked with the State Revolving Fund
 15 on improving what I call the front end of that fund.
 16 So the customer relationship between IFA -- or,
 17 excuse me -- IEPA and the comun- -- municipalities
 18 themselves. And we're thrilled to see the
 19 partnership that has been so fruitful and we're
 20 grateful to Illinois Finance Authority in working
 21 with IEPA to make sure that back end of how we run
 22 and make sure that there's low interest loan
 23 availability for the multitude of infrastructure
 24 investment that we need to be seeing happening with

1 our drinking water.

2 So this is for you to pore over and

3 look at if you want, but we are presenting this to

4 all of the councils of government throughout the

5 region, the Metropolitan Mayor's Caucus, Chicago

6 Metropolitan Agency For Planning, the Illinois

7 section of the American Water Works Association, as

8 well as the Northwest Water Planning Alliance. We're

9 all partners with this.

10 We're happy to report that at the

11 national scale and in different state scales, they're

12 asking for copies of this for replication above and

13 beyond.

14 So the information that is about IFA

15 and their work with the State Revolving Fund as well

16 as the work that you do just inhouse is promoted in

17 this guide, is advertised as local communities being

18 able to come and approach IFA on those projects. So

19 we're grateful for your support.

20 If you have questions, I'm certainly

21 happy to answer them. But if you'd like extra

22 copies, I have them. But again, thank you.

23 GOETZ: And I'd just like to ask Chris a

24 question.

1 Is anybody doing this for downstate

2 communities?

3 MEISTER: Not yet.

4 GOETZ: Are we going to find somebody to do it?

5 MEISTER: But -- but what are hoping, again,

6 Metropolitan Planning has a northeastern Illinois

7 regional focus.

8 GOETZ: Uh-huh. I know.

9 MEISTER: But Danielle and Mary Sue Barrett

10 have shown sustained interest over time as statewide

11 citizens. And I think that a lot of what is in here

12 and the advantage of having this resource available

13 online in an easily updated format, I think that we

14 could probably work together with the Municipal

15 League or other statewide actors.

16 They've done two of -- two other ones

17 of these, which was what caught our attention -- or

18 three -- on planning, retail, and housing. And I

19 think, as Danielle indicated, having everything from

20 environmental issues and health issues to rate

21 setting issues in one compressed authoritative format

22 is very useful. And I think that we'll probably work

23 with our relationship to make this available to local

24 governmental citizens across the state.

1 GOETZ: Okay.

2 MS. DANIELLE GALLET: Yeah. If I may add on to

3 Chris's comments --

4 MEISTER: Yeah.

5 MS. DANIELLE GALLET: -- I completely agree

6 with all of that.

7 IEPA has contacted us saying this is a

8 great guide. It goes beyond the practices. The

9 knowledge base goes beyond just northeastern

10 Illinois, and they ever been inquiring into maybe, as

11 part of their practices, reaching out to communities,

12 and when they're coming in, handing this off to them

13 as well across the state.

14 GOETZ: I think it's a great resource. It's

15 just --

16 MS. DANIELLE GALLET: Make sure it goes

17 elsewhere.

18 JURACEK: Yeah. Yeah.

19 So hi, I'm Arlene Juracek. I'm the

20 mayor of Mount Prospect.

21 MS. DANIELLE GALLET: Yay.

22 JURACEK: Yay.

23 MS. DANIELLE GALLET: Nice to me you.

24 JURACEK: And we get our potable water supply

1 from the City of Chicago through the Northwest

2 Suburban Municipal Joint Action Water Agency.

3 MS. DANIELLE GALLET: JAWA.

4 JURACEK: Or JAWA.

5 And so in terms of water supply, our

6 focus is somewhat different than a small town of 600

7 communities in northwest Illinois who's getting it

8 from their own wells.

9 MS. DANIELLE GALLET: Yeah.

10 JURACEK: That being said, to go to my

11 colleague's question here, I go through this as a lot

12 of just plain common sense rules that apply across

13 the state, and I was going to suggest the IML as

14 being a --

15 MS. DANIELLE GALLET: Yes.

16 JURACEK: -- good distribution. But what I'm

17 finding -- I also have a second property out in

18 Carroll County, and all the little, teeny towns there

19 getting dinged by the Illinois EPA for inadequate

20 water structure and infrastructure, trying to figure

21 out how to fund waste water treatment plants,

22 et cetera, et cetera. They're adjacent to or in the

23 middle of rural farm communities, so you talk about

24 fertilizer runoff and everything else.

1 There's just a wealth of knowledge
2 here, and I think that to the extent a small city
3 like Chadwick or Mount Carroll or Savanah can look at
4 these things and perhaps reduce the cost of their
5 water treatment plant if they establish some sound
6 processes there.
7 But I think the issue is out in those
8 rural areas, they don't have anything other than the
9 IML, really, to help dispense the information. So I
10 would suggest, again, going through the IML, and then
11 reenforcing it with the IEPA, because I know those
12 little towns are spending tens of millions of
13 dollars, and I have no idea how the residents of
14 those towns are going to pay for that stuff.
15 MS. DANIELLE GALLET: Yeah.
16 JURACEK: Our property happens to be on a well,
17 and, you know, we've got all of our permitting and
18 licenses and our septic field and everything else.
19 But these little towns are trying to -- they're
20 subject to the same requirements that a big city is.
21 MS. DANIELLE GALLET: Yes.
22 JURACEK: And that's very difficult.
23 MS. DANIELLE GALLET: Yeah. I couldn't have
24 put it better.

1 JURACEK: This looks like it's a great
2 resource, and I would assume that you have engaged
3 people from JAWA and other Joint Water Agencies as
4 well.
5 MS. DANIELLE GALLET: Yes. Paul May actually
6 was one of the advisors on this.
7 JURACEK: Great. Good.
8 MS. DANIELLE GALLET: Yes.
9 Thank you for your time, and thank you
10 for your --
11 GOETZ: Thank you.
12 GRANDA: I'm not really sure whether Kevin
13 Bryant is on the phone.
14 MR. KEVIN BRYANT: I'm here. I'm sorry. I
15 think Brad asked me earlier, and I was busy working
16 on something as I listened in, but I am here to
17 speak.
18 And thank you, Danielle. Gary wasn't
19 able to come over and talk with me, but I know -- I
20 spoke to him yesterday and he speaks very highly of
21 your work that you did, and it is very interesting
22 hearing everyone's comments.
23 And I know, for example, downstate,
24 Illinois Rural Water Association will be another -- a

1 great entity that we use to try to help these
 2 downstate rural loan applicants the assistance they
 3 need and type of -- help them through the problems
 4 that you guys are discussing. They're another great
 5 resource.

6 But what you guys are discussing are
 7 things that we are counting every day as we -- as I
 8 look through these financial reviews as to how are
 9 these people going to deal with constructing what
 10 they need to do to treat their water properly and how
 11 are they going to pay back these loans. It is an
 12 issue throughout the state, especially the small
 13 communities.

14 So getting into what Chris and Six
 15 wanted me to talk about today, I think what I'll
 16 discuss will show you how Illinois Finance
 17 Authority's work with our agency is helping not only
 18 the larger communities, but the small communities
 19 (inaudible) assisting in providing additional
 20 (inaudible) throughout the state.

21 So as you know, each of the last two
 22 years, we've done some very large bond sales with the
 23 Finance (inaudible.) 2016, we did a \$500 million
 24 issuance with the premium aggregate issuance cost

1 Added up with \$588.7 million of project funds that we
 2 disbursed.

3 We did the sale in September --
 4 September 12th of 2016. We finished all the clean
 5 water funds by May 10th of 2017, and the drinking
 6 water funds were done by October 18th, 2017. They
 7 were probably -- primarily slower because we had
 8 provide state match funds with that bond sale. So we
 9 spent the federal grant money first, and that's why
 10 those drinking water funds go a little longer to draw
 11 in.

12 And then on September 12th,
 13 ironically, one year to the date later, we did
 14 another \$560- -- and \$25,000 bond sale. With
 15 premium, and after issuance cost, provided is 640 --
 16 or \$661,355,000 of project costs. And we are just,
 17 you know, only five months into disbursing those
 18 funds. As of January 31st, we've disbursed 39
 19 percent of those funds already. We're projecting at
 20 the current rate that those will last us well into
 21 July, August time frame.

22 So I just want to reiterate that what
 23 you've done in working with us has allowed us in
 24 State FY17, the combined programs issued \$914 million

1 worth of loans across the state. And in State FY18,
2 they are going to issue over \$800 million in loans.

3 So in the two-year time period, we've issued \$1.7
4 billion worth of loans to allow communities, local
5 governments to do construction projects to -- sewer
6 and drinking water projects to improve the water
7 quality in Illinois. And so I just want to thank the
8 Illinois Finance Authority's assistance in helping
9 this loan program do a lot more than what we could
10 have done just with our normal repayment stream.

11 So I don't know if there's any
12 questions or -- I could go in -- over in more detail
13 if it will help you understand, but we'll be
14 continuing to leverage over the next several years.
15 We are slowing down our program a little bit on the
16 drinking water side, but it's a continued program
17 we'll be continuing to work with with the Finance
18 Authority, and it does great things for the state of
19 Illinois.

20 CHAIRMAN ANDERBERG: Kevin, this is Eric
21 Anderberg. I just want to thank you for your work
22 and your partnership with the IFA, and we look
23 forward to hopefully doing more State Revolving funds
24 for you in the future.

1 MR. KEVIN BRYANT: Good. Thank you.

2 GRANDA: Thank you, Kevin.

3 And I just did want to mention that in
4 your manila folders, there is a listing of the
5 participants from the sale -- from the bond sale from
6 the Series 2016 and then what's currently for the
7 2017.

8 Thank you.

9 CHAIRMAN ANDERBERG: All right. Thank you.

10 FLETCHER: Next on the agenda is the Monthly
11 Procurement Report, which again, we will hear a
12 presentation, but we will not be voting due to lack
13 of a quorum.

14 CHAIRMAN ANDERBERG: Thank you.

15 FRANZEN: Good morning, Mr. Chairman and
16 Members of the Board.

17 From the Procurement Report, you see
18 we've executed five small purchases to support the
19 Authority operations. Within that, there are two
20 exempt contracts listed on the Procurement Report,
21 and those are going to be addressed, I believe in
22 Item Agenda No. 9. And then the final thing is the
23 ADP Total Source Agreement is now executed for
24 employee benefits and payroll services through May

1 2018.

2 Any questions?

3 (No response.)

4 MEISTER: Thank you.

5 CHAIRMAN ANDERBERG: Thank you. We'll just do

6 some Committee Reports.

7 Chairman Horne and Chairman Zeller?

8 CHAIR HORNE: So this morning the Tax-Exempt

9 Conduit Transactions Committee met and unanimously

10 voted to recommend approval of two Beginning Farmer

11 Bonds. We heard and approved the Better Housing

12 Foundation's Ernst Portfolio Project, and also

13 approved a Resolution on the University of Chicago.

14 ZELLER: Yes, and then the Direct and

15 Alternative Finance Committee met also and discussed

16 several resolutions including Participation Loans,

17 and I believe that was Item 6, 7, 8, 9 on the Book

18 Agenda. We recommended approval at that time for all

19 the Projects and Resolutions.

20 FLETCHER: 4 through 8.

21 ZELLER: 4 through 8.

22 CHAIRMAN ANDERBERG: So now Executive Director

23 Meister's going to talk about Items 9 through 11 on

24 the Agenda.

1 MEISTER: Thank you, Mr. Chairman.

2 Again, given the quorum issue, we

3 would anticipate that the projects that were

4 discussed at the Joint Committee this morning would

5 come back to the Board at a to -- at a future, to be

6 scheduled meeting for voting on.

7 I do want to quickly, for the benefit

8 of the Authority Members and for the public, there

9 are three substantive resolutions. Again, we will

10 not be able to vote on them, but I do want to use the

11 Open Meetings forum to bring the Members that are

12 present up to speed. And then there are two items of

13 Other Business.

14 We do have a guest, Ray Kljajic, who

15 will be talking about the New American Infrastructure

16 Model that will come under Other Business. Again,

17 subject matter and discussion only for the

18 information of the Board Members and the Authority.

19 Tab No. 9 in your book is a resolution

20 approving and confirming various procurement matters,

21 including No. 1, a contract with the firm of Baker

22 Hostetler and The Crypsis Group. On that one,

23 General Counsel Weber is available to discuss the

24 details of that issue with the Members. There is a

1 confidential memo in your packets and we can do that
 2 outside the Open Meetings format. But when the Board
 3 reconvenes, we will be seeking under an anticipation
 4 of litigation powers of the Procurement Code to
 5 approve those or to ratify and confirm those
 6 contracts.

7 No. 2, as Six had mentioned, a
 8 personal services contract with Kathy Lydon; for
 9 federal policy matters, a personal services contract
 10 with Janella Kaczanko. Both of those, I have entered
 11 into those contracts and those folks have been under
 12 payroll. Again, this would be to memorialize and
 13 ratify those contracts by the Authority.

14 An Amendment -- No. 5, an amendment to
 15 the contract with Catalyst, our outside IT vendor,
 16 for information services and support. Again, we've
 17 executed that, and this will memorializing and
 18 ratifying that.

19 And finally, 6, an assignment of an
 20 existing legal contract from Polsinelli and the
 21 lawyer involved went to Barnes Thornburg. And again,
 22 this would be to memorialize and ratify that.

23 I can take any questions on these
 24 Procurement matters which supplement Terry Franzen's

1 presentation.

2 (No response.)

3 MEISTER: Moving on to an Agenda Item 10. It
 4 is my recommendation, and then there was a memo in
 5 the Authority, or in the manila packets, that next
 6 time that the Board reconvenes that it's our
 7 recommendation that the Board appoint Elizabeth
 8 Weber, our General Counsel, as Secretary of the
 9 Authority. We have gone for some time with two
 10 Assistant Secretaries, and -- Brad Fletcher and Mari
 11 Money, and also supplement that with Ryan Oechsler,
 12 the Associate General Counsel, and he would be an
 13 Assistant Secretary. And Mari Money and Brad
 14 Fletcher would remain as Assistant Secretaries.

15 So I will take any questions.

16 (No response.)

17 MEISTER: Seeing none, finally, Agenda Item
 18 No. 11, we have gone for some time without a
 19 treasurer of the Authority. That is -- it requires a
 20 Board vote, but it is our recommendation that the
 21 Board appoint Brad Fletcher, who has ably served as
 22 an Assistant Secretary and continues to serve, as
 23 treasurer. The duties of the Treasurer are set forth
 24 in the Resolution, but it is additional check

1 signatory as well as working with Six on some of the
 2 investments of general funds and some specific
 3 statutory rules that are mandated. But it is my
 4 recommendation that the Board appoint Mr. Fletcher
 5 next time that we reconvene.

6 Any questions?

7 (No response.)

8 MEISTER: And then, if I may, to go on to --

9 CHAIRMAN ANDERBERG: Please.

10 MEISTER: -- Other -- Other Business. Oh.

11 FLETCHER: If I may, for the record,

12 Mr. Chairman, the items that were covered by the
 13 Joint Committees this meeting -- this morning, the
 14 Project Reports and Resolutions Items 1A, 1B, and 2
 15 through 8, are being deferred at this time.

16 MEISTER: We've got two items of Other Business
 17 that, unfortunately, we were not able to cover at the
 18 earlier Joint Committee, but I do think that for
 19 discussion purposes and information for the Board and
 20 the public, they are important, and I would like to
 21 ask Ray Kljajic to come to the podium.

22 Ray has been working on infrastructure
 23 and financing for a number of years; he's a former
 24 investment banker. And there's a memo at the back of

1 your resolutions regarding the New American
 2 Infrastructure Model that I think it has specific
 3 application to the future of the Authority, the
 4 future of infrastructure and financing in this
 5 country and this state, and also positive
 6 implications potentially for state and local
 7 government public pension obligations.

8 Ray?

9 MR. RAY KLJAJIC: Well, that was the nicest way
 10 anybody has ever said "old," but thank you.

11 Now, I've been a merchant of debt for
 12 nearly 40 years to state and local governments, and
 13 in that -- and working a lot here in Illinois, headed
 14 up the central region, which is down to Texas, up to
 15 Idaho, over to Ohio, down to Kentucky. But in those
 16 years, you know, we've worked very closely with state
 17 and local government and anybody that understands
 18 American finance, public finance. Lyle and I were
 19 talking. It's a bottom-up system, it's not a
 20 top-down like many other countries, and especially
 21 when you come to infrastructure.

22 I was very heartened, this -- the
 23 commentary on water and sewer that's been shared here
 24 today because it tees up the subject. My partner and

1 I who head- -- my partner headed Citigroup's Public
 2 Finance practice for over 20 years. We were number 1
 3 16 out of 20 years, which people in the industry know
 4 that's a pretty major feat. But we came to the
 5 conclusion several years ago that debt was not going
 6 to solve a lot of the problems. The two key problems
 7 that our state and local governments face, nationally
 8 and here in Illinois, particularly, is underfunded
 9 pensions and a growing infrastructure gap as far as
 10 investment.

11 And the first page of our presentation
 12 we'll always outline to folks is that our problem
 13 isn't the lack of money. It's not a lack of
 14 financing tools. It's a lack of political will to
 15 decide who's going to pay. And generally speaking,
 16 that's where the rubber hits the road.

17 So Mayor Daley and Mitch Daniels did
 18 some wonderful things with P3s, public-private
 19 partnerships. In the case of Indiana, you know, they
 20 had \$200 or \$300 million worth of debt. They sold it
 21 for \$3.8 billion. They put another \$700 million --
 22 the bidder -- the winning bidder had to put another
 23 \$700 million into the road. Mitch Daniels took
 24 \$3 and a half billion, combined it with state debt,

1 and funded a ten-year, \$10 billion capital program
 2 for the State. So I mean, hard pressed to drive
 3 anywhere in Indiana and not see a road under
 4 construction.

5 So that's -- you know, that's --
 6 that's a great story, but the debt and pensions in
 7 our country add up to about -- for state and local
 8 government add up to about \$7 trillion and the rating
 9 agencies are taking a really hard look at that. And
 10 the metrics that they're using are liability-driven;
 11 you get no credit. State and local government get no
 12 credit for their hard assets.

13 So Brookings just published a great
 14 book on hidden assets, and for accounting purposes on
 15 books of state and local government, the, you know,
 16 best estimate is that on the books the assets are
 17 only worth about \$3 trillion. The market value is
 18 anywhere from \$10 to \$25 trillion. Nobody really has
 19 a good handle on that. So there's trillions of
 20 dollars of assets that government's not getting any
 21 credit for.

22 Now, granted, certain assets you can't
 23 get credit for. Your regular streets that you can't
 24 toll or tax are one thing, but the revenue-producing

1 assets like water and sewer, electricity, gas, things
 2 that in other countries are in the domain of private
 3 sector and not so much public sector, are assets that
 4 our communities can take advantage of and can try to
 5 create a turnaround.

6 In working with the Illinois
 7 Legislature and now a third governor on ideas on how
 8 to do this, they've all concluded that asset
 9 monetization needs to be taken a serious look here in
 10 the State of Illinois.

11 Moody's has the State at around over
 12 \$200 billion of unfunded pension liability. City of
 13 Chicago's another \$50 billion of unfunded liability.
 14 Those are astronomical numbers if you take it and
 15 look at the country as a whole. It's off the charts.
 16 The only thing that's worse right now is Puerto Rico.

17 So I mean, when you stack up the
 18 Illinois numbers against those other states -- now,
 19 there are other states that would argue with us as to
 20 who's got the most challenges. That would be
 21 Connecticut and New Jersey.

22 But we're in a bunch -- we're in a
 23 bundle right now that is not a particularly pretty
 24 bundle, and the -- and it's not for lack of ringing

1 the alarm, because I think the finance community for
 2 last 15 years has been arguing that reform was
 3 needed.

4 So in Illinois, \$200 for the state,
 5 \$50 for the city. All the other communities, there's
 6 671 pension funds in Illinois, so let's call it 650
 7 represent the communities smaller than Illinois
 8 [sic]. Well, most of those pen- -- almost all of
 9 those pension funds are Police and Fire. A lot of
 10 the communities have one of each. So that means --
 11 let's make it simple, 325 communities. If you go
 12 down that list of 325 communities in Illinois, you
 13 get to the bottom of that list, you're talking very
 14 rural communities. And they, as a group, owe \$30
 15 billion, which is an astronomic amount of money.

16 So if you look at the state with its
 17 \$200 that they don't know how to solve. You have
 18 Chicago that's going to -- you know, has taken some
 19 action to solve theirs, and then you have all these
 20 other communities like yours that have fairly large
 21 fire/police pension funds unfunded.

22 There's no easy solution for this, but
 23 most communities, like the mayor's, own Water and
 24 Sewer or one or the other. We're not advocating

1 privatization because we know how difficult a subject
2 matter that is.

3 However, the Cana- -- the Australians
4 have done this. Corporate America does it all the
5 time, and that is asset in-kind contributions to
6 their pensions. And we've been working with both
7 Congress, the Whitehouse, state and local government
8 officials on making sure that we do that in a safe
9 way.

10 In Illinois, as I said, most
11 communities own Water and Sewer. Many communities
12 also own gas, electric, cell towers, light, and those
13 assets are valuable. And they're very valuable to
14 pension funds because pension funds are looking for
15 core assets, stable -- stable -- you know, stable
16 returns, returns that are uncorrelated to stock
17 markets, and something they can feel and know that's
18 going to be there, and they want to diversify that.

19 So in working with the Governor's
20 Office as well as the Legislature, the Illinois State
21 Board of Investments is where they would like to
22 house these assets the municipalities and the State
23 would like to contribute in lieu of payment -- not in
24 lieu of payment, but in addition to payment to bring

1 that unfunded liability down. And Chris handed out a
2 quick one-pager on how that would work.

3 But basically, if you were to look at
4 a community -- and this is not -- this is one of our
5 larger communities, but by no means large, that
6 owes -- that has an unfunded liability of, say, \$500
7 million, and their Water and Sewer assets are worth
8 \$200 million, and you transfer that asset to the
9 pension fund.

10 But as we counseled, it's not only the
11 pension funds that have trouble. We need to fix our
12 roads, our bridges, a lot of infrastructure. So
13 we've counseled folks to give part of it to the
14 pension funds, part of that value, and part of that
15 value to -- goes to new infrastructure, both at the
16 utility level as well as at the municipal level.

17 Now, that you think some people are of
18 the mind that, you know, water revenues stay on
19 water, sewer revenues stay on sewer, gas stays on
20 gas, electric stays on electric. And that was an
21 argument we had in Indianapolis, a AAA community that
22 was short of money for infrastructure. But they
23 decided they had a water utility, they had a gas
24 util- -- I mean, a water utility and sewer utility,

1 and it had a separate gas utility that was
2 quasi-privately run.

3 The City, after 57 town hall meetings;
4 council meetings; committee, subcommittee meetings
5 sold those assets to Citizens Energy in Indianapolis.
6 Citizens Energy hired Booz & Company to prepare their
7 bid. Booz estimated \$90 million of synergy savings
8 over 50 years, present value. So what the regulators
9 did there is half the value went to rate payers and
10 half the value went to infrastructure.

11 So these are not radical ideas. In
12 Illinois, we're partnering with Ullico, which is the
13 labor infrastructure fund, and they recently -- or
14 not so decent [sic] -- about three or four years ago,
15 bought Rialto, California's, water assets to -- to
16 basically help their pension situation.

17 So we're not saying that this is a --
18 something for everybody, but we're consulting.
19 We're -- we've been bought on. This will be in the
20 Public Domain in the next couple of weeks. But the
21 State of New Jersey's brought us on board, we're
22 partnered with folks in Connecticut, and there's a
23 couple of other states that are going full bore on
24 this because they know that they can't tax their way

1 out of this and that they need to look at how to take
2 these precious assets, public assets, keep them in
3 the public domain, which is public pension funds, for
4 the benefit of the public. And that's -- that's
5 basically the core essence of this.

6 The Administration -- the Trump
7 Administration's going to be rolling out an
8 infrastructure plan on Monday, at least it's alleged
9 to be coming out on Monday. It's going to be heavily
10 weighted towards communities that can raise local
11 resources to match federal resources. It's going to
12 be heavily ma- -- it's going to have a nice, huge
13 rural comun- -- component. Sorry.

14 But it's going to have a large rural
15 component. Rural communities are least equipped to
16 compete for federal grants, and having an
17 organization like yours helping Illinois rural
18 communities compete for that money will give us a
19 step -- much better step than, say, Iowa that doesn't
20 have something like that, that has similar needs.

21 In New Jersey, one of the reasons
22 they're pushing this is 90 percent of their
23 compliance problems in New Jersey are with
24 municipally-owned utilities. So last year they

1 passed a law that any mayor or Water Authority
 2 chairman or chairwoman has to sign a certificate each
 3 year that their drinking water is safe and clean.
 4 So -- and this has been passed by, you know,
 5 supermajority Democrat legislatures.

6 And so the issue is here, it's now,
 7 you know, with -- infrastructure's at a point right
 8 now that we need to address it. The administration,
 9 they're not going to -- we're not optimistic about
 10 money from Washington, but there will be, ultimately,
 11 some, and the better position we are, the more the
 12 State can capitalize on it.

13 JURACEK: I've got more questions than anything
 14 else.

15 MR. RAY KLJAJIC: Well, that's -- it's all
 16 fair.

17 JURACEK: I would caution the group, and I'm
 18 sure you're aware of this, that you can't generalize
 19 across the entirety of the state of Illinois.

20 MR. RAY KLJAJIC: Absolutely.

21 JURACEK: Okay?

22 So I heard a couple of different
 23 concepts. One would be a sale to a private utility.
 24 I have to tell you, Illinois-American --

1 MR. RAY KLJAJIC: That's not -- that's okay.
 2 JURACEK: Illinois-American Water has a lousy
 3 reputation in northeastern Illinois. We have a small
 4 portion of our village served by them. Their rates
 5 are much higher than the Village rates and their
 6 quality of service is in the tubes. You know, it's
 7 really bad. So I think that would be difficult.
 8 And somehow, though, I also heard
 9 somehow trying to collateralize the market value of
 10 the infrastructure assets to use as some sort of a
 11 pledge to meet your pension fund obligation, and
 12 that's where I'm very confused. It struck me.

13 So my working career was at
 14 Commonwealth Edison and Exelon Corporation, and some
 15 of this, for me, is reminiscent of when electric
 16 generation was deregulated and became competitive,
 17 and there was the issue of do ratepayers take the
 18 risk or does the marketplace take the risk. And
 19 there, though, you had a marketplace for electric --
 20 electricity is not like water, you know? ComEd, for
 21 example, is part of PJM. It's 13-state region and we
 22 have other entities to help us with reliability and
 23 all of that. Water, in many cases, is very local.
 24 We happen to get ours from Lake Michigan, but in the

1 western suburbs, they get it from wells or, you know,
2 other places.

3 It's really hard to generalize, and I
4 think we're just at the very beginnings of this
5 because I know the dereg discussion on the
6 electricity side took 20 years, you know, so -- to
7 work through all of the issues and how this would
8 work.

9 And what strikes me is there has been
10 some legislation regarding lead testing, for example,
11 in Illinois. Many of our legislators don't
12 understand the situation. They were going to mandate
13 that electric -- or that water companies be
14 responsible for picking up the cost of lead testing
15 in the drinking fountains in schools. And they made
16 a presentation to the Metropolitan Mayor's Caucus,
17 and it was -- and we were protesting, you know, about
18 the cost of that.

19 And the legislators said, Well, what's
20 the problem? The water companies pick it up. "Wadam
21 Legislator, you don't get it. We are the water
22 companies." It's the municipalities. And the lead's
23 not coming from us, it's coming from the pipes that
24 schools installed, you know.

1 So I would caution in any discussion
2 with the legislator that you'd be talking to a
3 legislator at least who used to be a mayor or
4 something, you know, where we can get a fuller
5 picture. I don't see that all the parties are
6 engaged at the table at this point in time.

7 MR. RAY KLJAJIC: Sure. Let's --

8 JURACEK: And you know what, we don't need to
9 debate this all out this morning. I just bring that
10 up as a caution. I think this is the very beginnings
11 of a discussion.

12 MR. RAY KLJAJIC: I would call it an advanced
13 beginning.

14 JURACEK: Uh-huh.

15 MR. RAY KLJAJIC: Because, I mean, as Chris
16 knows -- you know, Chris was kind enough to join us
17 in Washington a couple weeks ago, and we have
18 organized a group of 20 public pension funds, which
19 is the -- they represent a trillion dollars of assets
20 under management. They all want to increase their
21 pension funds as a group want to invest five percent
22 of their assets in infrastructure.

23 JURACEK: Uh-huh.

24 MR. RAY KLJAJIC: The best infrastructure for

1 them to own is public infrastructure because it's the
 2 least-risk asset class. That's 200 -- they're
 3 looking invest \$200 billion in infrastructure, which
 4 is a number that they expect to expand.

5 So they would be owners. They would
 6 hire the operating companies. In many cases they're
 7 going to keep a lot of the same people, but they're
 8 going to try to create the synergies and all the
 9 other savings that come with scale.

10 JURACEK: But I think what you need to be
 11 cognizant of, for example --

12 MR. RAY KLJAJIC: No, that's fine.

13 JURACEK: For example, our water supply comes
 14 from JAWA, which is seven suburbs who've joined
 15 together. Our sewer treatment is through the
 16 Metropolitan Water Reclamation District, which is the
 17 entire region. That it's more than just the
 18 boundaries of whatever municipality you're talking
 19 about within the metropolitan area.

20 MR. RAY KLJAJIC: Totally agreed.

21 JURACEK: In the rural area, it's more, you
 22 know, each city is for themselves. And so it's the
 23 layers of bureaucracy and ownership here and
 24 responsibility are going to be --

1 MR. RAY KLJAJIC: From the State standpoint, if
 2 we could -- from the State standpoint, you know, from
 3 the Governor's Office and the legislators, just
 4 taking care of, you know, granted, Illinois, and you
 5 said, you know, we all just talk about Illinois,
 6 northeast Illinois being well served by many and
 7 having scale. But there's Decatur, Joliet, Peoria,
 8 Quad Cities, Rockford.

9 JURACEK: I see plenty of legislation where it
 10 exempts counties of 3 million or more residents, you
 11 know, or you have a multi-prong solution. So --

12 MR. RAY KLJAJIC: And we're --

13 JURACEK: This is very interesting because,
 14 obviously, we're going in the tubes on pension
 15 funding. You know, we're putting more money in every
 16 year, and our percentage funding is going down. And
 17 so you --

18 MR. RAY KLJAJIC: I can --

19 JURACEK: -- need to look at --

20 MR. RAY KLJAJIC: If you look at the books --

21 JURACEK: -- operating opportunities.

22 MR. RAY KLJAJIC: -- of those communities and
 23 those smaller communities, you will be aghast. I
 24 mean, the law was written because these small

1 communities, we have 650, you know, 7- -- 671 pension
 2 funds. Those first 11 or so have high-standard
 3 approaches to investing and governance and
 4 accounting.

5 Because those smaller pension funds,
 6 the legislature doesn't trust them, which includes
 7 yours, the rules of what you can invest, as a general
 8 matter, are very low.

9 JURACEK: Which is why you also need to be
 10 aware of another legislative track which is to
 11 combine them all either into one --

12 MR. RAY KLJAJIC: And --

13 JURACEK: -- Police and Fire or, you know, two:
 14 one for Police and one for Fire, because of the
 15 limits on a lot of what you're going to do with the
 16 money.

17 MR. RAY KLJAJIC: And we're working with both
 18 organizations.

19 JURACEK: Yeah.

20 MR. RAY KLJAJIC: Both organizations are very
 21 supportive of this.

22 JURACEK: What do you mean, "both
 23 organizations"?

24 MR. RAY KLJAJIC: The Firefighters

1 Association --

2 JURACEK: That's not enough. You need to be
 3 talking --

4 MR. RAY KLJAJIC: -- and the --

5 JURACEK: -- to IML.

6 MR. RAY KLJAJIC: They are all being -- this is
 7 all in the process.

8 JURACEK: Yeah.

9 MR. RAY KLJAJIC: Let me just step back.

10 Chris, you know, and I have known each
 11 other for a lot of years. We are -- we're going on
 12 our own track with the legislature and the Governor's
 13 Office and communities.

14 JURACEK: Uh-huh.

15 MR. RAY KLJAJIC: The legislation probably
 16 makes -- there's two ways of doing legislation. We
 17 either do -- amend the Intercoop- --

18 Intergovernmental Cooperation Act, which there's a
 19 lot of support to do, or do we do something better
 20 and grander and get IFA involved because you already
 21 are doing the State Revolving Loan Fund Program. So
 22 you already have natural connectivity.

23 So the question is do we, you know,
 24 partner together and take advantage of that

1 connectivity as well as all the other strengths that
 2 you already have, which is finance. Because all of
 3 these assets will have to continue to be financed,
 4 and it's better to finance them through you than
 5 having small little bond issues from these smaller
 6 communities.

7 JURACEK: Uh-huh. Uh-huh. Yeah.

8 So my point is not to argue with you,
 9 but to --

10 MR. RAY KLJAJIC: No.

11 JURACEK: -- point out there are multiple
 12 layers and there are multiple actions being taken in
 13 Springfield, and you may be under an assumption that
 14 there's 660 separate bonds -- that's the number I
 15 use -- when, in fact, a year from now there may be
 16 two. You know, so...

17 MR. RAY KLJAJIC: And we were active in that
 18 discussion. Both associations want our advice
 19 because we've been working with -- we were involved
 20 with the \$10 billion Illinois Pension Bond issue to
 21 solve Illinois's Pension Bond problem, which we
 22 didn't.

23 JURACEK: Yeah.

24 MR. RAY KLJAJIC: And so, I mean, no. We're

1 well engaged with all those parties. Again, we've
 2 been doing legislation and finance in the state for a
 3 long, long time. We appreciate the complexity. I
 4 think your Authority can cut through some of that
 5 complexity, but nonetheless overlapping units of
 6 government in the United States are by their very
 7 nature -- I mean, if you read the Brookings book, I
 8 mean, the -- half the book is criticizing how many
 9 units of local government we have.

10 GOETZ: And Illinois has the most.

11 JURACEK: Yeah.

12 MR. RAY KLJAJIC: We have 7,000.

13 JURACEK: I mean, we're well aware of, you
 14 know, governors -- or Lieutenant Governor
 15 Sanguinetti's report; Karen Darch, the mayor of
 16 Barrington, was our Northwest Municipal Conference
 17 representative in that effort.

18 So we're all trying to do the same
 19 thing, but I'm just bringing this -- I'm bringing up
 20 all the "yeah, buts" that you're going to hear if we
 21 don't engage all the parties into this.

22 MR. RAY KLJAJIC: From our standpoint, if
 23 there's a dozen, that's a win. From the Illinois
 24 Board of Investments, a dozen communities doing this

1 and then folding up some of the smaller units around
 2 Decatur, around Joliet, around the Quad Cities,
 3 that's a win right there. Northeast Illinois can do
 4 whatever it wants to do. I mean, my best speech is
 5 Rahm Emanuel doubled the water rate in Chicago and --
 6 JURACEK: And he doubled our rate too.
 7 MR. RAY KLJAJIC: Inflation indexed it, and
 8 then put a 30 percent tax to address the pension
 9 problem. I think we can do better than that, and
 10 you're welcome to tell Rahm I said it.
 11 JURACEK: Oh, no. We've told him too. We just
 12 renegotiated our contract with them.
 13 MR. RAY KLJAJIC: Well, I mean --
 14 JURACEK: We got a five percent rate increase
 15 cap too.
 16 MR. RAY KLJAJIC: I mean, if you don't do what
 17 Indianapolis did -- I mean, think about it. \$900
 18 million. That's a AAA community, well respected.
 19 It's not like, you know, viewed as a patronage haven.
 20 \$900 million of synergies of combining three
 21 utilities together. \$450 went to infrastructure;
 22 \$400 went -- \$450 went to ratepayers. That is what
 23 American Water is trying to do. The problem with
 24 American Water, you know, all these folks, they have

1 to -- if they buy you, they're going to buy you and
 2 go to a 50/50 debt-to-equity structure. So you're
 3 going to go from 4 percent debt to 50 percent at 9 or
 4 10 percent on equity, and then taxable debt, you
 5 know, call it 5 or 6 percent on taxable debt. So
 6 that your -- immediately, your cost of money's going
 7 to go up.
 8 Here, we're talking about the pension
 9 funds taking it over. They're tax-exempt, so the- --
 10 entities. The debt will stay tax-exempt, so we'll
 11 stay in the tax-exempt market and the equity
 12 component's only going to be 25 or 30 percent. And
 13 most of that return on equity goes back to Joliet,
 14 Aurora, so they don't have to level property taxes as
 15 much. Instead, they're getting a dividend on a good
 16 portion of that equity that's in their pension fund.
 17 So that's -- I mean, it was a lot to
 18 swallow in a -- just a quick introduction, but the
 19 notion is not to impact your rates other than to
 20 better -- you know, the other big problem with most
 21 of these communities is underinvestment in the
 22 utilities in all these reports. Nobody wants -- none
 23 of these communities want to raise their rates and
 24 they don't want to pay for depreciation. I mean --

1 and that's why these utilities are falling into
2 disrepair. So -- and part of it is to get better --
3 a better, more holistic management of them, better
4 capital planning. And it's not for everybody and by
5 no means do we -- you know, there's a lot of reasons
6 not to have 325 customers in Illinois.
7 CHAIRMAN ANDERBERG: Okay. Thank you, Ray.
8 GOETZ: I'm familiar the Ullico thing out in
9 California.
10 You working with some of the other big
11 infrastructure companies like Alinda? Macquarie?
12 MR. RAY KLJAJIC: No. Right now, we -- we are
13 branding ourselves strictly as public, with public
14 pension fund money. So, no.
15 GOETZ: Okay.
16 MR. RAY KLJAJIC: So no foreign money, no real
17 private money per se.
18 GOETZ: Yeah. Well, a lot of pension funds --
19 a lot of union pension funds invest in those. And I
20 know --
21 MR. RAY KLJAJIC: Yeah.
22 GOETZ: -- the State Board of Investment is
23 highly invested in Macquarie and Alinda.
24 MR. RAY KLJAJIC: Simple answer, I go to

1 Oklahoma, and they tell me if I show up with any
2 foreign money, I'm out.
3 GOETZ: Well, it's not though. I mean, you
4 know, I know they're from Australia, but they used
5 mostly --
6 MR. RAY KLJAJIC: You know, I've met with the
7 national AFSCME folks.
8 GOETZ: Uh-huh. Yeah.
9 MR. RAY KLJAJIC: And they're a firm no if
10 we're private -- if we're public pension fund money.
11 If you're -- if we're public pensions or labor
12 pensions, it's a different story. AFSCME has told us
13 nationally they will go fight it if it's private.
14 So -- and the --
15 GOETZ: Well, Ullico's private.
16 MR. RAY KLJAJIC: Well, it's labor.
17 GOETZ: Yeah, right. Yeah.
18 MR. RAY KLJAJIC: There -- it's about the
19 governance and the cost of money. People trust
20 public pension funds, they don't trust KKR as much.
21 The cost of money is key; that's the -- that's a deal
22 killer. If you walk in and say I'm going to take
23 your cost of money from four percent to six and a
24 half percent on a capital-intensive asset, they're

1 asking, like, what are you talking about? And you're
 2 going to tell them you're going to make it up on
 3 synergies and capital enhanc- -- capital-improvement
 4 enhancements. And you're going to have the same
 5 conversation we had over here about the rates are
 6 higher. And that's what we're trying to -- what we
 7 will avoid. And Ullico's a great partner and that's
 8 why we're partnering with them. And we will partner
 9 with other privates, but the governance will remain
 10 public.
 11 And in Canada, as Lyle can tell you,
 12 this is basically taking the Canada model, applying
 13 it to an American circumstance, and it's worked
 14 marvelously in Canada.
 15 Thank you.
 16 MEISTER: And -- and again, just to underscore
 17 the Authority's interest in this, because I know that
 18 we covered a whole variety of issues that are
 19 generally beyond the scope of the Authority, the
 20 possible outcome of this is, after there is public
 21 pension fund partnership/ownership of these -- of
 22 these various revenue-producing public assets, that
 23 they would need an issuer of their conduit debt going
 24 forward for new investments, and the Finance

1 Authority would be the obvious issuer, correct?
 2 MR. RAY KLJAJIC: Absolutely. Much preferred.
 3 You know, we -- it's a one-stop shopping for us.
 4 CHAIRMAN ANDERBERG: Thank you.
 5 MR. RAY KLJAJIC: Thank you.
 6 CHAIRMAN ANDERBERG: Anything else?
 7 FLETCHER: Public comm- --
 8 CHAIRMAN ANDERBERG: The author- --
 9 FLETCHER: Public comment.
 10 CHAIRMAN ANDERBERG: Is there any public
 11 comment? Does anyone want to make a public comment
 12 before the Board?
 13 JURACEK: Mr. Chairman?
 14 CHAIRMAN ANDERBERG: Yes.
 15 JURACEK: I just wanted to bring up, from time
 16 to time we approve projects for Presbyterian Homes,
 17 and in particular, we did for The Moorings, which is
 18 in Arlington Heights, right next door to me. And I
 19 just wanted you to know that one of the investments
 20 we approved was for The Highlands, which is their
 21 assisted living, and we broke the ribbon on it on
 22 Friday. So it's nice to see things from financing
 23 all the way to ribbon cutting. It's a beautiful
 24 facility. The money went to a good place.

1 CHAIRMAN ANDERBERG: Thank you, Arlene.
 2 Any other?
 3 (No response.)
 4 CHAIRMAN ANDERBERG: Okay. I guess that brings
 5 our meeting to a close. We will notify everyone,
 6 contingent on everybody's schedule, when we can have
 7 a quorum over the next two weeks.
 8 Thank you.
 9 FLETCHER: The time is 10:50 a.m.
 10 (Which were all the
 11 proceedings had.)
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1 STATE OF ILLINOIS)
) SS:
 2 COUNTY OF COOK)
 3 Brad Benjamin, being first duly sworn on oath,
 4 says that he is a Certified Shorthand Reporter, that
 5 he reported in shorthand the proceedings given at the
 6 taking of said hearing, and that the foregoing is a
 7 true and correct transcript of his shorthand notes so
 8 taken as aforesaid and contains all the proceedings
 9 given at said Illinois Finance Authority Meeting.
 10
 11
 12

Certified Shorthand Reporter
 No. 084-004805

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Date: April 10, 2018

To: Eric Anderberg, Chairman
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Neil Heller
Robert Horne
Mayor Arlene A. Juracek

Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Bradley A. Zeller

Subject: *Minutes of the February 15, 2018 Special Meeting*

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (the “**Minutes**”) in connection with the special meeting of the Members of the Illinois Finance Authority (the “**Authority**”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the third Thursday of February in the year 2018, 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**”).

To aid in your review of the Minutes, please reference the following pages and line numbers for corresponding sections of the respective meeting’s agenda:

ILLINOIS FINANCE AUTHORITY
SPECIAL MEETING
Thursday, February 15, 2018
9:30 AM

AGENDA:

- I. Call to Order & Roll Call
(page 3, line 1 through page 5, line 9)
- II. Approval of Agenda
(page 5, lines 10 through 24)
- III. Chairman’s Remarks
(page 6, line 1 through page 7, line 2)
- IV. Consideration of the Minutes
(page 7, lines 3 through 18)
- V. Presentation and Consideration of the Project Reports and Resolutions
(page 7, line 19 through page 24, line 17)
- VI. Other Business
(page 24, lines 18 through 20)
- VII. Public Comment
(page 24, lines 21 through 23)
- VIII. Adjournment



(page 24, line 24 through page 25, line 18)

The Minutes of the special meeting of the Authority are further supplemented by a summary of the respective meeting's voting record prepared by Authority staff (the "**Voting Record**"), which is also enclosed.

Please contact an Assistant Secretary to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Ryan Oechsler
Associate General Counsel

Enclosures: 1. Minutes of the February 15, 2018 Special Meeting
 2. Voting Record of the February 15, 2018 Special Meeting

1 ILLINOIS FINANCE AUTHORITY
2 SPECIAL MEETING OF THE MEMBERS
3 February 15, 2018 at 9:30 a.m.
4
5 REPORT OF PROCEEDINGS had at the Special
6 Meeting of the Illinois Finance Authority on
7 February 15, 2018, at the hour of 9:30 a.m., pursuant
8 to notice, at 160 North LaSalle Street, Suite S-1000,
9 Chicago, Illinois.

1 APPEARANCES:
2 MR. ERIC ANDERBERG, Chairman
3 MR. BRADLEY A. ZELLER (via audio conference.)
4 MR. ROGER E. POOLE (via audio conference.)
5 MR. GEORGE OBERNAGEL (via audio conference.)
6 MR. LYLE MCCOY
7 MR. LERRY KNOX
8 MS. ARLENE JURACEK
9 MR. MICHAEL W. GOETZ (via audio conference.)
10 MS. BETH SMOOTS
11 MS. GIILA BRONNER
12 MR. JAMES J. FUENTES
13 MR. ROBERT HORNE
14 MR. TERRY O'BRIEN
15 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
16 MR. RICH FRAMPTON, Vice President
17 MS. PAMELA LENANE, Vice President
18 MR. BRAD FLETCHER, IFA Assistant Vice President
19 MS. ELIZABETH WEBER, IFA General Counsel
20 MS. XIMENA GRANDA, Controller
21 MR. CHRISTOPHER B. MEISTER, Executive Director
22 MR. TERRY FRANZEN, Procurement
23 MR. RYAN OECHSLER, IFA Associate General Counsel
24

1 CHAIRMAN ANDERBERG: I'd like to call the
2 meeting to order.

3 Will the Assistant Secretary please
4 call the roll?

5 FLETCHER: Certainly.

6 The time is 9:30 a.m. I'll call the
7 roll of members physically present first.

8 Ms. Bronner?

9 BRONNER: Here.

10 FLETCHER: Mr. Fuentes?

11 FUENTES: Here.

12 FLETCHER: Mr. Horne?

13 HORNE: Here.

14 FLETCHER: Ms. Juracek?

15 JURACEK: Here.

16 FLETCHER: Mr. Knox?

17 KNOX: Here.

18 FLETCHER: Mr. O'Brien?

19 O'BRIEN: Here.

20 FLETCHER: Ms. Smoots?

21 SMOOTS: Here.

22 FLETCHER: And Mr. Chairman?

23 CHAIRMAN ANDERBERG: Here.

24 FLETCHER: Mr. Chairman, a quorum of Members

1 physically present in the room has been constituted.
2 At this time, I'd like to ask if any
3 Members wish to attend via audio conference.
4 GOETZ: Yeah. This is Mike Goetz. I'm
5 requesting to attend via audio conference due to
6 employment purposes.
7 FLETCHER: Anyone else?
8 OBERNAGEL: Yes. This is...
9 MEISTER: George? Was that --
10 OBERNAGEL: This is George Ob- -- yeah. George
11 Obernagel requesting to be allowed via audio for
12 employment purposes.
13 FLETCHER: Okay.
14 ZELLER: Brad Zeller requesting to be allowed
15 to participate via audio due to work purposes.
16 POOLE: Roger Poole requesting to attend via
17 audio conference due to employment reasons.
18 FLETCHER: Okay.
19 CHAIRMAN ANDERBERG: Thank you.
20 Is there a motion to approve these
21 requests pursuant to the bylaws and policies of the
22 Authority?
23 HORNE: So moved.
24 BRONNER: Second.

1 CHAIRMAN ANDERBERG: A motion and a 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 FLETCHER: Mr. Chairman, Members Goetz,
8 Obernagel, Poole, and Zeller have been added to the
9 initial quorum roll call.
10 CHAIRMAN ANDERBERG: Okay. Thank you.
11 Does anyone wish to make any
12 additions, edits, or corrections to today's Agenda?
13 (No response.)
14 CHAIRMAN ANDERBERG: I would like to suggest a
15 motion to approve the Agenda.
16 Is there such a motion?
17 KNOX: So moved.
18 FUENTES: Second.
19 CHAIRMAN ANDERBERG: A motion and a second.
20 All those in favor?
21 (Chorus of ayes.)
22 CHAIRMAN ANDERBERG: Opposed?
23 (No response.)
24 CHAIRMAN ANDERBERG: The ayes have it.

1 Remarks: I had -- first, I'd like to
2 thank everybody for coming here today. We couldn't
3 make it last week without eight bodies in the room,
4 so -- and with that, I'd like to take a moment to
5 remember Chicago Police Commander Paul Bauer, who was
6 fatally shot Tuesday across the street at the
7 Thompson Center. Commander Bauer leaves behind a
8 wife and daughter, and we thank him dearly for his
9 public service and our condolences go out to his
10 family.
11 With respect to today, I'd like to
12 thank everyone for taking the time for the Special
13 Meeting. Last Thursday, we attempted to convene and
14 we couldn't get a quorum. We have a Message from
15 Executive Director, a Financial Report from Six
16 Granda, and a Procurement Report from Terry Franzen
17 from last Thursday, and we also welcomed a guest, Ray
18 Kljajic, who discussed his "New American
19 Infrastructure Model."
20 And finally, I'll add that Items 1A
21 through 8 of the Project Reports and Resolutions were
22 reviewed by a Joint Meeting of the Tax-Exempt Conduit
23 Transactions Committee and the Direct and Alternative
24 Committee. Each was recommended unanimously for

1 approval. Items 9, 10, and 11 were discussed by the
2 Executive Director as well.

3 Does anyone wish to make any
4 additions, edits or corrections to the Minutes from
5 November 9th, 30th, or December 14th?

6 (No response.)

7 CHAIRMAN ANDERBERG: Hearing none, I would like
8 to request a motion to approve each of the minutes.

9 Is there such a motion?

10 BRONNER: So moved.

11 JURACEK: Second.

12 CHAIRMAN ANDERBERG: We have a motion and
13 second.

14 All those in favor?

15 (Chorus of ayes.)

16 CHAIRMAN ANDERBERG: Opposed?

17 (No response.)

18 CHAIRMAN ANDERBERG: The ayes have it.

19 Okay. I'd like to ask for the general
20 consent of the Members to consider the project
21 reports and resolutions collectively and to have the
22 subsequent recorded vote applied to each respective
23 individual project and resolution, unless there are
24 any specific project reports and resolutions that a

1 Member would like to consider separately.
2 (No response.)

3 FLETCHER: Hearing none, I'll begin the
4 presentation.

5 Starting with Agricultural Projects,
6 Item 1A is a Beginning Farmer Bond request. Staff
7 requests your one-time Final Bond Resolution approval
8 for Justin Joseph Bergbower, who's purchasing 65.9
9 acres of farmland located in Jasper County in the
10 not-to-exceed amount of \$86,820. People's State Bank
11 of Newton is purchasing -- is the purchasing bank for
12 this conduit transaction.

13 Does any Member have any questions or
14 wish to make a statement?

15 (No response.)

16 FLETCHER: Item 1B is a Beginning Farmer Bond
17 request. Staff requests your one-time Final Bond
18 Resolution approval for Brett D. Jaeger who is
19 purchasing an undivided 60 percent of 100 acres of
20 farmland including grain bins located in Montgomery
21 County in the not-to-exceed amount of \$303,000.

22 First National Bank of Raymond is the purchasing bank
23 for this conduit transaction.

24 Does any Member have any questions or

1 wish to make a statement?
2 (No response.)

3 FLETCHER: Moving on to Educational, Cultural,
4 and Non-Healthcare 501(c)(3) Projects.
5 Item 2 is a 501(c)(3) Bond request.
6 Staff requests your one-time Final Bond Resolution
7 approval for BHF Chicago Housing Group LLC, the
8 Better Housing Foundation Ernst Portfolio Project.
9 Bond proceeds will be issued in one or more series
10 and used by the borrower to finance the acquisition
11 and rehabilitation of 17 multifamily properties with
12 186 units located in Chicago. Additionally, bond
13 proceeds will be used to capitalize debt service
14 reserves and to pay costs of issuance. The Bonds are
15 expected to be investment grade rated by S&P.
16 Does any Member have any questions or
17 wish to make a statement?
18 (No response.)

19 FLETCHER: Moving on to Resolutions.
20 Item 3 is a Resolution supplementing a
21 Final Bond Resolution previously approved by the
22 Illinois Finance Authority as of December 14th, 2017,
23 that will specifically authorize the issuance of one
24 or more series of IFA Taxable Series 2018 Bonds for

1 the University of Chicago.
2 Although the December 14th Resolution
3 authorized a not-to-exceed issuance amount of \$275
4 million and included flexibility for the University
5 to issue under a variety of tax-exempt structures,
6 the authority to issue taxable bonds was not
7 previously contemplated.
8 Does any Member have any questions or
9 wish to make a statement?
10 (No response.)

11 FLETCHER: Item 4 is a Preliminary Bond
12 Resolution approving the issuance of Illinois Finance
13 Authority Taxable Revenue Bonds, in one or more
14 series, for the benefit of certain community banks
15 and bank holding companies, and for the purposes set
16 forth in the Resolution in an aggregate principal
17 amount now estimated not to exceed \$250 million.
18 Approval of this Resolution will support the Program
19 Sponsor's preliminary program development feasibility
20 and related due diligence activities.
21 Does any Member have any questions or
22 wish to make a statement?
23 (No response.)

24 FLETCHER: Item 5 is a Resolution delegating to

1 the Executive Director of the Illinois Finance
2 Authority the power to develop and administer a
3 Commercial Property Assessed Clean Energy Program.
4 This program, if successful, would
5 attempt to diversify the Authority's product
6 offerings and corresponding revenues.
7 Does any Member have any questions or
8 wish to make a statement?
9 (No response.)
10 FLETCHER: Item 6 is a Resolution approving
11 implementation of a new Participation Loan Program
12 for the Illinois Finance Authority, and delegating
13 authority to establish policies and procedures for
14 such program within parameters.
15 Again, this program, if successful,
16 would attempt to diversify the Authority's product
17 offerings and corresponding revenues.
18 Does any Member have any questions or
19 wish to make a statement?
20 (No response.)
21 FLETCHER: Item 7 is a Resolution approving the
22 development of the Illinois Finance Authority
23 Ownership and Project Finance Program, and
24 authorizing the Executive Director of the Illinois

1 Finance Authority to take steps related to the
2 implementation of the Program.
3 Again, this program, if successful,
4 would attempt to diversify the Authority's product
5 offerings and corresponding revenues.
6 Does any Member have any questions or
7 wish to make a statement?
8 (No response.)
9 FLETCHER: Item 8 is a Resolution approving the
10 restructuring of the Illinois Finance Authority
11 MedCap Program to the Medium-Term Healthcare Finance
12 Program, authorizing the Executive Director of the
13 Illinois Finance Authority to take steps related to
14 implementation of the Program.
15 Again, this program restructuring, if
16 successful, would attempt to diversify the
17 Authority's product offerings and the corresponding
18 revenues.
19 Does any Member have any questions or
20 wish to make a statement?
21 (No response).
22 FLETCHER: Thank you.
23 WEBER: Item 9 is a Resolution approving and
24 confirming various procurement matters, including a

1 contract for legal services with Baker & Hostetler, a
 2 contract for network services with The Crypsis Group,
 3 personal service contracts with Kathleen Lydon and
 4 Janella Kaczanko, an amendment to an existing
 5 contract for network services with Catalyst
 6 Consulting Group, and the assignment of a legal
 7 services contract from Polsinelli to Barnes &
 8 Thornburg.

9 I'd like to make a statement about two
 10 of the contracts covered by the Resolution. The
 11 subject of my statement also appears as a Notice to
 12 Members in your folder.

13 In early 2018, the Illinois Finance
 14 Authority received allegations of a potential
 15 technological vulnerability in its web site. In
 16 connection therewith, the Authority also received an
 17 explicit threat of a lawsuit and alleged monetary
 18 damages arising therefrom.

19 Authority staff took appropriate steps
 20 to investigate and respond to this situation and to
 21 the threat of litigation, including entering into two
 22 contracts pursuant to the, quote, anticipation of
 23 litigation, end quote, exemption from the Illinois
 24 Procurement Code.

1 The Authority contracted with
 2 Baker & Hostetler for legal representation. Baker
 3 recommended the engagement of The Crypsis Group for
 4 web security analysis, and the Authority entered into
 5 such a contract. Crypsis is also covered by the
 6 anticipation of litigation exemption as an
 7 investigator and potential expert witness.

8 The Authority obtained approval of
 9 both contracts from the Governor's Office pursuant to
 10 the Illinois Procurement Code, and has continued to
 11 work with the Governor's Office to ensure that all
 12 reporting requirements are met.

13 No litigation has been filed and
 14 Authority staff believe that actions taken to date
 15 appropriately address this situation.

16 Does any Member have any questions on
 17 the Resolution or wish to make a statement?

18 O'BRIEN: Yeah. I'd like to understand a
 19 little bit better the --

20 WEBER: Can I just make one --

21 O'BRIEN: Go ahead.

22 WEBER: If you have questions on the underlying
 23 subject matter of the statement I just gave, I would
 24 suggest that you direct those to me after the meeting

1 so I can work with outside counsel to respond to the
2 questions in a way that would preserve
3 attorney-client privilege.
4 But go ahead.
5 O'BRIEN: Well, my question was, Could you
6 expand a little bit on what the litigation or
7 potential litigation dealt with?
8 WEBER: It had to do with these vulnerabilities
9 in our web site.
10 O'BRIEN: And who -- can you say who
11 threatened --
12 WEBER: I'd -- I'd rather --
13 O'BRIEN: -- and what were their damages? I'm
14 trying to understand.
15 MEISTER: We'd rather not, but we can brief you
16 in detail afterward.
17 WEBER: I'm happy to take all questions --
18 O'BRIEN: All right. Thank you.
19 WEBER: -- and give a fuller statement --
20 O'BRIEN: Thank you.
21 WEBER: -- but I'd like to work with outside
22 counsel just to make sure we're not --
23 MEISTER: We could.
24 JURACEK: My question to Mr. Meister was

1 whether we could have a closed session to talk about
2 the topic of litigation or potential litigation.
3 WEBER: Yes, we could do that. Again, I'm --
4 there are very strict rules on preserving
5 attorney-client privilege.
6 JURACEK: Understood.
7 WEBER: And even though they're members -- and
8 so I guess if you would like to do that -- because I
9 don't think there's any immediate concern here, I'd
10 like to bring the outside counsel to a following
11 meeting to have him assist in addressing those
12 questions.
13 JURACEK: I think there's no objection to
14 having outside counsel in a closed session.
15 WEBER: Right.
16 JURACEK: And so I think -- you know, I share
17 common questions. I think we want to know a little
18 more what this is about.
19 WEBER: Okay. We could -- yes?
20 BRONNER: And I think it really relates more to
21 the underlying technological vulnerability as --
22 WEBER: Right.
23 BRONNER: -- sort of the source of why it would
24 even arise --

1 MEISTER: Yes.
2 WEBER: Uh-huh.
3 BRONNER: -- to that -- the occasion of
4 litigation --
5 MEISTER: We're --
6 BRONNER: -- for tech issues.
7 CHAIRMAN ANDERBERG: Yes.
8 BRONNER: Right.
9 CHAIRMAN ANDERBERG: It has to do with the
10 anticipation of litigation.
11 WEBER: Right.
12 CHAIRMAN ANDERBERG: Solely.
13 WEBER: Right.
14 MEISTER: Anticipation and not the avoidance of
15 litigation.
16 WEBER: That's correct. That's correct.
17 MEISTER: The strict construction of the phrase
18 and the statute --
19 WEBER: Right. Right.
20 MEISTER: -- anticipation of litigation.
21 BRONNER: Yeah.
22 WEBER: Right.
23 BRONNER: Thank you.
24 MEISTER: And -- and --

1 WEBER: And as I don't see that there's -- you
2 know, there's no litigation that's filed, if there's
3 a need for an expanded discussion, I would like to
4 bring in --
5 O'BRIEN: Well, then I --
6 WEBER: -- outside counsel.
7 O'BRIEN: We're going to have a counsel appear
8 here at the next meeting and we can go into closed
9 session --
10 WEBER: We could do that.
11 O'BRIEN: -- and discuss this a little more.
12 MEISTER: Absolute- --
13 O'BRIEN: I just want to better understand
14 what's going on.
15 HORNE: I agree.
16 WEBER: Sure.
17 MEISTER: And -- and the delicacy that we have
18 is we've got several competing concerns. We have IT
19 concerns and then we have concerns of attorney-client
20 privilege. But I think that --
21 O'BRIEN: Are we construed as clients?
22 MEISTER: Yes.
23 O'BRIEN: Meaning -- so we can discuss it in a
24 closed meeting.

1 MEISTER: And we would -- we would --
2 O'BRIEN: Okay. I just want to make sure we
3 could do that.
4 MEISTER: What my suggestion would be, while
5 the Board Member has the right -- the Board Members
6 collectively have the right to make a motion, take a
7 second, take a roll call vote, move into closed
8 session, record what goes on, transcribe those
9 minutes, then vote out on a roll call vote pursuant
10 to the Open Meetings Act. My recommendation is that
11 we do that at the March meeting because we have an
12 outside counsel who is expert in this particular --
13 WEBER: Correct.
14 MEISTER: -- issue, and we can discuss it more
15 fully.
16 O'BRIEN: Thank you.
17 JURACEK: I question the need for a vote after
18 a closed session because I see this being more an
19 information session, not presenting a matter to the
20 Board for voting on it. That being said, I
21 understand you cannot vote in closed session.
22 MEISTER: Yeah. No. I -- I meant that when
23 you leave closed session --
24 JURACEK: Oh, yeah. You have to --

1 MEISTER: -- you need to have the --
2 JURACEK: You need a vote to come out of it.
3 Yeah.
4 MEISTER: -- roll call vote.
5 And no -- and you're absolutely
6 correct. No action can be taken within closed
7 session.
8 JURACEK: Perhaps small group meetings with
9 less than a quorum might be a way to go too.
10 O'BRIEN: Thank you.
11 WEBER: Any other questions?
12 CHAIRMAN ANDERBERG: Thank you.
13 MEISTER: Item No. 10, the Appointment of a
14 Secretary and an Assistant Secretary.
15 Item 10 is a Resolution appointing
16 Elizabeth Weber, General Counsel of the Authority, as
17 Secretary of the Authority, and appointing Ryan
18 Oechsler, Associate General Counsel -- Ryan, could
19 you stand up and raise your hand?
20 -- as an additional Assistant
21 Secretary of the Authority.
22 The current Assistant Secretaries to
23 the Authority, Brad Fletcher and Mari Money, will
24 continue to serve in their roles under authority

1 provided by an earlier Resolution.
2 Does any Member have any questions or
3 wish to make a statement?
4 (No response.)
5 MEISTER: Item No. 11, the Appointment of a
6 Treasurer.
7 Item No. 11 is a Resolution appointing
8 Brad Fletcher, Assistant Vice President, as Treasurer
9 of the Authority. Mr. Fletcher, as previously noted,
10 will remain as an Assistant Secretary of the
11 Authority.
12 Does any Member have any questions or
13 wish to make a statement?
14 BRONNER: Just one quick question: What are the
15 duties of the Treasurer?
16 MEISTER: The duties -- the Office of the
17 Treasurer of the Authority is a mandatory statutory
18 office that under the statute, while it is mandatory,
19 and due to some staff reduction several years ago, we
20 have done without a Treasurer, because, primarily,
21 the Office of the Treasurer has fairly limited --
22 while it's mandatory, has fairly limited duties under
23 the statute, mainly concerning with execution of
24 documents when appropriated funds are expended or

1 received. Mr. Fletcher will perform those statutory
2 duties, but at the same time, we will make him a
3 co-signator-- an additional co-signatory on the
4 checks. And he will become more active with our
5 Controller, Six Granda, on dealing and addressing and
6 helping to manage our outside investments of the
7 General Fund.
8 BRONNER: Thank you. In that case, I think
9 he's an excellent candidate for this job.
10 CHAIRMAN ANDERBERG: All right.
11 FLETCHER: I'd like to note for the record the
12 arrival of Member McCoy at 9:46 a.m.
13 HORNE: Perfect timing, Lyle.
14 MCCOY: You want to stay away from me today.
15 My pass got taken downstairs too. It's been one of
16 those days.
17 FLETCHER: Before we take a vote, we should
18 note for the record all the resolutions you're voting
19 on have been provided to you previously in a digital
20 format as well as physically. Likewise, Summary
21 Reports were previously mailed to you including
22 Member McCoy. So I think we all can take a good vote
23 here.
24 CHAIRMAN ANDERBERG: With that, I would like to

1 request a motion to pass and adapt the following
2 Project Reports and Resolutions: Item 1A, 1B, 2, 3,
3 4, 5, 6, 7, 8, 9, 10, and 11.
4 Do I have such a motion?
5 FUENTES: So moved.
6 CHAIRMAN ANDERBERG: Motion by Mr. Fuentes; a
7 second?
8 KNOX: Second.
9 CHAIRMAN ANDERBERG: Second by Mr. Knox.
10 Will the Assistant Secretary please
11 call the roll.
12 FLETCHER: On the motion and second, I will
13 call the roll.
14 Ms. Bronner?
15 BRONNER: Yes.
16 FLETCHER: Mr. Fuentes?
17 FUENTES: Yes.
18 FLETCHER: Mr. Goetz?
19 GOETZ: Yes.
20 FLETCHER: Mr. Horne?
21 HORNE: Yes.
22 FLETCHER: Ms. Juracek?
23 JURACEK: Yes.
24 FLETCHER: Mr. Knox?

1 KNOX: Yes.
2 FLETCHER: Mr. McCoy?
3 Mccoy: Yes.
4 FLETCHER: Mr. O'Brien?
5 O'BRIEN: Yes.
6 FLETCHER: Mr. Obernagel?
7 OBERNAGEL: Yes.
8 FLETCHER: Mr. Poole?
9 POOLE: Yes.
10 FLETCHER: Ms. Smoots?
11 SMOOTS: Yes.
12 FLETCHER: Mr. Zeller?
13 ZELLER: Yes.
14 FLETCHER: And Mr. Chairman?
15 CHAIRMAN ANDERBERG: Yes.
16 FLETCHER: Mr. Chairman, the motion carries.
17 CHAIRMAN ANDERBERG: Okay. Thank you.
18 Is there any other business to come
19 before the Members?
20 (No response.)
21 CHAIRMAN ANDERBERG: Is there any public
22 comment for the Members?
23 (No response.)
24 CHAIRMAN ANDERBERG: Okay. Well, thank you all

1 for coming today. Lyle, thank you. I know it's been
2 a few minutes, but I appreciate it.

3 McCOY: The seat's not even warm yet.

4 CHAIRMAN ANDERBERG: The next regularly
5 scheduled meeting will be March 8th, and I'd like to
6 request a motion to adjourn.

7 FUENTES: So moved.

8 CHAIRMAN ANDERBERG: A motion; a second?

9 O'BRIEN: Second.

10 CHAIRMAN ANDERBERG: All those in favor?
11 (Chorus of ayes.)

12 CHAIRMAN ANDERBERG: Opposed?

13 (No response.)

14 CHAIRMAN ANDERBERG: The ayes have it.

15 Thank you for coming today.

16 FLETCHER: The time is 9:48 a.m.

17 (Which were all the
18 proceedings had.)
19
20
21
22
23
24

1 STATE OF ILLINOIS)
) SS:
2 COUNTY OF COOK)
3 Brad Benjamin, being first duly sworn on oath,
4 says that he is a Certified Shorthand Reporter, that
5 he reported in shorthand the proceedings given at the
6 taking of said hearing, and that the foregoing is a
7 true and correct transcript of his shorthand notes so
8 taken as aforesaid and contains all the proceedings
9 given at said Illinois Finance Authority Meeting.
10
11
12

Certified Shorthand Reporter

No. 084-004805

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
APPROVAL OF REQUESTS TO PARTICIPATE VIA AUDIO CONFERENCE
ADOPTED

February 15, 2018

8 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Fuentes

NV Goetz
(VIA AUDIO CONFERENCE)

Y Horne

Y Juracek

Y Knox

NV McCoy (ADDED)

Y O'Brien

NV Obernagel
(VIA AUDIO CONFERENCE)

NV Poole
(VIA AUDIO CONFERENCE)

Y Smoots

NV Zeller
(VIA AUDIO CONFERENCE)

Y Mr. Chairman

ILLINOIS FINANCE AUTHORITY
ROLL CALL
FEBRUARY 15, 2018 AGENDA OF THE SPECIAL MEETING OF THE MEMBERS
ADOPTED

February 15, 2018

12 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Fuentes

Y Goetz

(VIA AUDIO CONFERENCE)

Y Horne

Y Juracek

Y Knox

NV McCoy (ADDED)

Y O'Brien

Y Obernagel

(VIA AUDIO CONFERENCE)

Y Poole

(VIA AUDIO CONFERENCE)

Y Smoots

Y Zeller

(VIA AUDIO CONFERENCE)

Y Mr. Chairman

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
NOVEMBER 9, 2017 MINUTES OF REGULAR MEETING OF THE MEMBERS,
NOVEMBER 30, 2017 MINUTES OF THE SPECIAL MEETING OF THE MEMBERS, AND
DECEMBER 14, 2017 MINUTES OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

February 15, 2018

12 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Fuentes

Y Goetz

(VIA AUDIO CONFERENCE)

Y Horne

Y Juracek

Y Knox

NV McCoy (ADDED)

Y O'Brien

Y Obernagel

(VIA AUDIO CONFERENCE)

Y Poole

(VIA AUDIO CONFERENCE)

Y Smoots

Y Zeller

(VIA AUDIO CONFERENCE)

Y Mr. Chairman

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AG1A
 BEGINNING FARMER REVENUE BOND – JUSTIN JOSEPH BERGBOWER
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (ADDED)	Y	Zeller
					(VIA AUDIO CONFERENCE)
Y	Goetz	Y	O'Brien	Y	Mr. Chairman
	(VIA AUDIO CONFERENCE)				
Y	Horne	Y	Obernagel		
			(VIA AUDIO CONFERENCE)		
Y	Juracek	Y	Poole		
			(VIA AUDIO CONFERENCE)		

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AG1B
 BEGINNING FARMER REVENUE BOND – BRETT D. JAEGER
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

February 15, 2018

13 YEAS	0 NAYS	0 PRESENT
Y Bronner	Y Knox	Y Smoots
Y Fuentes	Y McCoy (ADDED)	Y Zeller
		(VIA AUDIO CONFERENCE)
Y Goetz	Y O'Brien	Y Mr. Chairman
(VIA AUDIO CONFERENCE)		
Y Horne	Y Obernagel	
	(VIA AUDIO CONFERENCE)	
Y Juracek	Y Poole	
	(VIA AUDIO CONFERENCE)	

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-NP02
 501(c)(3) REVENUE BOND – BHF CHICAGO HOUSING GROUP C LLC (BETTER
 HOUSING FOUNDATION ERNST PORTFOLIO PROJECT)
 FINAL (ONE-TIME CONSIDERATION)
 PASSED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

Y Fuentes

Y McCoy (ADDED)

Y Zeller

(VIA AUDIO CONFERENCE)

Y Goetz
(VIA AUDIO CONFERENCE)

Y O'Brien

Y Mr. Chairman

Y Horne

Y Obernagel
(VIA AUDIO CONFERENCE)

Y Juracek

Y Poole
(VIA AUDIO CONFERENCE)

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AD03
 RESOLUTION SUPPLEMENTING RESOLUTION 2017-1214-NP02 PROVIDING FOR THE
 ISSUANCE BY THE ILLINOIS FINANCE AUTHORITY OF NOT TO EXCEED \$275,000,000
 AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY
 ADJUSTABLE RATE DEMAND REVENUE BONDS, SERIES 2017 (UNIVERSITY OF
 CHICAGO); AND AUTHORIZING AND APPROVING CERTAIN RELATED MATTERS
 ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

Y Fuentes

Y McCoy (ADDED)

Y Zeller

(VIA AUDIO CONFERENCE)

Y Goetz
(VIA AUDIO CONFERENCE)

Y O'Brien

Y Mr. Chairman

Y Horne

Y Obernagel
(VIA AUDIO CONFERENCE)

Y Juracek

Y Poole
(VIA AUDIO CONFERENCE)

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
ROLL CALL

RESOLUTION 2018-0215-AD04

A PRELIMINARY BOND RESOLUTION APPROVING THE ISSUANCE OF ILLINOIS
FINANCE AUTHORITY TAXABLE REVENUE BONDS, IN ONE OR MORE SERIES, FOR
THE PURPOSES SET FORTH HEREIN IN AN AGGREGATE PRINCIPAL AMOUNT NOW
ESTIMATED NOT TO EXCEED \$250,000,000
ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

Y Fuentes

Y McCoy (ADDED)

Y Zeller

(VIA AUDIO CONFERENCE)

Y Goetz
(VIA AUDIO CONFERENCE)

Y O'Brien

Y Mr. Chairman

Y Horne

Y Obernagel
(VIA AUDIO CONFERENCE)

Y Juracek

Y Poole
(VIA AUDIO CONFERENCE)

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AD05
 RESOLUTION DELEGATING TO THE EXECUTIVE DIRECTOR OF THE ILLINOIS
 FINANCE AUTHORITY THE POWER TO DEVELOP AND ADMINISTER A
 COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM
 ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Fuentes

Y Goetz
(VIA AUDIO CONFERENCE)

Y Horne

Y Juracek

Y Knox

Y McCoy (ADDED)

Y O'Brien

Y Obernagel
(VIA AUDIO CONFERENCE)

Y Poole
(VIA AUDIO CONFERENCE)

Y Smoots

Y Zeller
(VIA AUDIO CONFERENCE)

Y Mr. Chairman

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AD06
 APPROVING IMPLEMENTATION OF A NEW PARTICIPATION LOAN
 PROGRAM FOR THE ILLINOIS FINANCE AUTHORITY, AND
 DELEGATING AUTHORITY TO ESTABLISH POLICIES AND
 PROCEDURES FOR SUCH PROGRAM WITHIN PARAMETERS
 ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

Y Fuentes

Y McCoy (ADDED)

Y Zeller

(VIA AUDIO CONFERENCE)

Y Goetz

Y O'Brien

Y Mr. Chairman

(VIA AUDIO CONFERENCE)

Y Horne

Y Obernagel

(VIA AUDIO CONFERENCE)

Y Juracek

Y Poole

(VIA AUDIO CONFERENCE)

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AD07
 RESOLUTION APPROVING THE DEVELOPMENT OF THE ILLINOIS FINANCE
 AUTHORITY OWNERSHIP AND PROJECT FINANCE PROGRAM; AND AUTHORIZING
 THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY TO TAKE
 STEPS RELATED TO THE IMPLEMENTATION OF THE PROGRAM
 ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

Y Fuentes

Y McCoy (ADDED)

Y Zeller

(VIA AUDIO CONFERENCE)

Y Goetz

Y O'Brien

Y Mr. Chairman

(VIA AUDIO CONFERENCE)

Y Horne

Y Obernagel

(VIA AUDIO CONFERENCE)

Y Juracek

Y Poole

(VIA AUDIO CONFERENCE)

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AD08
 RESOLUTION APPROVING THE RESTRUCTURING OF THE ILLINOIS FINANCE
 AUTHORITY MEDCAP PROGRAM TO THE MEDIUM TERM HEALTHCARE FINANCE
 PROGRAM; AUTHORIZING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE
 AUTHORITY TO TAKE STEPS RELATED TO THE IMPLEMENTATION OF THE
 PROGRAM
 ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Fuentes

Y Goetz
(VIA AUDIO CONFERENCE)

Y Horne

Y Juracek

Y Knox

Y McCoy (ADDED)

Y O'Brien

Y Obernagel
(VIA AUDIO CONFERENCE)

Y Poole
(VIA AUDIO CONFERENCE)

Y Smoots

Y Zeller
(VIA AUDIO CONFERENCE)

Y Mr. Chairman

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY

ROLL CALL

RESOLUTION 2018-0215-AD09

RESOLUTION APPROVING AND CONFIRMING VARIOUS PROCUREMENT MATTERS, INCLUDING (I) A CONTRACT WITH BAKER & HOSTETTLER LLP (LEGAL SERVICES), (II) A CONTRACT WITH THE CRYPSTIS GROUP (NETWORK SERVICES), (III) A PERSONAL SERVICES CONTRACT WITH KATHLEEN LYDON (CONSULTING SERVICES), (IV) A PERSONAL SERVICES CONTRACT WITH JANELLA KACZANKO (CONSULTING SERVICES), (V) AN AMENDMENT TO A CONTRACT WITH CATALYST CONSULTING GROUP, INC. (INFORMATION TECHNOLOGY CONSULTING AND SUPPORT), AND (VI) AN ASSIGNMENT OF A CONTRACT (LEGAL SERVICES) FROM POLSINELLI P.C. TO BARNES & THORNBURG LLP
ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

Y Fuentes

Y McCoy (ADDED)

Y Zeller

(VIA AUDIO CONFERENCE)

Y Goetz
(VIA AUDIO CONFERENCE)

Y O'Brien

Y Mr. Chairman

Y Horne

Y Obernagel
(VIA AUDIO CONFERENCE)

Y Juracek

Y Poole
(VIA AUDIO CONFERENCE)

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AD10
 APPOINTMENT OF SECRETARY AND ASSISTANT SECRETARY OF THE ILLINOIS
 FINANCE AUTHORITY AND MATTERS RELATED THERETO
 ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner

Y Knox

Y Smoots

Y Fuentes

Y McCoy (ADDED)

Y Zeller

(VIA AUDIO CONFERENCE)

Y Goetz
(VIA AUDIO CONFERENCE)

Y O'Brien

Y Mr. Chairman

Y Horne

Y Obernagel
(VIA AUDIO CONFERENCE)

Y Juracek

Y Poole
(VIA AUDIO CONFERENCE)

* – Consent Agenda

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2018-0215-AD11
 APPOINTMENT OF TREASURER OF THE ILLINOIS FINANCE AUTHORITY
 ADOPTED*

February 15, 2018

13 YEAS

0 NAYS

0 PRESENT

Y Bronner
 Y Fuentes

Y Knox
 Y McCoy (ADDED)

Y Smoots
 Y Zeller
 (VIA AUDIO CONFERENCE)
 Y Mr. Chairman

Y Goetz
 (VIA AUDIO CONFERENCE)

Y O'Brien
 Y Obernagel
 (VIA AUDIO CONFERENCE)

Y Horne

Y Juracek

Y Poole
 (VIA AUDIO CONFERENCE)

* – Consent Agenda