ILLINOIS FINANCE AUTHORITY

May 14, 2019
9:30 a.m.

REGULAR 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 Items
VIII.	Presentation and Consideration of Financial Reports
IX.	Monthly Procurement Report
X.	Correction and Approval of Minutes
XI.	Consideration and Action Regarding Whether to Open Closed Session Minutes from September 11, 2018
XII.	Other Business
XIII.	Closed Session
XIV.	Adjournment

NEW BUSINESS

TAX-EXEMPT CONDUIT TRANSACTION PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Private Activity Bonds - Revenue Bonds *Final (One-Time Consideration)*						
1	A) Beginning Farmer - Jonathan Edward Barth	Rooks Creek Township (Livingston County)	$543,800	-	-	LK
	B) Beginning Farmer - Chad M. Steidinger	Drummer Township (Ford County)	$147,500	-	-	LK
	C) Beginning Farmer - Adam R. & Shelby A. Robertson	Jackson Township (Effingham County)	$111,000	-	-	LK
Graduate and Professional Student Loan Program Bonds - Revenue Bonds *Final (One-Time Consideration)*						
2	Midwestern University Foundation	Downers Grove (DuPage County)	$20,000,000	N/A	N/A	RF
Local Government Program Bonds - Revenue Bonds *Final (One-Time Consideration)*						
3	Community High School District Number 99, DuPage County	Downers Grove (DuPage County)	$60,000,000	-	176	RF/BF
4	Community Unit School District Number 95, Lake County	Lake Zurich (Lake County)	$40,000,000	2	350	RF/BF
TOTAL TAX-EXEMPT CONDUIT TRANSACTION PROJECTS			**$120,802,300**	**2**	**526**	

DIRECT AND ALTERNATIVE FINANCING PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Property Assessed Clean Energy Bonds - Revenue Bonds *Final (One-Time Consideration)*						
5	11 Million Acres, LLC	Statewide	$100,000,000	-	-	BF
TOTAL DIRECT AND ALTERNATIVE FINANCING PROJECTS			**$100,000,000**	**-**	**-**	
GRAND TOTAL			**$220,802,300**	**2**	**526**	

NEW BUSINESS

RESOLUTIONS

Tab	Action	Staff
Tax-Exempt Conduit Transactions		
6	Resolution Authorizing the Issuance of Not to Exceed $10,000,000 in Aggregate Principal Amount of the Illinois Finance Authority's Educational Facility Revenue Bond (De La Salle Institute Project), Series 2019, the Proceeds of which are to be Loaned to De La Salle Institute	RF/BF
Audit, Budget, Finance, Legislation, Investment and Procurement		
7	Resolution Approving Certain Updates to the Illinois Finance Authority Bond Handbook	EW/RO
Governance, Personnel, and Ethics		
8	Resolution Updating the Designation and/or Scope of Certain Committees of the Illinois Finance Authority; and Related Matters	CM

SUBJECT MATTER-ONLY

Tab	Action	Staff
Tax-Exempt Conduit Transactions		
9	Healthcare Bond Update	SP
Direct and Alternative Financings		
10	Loan and Agricultural Guarantee Product Update	CMY
11	Illinois Finance Authority Illinois Clean Water Initiative SRF 2019 Series Green Bonds and Non-SRF Water Financing Transformation Initiative	LB
Audit, Budget, Finance, Legislation, Investment and Procurement		
12	Illinois Finance Authority Audit Update	JS
Governance, Personnel, and Ethics		
13	Talent Retention, Development and Acquisition Update	JS/SM

ILLINOIS FINANCE AUTHORITY

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Date: May 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Jeffrey Wright
Bradley A. Zeller

From: Christopher B. Meister, Executive Director

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

Dear Member of the Authority:

May 2019 Agenda

Lowering the cost of government, thereby reducing the burden on taxpayers, is one of the core purposes of the Authority. In furtherance of this mission, we are pleased to welcome ***Community High School District No. 99, DuPage County*** (Downers Grove) and ***Community Unit School District No. 95, Lake County*** (Lake Zurich) to our agenda this month. These school districts are issuing a portion of their bonds through the Authority in order to access State tax-exemption for potential Illinois investors to reduce costs. Federal tax law changes in the last quarter of calendar year 2017 have made tax-exempt bonds (both federal and state), more attractive to certain investors. Each bond issuance is expected to close in the very near future and will join ***East Prairie School District No. 73, Cook County*** (Skokie) and ***School District 95, Cook County*** (Brookfield-LaGrange Park) for a total of four Illinois local government projects with double tax exemption the Authority has closed and funded since federal tax legislation was implemented.

Generally, the Authority's conduit bond proceeds finance capital investments and infrastructure, a wider array of projects, including student loans, are available to conduit borrowers under federal law. We are pleased to welcome ***Midwestern University Foundation*** ("Midwestern") and its student loan project to our agenda. Midwestern last issued student loan bonds through the Authority in 2015.

Also on our agenda this month, we have three beginning farmer bonds in Livingston, Ford, and Effingham Counties, an amendment to assist ***De LaSalle Institute***, a 501(c)(3) high school located on Chicago's southside, and a conduit allocation in connection with the Authority's Commercial Property Assessed Clean Energy product ("C-PACE").

Transformation Initiative Developments

In February 2018, in the wake of the near-death experience of federally tax-exempt conduit bond issuance, the Authority's primary tool to fulfill its State public mission, the Authority began its growth and impact strategy (the "Transformation Initiative"). The Transformation Initiative preserves our focus on the Authority's core product, federally tax-exempt conduit bonds, develops new tools to further our public mission, and enhances the Authority's organizational foundation so as to better support our public mission. At the May meeting, I am pleased to highlight the following members of our team who will share developments concerning various aspects of the Transformation Initiative.

Jacob Stuckey joined the Authority in April 2019 as Deputy Executive Director. Jacob is a veteran of the United States Army with combat tours with the 82nd Airborne Division in both Iraq and Afghanistan. After his military service, Jacob returned to Illinois and obtained his degree from Illinois State University. Wanting to continue public service, Jacob worked in the Office of the Director for the State Department of Central Management Services where he led complex and successful implementations. He also had high-level positons with the Governor's Office of Management and Budget ("GOMB") and the Office of the Illinois Treasurer where he focused on State budget matters and the investment of public funds. Jacob will present agenda Item 12 (Audit Update along with Six Granda) and Item 13 (Talent Retention, Development and Acquisition Update along with Sarah Mankowski). Importantly, Item 13 will present a human resources framework that is consistent with the broad principles and objectives of the *Rutan* framework.

Sara Perugini joined the Authority in December 2018 as Vice President, Healthcare and Senior Living. Sara brings a passion for the healthcare industry and over nine years of experience as a healthcare bond finance attorney with the law firm of Jones Day. Sara is an Illinois native, born and raised in northern Illinois. She attended the University of Illinois in Champaign—Urbana for both undergrad and law school. Sara joined Jones Day in its Chicago office and was introduced to the niche tax-based practice of healthcare finance. Sara knew immediately that healthcare finance was the perfect fit for her. While at Jones Day, Sara served as counsel on over $2 billion dollars of tax-exempt and taxable public offerings and private placements throughout the United States. She is thrilled to again be working in the healthcare industry, this time as part of the Authority team. Sara will present agenda Item 9, the Healthcare Bond Update.

Charles Myart joined the Authority in November 2018 as Vice President, Loan and Guarantees. He is a veteran of the U.S. Marine Corp with over 25 years of experience in banking and financial services. Charles is a native Chicagoan, a graduate of Chicago Publics Schools, Chicago City Colleges, and the University of Illinois at Springfield where he earned both bachelor's and master's degrees in economics. Charles then joined Bank One Springfield as a credit analyst where he learned how to structure farm, real estate, and commercial and industrial loans and was subsequently promoted to Credit Manager managing the Middle Market underwriting team at Bank One Chicago. He subsequently moved onto to GE Capital where he was Regional Relationship Manager where he managed the private-label credit card business and relationship with Home Depot in the Chicago and Northwest Indiana market. Charles subsequently held risk management and business development positions at HSBC, Fifth Third Bank, and most recently Bank of America. Charles will present agenda Item 10, Loan and Agricultural Guarantee Update.

Lisa Bonnett joined the Authority in July 2018 as Vice President, Water Policy. Lisa has a passion for local governments and water infrastructure financing. Prior to retiring, Lisa served as the Director of the Illinois Environmental Protection Agency ("IEPA"). Lisa also served as Deputy Director and Chief Financial Officer at the IEPA. Lisa is an Illinois native, born and raised in Mason County in central Illinois. She obtained both undergraduate and graduate degrees from the University of Illinois at Springfield. While at the IEPA, beginning in 2012, Lisa developed and executed an ambitious financing plan in partnership with the Authority to take full advantage of the water quality, job-creation and cost-saving opportunities presented by the federal-state-local State Revolving Fund ("SRF"). Under Lisa's leadership, SRF loan requirements were streamlined and financing eligibilities were expanded so that local governments could efficiently access low-cost capital for water infrastructure projects. The result of these efforts is the $2 billion Illinois Clean Water Initiative with AAA-rated bond issues in 2013, 2016, 2017, and 2019. She is excited by the opportunities the Authority's leadership is providing as she seeks to develop and implement financing products that both compliment the SRF loan program as well as expand the amount of financing available to meet this tremendous need across all Illinois communities. Lisa will present agenda Item 10, 2019 SRF Green Bonds and Non-SRF Water Financing Transformation Initiative.

With Gratitude and Appreciation for their Contributions to the Authority

In our pursuit of the goals of the Transformation Initiative, we knew that we needed to attract high-level talent with deep subject-matter expertise, but we also knew that retention of these colleagues would be difficult given their depth and level of experience. It is with sadness, gratitude, and deep appreciation that we say goodbye to three of our Authority colleagues who have been closely involved with the development and implementation of the Transformation Initiative.

Kathy Lydon joined the Authority after serving at the highest levels of both federal and State government. Widely respected, deeply knowledgeable, and highly effective, Kathy assisted the Authority with distinction during the darkest days of congressional efforts to eliminate federal tax-exemption in 2017. She also effectively resolved sensitive public affairs matters and played a key role in strengthening the Authority's operations. Kathy's wise counsel and practical approach will be missed.

Tom Morsch joined the Authority after a successful career as a financial advisor and a high-level State policy-maker. In 2013, as a financial advisor, Tom played a key role in working with Lisa Bonnett and the Authority in connection with the restructuring of the SRF/Clean Water Initiative. He was also integral to the success of the financial sections (co-led by the Authority) of the report of the Governor's Elgin-O'Hare West Bypass Advisory ("EOWB") Council in 2011. The work of the EOWB Council laid the foundation not only for the financing, design, and construction of Illinois Route 390 but also for the Illinois Tollway Authority's current capital program. Tom's deep experience and bemused worldview will be missed.

Sarah Mankowski joined the Authority after a long and successful career in corporate human resources. Sarah immediately recognized the value of the Authority's self-funded operations and customer-focused business model, including the opportunity presented by the Transformation Initiative. She created the foundation for the Authority's talent retention, development, and acquisition strategy. Sarah's professionalism and empathy will be missed.

We wish Kathy, Tom and, Sarah the very best in their next steps. 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

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Lorrie Karcher

Date: May 14, 2019

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 $543,800 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $802,300**
- **Calendar Year Summary:** (as of May 14, 2019)
  - Volume Cap: $10,000,000
  - Volume Cap Committed: $2,284,684
  - Volume Cap Remaining: $7,715,316
  - Average Farm Acreage: 54
  - Number of Farms Financed: 9
- **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 2019 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:	**30427**
Borrower(s):	**Barth, Jonathan Edward**
Borrower Benefit:	First Time Land Buyer
Town:	Flanagan, IL
IFA Bond Amount:	**$543,800**
Use of Funds:	Farmland –80 acres of farmland
Purchase Price:	$775,000 / $9,687.50 per acre
% Borrower Equity	0%
% IFA Bonds	70% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% Other Bank Financing	30% *(Subordinate Financing – 2nd Mortgage)*
Township:	Rooks Creek
Counties/Regions:	Livingston / North Central
Lender/Bond Purchase:	State Bank of Graymont / Scott Bauknecht
Legislative Districts:	Congressional: 16
	State Senate: 53
	State House: 106

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on June 15, 2020. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on June 15, 2020 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

B. Project Number:	**30428**
Borrower(s):	**Steidinger, Chad M.**
Borrower Benefit:	First Time Land Buyer
Town:	Strawn, IL
IFA Bond Amount:	**$147,500**
Use of Funds:	Farmland –25 acres of farmland
Purchase Price:	$187,500 / $7,500 per acre
% Borrower Equity	11%
% IFA Bonds	78% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% Other Seller Financing	11% *(Subordinate Financing – 2nd Mortgage)*
Township:	Drummer
Counties/Regions:	Ford / East Central
Lender/Bond Purchase:	Bank of Pontiac / Brad Brown
Legislative Districts:	Congressional: 16
	State Senate: 53
	State House: 106

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on May 1, 2020. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on May 1, 2020 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

C. Project Number:	**30429**
Borrower(s):	**Robertson, Adam R. & Shelby A.**
Borrower Benefit:	First Time Land Buyer
Town:	Altamont, IL
IFA Bond Amount:	**$111,000**
Use of Funds:	Farmland –60 acres of farmland
Purchase Price:	$222,000 / $3,700 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:	Jackson
Counties/Regions:	Effingham / Southeastern
Lender/Bond Purchase:	First Mid Bank & Trust NA / Doug Kopplin
Legislative Districts:	Congressional: 15
	State Senate: 54
	State House: 107

Principal shall be paid monthly in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on June 15, 2019. Accrued interest on the unpaid balance hereof shall be paid monthly, with the first interest payment date to begin on June 15, 2019 with the thirtieth and final payment of all outstanding balances due May 15, 2049.

CONDUIT

ILLINOIS FINANCE AUTHORITY

$20,000,000
Midwestern University Foundation
(Midwestern University Foundation Graduate and Professional Student Loan Program)

May 14, 2019

REQUEST

Purpose: The IFA Series 2019 Bonds will be issued in one or more series and proceeds from the sale of the Bonds will be used by **Midwestern University Foundation** ("**MUF**", the "**Foundation**" or the "**Borrower**"), a private Illinois nonprofit corporation and affiliate under common control of Midwestern University (the "**University**", an Illinois not-for-profit corporation and institution of higher education), and combined with certain other available funds to (i) finance private education loans to be made by the Foundation to students of the University who attend the University's Illinois Campus, (ii) finance a portion of the interest on the Series 2019 Bonds, if deemed necessary or advisable by the Foundation, (iii) finance one or more debt service reserve funds, if deemed necessary or advisable by the Foundation, and (iv) pay certain costs relating to the issuance of the Series 2019 Bonds (collectively the "**Financing Purposes**"). *The Bonds will be issued pursuant to the Higher Education Loan Act of the State of Illinois, as amended, and the Illinois Finance Authority Act, as amended.*

Volume Cap: Because the underlying "users" of the Bond Proceeds will be private taxpayers (i.e., students), issuance of the proposed IFA Bonds will require up to $20 million of Illinois Volume Cap. IFA already has set-aside sufficient Volume Cap to issue the Series 2019 Bonds.

Program: Conduit Qualified Student Loan Revenue Bonds (issued pursuant to IFA statutory authority under the (Illinois) Higher Education Loan Act, as successor to the Illinois Educational Facilities Authority ("IEFA")).

Extraordinary Conditions: None.

BOARD ACTION

Final Bond Resolution *(one-time consideration)*

MATERIAL CHANGES/ VOTING RECORD

None. This is the first time this financing has been presented for consideration.

JOB DATA

640 (FT and PT)	Midwestern Univ. – Illinois campus only	N/A	New jobs projected (not a capital project)
N/A	Retained jobs	N/A	Construction jobs projected (not a capital project)

DESCRIPTION

- Illinois campus location: Downers Grove/DuPage County/Northeast Region
- Type of entity: Midwestern University Foundation is an Illinois nonprofit corporation established in 1994 to secure and manage private support to benefit Midwestern University ("**MWU**" or the "**University**"). The Foundation is a 501(c)(3) corporation and is the official fundraising arm of the University. The University is the sole member of the Foundation.
- Originally founded in 1900 as the Chicago School of Osteopathy (based in Hyde Park), the University has since expanded its educational offerings, and relocated to Downers Grove in 1986 (becoming Midwestern University in 1992, after adding new professional and graduate health programs). In 1995, Midwestern established a second campus in Glendale, AZ. Today, Midwestern University provides professional graduate and post-graduate education to over 6,800 students at its two campuses and offers 16 different advanced degree programs in various fields of medicine, pharmacy, dentistry, and the health sciences.

PURPOSE/ STRUCTURE / SECURITY / ANTICIPATED RATINGS

- **Program Purpose and Background:** *Please see "Program Purpose and Background" section on pages 3-4.*
- **Structure:** The plan of finance contemplates that the IFA Bonds will be sold in one or more fixed rate series. The Foundation will pledge 100% of newly originated Illinois campus student loans funded from IFA Bond proceeds to the Trust along with existing loans (including loans originated from Series 2015 Bond proceeds) already pledged by the Foundation as equity. The transaction structure for the IFA Bonds will include both Senior 2019A Bonds and Subordinate 2019B Bonds that will each satisfy specific debt service coverage benchmarks necessary to attain the target 'AAA (sf)' and 'A (sf)' ratings, respectively.
- **Security/Anticipated Ratings:** The pledge of (i) 100% of the student loans funded from IFA bond proceeds, combined with (ii) the Senior/Subordinate structure, (iii) existing student loans already pledged by the Foundation as equity, (iv) cash equity to be contributed by the Foundation (estimated at $2.65 million as of 5/3/2019), and (v) Midwestern University's low student loan borrower default history since 1980 are all factors that resulted in the high investment grade ratings on both the IFA Senior Series 2015A Bonds (affirmed at 'AAA (sf)' in March 2018) and the IFA Subordinate Series 2015B Bonds (affirmed at 'A (sf)' in March 2018). Because both the IFA Senior Series 2019A Bonds and IFA Subordinate Series 2019B Bonds will be issued on a parity basis to the corresponding series of IFA Series 2015A-B Bonds and feature the same credit support, payment, and legal structure, the Foundation believes that S&P is likely to assign the same 'AAA (sf)' and 'A (sf)' ratings on the IFA Senior Series 2019A Bonds and IFA Subordinate Series 2019B Bonds that are currently assigned to the corresponding Series 2015A-B Bonds.
- **Financing will be non-recourse to the Foundation and University:** The proposed IFA Series 2019A-B Graduate and Professional Student Loan Revenue Bonds will be non-recourse to both the Foundation and to Midwestern University and rated solely based on the Illinois Trust Indenture and transaction structure. *Informational Disclosure*: The University has underlying long-term ratings of 'A' (Positive outlook; 'A' rating affirmed by S&P as of 2/27/2019) and 'A+' (Stable outlook; 'A+' rating affirmed by Fitch as of 9/27/2017). (Note: The Industrial Development Authority of the City of Glendale Arizona's Series 2019 Bonds will be issued under its own Indenture and rated according to its Indenture and transaction structure.)
- RBC Capital Markets, LLC has been engaged by the Borrower to serve as Underwriter.

MATURITY

- Not to exceed 40 years (final maturity will be based on rating agency feedback and portfolio stress testing results)

SOURCES AND USES – IFA BONDS (PRELIMINARY ESTIMATES)

Sources:		Uses:	
IFA Senior Series 2019A Bonds	$13,015,000	Deposit to Student Loan Fund (includes prior funded loans funded by the Foundation using its own funds)	$15,400,000
IFA Subordinate Series 2019B Bonds	1,300,000	Deposit to Debt Service Reserve Fund	287,000
Foundation Funds	2,650,000	Deposit to Capitalized Interest Fund	750,000
		Costs of Issuance	528,000
Total	**$16,965,000**	**Total**	**$16,965,000**

RECOMMENDATION

Project Review Committee recommends approval.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 14, 2019

INFORMATIONAL – PRELIMINARY, SUBJECT TO CHANGE

Project: Midwestern University Foundation

STATISTICS

Project Number:	12453	Amount:	$20,000,000 (not-to-exceed amount)
Type:	Graduate and Professional Student Loan Program Revenue Bonds	IFA Staff:	Richard K. Frampton
IL Campus Location:	Downers Grove	County/ Region:	DuPage County/Northeast

BOARD ACTION

Final Bond Resolution Conduit Student Loan Revenue Bonds (Graduate and Professional Student Loan Revenue Bonds)	No IFA funds at risk
Project Review Committee recommends approval	No extraordinary conditions

VOTING RECORD

None. This is the first time this financing has been presented to the IFA Board.

PURPOSE

The Bonds will be issued as qualified student loan bonds under Internal Revenue Code Section 144(b)(1)(B). Proceeds of the Bonds will be used by the Midwestern University Foundation to finance loans to qualified students enrolled at Midwestern University's Downers Grove, Illinois campus for programs leading to a masters, doctorate, or other graduate or professional degree who have otherwise exhausted available sources of federal, state, and institutional grants and loans.

IFA PROGRAM AND CONTRIBUTION

IFA is authorized (as successor to the Illinois Educational Facilities Authority) to issue conduit revenue bonds on behalf of education loan corporations and accredited institutions of higher education (including their affiliated foundations) pursuant to the **Higher Education Loan Act (110 ILCS 945) (or "HELA")**. Proceeds of the IFA Bonds are then, in turn, loaned by the conduit education loan corporation (i.e., Midwestern University Foundation) to current students (i.e., at Midwestern University's Downers Grove Illinois campus) to finance qualified costs of higher education as specified under the Internal Revenue Code. (Please see p. 12, "Note on IFA's Legislative Authority to Issue Student Loan Revenue Bonds", for additional information.)

IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing student loan interest expense, with the interest rate benefit ultimately conveyed to each student loan borrower.

VOLUME CAP

As noted previously, because the ultimate beneficiaries of the IFA Bonds will be private taxpayers (i.e., students), issuance of Student Loan Revenue Bonds will be subject to an allocation of up to $20 million of Illinois Volume Cap based on the current estimated transaction amount, as required under the Internal Revenue Code. (As noted previously, IFA has already set-aside sufficient prior-year Carryforward Volume Cap to enable the proposed Student Loan Revenue Bonds to be issued upon completion of all transaction legal and securities documentation.)

PROGRAM PURPOSE AND BACKGROUND

Program Purpose: In order to offer more favorable terms than are generally available to Midwestern University's students under conventional financing, the Foundation will use proceeds of the IFA Series 2019 Bonds to continue the Foundation's 2015 Illinois Bond Program thereby offering loans directly to its students pursuant to the terms of the Foundation's Student Loan Program.

Funds for upcoming loans will be generated from (i) IFA Series 2019 Bond Proceeds (the proceeds of which will be loaned to Midwestern University Foundation), (ii) Midwestern University Foundation Pledged Loans (including loans previously pledged, including student loans previously funded with IFA Series 2015 Bond proceeds), and (iii) $2.65 million of cash (current estimate as of 5/3/2019) to be contributed by the Foundation to support the Illinois program transaction structure.

Bonds will be Issued under the "Higher Education Loan Act": IFA will issue the subject Series 2019 Bonds pursuant to powers authorized under the **Higher Education Loan Act** (110 ILCS 945 or "**HELA**"), as successor to the Illinois Educational Facilities Authority (which itself absorbed the statutory powers of the former **Illinois Independent Higher Education Loan Authority** ("**IIHELA**" in 1987)). IIHELA was established under Illinois law effective September 1981.

IFA is authorized to issue conduit revenue bonds on behalf of higher education institutions for the express purpose of providing student loans using IIHELA's former powers as enumerated under HELA.

From 1982 to 1985, the Illinois Independent Higher Education Loan Authority issued approximately $98.6 million of Bonds on behalf of six institutions (Northwestern University; DePaul University; Loyola University; Knox College; University of Chicago; and, Rush Medical School). Bond issue par amounts ranged from $500,000 (Knox College) to $22.0 million (Rush Medical School). Most IIHELA Bonds carried maturities of up to 15 years. The last outstanding IIHELA Bonds matured in 1999.

Other federal loan programs superseded the IIHELA Bonds in use by each of the universities.

IFA issued $15.0 million of Student Loan Revenue Bonds in 2015 for the Foundation. The IFA Series 2015A-B Bonds were the first Bonds issued pursuant to the "HELA" statute since the late 1980's (and the first since IFA's inception in 2004).

Concurrent Issuance of $25 Million of Student Loan Bonds by the Glendale IDA: Concurrently with the issuance of the proposed IFA Series 2019 Bonds, the University and Foundation contemplate a concurrent issuance of approximately $25 million of Graduate and Professional Student Loan Revenue Bonds by the Industrial Development Authority of the City of Glendale, Arizona ("**Glendale IDA**") in order to capitalize a similar program to benefit the University's Arizona students. (Midwestern University Foundation is serving as the conduit borrower for both the IFA and Glendale IDA transactions.)

Each series of IFA Bonds and Glendale IDA Bonds will have its own stand-alone investment-grade rating based on the underlying structure of each bond issue. All Series 2019 Bonds will benefit from the University's 38+ years of strong student loan repayment history.

No proceeds or collateral (cash flows) relating to the IFA Bonds will be applied to make loans to students at the Glendale, AZ campus or to secure or repay the Glendale IDA Bonds (and vice versa).

Comment on Need for Separate IFA and Arizona Bond Issues: Because Qualified Student Loan Revenue Bonds ultimately benefit private taxpayers (i.e., student borrowers), the subject Bonds require an allocation of Volume Cap from the State in which each respective borrowing will benefit resident students at each campus (pursuant to Internal Revenue Code requirements). The proposed IFA Bonds will require up to $20 million of State of Illinois Volume Cap (which the Authority has already set-aside for this purpose from a February 2019 IFA Carryforward Election filing using unused IFA calendar year 2018 Volume Cap). The anticipated sizing for the IFA Series 2019 Bond issue is estimated at approximately $14.3 million as of 5/3/2019.

IFA Bond proceeds will be limited in use to qualified students at Midwestern University's Illinois campus in Downers Grove. (Similarly, use of the Glendale IDA Bond proceeds will be limited in use to qualified students at Midwestern University's campus in Glendale, AZ.)

FINANCING STRUCTURE

Bond Structure: The IFA Bonds will be issued in two series (i.e., IFA Senior Series 2019A Bonds and IFA Subordinate Series 2019B Bonds) with anticipated ratings of 'AAA (sf)' and 'A (sf)', respectively. The IFA Series 2019 Bonds will be secured by Pledged Collateral as described in the following section (i.e., comprised of pledged loans (with associated pledged cash flows) and cash equity) specified pursuant to the Trust Indenture (and First Supplemental Trust Indenture for the Series 2019 Bonds).

Pledged Collateral: The IFA Bonds will be secured by and payable solely from amounts payable by Midwestern University Foundation pursuant to terms of the underlying Financing Agreements (and First Supplemental Financing Agreements) relating to the IFA Bonds (and limited to loans and related assets in connection with Illinois student loans).

The obligation of Midwestern University Foundation to make payments to bondholders will be limited to the extent of student loans and related collateral that are pledged (the "**Pledged Collateral**") under the IFA Bond Trust Indenture and First Supplemental Trust Indenture (collectively, the "**Trust Indenture**" or "**Indenture**").

The Pledged Collateral will consist of the following (as defined under the Trust Indenture and First Supplemental Trust Indenture): (i) revenues (i.e., student loan repayments), (ii) funds held in accounts established under the IFA Trust Indenture, (iii) Illinois campus student loans contributed by the Borrower (i.e., Midwestern University Foundation), and (iv) the rights of the Borrower (i.e., Midwestern University Foundation) under any loan or servicing agreement with any Illinois student.

The IFA Series 2019A-B Bonds will be issued on "parity" with the corresponding Series 2015A and Series 2015B Bonds: The IFA Senior Series 2019A Bonds will be issued on a parity basis with the previously issued (and 'AAA (sf)'-rated) IFA Senior Series 2015A Bonds.

Similarly, the IFA Subordinate Series 2019B Bonds will be issued on a parity basis with the previously issued (and 'A (sf)'-rated) IFA Subordinate Series 2015A Bonds.

Bonds will be a Limited Obligation of the Foundation and University: The Bonds will not constitute a debt, liability, or obligation of, nor will the Bonds be secured by any general revenues or assets of the Midwestern University Foundation, or any affiliate of the Foundation, including Midwestern University.

Additionally, according to HELA: "Bonds issued under authority of the Act (HELA) shall be obligations of the [Illinois Finance] Authority only, and not of the State of Illinois", and "Nothing in the Act (HELA) shall be construed to authorize the Authority or any department, board, commission, or other agency to create an obligation of the State of Illinois within the meaning of the Constitution or Statutes of Illinois".

Interest Rate: Both sizing and interest rate modes are to be determined based on an evaluation of market conditions by the Foundation and its financing team at pricing based on pledged collateral (i.e., cash flows) under the Trust Indenture and from the anticipated IFA Senior Series 2019A and IFA Subordinate Series 2019B structure.

Rating on the Proposed IFA and Glendale IDA Bonds: The Foundation and its financing team anticipate that the IFA Bonds will be rated solely on the basis of the Pledged Collateral (i.e., combined cash flows from loans; prior student loans pledged by the Foundation; the debt service reserve fund, and other cash equity) provided under the Trust Indenture.

The Borrower and Financing Team will be structuring the transaction to attain high investment grade ratings on both the IFA Senior Series 2019A Bonds (anticipated at 'AAA (sf)') and IFA Subordinate Series 2019B Bonds (anticipated at 'A (sf)') from S&P.

The Senior Series 2015A Bonds were rated 'AAA *(sf)' while the Subordinate Series 2015B Bonds were rated 'A *(sf)' by S&P. Given that the Series 2019A-B Bonds will provide bondholders with essentially the same structure and security (i.e., with additional pledged loans in the Foundation's portfolio providing credit enhancement for the loans originated with bond proceeds), the Foundation and working group anticipate similar ratings to the outstanding Series 2015A-B Bonds.

Note: the IFA Senior Series 2019A Bonds must be assigned an S&P rating of 'AAA (sf)" and the IFA Subordinate Series 2019B Bonds must be assigned an S&P rating of 'A (sf)' or higher as a precondition to issuing the IFA Series 2019A-B Bonds pursuant to the draft language proposed for the Preliminary Official Statement as of 5/3/2019.

*Note: the "(sf)" designation on the S&P rating notes the underlying financing is considered a "structured financing" (e.g., the pertinent ratings used on asset-backed securities structures, such as the proposed IFA Series 2019A-B Graduate and Professional Student Loan Revenue Bonds).

Information Disclosure – Midwestern University's Underlying Credit Ratings: As noted previously, the subject IFA Bonds *will not* be supported with cash flows or otherwise guaranteed in any manner by Midwestern University.

Midwestern University is currently rated 'A' long-term (Positive Outlook) by S&P and 'A+' long-term (Stable Outlook) by Fitch. (S&P recently revised the University's outlook to "Positive" from "Stable" and affirmed its 'A' long-term rating on Bonds issued for the University as of 2/27/2019. Fitch most recently affirmed Midwestern University's 'A+' rating and "Stable" outlook as of 11/27/2017.)

Maturity: Not-to-exceed 40 years (The anticipated final maturity date will be 25 years from the issuance date based on expected rating agency feedback.)

Estimated Closing Date: June 20, 2019

Rationale/Purpose of Illinois Bonds to fund Student Loans for Midwestern University's Illinois campus students: The purpose of the Foundation's private student loan program (the "**Program**") is to provide educational loans to students enrolled in graduate-level programs at the University on more favorable terms than are available from other financial aid programs.

The Program is intended to be an additional source of assistance, which in most instances will mean using all federal loan programs (other than GradPLUS (or "PLUS") loans) first before borrowing under the Program. The Program will help to ease financial burdens on students resulting from their student loans, and address a significant enterprise risk to the University should federal loans (particularly PLUS loans) become more costly or less available.

As proposed, the proposed IFA Series 2019 Bonds will continue a student loan financing program that the Authority and the Foundation began in 2015 with a $15 million IFA bond issue.

As in 2015, IFA will be issuing up to $20 million of tax-exempt Series 2019 Bonds on behalf of the Foundation to fund student loans at Midwestern University's Illinois campus (the "**Illinois Loans**"). (The anticipated issuance amount of the IFA Series 2019 Bonds is estimated at $14.3 million as of 5/3/2019.)

Pursuant to a separately secured transaction, the Industrial Development Authority of the City of Glendale, Arizona is expected to issue $25 million of its Series 2019 tax-exempt bonds on behalf of the Foundation to fund student loans for students attending the University's Glendale, Arizona campus. (This financing will be a follow-on financing to a $15 million bond issue by the Glendale IDA on behalf of the Foundation in 2015.)

The Program continues to provide financial assistance to the Midwestern University's students and thereby contributes to the continuing growth and development of the University at its Illinois (Downers Grove) campus and foster its mission.

The Foundation's Illinois Loan Program would not be feasible on such favorable terms without a tax-exempt source of funding.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The IFA Series 2019 Bonds will be issued in one or more series in an amount not-to-exceed $20,000,000 and proceeds from the sale of the Bonds will be used by **Midwestern University Foundation** (the "**Foundation**" or the "**Borrower**"), a private Illinois nonprofit corporation and affiliate under common control of Midwestern University (the "**University**", an Illinois not-for-profit corporation and institution of higher education), and combined with certain other available funds to (i) finance private education loans to be made by the Foundation to students of the University that attend the University's Illinois Campus, (ii) finance a portion of the interest on the Series 2019 Bonds, if deemed necessary or desirable by the Foundation, (iii) finance one or more debt service reserve funds, if deemed necessary or desirable by the Foundation, and (iv) pay certain costs relating to the issuance of the Series 2019 Bonds (collectively the "**Financing Purposes**"). The Bonds will be issued pursuant to the Higher Education Loan Act of the State of Illinois, as amended, and the Illinois Finance Authority Act, as amended.

The Bonds will be issued as qualified student loan bonds under Internal Revenue Code Section 144(b)(1)(B). Proceeds of the Bonds will be used to finance loans to qualified students enrolled at the University's Downers

Grove, Illinois campus for programs leading to a masters, doctorate, or other graduate or professional degree who have otherwise exhausted available sources of federal, state, and institutional grants and loans.

BUSINESS SUMMARY – BACKGROUND ON PARTICIPANTS

The Foundation: **Midwestern University Foundation** (the "**Foundation**" or the "**Borrower**") is an Illinois nonprofit corporation established in 1994 to act exclusively for scientific, scholastic, charitable and educational purposes for the benefit of Midwestern University ("**MWU**" or the "**University**"). The Foundation is an affiliate of the University under common management control (with common employees and several common board members).

Established in 1994 as a supporting organization of MWU, the Foundation was inactive (and conducted no business, and had no revenues, assets or liabilities) until October 2002, when it took over financing of federal student loan programs on behalf of the University.

Prior to establishing the Foundation's Student Loan Program in 2014 (followed by the Foundation's initial tax-exempt bond issues through IFA and the Glendale IDA in 2015), the Foundation's activities were limited to the issuance of bonds for the purpose of financing student loans originated under the Federal Family Education Loan Program ("FFELP"), a program that was terminated by Congress in mid-2010.

In June of 2015 the Foundation secured external funding for its Loan Program through the issuance of $30 million par amount of tax-exempt bonds (comprised of two, $15 million bond issues through (i) the Illinois Finance Authority and (ii) the Industrial Development Authority of the City of Glendale, AZ with proceeds designated for use by students at the corresponding campus).

All $15 million of the IFA Series 2015A-B proceeds available to originate loans under the Foundation's Illinois Loan Program ("**Foundation Loans**") have been expended to fund student loans for students at Midwestern University's Illinois (Downers Grove) campus.

The Foundation is a 501(c)(3) not-for-profit corporation exempt from federal income taxation under the Internal Revenue Code. The Foundation is governed by a 7-member Board of Directors (see page 11). The University is the sole member of the Foundation.

Prior to transferring assets and management of the University's student loan programs to the Foundation in 2002, Midwestern University had funded graduate and professional student loans originated on behalf of its students since 1980.

The University: Midwestern University is a private, Illinois not-for-profit corporation with 501(c)(3) status under the Internal Revenue Code.

Midwestern University was founded in 1900 as the Chicago School of Osteopathy. The University is a leading provider of graduate and post-graduate education in various fields of medicine and health sciences. The University's degree programs are accredited by the major accrediting bodies within each field of specialization. The University's programs have experienced increasing demand over the past 10 years, have become increasingly selective, and have produced successful, high-earning graduates who have a strong repayment history on Midwestern-originated student loans over the past 38+ years.

The University relocated to its current main campus in Downers Grove (previously George Williams College) in 1986, and after adding several new professional programs became "Midwestern University" in 1992. The University established a second full-service campus in Glendale, Arizona in 1995.

The University presently has over 6,807 students across its Illinois and Arizona campuses, with approximately 2,984 students at its Downers Grove campus and 3,823 students at its Arizona campus. The University's strong financial condition is evidenced by the University's high investment grade ratings ('A' / 'A+' from S&P/Fitch) as of 5/3/2019.

The Illinois Board of Higher Education and the Arizona State Board for Private Postsecondary Education have approved all degree programs at the respective campuses under their authority, and all degrees are conferred by the authority granted by the applicable State Board. Additionally, Midwestern University's Downers Grove campus is regionally accredited by The Higher Learning Commission, a Commission of the North Central Association of Colleges and Schools.

Role of the Foundation in this Financing: The Foundation will relend IFA Series 2019A-B Bond proceeds to eligible students under this Program and contribute up to ***$2.65 million (*** = preliminary, subject to change) of equity (comprised of (i) pledged loans and/or (ii) cash) to the Trust Indenture on behalf of the IFA Bonds. Loan repayments derived from the Foundation's pledged loan portfolio and loans to be originated in the future with a portion of any cash contribution will provide additional cash flow that will help secure (i.e., credit enhance) all IFA Bonds.

This "overcollateralized" structure for the IFA Series 2019A Senior Bonds and IFA Series 2019B Subordinate Bonds is expected to result in 'AAA (sf)' ratings on the IFA Series 2019A Senior Bonds and 'A (sf)' ratings on the IFA Series 2019B Subordinate Bonds. (*It is expected that these ratings will represent minimum thresholds that must be attained for each series in order for the Foundation to issue the Series 2019 Bonds through both IFA and the Glendale IDA.*

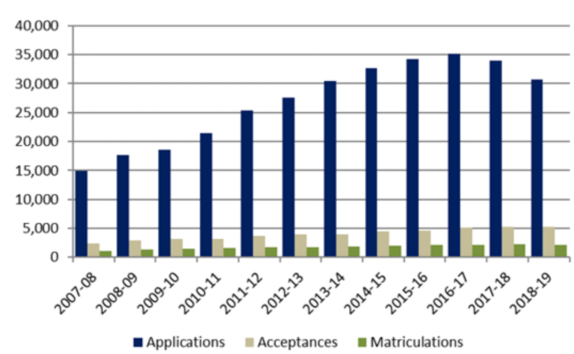
The IFA Series 2019 Bonds will be issued and secured on a parity basis with the corresponding series (senior and subordinate) of IFA Series 2015 Bonds. The principal Series 2019 bond documents will be comprised of (i) a First Supplemental Bond Trust Indenture and (ii) a First Supplemental Financing Agreement (i.e., "Loan Agreement") in order to enable the new Series 2019 Proceeds to use (and provide) common security to all IFA Series 2015 and IFA Series 2019 bondholders in the Foundation's Illinois Program.

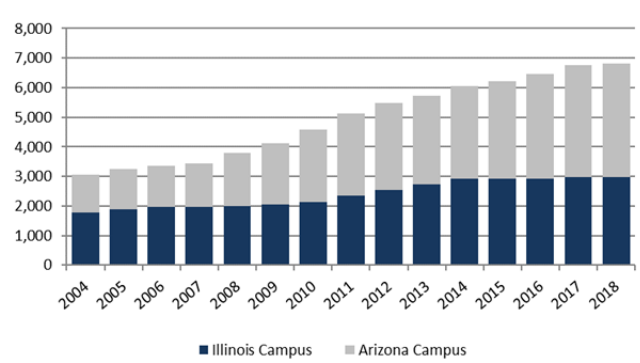
INFORMATIONAL - MIDWESTERN UNIVERSITY – APPLICATION AND ENROLLMENT TRENDS:

As a leading provider of fully-accredited graduate and post-graduate education programs in various fields of medicine and the health sciences, Midwestern University's new student applications have shown steady, year-over-year increases while acceptance ratios have shown steady, year-over-year decreases as admission to the University has become increasingly selective.

Figure 1 and Figure 2 below illustrate historical application, acceptance and matriculations over the past 10 years, as well as historical enrollment trends by campus since 2004:

Figures 1 & 2: Figure 1 - Historical Application, Acceptance and Matriculations, and Enrollment – Midwestern University & Figure 2 – Illinois and Arizona Campus Enrollments 2004-2018





Subsequent to elimination of the FFEL Program in mid-2010, the University's students have actively participated in the FDSL Program (i.e., "Federal Direct Student Loan" Program).

- Approximately 90% of the students attending the University receive FDSL loans. There are two FDSL loan programs – neither of which are subsidized by the federal government, which include:
  - Direct Stafford Loans and
  - Direct GradPLUS Loans.

- Interest Rate and Origination Fees for FDSL Loans, including (1) Direct Stafford Loans and (2) Direct GradPLUS Loans:
  - Although Direct Stafford Loans are the lowest cost loan available to the University's graduate students under the FDSL Program, the Direct Stafford Loans are available in limited amounts, and do not meet the full, unmet financial need of most University students.
  - Direct Stafford Loans for graduate students for the 2018-19 academic year bear a fixed interest rate of 6.60% and have an origination fee of approximately 1.06%.
  - As a result of the limited supply of Direct Stafford Loans, a high percentage of the University's students also receive Direct GradPLUS loans, which for the 2018-19 academic year bear a fixed interest rate of 7.60% and have an origination fee of approximately 4.25%.

Amounts borrowed by the University's students under the Direct GradPLUS program since the elimination of the FFEL Program in 2010 are presented in **Table 1** below:

Table 1 – Midwestern University GradPLUS Borrowing Trends Since 2010 (Subsequent to Elimination of FFEL Program)

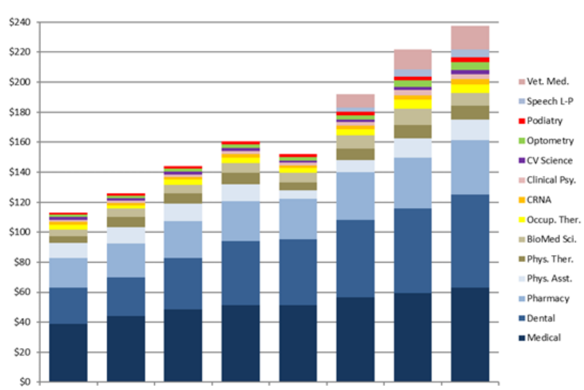
Academic Year*	Illinois Campus			Arizona Campus			Combined Campuses		
	Illinois GradPLUS $ Amount**	Illinois GradPLUS Borrowers	Illinois GradPLUS $ Average	Arizona GradPLUS $ Amount**	Arizona GradPLUS Borrowers	Arizona GradPLUS $ Average	University GradPLUS $ Amount**	University GradPLUS Borrowers	University GradPLUS $ Average
2018-19	$93,112	2,178	$42,756	$144,423	2,927	$49,342	$237,535	5,105	$46,530
2017-18	90,509	2,211	40,936	131,446	2,880	45,648	221,955	5,091	43,598
2016-17	78,525	2,039	38,511	113,560	2,585	42,821	192,084	4,690	40,948
2015-16	68,371	1,820	37,566	89,871	2,222	40,446	158,242	4,042	39,149
2014-15	71,764	2,057	34,888	93,086	2,357	39,494	164,851	4,414	37,347
2013-14	59,434	1,858	31,988	84,989	2,244	37,874	144,423	4,102	35,208
2012-13	47,612	1,837	25,918	79,083	2,401	32,938	126,695	4,238	29,895
2011-12	37,437	1,533	24,421	71,570	2,180	32,830	109,008	3,713	29,358
2010-11	28,958	1,281	22,605	60,595	1,938	31,267	89,553	3,219	27,820
TOTALS	**$482,610**	**16,814**	**$256,833**	**$724,200**	**21,734**	**$303,318**	**$1,206,811**	**38,614**	**$283,323**

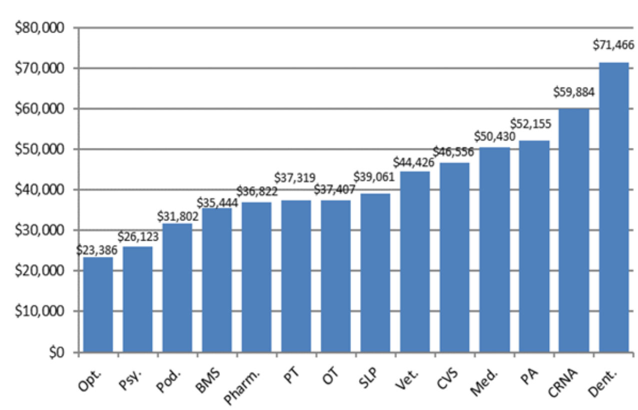
*For the 2009-10 academic year, a portion of loans were disbursed under the FFEL Program.
**Amounts in 000s

As shown in the table above, for the 2018-19 academic year 5,105 of the University's students, or approximately 75% of enrolled students at both campuses, borrowed $237.5 million under the Direct GradPLUS loan program (or $46,530 on average). **Because Direct GradPLUS loans carry fixed interest rates (7.60%) and origination fees (4.25%) that exceed the fixed interest rates and origination fees under Foundation's IFA-bond financed program (currently estimated at 6.50% fixed with a 0% origination fee), the Foundation believes demand for its Illinois Loan Program will exceed the amount of funds available for the foreseeable future.**

The following charts (Figures 3 & 4) illustrate the principal amount of Direct GradPLUS loans that have been incurred by students attending the University by academic program since the elimination of the FFEL Program in 2010, as well as the average amounts borrowed by academic program during the 2018-19 academic year:

Figures 3 & 4: Direct GradPlus Loan Volume by Midwestern University Students Since 2010 (i.e., upon Elimination of FFEL Program)





As shown in the **Figure 3** (see chart - above left), students pursuing degrees in medicine and dentistry (i.e., the bottom 2 color bands) account for more than one-half of overall GradPLUS borrowing by the University's students, which is to be expected given the higher cost of attendance for these programs. During the 2018-19 academic year, such students borrowed between $50,430 and $71,466 on average, as shown in **Figure 4** (see chart - above right). In addition to these students, those enrolled in the University's pharmacy, physician's assistant, physical therapy and biomedical sciences programs also rely heavily on the GradPLUS program, accounting for another one-third of total GradPLUS borrowing during the 2018-19 academic year.

Note: Students enrolled in the University's Osteopathic Medicine (D.O.) program are currently ineligible to borrow under the Foundation's Student Loan Program due to the additional financing costs associated with their long medical residency periods. The Foundation plans to expand eligibility to include such students in the future.

On the basis of such information, and the history of strong enrollment for the University's academic programs, the Foundation expects that demand for loans originated under its Student Loan Program will be adequate to permit all available proceeds of the Series 2019 Bonds and other amounts deposited to the Student Loan Fund to be applied to originate such Eligible Loans prior to the end of the Origination Period and the Recycling Period and within 3 years of the date of issuance (i.e., June 2022). (Note: The "Recycling Period" is a new structuring feature that is being added in connection with the Series 2019 Bonds to allow student loan prepayments which occur during the 3-year Origination Period to be re-loaned.)

MIDWESTERN UNIVERSITY STUDENT LOAN PROGRAM OPERATIONS:

Internal Loan Program Administration:

Kim Brown, Director of Finance, who reports to the University's CFO, will be the primary administrator of the Foundation's Student Loan Program and has been employed by the University since 2001. Overall, MWU's internal team has significant experience administering MWU's prior student loan programs from 1980 through 2012. Ms. Brown has been directly involved in all prior Midwestern University Foundation student loan initiatives (which began in 2002).

3rd Party Private Label Student Loan Origination Platform – Campus Door Holdings Inc. ("Campus Door"):

MWU has engaged Campus Door Holdings Inc. ("Campus Door") to provide web-based loan origination platform for use by MWU's students.

Campus Door was founded in 1995 to deliver student loans via web-based applications. Since 1995, Campus Door has processed over $11 billion in private student loans applications representing over 1.4 million student loan borrowers. Campus Door is based in Carlisle, PA and in 2017 was acquired by Incenter, a Blackstone portfolio company.

Campus Door currently supports over 300 financial institutions and lenders.

3rd Party Loan Servicing & Collections Platform – Educational Computer Systems, Inc. ("ECSI"), a division of Global Payments, Inc.

The original forerunner of Educational Computer Systems, Inc., a division of Global Payment Systems, Inc. was founded in 1972 to provide a student loan servicing solution to higher education institutions. ECSI is based in Warrendale, PA (Pittsburgh metropolitan area) and is the largest campus-based student loan servicer in the U.S. ECSI has serviced Midwestern University's and Midwestern University Foundation's direct student loan portfolios since 2001. ECSI is a wholly-owned subsidiary of Heartland Payment Solutions Inc. The ultimate parent company of ESCI is Global Payments, Inc. of Atlanta, GA. (NYSE ticker symbol: "GPN"), an S&P 500 company and worldwide provider of payment technology and software solutions, with 11,000 employees worldwide and with customers and partners in 32 countries.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Midwestern University Foundation, 551 31st Street, Downers Grove, IL 60515
Contact:	Mr. Gregory J. Gaus, Senior Vice President and Chief Financial Officer, Midwestern University: (T) 630.515.6171; email: ggausx@midwestern.edu
Website:	www.midwestern.edu

Use of Proceeds
by Students: IFA proceeds can be used by students at Midwestern University's (Downers Grove) Illinois campus.

Financing: IFA Series 2019 Graduate and Professional Student Loan Revenue Bonds (Midwestern University Foundation)

Organization: Midwestern University Foundation is Illinois not-for-profit established as a 501(c)(3) corporation

Board of Directors –
Midwestern University
Foundation: **Officers (Members)**
Kevin D. Leahy, M.H.A., Chair (President and CEO, Franciscan Alliance, Inc.)
Gerrit A. van Huisstede, Vice Chair, Treasurer (Retired)
Kathleen H. Goeppinger, Ph.D. (*President and Chief Executive Officer, Midwestern University)*
Members
Jean L. Baxter, J.D. (Judge, Glendale (AZ) Circuit Court)
Warren B. Grayson, J.D. (President, Warren B. Grayson, Ltd., Downers Grove, IL)
Thomas Eggleston (Retired, Civic Leader – Glendale, AZ)
Madeline R. Lewis, D.O. (Physician – Downers Grove, IL)

Executive Management –
Midwestern University
Foundation: The management officials hereinafter described are officers of and responsible for the overall management of the Foundation. Each is also an officer of the University.

- Kathleen H. Goeppinger, Ph.D., President and Chief Executive Officer (33 years)
- Gregory J. Gaus, Senior Vice President, Chief Financial Officer and Assistant Treasurer (38 years)
- Dean P. Malone, Vice President of Finance (38 years)

Board of Trustees –
Midwestern
University: Sr. Anne C. Leonard, C.N.D., Chair (Congregation of Notre Dame)
Janet R. Bolton, CFP, CIMA, Vice Chair (Vice President/Wealth Management Financial Advisor, Morgan Stanley)
Gerrit A. van Huisstede, Secretary/Treasurer (Retired)
Kathleen H. Goeppinger, Ph.D., President and CEO, Midwestern University
The Honorable Jean L. Baxter, J.D. (Judge, Glendale (AZ) City Court)
Michael J. Blend, Ph.D., D.O., (Physician - Retired)
Steven R. Chanen, J.D. (President & CEO, Chanen Construction Co.)
Warren B. Grayson, J.D. (President, Warren B. Grayson, Ltd.)
Kenneth R. Herlin, M.A., M.B.A, CPA (Partner, Ernst & Young, LLP - Retired)
Michael P. Kamradt, M.B.A. (Executive Director, CME Group, Inc. International Markets Team)
John Ladowicz, M.B.A. (Chairman and CEO, Heritage Bank - Retired)
Kevin D. Leahy, M.H.A. (President & CEO, Franciscan Alliance, Inc.)
Madeline R. Lewis, D.O. (Physician – Downers Grove, IL)
Marilyn Kent Tapajna (Speech Language Pathologist)
Ronald D. Tucker (Rear Admiral (retired) United States Navy)

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Midwestern University (in-house)	Downers Grove, IL	George Burgett
Auditor:	Ernst & Young LLP	Chicago, IL	
Financial Advisor to Borrower:	SL Capital Strategies	Washington, DC	Grant Carwhile
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Chris Walrath Tony Rosso

Underwriter:	RBC Capital Markets, LLC	Phoenix, AZ	Jeff Wagner
Underwriter's Counsel:	Kutak Rock LLP	Denver, CO	Anne Gish Donald Stover
Student Loan Originator:	Campus Door Holdings Inc.	Carlisle, PA	
Student Loan Servicer:	Education Computer Systems, Inc.	Warrendale, PA	
Master Trustee (for IFA and AZ Bonds):	BNY Mellon Trust Company	New York NY	Mitchell Brumwell
Trustee's Counsel:	Perkins Coie LLP	New York NY	Sean Connery
Rating Agency:	S&P Global Ratings	New York, NY	Ronald Burt
IFA Counsel:	Katten Muchin Rosenman LLP	Chicago, IL	Lewis Greenbaum Chad Doobay
IFA Financial Advisor:	Sycamore Advisors, LLC	Chicago, IL	Courtney Tobin Diana Hamilton

SUPPLEMENTAL FINANCING TEAM DISCLOSURE ON THE GLENDALE IDA BONDS:

Midwestern University Foundation will engage the same participants as in its IFA transaction, with the exception of the following parties:

Issuer:	Industrial Development Authority of the City of Glendale, Arizona ("Glendale IDA")	Glendale, AZ
Issuer's Counsel:	Ryley, Carlisle & Applestrader	Phoenix, AZ
Bond Counsel:	Squire Patton Boggs LLP	Phoenix, AZ

LEGISLATIVE DISTRICTS

Congressional:	6
State Senate:	24
State House:	47

NOTE ON IFA'S LEGISLATIVE AUTHORITY TO ISSUE STUDENT LOAN REVENUE BONDS

According to Sec. 23 of the Higher Education Loan Act (or "HELA") (110 ILCS 945/23), IFA's powers under HELA shall not require the approval or consent of any political subdivision of the State nor any State of Illinois department, division, commission, board, body, bureau, official, or agency.

Specifically:

1. Pursuant to The Higher Education Loan Act, IFA's powers thereunder *"…shall be deemed to provide a complete, additional and alternative method for the doing of the things* (i.e., issuing Bonds to fund student loans) *authorized thereby and shall be regarded as supplemental and additional to, and the limitations imposed under this Act* (HELA) *shall not limit or otherwise affect powers or rights conferred by other laws, and the issuance of Bonds and refunding Bonds under this Act* (HELA) *need not comply with the requirements of any other law applicable to the issuance of Bonds".*
2. *"Except as otherwise expressly provided in the Act* (HELA)*, none of the powers granted to the Authority* (IFA) *under this Act* (HELA) *shall be subject to the supervision or regulation or require the approval or consent of any municipality or political subdivision or any department, division, commission, board, body, bureau, official or agency thereof of the State*." (Source P.A. 82-658)

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CONDUIT

May 14, 2019

$60,000,000 (not-to-exceed amount)
Community High School District Number 99, DuPage County (Downers Grove)

REQUEST	**Purpose:** Proceeds of the IFA Series 2019 Bonds will be used to purchase General Obligation School Bonds, Series 2019 (the "**Local Government Securities**") issued by Community High School District Number 99, DuPage County, Illinois (the "**District**") to: (a) pay certain costs of altering, repairing and equipping existing buildings, building and equipping outdoor facilities and enclosed structures, said projects including but not limited to constructing security improvements, increasing accessibility under the Americans with Disabilities Act, enclosing all or a portion of the outdoor courtyards to increase indoor learning spaces, renovating classrooms, science labs, vocational labs and learning spaces and completing the installation of air conditioning in all classrooms (the "**Project**"), and (b) pay costs associated with the issuance of the Bonds and the Local Government Securities (collectively, the "**Financing Purposes**"). **Program:** Local Government Revenue Bonds **IFA/State Funds at Risk:** None
BOARD ACTIONS	Final Bond Resolution (One-time consideration)
MATERIAL CHANGES	None. This is the first time this matter has been presented to the IFA Board of Directors.
JOB DATA	706 FT + 50 PT Current jobs; 0 New jobs projected N/A Retained jobs; 176 Construction jobs (FTE over remaining 15-month construction period attributable to this financing)
BORROWER DESCRIPTION	● The District was formed in 1923 and is a suburban school district located in south central DuPage County, which covers a 31.25 square mile area that includes portions of seven communities including the Village of Downers Grove, the Village of Woodridge, and portions of the communities of Oak Brook, Lombard, Darien, Lisle, Westmont, and Bolingbrook. The District maintains two high schools (grades 9 through 12). ● Construction began on the overall $136.6 Master Facility Plan in Spring 2019 and is expected to be completed in Fall 2021 in advance of the 2021-2022 school year. Projects attributable to this financing will be completed by September 2020. ● **Downers Grove South High School projects include the following as part of the overall Master Facility Plan**: a new 1,250-seat auditorium, including a new theatre classroom, studio theatre and scene shop to support programming; two new culinary lab classrooms that include teacher demonstration stations and demonstration kitchen accessible to a commons space; a new addition on the northeast corner of the school that will house a visual arts suite on the first floor and four new science labs and classrooms on the second floor, with both floors featuring interconnecting classrooms to maximize flexibility/ of use; a renovated and centralized administrative center at the front of the school with ample waiting areas, allowing students easy access to counselors, the college and career center, deans, nurse and security staff; a renovated library and technology support areas, accessible from the Learning Commons; new materials, including wood, that will enhance the mix of elements (bricks, glass, stone) currently in use on the exterior of the building (additionally, the turquoise metal band at the top of the school will be painted white); in addition to new ADA-compliant outdoor bleachers and squad rooms, a second athletic turf field will be installed on the corner of Dunham and 63rd Street, extending the amount of usable outdoor space for athletic programs and physical education classes; and beautification and design improvements for the main and west entrances, as well as parking lot modifications to ease congestion. ● **Downers Grove North High School projects include the following as part of the overall Master Facility Plan:** a new and expanded kitchen and serving areas, as well as a dining area inside the footprint of the original school building; restoring the brick exterior of the original 1928 building, giving the new space character and a sense of history; the west entrance circle drive will be closed, separating pedestrian and vehicular traffic; the original gym will be converted to building services, streamlining maintenance and deliveries to and from the building; renovated multi-needs classrooms, better equipping students with special needs important work/life skills; a new competition-sized gymnasium and athletic loft areas to accommodate gymnastics and wrestling programs and spectators; a renovated library, including additional two classrooms adjacent to the library; a new addition on the southeast side of the building featuring a suite of classrooms for visual arts on the first floor, career and technical education courses on the second floor and four new science labs on the third floor (additionally, the second and third floors will have access to outdoor instructional spaces); new ADA-compliant outdoor bleachers and squad rooms; and reconfigured student services area, providing students with direct access from the Learning Commons to counseling staff, the college and career center and nurse.

STRUCTURE	● The plan of finance contemplates that Tax Exempt Bonds will be underwritten by **Raymond James & Associates, Inc.** (the "**Underwriter**") and sold through a public offering. ● The District's voters approved a referendum in March 2018 to issue up to $136.6 million of General Obligation Bonds to pay for all or a portion of the costs the Project. Pursuant to the referendum, the District issued $9.055 million of General Obligation Bonds in June 2018. ● Issuance of the anticipated $55.78 million IFA Series 2019 Bonds constitutes the second (but not final) bond issue necessary for the overall approximate $136.6 million Project.
CREDIT INDICATORS/ SECURITY	● The Series 2019 Bonds will be underwritten and sold based on the District's current long-term debt rating of 'AA' from S&P (Outlook: Stable), assigned as of October 2014. The District expects S&P to affirm the 'AA' rating on the outstanding bonds and to assign the same 'AA' rating to the new Series 2019 Bonds. ● The Local Government Securities will be issued as "General Obligation Bonds" and will be payable from (i) any funds of the District legally available for such purpose, and (ii) all taxable property in the District that is subject to the levy of taxes to pay the same without limitation as to rate or amount (the "**Pledged Taxes**").
INTEREST RATE	● Fixed interest rates on serial bonds to be determined at pricing. Interest on the Bonds will be payable each June 15 and December 15, beginning December 15, 2019.
MATURITY	● Bonds will be a mix of serial maturities, ranging from December 15, 2020 through December 15, 2031.
SOURCES AND USES (PRELIMINARY, SUBJECT TO CHANGE)	See below
RECOMMENDATION	Project Review Committee recommends approval.

Sources:		**Uses:**	
Series 2019 Bonds	$55,780,000	Project Costs	$60,000,000
Bond Premium	4,976,686	Costs of Issuance	756,686
Total	**$60,756,686**	**Total**	**$60,756,686**

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 14, 2019

Project: Community High School District Number 99, DuPage County

STATISTICS

Project Number:	12454	Amount:	$60,000,000 (*not-to-exceed amount*)
Type:	Local Government Revenue Bonds	IFA Staff:	Rich Frampton & Brad R. Fletcher
Location:	Bolingbrook, Darien, Downers Grove, Lisle, Lombard, Oak Brook, Westmont, Woodridge	County/Region:	DuPage County/Northeast

BOARD ACTION

Final Bond Resolution *(One-Time Consideration)*	No Extraordinary Conditions
Conduit 501(c)(3) Revenue Bonds	No IFA Funds at Risk

Project Review Committee recommends approval of the Final Bond Resolution presented for consideration in connection with this financing.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Bond Program assists units of local government, including school districts, in financing capital improvement projects. IFA's issuance conveys state income tax-exempt status on interest earned on the Bonds paid to Illinois bondholders, thereby reducing the unit of local government's interest expense.

VOLUME CAP

No Volume Cap is required for Local Government Revenue Bond financing.

BUSINESS SUMMARY

Description: **Community High School District Number 99, DuPage County (Downers Grove), Illinois** (the "**District**") serves grades 9 through 12 at two school campuses, i.e. Downers Grove North and Downers Grove South.

The District is governed by an elected 7-member Board. The day to day affairs of the District are conducted by a full time staff, including but not limited to Superintendent Dr. Hank Thiele.

Background: The District is accessible via the Veterans Memorial Tollway (I-355) and the Reagan Memorial Tollway (I-88). The Village is located approximately 18 miles from Chicago O'Hare International Airport and approximately 16 miles from Chicago Midway International Airport. Commuter rail service to downtown Chicago is provided by the Metra BNSF line, and travel time is approximately one hour.

The District is primarily residential with substantial commercial areas as well. Several industrial parks are located in the District, with the major industries employing more than 15,000 people.

The District offers a comprehensive high school curriculum including a full range of vocational and technical courses, special education programs and a gifted education program including advanced placement courses in twenty different subjects. In 2017, U.S. News & World Report ranked both high schools as a "Silver Medal School."

Employees: At the start of the 2018-2019 school year, the District had 706 full-time employees and 50 part-time employees. Of the total number of employees, 603 are represented by a union. Union contracts for 397 teachers expire in August 2020 and union contracts for 206 support staff expire June 2021.

Financial Condition: The District was certified to have the second-best of four financial profile designations (i.e. "Financial Review") assigned by the Illinois State Board of Education ("**ISBE**") in four of the last five fiscal years. In Fiscal Year 2015, the District was certified to have the third-highest of the four financial profile designations assigned (i.e. "Financial Early Warning"). (The District's condition rebounded beginning in FY 2016).

State Aid: The State provides aid to local school districts on an annual basis as part of the State's appropriation process. Many school districts throughout the State rely on such "State Aid" as a significant part of their budgets. For the fiscal year ended June 30, 2018, 6.16% of the District's General Fund revenue came from sources at the State, including State Aid.

The State's Fiscal Year 2018 Budget appropriated General State Aid in an amount $350 million greater than the appropriation for fiscal year 2017 and required such additional funds to be distributed to school districts under an Evidence-Based Funding Model. The Evidence-Based Funding Model provided for in Public Act 100-465 sets forth a new school funding formula which ties individual district funding to 27 evidence-based best practices that certain research shows enhance student achievement in the classroom.

For the school year 2018-2019, the District received approximately $6,085 of New State Funds.

Outstanding Debt: The District's outstanding long-term debt obligations as of June 30, 2018 were comprised of its (i) Series 2002A Capital Appreciation Bonds, with a principal carrying amount of $7.519MM, (ii) Series 2011 Alternate Revenue Bonds, outstanding in the principal amount of $3.655MM as of June 30, 2018, (iii) Series 2014 Bonds, outstanding in the principal amount of $5.765MM, (iv) Series 2016 Bonds, outstanding in the principal amount of $3.115MM, (v) Series 2017 Bonds, outstanding in the principal amount of $1.915MM, and (vi) Series 2018 Bonds, outstanding in the principal amount of $9.055MM.

The combined outstanding balances of the District's long-term general obligation debt (including alternate revenue bonds) were approximately $31.024MM as of June 30, 2018. The District has additional long-term liabilities that include its (vii) Series 2016A debt certificates, outstanding in the principal amount of $4.44MM as of June 30, 2018, and (viii) various capital leases, outstanding in the principal amount of $1.420MM as of June 30, 2018.

The District has no record of default and has met its debt repayment obligations promptly.

DISTRICT FACTS

Table 1: Community High School District Number 99 Enrollment Trends*:

Historical			Forecast	
Academic Year	Total Enrollment		Academic Year	Total Enrollment
2014-2015	4,944		2019-2020	4,944
2015-2016	4,963		2020-2021	4,991
2016-2017	4,916		2021-2022	4,917
2017-2018	4,929		2022-2023	4,898
2018-2019	4,987		2023-2024	4,913
Average Enrollment:	4,948		Average Enrollment:	4,933

The District forecasts stable to declining enrollment over the next 5 years. The District expects the forecast 5-year enrollment average (4,933) to be less than the District's historic average enrollment (4,948) posted over the previous 5 years (i.e., 2014-15 through 2018-19). According to the District, stable to declining enrollment is projected due to lack of generational turnover in the area. Specifically, residents without children are staying in their residences longer, and as a result, fewer homes are available for younger families to purchase.

*Source: Preliminary Official Statement prepared by Disclosure Counsel.

Table 2: The Ten Largest Taxpayers in the District:

The companies listed are the largest taxpayers in the District and comprise approximately 4.36% of the District's $4,502,017,313 Equalized Assessed Value ("**EAV**") posted in 2017, inclusive of tax increment finance amounts.

Taxpayer Name	2017 EAV	Percent of District's Total EAV
Highpoint Center LLC	$ 27,037,380	0.60%
LSRF4 Turtle LLC	23,972,620	0.53%
Esplanade I Spe LLC	23,019,240	0.51%
BRE COH IL LLC	20,526,030	0.46%
PYA-K 225	19,738,610	0.44%
Adventus US Realty 2	19,313,470	0.43%
Amli Residential	17,977,750	0.40%
Hamilton Partners, Inc.	17,465,040	0.39%
RPAI Oak Brook Promenade	14,308,670	0.32%
James Campbell Co., LLC	12,974,210	0.29%
Total EAV of Ten Largest Taxpayers in District:	**$ 196,333,020**	**4.36%**

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Table 3: The Largest Employers in and near the District:

Below is a listing of the largest non-governmental employers within or near the District area:

Employer	Product or Service	Location	Approx. No. of Employees
HAVI Group, L.P., The	Company headquarters & frozen packaged foods & disposable food service materials	Downers Grove	9,000
DuPage Medical Group	Independent primary & specialty care physician medical group	Downers Grove	3,200
IC Bus, LLC	Company headquarters; school & commercial buses & trucks	Lisle	2,800
Advocate Good Samaritan Hospital	Hospital & health care services	Downers Grove	2,700
Navistar, Inc.	Holding company headquarters; commercial trucks, school buses & diesel engines	Lisle	1,800
Adtalem Global Education	Business, technology, electronic & computer information education services	Downers Grove	1,306
Molex, LLC	Company headquarters & electronic, electrical & fiber-optic interconnection systems for telecom, datacom, consumer electronic, membrane switch & flex circuit applications	Lisle	1,000
Valid USA, Inc.	Corporate headquarters & secure direct marketing services for data, payment, identity, mobile & targeted brand messaging	Lisle	1,000
Advocate Home Health Services	Home health care	Oak Brook	800
CA Technologies	Computer software development	Lisle	800
Ambitech Engineering Corp.	Fully integrated project & program management, engineering, design, procurement & construction management services for process & manufacturing industries for retrofits, revamps, turnarounds, expansions & greenfield construction projects	Downers Grove	750
Southern Glazer's Wine & Spirits of Illinois, LLC	Distributor of wines & spirits	Bolingbrook	670
Advocate Health Care	Company headquarters & health care services	Downers Grove	600
Greencore U.S.A.	Frozen food packaging	Bolingbrook	600
Newell Rubbermaid Writing & Creative Expressions Group	Art materials, writing instruments & stamp pads	Downers Grove	600
Ulta Beauty, Inc.	Corporate headquarters; retail sales of cosmetics, fragrance, skin care products & hair care products & salon services	Bolingbrook	600
Edward Don & Co.	Company headquarters & wholesaler of commercial foodservice equipment & supplies, including cooking equipment, commercial refrigerators & freezers, work tables, cleaning supplies, dinnerware, flatware, linens, disposables & paper towels	Woodridge	550
FTD, Inc.	Direct flower & gift marketing	Downers Grove	509

Sources: 2019 Illinois Services and 2019 Illinois Manufacturers Directories, and the Illinois Department of Commerce and Economic Opportunity.

DEMOGRAPHIC INFORMATION

Table 4 - Population Growth:

The District has an estimated population of 110,321 (Source: U.S. Census Bureau).

Entity:	1990	2000	2010	% Change 2000-2010
Downers Grove	46,858	48,724	47,833	-1.83%
DuPage County	781,666	904,161	916,924	1.41%
State of Illinois	11,430,602	12,419,293	12,830,632	3.31%

Unemployment Rates:

Unemployment statistics are not compiled specifically for the District. According to the Illinois Department of Employment Security, the Village of Downers Grove posted an unemployment rate of 2.8% during calendar 2018. In comparison, DuPage County posted an unemployment rate of 3.1% during calendar 2018. This compared with an annual average unemployment rate of 4.3% for the State of Illinois during calendar 2018.

Median Household Income:

According to the U.S. Census Bureau, 2013 - 2017 American Community Survey, the Village of Downers Grove had a median household income of $85,546. This compares with $42,050 for DuPage County and with $61,229 for the State of Illinois.

ECONOMIC DISCLOSURE STATEMENT

Applicant/Borrower: Community High School District Number 99, DuPage County

Contact: Dr. Hank Thiele, Superintendent
Administrative Service Center
6301 Springside Avenue
Downers Grove, IL 60516
Phone: 630-795-7100

Website: http://www.csd99.org/

Entity: Illinois Public High School District

Board of Education:

OFFICIAL	POSITION	TERM EXPIRES
Dr. Nancy Kupka	President	April 2023
Terry Pavesich	Vice President	April 2021
Michael Davenport	Member	April 2023
Sherell Fuller	Member	April 2021
Daniel Nicholas	Member	April 2021
Rick Pavinato	Member	April 2021
Joanna Drexler	Member	April 2023

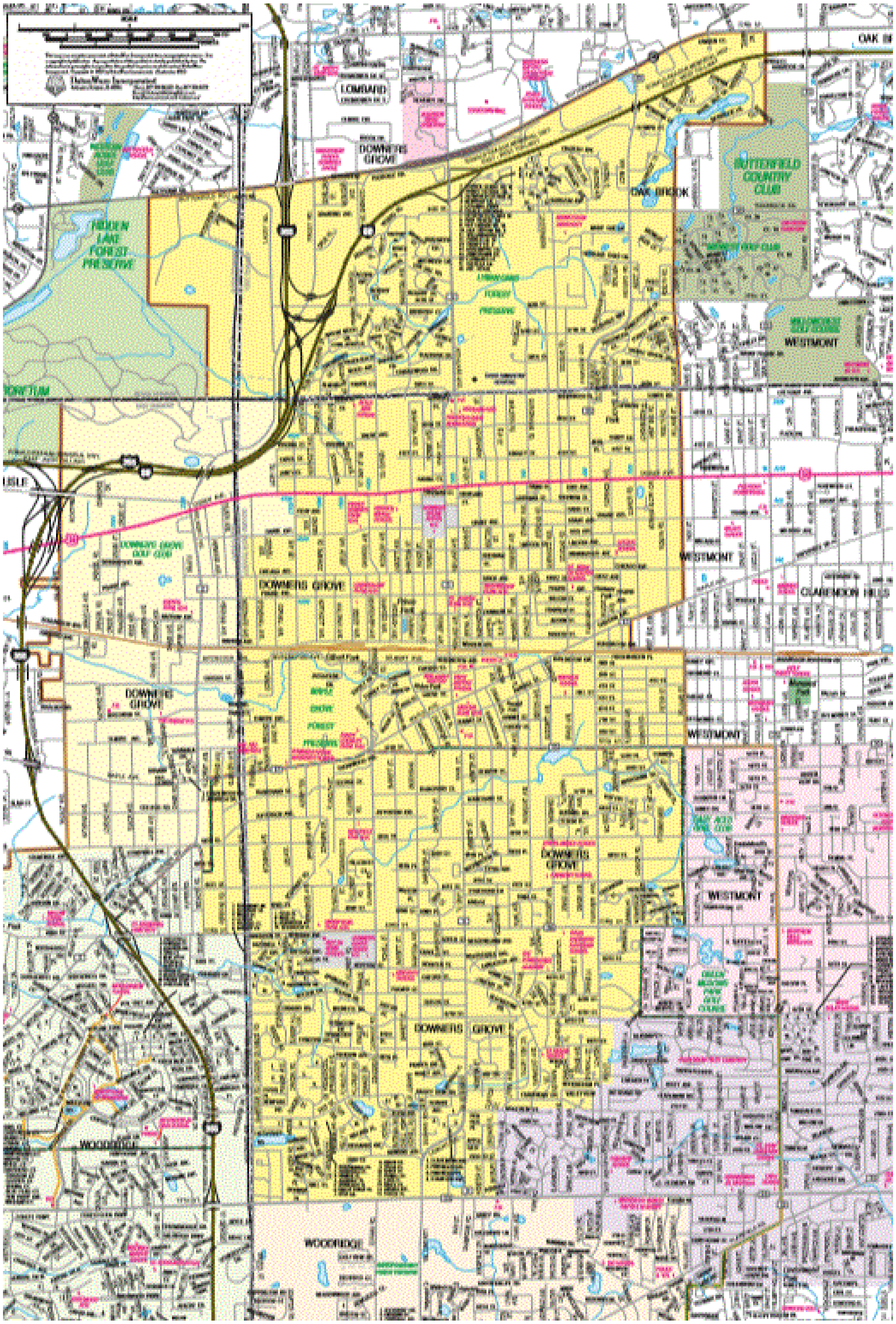
PROFESSIONAL & FINANCIAL

Auditor:	Miller Cooper & Co., LTD	Deerfield, IL	
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Anjali Vij
			Stephanie DiSilvestro
Disclosure Counsel:	Chapman and Cutler LLP	Chicago, IL	Larry White
			Seema Patel
			Kevin Reckamp
Underwriter:	Raymond James & Associates, Inc.	Chicago, IL	Elizabeth Hennessy
			Paula Arnedo
			Karen Barron
Bond Registrar and Paying Agent:	Amalgamated Bank of Chicago	Chicago, IL	Rudy Garcia
Issuer's Counsel:	Charity & Associates, P.C.	Chicago, IL	Tim Hinchman
Architect:	Wight & Co. Architects	Darien, IL	Amy Tiberi
General Contractor:	Wight Construction Services	Darien, IL	James Nagle
Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden
			Brittany Whelen

LEGISLATIVE DISTRICTS

Congressional:	6
State Senate:	41
State House:	81

COMMUNITY HIGH SCHOOL DISTRICT NUMBER 99 (DOWNERS GROVE) MAP



IFA ILLINOIS FINANCE AUTHORITY

CONDUIT

May 14, 2019

$40,000,000 (not-to-exceed amount)
Community Unit School District Number 95, Lake County (Lake Zurich)

REQUEST	**Purpose:** Proceeds of the IFA Series 2019 Bonds will be used to purchase General Obligation School Bonds, Series 2019 (the "**Local Government Securities**") issued by Community Unit School District Number 95, Lake County, Illinois (the "**District**") to: (a) pay certain costs of (i) improving sites, (ii) altering, repairing and equipping existing school buildings, including without limitation, constructing life safety improvements, installing air-conditioning in non-air-conditioned school buildings, constructing STEAM (science, technology, engineering, arts and math) labs at the middle school and high school buildings and renovating libraries at the elementary school and high school buildings, (iii) building and equipping a school building to replace the May Whitney Elementary School Building and (iv) building and equipping a library and an above-ground cafeteria as an addition to the Seth Paine Elementary School Building (the "**Project**"), and (b) pay costs associated with the issuance of the Bonds and the Local Government Securities (collectively, the "**Financing Purposes**"). **Program:** Local Government Revenue Bonds **IFA/State Funds at Risk:** None
BOARD ACTIONS	Final Bond Resolution (One-time consideration)
MATERIAL CHANGES	None. This is the first time this matter has been presented to the IFA Board of Directors.
JOB DATA	731 FT + 101 PT Current jobs; 2 New jobs projected N/A Retained jobs; 350 Construction jobs (FTE over remaining 15-month construction period attributable to this financing)
BORROWER DESCRIPTION	● The District is located in southern Lake County, encompassing a 19.4 square mile area serving the Village of Lake Zurich and portions of Deer Park, Hawthorn Woods, Kildeer, and North Barrington. The District operates five elementary schools, two middle schools, one high school, an administration center and a professional development center. ● Construction will begin this June on the overall $77.6 million facility improvement projects and is expected to be completed in Fall 2022 in advance of the 2022-2023 school year. ● Facility improvement projects include, but are not limited to, installation of air conditioning at Isaac Fox Elementary School, Sarah Adams Elementary School, Seth Paine Elementary School, and Middle School South; library renovations; constructing STEAM Labs; and replacing May Whitney Elementary School.
STRUCTURE	● The plan of finance contemplates that Tax Exempt Bonds will be underwritten by **Raymond James & Associates, Inc.** (the "**Underwriter**") and sold through a public offering. ● The District's voters approved a referendum in March 2018 to issue up to $77.60 million of bonded indebtedness to pay for all or a portion of the costs the Project. ● Issuance of the anticipated $37.54 million IFA Series 2019 Bonds constitutes the first (but not only) bond issue necessary for the overall approximate $77.60 million Project.
CREDIT INDICATORS/ SECURITY	● The Series 2019 Bonds will be underwritten and sold based on the District's current long-term debt rating of 'AAA' from S&P Global Ratings (Outlook: Stable), assigned as of February 2013. The District expects S&P to affirm the District's ratings on its outstanding Bonds and to assign a 'AAA' rating to the Series 2019 Bonds. ● The Local Government Securities will be issued as "General Obligation Bonds" and will be payable from (i) any funds of the District legally available for such purpose, and (ii) all taxable property in the District that is subject to the levy of taxes to pay the same without limitation as to rate or amount (the "**Pledged Taxes**").
INTEREST RATE	● Fixed interest rates on serial bonds to be determined at pricing. Interest on the Bonds will be payable each January 15 and July 15, commencing January 15, 2020.
MATURITY	● Bonds will be a mix of serial maturities, ranging from January 15, 2022 through January 15, 2039.
SOURCES AND USES (PRELIMINARY, SUBJECT TO CHANGE)	see table below
RECOMMENDATION	Project Review Committee recommends approval.

Sources:		**Uses:**	
Series 2019 Bonds	$37,540,000	Project Costs	$40,000,000
Bond Premium	3,615,095	Capitalized Interest	590,000
		Costs of Issuance	565,095
Total	**$41,155,095**	**Total**	**$41,155,095**

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
May 14, 2019

Project: Community Unit School District Number 95, Lake County (Lake Zurich)

STATISTICS

Project Number:	12455	Amount:	$40,000,000 (*not-to-exceed amount*)
Type:	Local Government Revenue Bonds	IFA Staff:	Rich Frampton & Brad R. Fletcher
Location:	Deer Park, Hawthorn Woods, Kildeer Lake Zurich, North Barrington	County/Region:	Lake County/Northeast

BOARD ACTION

Final Bond Resolution *(One-Time Consideration)*
Conduit 501(c)(3) Revenue Bonds

No Extraordinary Conditions
No IFA Funds at Risk

Project Review Committee recommends approval of the Final Bond Resolution presented for consideration in connection with this financing.

IFA PROGRAM AND CONTRIBUTION

IFA's Local Government Bond Program assists units of local government, including school districts, in financing capital improvement projects. IFA's issuance conveys state tax-exempt status on interest earned on the Bonds paid to Illinois bondholders, thereby reducing the unit of local government's interest expense.

VOLUME CAP

No Volume Cap is required for Local Government Revenue Bond financing.

BUSINESS SUMMARY

Description: **Community Unit School District Number 95, Lake County (Lake Zurich), Illinois** (the "**District**") operates five elementary schools, two middle schools, one high school, an administration center and a professional development center.

The District is governed by an elected 7-member Board. The day to day affairs of the District are conducted by a full time staff, including but not limited to Superintendent Dr. Kaine Osburn.

Background: The District is accessible via U.S. Route 12 and State Route 22. The Village is located approximately 30 miles from Chicago O'Hare International Airport. Commuter rail service to downtown Chicago via the Metra Union Pacific Northwest line is available five miles west of the Village in the Village of Barrington, and travel time to downtown Chicago is approximately one hour.

District residents have access to a number of nearby community colleges including Harper College in Palatine, College of Lake County in Grayslake and Oakton Community College in Des Plaines.

Employees: At the start of the 2018-2019 school year, the District had 731 full-time employees and 101 part-time employees. Of the total number of employees, 495 are represented by a union. Union contracts for certified staff expire in August 2022.

Financial Condition: The District was certified to have the best of four financial profile designations (i.e. "Financial Recognition") assigned by the Illinois State Board of Education ("**ISBE**") in each of the last five fiscal years.

State Aid: The State provides aid to local school districts on an annual basis as part of the State's appropriation process. Many school districts throughout the State rely on such "State Aid" as a significant part of their budgets. For the fiscal year ended June 30, 2018, 6.16% of the District's General Fund revenue came from sources at the State, including State Aid.

The State's Fiscal Year 2018 Budget appropriated General State Aid in an amount $350 million greater than the appropriation for fiscal year 2017 and required such additional funds to be distributed to school districts under an Evidence-Based Funding Model. The Evidence-Based Funding Model provided for in Public Act 100-465 sets forth a new school funding formula which ties individual district funding to 27 evidence-based best practices that certain research shows enhance student achievement in the classroom.

For the school year 2018-2019, the District received approximately $6,354 of New State Funds.

Outstanding Debt: The District's outstanding long-term debt obligations as of June 30, 2018 were comprised of its (i) Series 2000B Capital Appreciation Bonds, with a principal carrying amount of $18.21MM, (ii) Series 2008A Building Bonds, outstanding in the principal amount of $233,265 as of June 30, 2018, (iii) Series 2017 Limited Tax Bonds, outstanding in the principal amount of $3.95MM, and (iv) various capital leases, outstanding in the principal amount of $3.74MM as of June 30, 2018.

The District has no record of default and has met its debt repayment obligations promptly.

DISTRICT FACTS

Table 1: Community Unit School District Number 95 Enrollment Trends*:

Historical			Forecast	
Academic Year	Total Enrollment		Academic Year	Total Enrollment
2014-2015	5,693		2019-2020	5,580
2015-2016	5,666		2020-2021	5,600
2016-2017	5,673		2021-2022	5,610
2017-2018	5,677		2022-2023	5,625
2018-2019	5,590		2023-2024	5,635
Average Enrollment:	5,660		Average Enrollment:	5,610

The District forecasts diminished enrollment over the next 5 years. The District expects the forecast 5-year enrollment average (5,610) to be less than the District's average enrollment (5,660) posted over the previous 5 years (i.e., 2014-15 through 2018-19). According to the District, new commercial and residential construction is robust in the greater Lake Zurich area. However, most new construction has been focused on condominiums and senior housing which is not expected to impact increases in student enrollment.

*Source: Preliminary Offering Statement prepared by Disclosure Counsel.

Table 2: The Ten Largest Taxpayers in the District:

The companies listed are the largest taxpayers in the District and comprise approximately 5.41% of the District's $1,701,678,276 Equalized Assessed Value ("**EAV**") posted in 2018, inclusive of tax increment finance amounts.

Taxpayer Name	2017 EAV	Percent of District's Total EAV
DDRC P & M Deer Park Town Center LLC	$ 22,146,379	1.30%
Kildeer Village Square LLC	11,963,363	0.70%
RHP Deer Park Project LLC	8,665,800	0.51%
Centro/IA Quentin Collection	8,298,929	0.49%
White Oak Funding Company LLC	8,107,097	0.48%
Echo Incorporated	7,769,097	0.46%
Village Square Retail Center LLC	7,323,048	0.43%
Landings Capital Partners LLC	6,529,082	0.38%
FSP-Deer Park LLC	5,880,469	0.35%
Suso North Lake LP	5,376,811	0.32%
Total EAV of Ten Largest Taxpayers in District:	**$ 92,060,075**	**5.41%**

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Table 3: The Largest Employers in and near the District:

Below is a listing of the largest non-governmental employers within or near the District area:

Employer	Product or Service	Location	Approximate Number of Employees
Dovenmuehle Mortgage, Inc.	Mortgage services	Lake Zurich	1,000
B & B Maintenance, Inc.	Janitorial services	Lake Zurich	800
ECHO, Inc.	Corporate headquarters & professional-grade outdoor power & lawn & garden equipment for landscapers, arborists, golf courses, municipalities & homeowners	Lake Zurich	800
Fenwall, Inc.	Automated blood collection equipment & supplies, including centrifuges, leukoreduction filters & ancillary equipment for the collection, processing, storage & transfusion of blood & blood components	Lake Zurich	800
Fresenius Kabi U.S.A., LLC	Company headquarters; pharmaceutical products	Lake Zurich	600
ACCO Brands Corp.	Corporate headquarters & wholesaler of document finishing & office supply products	Lake Zurich	500
Smalley Steel Ring Co.	Spiral retaining rings, constant section rings, snap rings, retaining rings, wave springs, compression springs, laminar seal rings & bearing preload rings	Lake Zurich	450
Termax Corp.	Metal stampings & fasteners	Lake Zurich	305
Continental Automotive Systems, Inc.	Research center for automotive parts	Deer Park	250
GereMarie Corp.	Aluminum CNC machining	Lake Zurich	150

Source: 2019 Illinois Manufacturers Directory, 2019 Illinois Services Directory and the Illinois Department of Commerce and Economic Opportunity.

DEMOGRAPHIC INFORMATION

Table 4 - Population Growth:

The District has an estimated population of 32,052 (Source: U.S. Census Bureau).

Entity:	1990	2000	2010	% Change 2000-2010
Lake Zurich	14,947	18,104	19,631	8.43%
Lake County	516,418	644,356	703,462	9.17%
State of Illinois	11,430,602	12,419,293	12,830,632	3.31%

Unemployment Rates:

Unemployment statistics are not compiled specifically for the District. According to the Illinois Department of Employment Security, the Village of Lake Zurich posted an unemployment rate of 3.4% during calendar 2017. In comparison, Lake County posted an unemployment rate of 4.4% during calendar 2017. This compared with an annual average unemployment rate of 5.0% for the State of Illinois during calendar 2017.

Median Household Income:

According to the U.S. Census Bureau, 2013 - 2017 American Community Survey, the Village of Lake Zurich had a median household income of $111,651. This compares with $82,613 for Lake County and with $61,229 for the State of Illinois.

ECONOMIC DISCLOSURE STATEMENT

Applicant/Borrower: Community Unit School District Number 95, Lake County

Contact: Dr. Kaine Osburn, Superintendent
Administrative Center
832 S. Rand Road
Lake Zurich, IL 60047
Phone: 847-438-2831

Website: http://www.lz95.org/

Entity: Illinois Public School District

Board of Education:

Official	Position	Term Expires
Scott McConnell	President	2021
Doug Goldberg	Vice President	2023
Doug Warren	Secretary	2021
Kathy Brown	Member	2021
Eileen Maloney	Member	2021
Christian Ketcham	Member	2023
Marty Cupples	Member	2023

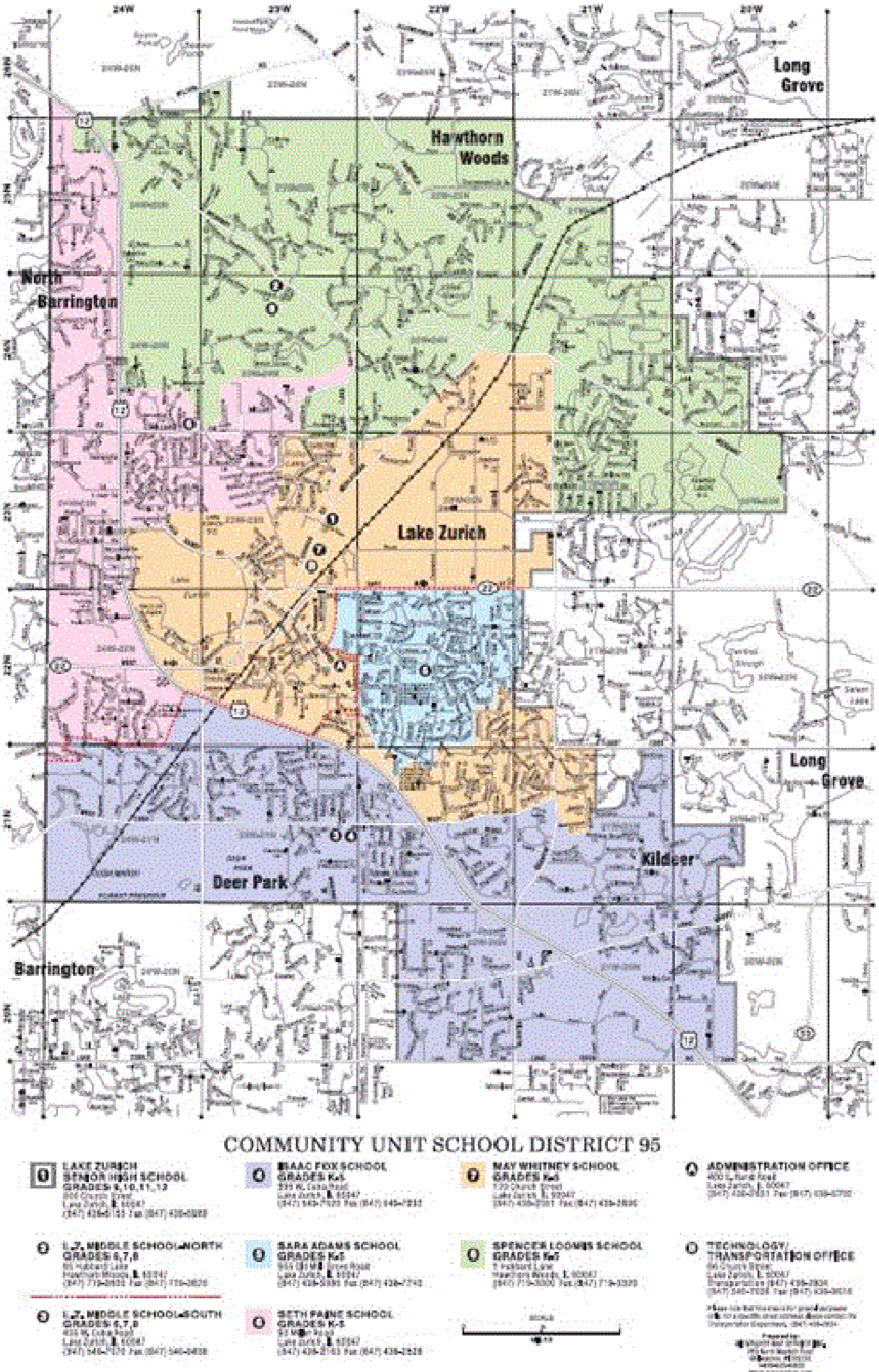
PROFESSIONAL & FINANCIAL

Auditor:	Eder, Casella & Co.	McHenry, IL	
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Anjali Vij
			Stephanie DiSilvestro
Disclosure Counsel:	Chapman and Cutler LLP	Chicago, IL	Larry White
			Seema Patel
			Kevin Reckamp
Underwriter:	Raymond James & Associates, Inc.	Chicago, IL	Elizabeth Hennessy
			Paula Arnedo
			Karen Barron
Bond Registrar and Paying Agent:	Amalgamated Bank of Chicago	Chicago, IL	Cathey Walls
Issuer's Counsel:	Saul Ewing Arnstein & Lehr LLP	Chicago, IL	Randy Kulat
Financial Advisor:	Sycamore Advisors LLC	Chicago, IL	Courtney Tobin
			Diana Hamilton

LEGISLATIVE DISTRICTS

Congressional:	6
State Senate:	26
State House:	51

COMMUNITY UNIT SCHOOL DISTRICT NUMBER 95 (LAKE ZURICH) MAP



ILLINOIS FINANCE AUTHORITY

160 North LaSalle Street
Suite S-1000
Chicago, IL 60601
312-651-1300
312-651-1350 fax
www.il-fa.com

Date: May 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Jeffrey Wright
Bradley A. Zeller

From: Brad R. Fletcher, Vice President

Subject: ***Issuance of Property Assessed Clean Energy Revenue Bonds***

At the request of 11 Million Acres, LLC, a Delaware limited liability company (the "**Capital Provider**" and "**Initial Purchaser**"), I transmit herewith a Property Assessed Clean Energy ("**PACE**") Bond Resolution authorizing the issuance of revenue bonds by the Illinois Finance Authority to be purchased by the Initial Purchaser.

Respectfully submitted,

/s/ Brad R. Fletcher______
Vice President

PACE BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE IN ONE OR MORE SERIES OF NOT TO EXCEED $100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY TAXABLE PROPERTY ASSESSED CLEAN ENERGY REVENUE BONDS FOR PURCHASE BY 11 MILLION ACRES, LLC OR ITS DESIGNATED TRANSFEREE.

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

WHEREAS, the Authority is authorized pursuant to the Act in general and Article 825 thereof specifically, to issue revenue bonds to finance, among other things, "PACE Projects" (as defined or provided for in the Act);

WHEREAS, pursuant to the Property Assessed Clean Energy Act (50 ILCS 501/ *et seq.*) (the "PACE Act"), local units of government (as defined in the PACE Act) may create a property assessed clean energy program (a "PACE Program") within their respective jurisdictional boundaries known as a "PACE area" (as defined in the PACE Act, each a "PACE Area" hereunder), and may further delegate the administration of such PACE Program to a program administrator (a "Program Administrator");

WHEREAS, pursuant to the PACE Act, a "record owner" (as defined in the PACE Act, and a "Record Owner" hereunder) of commercial property within a PACE Area may apply to a local unit of government or its Program Administrator for funding to finance or refinance certain "energy projects" (as defined in the PACE Act, and "PACE Projects" as defined in the Act, which are known as "Energy Projects" herein) and that the local unit of government may impose an assessment under a PACE Program pursuant to the terms of the recorded assessment contract ("Assessment Contract") with the Record Owner of the commercial property to be assessed;

WHEREAS, the Authority is authorized under the PACE Act to issue property assessed clean energy revenue bonds ("PACE Bonds") or provide a warehouse fund, in each case to provide liquidity for the financing or refinancing of certain Energy Projects for Record Owners that have complied with the requirements of the PACE Act and the rules and guidelines of a PACE Program administered on behalf of or at the discretion of a local unit of government by a Program Administrator;

WHEREAS, 11 Million Acres, LLC, a Delaware limited liability company (the "Capital Provider") wishes to purchase PACE Bonds secured by Assessment Contracts related to a PACE Program administered on behalf of or at the direction of a local unit of government by a Program Administrator;

WHEREAS, such PACE Bonds shall be issued pursuant to a Master Indenture (a "Master Indenture") among the Authority, the applicable Program Administrator and a bank or other financial institution selected by the Capital Provider or the applicable Program Administrator to serve as bond trustee (a "Bond Trustee"), setting out the parameters, terms and conditions pursuant to which a series of PACE Bonds may be issued pursuant to an Issuance Certificate (an "Issuance Certificate") among the Authority, the applicable Program Administrator, the Bond Trustee and the Capital Provider as Initial Purchaser (or its Designated Transferee as defined in the applicable Issuance Certificate); and

WHEREAS, PACE Bonds shall be secured by certain related Assessment Contracts assigned to the Authority by the applicable local unit of government (acting at the direction of the applicable Program Administrator [and the Capital Provider]) pursuant to an Assignment Agreement (an "Assignment

Agreement" and together with the Master Indenture and Issuance Certificate, the "PACE Bond Documents"), executed by the Authority and the applicable local unit of government.

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

Section 1. Bonds. In order to obtain the funds to loan to certain Record Owners party to Assessment Contracts to be used for the purposes of financing or refinancing Energy Projects, the Authority hereby authorizes the issuance of PACE Bonds subject to the terms and conditions set forth in a Master Indenture and a related Issuance Certificate in substantially the form attached to such Master Indenture, along with the execution and delivery of Master Indentures and related Issuance Certificates in substantially the forms previously provided to and on file with the Authority, and with such changes as are permitted by Section 2 hereof. PACE Bonds shall be issued, executed and delivered under and secured by applicable Assessment Contracts ("Assigned Contracts") assigned to the Authority pursuant to one or more Assignment Agreements, and shall have the terms and provisions set forth in the Master Indenture and an applicable Issuance Certificate, subject to the following limitations:

(a) the aggregate principal amount of PACE Bonds that may be issued pursuant a Master Indenture and any Issuance Certificate and purchased by the Capital Provider or an affiliate thereof as "Initial Purchaser" (as defined in the applicable Master Indenture) or its Designated Transferee (as defined in the Master Indenture) collectively, "PACE Bond Purchaser") shall not exceed $100,000,000;

(b) the PACE Bonds for sale to the PACE Bond Purchaser may be issued in one or more series, of which any such series may be issued in two or more subseries, with such additional series or subseries designated in such manner as approved by an Authorized Officer (as defined herein) of the Authority, which approval shall be evidenced by such Authorized Officer's execution and delivery of a Master Indenture and applicable Issuance Certificate;

(c) no PACE Bonds for sale to the PACE Bond Purchaser shall have a maturity later than 40 years from the date of their issuance, provided the PACE Bonds may be subject to serial maturities or mandatory bond sinking fund redemption as provided in a Master Indenture and applicable Issuance Certificate;

(d) no PACE Bonds for sale to the PACE Bond Purchaser shall bear interest at stated rates exceeding 20.00% per annum;

(e) no PACE Bonds for sale to the PACE Bond Purchaser shall be issued pursuant to a Master Indenture and a related Issuance Certificate after the date that is three (3) years after the date of approval of this Resolution;

(f) PACE Bonds for sale to the PACE Bond Purchaser shall be subject to optional, mandatory and extraordinary redemption and be payable all as set forth in a Master Indenture and the applicable Issuance Certificate;

(g) PACE Bonds for sale to the PACE Bond Purchaser shall be issued only as fully registered bonds without coupons;

(h) PACE Bonds for sale to the PACE Bond Purchaser shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairperson, Vice Chairperson or Executive Director and attested by the manual or facsimile signature of its Secretary or any Assistant Secretary, or any person duly appointed by the Members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon; and

(i) PACE Bonds for sale to the PACE Bond Purchaser shall be issued by the Authority for the consideration set forth in a Master Indenture and applicable Issuance Certificate at par value.

Any PACE Bonds for sale to the PACE Bond Purchaser issued pursuant to a Master Indenture and any applicable Issuance Certificate and the interest thereon shall be limited obligations of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to the Assigned Contracts and certain amounts on deposit with the applicable Bond Trustee in a Master Indenture. PACE Bonds for sale to the PACE Bond Purchaser issued pursuant to a Master Indenture and any applicable Issuance Certificate and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) proceeds of the sale of such PACE Bonds, (ii) the income and revenues derived by the Authority pursuant to Assigned Contracts and other amounts available under a Master Indenture and any applicable Issuance Certificate and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

The Authority hereby delegates to the Chairperson, Vice Chairperson or the Executive Director of the Authority or any other Authorized Officer (as hereinafter defined), the power and duty to make final determinations as to the PACE Bonds to be issued and sold to the PACE Bond Purchaser, including but not limited to, the principal amount, number of series or subseries of such PACE Bonds and any names or other designations therefor, dated date, maturities, purchase price, any mandatory sinking fund redemption dates and amounts, optional and extraordinary redemption provisions, and the interest rates of each series or subseries of such PACE Bonds, each series or subseries of which may be issued or sold on separate dates pursuant to separate Issuance Certificates, and further to issue, execute and deliver such PACE Bonds pursuant to a Master Indenture and related Issuance Certificate, all within the parameters set forth herein.

Section 2. PACE Bond Documents. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director, or General Counsel, or any person duly appointed by the Members to serve in such offices on an interim basis (each an "*Authorized Officer*"), and the delivery and use, of the PACE Bond Documents. The Secretary or any Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to any PACE Bond Document. The definitive PACE Bond Documents shall be substantially in the forms previously provided to the Members and 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 and delivery to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of any changes or revisions therein from such forms of the PACE Bond Documents and to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of the terms of any PACE Bonds issued pursuant to the PACE Bond Documents and the purchase thereof.

Section 3. 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 one or more supplemental bond indentures, escrow agreements or other agreements providing for the security and/or payment of the PACE Bonds and any additional documents that may be necessary to provide for one or more additional series or subseries of PACE Bonds) as may be necessary to carry out and comply with the provisions of these resolutions, the PACE Bond Documents, 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 and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the PACE Bond Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the PACE Bond Documents.

Section 4. Severability. The provisions of this PACE Bond Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this PACE Bond 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. Effectiveness. This PACE Bond Resolution shall be in full force and effect immediately upon its passage, as by law provided.

ILLINOIS FINANCE AUTHORITY
PROJECT SUMMARY REPORT
May 14, 2019

Capital Provider: 11 Million Acres, LLC

BOARD ACTION

PACE Bond Resolution (*One-Time Consideration*)
No extraordinary conditions.

Amount: Not to exceed $100,000,000
No IFA funds at risk.

RECOMMENDATION

Staff recommends approval of the PACE Bond Resolution presented for consideration in connection with bond issuances to be purchased by the Initial Purchaser.

PURPOSE

Proceeds of the Property Assessed Clean Energy Revenue Bonds will be loaned to record owners of privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property to finance "energy projects" as defined under the Property Assessed Clean Energy Act, 50 ILCS 50/1 et seq.

AUTHORITY PROGRAM AND CONTRIBUTION

Under Illinois law, a record owner of a commercial property may voluntarily enter into an assessment contract with a governmental unit in order to finance or refinance up to 100% of the commercial property owner's energy efficiency, renewable energy, and water conservation projects through the issuance of PACE bonds. Program administrators administer commercial property assessed clean energy programs on behalf of or at the discretion of counties or municipalities to facilitate access to capital within their jurisdictions.

Governmental units permissively assign assessment contracts to the Illinois Finance Authority for its standardized, efficient, and affordable PACE bond financing services, which PACE bonds are issued pursuant to subsection (d) of Section 825-65 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., in accordance with the Property Assessed Clean Energy Act.

VOLUME CAP

Property Assessed Clean Energy Revenue Bonds do not require volume cap.

JOB DATA

N/A	Current Jobs	N/A	New Jobs Protected
N/A	Retained Jobs	*	Construction Jobs Projected

*The Authority reasonably anticipates reporting at a later time the amount of construction jobs, if any, created as a result of energy projects financed by the Authority's bond proceeds.

ESTIMATED SOURCES & USES

.

Sources:		**Uses:**	
PACE Bonds	$100,000,000	Energy Project Costs (including but not limited to Capitalized Interest and/or Debt Service Reserve Funds, if any)	$100,000,000
Total	**$100,000,000**	**Total**	**$100,000,000**

FINANCING SUMMARY

The conduit transactions authorized by the PACE Bond Resolution will not be rated. The plan of finance contemplates that the Initial Purchaser, as an Accredited Investor and Qualified Institutional Buyer, will purchase the Property Assessed Clean Energy Revenue Bonds in minimum denominations of $100,000 or more. PACE bonds will be issued pursuant to Issuance Certificates under a Master Indenture specific to the Initial Purchaser.

The aggregate principal amount, final maturity date, and the interest rate or rates for each energy project funded by bond proceeds shall be as set forth in the Issuance Certificates.

The Initial Purchaser will be secured by assessment contracts which constitute liens against properties against which assessments are imposed and recorded in the office of the applicable County Recorder. The lien of an assessment contract shall run with the property until the assessment is paid in full and shall have the same priority and status as other property tax and special assessment liens. The Initial Purchaser) shall have and possess the delegable powers and rights at law or in equity as the applicable governmental unit would have if the assessment contract had not been assigned with regard to (i) the precedence and priority of liens evidenced by the assessment contract, (ii) the accrual of interest, and (iii) the fees and expenses of collection.

The governmental unit of government (or any permitted assignee) shall have all rights and remedies in the case of default or delinquency in the payment of an assessment as it does with respect to delinquent property taxes and other delinquent special assessments as set forth Article 9 of the Illinois Municipal Code, including the lien, sale and foreclosure remedies described therein

.

Mortgage holder consent is required.

PROJECT SUMMARY

As amended, supplemented, modified or replaced, the Property Assessed Clean Energy Act states that an energy project means the acquisition, construction, installation, or modification of an alternative energy improvement, energy efficiency improvement, renewable energy improvement, or water use improvement affixed to real property (including new construction).

BUSINESS SUMMARY

Under Illinois law, an evaluation of the existing water or energy use and a modeling of expected monetary savings is required for any proposed energy efficiency improvement, renewable energy improvement, or water use improvement, unless the water use improvement is undertaken to improve water quality, before a record owner of commercial property may enter into an assessment contract with a governmental unit.

By entering into assessment contracts with governmental units, record owners expect the monetary savings to be greater than the repayment costs of certain energy projects financed or refinanced through assessments imposed upon their respective properties.

ECONOMIC DISCLOSURE STATEMENT

Record Owners: Names of (a) shareholders holding more than 7.5% of equity interests, or (b) all general partners (if the record owner is a partnership), or (c) members holding more than 7.5% of the economic or voting interest of the record owner (if the record owner is a limited liability company), or (d) if the record owner or any property financed would be a land trust, an identification of the trust and all beneficiaries of the trust including the percentage of beneficial interest of each beneficiary of the trust, will be reported to the Authority's Secretary (or Assistant Secretary).

Initial Purchaser Ownership: 11 Million Acres, LLC is a Delaware limited liability company that is 50%-owned by Mark Nakayama and 50%-owned by David Pavlik.

- Mark Nakayama
  1164 West Madison St., Suite 229,
  Chicago, IL 60607
- David Pavlik
  3301 N. Hamilton Avenue
  Chicago, IL 606018

Managers of 11 Million Acres, LLC: Mark Nakayama and David Pavlik.

PROFESSIONAL & FINANCIAL

Initial Purchaser/Capital Provider:	11 Million Acres, LLC	Chicago, IL	David Pavlik Mark Nakayama
Authority Financial Advisors:	Acacia Financial Group, Inc.	Chicago, IL New York, NY	Phoebe Selden Noreen White
	Sycamore Advisors, LLC	Indianapolis, IN	Courtney Tobin Diana Hamilton

SERVICE AREA

The PACE Bond Resolution authorizes the Initial Purchaser to purchase PACE Bonds issued by the Authority for energy projects statewide.

LEGISLATIVE DISTRICTS

Congressional: TBD
State Senate: TBD
State House: TBD

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date: May 14, 2019

Re: Resolution Authorizing the Issuance of Not to Exceed $10,000,000 in Aggregate Principal Amount of the Illinois Finance Authority's Educational Facility Revenue Bond (De La Salle Institute Project), Series 2019, the Proceeds of which are to be Loaned to De La Salle Institute
IFA 2012 File Number: N-NP-TE-CD-8560 or 12115

Request:
De La Salle Institute, an Illinois not-for-profit corporation ("**De La Salle**" or the "**Borrower**") and **The Huntington Public Capital Corporation, a Nevada corporation and affiliate of Huntington National Bank** (the "**New Bond Purchaser**" or the "**New Bank**"), are requesting approval of a Resolution to authorize execution and delivery of a new Bond and Loan Agreement and related documents to effectuate the purchase of the Illinois Finance Authority Educational Facility Revenue Bond (De La Salle Institute Project), Series 2019 (the "**2019 Bond**") in order to refund in whole the Illinois Finance Authority Educational Facility Revenue Bond (De La Salle Institute Project), Series 2012 (the "**Prior Bond**").

The Authority issued the Prior Bond to Wintrust Bank as a direct-purchase in the original principal amount of $12,340,000 bearing a variable rate of interest based on LIBOR for an initial term of 7 years, amortized over 30 years with a final maturity date of June 1, 2042. The outstanding principal amount of the Prior Bond was approximately $9,666,333 as of May 1, 2019. The Huntington Public Capital Corporation will similarly purchase the Series 2019 Bond bearing a variable rate of interest based on LIBOR for an initial term of 7 years with a final maturity date of June 1, 2044. Proceeds of the Series 2019 will refund in whole the Prior Bond.

Impact:
Adoption of the accompanying Resolution will enable De La Salle Institute to switch to The Huntington Public Capital Corporation as its new secured lender on all credit facilities, resetting the interest rate, and modifying the maturity date. As proposed, the Series 2019 Bond will extend the weighted average maturity. Bond counsel has determined that a new public hearing on the project (i.e., a "TEFRA Hearing" as defined under the Internal Revenue Code of 1986, as amended) will be necessary.

Background:
Proceeds of the Prior Bond were used to (a) refund the approximately $4,120,000 (then outstanding) principal amount Variable Rate Demand Revenue Bonds, Series 1997 (De La Salle Institute Project) issued by the City of Chicago, Illinois (the "1997 Bonds"), (b) refund the $7,500,000 (then outstanding) principal amount Educational Facility Revenue Bonds (De La Salle Institute Project), Series 2007 issued by the Authority (the "2007 Bonds"), and (c) complete the acquisition from the City of Chicago of the property described in clause (d) of the following paragraph (on which the Corporation may construct, with its own funds, a Fine Arts/Science wing including, without limitation, a 240-seat theater, music space, art space, science labs and other educational facilities), all to be owned by the Borrower and used in connection with the Borrower's high school facilities.

The 1997 Bonds were used to finance the construction and equipping of a multipurpose center and renovation of existing space to provide a student commons area and space for its fine arts programs, a library, two computer laboratories and related items at the high school owned and operated by the Corporation and located at 3434 South Michigan Avenue and 3455 South Wabash, Chicago, Illinois.

The 2007 Bonds were used to finance or refinance costs of (a) constructing and equipping an approximately 32,000 square foot four story addition to the Corporation's West Campus, also known as the Lourdes Hall Campus (leased pursuant to a long-term lease from the Archdiocese of Chicago), for high school girls located at 1040 West 32nd Place, Chicago, Illinois, including, a parking garage and a new student commons, media center, science labs and other educational facilities, the creation of five new classrooms, and renovations to the existing middle school, (b) constructing and equipping an approximately 8,600 square foot four story addition to the Lourdes Hall Campus, consisting of administrative offices, computer lab and other space for educational purposes, (c) renovating and equipping of the Corporation's Main (Institute) Campus, for high school boys located at 3434 South Michigan Avenue and 3455 South Wabash, Chicago, Illinois, and (d) acquiring approximately 21,750 square feet of land across the street from the Institute Campus at 100 - 114 East 35th Street and 3445 - 3455 South Michigan Avenue, Chicago, Illinois (on the Northeast corner of South Michigan Avenue and 35th Street), for the potential future expansion of the school

All scheduled payments relating to the Authority's Series 2012 Bond are current and have been paid as scheduled.

PROFESSIONAL & FINANCIAL

Borrower:	De La Salle Institute	Chicago, IL	Fr. Paul Novak, OSM
Borrower Advisor:			
Borrower's Counsel:	Neal & Leroy, LLC	Chicago, IL	Richard Friedman
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Bond Purchaser:	The Huntington Public Capital Corporation	Cleveland, OH	Dwight Clark
		Chicago, IL	Anthony Balthazor
Bank Counsel:	Stahl Cowen Crowley Addis LLC	Chicago, IL	Jeff Stahl
			Rob Mintz
IFA Counsel:	Kutak Rock LLP	Chicago, IL	Kevin Barney
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden
			Brittany Whelen

RESOLUTION NO. 2019-0514-TE__.

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE ILLINOIS FINANCE AUTHORITY'S EDUCATIONAL FACILITY REVENUE BOND (DE LA SALLE INSTITUTE PROJECT), SERIES 2019, THE PROCEEDS OF WHICH ARE TO BE LOANED TO DE LA SALLE INSTITUTE.

WHEREAS, the **ILLINOIS FINANCE AUTHORITY** (the "**Authority**") has been created by the Illinois Finance Authority Act, 20 ILCS 3501-801-1, et. seq., as amended (the "**Act**"); and

WHEREAS, **DE LA SALLE INSTITUTE**, an Illinois not for profit corporation (the "**Corporation**"), has requested that the Authority issue its Educational Facility Revenue Bond (De La Salle Institute Project), Series 2019 in a maximum principal amount of not to exceed $10,000,000 (the "**Bond**") in order to refund in whole the Authority's $12,340,000 (original principal amount) Educational Facility Revenue Bond (De La Salle Institute Project), Series 2012 (the "**Prior Bond**") and to pay costs of issuance of the Bond (collectively, the "**Financing Purposes**"); and

WHEREAS, proceeds of the Prior Bond were used to (a) refund the approximately $4,120,000 (then outstanding) principal amount Variable Rate Demand Revenue Bonds, Series 1997 (De La Salle Institute Project) issued by the City of Chicago, Illinois (the "**1997 Bonds**"), (b) refund the $7,500,000 (then outstanding) principal amount Educational Facility Revenue Bonds (De La Salle Institute Project), Series 2007 issued by the Authority (the "**2007 Bonds**"), and (c) complete the acquisition from the City of Chicago of the property described in clause (d) of the following paragraph (on which the Corporation may construct, with its own funds, a Fine Arts/Science wing including, without limitation, a 240-seat theater, music space, art space, science labs and other educational facilities), all to be owned by the Corporation and used in connection with the Corporation's high school facilities; and

WHEREAS, the 1997 Bonds were used to finance the construction and equipping of a multipurpose center and renovation of existing space to provide a student commons area and space for fine arts programs, a library, two computer laboratories and related items at the high school owned and operated by the Corporation and located at 3434 South Michigan Avenue and 3455 South Wabash, Chicago, Illinois; and the 2007 Bonds were used to finance or refinance costs of (a) constructing and equipping an approximately 32,000 square foot four story addition to the Corporation's West Campus, also known as the Lourdes Hall Campus (leased pursuant to a long-term lease from the Archdiocese of Chicago), for high school girls located at 1040 West 32nd Place, Chicago, Illinois, including, a parking garage and a new student commons, media center, science labs and other educational facilities, the creation of five new classrooms, and renovations to the existing middle school, (b) constructing and equipping an approximately 8,600 square foot four story addition to the Lourdes Hall Campus, consisting of administrative offices, computer lab and other space for educational purposes, (c) renovating and equipping of the Corporation's Main (Institute) Campus, for high school boys located at 3434 South Michigan Avenue and 3455 South Wabash, Chicago, Illinois, and (d) acquiring approximately 21,750 square feet of land across the street from the Institute Campus at 100 - 114 East 35th Street and 3445 - 3455 South Michigan Avenue, Chicago, Illinois (on the Northeast corner of South Michigan Avenue and 35th Street), for the potential future expansion of the school; and

WHEREAS, a draft of the following document has been previously provided to and is on file with the Authority: a Bond and Loan Agreement (the "**Bond and Loan Agreement**") among the Authority, the Corporation and The Huntington Public Capital Corporation, a Nevada corporation (or an affiliate thereof, the "**Purchaser**"), providing for the issuance thereunder of the Bond and setting forth the terms and provisions applicable to the Bond, the loan of the proceeds of the Bond to the Corporation and the obligation of the Corporation to repay such loan, including securing the Bond by an assignment thereunder to the Purchaser of the Authority's right, title and interest in and to the loan repayment obligation of the Corporation thereunder;

WHEREAS, in connection with the issuance of the Bond, the Corporation and the Purchaser will enter into various additional documents containing certain covenants for the benefit of the Purchaser and providing certain additional security for the Bond.

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

Section 1. Findings. Based upon the representations of the Corporation, the Authority hereby makes the following findings and determinations with respect to the Corporation, the Bond to be issued by the Authority and the facilities refinanced with the proceeds of the Bond:

(a) The Corporation is a 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 Corporation has properly filed with the Authority its request for assistance in providing funds to the Corporation and the funds will be used for the Financing Purposes, and the facilities financed and refinanced with the proceeds of the Bond will be owned (except for certain facilities described above which are leased from the Archdiocese of Chicago) and operated by the Corporation and such facilities are included within the term "*project*" as defined in the Act;

(c) The facilities to be refinanced with the proceeds of the Bond do not include any institution, place or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship;

(d) The indebtedness to be refinanced with the proceeds of the Bond was issued for purposes which constitute valid purposes under the Act, all of the proceeds of such indebtedness made available to the Corporation were expended to pay, or refinance indebtedness the proceeds of which were expended to pay, a portion of the cost of a "*project*" (as defined in the Act) owned or operated by the Corporation, such refinancing is in the public interest, is in connection with other financings by the Authority for the Corporation and is permitted and authorized under the Act; and

(e) The Bond is being issued for a valid purpose under and in accordance with the provisions of the Act.

Section 2. Bond. In order to obtain the funds to loan to the Corporation to be used for the purposes aforesaid, the Authority hereby authorizes the issuance of the Bond. The Bond shall be issued under and secured by and shall have the terms and provisions set forth in the Bond and Loan Agreement in an aggregate principal amount not exceeding $10,000,000. The Bond shall be issued in a single series designated in such manner as approved by the Authorized Officer (as defined herein) of the Authority, which approval shall be evidenced by such Authorized Officer's execution and delivery of the Bond and Loan Agreement.

The Bond shall mature not later than 40 years from the date of its issuance, may be subject to principal installment requirements as provided in the Bond and Loan Agreement and shall bear interest at fixed or variable rates not exceeding 15% per annum. The Bond shall be subject to redemption and to tender and be payable all as set forth in the Bond and Loan Agreement.

The Bond shall be issued only as a fully registered Bond without coupons. The Bond 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 Executive Director, Secretary or any Assistant Secretary, or any person duly appointed by the Members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon.

The Bond shall be issued and sold by the Authority and purchased by the Purchaser at a purchase price of 100% of the principal amount of the Bond, plus accrued interest, if any.

Debt service on the Bond and the loan to the Corporation under the Bond and Loan Agreement may be serviced by Huntington National Bank, an affiliate of the Purchaser, or otherwise as provided in the Bond and Loan Agreement.

No State volume cap under Section 146 of the Internal Revenue Code of 1986, as amended (the "**Code**") may be allocated to the Bond.

The Bond and the interest thereon shall be a limited obligation of the Authority, payable solely from the income and revenues to be derived by the Authority from the Corporation pursuant to the Bond and Loan Agreement (except such income and revenues as may be derived by the Authority pursuant to the Unassigned Rights (as defined in the Bond and Loan Agreement)). The Bond and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) proceeds of the sale of the Bond, (ii) the income and revenues derived by the Authority from the Corporation pursuant to the Bond and Loan Agreement and other amounts available under the Bond and Loan Agreement and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

The Authority hereby delegates to the Chairperson or the Executive Director of the Authority or any other Authorized Officer (as hereinafter defined), the power and duty to make final determinations as to the Prior Bond to be refunded, the principal amount of the Bond and any names or other designations therefor, dated date, maturities, purchase price, any principal installments or mandatory sinking fund redemption dates and amounts, redemption provisions, tender provisions, the Purchaser of the Bond, and the interest rates of the Bond, all within the parameters set forth herein.

Section 3. Bond and Loan Agreement. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director, General Counsel, or any person duly appointed by the Members to serve in such offices on an interim basis (each an "**Authorized Officer**"), and the delivery and use, of the Bond and Loan Agreement. The Secretary or any Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to the Bond and Loan Agreement. The Bond and Loan Agreement shall be substantially in the form previously provided to and on file with the Authority and hereby approved, 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 Authorized Officer's approval and the Authority's approval of any changes or revisions therein from such form of the Bond and Loan Agreement and to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of the terms of the Bond and the purchase thereof.

Section 4. Arbitrage and Tax Certificate. The Authority does hereby approve the execution and delivery of an Arbitrage and Tax Certificate relating to the tax exemption of the Bond in such form as customarily used by bond counsel for Authority transactions similar to the Bond or with such changes therein as shall be approved by, or in such final forms as are approved by, the Authorized Officer of the Authority executing the

Arbitrage and Tax Certificate, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of the final form of the Arbitrage and Tax Certificate.

Section 5. Public Approval. The publication on behalf of the Authority of the notices of public hearing relating to the conduct of the public hearing by the Authority or its designee with respect to the issuance of the Bond is hereby ratified, approved and confirmed. The conduct of said public hearing by the Executive Director or a designee of the Authority is hereby ratified, approved and confirmed. The officers of the Authority are hereby authorized and directed to submit the Bond for approval by the Governor of the State of Illinois pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.

Section 6. 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 one or more tax exemption agreements, supplemental bond and loan agreements, escrow agreements or other agreements providing for the payment of the Prior Bond, and any additional documents as may be necessary to carry out and comply with the provisions of these resolutions, the Bond and Loan Agreement and Arbitrage and Tax Certificate, 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 and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Bond and Loan Agreement, Arbitrage and Tax Certificate or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Bond and Loan Agreement.

Section 7. Severability. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 8. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 9. Effectiveness. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

ILLINOIS FINANCE AUTHORITY

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Date: May 14, 2019

To: Members of the Illinois Finance Authority

From: Ryan Oechsler, Associate General Counsel

Subject: ***Safeguarding State Resources while Preserving Transparency and Accountability with respect to Federally Tax-Exempt Conduit Bond Standard Documents***

As part of its preparation for the biennial State compliance audit conducted by the Office of the Auditor General, a State constitutional officer reporting to the General Assembly, and in connection with Governor Pritzker's Executive Order 2019-01 ("EO 2019-01"), the Illinois Finance Authority ("Authority") examined its standard bond documents (templates of which are found in its "Bond Handbook") with a view towards resolving certain outstanding audit findings.[1]

Authority staff, in consultation with counsel, determined that further updates to the Bond Handbook are advisable in order to clarify the Authority's role, rights and duties with respect to federally tax-exempt conduit bonds. In so doing, the Authority believes it will better meet its duty to address audit findings and the goals of EO 2019-01.

I. Executive Summary

A. The Authority provides two primary deliverables in connection with the closing of a federally tax-exempt conduit bond transaction: (i) a duly adopted bond resolution; and (ii) an approval letter from the Governor of the State of Illinois ("State") as required under federal tax law. Importantly, the Authority is **NOT** the regulator or supervisor of the conduit borrower or its project under federal law, state law or contract law.

B. State taxpayers and the Authority have **NO** obligation to repay the federally tax-exempt conduit bonds other than from payments from the conduit borrower or assets pledged by the conduit borrower. The obligation to make payments sufficient to pay the bonds belongs **SOLELY** to the conduit borrower – a nonprofit 501(c)(3) private organization, qualified private business or individual, or Illinois unit of government.

C. After a federally tax-exempt conduit bond transaction closes, the Authority does **NOT** retain any rights or responsibilities to enforce post-issuance compliance; those rights and responsibilities are assigned to the bond trustee acting on behalf of the bondholders or, in the case of a direct bond purchase by a financial institution, directly to the actual lender.

D. The Authority's post-closing involvement with federally tax-exempt conduit bonds is generally limited to (i) collecting and tracking the State-mandated Form C-08, Notice of Payment of Bond Interest and/or Principal, for the bonds; and (ii) coordinating with the federal Internal Revenue Service ("IRS") and the conduit borrower in the rare event of an audit (the Authority is indemnified for any costs involved).

E. Federally tax-exempt conduit bonds involve a federal economic benefit, exemption of interest income from federal income tax, generally resulting in a lower cost of funds to the qualified borrower. The federal government, not the Authority or the State, is the steward of that

[1] See Exhibit A for compiled bond-related audit findings from 2004 through 2017.

federal benefit, as the federal government sets the rules for obtaining tax-exempt status and determines if those rules have been followed.

F. Federally tax-exempt conduit bonds do not involve any State tax exemption (except in the limited case of local government conduit borrowers), any State guarantee or any State appropriated funds (unless specifically issued with a State moral obligation or additional security pledge, of which none currently exist in the Authority's name).
G. Local government conduit borrowers represent only 5% of all conduit bond debt issued by the Authority and currently outstanding; the remaining 95% is for non-governmental conduit borrowers, the majority of which are nonprofit 501(c)(3) organizations.
H. The Authority is updating its Bond Handbook to clarify the Authority's role in federally tax-exempt conduit bond transactions and eliminate legacy reporting requirements that are no longer needed.

II. The Authority's Role in Federally Tax-Exempt Conduit Bond Transactions

a. *Deliverables*

The powers of the Authority are vested in a body of 15 duly appointed, volunteer members, with vacancies from time to time. The members are duly appointed by the Governor and confirmed by the Senate. The Authority acts upon the affirmative vote of at least 8 members taken at a meeting where a quorum of at least 8 members is physically present. These meetings must be called and held open to the public in accordance with law and the by-laws of the Authority.

The Authority provides two primary deliverables in connection with a conduit bond transaction:

(i) A bond resolution, duly considered and adopted by the members of the Authority authorizing the issuance of the bonds and certain financing documents; and
(ii) The approval letter from the Governor's office required under the federal Tax Equity and Fiscal Responsibility Act of 1982 (or "TEFRA").

These two documents – the duly adopted bond resolution and TEFRA letter – are necessary pre-requisites to the issuance of federally tax-exempt conduit bonds.[2] In exchange for providing them, the Authority receives a one-time fee, paid at closing.

At closing of the federally tax-exempt conduit bond transaction, the Authority assigns its rights and powers as the conduit issuer (except for certain limited rights such as the right to indemnification, receipt of its initial fee and right to receive certain reports) to a trustee for the actual bondholder/lender or directly to the lender. ***Without bringing inappropriate and unnecessary risk upon itself, the Authority cannot efficiently or reasonably monitor and enforce post-issuance compliance obligations of the conduit borrower*** – the right and responsibility to do so are assigned by contract to the bond trustee or directly to the actual lender.

Volume Cap is the federally-imposed calendar year limit on the amount of federally tax-exempt conduit bonds that may be issued on behalf of certain conduit borrowers (business and individuals) and reflects a federal economic benefit. Volume Cap does not apply to bonds issued on behalf of nonprofit 501(c)(3) and government conduit borrowers. Pursuant to federal law, each calendar year, the State receives a specific amount of Volume Cap. Volume Cap is denominated in dollars but represent an allocation of federally tax-exempt issuance authority, **NOT** an allocation of actual federal funds. At the beginning of

[2] While this federal tax exemption yields a federal benefit, it is conveyed from the federal government to the conduit borrower. The Authority is not subject to federal Single Audit.

each calendar year, GOMB allocates that Volume Cap according to federal guidelines and State policies for use among State bodies, home rule units, and other local government units (e.g., cities, villages, and towns). Under the federal rules, the Authority requires Volume Cap allocation in order to issue federally tax-exempt bonds on behalf of beginning farmers, certain industrial and manufacturing companies, and other qualified for-profit conduit borrowers. The Authority annually submits requests to the Governor's Office of Management and Budget ("GOMB") for Volume Cap allocation.

b. Post-Closing Involvement

The Authority's post-closing involvement is limited but may involve audits of the federally tax-exempt conduit bonds by the Internal Revenue Service ("IRS"). Enforcement of federal tax law compliance in federally tax-exempt conduit bond issues is traditionally handled by the IRS. It is the role of the IRS to safeguard the federal economic stake in tax-exempt conduit bond financing, and other stakeholders take a back seat once they are satisfied that the conduit borrower has assumed the primary obligation to comply.

The IRS regularly works through issues related to the federal tax exemption of conduit bonds by reaching out to the conduit borrower, using the bond issuer as intermediary, and the Authority regularly responds to IRS initiatives of this kind. In all cases, the conduit borrower has indemnified the Authority against losses and costs associated with these examinations, and such indemnifications are almost always honored. Since its founding in 2004, the Authority has received regular IRS inquiries, and those inquiries are regularly resolved. Upon information and belief, no Authority-issued federally tax-exempt conduit bonds have lost their federally tax-exempt status, and no conduit borrower has been subject to any fine or penalty.[3]

Federal tax law requires the establishment of certain post-issuance procedures. Authority staff are in the process of reviewing and updating the Authority's federally tax-exempt conduit bond compliance policy accordingly. Federal tax law is known for its complexity.

Federally tax-exempt conduit bonds issued by the Authority on behalf of Illinois local government units may also receive State tax exemption. Upon information and belief, since 2004 the Authority has received no inquiries from the Illinois Department of Revenue regarding Illinois local government state tax exemption.

State policy requires the bond trustee or paying agent selected by the conduit borrower to submit Form C-08, Notice of Payment of Bond Interest and/or Principal, to both the State Comptroller ("Comptroller") and the Authority to report conduit bond payments that are made. Both the Comptroller and the Authority track these payments. To the knowledge of Authority staff, this dual C-08 process is unique in the country, and we have reached out to national leaders in the conduit bond sector for confirmation.

The Authority embraces the State policy of transparency and accountability represented by the C-08 process and the Comptroller's annual report of State of Illinois bonded indebtedness and long-term obligations (its "Book of Debt").[4] The Comptroller uses the C-08 Forms provided by the conduit borrower's bond trustee or paying agent to report Authority-issued conduit bonds individually alongside debt of the State. Nevertheless, conduit bonds issued by the Authority do not represent debt of the Authority or of the State and are required to be reported only in the aggregate.

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[3] In at least two instances, in 2009 and in 2018, conduit borrowers determined that they owed payments to the IRS and voluntarily and successfully pursued resolution with the IRS. In each case, the bonds retained federal tax-exempt status.
[4] *Available at* https://illinoiscomptroller.gov/financial-data/find-a-report/budgetary-reporting/bond-indebtedness-and-long-term-obligations-report/ (accessed 4/18/19).

ILLINOIS FINANCE AUTHORITY

III. Clarifying the Relationship

a. Conduit Issuers and Conduit Bond Liability

Conduit bonds are not considered the debt of the issuer (i.e., the Authority) or of the state – they are payable solely from payments from the borrower. In its July 30, 2018 exposure draft concerning conduit debt obligations ("GASB Exposure Draft"),[5] the Government Accounting Standards Board ("GASB") defines conduit debt obligations as debt instruments which have six characteristics, including the following: "*the third-party obligor [i.e., the borrower], not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation.*"[6]

The GASB Exposure Draft further provides that "*an issuer should not recognize [for accounting purposes] a conduit debt obligation as a liability*" (i.e., treat the debt as the conduit issuer's own). However, if "*it is [or it becomes] more likely than not that the issuer will support debt service payments for a conduit debt obligation,*" then the conduit issuer must recognize some or all of the debt as a liability for accounting purposes.

b. Federally Tax-Exempt Conduit Bonds: Federal, not State

Federally tax-exempt conduit bonds involve a federal economic benefit. The federal government, not the Authority or the State, is the steward of that federal benefit. Federal regulators, like the IRS and Securities and Exchange Commission ("SEC"), pursuant to federal regulatory frameworks, like the federal tax laws, set the rules for conduit borrowers' use of assets financed by, and proceeds of, federally tax-exempt conduit bonds and mete out the consequences when those rules are not followed.

Finding 2017-002[7] from the Authority's Fiscal Year 2016 and 2017 compliance audit found that "the Authority's internal controls should provide assurance that it will fulfill its ministerial and monitoring functions as created and established within official bond documents." In support, Finding 2017-002 cites Section 3001 of the Fiscal Control and Internal Auditing Act, 30 ILCS 10/1001 et seq. ("FCIAA"), which requires all State agencies to establish systems of internal fiscal and administrative controls to provide assurance that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable law;
2. Obligations and costs are in compliance with applicable law;
3. Funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation;
4. Revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and

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[5] See "GASB Exposure Draft, Proposed Statement of the Governmental Accounting Standards Board: Conduit Debt Obligations," July 30, 2018, *available at* https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176171016283&acceptedDisclaimer=true (accessed 4/18/19).
[6] The five additional characteristics of conduit debt obligations are: (1) there are at least three parties involved: (i) an issuer, (ii) a third-part obligor, and (iii) a debt holder or a debt trustee; (2) the issuer and the third-party obligor are not within the same financial reporting entity; (3) the debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer; (4) the third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance; and (5) the issuer's commitment related to the debt service payments is limited.
[7] See Exhibit A.

5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist. 30 ILCS 10/3001.

These FCIAA provisions do not apply to private funds obtained by private conduit borrowers through the issuance of conduit bonds. No state taxpayer or public funds are involved. Bonds are purchased by investors and the proceeds of these purchases, private funds, are loaned through the Authority to the conduit borrower. The only reason the Authority is involved is to permit the interest on the bonds to be treated as tax-exempt for federal income tax purposes as required by federal law. As previously discussed, this is solely a federal benefit that is established by federal rules and monitored by a federal agency, the IRS. Provision 1 of FCIAA does not apply because neither the federal benefit nor the bond proceeds are resources of the Authority or the State, and the Authority has no control over the use of these proceeds. Provision 2 does not apply because the obligations and costs fall to the conduit borrower; the Authority discharges or assigns any obligations at closing. Provision 3 does not apply because the federal tax benefit and bond proceeds are not funds, property or other assets or resources of the Authority or the State. Provision 4 does not apply because the federal tax benefit and bond proceeds are not assets, resources, or funds of the Authority or the State. Provision 5 does not apply because the bond proceeds are not locally held funds of the Authority or the State – the conduit borrower **<u>ALONE</u>** has the contractual obligation to use them in a manner consistent with federal tax law and to repay the lender or the bond holders, as the case may be.

Any implication that the Authority or State has state law duties to monitor or manage federally tax-exempt conduit bonds mischaracterizes the Authority's obligations in these transactions and may open the door to claims that the Authority or the State may have some greater responsibility for the bonds – creating a wholly inappropriate risk to a State public entity, the Authority, and its locally-held public funds. Thus, consistent with the good stewardship principles enumerated by FCIAA itself, with the limited exception of the C-08 process, larger State regulatory frameworks like FCIAA cannot be applied to federally tax-exempt conduit bonds issued by the Authority.

IV. Handbook Updates

Authority management have examined, in detail, at length and with counsel, the continuing compliance requirements currently set forth in the Bond Handbook, first created in 2004 shortly after the creation of the Authority. Authority management has also examined, in detail and at length, the various Auditor General audit findings, broadly described as "bond compliance" and attached to this document. Since 2004, there have been changes to federal law, custom and practice, and the market for federally tax-exempt conduit bonds. Importantly, the federal SEC in Rule 15c-212 established a protocol for continuing disclosure to the marketing place. Under this SEC rule, conduit borrowers, not the conduit issuer, are the persons responsible for ensuring disclosure to the marketplace. To comply with this SEC mandate, the Municipal Securities Rulemaking Board ("MSRB"), the self-regulatory organization charged by Congress with promoting a fair and efficient municipal securities market created and operates the EMMA website, a widely available and free online disclosure resource for conduit and other federally tax-advantaged bonds. See https://emma.msrb.org. In light of the above, we recommend the following updates to reflect the conduit nature of the federally tax-exempt bonds, the federal nature of the benefit they confer, and the absence of State involvement. The proposed updates to the Bond Handbook will clarify the Authority's responsibilities with respect to conduit bonds. These updates:

- Eliminate, on a prospective and retrospective basis, legacy compliance and reporting requirements which mandate reporting that is no longer necessary – see the EMMA website and SEC Rule 15c-212;

- Add a single, more flexible provision that will enable the Authority to monitor certain items at its sole discretion;
- Clarify the Authority’s role in conduit bond transactions – and the limitations of that role; and
- Make certain other clean-up changes.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Six Months Ended June 30, 2004

Finding #04-03: Failure to Monitor Bond Compliance

Current Findings – State Compliance

Finding #04 – 03 Failure to Monitor Bond Compliance

The Authority does not have adequate procedures in place to effectively monitor compliance with conduit debt loan and indenture agreements.

The Authority is responsible for the administration of over $19 billion in conduit debt. Conduit debt is limited issue revenue bonds that are secured solely by the revenue streams of and property financed by the borrower. Neither the Authority nor the State of Illinois is obligated in any manner for repayment of the debt. In order to test the Authority's compliance with conduit debt loan and indenture agreements, we selected a sample of 66 bonds, 40 issued prior to January 1, 2004 by former agencies and 26 issued between January 1, 2004 and June 30, 2004 by the new Illinois Finance Authority. There are approximately 950 conduit debt bonds that were issued prior to January 1, 2004 by the former agencies. The 26 bonds issued between January 1, 2004 and June 30, 2004 represented the total bonds issued by the Illinois Finance Authority during the examination period. The following is a detailed list of the noncompliance with conduit debt loan and indenture agreements noted during our sample testing relating to our sample of 40 bonds issued by former agencies:

- Out of 23 bonds that required annual financial statements to be sent to the Authority (within 120-180 days depending on the loan agreement), the Authority did not provide to auditors the borrower's financial statements for six (6) bonds with a total outstanding balance of $550 million. For the remaining 17 financial statements, it could not be determined as to when the financial statements were received. The Authority is to receive annual financial statements from the borrower within 120-180 days (depending on the loan agreement) of borrowers year-end.

- Out of seven (7) bonds that required quarterly financial statements to be sent to the Authority, the Authority did not provide to auditors the borrower's quarterly financial statements for four (4) bonds with a total outstanding balance of $251 million. The Authority is to receive quarterly financial statements from the borrower within 90 days of the borrower's respective quarter end.

- Out of eighteen (18) bonds that required an annual certificate of compliance to be sent to the Authority, the Authority did not provide to auditors the certificates of compliance for six (6) bonds with a total outstanding balance of $419 million. The Authority is to receive from the borrower an annual certificate of compliance by the due date specified in the respective loan agreements.

- Out of three (3) bonds that required an annual report on the number of workers that are employed by the bond's project to be sent to the Authority, the Authority did not provide to auditors copies of annual reports stating the number of employees for two (2) bonds with a total outstanding balance of $249 million. The Authority is to receive from the borrower an annual report on the number of workers that are employed by the bond's project by the due date specified in the respective loan agreements.

- During the period from January 1, 2004 through June 30, 2004, twelve (12) bonds had trustee changes that occurred, and for two (2) of these bonds with a total outstanding balance of $112 million the correspondence from the new trustee could not be provided to auditors. Upon a change of trustee, the new trustee is to send the Authority correspondence that they will follow the policies of the bond's indenture agreement.

Current Findings – State Compliance

Finding #04 – 03 Failure to Monitor Bond Compliance (Continued)

Relating to our entire sample of 66 bonds issued by Illinois Finance Authority and prior agencies:

- The Authority could not provide to auditors copies of the Form C-08, "Notice of Payment of Bond Interest and/or Principal", required to be filed with the Office of the State Comptroller for 18 bond principal and/or interest payments that occurred between January 1, 2004 and June 30, 2004 for 17 bonds (one issue had two payments due) with a total outstanding balance of $978 million. In relation to the samples, there were 90 bond principal and/or interest payments that occurred between January 1, 2004 and June 30, 2004. The Authority is to receive or have access to a copy of the Form C-08 that the trustee prepares and mails to the State Comptroller's office. A Form C-08 is required by the State to be prepared for each transaction of a bond principal and/or interest payment. If no fiduciary arrangement exists, the Authority prepares and mails the Form C-08 to the State Comptroller's office.

The Office of the State Comptroller prepared a listing of revenue bonds that had delinquent reporting activity during the period of January 1, 2004 through June 30, 2004. A review of that listing, dated September 2, 2004, resulted in the following conditions being noted:

- 179 interest and 92 principal payment transmittal forms (Form C-08) were not received in a timely manner.
- 9 interest and 1 principal payment transmittal forms (Form C-08) were past due and were not received.
- 13 prospectus and 8 maturity schedule transmittal forms (Form C-05) were not received in a timely manner.
- 3 maturity schedule transmittal forms (Form C-05) were past due.

Section 31.30.10 of the Statewide Accounting Manual System (SAMS) requires that a copy of the prospectus and maturity schedule be submitted by the agency that issued the revenue bonds within 30 days subsequent to the closing date, or the beginning date of borrowing, whichever is later. In addition, section 31.30.20 of the SAMS manual requires a Notice of Payment to be submitted within 30 days from the date the voucher is processed for payment, or within 15 days from the Agency's receipt of the trustee's monthly statement.

Management indicated the situation was the result of the consolidation of the prior agencies into the new Illinois Finance Authority.

Failure to ensure compliance with the conduit debt loan and indenture agreements could put the State at risk and could jeopardize future bond sales. (Finding Code No. 04 – 03)

State of Illinois
Illinois Finance Authority

Compliance Examination
For the Six Months Ended June 30, 2004

Current Findings – State Compliance

Finding #04 – 03 Failure to Monitor Bond Compliance (Continued)

Recommendation

We recommend that the Authority create internal controls to adequately monitor, review and retain documents received from the borrower per the loan agreements and from the trustee per the indenture agreements. Further the Authority should establish internal controls that ensure the State Comptroller's office receives the required forms in a timely manner.

Authority Response

The Authority accepts the recommendation.

The Authority fully understands these requirements and the complexity of the matter. The Authority is in the process of building a system for monitoring compliance with the requirements as stated in this Finding.

The Authority is responsible for monitoring over 1100 bond issues of the IFA, IHFA, IEFA, IFDA, IRBB and IDFA that span decades. The monitoring is complex because the transactions are not standardized and each bond issue contains a unique set of compliance requirements. Therefore, the Authority will consider the cost/benefit of implementation along with the risk involved with degrees of monitoring and tracking.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Six Months Ended June 30, 2004

Finding #04-04: Inadequate Internal Control Review of Bond Trustees

Current Findings – State Compliance

Finding #04 – 04 Inadequate Internal Control Review of Bond Trustees

The Authority does not have adequate procedures for reviewing internal controls in place at trustee banks that administer outstanding bonds.

The Authority has 55 trustees and paying agents as of June 30, 2004. The trustees and paying agents are chosen by the borrower, but subject to approval by the Authority. Each has the responsibility for receipts and disbursements of funds associated with the conduit debt. At June 30, 2004, the total amount of conduit debt under trustee management is approximately $19 billion representing approximately 950 issues. The trustees receive interest and principal payments, make interest payments to investors and perform various reporting functions. The Authority has not evaluated the significance of the 55 trustees and paying agents to determine which are performing accounting functions significant to the Authority's operations. Because of the significance of the procedures performed, many of the trustees have an internal control review performed by an outside auditor in the form of a SAS 70 report.

The Authority does not have adequate procedures in place to determine from which trustees it should obtain SAS 70 reports. Nor does the Authority have adequate procedures in place to review and evaluate the SAS 70 reports on its trustees. In our testing, we noted the Authority did not have SAS 70 reports on all of its trustees. From the 13 reports the Authority had available, we reviewed 12 reports in detail. Out of the 12 reviewed, we noted two (2) trustee SAS 70 reports that contained deficiencies in their internal controls. Although these two (2) trustees are responsible for less than 3% of the bonds outstanding, procedures need to be established to review all of the SAS 70 reports and follow up on findings noted in those reports.

Management indicated the cause of this situation was their lack of awareness of the SAS 70 review process.

Due to the significance of the reliance placed by the Authority on the procedures performed by the trustees and paying agents, it is critical that internal controls be properly monitored. Without appropriate monitoring, errors could be made in bond principal and interest payments, payments to investors or various reporting requirements. (Finding Code No. 04-04)

Recommendation

We recommend the Authority establish procedures to appropriately monitor the internal controls of the trustees and paying agents responsible for bond administration. This includes procedures for obtaining, reviewing and following-up on SAS 70 reports of all trustees.

Current Findings – State Compliance

Finding #04 – 04 Inadequate Internal Control Review of Bond Trustees (Continued)

Authority Response

The Authority accepts the recommendation.

The Authority is establishing procedures to monitor the internal controls of the institutions responsible for administration of bond proceeds. This includes a process for ranking the significance of the trustees and paying agents, and procedures for obtaining, reviewing and following-up on SAS 70 reports.

The Authority presently is in possession of and has reviewed SAS 70 reports for 13 of 19 trustees associated with the outstanding conduit bonds issued by the IFA, IHFA, IEFA, IFDA, IRBB and IDFA. Collectively, these 13 institutions represent well over 90% of the trustee activity for the Authority's outstanding bonds. The Authority is in the process of obtaining the remaining reports, including SAS 70 reports for paying agents, if available.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2005

Finding #05-03: Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

Current Findings – State Compliance

Finding #05 – 03 Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

The Authority did not report required revenue bond information to the Illinois Office of the Comptroller (Comptroller).

During the fiscal year ended June 30, 2005, there were 818 conduit debt bonds with a total principal balance outstanding of $20.4 million that were in the care of the Authority. The Comptroller prepared a listing of revenue bonds that had delinquent reporting activity. A review of that listing, dated August 31, 2005, resulted in the following conditions being noted:

- 191 interest and 98 principal notice of payments were not reported in a timely manner.
- 385 interest and 68 principal notice of payments were past due and were not reported.
- 10 prospectuses and 9 maturity schedules were not received in a timely manner.

In our testing of 25 of 50 bonds issued in fiscal year 2005, we noted the Authority had implemented controls to improve its compliance with conduit debt loan and indenture agreement reporting requirements as reported in the prior year's finding.

Section 31.30.10 of the Statewide Accounting Management System (SAMS) requires that a copy of the prospectus and maturity schedule be submitted by the agency that issued the revenue bonds within 30 days subsequent to the closing date, or the beginning date of borrowing, whichever is later. In addition, section 31.30.20 of the SAMS manual requires a Notice of Payment to be submitted within 30 days from the date the voucher is processed for payment, or within 15 days from the Agency's receipt of the trustee's monthly statement.

Management indicated that there was miscommunication between the bond trustees and the Authority in regards to the reporting requirements of the bond trustees.

By not providing Information on new revenue bonds issued and the dates and amounts of principal payments made to the Comptroller it inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 05 – 03; 04 – 03)

Recommendation

We recommend the Authority improve communications with the bond trustees and strengthen internal controls to ensure the Comptroller receives the required revenue bond reporting information in a timely manner.

Authority Response

The Authority accepts the recommendation. The Authority has implemented a system, with a designated compliance officer, to monitor Trustee compliance in order to improve reporting to the Illinois Office of the Comptroller. We have also met with the Comptroller's Office in 2005. The Comptroller's Office has agreed to provide feedback to the Authority to address delinquencies of the above forms. The Authority will then be able to follow up with the respective Trustees and improve bond compliance.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2006

Finding #06-02: Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

Current Findings – State Compliance

Finding #06 – 02 Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

The Authority did not report required revenue bond information to the Illinois Office of the Comptroller (Comptroller).

During the fiscal year ended June 30, 2006, there were 803 conduit debt bonds with a total principal balance outstanding of $20.9 billion that were in the care of the Authority.

We examined the Comptroller's report of delinquent notices of principal and interest payments dated August 31, 2006. The report indicated that there were approximately 1300 delinquent notices of principal and interest payments. The Authority also receives the same notices of principal and interest payments from the bond trustees that are filed with the Comptroller. The Authority's records indicated approximately 12 delinquent notices of principal and interest payments. We were unable to determine which records were accurate.

Section 31.30.10 of the Statewide Accounting Management System (SAMS) requires that a copy of the prospectus and maturity schedule be submitted by the agency that issued the revenue bonds within 30 days subsequent to the closing date, or the beginning date of borrowing, whichever is later, to the Comptroller. In addition, section 31.30.20 of the SAMS manual requires a Notice of Payment to be submitted within 30 days from the date the voucher is processed for payment, or within 15 days from the Agency's receipt of the trustee's monthly statement.

Management indicated that they have had numerous communications with the Comptroller in order to eliminate the inconsistencies between the Comptroller's reports and the Authority's reports.

By not providing information on new revenue bonds issued and the dates and amounts of principal payments made to the Comptroller, it inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 06 – 02; 05 – 03)

Recommendation

We recommend the Authority continue to work with the Comptroller's Office to comply with SAMS Procedures for bond reporting requirements with the Comptroller.

Authority Response

The Authority accepts the recommendation. The Authority will continue to work with the Comptroller's Office to eliminate discrepancies between the Comptroller's Reports and the IFA Reports.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2007

Finding #07-02: Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

CURRENT FINDINGS – STATE COMPLIANCE

Finding # 07-02 Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

The Authority did not report required revenue bond information to the Illinois Office of the Comptroller.

During the fiscal year ended June 30, 2007, the total outstanding balance of conduit debt that was in the care of the Authority was $21.3 billion.

The Comptroller's office reported 184 delinquencies while the Authority had 20 delinquencies on its records. During our detailed testing, we selected 54 samples of delinquent records from the Comptroller's listing. We noted that 14 (26%) notices were not submitted timely. We also selected 27 newly issued bonds for compliance. We noted that 2 out of 27 (7%) bond transcripts did not match the repayment schedules on the "Bond Interest and Redemption Schedule" form C-05 reported to the Comptroller. The bond transcript is the document that specifies that actual repayment schedule for the bonds.

Section 31.30.10 of the Statewide Accounting Management System (SAMS) requires that a copy of the prospectus and maturity schedule be submitted by the agency that issued the revenue bonds within 30 days subsequent to the closing date, or the beginning date of borrowing, whichever is later, to the Comptroller. In addition, section 31.30.20 of the SAMS manual requires a Notice of Payment to be submitted within 30 days from the date the voucher is processed for payment, or within 15 days from the Agency's receipt of the trustee's monthly statement.

Authority management stated that the discrepancy is due to the Authority personnel preparing the form C-05 based on the bond agreement and not the actual bond transcript.

By not providing information on new revenue bonds issued and the dates and amount of principal payments made to the Comptroller, it inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 07-02, 06-02, 05-03).

Recommendation

We recommend the Authority review its procedures to ensure that the information submitted to the Comptroller's office for newly issued bonds is submitted timely and that the information is accurate. Further, the Authority should ensure that the Notice of Payment forms are submitted to the Comptroller's office timely.

Authority Response

The Authority accepts the auditor's recommendation. In order to file the maturity schedule with the Office of the Comptroller within 30 days subsequent to the closing date, which is required, the Authority has to rely on the bond information provided by outside parties. The bond transcript is usually not available to the Authority until 60 to 90 days after a bond closing. The Authority is currently reviewing ways to strengthen its policies to ensure that repayment schedules reported to the Comptroller match the bond transcripts. In addition the Authority will increase the frequency of correspondence with the Comptroller's Office and its bond trustees from annually to quarterly to improve the accuracy and timeliness of the required revenue bond reporting.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2008

Finding #08-04: Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

CURRENT FINDINGS – STATE COMPLIANCE

Finding # 08-04 Failure to Report Revenue Bond Information to the Illinois Office of the Comptroller

The Authority did not report all of the required revenue bond information to the Illinois Office of the Comptroller.

During the fiscal year ended June 30, 2008, the total outstanding balance of conduit debt that was in the care of the Authority was $22 billion.

Section 31.30.10 of the Statewide Accounting Management System (SAMS) requires that a copy of the Prospectus/Official Statement and the form C-05 "Bond Interest and Redemption Schedule" be submitted by the agency that issued the revenue bonds within 30 days subsequent to the closing date, or the beginning date of borrowing, whichever is later, to the Comptroller. In addition, section 31.30.20 of the SAMS manual requires the form C-08, "Notice of Payment of Bond Interest and/or Principal" be submitted within 30 days from the date the voucher is processed for payment, or within 15 days from the Agency's receipt of the trustee's monthly statement.

During our detailed testing, we selected a sample of 23 delinquent records from the Comptroller's listing. We noted that according to the Authority's records 8 (35%) of the C-08 notice forms were not submitted to the Comptroller timely.

We also selected 30 newly issued bonds for detailed testing. We noted the following:

- For 2 of the 30 (7%) bonds tested the bond issue dates did not match the C-05.
- For 2 of the 30 (7%) bonds tested 2 of 11 required C-08's forms were missing.
- For 1 of the 30 (3%) bonds tested the interest payments reported to the Comptroller on the form C-08's were paid monthly or weekly yet the C-05 reported that interest was only due at maturity.
- 2 of the 30 (7%) bonds tested were missing the bond interest and redemption schedule required to be filed with the Comptroller on form C-05.
- 1 of the 30 (3%) bonds tested was missing the tax exempt certificate required to be filed as part of the Prospectus/Official Statement with the Comptroller.

Authority management stated that this repeat finding is due to discrepancies among records and receipt dates maintained by the Illinois Office of the Comptroller, the individual bond trustees and the Authority. Authority management stated that they are in weekly or bi-weekly contact with the Comptroller's office in an effort to resolve these differences.

By not providing information on new revenue bonds issued and the dates and amount of principal payments made to the Comptroller, it inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 08-04, 07-02, 06-02, 05-03)

Recommendation

We recommend the Authority review its procedures to ensure that the C-05 forms and other information submitted to the Comptroller's office for newly issued bonds is submitted timely and that the information is complete and accurate. Further, the Authority should ensure that the C-08 forms are submitted to the Comptroller's office timely.

Authority Response

The Authority accepts the auditor's recommendation. The Authority receives information from and regularly communicates with several different trustees, all hired by the issuer, regarding the deadlines. All correspondence with Trustees, Paying Agents and/or Borrowers stress the importance of submitting required information within the 30-day period to both the Illinois Office of the Comptroller and the Illinois Finance Authority. The Authority continues to work with the Illinois Office of the Comptroller on at least a monthly basis, to provide the timely, accurate and complete information required under the SAMS manual to support bonds issued by the Authority.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2010

Finding #10-6: Delinquent Reporting of Bond Activity

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

10-6. **Finding** (Delinquent reporting of bond activity)

Illinois Finance Authority (Authority) did not timely submit the required transaction reporting for its revenue bond interest and principal payments to the Illinois Office of the Comptroller (Comptroller).

During our testing of the conduit bond issuances, we noted the following:

- The Authority reissued the revenue bond series 2007 as revenue bond series 2009 on October 15, 2009, through an amendatory resolution of the Board of Trustees. The Bond Interest and Redemption Schedule (form C-05) of the reissued revenue bond should have been submitted to the Office of the Comptroller on or before November 15, 2009. However, the Form C-05 was submitted on June 30, 2010, 228 days late.

- Eleven of 70 (16%) Notice of Payment of Bond and/or Principal (form C-08) tested were not submitted timely with the Office of the Comptroller. Form C-08s were submitted from 12 to 213 days after they were due.

Statewide Accounting Management Procedure (SAMS) 31.30.10 requires agencies to submit Form C-05 within 30 days from date of closing and SAMS Procedure 31.30.20 requires agencies to submit form C-08 to the Office of the Comptroller within 30 days from the date the voucher is processed for payment for those agencies who are the "paying agent" to bond owners. For agencies who utilize trustees as their "paying agent", a form C-08 should be prepared and submitted within 15 days of the agency's receipt of the trustee's monthly statement.

Authority management indicated there was a miscommunication on the reissuance of revenue bonds due to personnel transition. The transition also resulted in a failure to send reminders to the bond trustees to timely file the form C-08s.

Failure to submit the forms C-05 and C-08 to the Comptroller on a timely basis inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 10-6)

Recommendation

We recommend Authority management timely submit form C-05 to the Comptroller and monitor its trustee's submission of the form C-08s to the Comptroller to ensure compliance with the SAMS requirements.

CURRENT FINDINGS - STATE COMPLIANCE (Continued)

Authority Response

The Authority accepts the Auditor's recommendation. Obligations of the Authority are primarily conduit obligations, not monies paid by the State. Regular payments of principal and interest on the Authority's obligations are made by the conduit borrower to the third party - a Bond Trustee, Paying Agent, Fiscal Agent or similar third party who receives payment of debt service on the obligation by the conduit borrower (not the State of Illinois). Each payment is monitored by the third party who forwards payment information to the Authority. The collection of such information and the requirement for such third parties (Bond Trustee, Paying Agent, Fiscal Agent or similar third party), to timely submit such payment information to the Authority is incorporated into the bond documents in each transaction. However, the Authority has no power to enforce compliance with the reporting of such information by such third parties. The Authority continues to communicate with such third parties and request more timely filing of payment information – and prompt reporting to the State.

The Authority's failure to file the C-05 was due to a staff departure near the time of closing. The Authority will follow the Auditor's recommendation to timely submit the forms to the Office of the Comptroller

The Authority continues to monitor C-08s not received within 10 calendar days of a scheduled payment to ensure communications regarding deadlines are made regularly with Trustees and/or Paying Agents. All correspondence with Trustees, Paying Agents and/or Borrowers stress the importance of submitting required information within the 30-day period to both the Illinois Office of the Comptroller ("IOC") and the Authority. The Authority continues to work with the IOC to materially reduce the number of delinquent filings.

State of Illinois – Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2011

Finding #11-5: Delinquent Reporting of Bond Activity

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

11-5. **Finding** (Delinquent reporting of bond activity)

The Illinois Finance Authority (Authority) did not timely submit the bond closing notifications to local legislatures and did not timely submit required transaction reporting for its revenue bonds to the Illinois Office of the Comptroller (Comptroller).

During our testing of conduit bond issuances, we noted the following:

- The Authority is required to notify local legislatures for new bond issuances in accordance with its policies and procedures. Notification letters to local legislatures for 12 (100%) new issuances tested were not timely transmitted. Notification letters were transmitted from 68 to 376 days after they were due.

- 25 of 223 (11%) Notice of Payment of Bond and/or Principal (form C-08) tested were not submitted timely with the Office of the Comptroller. Form C-08s were submitted from 4 to 148 days after they were due.

The Illinois Finance Authority Policies and Procedures section 70.10.000 requires preparation of letters to local legislatures informing them of the financing within 30 days of bond closing.

The Statewide Accounting Management System (SAMS) Manual procedure 31.30.20, page 1, requires agencies to submit Form C-08 to the Office of the Comptroller within 30 days from the date the voucher is processed for payment for those agencies who are the "paying agent" to bond owners. For agencies who utilize trustees as their "paying agent", a Form C-08 should be prepared and submitted within 15 days of the agency's receipt of the trustee's monthly statement.

Authority management stated that staff assigned to prepare notification to local legislatures failed to do. The bond trustees did not submit Form C-08 to the Comptroller timely as required.

By not notifying the local legislature of new bond issuances it may inhibit the Authority's ability to work effectively with local stakeholders in public financing projects. Failure to submit accurate Form C-08 to the Office of the Comptroller on a timely basis inhibits the Comptroller from performing its responsibilities to record and monitor State debt. (Finding Code No. 11-5, 10-6)

Recommendation

We recommend Authority management train new personnel responsible for notifying the local legislatures about the Authority's policies and procedures related to processing bond transactions. Further, we recommend the Authority monitor its trustee's submission of the form C-08s to the Comptroller to ensure compliance with the SAMS requirements.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority will train and provide the policies and procedures to new personnel. The Authority takes very seriously the process of the C-08's. The Authority receives over 7,000 C-08's per fiscal year. The Authority process is that any C-08 that has not been received within 10 calendar days of the "scheduled" payment date, an email reminder is sent out with weekly reminders until it's received. The Authority is in constant communication with the Office of the Comptroller and will continue to work with them to try to eliminate the lateness of the C-08's.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2011

Finding #11-6: Failure to Monitor Outstanding Bonded Indebtedness of the Illinois Farm Development Bonds

11-6. **Finding** (Failure to monitor outstanding bonded indebtedness of the Illinois Farm Development Bonds)

The Illinois Finance Authority (Authority) did not properly monitor the outstanding bonded indebtedness of the Illinois Farm Development Bonds as of June 30, 2011.

The Authority, as an issuer of bonds including conduit Illinois Farm Development Bonds (bonds) is required to annually report the aggregate outstanding bonded indebtedness of the bonds to the Illinois Office of the Comptroller (Comptroller). In order to do this, the Authority uses a loan database system to track bond issuances and balances. The database has been designed to generate verification letters that are sent to the lender banks each fiscal year to determine outstanding balances of the bonds. The lender banks are required to verify the principal, interest, and outstanding balance of a borrower. The verification letters received from the lender banks are encoded into the loan database and a report is generated by the database summarizing bond issuances by type, loan amount, and current balance and details of each borrower such as the borrower name, type of loan, loan number, loan amount and current balance. This report is submitted to the Comptroller within 90 days after the year ends.

During our testing of 25 loans issued under the Illinois Farm Development Bonds program, we noted the Authority did not send verification letters to monitor and obtain an updated outstanding bonded indebtedness on 3 (12%) loans tested totaling $519,577.26. The loan database system did not generate the annual verification letters. As a result these loans have not been verified since fiscal year 2008 and, therefore, the outstanding loan balances reported to the Comptroller may not be accurate.

The Statewide Accounting Management System (SAMS) Procedure 31.10.10 page 1 requires State agencies to submit bond issues information with the Comptroller relating to periodic transactions involving redemption of principal, payment of interest and outstanding bonded indebtedness. Good internal control requires adequate oversight of processes to ensure errors are prevented, detected, and timely corrected.

Authority management stated that the exceptions were due to errors in the loan database system not immediately identified because of inadequate maintenance of the system.

Failure to monitor outstanding bonded indebtedness increases the likelihood of misstatements on the reports submitted to the Comptroller and inhibits its ability to compile accurate Statewide indebtedness information. (Finding Code No. 11-6)

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Recommendation

We recommend Authority management strengthen controls over the maintenance of its loan database system to ensure outstanding loans are properly verified and accurate reports are submitted to the Comptroller.

Authority Response

The Authority accepts the Auditor's recommendation. The Authority is in the process of acquiring a consultant to review and provide feedback on the loan database system. The Authority will take the appropriate steps to improve the loan database system once the review has been completed.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2012

Finding #12-7: Delinquent Reporting of Bond Activity

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
(A Component Unit of the State of Illinois)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CURRENT FINDINGS - STATE COMPLIANCE

12-7. **FINDING** (Delinquent Reporting of Bond Activity)

The Illinois Finance Authority (Authority) did not timely submit transaction reporting for bond principal and interest payments to the Office of the State Comptroller.

During testing of 40 bond issuances with 348 distinct payments requiring the filing of a *Notice of Payment of Bond Interest and/or Principal* report (Form C-08) during Fiscal Year 2012, the auditors noted the following:

- 40 of 348 (11%) interest and/or principal payments tested had a Form C-08 filed with the State Comptroller where the payment's date, principal and interest amounts, and/or outstanding bond indebtedness did not agree with the schedule of payments contained in the respective bond's trust indenture. Further, the Authority's documentation did not have a revised *Bond Interest and Redemption Schedule* (Form C-05) filed with the State Comptroller to substantiate a change in each bond's payment schedule.

- 30 of 348 (9%) interest and/or principal payments reporting forms (Form C-08) tested were submitted to the Office of the State Comptroller between two to 50 days late. In accordance with the official documents for each bond, the bond trustees are responsible for completing and filing the information with both the State Comptroller and the Authority.

- Three of 348 interest and/or principal payments tested did not have the Form C-08 documentation on file; therefore, the auditors were unable to determine the timeliness and accuracy of these reports.

- Two of 348 interest and/or principal payments tested did not have a properly completed Form C-08, as the bond trustee did not indicate the amount of bond principal still outstanding.

The Statewide Accounting Management System (SAMS), Procedure 31.30.20, requires the Authority prepare and submit a Form C-08 report to the Office of the State Comptroller within 30 days from the date the voucher is processed for payment when the Authority is the "paying agent" to bond holders. For situations where the bond trustees are the "paying agent," a Form C-08 report should be prepared and submitted within 15 days of the Authority's receipt of the trustee's monthly statement.

CURRENT FINDINGS - STATE COMPLIANCE

Authority management stated the various bond trustees either did not submit or did not accurately submit the Form C-08 to the State Comptroller, as required.

Failure to timely submit accurate *Notice of Payment of Bond Interest and/or Principal* reports to the Office of the State Comptroller inhibits the State Comptroller's ability to record and monitor State debt transactions. (Finding Code Nos. 12-7, 11-5, 10-6)

RECOMMENDATION

We recommend the Authority continue to monitor and work with the bond trustees to improve compliance with principal and/or interest reporting requirements.

AUTHORITY RESPONSE

The Authority accepts the recommendation. The Authority remains active in seeking timely submittal of C-08 forms from its bond trustees. In addition to the state reporting requirements, the Authority needs the information from the C-08 forms to properly account for bond payments. However, current laws and regulations lack the enforcement capabilities needed to ensure compliance.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2013

Finding #2013-001: Inadequate Monitoring of Borrower Compliance

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
(A Component Unit of the State of Illinois)
SCHEDULE OF FINDINGS

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2013-001. **FINDING** (Inadequate Monitoring of Borrower Compliance)

The Illinois Finance Authority (Authority) did not have adequate internal controls to properly monitor borrower covenant compliance for bonds and loan agreements reported on the face of the Authority's basic financial statements.

These bonds or loan agreements include:

1) Revenue bonds issued for the Bond Bank Lending Program to support the financing needs of local governments within the State;
2) Revenue bonds issued for the benefit of other agencies and component units of the State, as required to be shown under Interpretation No. 2 of the Governmental Accounting Standards Board;
3) Fire Truck Revolving Loans;
4) Ambulance Revolving Loans; and,
5) Participation Loans.

Bond Bank Lending Program

During covenant compliance testing of the 53 local government unit borrowers within the Bond Bank Lending Program and covenants within the Bond Bank Revenue Bond Series 1999A, 2003A, 2003B, 2006A, and 2006B bonds, the auditors noted the following:

- For 53 of 53 (100%) local government borrowers tested, the Authority could not provide the local government's latest audited financial statements.

  The Local Government Securities Purchase Agreement, Section 4(c), requires the local government borrower to provide its annual audited financial statements to the Authority no later than 180 days following the conclusion of the entity's Fiscal Year.

- For 22 of 53 (42%) local government borrowers tested, the Authority could not provide the required written notification to the Bond Trustee and the Authority from the local government borrower about whether the local government reasonably believes that it will or will not have sufficient moneys to make its next two regularly scheduled principal and interest payments.

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2013-001. **FINDING** (Inadequate Monitoring of Borrower Compliance) (continued)

The Local Government Securities Purchase Agreement, Section 4(a), requires the local government borrower to provide the Authority with written notification concerning its ability to continue paying the next two regularly scheduled debt service obligations when it makes a regular principal and interest payment on the outstanding indebtedness.

- The Authority did not have a process or procedure to monitor local government borrower compliance for the 34 local governments with the debt service coverage ratio requirement of 1.25 to 1 (annual revenues ÷ total annual debt service). After receiving a confirmation from the Authority of this condition, the auditors sought the audited financial statements of the 34 local government borrowers from the Office of the State Comptroller. The auditors noted the following:
    - From a review of each entity's financial reports, it appears 19 of 34 (56%) of the local government borrowers may not have met the required debt service coverage.
    - The auditors were unable to make any determination for five of the 34 (15%) local government borrowers, as they had not filed their financial statements with the Office of the State Comptroller.

The Official Statement, Appendix C, states these local governments have covenanted that they will maintain a debt service coverage ratio of, at least, 1.25 to 1.

According to bond documents, the failure of the local government borrowers to comply with these requirements does not trigger a call on any security under the Authority's Indenture. Rather, noncompliance with the provisions of this Appendix represents that the local government borrower is not complying with its own ordinances and the alternative revenue bond requirements of the Local Government Debt Reform Act (30 ILCS 350/15(c)).

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2013-001. **FINDING** (Inadequate Monitoring of Borrower Compliance) (continued)

As part of the security offered to bondholders for timely payment, the bonds issued to fund the Bond Bank Lending Program are secured by a moral obligation of the State of Illinois, as provided for under the Illinois Rural Bond Bank Act, in the original instance, and the Illinois Finance Authority Act (Act) (20 ILCS 3501/801-40(w)) now. Under the Act, the revenue bonds are secured by a non-binding covenant where, in the event the Authority determines projected receipts from each local government's trust estate are insufficient for the payment of principal and interest during the next State Fiscal Year, the Chair of the Authority's Board of Directors shall certify the shortfall necessary to continue the bond's scheduled debt service payments to the Governor. In turn, the Governor shall submit the amount to the General Assembly, which may appropriate moneys to make up the shortfall. However, the General Assembly is only morally, not legally, obligated to make any such appropriation.

Revenue Bonds Issued on Behalf of Other State Agencies and Component Units

During covenant compliance testing of the Series 2002 and 2004 bonds issued on behalf of the State of Illinois, Environmental Protection Agency's Water Revolving Fund, the auditors noted the following:

- The Authority did not complete an Officer's Certificate for the $500,000 deposit made into the Rebate Fund for the Series 2004 bonds.

  The Series 2004 Bond Indenture, Section 4.7, requires that all deposits into the Rebate Fund are made pursuant to an Officer's Certificate from the Authority at the request of the State of Illinois, Environmental Protection Agency authorizing the deposit.

During covenant compliance testing of the Series 2006A and 2006B bonds issued on behalf of the Illinois Medical District Commission (Commission), the auditors noted the following:

- The Authority did not ensure the Bond Trustee deposited $65,000 into the Replacement Reserve Fund, as the cash balance in the replacement reserve fund was below $325,000.

  The Series 2006 Indenture of Trust, Section 5.07(b)(vii), requires a monthly transfer of one-twelfth of the Replacement Reserve Deposit Requirement of $65,000 annually to the Replacement Reserve Fund so long as the Replacement Reserve Fund does not exceed $325,000.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
(A Component Unit of the State of Illinois)
SCHEDULE OF FINDINGS

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2013-001. **FINDING** (Inadequate Monitoring of Borrower Compliance) (continued)

- The Authority did not seek payment of delinquent annual fees, totaling $60,000, from the Commission. The auditors noted the Authority had not billed the Commission for the $15,000 fee due for 2009, 2010, 2011, and 2012.

  The Loan and Security Agreement, Section 4.6, requires the Commission pay the Authority an ongoing fee of $15,000 on or before January 1 of each year.

- The Authority did not demand reimbursement of legal fees, totaling $60,000, incurred in relation to the Commission's prior year noncompliance with its Debt Service Coverage Ratio requirement.

  The Loan and Security Agreement, Section 7.3, states, "In the event the Commission should default under any of the provisions of this Agreement, or the Trustee in good faith believe (sic) that the Commission is in substantial danger of defaulting hereunder and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of payments due under this Agreement or the enforcement of the performance or observance of any obligation or agreement on the part of the Commission herein contained or for the further protection of the Trust Estate, the Commission agrees that it will on demand therefore (sic) pay to the Issuer, the Trustee or the State the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Issuer, the Trustee or the State, to the extent permitted by Law."

- The Authority did not obtain an Officer's Certificate from the Commission upon its submission of unaudited financial statements to the Authority for the quarter ended September 30, 2012.

  The Loan and Security Agreement, Section 5.1(a), requires the Commission provide quarterly unaudited financial statements within 60 days after the end of each quarter accompanied by an Officer's Certificate stating the financial statements fairly represent the Commission's financial condition and results of operations.

During covenant compliance testing of the Series 2006 bonds issued on behalf of the Northern Illinois University Foundation (Foundation), the auditors noted the following:

- The Authority did not obtain an annual certificate from the Foundation in relation to their compliance with the bond covenants.

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2013-001. **<u>FINDING</u>** (Inadequate Monitoring of Borrower Compliance) (continued)

The Bond and Loan Agreement, Section 5.10, requires the Foundation review its activity during the preceding calendar year to determine whether or not it has complied, in all material respects, with the provisions of the Bond and Loan Agreement and has kept and fulfilled all of the covenants. Following this review, the Foundation is to certify the results of the review to the Authority on or before January 31 of the successive year.

- The Notice of Payment Bond Interest and/or Principal report (Form C-08) for the Foundation's February 21, 2013 interest payment, totaling $49,137, was submitted to the Office of the State Comptroller on September 9, 2013, 168 days late. In addition, the Form C-08 was improperly completed, as the Form C-08 did not indicate the bond issue title and series for the payment.

  The Statewide Accounting Management System, Procedure 31.30.20, requires the Authority prepare and submit an accurate Form C-08 report to the Office of the State Comptroller within 30 days from the date the voucher is processed for payment when the Authority is the "paying agent" to bondholders. For situations where the bond trustees are the "paying agent," a Form C-08 report should be prepared and submitted within 15 days of the Authority's receipt of the trustee's monthly statement.

Fire Truck and Ambulance Revolving Loan Programs

During covenant compliance testing of 33 loan agreements within the fire truck and ambulance revolving loan programs, the auditors noted the following:

- For 28 of 33 (85%) loans tested, the Authority could not provide a current certificate of insurance coverage for the fire truck or ambulance securing the loan agreement. The auditors noted 11 instances where the Authority did not have any record of insurance coverage on the fire truck or ambulance and 17 instances where the Authority's records indicated the insurance had lapsed between December 31, 2006 and June 12, 2012.

  The Loan Agreement, Section 8.5, requires the borrower both continuously keep the fire truck or ambulance securing the loan insured during the term of the loan agreement and furnish the Authority with insurance coverage certificates evidencing sufficient insurance coverage throughout the term of the agreement.

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2013-001. **FINDING** (Inadequate Monitoring of Borrower Compliance) (continued)

- For 17 of 33 (52%) loans tested, the Authority could not provide an original copy of title to the fire truck or ambulance securing the loan.

  The Loan Agreement, Section 4.2, requires the borrower to file with the Authority the title of the fire truck or ambulance securing the loan within 30 days after the borrower accepts delivery of the fire truck or ambulance.

- For 33 of 33 (100%) loans tested, the Authority could not provide the fire truck or ambulance's Acceptance Memorandum from the State of Illinois, Office of the State Fire Marshal (Fire Marshal). The Acceptance Memorandum is a certificate issued by the Fire Marshal indicating they have conducted a review and approved the fire truck or ambulance for purchase by the borrower.

  The Loan Agreement, Section 4.1, requires the borrower to deliver to the Authority the Acceptance Memorandum after the borrower's acquisition of the property.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance assets are safeguarded against loss. Good internal controls include monitoring borrowers' compliance with specific bond or loan covenants to reduce risk to the Authority. In addition, good internal controls include establishing and maintaining an active, continuing program for the economical and efficient management of the Authority's records.

Authority officials stated the Authority is still in the process of implementing an organized records management system capable of identifying where the specific records requested are retained within the Authority's files. In addition, some covenants and loan provisions might be outdated.

Failure to monitor borrower compliance with significant bond covenants could result in the Authority not identifying borrower noncompliance, potentially impacting the ability of the Authority to protect State assets. Further, failure to establish and maintain a record management system capable of identifying the specific location of the Authority's records limits the utility of records retained by the Authority. (Finding Code No. 2013-001, 12-1)

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
(A Component Unit of the State of Illinois)
SCHEDULE OF FINDINGS

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2013-001. **FINDING** (Inadequate Monitoring of Borrower Compliance) (continued)

RECOMMENDATION

We recommend the Authority develop, establish, and maintain a recordkeeping system capable of documenting receipt of the required bond and loan documents, which is capable of identifying the location of documents retained by the Authority. Further, we recommend the Authority monitor borrower compliance with significant covenants to detect and appropriately respond to any noted noncompliance.

AUTHORITY RESPONSE

The Authority accepts this finding. The Authority recognizes the importance of covenant compliance and will use this opportunity to accelerate implementation of its electronic record management system. In response to a similar finding in FY12, the Authority increased its management and compliance monitoring resources by 60%. These additional resources have already improved the Authority's covenant compliance process and results.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2013

Finding #2013-010: Inadequate Controls over New Bond Issuances

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
(A Component Unit of the State of Illinois)
SCHEDULE OF FINDINGS

CURRENT FINDINGS - STATE COMPLIANCE

2013-010. **FINDING** (Inadequate Controls over New Bond Issuances)

The Illinois Finance Authority (Authority) did not exercise adequate internal controls over new conduit bond issuances in Fiscal Year 2013.

During Fiscal Year 2013, the Authority conducted 45 separate conduit bond issuances, totaling $2,256,325,098. During testing, the auditors noted the following:

- Eight of 45 (18%) bond issuances, totaling $102,308,000, did not have the Form C-05, *Bond Interest and Redemption Schedule* report, filed timely with the Office of the State Comptroller. The reports were submitted between three and 61 days late.

- Two of 10 (20%) bond issuances sampled for detail testing, totaling $127,500,000, did not have its maturity schedule and interest amounts correctly reported to the Office of the State Comptroller on a Form C-05, *Bond Interest and Redemption Schedule* report.

The Statewide Accounting Management System (SAMS), Procedure 31.30.10, requires the Authority accurately submit specific information on a Form C-05 regarding new bond issuances within the latter of 30 days after the closing date or the beginning date of the borrowing.

Authority officials stated the inaccurate and untimely completion of the reports was due to oversight and the transfer of responsibilities to new employees.

Failure to timely submit accurate *Bond Interest and Redemption Schedule* reports to the Office of the State Comptroller inhibits the State Comptroller's ability to record and monitor State debt transactions. (Finding Code No. 2013-010)

RECOMMENDATION

We recommend the Authority review and enhance its internal controls to provide assurance Form C-05s are accurately prepared and timely filed with the Office of the State Comptroller.

AUTHORITY RESPONSE

The Authority accepts this finding.

The Authority restates its revenue and staffing challenges as a small State agency that does not rely upon appropriated taxpayer dollars to support its operations, as set forth in the Authority's Response to Finding 2013-005. The Authority has incorporated the use of individual checklists for each new conduit debt issuance, which includes the requirement to complete and submit a Form C-05. The Authority has also begun using a web-based project management application to

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SCHEDULE OF FINDINGS

CURRENT FINDINGS - STATE COMPLIANCE

2013-010. **FINDING** (Inadequate Controls over New Bond Issuances) (continued)

assist with assigning tasks, setting reminders and collaboration between team members. Additional resources have also been assigned to track the new conduit bond issuances and their reporting requirements. These efforts will help to ensure that the number of untimely submittals of Form C-05s to the Office of the State Comptroller will decrease in the future.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2013

Finding #2013-005: Inadequate Controls over Monitoring Conduit Covenant Compliance

CURRENT FINDINGS - STATE COMPLIANCE

2013-005. **FINDING** (Inadequate Controls over Monitoring Conduit Covenant Compliance)

The Illinois Finance Authority (Authority) did not have adequate internal controls to properly maintain records for monitoring covenant compliance for conduit bonds.

In accordance with the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)), the Authority issues limited obligation revenue bond and participates in lending and leasing agreements to provide low cost financing to businesses, agribusinesses, health care facilities, educational facilities, municipalities, and other organizations secured by the property financed. Although the Authority, State of Illinois, nor any political subdivision of the State of Illinois is obligated in any manner for the repayment of the debt, the various official bond documents from each debt issuance assign functions and responsibilities to the Authority.

During testing of the Authority's records for 60 conduit bonds outstanding, the auditors noted the Authority could not substantiate the receipt of required documentation from borrowers or show evidence of the Authority's monitoring of the following significant bond covenants:

- 30 of 60 (50%) of bond issues tested were missing a total of 94 execution documents the Authority should have received prior to the bond's closing or refunding date. The missing documents included 20 Official Statements, 18 loan/financing agreements, two local government purchase agreements, one security agreement, two bond and loan agreements, one ordinance, 19 Indentures, 25 tax exemption agreements, three depository agreements, one regulatory agreement, and two advance refunding documents.

- 14 of 60 (23%) of bond issues tested were missing a certificate and/or other reports certifying the project funded by the bond issuance had been completed.

- Seven of 60 (12%) of bond issues tested did not have a written report from the borrower within 90 days of completing the project indicating the total number of workers by type employed in completing the project.

- Six of 60 (10%) of bond issues tested did not have a written report from the borrower each year reporting the number of full-time equivalent employees employed at the project during the preceding year.

CURRENT FINDINGS - STATE COMPLIANCE

2013-005. **FINDING** (Inadequate Controls over Monitoring Conduit Covenant Compliance) (continued)

- 18 of 60 (30%) of bond issuances tested were missing the borrower's audited financial statements. Further, 13 of the noted bond issuances were also missing a separate written certification from the independent auditors certifying the auditors have obtained no knowledge of any default by the borrower in the terms, covenants, provisions, or conditions of the agreement.

- 29 of 60 (48%) of bond issues tested did not have an annual certification that the borrower has performed a review of its activities during the preceding year to determine the borrower has kept, observed, performed, and fulfilled every covenant and the borrower is not in default with any covenant. In the event the borrower is in default with one or more covenants, the borrower must specify the nature and detail of each default to the Authority.

- 11 of 60 (18%) of bond issues tested were missing certifications and/or calculations from required reports and/or financial ratios. The missing elements included current ratios, balance sheet tests, reserve ratios, historical debt service coverage ratios, supplemental ratio or percentages of income available for debt service, an aging schedule of accounts payable, a listing of contracts with the State of Illinois, Department of Human Services, an insurance certification, total student applications during the period, total annual capital campaign contributions, days cash on hand calculations, certifications of marketing and occupancy ratios, outstanding accounts receivable from Medicaid, and the entity's annual budget.

- One of 60 (2%) of bond issues tested did not have an annual certification of destruction for bonds cancelled and destroyed.

- One of 60 (2%) of bond issues tested did not have quarterly certifications of continuing program compliance on file with the Authority.

Further, the auditors noted the following during a review of statements from the Bond Trustee:

- 30 of 60 (50%) bond issues tested did not have any statements from the Bond Trustee.

- Two of 60 (3%) bond issues tested had statements from the Bond Trustee that reported certain required bond funds were not established pursuant to the bond's Indenture.

CURRENT FINDINGS - STATE COMPLIANCE

2013-005. **FINDING** (Inadequate Controls over Monitoring Conduit Covenant Compliance) (continued)

The Illinois Finance Authority Act (20 ILCS 3501/801-30(a)) states the Authority possesses all the powers as a body corporate necessary and convenient, including the power to enter into loans, contracts, agreements, and mortgages, in any manner connected with any of its corporate purposes. Good internal controls over compliance includes establishing an internal control structure designed to fulfill the Authority's ministerial and monitoring functions as created and established within official bond documents. In addition, good internal controls include establishing and maintaining an active, continuing program for the economical and efficient management of the Authority's records.

Authority officials stated the Authority is still in the process of implementing an organized records management system capable of identifying where the specific records requested are retained within the Authority's files.

Failure to fulfill the Authority's ministerial and monitoring functions as created and established within official bond documents represents noncompliance with the official bond document specifying the compliance requirement. Further, failure to establish and maintain a records management system capable of identifying the specific location of Authority records limits the usefulness of records retained by the Authority. (Finding Code No. 2013-005, 12-5)

RECOMMENDATION

We recommend the Authority develop, establish, and maintain a recordkeeping system documenting receipt of the required bond compliance documents, which is capable of identifying the location of documents retained by the Authority.

AUTHORITY RESPONSE

The Authority accepts this finding.

As a self-funded, non-appropriated State agency that operates on an enterprise/business model, the Authority has endured declining revenues in fees derived from federally tax-exempt debt issuances directly attributable to (1) a general decline in the dollar volume of tax-exempt bond issuance across sectors; (2) a general decline in the number of tax-exempt projects across sectors;

CURRENT FINDINGS - STATE COMPLIANCE

2013-005. **FINDING** (Inadequate Controls over Monitoring Conduit Covenant Compliance) (continued)

and (3) a general decline in the economic benefit to borrowers from tax-exemption due to economic conditions and the national interest rate environment over the same time period from calendar year 2008 to calendar year 2013.

Between calendar year 2008 and calendar year 2014, staff head count at the Authority, has declined from 31 to 15. Authority staff does not participate in any State defined-benefit pension fund and the Authority has procured its own employee benefits.

Since the close of the audit period on June 30, 2013, the Authority has increased staff assigned to compliance generally (as well as to other financial, audit, procurement duties) from one to five. This team oversees compliance of 1,475 bonds each with their own covenants. In addition to staffing increases, the Authority has implemented or is in the process of implementing digital systems to:

- Better monitor covenant compliance with respect to conduit debt;
- Better manage and retrieve documents with respect to conduit debt; and
- Better track and calendar covenant obligations of the Authority under the conduit bond documents.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Year Ended June 30, 2013

Finding #2013-007: Delinquent and Inaccurate Reporting of Bond Activity

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
(A Component Unit of the State of Illinois)
SCHEDULE OF FINDINGS

CURRENT FINDINGS - STATE COMPLIANCE

2013-007. **FINDING** (Delinquent and Inaccurate Reporting of Bond Activity)

The Illinois Finance Authority (Authority) did not timely submit transaction reporting for bond principal and interest payments to the Office of the State Comptroller.

During testing of 60 bond issuances with 351 distinct payments requiring the filing of a *Notice of Payment of Bond Interest and/or Principal* report (Form C-08) during Fiscal Year 2013, the auditors noted the following:

- 48 of 351 (14%) Form C-08s tested were submitted to the Office of the State Comptroller between two to 406 days late. In accordance with the official documents for each bond, the bond trustees are responsible for completing and filing the information with both the State Comptroller and the Authority.

- 8 of 351 (2%) Form C-08s tested contained discrepancies between the amounts reported on the Form C-08 and the schedule of payments within each respective bond's Indenture. The Authority was unable to provide the auditors with a reconciliation of the differences.

The Statewide Accounting Management System (SAMS), Procedure 31.30.20, requires the Authority prepare and submit a Form C-08 report to the Office of the State Comptroller within 30 days from the date the voucher is processed for payment when the Authority is the "paying agent" to bond holders. For situations where the bond trustees are the "paying agent," a Form C-08 report should be prepared and submitted within 15 days of the Authority's receipt of the trustee's monthly statement. Good internal controls over compliance include monitoring Form C-08 submissions to ensure the accuracy of information reported to the Office of the State Comptroller.

Authority officials stated the various bond trustees either did not timely or accurately submit the Form C-08 to the State Comptroller, as required. The Authority receives information from and regularly communicates with several different trustees. Additionally, the Authority sends out monthly reminders to the various trustees concerning late Form C-08s.

Failure to timely submit accurate *Notice of Payment of Bond Interest and/or Principal* reports to the Office of the State Comptroller inhibits the State Comptroller's ability to record and monitor State debt transactions. (Finding Code No. 2013-007, 12-7, 11-5, 10-6)

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
(A Component Unit of the State of Illinois)
SCHEDULE OF FINDINGS

CURRENT FINDINGS - STATE COMPLIANCE

2013-007. FINDING (Delinquent and Inaccurate Reporting of Bond Activity) (continued)

RECOMMENDATION

We recommend the Authority continue to monitor and work with the bond trustees to improve compliance with principal and/or interest reporting requirements.

AUTHORITY RESPONSE

The Authority accepts this finding.

The Authority has allocated additional staffing to increase communication with the bond trustees and the Office of the Comptroller. As with the Response to Compliance Finding 2013-005, in addition to increasing staffing, the Authority has implemented or is in the process of implementing digital systems to:

- Promote more timely notification of delays and/or noncompliance in the submission of compliance documents
- Increase the accuracy of reports submitted to the Office of the State Comptroller
- Better track and calendar covenant obligations of the Authority under the conduit bond documents.

As a result, the Authority anticipates more timely notification of late C-08 submissions by borrowers and/or discrepancies in borrower's/bond trustee's reporting to the Authority of the borrower's bond principal and interest payments. Authority staff can then work with the bond trustee, the borrower and the Office of the Comptroller to accurately resolve these issues in a timely manner.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Two Years Ended June 30, 2015

Finding #2015-004: Inadequate Controls over Conduit Debt

CURRENT FINDINGS - STATE COMPLIANCE

2015-004. **FINDING** (Inadequate Controls over Conduit Debt)

The Illinois Finance Authority (Authority) did not have adequate internal controls to properly maintain records for monitoring covenant compliance for conduit bonds.

In accordance with the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)), the Authority issues limited obligation revenue bond and participates in lending and leasing agreements to provide low cost financing to businesses, agribusinesses, health care facilities, educational facilities, municipalities, and other organizations secured by the property financed. Although the Authority, State of Illinois, nor any political subdivision of the State of Illinois is obligated in any manner for the repayment of the debt, the various official bond documents from each debt issuance assign functions and responsibilities to the Authority.

As of June 30, 2015, the Authority had $23.1 billion in conduit debt outstanding.

Covenant Compliance

Authority Functions and Duties
During testing of the Authority's records for 60 conduit bonds outstanding issued subsequent to January 1, 2004, the auditors noted the Authority could not substantiate the receipt of required documentation from borrowers or show evidence of the Authority's monitoring of the following significant bond covenants:

- Seven of 60 (12%) bond issuances tested did not have a certification stating the project funded by the bond issuance had been completed. Within the auditor's sample, eight (88%) bond issuances contained this provision.

- One of 60 (2%) bond issuances tested did not have quarterly certifications of continuing program compliance regarding dwelling units occupied by lower income tenants and a statement that either no unremedied default has occurred or the nature of the default and the steps being taken to remedy the default. Within the auditor's sample, one (100%) bond issuance contained this provision.

- 35 of 60 (58%) bond issuances tested were missing the borrower's audited financial statements. Within the auditor's sample, 44 (80%) bond issuances contained this provision.

CURRENT FINDINGS - STATE COMPLIANCE

2015-004. **FINDING** (Inadequate Controls over Conduit Debt) (continued)

- Nine of 60 (15%) bond issuances tested were missing a separate written certification from the independent auditors certifying the auditors have obtained no knowledge of any default by the borrower in the terms, covenants, provisions, or conditions of the agreement. Within the auditor's sample, 18 (50%) bond issuances contained this provision.

- 27 of 60 (45%) of bond issuances tested did not have an annual certification that the borrower has performed a review of its activities during the preceding year to determine the borrower has kept, observed, performed, and fulfilled every covenant and the borrower is not in default with any covenant. In the event the borrower is in default with one or more covenants, the borrower must specify the nature and detail of each default to the Authority.

Bond Trustee Statements
During the auditors review of the Authority's monitoring and covenant compliance functions for the 60 bonds tested, the auditors noted the following regarding the bond trustees:

- Three of 60 (5%) bond issues tested did not have any statements from the conduit debt issuance's bond trustee. Within the auditor's sample, 52 (6%) bond issuances contained this provision.

- One of 60 (2%) bond issues tested had statements from the Bond Trustee that reported certain required bond funds were not established pursuant to the bond's Indenture. Within the auditor's sample, 49 (2%) bond issuances contained this provision.

The Illinois Finance Authority Act (20 ILCS 3501/801-30(a)) states the Authority possesses all the powers as a body corporate necessary and convenient, including the power to enter into loans, contracts, agreements, and mortgages, in any manner connected with any of its corporate purposes. Good internal controls over compliance includes establishing an internal control structure designed to fulfill the Authority's ministerial and monitoring functions as created and established within official bond documents. In addition, good internal controls include establishing and maintaining an active, continuing program for the economical and efficient management of the Authority's records.

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2015

CURRENT FINDINGS - STATE COMPLIANCE

2015-004. **FINDING** (Inadequate Controls over Conduit Debt) (continued)

Internal Controls over Compliance

Bond Compliance Monitoring Checklists
During Fiscal Year 2014, the Authority developed a new monitoring checklist to better monitor the Authority's compliance requirements within outstanding bonds. During testing, the auditors noted 39 of 60 (65%) bond issuances tested did not have a compliance checklist prepared by the Authority.

Good internal controls over compliance include ensuring the Authority accurately prepares bond compliance monitoring checklists to provide assurance the Authority fulfills its ministerial and monitoring functions as created and established within official bond documents.

Bond Trustee Service Organization Control Reports (SOC-1)
During the auditors review of the Authority's monitoring and covenant compliance functions for the 60 bonds tested, the auditors noted two of the six (33%) bond trustees' SOC-1 reports were not obtained and reviewed by the Authority.

The Authority's *Policies and Procedures Manual* (Procedure 70.10.007) states the Authority believes it should secure and review the bond trustee's SOC-1 report as a matter of practice for its trustees where the bond trustee is responsible for either 20 or more outstanding bond issuances from the Authority or the aggregate principal balance outstanding exceeds $100 million.

Authority officials stated these exceptions were primarily due to the bond trustees not submitting requested information to the Authority, current understaffing within the Authority's compliance functions, and the Authority not implementing its updated internal controls/bond checklist process until the beginning of the current examination period.

Failure to fulfill the Authority's ministerial and monitoring functions as created and established within official bond documents represents noncompliance with the official bond document specifying the compliance requirement. Further, failure to secure and review SOC-1 reports from the Authority's bond trustees represents noncompliance with the Authority's *Policies and Procedures Manual.* (Finding Code No. 2015-004, 2013-005, 12-5)

CURRENT FINDINGS - STATE COMPLIANCE

2015-004. **FINDING** (Inadequate Controls over Conduit Debt) (continued)

RECOMMENDATION

We recommend the Authority establish and maintain adequate controls over its monitoring of conduit covenant compliance and secure and review SOC-1 reports from the Authority's bond trustees.

AUTHORITY RESPONSE

We agree with the Auditor's recommendations. Over the past several years the Authority has continued to increase the resources committed to bond compliance and monitoring even while our revenues have declined. We also implemented digital systems to allow us to better monitor covenant compliance with respect to conduit debt, better manage and retrieve documents with respect to conduit debt and better track covenant obligations of the Authority under the conduit bond documents.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Two Years Ended June 30, 2015

Finding #2015-006: Delinquent and Inaccurate Reporting of Bond Activity

STATE OF ILLINOIS
ILLINOIS FINANCE AUTHORITY
SCHEDULE OF FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2015

CURRENT FINDINGS - STATE COMPLIANCE

2015-006. **FINDING** (Delinquent and Inaccurate Reporting of Bond Activity)

The Illinois Finance Authority (Authority) did not timely and accurately submit transaction reporting for bond principal and interest payments to the Office of the State Comptroller.

During testing of 60 bond issuances with 544 distinct payments requiring the filing of a *Notice of Payment of Bond Interest and/or Principal* report (Form C-08) during Fiscal Year 2014 and Fiscal Year 2015, the auditors noted the following:

- 66 of 544 (12%) Form C-08s tested were submitted to the Office of the State Comptroller between one to 348 days late. In accordance with the official documents for each bond, the bond trustees are responsible for completing and filing the information with both the State Comptroller and the Authority.

- 48 of 544 (9%) Form C-08s were missing. The Authority was unable to provide the auditors with the Form C-08s for the scheduled bond payments.

- 189 of 544 (35%) Form C-08s tested contained discrepancies between the amounts reported on the Form C-08 and the *Bond Interest and Redemption Schedule* (Form C-05) filed with the Office of the Comptroller.

The Statewide Accounting Management System (SAMS) (Procedure 31.30.20) requires the Authority prepare and submit a Form C-08 report to the Office of the State Comptroller within 30 days from the date the voucher is processed for payment when the Authority is the "paying agent" to bond holders. For situations where the bond trustees are the "paying agent," a Form C-08 report should be prepared and submitted within 15 days of the Authority's receipt of the trustee's monthly statement. Good internal controls over compliance include monitoring Form C-08 submissions to ensure the accuracy of information reported to the Office of the State Comptroller. Additionally, in situations where an early redemption of principal occurs, it should be reported on a Form C-08 with an attached adjusted Form C-05 showing the new maturity schedule.

Agency officials stated that these exceptions were primarily due to the bond trustees not submitting timely information to the Authority and the current understaffing in the Authority's compliance function.

CURRENT FINDINGS - STATE COMPLIANCE

2015-006. **FINDING** (Delinquent and Inaccurate Reporting of Bond Activity) (continued)

Failure to submit timely and accurate Form C-08 reports to the Office of the State Comptroller inhibits the State Comptroller's ability to record and monitor State debt transactions. (Finding Code No. 2015-006, 2013-007, 12-7, 11-5, 10-6)

RECOMMENDATION

We recommend the Authority continue to monitor and work with the bond trustees to improve compliance with principal and/or interest reporting requirements.

AUTHORITY RESPONSE

We accept the Auditor's recommendation. As stated in our response to Finding 2015-004 the Authority continues to increase resources dedicated to compliance and we will continue to work with the contracted bond trustees to improve compliance with and accuracy of principal and interest reporting requirements.

State of Illinois ─ Illinois Finance Authority Compliance Examination For the Two Years Ended June 30, 2017

Finding #2017-002: Monitoring of Debt

Current Findings – State Compliance

Finding 2017-002 Monitoring of Debt

The Illinois Finance Authority (Authority) did not have adequate internal controls to properly maintain records for monitoring covenant compliance for conduit debt or debt issued on behalf of other State agencies.

In accordance with the Illinois Finance Authority Act (20 ILCS 3501/801-40(c)), the Authority issues limited obligation revenue bonds and participates in lending and leasing agreements to provide low cost financing to businesses, agribusinesses, health care facilities, educational facilities, municipalities, and other organizations secured by the property financed. Although the Authority, State of Illinois, nor any political subdivision of the State of Illinois is obligated in any manner for the repayment of the debt, the various official bond documents from each debt issuance assign functions and responsibilities to the Authority. Additionally, the Authority also issues limited obligation revenue bonds for the purpose of providing loans to other State of Illinois agencies and component units of the State of Illinois. These bonds are similar to conduit debt and the official bond documents assign the Authority various oversight responsibilities; however, as the bonds are issued on behalf of other parties within the Authority's financial reporting entity they are not classified as conduit debt on the financial statements.

As of June 30, 2017, the Authority had $23.7 billion in conduit debt outstanding and $579.0 million in limited obligation debt issued on behalf of other State agencies.

During our testing of the Authority's records for 60 bond issuances outstanding during the examination period we noted the following:

- 51 of the 60 (85%) bond issuances required annual certifications from borrowers that could not be provided by the Authority for the auditors to review. The Authority requires borrowers to submit these annual certifications as a means of monitoring compliance with required covenants. In the certifications, the borrower verifies they have reviewed the activities of the prior year for the purpose of determining their compliance with the covenants and that they are not in default on any covenant. If the borrower is in default on one or more covenants, the borrower is required to list and detail each instance of non-compliance.
- 10 of the 42 (24%) bond issuances which required the Authority to set-up trustee accounts were missing documentation showing all required trustee accounts had been established. The bond documents require these accounts as a way to track and properly account for the funds obtained through the bond issuance and the funds accumulated to pay off the obligation. Between the 10 bond issuances, there were 30 accounts for which no documentation was provided to show the account was established.
- In fiscal year 2014, the Authority began developing a new monitoring checklist to better monitor the Authority's compliance requirements for outstanding bond issuances. This process was delayed due to staffing constraints and so no monitoring checklists were made for the 60 issuances selected for testing.

Current Findings – State Compliance (Continued)

Finding 2017-002 Monitoring of Debt (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), requires agencies to establish and maintain a system, or systems of internal fiscal and administrative controls to provide assurance that: (1) resources are utilized effectively, and in compliance with applicable law; (2) obligations and cost are in compliance with applicable law; (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and (5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist. In this case, the Authority's internal controls should provide assurance that it will fulfill its ministerial and monitoring functions as created and established within official bond documents.

Authority officials stated these exceptions were primarily due to the borrowers and bond trustees not submitting requested information to the Authority and current understaffing within the Authority's compliance functions.

Failure to fulfill the Authority's ministerial and monitoring functions as created and established within official bond documents represents noncompliance with the official bond document specifying the compliance requirement. (Finding Code No. 2017-002, 2015-004, 2013-005, 12-5)

Recommendation

We recommend the Authority strengthen and maintain adequate controls over its monitoring of conduit covenant compliance.

Authority Response

We accept this finding. Over a number of years, the Authority needed to address revenues connecting with its self-funded business model. As a result, the Authority did not have the resources to invest in this functional area. The Authority intends to do so in the next upcoming budget cycle. The Authority will present a fiscal year 2019 budget to its board in June 14, 2018 meeting.

RESOLUTION NO. 2019-0514-AP__

RESOLUTION APPROVING CERTAIN UPDATES TO THE ILLINOIS FINANCE AUTHORITY BOND HANDBOOK

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

WHEREAS, the Authority maintains a bond handbook (the "Bond Handbook") setting forth the general procedures, terms and conditions pursuant to which the Authority will agree to issue bonds; and

WHEREAS, the Authority from time to time approves updates to the Bond Handbook and did so most recently by Resolution No. 2019-0409-TE09; and

WHEREAS, the Authority now proposes certain updates to the Bond Handbook in substantially the form attached hereto as Exhibit A primarily to clarify the Authority's responsibilities with respect to federally tax-exempt conduit bonds in light of the conduit nature of such bonds, the federal nature of the benefit such bonds confer, and the federal nature of the regulatory framework pertaining to such bonds.

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

Section 1. Approval of the Updates to the Bond Handbook and all Provisions Contained Therein. The updates to the Bond Handbook in substantially the form attached hereto as Exhibit A, and with such changes as are permitted by Section 2 hereof, are approved in all respects.

Section 2. Delegation to the Authorized Officers. The Chairperson, Vice Chairperson, Executive Director, and General Counsel, and any person duly appointed by the Members to serve in such offices on an interim basis (the "Authorized Officers") are hereby authorized to do all things necessary to implement the updates to the Bond Handbook in substantially the form approved pursuant to Section 1, or with such changes as may be approved by an Authorized Officer.

Section 3. Ratification. All prior acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution hereby are, in all respects, ratified, 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. Enactment. This Resolution shall be in full force and effect immediately upon its passage, as provided by law.

This Resolution No. 2019-0514-AP__ approved and effective this 14th day of May, 2019 by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By____________________________________
Executive Director

[SEAL]

ATTEST:

By____________________________________
Assistant Secretary

ILLINOIS FINANCE AUTHORITY

BOND HANDBOOK

Updated as of ~~March 20~~May 14, 2019

~~4851-8152-4097.15~~

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SECTION I
INTRODUCTION

A. GENERAL INFORMATION

The Illinois Finance Authority (the "Authority") is a body politic and corporate ~~of the State of Illinois (the "State"). The Authority was created under the~~ established pursuant to the Illinois Finance Authority Act, 20 ILCS 3501/801-1 *et seq*. (the "Act"). In accordance with the Act, the Authority is governed by ~~a~~ 15 -Members ~~board~~ (collectively, the "Board"), with each Member appointed by the Governor of the State of Illinois (the "State") and approved by the State Senate.

This Bond Handbook (this "Handbook") sets forth the Authority's requirements and policies applicable to all bonds issued by the Authority (with the exception of Beginning Farmer Bonds, which have separate bond issuance guidelines). All potential borrowers ("Borrowers" and individually, a "Borrower"), legal, financial and consulting representatives participating in Authority bond transactions should carefully review this Handbook and its requirements. Any questions concerning the matters contained in this Handbook should be directed to the Authority's General Counsel. The contact information for the Authority and its representatives is as follows:

Illinois Finance Authority
160 North LaSalle Street, Suite S-1000
Chicago, Illinois 60601
Telephone: (312) 651-1300 | (800) 717-6066 | (800) 526-0844 (TTY)
Facsimile: (312) 651-1350
Website: www.il-fa.com

The Authority is not empowered to act as a regulatory agency. Accordingly, the obligation of Borrowers and bond trustees to provide information, certificates and reports post-issuance, other than as specifically required by the IFA Act, is intended solely to permit the Authority, if it elects to do so in its sole discretion, to monitor financed projects. In no event shall the Authority be responsible for ensuring receipt of any such information, certificates and reports, nor shall it be responsible for maintaining independent records containing such information, certificates and reports. The Authority shall not be compelled to seek through any action any information, certificates or reports that are not delivered.

B. POLICY CONSIDERATIONS

This Handbook provides guidelines that allow for the fair, efficient and effective issuance of Authority bonds. It provides Borrowers with significant input in the structuring of their transactions while protecting the interests of the Authority. This Handbook also reflects the Authority's philosophy of providing its Borrowers with a customer-driven bond transaction process. It also details the procedure for Program Administrators of a commercial Property Assessed Clean Energy ("PACE") program administered on behalf of or at the direction of a Local Unit of Government in the State of Illinois to issue bonds secured by PACE Assessment Contracts ("PACE Bonds").

C. APPLICABILITY AND CHANGE

The terms, provisions and conditions of this Handbook shall apply to all bonds issued through the Authority (except as noted above) and reflects the current policies and thinking of the Authority. Like any policy, it is subject to modification, revision and amendment at the sole discretion of the Authority. Certain terms and provisions herein may differ from documents executed and delivered with respect to bonds approved or issued prior to the effective date of this revised Handbook, and the Authority may apply, at its sole discretion, any such modifications, revisions or amendments on a retrospective basis if doing so does not create an undue burden on parties other than the Authority.

SECTION II
THE MECHANICS OF AUTHORITY BOND FINANCING

A. THE APPLICATION PROCESS

1. **Application.** The bond issuance process commences when the Borrower or a Program Administrator with respect to a PACE Project files a complete application, with supporting documentation, with the Authority. Applications are available for the following project categories: (a) Industrial Projects, (b) Hospital and Healthcare Projects, (c) Local Government Projects, (d) Not-For-Profit / Cultural / Educational Projects, Environmental / Pollution Control / Solid Waste / Water or Gas Distribution Projects, (e) Agriculture Projects, (f) Housing Projects and (g) PACE Projects. Applications and instructions for completing and filing the same can be downloaded from the Authority's website (http://www.il-fa.com) or can be secured by contacting the Authority at (312) 651-1300.

2. **Authority Fees.** The Authority's current fee schedule is available by contacting the Authority at (312) 651-1300. The Authority reserves the right, in its sole discretion, to modify the fee schedule (or adjust the required fees for a specific proposed transaction) at any time and without notice. Upon submission of an application, a Borrower must pay a nonrefundable application fee (except with respect to PACE Projects, for which there is no application fee). The Authority's closing fee and its issuer's counsel fee are payable at the bond closing.[1] In the event that a project, approved by the Authority's Board, does not close, the Borrower shall not have to pay the Authority's closing fee; however, the Borrower shall be liable for and shall pay any and all costs associated with the Authority's retention of outside professionals, including, but not limited to, issuer's counsel, in connection with said project.

3. **Application Review.** It is the obligation of the Borrower to provide to the appropriate Vice President of the Authority (hereinafter, each a "Manager") a completed application, all required supporting documentation and the non-refundable application fee (except with respect to PACE Projects, for which there

[1] Note: The Authority does not anticipate utilizing issuer's counsel for PACE Bonds for the majority of issuances.

is no application fee) to the Authority for its review no later than two (2) weeks prior to the date of the board meeting at which it is to be considered. Each applicant is required to acknowledge the underwriting and legal requirements for approval and for issuance of the bonds, as well as the requirement that the conduit borrower's proposed project and transaction will comply with the requirements of this Handbook, the Authority's policies and procedures and any other requirements of the Manager of the application.

4. **Conduit Bond Transaction Process.** As a "conduit issuer", the Authority issues bonds for the benefit of the Borrower. Such bonds are not general obligations of the Authority or the State, rather the payment obligation remains with the Borrower. The Authority's conduit bond transaction typically includes, but is not limited to, the following processes and milestones:

(a) Application submitted to the Authority, including:
  (i) a signed application form;
  (ii) a non-refundable application fee; and
  (iii) financial statements prepared by a licensed Certified Public Accounting ("CPA") firm, unless otherwise approved by the Authority.

(b) Authority staff reviews the application package, and prepares a write-up for presentation to the Project Review Committee (the "Committee").

(c) Submission of the Preliminary Bond Resolution ("Preliminary Resolution") to the Board for its approval, if applicable.

(d) Award of volume cap, if applicable.

(e) Review and publishing of the TEFRA hearing notice, if applicable.

(f) Public TEFRA hearing held, if applicable.

(g) Issuer's counsel reviews bond and closing documents.

(h) The Board votes on the Final Bond Resolution ("Final Bond Resolution").

(i) Closing dates and final bond issuance amount set.

(j) Authority submits request to Governor's Office for approval letter.

(k) Receipt and execution of signature pages.

(l) Bond pre-closing and closing.

(m) Receipt of electronic version and three (3) final official statements or disclosure documents.

(n) Receipt of two (2) CD-ROM disks containing all closing documents.

(o) Post-closing monitoring, as required by the Authority in its sole discretion.

5. **PACE Bond Transaction Process.** The Authority expects that the majority of PACE bonds will not be tax exempt, and therefore the process outlined above may generally not apply. The Authority's PACE Bond transaction typically includes, but is not limited to, the following processes and milestones:

(a) Submission of the PACE Bond Resolution ("PACE Bond Resolution") to the Board for its approval, which shall approve the maximum term, interest rate and principal amount of PACE Bonds that may be issued to an applicable Capital Provider pursuant to a Master Indenture and

1. **Signatures.** Bond counsel must (i) submit, via electronic delivery in Word or PDF format, one complete copy of all final bond documents to the Authority's General Counsel and its issuer's counsel, **and** (ii) deliver the appropriate number of signature pages, duly marked, to the General Counsel or Manager, if so instructed. Bond counsel should deliver signature pages to the Authority no less than three (3) business days prior to the pre-closing. **Bonds** will be executed on behalf of the Authority with the manual or facsimile signature of the Board Chairperson (or other officer of the Authority so authorized) and shall have impressed or imprinted thereon the official seal of the Authority or a facsimile thereof and shall be attested to by the manual or facsimile signature of its Secretary or Assistant Secretary. Facsimile signature certificates have been filed with the Illinois Secretary of State under the Uniform Facsimile Signature of Public Officials Act for the Authority's Chairperson and the Executive Director. Other closing papers should be prepared for execution by the Executive Director, with attestation, as needed, by either the Secretary or Assistant Secretary. Documents should provide for the impressing or imprinting thereon of the official seal of the Authority or a facsimile thereof only as needed.

2. **Exhibits to Certificate of the Authority.** The Authority's General Counsel or Manager will provide the exhibits called for in the Certificate of the Authority. A model Certificate of the Authority is attached as Exhibit E. The Authority expects this model to be used, unless the particulars of a transaction demand modification. If modification is deemed necessary, bond counsel should contact the Authority's General Counsel to discuss the matter **prior** to the delivery of signature pages. The documents cited as exhibits in Exhibit E will be delivered to bond counsel with the executed signature pages.

3. **Execution Documents.** As a condition of closing, bond and issuer's counsel must arrange for the Authority to receive the following fully executed documents (in electronic form) ~~within a week of~~after the bond closing upon the request of the Authority if the bond transcript of all closing documents is not yet available:

   (a) An electronic version and one (1) final official statements (or disclosure documents);
   (b) One (1) copy each of the indenture, loan (or financing) agreement and tax agreement (and in the case of PACE Bonds, the Master Indenture, applicable Issuance Certificate and Assessment Contract(s));
   (c) One (1) copy of each opinion;
   (d) One (1) copy of the Form 8038 (if applicable);
   (e) One (1) copy of the assurance letter; and
   (f) One (1) statement of all bond issuance costs.

M. OPINIONS OF COUNSEL

All opinions of counsel must be addressed to the Authority. Specific to underwriter's counsel is the requirement that a Section 10(b)(5) reliance letter be provided to the Authority. Issuer's counsel opinion addresses various parties to the transaction. Because the scope and content of issuer's counsel opinion may vary due to the transaction, participants must contact issuer's counsel to negotiate the coverage of the particular opinion. A list of matters typically addressed in an opinion of issuer's counsel is attached as Exhibit F. Please note, because the Authority seeks the most cost-efficient price for services, the Authority does not anticipate that its issuer's counsel will undertake the kind of diligence necessary to render an enforceability opinion of documents drafted by other parties to the transaction (i.e., trust indenture, bond purchase agreement, or loan agreement). Instead, the Authority expects that third parties will rely on the opinion of bond counsel for enforceability of the bonds and such documents.

Issuer's counsel **must** deliver, no later than the date of the pre-closing, an assurance letter (the "Assurance Letter"), addressed to the Authority, evidencing its determination that the final bond documents have been prepared in compliance with the terms, provisions, and policies set forth in this Handbook (except for any exceptions approved by the Authority's General Counsel). The preferred form of the Assurance Letter is attached as Exhibit G hereto; provided, however, that if the form documents included in this Bond Handbook for PACE Projects are utilized, an Assurance Letter will not be required.

N. IRS FORM 8038

At the time of the issuance of the bonds, the Authority must comply with certain information filing requirements under Section 149(e) of the Code. In most cases, the Authority is required to timely file Form 8038 to satisfy such requirements. Bond counsel shall prepare for execution by the Authority all applicable IRS Form 8038s required in connection with a particular financing. Form 8038s shall be executed by the Executive Director of the Authority or any other Authorized Officer of the Authority. After execution of a Form 8038, the Authority will return it to bond counsel, who shall be responsible for filing it with the IRS, on behalf of the Authority, within the applicable time period.

In addition to ~~its~~ the obligation to timely file Form 8038, the ~~Authority has adopted~~Code contemplates certain written procedures to monitor the requirements of Section 148 of the Code relating to arbitrage, yield restriction and rebate, and written procedures to ensure that all "non-qualified bonds" of a series of tax-exempt bonds are remediated in accordance with the requirements of the Code and related regulations. Such written procedures shall be contained in all tax exemption agreements delivered in connection with Authority conduit bond transactions, as more particularly described in Section III.E.

O. BOND TRANSCRIPTS

The Authority **must** receive~~, as soon as possible after closing, but within six (6) months of closing,~~ after the bond closing two (2) CD-ROM disks containing all closing documents. The Authority requires that the cover of the CD-ROM contain the following information:

1. The name of the project;
2. The type and amount of the bond issue;
3. The name, "Illinois Finance Authority";
4. The issue date of the bonds; and
5. The series designation, if any.

Agreement), Section III.E (Tax Exemption Matters / Arbitrage Matters) and Section III.F (Official Statement) may generally be disregarded for purposes of PACE Bonds.

5. **Exception Request Process.** In the event that a Borrower or transaction participant to a conduit bond transaction proposes bond documentation or provisions that deviates from the standard provisions of this Section and this Handbook, the Authority may require that such party must prepare and deliver a written request for the waiver of the applicability of the standard document provisions and supporting documentation to the General Counsel of the Authority and the assigned issuer's counsel for the specific transaction. The written request must include a detailed statement that the proposed deviations in no way adversely impact the rights that the Authority would have otherwise had under the standard document provisions. It is within the sole discretion of the General Counsel of the Authority to grant such a waiver of the applicability of the standard document provisions.

B. LOAN AGREEMENT

1. **No Recourse.** The obligations of the Authority are special, limited obligations of the Authority, payable solely out of the revenues and income derived under the Indenture. The obligations of the Authority shall not be deemed to constitute indebtedness or an obligation of the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or statutory provision, or a charge against the credit or general taxing powers, if any, of any of them. The Authority does not have the power to levy taxes for any purposes whatsoever. Neither the Authority nor any member, director, officer, employee or agent of the Authority nor any person executing the Bonds shall be liable personally for the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds. No recourse shall be had for the payment of the principal of, premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture, this Loan Agreement or the Bond Purchase Agreement against any past, present or future member, officer, agent or employee of the Authority, or any incorporator, member, officer, employee, director or trustee of any successor corporation, as such, either directly or through the Authority or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, agent or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and, this Loan Agreement and the issuance of the Bonds.

2. **Indemnification.** (1) The Borrower will pay, and will protect, indemnify and save the Authority and Trustee and its respective past, present and future members, officers, directors, employees, agents, successor, assigns and any other person, if any, who "controls" the Authority or Trustee, as the case may be, as

NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, CONDITION, WORKMANSHIP, OR FITNESS, SUITABILITY OR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF. THE BORROWER FURTHER RECOGNIZES THAT THE AUTHORITY HAS NO TITLE OR INTEREST TO ANY PART OF THE BOND FINANCED PROPERTY AND THAT THE AUTHORITY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND AS TO THE BORROWER'S TITLE THERETO OR OWNERSHIP THEREOF OR OTHERWISE, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE BOND FINANCED PROPERTY OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE AUTHORITY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION ___ HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE AUTHORITY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OF ILLINOIS OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

8. **Assignment and Pledge of Authority's Rights; Obligations of Borrower Unconditional.** As security for the payment of the Bonds, the Authority will assign and pledge to the Trustee all right, title and interest of the Authority in and to this Loan Agreement and the Note, including the right to receive payments hereunder and thereunder (except its Unassigned Rights, including without limitation, the right to receive payment of expenses, fees, indemnification and the rights to make determinations and receive notices if requested as herein provided under Sections _ hereof), and hereby directs the Borrower to make said payments directly to the Trustee. The Borrower herewith assents to such assignment and pledge and will make payments directly to the Trustee without defense or set-off by reason of any dispute between the Borrower and the Authority or Trustee, and hereby agrees that its obligation to make payments hereunder and to perform its other agreements contained herein are absolute and unconditional. Until the principal of and interest on the Bonds shall have been fully paid or provision for the payment of the Bonds made in accordance with the Indenture, the Borrower (a) will not suspend or discontinue any payments provided for in this Loan Agreement, (b) will perform all its other duties and responsibilities called for by this Loan Agreement, and (c) will not terminate this Loan Agreement for any cause including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the Authority to perform any of its

agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Loan Agreement.

9. **Supplements and Amendments to Loan Agreement; Amendment of Liquidity Facility; Waivers.** Subject to the terms, conditions and provisions of Article _ of the Indenture, the Borrower and the Authority may from time to time enter into supplements and amendments to this Loan Agreement. The Liquidity Facility may from time to time be modified in accordance with Section _____ of the Indenture. An executed copy of any of the foregoing amendments, changes or modification shall be filed with the Trustee. The Trustee may grant such waivers of compliance by the Borrower with provisions of this Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes or intent hereof and which, in the opinion of the Trustee, do not have a material adverse effect upon the interests of the Bondholders, provided that the Trustee shall file with the Authority any and all such waivers granted by the Trustee within three (3) business days thereof.

10. **Authority's and Trustee's Right of Access to the Project.** The Borrower agrees that during the term of this Loan Agreement the Authority, Trustee, and their duly authorized agents shall have the right, but shall be under no duty or obligation to exercise this right, during regular business hours, with reasonable notice, to enter upon the premises and examine and inspect the Project, subject to such limitations, restrictions and requirements as the Borrower may reasonably prescribe.

11. **Maintenance and Repair; Insurance.** The Borrower will maintain the Project in a safe and sound operating condition; making from time to time all needed material repairs thereto, and shall maintain reasonable amounts of insurance coverage with respect to the Project and shall pay all costs of such maintenance, repair and insurance. **[This provision is not intended to prohibit self-insurance, provided that it is adequately funded, determined by the Authority.]**

12. **Annual Certificate.** For each year that the Loan Agreement remains in effect, the Borrower will furnish to the ~~Authority and~~ Trustee ~~on or before January 31 of each succeeding~~annually no later than 210 days after the end of the Borrower's fiscal year, a certificate of the Borrower, signed by an Authorized Borrower Representative, stating that (i) the Borrower has made a review of its activities during the preceding calendar year for the purpose of determining whether or not the Borrower has complied with all federal tax and federal securities law requirements relating to the bond issue and has determined that the Borrower is in compliance with all requirements, (ii) the Borrower's post-issuance compliance policy contains at least: (a) an identification of a responsible officer or officers for bond compliance, (b) procedures for record retention, including a requirement to maintain records for the entire Record Retention Period (generally, four years after the date on which the last bond of the issue is retired), (c) procedures to assure that the arbitrage yield restriction and rebate requirements are met, and (d)

procedures to take remedial action, if required, including acknowledgement of the voluntary closing agreement program of the Internal Revenue Service, (iii) the Borrower is in compliance with its post-issuance compliance policy, (iv) the Borrower has made a review of its activities during the preceding calendar year for the purpose of determining whether or not the Borrower has complied with all of the terms, provisions and conditions of this Loan Agreement, (v) the Borrower has kept, observed, performed and fulfilled each and every covenant, provision and condition of this Loan Agreement on its part to be performed, and (vi) the Borrower is not in default in the performance or observance of any of the covenants, provisions or conditions hereof, or if the Borrower shall be in default, such certificate shall specify all such defaults and the nature thereof. The Authority may request at its sole discretion copies of any such certificate from the Borrower and/or the Trustee.

13. **Compliance with Laws.** The Borrower shall, through the term of this Loan Agreement and at no expense to the Authority, promptly comply or cause compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Bond Financed Property, or to the repair and alteration thereof, or to the use or manner of use of the Project, including, but not limited to, the Americans with Disabilities Act, Illinois Accessibility Code, all federal, State and local environmental, health and safety laws, rules, regulations and orders applicable to or pertaining to the Bond Financed Property, Federal Worker Adjustment and Retraining Notification Act and, if applicable, the Illinois Prevailing Wage Act. Borrower acknowledges that it is aware that Illinois statutes, laws, ordinances, including building and zoning codes, etc., may have materially different requirements and utilize different definitions than comparable laws in other states and jurisdictions, and the application of such laws may be impacted by the use of bond proceeds to finance, in whole or in part, the Project. The Borrower has consulted with counsel with respect to the interpretation and application of these statutes, laws, ordinances, etc.

14. **Maintenance of Corporate Existence and Qualification.**

Any dissolution, liquidation, disposition, consolidation or merger of the Borrower shall be subject to the following conditions:

(a) no event of default exists under this Loan Agreement, the Indenture or the Borrower Agreements and no event of default thereunder will be caused by the dissolution, liquidation, disposition, consolidation or merger;

(b) the entity surviving the dissolution, liquidation, disposition, consolidation or merger assumes (or if the surviving entity is the Borrower, affirms) in writing and without condition or qualification the obligations of the Borrower under each of the Borrower Agreements;

(c) neither the validity nor the enforceability of the Bonds, Indenture or the Borrower Agreements is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;

(d) the exclusion of the interest on the Bonds from gross income for federal income tax purposes is not adversely affected by the dissolution, liquidation, disposition, consolidation or merger, and the provisions of the Act and the Indenture are complied with concerning the dissolution, liquidation, disposition, consolidation or merger;

(e) the Project continues to be as described herein;

(f) any successor to the Borrower shall be qualified to do business in the State and shall continue to be qualified to do business in the State throughout the term hereof; and

(g) the ~~Authority~~ Trustee has executed a certificate acknowledging receipt and approval of all documents, information and materials required by this Section ___ .

As of the effective date of the dissolution, liquidation, disposition, consolidation or merger, the Borrower (at its cost) shall furnish to the Authority (i) an opinion of Bond Counsel, in form and substance satisfactory to the Authority, as to item (d) above, (ii) an opinion of counsel (of high reputation and expertise as determined by the Authority), in form and substance satisfactory to the Authority, as to the legal, valid and binding nature of items (b) and (c) above, (iii) a certificate of the Borrower, in form and substance satisfactory to the Authority, as to items (a), (e) and (f), and (iv) a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger.

[*The requirements of this Section may be satisfied by substantively similar provisions contained in a master trust indenture, as reviewed and approved by the Authority in accordance with Section IIIA of this Handbook.*]

15. **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Authority or Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement and the Indenture, now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

16. **Notice.** Unless otherwise specifically provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when the same is: (i) deposited in the United States mail and sent by first class mail, postage prepaid or (ii) delivered, in each case to the

(c) All other reasonable fees and expenses incurred in connection with the issuance of the Bonds.

23. **Completion Certificate.** The Corporation will deliver to the Bond Trustee ~~and the Authority~~ within 90 days after the completion of the Project (or the portion thereof which is being financed with the proceeds of the Bonds) a certificate of the Corporation certifying:

(a) that the Project (or portion thereof) has been completed;

(b) that the Project (or portion thereof) has been completed in accordance with the Plans and Specifications, the Schedule, and the date of completion;

(c) if any item was added, deleted or substituted from the Project as described in the Project Certificate Exhibit, the average reasonably expected economic life of the Bond Financed Property recalculated as follows:

(i) any item which was not originally listed on the Project Certificate Exhibit but for which a draw was made from the Project Fund shall be included in the Project Certificate Exhibit and the Obligated Group Agent shall specify the reasonably expected economic life to the Users of the additional item, the date on which such additional item was placed in service, and the original cost thereof;

(ii) any item which was originally listed on such Project Certificate Exhibit but which the Corporation subsequently deleted from the Project pursuant to an amendment to the Project Documents shall be deleted from such Project Certificate Exhibit; and

(iii) all other items shall be assumed to have the economic life and the cost originally assigned to them on the Closing Date as reflected on such Project Certificate Exhibit;

(d) that the Project or portion thereof (to the extent of the Plans and Specifications and Schedule) has been fully paid for and no claim or claims exist against the Authority or the Users or against such Project out of which a lien based on furnishing labor or material exists or might, with the passage of time or the giving of notice, ripen; *provided, however,* there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might, with the passage of time or the giving of notice, ripen in the event that the applicable User intends to contest such claim or claims, in which event such claim or claims shall be described; *provided* that sufficient funds are on deposit in the Project Fund or are available to the Users through enumerated bank loans, including letters of credit, or state or federal grants (as certified by the Obligated Group Agent) or other funds of the Users for the Project sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims in which event such claim or claims shall be described.

The Authority may request at its sole discretion a copy of such items from the Borrower and/or the Trustee.

C. INDENTURE

1. **Limited Obligation.** The Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are special, limited obligations of the Authority secured by the Loan Agreement and the Note **[and any and all other relevant documents/security]** and shall always be payable solely from the revenues and income derived from the Loan Agreement and the Note **[and any and all other relevant documents/security]** (except to the extent paid out of moneys attributable to proceeds of the Bonds, the income from the temporary investment thereof or payments made pursuant to or derived from a mortgage or assignment of leases and rents or credit enhancement device), are and shall always be a valid claim of the owner thereof only against the revenues and income derived from the Loan Agreement and the Note **[and any other instruments assigned to or held by the Trustee or Bond Purchaser]**, which revenues and income shall be used for no other purpose than to pay the principal installments of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture or Final Bond Resolution and in the Loan Agreement.

   The Bonds and the obligation to pay principal and interest thereon and any premium with respect thereto do not now and shall never constitute an indebtedness or an obligation of the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Loan Agreement and the Note **[and any other relevant document/security]** (except as stated aforesaid). No owner of the Bonds shall have the right to compel the exercise of the taxing power, if any, of the State of Illinois or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

2. **Execution.** The Bonds shall be executed on behalf of the Authority with the manual or facsimile signature of its Chairperson (or other officer of the Authority so authorized) and shall have impressed or imprinted thereon the official seal of the Authority or a facsimile thereof and shall be attested by the manual or facsimile signature of its Secretary or any Assistant Secretary. All authorized facsimile signatures shall have the same force and effect as if manually signed. In case any official whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such official before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all

13. **Representations, Warranties and Covenants of the Trustee.** All federal, State and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by the Trustee with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, the Trustee of the Indenture have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with. The Trustee is not (i) required to qualify or obtain any certificate of authority to do business in the State of Illinois or (ii) subject to any filing requirement to make any or pay any fees or taxes required of foreign entities doing business in the State of Illinois, in either case solely as a result of executing, delivering, or performing the Indenture. **[The foregoing provision is applicable to Trustees who do not have an office in or other presence in the State of Illinois.]** The Trustee has a combined capital and surplus of at least $50,000,000, as set forth in its most recent published annual report of condition, or, alternatively, a liability policy having the type of coverage and in an amount acceptable to the Authority and the Borrower. The Trustee has an operations group of at least four (4) experienced trust officers, with primary responsibility for municipal bond issues. The Trustee administers at least 25 municipal bond indentures aggregating at least $25,000,000 under its administration.

14. **Required Reporting to the Authority.**

(a) The Trustee shall keep, or cause to be kept, proper books of records and accounts in which complete and accurate entries shall be made of all funds and accounts established by or pursuant to this Indenture, which shall at all reasonable times be subject to the inspection by the Authority, or owners (or a designated representative thereof).

(b) No later than 30 days after a principal and/or interest payment is made, the Trustee (or other designated paying agent approved by the Authority) will prepare and file with the Office of Comptroller of the State of Illinois a C-08, Notice of Payment of Bond Interest and/or Principal (bondpayments@illinoiscomptroller.gov~~bondpayments@mail.ioc.state.il.us~~). A copy of the C-08 should be forwarded to the Authority by e-mail (bondpayments@il-fa.com) [upon request of the Authority].

[In private placement/direct purchase transactions, if a trustee has not been designated for the transaction, a comparable provision must be included in an appropriate document to ensure that the reports referenced therein are required to be timely filed by a designated paying agent approved by the Authority.]

15. **Required Provision on Face of Bond – Limited Obligation.**

provisions of the immediately preceding sentence are applicable. The Purchaser shall not be liable for any settlement of any such action affected without its written consent, but if settled with the written consent of the Purchaser or if there be a final judgment for the plaintiff in any such action with or without consent, the Purchaser agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

(f) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section ___ is for any reason held to be unavailable to the Purchaser, Authority or Borrower other than in accordance with its terms, the Purchaser and Borrower, jointly and severally, shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Purchaser, Authority, and Borrower in such proportions that the Purchaser is responsible for that portion represented by the percentage that the underwriting discount bears to the initial public offering price appearing on the cover page of the Official Statement and the Borrower is responsible for the balance; provided, however, that no person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls the Purchaser shall have the same rights to contribution as such Purchaser.

(g) The covenants and agreements of the Borrower and Purchaser herein contained shall survive the delivery of the Bonds.

E. TAX EXEMPTION MATTERS / ARBITRAGE MATTERS

1. Tax Exemption Matters.

~~The Authority requires the Borrower, for~~ For bond transactions in which tax-exempt bonds are being issued, ~~to~~ the Borrower shall execute a tax exemption agreement in form and substance acceptable to the Authority and Bond Counsel ("Tax Exemption Agreement"), which Tax Exemption Agreement shall include the following provisions:

To be Included in Introduction Section of Tax Exemption Agreement

One purpose of executing this Tax Exemption Agreement is to set forth various facts regarding the Bonds and to establish the expectations of the Authority and the Borrower as to future events regarding the Bonds and the use of the proceeds of the Bonds. To the extent such facts do not relate directly to the Authority or the Trustee, the Authority and the Trustee are reasonably and prudently relying on the certifications of the Underwriters [and other parties, if applicable, such as credit enhancers and swap advisors] and the covenants and certifications of the

Borrower. The certifications and representations made herein and the Borrower's compliance with the covenants contained herein are intended, and may be relied on, as a certification of an officer of the Authority given in good faith as described in Regulations Section 1.148-2(b)(2) for all purposes of this Tax Exemption Agreement and for purposes of the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, to be filed with the Internal Revenue Service ("IRS") with respect to the Bonds ("Form 8038").

The execution and delivery of this Tax Exemption Agreement by the Authority and the Borrower will be treated by the Authority and the Borrower as the establishment of a portion of the written procedures (i) to ensure that any Bonds that become nonqualified bonds are identified and remediated in accordance with the requirements of the Code and Regulations, including the remediation provisions of Regulations Section [1.141-12, 1.142-2, 1.144-2 or other applicable regulation], and (ii) to monitor compliance with the arbitrage, yield restriction and rebate requirements of Code Section 148. By executing this Tax Exemption Agreement, the Authority and the Borrower agree that the Authority may rely upon the Borrower's compliance with the covenants and procedures described in this Tax Exemption Agreement, including all Exhibits hereto, for purposes of maintaining the tax-exempt status of interest on the Bonds and complying with the requirements of Form 8038.

To be Included in Text of Tax Exemption Agreement

Remedial Actions. The Borrower hereby (i) acknowledges that the disposition and certain uses of the [Financed Property] may require remediation in accordance with Regulations Section [1.141-12, 1.142-2, 1.144-2 or other applicable regulation], (ii) covenants to track the use and disposition of all [Financed Property] as required by the Code and Regulations and to comply with the remediation requirements of Regulations Section [1.141-12, 1.142-2, 1.144-2 or other applicable regulation] and (iii) acknowledges that the Authority will rely on the establishment of the covenants set forth in this Section _________, and the Borrower's compliance with those covenants as the establishment by the Authority and the Borrower of a portion of the written procedures to comply with the remediation requirements of the Code and the Regulations.

2. **Arbitrage Matters.**

The ~~Authority requires the~~ Borrower ~~to~~ is responsible ~~maintain responsibility~~ for all arbitrage rebate calculations, including~~.~~ ~~The Authority directs~~ the creation, and ~~orders maintained~~maintenance, as a separate deposit account (except when invested as provided in Section _ hereof) in the custody of the Trustee, of a fund designated "Illinois Finance Authority Rebate Fund." The moneys and investments deposited in and credited to the Rebate Fund shall be free and clear of any lien created by the Indenture. The Borrower shall, within fourteen (14) days prior to the end of each fifth Bond Year and within fourteen days (14) prior to the payment in full of all Outstanding Bonds, retain an Arbitrage Rebate Consultant[2] to calculate and furnish to the Trustee in writing the amount of Excess Earnings as of the end of that fifth Bond Year or the date of such payment in full. The costs and all expenses of said Consultant are the sole responsibility of the Borrower.

[The ~~Authority would have no objection to a~~ Borrower ~~making~~ may make annual payments; and this language may be modified to reflect such annual payment option.]

The Trustee agrees to maintain and furnish the Arbitrage Rebate Consultant with all such information and data as such Consultant shall reasonably require to make the calculations described in this Section within forty-five (45) days after being retained by the Borrower. The Trustee shall also notify the Borrower ~~and Authority~~ in writing of the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Excess Earnings, then the Trustee shall forthwith pay that excess amount to the Borrower. If the amount then on deposit in the Rebate Fund is less than the Excess Earnings, then the Borrower shall, within ten (10) days after receipt of the aforesaid notice from the Trustee, pay to the Trustee for deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Excess Earnings. Within sixty (60) days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee, acting on behalf of the Authority and Borrower, shall pay to the United States of America in accordance with Section 148(f) of the Code from moneys then on deposit in the Rebate Fund an amount equal to ninety percent (90%) (or such greater percentage not in excess of one hundred percent (100%) as the Borrower may direct in writing to the Trustee to pay) of the Excess Earnings earned from the Closing Date through the end of such fifth Bond Year (less the amount of Excess Earnings, if any, previously paid to the United States of America pursuant to this Section). Within 60 days after the payment in full of all Outstanding Bonds, the Trustee shall pay to the United States of America in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to one hundred percent (100%) of the Excess Earnings earned from the Closing Date through the date of such payment in full (less the amount of Excess Earnings, if any, previously paid to the United States of America pursuant to this Section) and any moneys remaining in the Rebate Fund following such payment shall be paid to the Borrower in accordance with Section of the Loan Agreement. All computations of Excess Earnings pursuant to this Section shall treat the amount or amounts, if any, previously paid to the United States of America pursuant to this Section as amounts on deposit in the Rebate Fund.

In addition, in accordance with Section 148(f)(4)(B)(iv) of the Code, the Arbitrage Rebate Consultant shall calculate and the Borrower shall pay to the Trustee for payment to the United States of America such penalty amount (if any)

[2] The term Arbitrage Rebate Consultant shall mean a firm of recognized expertise in the area of arbitrage rebate calculations and its requirements engaged by Borrower and which is acceptable to the Authority and Trustee.

required under such Section with respect to nonpurpose investments allocable to the construction subaccount of the Project Fund which are not spent in accordance with the schedule required by Section 148(f)(4)(B)(iv) of the Code and set forth in the Certificate as to Arbitrage, dated the Closing Date, executed by the Authority and the Borrower.

The Trustee and Authority shall be entitled conclusively to rely on the calculations and directions of the Consultant made pursuant to this Section and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations and directions.

The Trustee shall maintain a record of any investments of gross proceeds of the Bonds (within the meaning of Section 148(f) of the Code) held by the Trustee, including, without limitation, investments of amounts held in the Bond Fund and Project Fund. This record with respect to obligations in which gross proceeds of the Bonds are invested will include their date of purchase, purchase price, coupon rate and period, and the amount and date of receipt of payments of principal, premium and interest, and of sale, redemption and retirement proceeds with respect thereto.

The Trustee shall obtain and keep such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code. Notwithstanding the foregoing, the Trustee shall keep such records at least until three years following the final payment or maturity of all Bonds.

[The ~~Authority will accept a provision to the effect that if the~~ Borrower may provide~~s~~ the Authority with an unconditional opinion of bond counsel stating that arbitrage rebate is not a relevant issue to a particular transaction, in which case the need for a Consultant's Report ~~may be~~is waived.]

F. OFFICIAL STATEMENT

1. **Secondary Market Disclosure.** The Authority has not made and will not make any provision to provide any annual financial statements or other credit information of the Borrower to investors on a periodic basis.

2. **Cover Page.**

THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE INDENTURE, AND EXCEPT TO SUCH LIMITED EXTENT, THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION.

Resolution No. 2019-0514-GP__

RESOLUTION UPDATING THE DESIGNATION AND/OR SCOPE OF CERTAIN COMMITTEES OF THE ILLINOIS FINANCE AUTHORITY; AND RELATED MATTERS

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 "Act"); and

WHEREAS, pursuant to Resolution No. 2015-0709-AD09, as amended by Resolution No. 2015-1112-AD10, the Authority adopted a committee organization plan and authorized the formation of the following committees: (1) Audit, Budget, Finance, Investment and Procurement, (2) Governance, Personnel, Legislation and Ethics ("Governance Plus"), (3) Tax-Exempt Conduit Transactions, (4) Direct and Alternative Financing, and (5) Executive Committees; and

WHEREAS, pursuant to Resolution Nos. 2016-0114-AD11 and 2016-0114-AD12, the Authority updated the scope of the Governance Plus and Executive Committees, respectively; and

WHEREAS, the Authority now desires to update the scope of the Direct and Alternative Financing Committee to encompass the State of Illinois Clean Water Revolving Fund ("SRF") program; and

WHEREAS, the Authority now desires to update the scope of the Tax-Exempt Conduit Transactions Committee to encompass all conduit transactions, whether involving tax-exempt or taxable financing, and to change the committee designation to "Conduit Financing"; and

WHEREAS, the Authority now desires to make certain other updates to the existing committee organization plan to streamline operations and ensure efficient use of the Authority Members' time while serving voluntarily as Members; and

WHEREAS, the foregoing updates are reflected in the updated committee organization plan attached hereto as Exhibit A (the "Updated Committee Organization Plan"); and

WHEREAS, the Authority acknowledges that from time to time further updates to the Updated Committee Organization Plan may be necessary or advisable in order to recognize changes to the operations and/or practices of the Authority's committees; and

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

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

Section 2. Approval of Updated Committee Organization Plan. The Updated Committee Organization Plan is hereby adopted and approved in substantially the form approved hereby, with such changes as may be approved by the Chairperson or Vice Chairperson, or any person duly appointed by the Members to serve in such offices on an interim basis (the "Authorized Officers").

Section 3. Further Actions. The Authorized Officers are hereby authorized to make such further changes to the Updated Committee Organization Plan as they may deem necessary or advisable from time to time, provided that the Authorized Officers shall promptly give notice of any such change to the Members of the Authority.

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. 2019-0514-GP__ approved and effective this 14th day of May, 2019 by roll call vote as follows:

Yeas:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

__ ______________________________________

Executive Director

ATTEST:

____

Assistant Secretary

[SEAL]

Exhibit A

Updated Committee Organization Plan

Illinois Finance Authority Committees

The Chairperson appoints one Member to chair each of the committees. If the appointed committee chair is unavailable for a particular committee meeting, the Chairperson may select another Member to lead that meeting. Standing committees of the Authority are appointed by the Chairperson, and include the following:

1. **Audit, Budget, Finance, Investment and Procurement** ("Audit Plus") (up to 7 members)

This committee shall oversee the work of the external and internal auditors, review proposed revenue-generating activities as well as policy as recommended by the Executive Director and/or chief financial officer, and recommend actions to the Board.

2. **Governance, Personnel, Legislation and Ethics** ("Governance Plus") (up to 7 members)

This committee shall oversee the structure and functioning of the Authority and attend to matters involving its members and ensure a proper "tone at the top," including definition of and compliance with proper standards of ethical conduct for the Board and Authority personnel, including recruitment, advancement and development, legislative proposals, and shall recommend actions to the Board. The Governance Plus Committee approves the Authority staff compensation packages, with exception of the Executive Director.

3. **Conduit Financing** (up to 7 members)

This committee shall consider conduit transactions presented by staff and recommend actions to the Board.

4. **Direct and Alternative Financing** ("Direct/Alternative") (up to 7 members)

This committee shall consider State of Illinois Clean Water Initiative Revolving Fund ("SRF") transactions and shall consider credit or risk transactions, including those with risk to Illinois taxpayers and to the Authority, in light of the Authority's four-point strategic plan (i. Public Purpose; ii. Clear Articulation of All Risks; iii. Short and Long-term revenue to sustain operations and compliance; and iv. "but for"/other competition in the sector/business line), and shall recommend actions to the Board.

5. **Executive** (up to 6 members)

The Executive Committee is composed of the Authority Chairperson, (who serves as chair *ex-officio),* the Vice-Chairperson and the chairs of the four functional committees. The Executive Committee meets on call of the chair or of any two Members for the transaction of operational (not transactional) business that is urgent and cannot be postponed until the next regular meeting of the full Board, which in turn is anticipated to consider ratification of the actions of the Executive Committee at the next scheduled Authority meeting. The Executive Committee determines the Authority's Executive Director's compensation package.

Under the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. (the "Act"), the Authority can take action only at a meeting properly noticed and held open to the public in accordance with the Open Meetings Act, 5 ILCS 120/1 et seq., at which a quorum of eight (8) Authority Members is physically present. The above-described committees consist of no more than seven (7) Authority Members and are advisory committees only. The committees have no power to take any action, and their advisory role is limited to considering issues and/or projects and making recommendations to the full Board of Authority Members. Matters do not require the recommendation of an advisory committee to be introduced on a Board agenda, and consideration by any advisory committee of all matters remains at the discretion of the Executive Director.

Pursuant to Resolution No. 2015-0709-AD09, the Authority initially authorized the formation of the above-described committees. Pursuant to Resolution No. 2016-0114-AD10, the Chairperson of the Authority shall serve as an ex-officio committee Member in a non-voting capacity of the Audit Plus, Governance Plus, Conduit Financing and Direct/Alternative Committees, and the Chairperson's membership in such committees shall not be deemed to increase the membership of such committees for quorum purposes.

IFA
ILLINOIS FINANCE AUTHORITY

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Date: May 14, 2019

To: Members of the Illinois Finance Authority

From: Sara Perugini, Vice President, Healthcare

Subject: ***Healthcare Bond Update***

This will update you on the Illinois Finance Authority's (the "Authority") non-profit healthcare, hospital and senior living federally tax-exempt conduit bonds (the "Healthcare Bonds"), providing a recap of the Authority's healthcare financings in Fiscal Year 2019, and also insight into what can be expected in Fiscal Year 2020, beginning July 1, 2019.

Fiscal Year 2019 in Review

Historically, Healthcare Bonds are the cornerstone of the Authority's public mission and self-sustaining revenues and Fiscal Year 2019 was no exception. To date in Fiscal Year 2019, the Authority issued just under $938 million in Healthcare Bonds on behalf of non-profit healthcare borrowers, resulting in closing fees of close to $800,000 (all numbers are preliminary and unaudited). This is remarkable for many reasons, but especially because it is coming in the wake of the change and uncertainty surrounding conduit bonds at the end of calendar year 2017, including the elimination of the ability to advance refund (refinance) conduit bonds. This positive performance is very good news for the Authority.

Fiscal Year 2020 Pipeline

The Fiscal Year 2020 pipeline is already visible and promising, and at least two healthcare financings are anticipated on the June 2019 agenda. Building upon Fiscal Year 2019's successful track record, the healthcare budget in the June resolution for Fiscal Year 2020 is also strong. The overall outlook for the healthcare industry is stable. Continuing care retirement communities are faring a bit better due to positive trends in demand and a strong housing market. Hospitals and health systems are navigating a decline in, but hopefully stabilizing, operating margins and nontraditional entrants into the healthcare space. While the Authority still faces the challenges of hospital and health system consolidation and a stable interest rate environment which results in no urgency to finance or refinance, a rise in interest rates will increase demand for the Authority's ability to issue conduit bonds.

Transformation Initiative Update

We are still pursuing leads under the two healthcare related Transformation Initiative products, the Medium Term Healthcare Finance Product and the Ownership and Project Finance Product and we are hopeful for a financing in Fiscal Year 2020. We are currently in conversations with a significant borrower who is interested in these products and we will update the Board accordingly. To date, the Authority has not closed a financing under these products. Based on many discussions, this seems to be a result of continuing low interest rates and the fact that many healthcare systems are currently focused on integration and internal and operational affairs, trying to do more with fewer resources and reduce costs while providing higher quality and safer care. However, based on these discussions, it is plausible that these products will deliver economic value for a subset in the future.

Building on a Solid and Longstanding Foundation

To ensure the Authority's continued positive impact and success, with the mentorship, availability and support of Executive Vice President Healthcare, Pam Lenane, I have met the senior financing, treasury and other c-suite decision makers in our primary universe of non-profit healthcare borrowers and members of the professional teams that support those borrowers, including attorneys, financial advisors and bankers. I look forward to continuing to provide the excellent client service, professionalism, efficiency and transparency that are the Authority's legacy.

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Date: May 14, 2019

To: Members of the Illinois Finance Authority ("Authority")

From: Charles Myart, Vice President, Loan and Guarantees

Subject: ***Loan and Agricultural Guarantee Product Update***

This will update you with respect to the status of the Participation Loan ("PL") and Agricultural Guarantee ("AG") products. We will review: (1) the pipeline of potential banks/lenders that may enroll in the PL product; (2) provide a status update with respect to potential PL and AG transactions as well as broadly discuss the categories of potential transactions that have been declined or withdrawn; and (3) discuss potential strategic partnerships and initiatives.

Bank/Lender Pipeline Update

Currently, the Authority has 16 banks/lenders enrolled with executed standard PL documents. The latest and sixteenth executed the standard PL documents in April 2019. There are seven additional banks/lenders currently reviewing the standard PL documentation.

Potential PL and AG Projects

We have one PL transaction (approximately $225k) in the pre-funding stage and four potential transactions totaling $1.9 million in the discussion stage. PL projects involve the Authority purchasing, with its locally-held/non-appropriated general funds, a percentage of a loan originated and initially underwritten by a private bank or lender to a small business. The rejuvenated PL structure results from the Authority's Transformation Initiative and state legislation enacted in 2018.

The Authority also has two potential AG transactions, totaling approximately $1.0 million, in the discussion stage. In contrast to PL projects in particular and all other Authority products and programs in general, the funds that back AG projects originated with appropriated state taxpayer dollars held in three funds, two of which funds are held in the State Treasury and the third of which is locally held by the Authority.

Two deals were recently withdrawn from consideration: a PL request from a design business refinancing it start-up debt and requesting a working capital line of credit, and an AG request to restructure operating debt which is instead using a federal Guarantee program. The Authority declined a request from a developer for refinancing. The developer had taken on more debt than the property's value, and cash flow was insufficient to cover the proposed new debt.

<u>Potential Strategic Partnerships and Initiatives</u>

The Authority had a preliminary discussion with the State Treasurer's Office regarding potential cooperation involving the Treasurer's Link-Deposit Program and PL/AG. Deputy Executive Director Stuckey's prior tenure with the State Treasurer's Office should help facilitate these efforts.

Authority staff have also held discussions with the U.S. Department of Commerce's Economic Development Administration ("EDA") with respect to leveraging Revolving Funds housed with various local governments to drive access to capital and working with business incubators to provide financing opportunities for aspiring entrepreneurs. We note that the Authority had a longstanding legacy revolving loan program with EDA. After much discussion, the Authority terminated this legacy arrangement and returned the EDA funds because the legacy program could not be updated to reflect current economic conditions.

Finally, the Authority is exploring collaboration with the Chicago Transit Authority and Capital Development Board in developing a Lending and Bonding process to provide Access to Capital for small contractors applying for work on Capital Projects.

The Authority is in discussion with a minority/woman-owned water and clean energy business. This business has developed and patented techniques of taking farm waste and converting it to clean energy and it intends to build a manufacturing facility in Central Illinois.

Federal Opportunity Zones ("OZones") remain another area of interest for the Authority. OZones are economically-distressed communities where qualifying new equity investments are treated preferentially by the Internal Revenue Service ("IRS"). While the creation of OZones by the Tax Cuts and Jobs Act in 2017 has primarily affected equity investments, the Authority believes that debt products like PL and C-PACE will play an important role in fostering economic development and job creation in distressed communities. We sought and engaged various OZone Fund managers as to whether the Authority can partner with OZone Fund Equity as a part of the overall project capital stack. We thank Authority Fellow Malcolm Simmons for his diligent efforts to support the Authority's investigation as to whether the Authority can play an impactful role in this relatively new federal resource.

With respect to the proactive management of financial risk in the PL and AG context, we are working toward a portfolio management process to serve as an early warning system to identify and manage potential risk to the PL/Loan/Guarantee portfolio. Now is the time to update and develop the appropriate risk management protocols and principles as the PL and AG portfolios are relatively small (respective exposure of $689,938 for PL and $5,267,807 for AG as of April 30, 2019), especially in comparison to the Authority's past experience (respective exposure of $28,810,756 for PL and $58,381,297 for AG as of June 30, 2009).

Finally, Authority staff are reviewing, updating and developing proposed changes to policies, procedures, standard agreements and State administrative rules to appropriately ensure compliance, transparency and accountability.

ILLINOIS FINANCE AUTHORITY

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Date: May 14, 2019

To: Members of the Illinois Finance Authority

From: Lisa Bonnett, Vice President, Water Policy

Subject: ***Illinois Finance Authority Illinois Clean Water Initiative SRF 2019 Series Green Bonds and Non-SRF Water Financing Transformation Initiative***

This will update you on the Illinois Finance Authority's (the "Authority") State of Illinois Clean Water Initiative State Revolving Fund ("SRF") Series 2019 Green Bonds and the Non-SRF Water Financing Transformation Initiative. This will recap the recent (April 2019) SRF Green Bonds transaction. This will also provide information on three potential water infrastructure financing opportunities the Authority plans to explore in Fiscal Year 2020.

<u>SRF 2019 Series Green Bonds</u>

As reported at the April 9, 2019 Board meeting, the Authority successfully priced its State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2019 Green Bonds at a premium during the pricing on April 3rd and 4th; and since the April Board meeting, the Authority closed this transaction on April 16, 2019.

Closing on the 2019 SRF Green Bonds, has provided $533 million in much needed funds at a True Interest Cost of 2.8% for the Illinois Environmental Protection Agency ("IEPA") to loan to local governments (at a rate of 1.84%) for water infrastructure projects. Following a competitive procurement, the Senior Manager Bank of America's sales desk, led by David Anderson along with a diverse, competitively selected and fairly compensated underwriting team, played a major role in sustaining an aggressive pricing schedule in a negative market.

And, the decision to accelerate the issuance schedule has provided project funding in time for this Spring's construction season.

In fact, the IEPA has already utilized $27 million of the 2019 Series bond proceeds to fund 53 local government water and sewer borrowers. Ramping up these infrastructure projects not only improves our water quality but stimulates the local economy and creates jobs in Illinois communities. Importantly, the SRF loans with a subsidized interest rate lower the financial burden on local rate and tax payers.

The Authority, with our partners at the IEPA, have successfully executed the Illinois Clean Water SRF leveraged program, expanding the amount of financing available by $1.949.7 billion, including providing $150 million in state match that captured an additional $750 million in federal funds. Providing the state match has alleviated the burden on the State's general obligation funds, which has allowed those scarce taxpayer resources to be used for other programs. However, with projects on the 2019 Intended Use Plan totaling more than $2.3 billion, additional financing is needed.

Non-SRF Water Financing Transformation Initiative

Through the Non-SRF Water Infrastructure Financing Transformation Initiative, the Authority is currently exploring the following opportunities to increase the amount of financing available for water infrastructure projects:

- **Direct Loans** - A Direct Loan financing product will allow the Authority to utilize balance sheet funds to provide low-cost, short-term loans (anticipated to be 10 years or less) to water utilities for emergency repair projects and for loan origination costs incurred prior to being awarded an SRF loan. Modeled after the SRF loan program, the IFA would develop standard loan documents, including debt and dedicated revenue ordinances to be adopted by local governments, and would establish interest rates and fees that cover IFA administration costs and that allows the monies to revolve and grow at a sustainable rate.

- **WIFIA** – The Authority is taking a leadership role in exploring potential Illinois projects that would benefit from a loan through the federal Water Infrastructure Finance and Innovation Act ("WIFIA") financing program. The WIFIA program accelerates investment in water and wastewater infrastructure by providing long-term, low-cost, credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance. WIFIA loans can provide 49% financing of all project costs, from development-phase activities to final construction; including WIFIA application and loan closing fees.

  In 2019, Congress has appropriated $60 million for credit subsidy, which will allow the US Environmental Protection Agency ("USEPA") to finance approximately $6 billion in water infrastructure projects nationwide. USEPA issued a Notice of Funding Availability on April 5, 2019 requesting interested entities to submit a Letter of Interest by July 5, 2019. Illinois did not make application in the 2017 or 2018 funding rounds.

  The Authority has had initial discussions with two water utilities that have large projects that meet the 2019 funding round project scoring criteria and that will need financing in the near term. One of the projects will make a significant investment in the conveyance of stormwater and the other project would replace the source water for several public water supplies and will build the necessary treatment and distribution systems. Both of these projects would be good candidates to take advantage of a WIFIA loan.

- **Local Government/Participation Loan Programs** – IFA will evaluate our current financing products to determine the viability and the cost of issuance of these products to provide efficient, low-cost financing to fund non-SRF water infrastructure projects. This evaluation will include identifying process steps, roles and responsibilities, timeline from application to loan origination and cost of issuance.

Bank of America Merrill Lynch

STATE REVOLVING FUND ISSUER VOLUME

SINCE 1989			SINCE 2013			SINCE 2016		
Rank	Issuer	Par ($B)	Rank	Issuer	Par ($B)	Rank	Issuer	Par ($B)
1	New York	$18,653	1	New York	$4,462	1	New York	$2,634
2	Massachusetts	7,377	2	Ohio	2,302	2	Illinois	1,510
3	Ohio	6,574	3	Illinois	1,652	3	California	1,394
4	Michigan	4,900	4	California	1,394	4	Ohio	1,300
5	Texas	3,534	5	Iowa	1,206	5	Iowa	769
6	Wisconsin	2,807	6	Indiana	992	6	Indiana	665
7	Indiana	2,779	7	Michigan	977	7	Michigan	577
8	Missouri	2,775	8	Massachusetts	768	8	Texas	509
9	Connecticut	2,263	9	Connecticut	767	9	Wisconsin	411
10	Colorado	2,208	10	Wisconsin	671	10	Connecticut	355
11	Iowa	2,190	11	Texas	578	11	Minnesota	354
12	Arizona	1,994	12	Rhode Island	522	12	Rhode Island	200
13	Illinois	1,932	13	Virginia	404	13	South Dakota	191
14	Minnesota	1,764	14	Oklahoma	403	14	Oklahoma	170
15	California	1,763	15	Minnesota	354	15	Colorado	126
16	Virginia	1,708	16	Arizona	343	16	Kentucky	109
17	Rhode Island	1,467	17	Missouri	299	17	Missouri	32
18	Oklahoma	1,125	18	Colorado	267	18	Maryland	21
19	Kentucky	645	19	South Dakota	251	19	Nevada	6
20	South Dakota	621	20	Kentucky	174	20	Arizona	-
21	North Dakota	439	21	North Dakota	119	21	Florida	-
22	Florida	390	22	Nevada	42	22	Massachusetts	-
23	Maryland	304	23	Maryland	21	23	Maine	-
24	Maine	184	24	Florida	-	24	North Dakota	-
25	Nevada	145	25	Maine	-	25	Virginia	-
Total		**$70,543**	**Total**		**$18,966**	**Total**		**$11,333**

Source: Thompson Reuters as of May 9, 2019 and includes only SRF (federal-related clean water and drinking water) capital market issuances

ILLINOIS FINANCE AUTHORITY

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Date: May 14, 2019

To: Members of the Illinois Finance Authority

From: Jacob Stuckey, Deputy Executive Director
Ximena Granda, Senior Controller

Subject: ***Illinois Finance Authority Audit Update***

This will update you on the Illinois Finance Authority's ("Authority") current audits and the general audit process. Currently, the Authority is engaged with both internal and external audits. This memorandum will remind the Board on the background of the external and internal audit processes and give the Board updates on both processes.

This update is consistent with Governor Pritzker's Executive Order 2019-01, which recently directed state agencies to review past audit findings and to develop plans to address them.

External Audit – Auditor General Background

As a constitutional officer, the Auditor General audits public funds of the State and reports findings and recommendations to the General Assembly and to the Governor. The establishment of the Auditor General under the Legislature is important. It ensures that the Legislature, which grants funds and sets program goals, will ultimately review program expenditures and results. Thus, agencies are accountable to the people through their elected representatives.

The Auditor General's office performs several types of audits to review State agencies. Financial audits and Compliance examinations are mandated by law. They disclose the obligation, expenditure, receipt, and use of public funds. They also provide agencies with specific recommendations to ensure full compliance with State statutes, rules, and regulations. The Auditor General also reviews compliance with federal statutes, and rules and regulations for those agencies subject to the Federal Single Audit Act of 1984.

Performance audits are conducted at the request of legislators to assist them in overseeing government. State programs, functions, and activities are reviewed according to the direction of the audit resolution or law directing the audit. The General Assembly then uses the audit recommendations to develop legislation for governmental improvement.

Pursuant to provisions of Section 6z-27 of the State Finance Act, the Auditor General is allowed to bill agencies for audit costs. For the Fiscal Year 2018 audit, the Authority was charged $233,926.

External Audit – Progress Update

RSM US LLP ("RSM") is the external auditors assigned to the Authority from the Auditor General. RSM is engaged with the Authority for 6 years, which began in Fiscal Year 2016. The Entrance Conference between the RSM and the Authority was held on April 12, which marked the beginning of the audit process for Fiscal Year 2019.

For Fiscal Year 2019, the Financial Audit and two-year Compliance Examination will be performed. The Fiscal Year 2019 Audit will consist of two phases of field work, with phase one beginning May 28, 2019 and ending June 30, 2019. The second phase of the field work will begin on September 3, 2019. The Final Audit Report anticipated release date is December 31, 2019 and the Compliance Report has an anticipated release date of January 31, 2020.

Internal Audit – Progress Update

On June 30, 2017, the Authority and Central Management Services ("CMS") Internal Audit Division entered into an Internal Governmental Agreement for CMS to perform Internal Audit services for the Authority. To date, six audits have been performed as part of the two-year audit plan for Fiscal Year 2019. The six audits that have been completed are:

1. Locally Held Funds Audit
2. Statutory Mandates Audit
3. IT Security Practices Audit
4. Revenue, Receivables and Receipts Audit
5. Purchasing, Contract and Leasing Audit
6. Payroll, Personnel and Personal Information Audit

Two audits are currently underway: the Bond Compliance and Expenditures, Payables & Equipment audits. With the completion of the two ongoing audits, the Authority is on track to complete the first year of the two-year audit plan for 2019 and 2020. Thus far, from the completed audits, the Authority has received mostly observations. The Authority has received Findings; one example was for not having 15 board members at any point during the audit period.

The Authority has found the relationship with CMS Internal Audit to be an effective management tool to assist in the preparation of external audits and to ensure that the Authority's policies and procedures are consistent with best practices. To date, CMS has not charged the Authority, but the Authority is willing to pay for these important Internal Audit services should CMS choose to do so in the future.

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Date: May 14, 2019

To: Members of the Illinois Finance Authority

From: Jacob Stuckey, Deputy Executive Director
Sarah Mankowski, Human Resources Manager

Subject: ***Talent Retention, Development and Acquisition Update***

Authority operational and Transformation Initiative needs require the retention, development and acquisition of excellent talent. This update will provide background and information on the approach the Illinois Finance Authority is taking to retaining, developing and acquiring talent, given some of the complexities presented in our current environment. Therefore, the Authority is adopting a talent retention, development and acquisition framework that is consistent with the broad principles and objectives of the *Rutan* framework.

Background

In *Rutan v. Republican Party of Illinois, 497 U.S. 62 (1990)*, the U.S. Supreme Court held in part that hiring decisions involving low-level public employees may not be based on political party affiliation and support. The *Rutan* case was subsequently refined and incorporated into State hiring practices by further litigation and rules and is generally known in State of Illinois ("State") government as the *Rutan* process. State employment positions are generally categorized as either *Rutan*-covered or *Rutan*-exempt. For example, when hiring into *Rutan*-exempt positions, party affiliation may be considered; when hiring into *Rutan*-covered positions, it may not. To ensure this, the State has from time to time implemented standardized hiring processes intended to promote fair, objective, and politics-blind evaluation of candidates for *Rutan*-covered positions.

Many of the considerations that are relevant to the State code agencies (Illinois Department of Transportation, Illinois Department of Corrections, etc.) with respect to the *Rutan* process do not pertain to the Illinois Finance Authority ("Authority"). The Authority is a statutory body politic and corporate with broad enumerated employment powers and is distinguishable from the code agencies (no State pensions; not subject to the Personnel Code; not part of State collective bargaining; etc.). Accordingly, the State *Rutan* process does not apply to the Authority, though the Authority recognizes and embraces the applicability of the principles that underlie that process. Therefore, the Authority is adopting a talent retention, development and acquisition framework that is consistent with the broad principles and objectives of the State *Rutan* framework.

Talent Acquisition Framework

The Authority has developed a hiring process consistent with the objectives and principles underlying the State hiring process and with extensive legal due diligence, while incorporating best practices from the private and public sectors.

This updated hiring process builds on the extensive work completed over the last year to create sustainable hiring processes and has resulted in the recruitment of several high quality new employees. Given where the Authority is in its Transformation Initiative, it is critical that we continue to recruit and select the best possible talent for any open position. The process that Authority staff has created allows for an objective, fair, and thoughtful evaluation of the experience and qualifications of each candidate free of any discrimination or consideration of anything other than job-specific criteria.

Pursuant to Illinois law, certain state positions are *Rutan*-exempt. Such positions must be "at-will" and not subject to job protection. Such positions must also have a unique role in making and creating policy, require the individual to act as a spokesperson for the organization and/or deal with confidential information in such a way that political affiliation is an appropriate consideration for the effective performance of the job.

The Authority's updated hiring process is two-pronged, differentiating between positions that will be treated as *Rutan*-covered and positions that will be treated as *Rutan*-exempt. All Authority employees, regardless of their category, will remain "at-will" employees. Generally, the direct reports of the Executive Director are most likely to meet the criteria to be *Rutan*-exempt. The process for hiring into *Rutan*-exempt positions is more flexible because the concern about avoiding political considerations does not apply. See Appendix A for a detailed description of the Authority's updated selection process [.

On occasion, there may be a temporary need for supplemental resources on a part-time basis. When such needs arise, Authority management will determine whether a procurement or personal services contract is appropriate for each unique situation. If the need is deemed to be permanent, then this updated hiring process will instead apply.

In connection with the Transformation Initiative, the Authority worked through a *Rutan*-consistent process in recruiting various experts in their respective fields through personal service contracts ("PSCs"). As the Transformation Initiative proceeds, these experts may be moved to employment on a part-time hourly basis rather than on PSCs.

Talent Retention and Development Framework

The Authority recognizes the importance of not only bringing on talented staff, but also retaining and developing existing staff. The Authority is in the process of reviewing the employee handbook and refining policies in order to develop a comprehensive approach to retaining and developing staff. Policies under consideration include, but are not limited to:

- Parental Leave

- Tuition Reimbursement
- Compassion Leave
- Bereavement Leave
- Wellness Incentive Program

The Authority is also considering how to make our workplace more engaging by providing greater flexibility to employees and creating a clearer alignment of duties. Finally, to address concerns regarding redundancy and succession in a small organization, we plan to add one or more business analyst roles in order to have a clear career path for more junior talent.

Appendix A:

IFA Talent Acquisition Process

1. Validate open position
   Hiring manager confirms budget and headcount for open position with Executive Director and Controller

2. Create job description
   Hiring Manager works with HR to create up-to-date job description. Use Job Description template and any existing information on the role to create a final job description. Chief Legal Counsel to approve final job description.

3. Determine if the candidate should be hired through the *Rutan*-Covered or *Rutan*-Exempt process
   a. The position is *Rutan*-Exempt if the role :
      i. Has responsibility for making policy,
      ii. Requires a high degree of confidentiality, or
      iii. Acts as a spokesperson for the IFA.
   b. If the position meets one or more of the criteria above, management has the discretion to use a hiring approach that allows the IFA to get the best candidate possible for the role given its unique and important nature.

<u>For *Rutan*-Exempt hires, proceed through the following steps</u>

a. Gather and track resumes for all candidates, including those that come from the Governor's office and maintained in a hiring file.
b. Create a hiring file that includes the candidate's name, proposed salary, current salary (if available) and job description, including the position title.
c. Conduct a background check before an offer is extended.
d. Executive Director reviews the file and signs off on the file before an offer is extended.

<u>For Rutan-Covered hires, proceed through the following steps</u>

4. Create Interview Guide
   HR will create a detailed interview guide based off each job description.

5. Create Resume Scorecard
   HR will create an objective resume scorecard based on the agreed upon requirements for the job noted in the job description.

6. Create Interview Panel
   Hiring Manager and HR align on IFA employees who will be responsible for interviewing candidates. The Interview panel will interview the candidate and will provide detailed written feedback on their assessment, helping the hiring manager make an informed decision.

7. Create Recruitment Strategy
   Hiring Manager and HR align on Recruiting strategy. Recruiting strategy includes various postings, advertising, and other specialized ways to build a diverse candidate pool of candidates. All IFA roles will be posted on the IFA site and the CMS site (http://work.illinois.gov).

8. Job Posting
   Open position is posted in accordance with the agreed upon recruiting strategy. Each role will be posted a minimum of 10 business days to ensure qualified applicants have ample opportunity to apply for open positions.

9. Resume Screen
   HR will screen applicants using the objective and consistent set of criteria established in the resume scorecard. No candidates will be identified by name in the process.

10. Phone Screen
    HR will conduct a brief and consistent phone screen and confirm interest and availability to move forward in the process. HR will create final interview slate.

11. Conduct Interview Panel
    HR will schedule and coordinate interviews. Candidates will meet with interview panel, with each using the common set of questions in the agreed upon interview guide.

12. Calibration Session
    HR will facilitate a meeting with the interview panel to discuss and review the interview findings and recommendations. The hiring manager will assess the interview data to make a recommendation for hire.

13. Executive Director Interview and Review
    The Executive Director will interview the recommended candidate to ensure he is supportive of proceeding with an offer.

14. Offer
    HR will review internal and external data to determine a competitive offer and will work with hiring manager to extend the offer. The offer will be contingent on requisite background checks and references.

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Date: May 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Jeffrey Wright
Bradley A. Zeller

From: Ximena Granda, Senior Controller

Subject: ***Presentation and Consideration of Financial Reports as of April 30, 2019*****

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

FISCAL YEAR 2019-UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

a. **Total Annual Revenues** equal $**3.5** million and are **$282** thousand or **8.7%** higher than budget due primarily to **higher** administrative service fees and interest and investment income. Closing fees year-to-date of $1.7 million are $547 thousand or 24.8% **lower** than budget. Annual fees of $208 thousand are $17 thousand higher than the budgeted amount. Administrative service fees of $216 thousand are $132 thousand higher than budget. Application fees total $19 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 $437 thousand (which has represented a declining asset since 2014). Net investment income position is at $985 thousand for the fiscal year and is $754 thousand higher than budget.*

   In **April,** the Authority generated $262 thousand in closing fees, higher than the monthly budgeted amount of $221 thousand.

b. **Total Annual Expenses** of $3.6 million were $531 thousand or 12.8% lower than budget, which was mostly driven by below budget spending on employee related expenses. Year-to-date, employee related expenses total $2.1 million or 18.1% lower than budget. Professional services expenses total $1.0 million or $2 thousand or 0.2% below budget. Annual occupancy costs of $142 thousand are 3.6% lower than budget, while general and administrative costs are $319 thousand for the year, which is 10.1% lower than budget. Total depreciation cost of $14 thousand is 58.6% 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 is $158 thousand.

c. In **April** the Authority recorded operating expenses of $376 thousand, which was lower than the monthly budgeted amount of $413 thousand.

d. **Total Monthly Net Income** of $83 thousand was driven by net investment and interest income but mitigated by lower than expected closing fees.

**** 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.*

e. **Total Annual Net Loss** of -$69 thousand is $815 thousand higher than the budgeted loss of -$884 thousand. The reported annual operating loss continues to be better than the forecast operating loss due to higher than expected interest and investment income in addition to effective expense control.

2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION

The Authority, as of April 30, 2019, is a $123.7 million dollar agency but also accounts for activity in the Other State of Illinois Debt Fund. Total Assets in the Other State of Illinois Debt Fund are $1.7 billion. The Authority maintains compliance for nearly $24.8 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 $59.6 million. Total assets in the General Fund are $60.3 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total $47.3 million (with $5.9 million in cash). Notes receivable from the former Illinois Rural Bond Bank local governments ("IRBB") total $8.3 million. Participation loans, DACA (pilot medical student loans in exchange for service in medically underserved areas in Illinois) and other loans receivable are $4.2 million.

4. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION

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"), 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. Of the fund's $1.7 billion of total assets, outstanding CWI Bonds total $1.7 billion. The Series 2016 CWI Bonds closed on September 12, 2016, in the principal amount of $500 million and the Series 2017 CWI Bonds closed on September 12, 2017, in the principal amount of $560 million. The Series 2019 CWI Green Bonds closed on April 16, 2019, in the principal amount of $450 million. As of April 30, 2019, restricted investments total $560 million with accrued investment income totaling $322 thousand.

b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year-to-date receipts of $346 thousand. Year-to-date loan repayments under both programs total $2.0 million. The Net Position for Fire Truck and Ambulance Revolving Loan Funds on the Authority's balance sheet is $24.1 million and $4.3 million, respectively.

c. 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 April 30, 2019, the Agricultural Loan Guarantee Fund had a Restricted Net Position of $10.5 million and the Agribusiness Fund had a Restricted Net Position of $8.2 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 Public Acct 99-0509). The Restricted Net Position for the Industrial Revenue Bond Insurance Fund was $11.9 million as of April 30, 2019.

d. All other nonmajor funds recorded total year-to-date revenues of $647 thousand. Year-to-date expenses total $9 thousand as of April 30, 2019. Total Net Position in the remaining non-major funds is $35.0 million.

e. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of $5thousand 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

RSM US LLP will be performing the Fiscal Year 2019 Financial Audit Examination and the Two Year Compliance Examination for Fiscal Year 2018 and Fiscal Year 2019. The first phase of fieldwork will begin on May 28, 2019, with the auditors expected to be on the Authority's premises until June 30, 2019.

The Bonds Audit and Expenditures, Payables and Equipment Audit remain on track and are the last two audits that need to be completed under the Fiscal Year 2019 Audit Plan.

6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION

The Fiscal Year Comparison of Bonds Issued, Fiscal Year 2019 Bonds Issued, and Schedule of Debt are being presented as supplementary financial information in your Board package.

Respectfully submitted,

/s/ Ximena Granda
Controller

ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
GENERAL OPERATING FUND
FOR FISCAL YEAR 2019 AS OF APRIL 30, 2019
(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	$ 95,566	$ 65,005	$ 103,688	$ 412,135	$ 245,429	$ 158,030	$ 197,260	$ 91,000	$ 30,273	$ 262,233			$ 1,660,619	$ 2,208,021	$ (547,402)	-24.8%
Annual Fees	18,091	20,824	18,496	21,439	20,271	28,105	17,189	17,684	21,052	24,767			207,918	190,833	17,085	9.0%
Administrative Service Fees	35,500	20,000	50,000	-	30,000	45,000	10,000	4,500	11,000	10,000			216,000	83,333	132,667	159.2%
Application Fees	1,200	3,250	2,200	-	1,600	3,950	1,200	3,100	1,100	1,300			18,900	25,000	(6,100)	-24.4%
Miscellaneous Fees	111	-	2,169	338	-	-	118	-	-	-			2,736	-	2,736	n/a
Interest Income-Loans	46,345	34,256	43,119	45,094	52,153	34,434	46,544	45,303	47,380	42,486			437,114	507,523	(70,409)	-13.9%
Other Revenue	148	147	143	145	138	137	136	136	116	-			1,246	1,667	(421)	-25.3%
Total Operating Revenue:	**$ 196,961**	**$ 143,482**	**$ 219,815**	**$ 479,151**	**$ 349,591**	**$ 269,656**	**$ 272,447**	**$ 161,723**	**$ 110,921**	**$ 340,786**	**$ -**	**$ -**	**$ 2,544,533**	**$ 3,016,377**	**$ (471,844)**	**-15.6%**
Operating Expenses:																
Employee Related Expense	$ 184,691	$ 205,508	$ 202,630	$ 211,818	$ 209,727	$ 210,697	$ 209,225	$ 232,581	$ 226,323	$ 222,415			$ 2,115,615	$ 2,583,470	$ (467,855)	-18.1%
Professional Services	34,833	55,636	63,693	142,590	175,140	190,831	85,788	61,082	95,911	104,373			1,009,877	1,011,667	(1,790)	-0.2%
Occupancy Costs	14,675	14,638	14,601	13,236	14,398	12,951	16,076	14,728	12,229	14,259			141,791	147,100	(5,309)	-3.6%
General & Administrative	32,495	28,375	28,406	32,708	32,222	42,547	29,402	26,496	32,988	33,533			319,172	355,000	(35,828)	-10.1%
Depreciation and Amortization	1,369	1,369	1,369	1,391	1,391	1,436	1,436	1,458	1,458	1,457			14,134	34,167	(20,033)	-58.6%
Total Operating Expense	**$ 268,063**	**$ 305,526**	**$ 310,699**	**$ 401,743**	**$ 432,878**	**$ 458,462**	**$ 341,927**	**$ 336,345**	**$ 368,909**	**$ 376,037**	**$ -**	**$ -**	**$ 3,600,589**	**$ 4,131,404**	**$ (530,815)**	**-12.8%**
Operating Income(Loss)	**$ (71,102)**	**$ (162,044)**	**$ (90,884)**	**$ 77,408**	**$ (83,287)**	**$ (188,806)**	**$ (69,480)**	**$ (174,622)**	**$ (257,988)**	**$ (35,251)**	**$ -**	**$ -**	**$(1,056,056)**	**$ (1,115,027)**	**$ 58,971**	**5.3%**
Nonoperating Revenues (Expenses):																
Miscellaneous Non-Opertg Rev/(Exp)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -		$ -	n/a
Bad Debt Adjustments (Expense)	-	-											-	1,667	(1,667)	-100.0%
Interest and Investment Income	57,689	72,944	52,529	69,171	68,180	59,654	67,624	66,423	58,424	86,990			659,628	333,333	326,295	97.9%
Realized Gain (Loss) on Sale of Invest:	400	(10,790)	(2,300)	(4,944)	(3,469)	(5,971)	(2,973)	1,718	(253)	(5,768)			(34,350)	(20,833)	(13,517)	-64.9%
Net Appreciation (Depr) in FV of Invest	21,175	32,623	3,854	19,877	33,125	65,951	41,387	26,933	77,737	37,081			359,743	(83,333)	443,076	531.7%
Total Nonoperating Rev (Exp)	**$ 79,264**	**$ 94,777**	**$ 54,083**	**$ 84,104**	**$ 97,836**	**$ 119,634**	**$ 106,038**	**$ 95,074**	**$ 135,908**	**$ 118,303**	**$ -**	**$ -**	**$ 985,021**	**$ 230,834**	**$ 754,187**	**326.7%**
Net Income (Loss) Before Transfers	**$ 8,162**	**$ (67,267)**	**$ (36,801)**	**$ 161,512**	**$ 14,549**	**$ (69,172)**	**$ 36,558**	**$ (79,548)**	**$ (122,080)**	**$ 83,052**	**$ -**	**$ -**	**$ (71,035)**	**$ (884,193)**	**$ 813,158**	**92.0%**
Transfers:																
Transfers in from other funds	$ 3,057	$ -	$ -	$ -	$ -	$ -	$ 154,654	$ -	$ -	$ -	$ -	$ -	$ 157,711	$ -	157,711	0.0%
Transfers out to other funds	(1,195)	-	-	-	-	-	(154,654)	-	-	-	-	-	(155,849)	-	(155,849)	0.0%
Total Transfers In (Out)	**$ 1,862**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,862**	**$ -**	**$ 1,862**	**0.0%**
Net Income (Loss)	**$ 10,024**	**$ (67,267)**	**$ (36,801)**	**$ 161,512**	**$ 14,549**	**$ (69,172)**	**$ 36,558**	**$ (79,548)**	**$ (122,080)**	**$ 83,052**	**$ -**	**$ -**	**$ (69,173)**	**$ (884,193)**	**$ 815,020**	**92.2%**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
FOR FISCAL YEAR 2019 AS OF APRIL 30, 2019
(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	$ 1,660,619	$ -	$ -	$ -	$ 1,660,619	$ -	$ 1,660,619	$ -
Annual Fees	207,918	-	-	-	207,918	-	207,918	-
Administrative Service Fees	216,000	-	-	-	216,000	-	216,000	-
Application Fees	18,900	-	-	-	18,900	-	18,900	-
Miscellaneous Fees	2,736	345,887	-	-	348,623	-	348,623	-
Interest Income-Loans	437,114	10,378	1,054	-	448,546	28,656,044	29,104,590	-
Other Revenue	1,246	-	-	-	1,246	-	1,246	-
Total Operating Revenue:	**$ 2,544,533**	**$ 356,265**	**$ 1,054**	**$ -**	**$ 2,901,852**	**$ 28,656,044**	**$ 31,557,896**	**$ -**
Operating Expenses:								
Employee Related Expense	$ 2,115,615	$ -	$ -		$ 2,115,615	$ -	$ 2,115,615	$ -
Professional Services	1,009,877	3,793	2,631	9,113	1,025,414	-	1,025,414	-
Occupancy Costs	141,791	-	-	-	141,791	-	141,791	-
General & Administrative	319,172	-	-	11	319,183	-	319,183	-
Interest Expense	-	-	-	-	-	31,959,250	31,959,250	-
Depreciation and Amortization	14,134	-	-	-	14,134	-	14,134	-
Total Operating Expense	**$ 3,600,589**	**$ 3,793**	**$ 2,631**	**$ 9,124**	**$ 3,616,137**	**$ 31,959,250**	**$ 35,575,387**	**$ -**
Operating Income(Loss)	**$ (1,056,056)**	**$ 352,472**	**$ (1,577)**	**$ (9,124)**	**$ (714,285)**	**$ (3,303,206)**	**$ (4,017,491)**	**$ -**
Nonoperating Revenues (Expenses):								
Miscellaneous non-opertg rev/(exp)	$ -	$ -	$ -		$ -	$ -	$ -	$ -
Transfer of funds and program interest from the State of Illi	-	-	-	-	-	-	-	-
Interest and invesment income*	659,628	96,203	46,676	514,359	1,316,866	2,510,386	3,827,252	6
Realized Gain (Loss) on sale of investment	(34,350)	(27,781)	(10,809)	(11,408)	(84,348)	(851,255)	(935,603)	-
Net Appreciation (Depr) in fair value of investments**	359,743	61,797	16,472	143,976	581,988	1,644,075	2,226,063	-
Total Nonoperating Revenues (Expenses)	**$ 985,021**	**$ 130,219**	**$ 52,339**	**$ 646,927**	**$ 1,814,506**	**$ 3,303,206**	**$ 5,117,712**	**$ 6**
				-				
Net Income (Loss) Before Transfers	**$ (71,035)**	**$ 482,691**	**$ 50,762**	**$ 637,803**	**$ 1,100,221**	**$ -**	**$ 1,100,221**	**$ 6**
Transfers:								
Transfers in from other funds	$ 157,711	$ -	$ -	$ -	$ 157,711	$ -	$ 157,711	$ -
Transfers out to other funds	(155,849)	-	-	(1,862)	(157,711)	-	(157,711)	-
Total Transfers In (Out)	**$ 1,862**	**$ -**	**$ -**	**$ (1,862)**	**$ -**	**$ -**	**$ -**	**$ -**
Net Income (Loss)	**$ (69,173)**	**$ 482,691**	**$ 50,762**	**$ 635,941**	**$ 1,100,221**	**$ -**	**$ 1,100,221**	**$ 6**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
April 30, 2019

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	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	$ 5,870,590	$ -	$ -	$ 16,250	$ 5,886,840		$ 5,886,840	$ -
Investments	31,603,017	-	-	3,242,831	34,845,848		34,845,848	-
Accounts receivable, Net	5,484	-	-	-	5,484		5,484	-
Loans receivables, Net	-	-	-	-	-		-	-
Accrued interest receivable	324,090	-	-	14,181	338,271		338,271	-
Bonds and notes receivable		-	-	-	-		-	-
Due from other funds	-	-	-		-		-	-
Prepaid Expenses	93,639	-	-		93,639		93,639	-
Total Current Unrestricted Assets	**$ 37,896,820**	**$ -**	**$ -**	**$ 3,273,262**	**$ 41,170,082**	**$ -**	**$ 41,170,082**	**$ -**
Restricted:								
Cash & Cash Equivalents	$ -	$ 141,630	$ 8,378	$ 64,765	$ 214,773	$ 49,530,141	$ 49,744,914	$ 4,640
Deposits in transit	-		-	-	-		-	-
Investments	-	7,489,975	3,197,400	8,852,053	19,539,428	559,662,189	579,201,617	-
Securities lending collateral equity with the Treasurer	-	-	-	-	-	-	-	-
Accrued interest receivable	-	20,610	8,957	34,774	64,341	321,844	386,185	-
Due from other funds	-		-		-		-	-
Due from primary government	-	-	-		-		-	-
Bonds and notes receivable from State component units	-		-		-		-	-
Loans receivables, Net	-	-	-	-	-	-	-	-
Total Current Restricted Assets	**$ -**	**$ 7,652,215**	**$ 3,214,735**	**$ 8,951,592**	**$ 19,818,542**	**$ 609,514,174**	**$ 629,332,716**	**$ 4,640**
Total Current Assets	**$ 37,896,820**	**$ 7,652,215**	**$ 3,214,735**	**$ 12,224,854**	**$ 60,988,624**	**$ 609,514,174**	**$ 670,502,798**	**$ 4,640**
Non-current Assets:								
Unrestricted:				-				
Investments	$ 9,829,383	$ -	$ -	$ 1,189,957	$ 11,019,340		$ 11,019,340	$ -
Loans receivables, Net	4,217,506	-	-	-	4,217,506		4,217,506	-
Bonds and notes receivable	8,305,837	-	-	-	8,305,837		8,305,837	-
Total Noncurrent Unrestricted Assets	**$ 22,352,726**	**$ -**	**$ -**	**$ 1,189,957**	**$ 23,542,683**	**$ -**	**$ 23,542,683**	**$ -**
Restricted:								
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -		$ -	$ -
Investments	-	-	-	2,928,284	2,928,284	-	2,928,284	-
Funds in the custody of the Treasurer	-	218,979	968	18,651,397	18,871,344		18,871,344	-
Loans receivables, Net	-	16,189,730	1,109,320	-	17,299,050		17,299,050	-
Bonds and notes receivable from primary government	-	-	-	-	-	1,129,422,859	1,129,422,859	-
Bonds and notes receivable from State component units	-	-	-	-	-	1,072,749	1,072,749	-
Total Noncurrent Restricted Assets	**$ -**	**$ 16,408,709**	**$ 1,110,288**	**$ 21,579,681**	**$ 39,098,678**	**$ 1,130,495,608**	**$ 1,169,594,286**	**$ -**
Capital Assets								
Capital Assets	$ 758,646	$ -	$ -	$ -	$ 758,646	$ -	$ 758,646	$ -
Accumulated Depreciation	(704,511)	-	-	-	(704,511)	-	(704,511)	-
Total Capital Assets	**$ 54,135**	**$ -**	**$ -**	**$ -**	**$ 54,135**	**$ -**	**$ 54,135**	**$ -**
Total Noncurrent Assets	**$ 22,406,861**	**$ 16,408,709**	**$ 1,110,288**	**$ 22,769,638**	**$ 62,695,496**	**$ 1,130,495,608**	**$ 1,193,191,104**	**$ -**
Total Assets	**$ 60,303,681**	**$ 24,060,924**	**$ 4,325,023**	**$ 34,994,492**	**$ 123,684,120**	**$ 1,740,009,782**	**$ 1,863,693,902**	**$ 4,640**
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred loss on debt refunding	$ -	$ -	$ -	$ -	$ -	$ 182,538	$ 182,538	$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 182,538**	**$ 182,538**	**$ -**
Total Assets & Deferred Inflows of Resources	**$ 60,303,681**	**$ 24,060,924**	**$ 4,325,023**	**$ 34,994,492**	**$ 123,684,120**	**$ 1,740,192,320**	**$ 1,863,876,440**	**$ 4,640**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
April 30, 2019

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Liabilities:								
Current Liabilities:								
Payable from unrestricted current assets:								
Accounts payable	$ 129,699	$ -	$ -	$ -	$ 129,699	$ -	$ 129,699	$ -
Payables from pending investment purchases	305,239	-	-	-	305,239	-	305,239	-
Accrued liabilities	19,927	-	-	-	19,927	-	19,927	-
Payroll Tax Liability	30,790				30,790		30,790	
Due to employees	106,062	-	-	-	106,062	-	106,062	-
Due to primary government	50,001	-	-	-	50,001	-	50,001	-
Due to other funds	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	4,634
Unearned revenue, net of accumulated amortization	97,275	-	-	-	97,275	-	97,275	
Total Current Liabilities Payable from Unrestricted Current Assets	**$ 738,993**	**$ -**	**$ -**	**$ -**	**$ 738,993**	**$ -**	**$ 738,993**	**$ 4,634**
Payable from restricted current assets:								
Accounts payable	-	-	-	-	-	-	-	-
Obligation under securites lending of the State Treasurer	-	-	-	-	-		-	-
Accrued interest payable	$ -	$ -	$ -	$ -	$ -	$ 18,396,550	$ 18,396,550	$ -
Due to other funds	-	-	-	-	-		-	-
Due to primary government	-	-	-	-	-		-	-
Bonds and notes payable from primary government	-	-	-	-	-	11,877,974	11,877,974	-
Bonds and notes payable from State component units	-	-	-	-	-	333,948	333,948	-
Current portion of long term debt	-	-	-	-	-		-	-
Other liabilities	-	-	-	-	-		-	-
Total Current Liabilities Payable from Restricted Current Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 30,608,472**	**$ 30,608,472**	**$ -**
Total Current Liabilties	**$ 738,993**	**$ -**	**$ -**	**$ -**	**$ 738,993**	**$ 30,608,472**	**$ 31,347,465**	**$ 4,634**
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	$ -	$ -	$ -	$ -	$ -	$ 1,708,845,047	$ 1,708,845,047	$ -
Bonds and notes payable from State component units	-	-	-	-	-	738,801	738,801	-
Total Noncurrent Liabilities Payable from Restricted Noncurrent	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,709,583,848**	**$ 1,709,583,848**	**$ -**
Total Noncurrent Liabilities	**$ 585**	**$ -**	**$ -**	**$ -**	**$ 585**	**$ 1,709,583,848**	**$ 1,709,584,433**	**$ -**
Total Liabilities	**$ 739,578**	**$ -**	**$ -**	**$ -**	**$ 739,578**	**$ 1,740,192,320**	**$ 1,740,931,898**	**$ 4,634**
Net Position:								
Net Investment in Capital Assets	$ 54,135	$ -	$ -	$ -	$ 54,135	$ -	$ 54,135	$ -
Restricted for Locally Held Agricultural Guarantees	-	-	-	11,612,812	11,612,812	-	11,612,812	-
Restricted for Public Safety Loans	-	23,578,233	4,274,262	-	27,852,495	-	27,852,495	-
Restricted for Agricultural Guarantees and Rural Development Loans	-	-	-	18,366,624	18,366,624	-	18,366,624	-
Restricted for Low Income Community Investments	-	-	-	11,933	11,933	-	11,933	-
Unrestricted	59,579,141	-	-	4,367,181	63,946,322	-	63,946,322	-
Current Change in Net Position	(69,173)	482,691	50,761	635,942	1,100,221	-	1,100,221	6
Total Net Position	**$ 59,564,103**	**$ 24,060,924**	**$ 4,325,023**	**$ 34,994,492**	**$ 122,944,542**	**$ -**	**$ 122,944,542**	**$ 6**
Total Liabilities & Net Position	**$ 60,303,681**	**$ 24,060,924**	**$ 4,325,023**	**$ 34,994,492**	**$ 123,684,120**	**$ -**	**$ 1,863,876,440**	**$ 4,640**

IFA
ILLINOIS FINANCE AUTHORITY

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Date: May 14, 2019

To: Eric Anderberg, Chairman
James J. Fuentes
Michael W. Goetz
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
Jeffrey Wright
Bradley A. Zeller

Subject: ***Updates to Schedule of Debt as of April 30, 2019*****

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

Each month, Illinois Finance Authority ("Authority") staff prepares a Schedule of Debt as a supplementary report to the preliminary and unaudited financial statements, both collectively delivered in advance of the regularly scheduled meeting of the Members for review and consideration. The Schedule of Debt is a monthly summary of outstanding conduit debt issued pursuant to the Illinois Finance Authority Act, the Illinois Environmental Facilities Financing Act, and Illinois Higher Education Loan Act. Additionally, the Schedule of Debt is a monthly summary of outstanding treasury funds advanced pursuant to the Illinois Finance Authority Act. Collectively, these summaries present a snapshot of the Authority's debt portfolio.

Importantly, debt issued by the Authority under the Illinois Finance Authority Act has a general debt limit of $28,150,000,000 while debt issued by the Authority under other statutes does not count against the general debt limit. To clarify this important distinction, staff endeavored to reorganize the layout of the Schedule of Debt recently. As a result of these efforts, the Schedule of Debt as of April 30, 2019** now reports all conduit debt issued under the Illinois Finance Authority Act subject to the general debt limit on page 1 while all other debt is reported on page 2.

Specifically, Section I maintains the customary summary of all outstanding conduit debt issued under the Illinois Finance Authority Act organized by sector, but Sections I(a) through I(d) now report each of the categorical limitations within the general debt limit. For example, issuance of General Purpose Moral Obligation Bonds, issuance of Financially Distressed Cities Moral Obligation Bonds, and issuance of debt for Clean Coal, Coal, Energy Efficiency, PACE, and Renewable Energy Projects counts against the general debt limit of $28.15 billion and each is further bound by the categorical limitations as outlined. Similarly, the Agri-Debt Guarantee and Agri-Loan Guarantee Programs count against the general debt limit of $28.15 billion and each is further bound by the categorical limitations as outlined. This change in reporting for the immaterial amount of outstanding guarantees is recognition of a better understanding of Section 830-25 of the Illinois Finance Authority Act and the bonded indebtedness limitation contained therein for guarantees.

Additional changes to the Schedule of Debt as of April 30, 2019** include the following:

- Removal of the section summarizing Recovery Zone Facility Bond issuance previously authorized under the American Recovery and Reinvestment Act of 2009. Issuance of Recovery Zone Facility Bonds expired in December 2010. Outstanding amounts of Recovery Zone Facility Bonds continue to be reported as part of the Industrial sector under the general debt limit summary in Section I.

- Removal of the section summarizing Qualified Energy Conservation Bond issuance previously authorized under the Energy Improvement and Extension Act of 2008. Issuance of Qualified Energy Conservation Bonds expired with federal tax reform in 2017. The Authority elected not to issue any Qualified Energy Conservation Bonds but rather transfer its allocation to units of local government and/or state universities.

- Removal of the section summarizing Midwestern Disaster Area Bond issuance previously authorized under the Heartland Disaster Tax Relief Act of 2008. Issuance of Midwestern Disaster Area Bonds expired in December 2012. Outstanding amounts of Midwestern Disaster Area Bonds continue to be reported as part of the Industrial sector under the general debt limit summary in Section I.

- Addition of Deferred Action for Childhood Arrivals loans in Section II.

Collectively, these changes are intended to present a more clear and concise picture of the Authority's debt portfolio. Staff will continue to monitor debt issuance and principal repayments as well as continue to consult with bond counsel as necessary.

Respectfully submitted,

/s/ Tiffany N. McCoy, CFSA, CSOE
Accountant

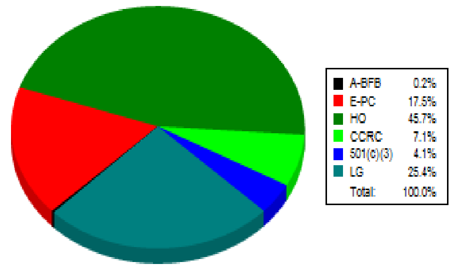
/s/ Brad R. Fletcher
Vice President/Treasurer

Bonds Issued - Fiscal Year Comparison
for the Period Ending April 30, 2019

Fiscal Year 2019

#	Market Sector	Principal Issued
18	Agriculture - Beginner Farmer	4,342,925
5	Education	310,870,000
4	Healthcare - Hospital	811,655,000
2	Healthcare - CCRC	125,815,000
3	501(c)(3) Not-for-Profit	72,033,094
1	Local Government	450,000,000
33		$1,774,716,019

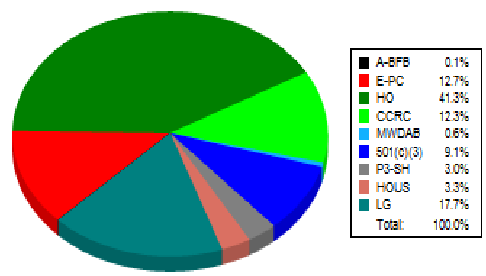
Bonds Issued in Fiscal Year 2019



Fiscal Year 2018

#	Market Sector	Principal Issued
15	Agriculture - Beginner Farmer	2,749,725
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
7	501(c)(3) Not-for-Profit	288,464,000
3	Multifamily/Senior/Not-for-Profit Housing	104,045,000
1	Local Government	560,025,000
1	P3 Student Housing	94,860,000
45		$3,171,728,725

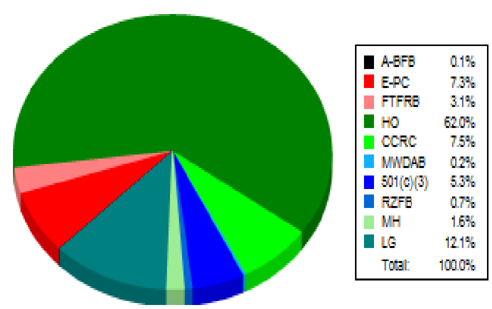
Bonds Issued in Fiscal Year 2018



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



Bonds Issued and Outstanding as of April 30, 2019

Bonds Issued between July 01, 2018 and April 30, 2019

Bond Issue		Date Issued	Initial Interest Rate	Principal Issued	Bonds Refunded
A-BFB	Beginner Farmer Bond	07/01/2018	Variable	2,886,541	0
E-PC	DePaul University	07/11/2018	Variable	29,420,000	0
E-PC	East Prairie School District Number 73 Series, 2018	08/02/2018	Fixed at Schedule	37,680,000	0
E-PC	Roosevelt University	09/27/2018	Fixed at Schedule	195,340,000	183,030,000
CCRC	Smith Crossing	10/10/2018	Variable	57,250,000	32,758,909
HO	OSF Healthcare System	10/16/2018	Variable	472,460,000	0
HO	Edward Elmhurst Healthcare	11/07/2018	Fixed at Schedule	174,930,000	80,000,000
E-PC	Perspectives Charter School	11/01/2018	Fixed at Schedule	33,885,000	5,200,000
501(c)(3)	Chicagoland Laborers District Council Training & Apprentice	11/27/2018	Fixed at Schedule	12,155,864	12,250,000
501(c)(3)	Chicagoland Laborers District Council Training & Apprentice	11/27/2018	Fixed at Schedule	13,844,136	0
E-PC	Brookfield-LaGrange Park Project, Series 2018	12/18/2018	Fixed at Schedule	14,545,000	0
CCRC	Westminster Village, Inc.	12/20/2018	Variable	68,565,000	36,394,361
501(c)(3)	Testa Properties LLC	12/28/2018	Variable	10,033,094	10,033,094
HO	Memorial Health System	02/05/2019	Fixed at Schedule	130,005,000	130,005,000
A-BFB	Beginner Farmer Bond	01/01/2019	Variable	1,456,384	0
501(c)(3)	Steppenwolf Theatre Company	02/26/2019	Variable	36,000,000	0
HO	Ferrell Hospital Community Foundation	03/27/2019	Variable	34,260,000	0
LG	Illinois Environmental Protection Agency	04/16/2019	Fixed at Schedule	450,000,000	0
		Total Bonds Issued as of April 30, 2019		$ 1,774,716,019	$ 489,671,364

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, 2018 and April 30, 2019

Date Funded	Initial Interest Rate	Loan Proceeds	Acres	County
07/11/2018	4.0	220,000	40.00	Christian
07/25/2018	4.32	327,000	30.00	Effingham
08/27/2018	3.75	269,551	55.70	Ford
09/04/2018	3.75	180,000	40.00	Montgomery
11/27/2018	5.00	191,500	20.00	Richland
12/04/2018	3.75	400,000	119.00	Bond
12/17/2018	4.00	533,500	280.00	Wayne
12/17/2018	4.75	309,000	41.20	Mclean
12/21/2018	4.50	75,000	30.00	Jasper
12/28/2018	3.75	180,000	40.00	Macoupin
12/28/2018	4.50	200,990	37.00	Montgomery
03/06/2019	4.75	165,000	15.00	Livingston
03/06/2019	4.75	165,000	15.00	Livingston
03/22/2019	4.35	241,500	46.00	McLean
04/04/2019	4.50	145,084	33.20	Shelby
04/12/2019	4.35	131,000	40.00	McLean
04/16/2019	4.50	65,000	20.00	Richland
04/16/2019	4.00	543,800	120.00	Bond
Total Beginner Farmer Bonds Issued		$ 4,342,925	1,022.10	

ILLINOIS FINANCE AUTHORITY
Schedule of Debt [a]

Total debt issued under the Illinois Finance Authority Act which does not constitute a debt of the Authority or the State of Illinois or any political subdivision thereof within the meaning of any provisions of the Constitution or statutes of the State of Illinois or a pledge of the faith and credit of the Authority or of the State of Illinois or any political subdivision thereof, or grant to the owners thereof any right to have the Authority or the General Assembly of the State of Illinois levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon, with the exception of certain debt identified below in Section I (a), Section I (b), and Section I (d), and is subject to the Authority's $28,150,000,000 total bond limitation [20 ILCS 3501/845-5(a)]:

Section I

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Total Program Limitations	Total Remaining Capacity
Illinois Finance Authority "IFA"				
Agriculture [b]	$ 53,290,056	$ 57,344,741		
Education	4,460,302,159	4,639,510,572		
Healthcare	14,620,756,197	14,150,245,718		
Industrial Development [includes Recovery Zone/Midwestern Disaster]	884,478,953	812,883,347		
Local Government	1,225,350,000	1,604,260,000		
Multifamily/Senior/Not-for Profit Housing	280,423,885	276,987,700		
501(c)(3) Not-for Profits	1,487,273,391	1,503,191,891		
Exempt Facilities Bonds	203,500,000	203,500,000		
Student Housing	262,490,000	260,400,000		
Total IFA Principal Outstanding	**23,477,864,640**	**23,508,323,968**		
Illinois Development Finance Authority "IDFA"				
Education	496,388	-		
Healthcare	70,000,000	65,000,000		
Industrial Development	118,700,077	61,483,136		
Local Government	196,622,126	179,825,370		
Multifamily/Senior/Not-for Profit Housing	40,568,772	40,188,465		
501(c)(3) Not-for Profits	376,559,007	343,655,862		
Exempt Facilities Bonds	-	-		
Total IDFA Principal Outstanding	**802,946,370**	**690,152,832**		
Illinois Rural Bond Bank "IRBB"	-	-		
Illinois Health Facilities Authority "IHFA"	**127,905,000**	**119,250,000**		
Illinois Educational Facilities Authority "IEFA"	**369,308,000**	**361,952,000**		
Illinois Farm Development Authority "IFDA" [b]	**9,644,093**	**9,644,093**		
Total Illinois Finance Authority Bonded Indebtedness [c]	**$ 24,787,668,104**	**$ 24,689,322,894**	**$ 28,150,000,000 [d]**	**$ 3,460,677,106**
State Component Unit Bonds [e]				
IEPA Clean Water Initiative [f]	$ 1,094,115,000	$ 1,479,430,000		
Northern Illinois University Foundation, Series 2013	1,099,096	754,954		
Total State Component Unit Bonds	**$ 1,095,214,096**	**$ 1,480,184,954**		

Subject to $28.150 billion total bond limitation under Section 845-5(a), certain debt issued under the Illinois Finance Authority Act is further bound by the following categorical limitation [20 ILCS 3501/801-40(w)]:

Section I (a)

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Program Limitations	Categorical Remaining Capacity
General Purpose Moral Obligation Bonds				
Total General Moral Obligation Bonds	**$ -**	**$ -**	**$ 150,000,000**	**$ 150,000,000**

Subject to $28.150 billion total bond limitation under Section 845-5(a), certain debt issued under the Illinois Finance Authority Act is further bound by the following categorical limitation [20 ILCS 3501/825-60]:

Section I (b)

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Program Limitations	Categorical Remaining Capacity
Financially Distressed Cities Moral Obligation Bonds				
Total Financially Distressed Cities Bonds	**$ -**	**$ -**	**$ 50,000,000**	**$ 50,000,000**

Subject to $28.150 billion total bond limitation under Section 845-5(a), certain debt issued under the Illinois Finance Authority Act is further bound by the following categorical limitation [20 ILCS 3501/825-65(d)]:

Section I (c)

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Program Limitations	Categorical Remaining Capacity
Clean Coal, Coal, Energy Efficiency, PACE, and Renewable Energy Project Financing			**$ 3,000,000,000**	**$ 3,000,000,000**
Property Assessed Clean Energy (PACE) Bonds	**$ -**	**$ -**	**$ 2,000,000,000 [g]**	**$ 2,000,000,000**

Subject to $28.150 billion total bond limitation under Section 845-5(a), certain debt issued under the Illinois Finance Authority Act is further bound by the following categorical limitation [20 ILCS 3501/830-25]:

Section I (d)

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Program Limitations	Categorical Remaining Capacity	State of Illinois Exposure
Agri-Debt Guarantees [Restructuring Existing Debt]					
Total Agri-Debt Guarantees - Fund # 994 Fund Balance $10,434,771	**$ 3,934,187**	**$ 3,729,568**	**$ 160,000,000**	**$ 156,270,432**	**$ 3,170,133**
Agri-Loan Guarantee Program					
Agri Industry Loan Guarantee Program	-	-			-
Farm Purchase Guarantee Program	846,314	836,564			711,080
Specialized Livestock Guarantee Program	1,143,256	1,088,927			925,588
Young Farmer Loan Guarantee Program	561,903	542,360			461,006
Total Agri-Loan Guarantees - Fund # 205 Fund Balance $8,182,950	**2,551,473**	**2,467,852**	**225,000,000**	**222,532,148**	**2,097,674**
Total AG State Guarantees	**$ 6,485,660**	**$ 6,197,420**	**$ 385,000,000**	**$ 378,802,580**	**$ 5,267,807**

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

Locally held funds advanced under the Illinois Finance Authority Act [20 ILCS 3501/801-40]:

Section II

	Original Amount	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019
Participation Loans			
Business & Industry	$ 23,020,158	$ 89,384	$ 686,938
Agriculture	6,079,859		
Participation Loans Excluding Defaults & Allowances	29,100,017	89,384	686,938
Plus: Legacy IDFA Loans in Default		3,170	3,170
Less: Allowance for Doubtful Accounts		5,165	5,165
Total Participation Loans		87,389	684,943
Local Government Direct Loans	1,289,750	501,477	1,064,894
Rural Bond Bank Local Government Notes Receivable**		10,071,037	8,305,837
FmHA Loans	963,250	140,447	126,494
Deferred Action for Childhood Arrivals (DACA)	2,339,686	2,339,686	2,339,686
Total Loans Outstanding	$ 32,729,453	$ 13,140,036	$ 12,521,854

** IRBB Bonds were defeased and converted into a portfolio of notes receivable with the Authority.

Office of the State Fire Marshal revolving loan funds administered under the Illinois Finance Authority Act [20 ILCS 3501/825-80 and 825-85]:

Section III

		Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Cash and Investment Balance
Fire Truck, Fire Station, and Ambulance Revolving Loans				
Fire Truck Revolving Loan Program**	**Fund # 572**	$ 18,009,260	$ 16,189,730	$ 7,850,583
Ambulance Revolving Loan Program**	**Fund # 334**	1,378,640.00	1,109,320	3,206,746
	Total Revolving Loans	$ 19,387,900	$ 17,299,050	$ 19,387,900

** Due to deposits in transit, the Fund Balance at the Comptroller's Office may differ from the Authority General Ledger. In May 2014, Office of Fire Marshal transferred the Fund Balance to an Authority locally held fund.

Bonds issued under the Illinois Power Agency Act [20 ILCS 3855/1-20(a)(3)]:

Section IV

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Program Limitations	Remaining Capacity
Illinois Power Agency Bonds	$ -	$ -	$ 4,000,000,000	$ 4,000,000,000

Bonds issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]:

Section V

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Program Limitations	Remaining Capacity
Standard Environmental Facilities Bonds				
Issued through IFA	$ 58,975,000	$ 54,875,000		
Issued through IDFA	47,505,000	47,505,000		
Total Standard Environmental Facilities Bonds	106,480,000.00	102,380,000.00	$ 2,425,000,000	$ 2,322,620,000
Small Business Environmental Facilities Bonds				
Issued through IFA	-	-		
Total Small Business Environmental Facilities Bonds	-	-	75,000,000	75,000,000
Total Environmental Facilities Bonds	$ 106,480,000	$ 102,380,000	$ 2,500,000,000	$ 2,397,620,000

Bonds issued under the Higher Education Loan Act [110 ILCS 945/10(b)]:

Section VI

	Principal Outstanding June 30, 2018	Principal Outstanding April 30, 2019	Program Limitations	Remaining Capacity
Student Loan Program Bonds				
Midwestern University Foundation, Series 2015A/B	$ 15,000,000	$ 15,000,000		
Total Student Loan Program Bonds	$ 15,000,000	$ 15,000,000	$ 200,000,000	$ 185,000,000

[a] Preliinary, draft and unaudited; total subject to change; late month payment data may not be included at issuance of report.

[b] Payments in connection with outstanding Beginner Farmer Bonds are only updated annually; amounts inclusive of outstanding Agri-Det Guarantees and Agri-Loan Guarantees

[c] Inclusive of State Component Unit Bonds.

[d] Pursuant to P.A. 98-90 effective 07/15/2013, after giving effect to the financing or refinancing of an out-of-state project, the Authority shall have the ability to issue at least an additional $1 billion of bonds under Section

[e] Pursuant to GASB Interpretation No. 2, revenue bonds issued for the benefit of other State agencies and component units of the State of Illinois.

[f] Does not include unamortized issuance premium as reported in the Authority's audited financials.

[g] Pursuant to P.A. 100-919 effective 01/01/2019, up to $2 billion may be issued to finance Energy Efficiency Projects, Renewable Energy Projects, and PACE Projects from the available $3 billion bonding authorization.

CONTRACTS/AMENDMENTS EXECUTED					
	Vendor	**Initial Term**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Products/Services Provided**
Illinois Procurement Code-Small Purchases	Anthes, Pruyn & Associates	05/10/19-05/09/24	$99,975	BidBuy PO	GAAP Package preparation and financial consultant
	Premier Staffing	05/06/19-11/05/19	$19,000	BidBuy release off of existing agreement	Temporary Paralegal
	AT&T Phone Service 2015-2019	08/01/19-06/09/21	$16,100	PO off State Master	SIP trunk phone service
	rentacomputer	05/01/19-05/31/19	$2,700	BidBuy PO	Monthly rental for Servers and Tape for back up testing.
	AT&T Online fax 2017-2019	08/01/19-06/09/21	$300	PO off State Master	Online Fax Encrypted 300 Plan - Mt. Vernon
	GoDaddy	06/15/19-06/14/20	$200	Renew	SSL certificate renewal
Illinois Procurement Code-Order Against Master	Mesirow Insurance Services, Inc. (Benefits)	04/30/19-04/29/20	$350,000	Renew release off Master	Insurance brokering service for employee benefits
	Mesirow Insurance Services, Inc. (Liability)	04/30/19-04/29/20	$323,000	Renew release off Master	Insurance brokering service for Liability insurance

EXPIRING CONTRACTS					
	Vendor	**Expiration Date**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Products/Services Provided**
Employee Benefits	Aflac Voluntary benefit 2018-2019	05/31/19	$0.00	Out to market; possibly renew	Employee optional benefit
	BCBS Medical benefits 2018-2019	05/31/19	$301,000	Out to market; possibly renew	Employee Medical benefit
	MetLife Dental, AD benefits 2018-2019	05/31/19	$42,000	Out to market; possibly renew	Employee Dental, AD benefits
	TASC FSA Voluntary benefit 2018-2019	05/31/19	$3,500	Out to market; possibly renew	Employee FSA benefit
	VSP Vision benefit 2018-2019	05/31/19	$3,500	Out to market; possibly renew	Provider of employee vision benefit
Illinois Procurement Code-Small Purchases	Kentech Consulting Inc.	05/31/19	$750	Renew	Background checks
	3rd Coast Imaging, Inc.	06/30/19	$3,300	SBSP with BidBuy PO	Printing Services for Monthly Board Books
	ADP/EZLabor	06/30/19	$1,000	Let expire	Employee Timesheet Module
	US Bank National Association	06/30/19	$30,900	Sole economically feasible agreement renewal	Local Gov't Paying Agent/Custodian

EXPIRING CONTRACTS					
	Vendor	**Expiration Date**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Products/Services Provided**
Illinois Procurement Code-Renewal	Ascent Innovations	06/29/19	$42,228	Renew under 2nd of 2 renewals	Accounting Software Maintenance and Support
Illinois Procurement Code-Small Purchases	Com Microfilm Company, Inc. (Maint & Support)	06/30/19	$7,230	New contract, Sole Economically Feasible in process	Docuware software support
	Com Microfilm Company, Inc. (Doc Image)	06/30/19	$22,524	Let expire	Document Imaging
	Enterprise Car Rental	06/30/19	$2,000	Add release PO to State Master, if available.	Car Rental
Illinois Procurement Code-Exempt	Clifton Larson Allen LLP	06/30/19	$300,000	Let expire	Internal Auditing Services
Other	Bank of America (Credit Card)	06/30/19	$300,000	Continue	Credit Card
	Bank of America (Depository)	06/30/19	$200,000	Continue	Bank of America Operating Account
	One Oak Properties	06/30/19	$60,544	Continue	Mt Vernon Office Lease

EXPIRING CONTRACTS					
	Vendor	**Expiration Date**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement RESOLVE**	**Products/Services Provided**
Illinois Procurement Code-Request for Proposal	TBD	01/31/20	TBD	RFP process to start	Bank Custodian services
Illinois Procurement Code-Small Purchases	AT&T Phone Service 2015-2019	07/31/19	$32,812	New PO off State Master	SIP trunk phone service
	Chicago's On Time Courier 2017-2019	07/31/19	$4,000	Continue. Not in BidBuy.	Courier Services
	AT&T Online fax 2017-2019	08/01/19	$300	New PO off State Master	Online Fax Encrypted 300 Plan - Mt. Vernon
	AT&T Wireless Service- Mt Vernon (5/15/17-8/1/19)	08/01/19	$700	Let expire	line 681-244-2433 Terminated
	Bloomberg Finance L.P. (09/09/17-09/08/19)Terminal	9/8/2019	$45,000	New contract in BidBuy for two years.	1 Shared License for 6 Users
	GoDaddy 2018 (9/17-9/19) Web Host replacement	9/10/2019	$553.75	Continue	WEB Hosting Replacement
	ClearArc Capital, Inc 2/27/19-9/30/19	9/30/2019	$80,000	Expire and replace with contract from RFP	Investment Management
Illinois Procurement Code-Order off State Master	CDW Government LLC SQL SW 10/2018-09/2019	9/30/2019	$3,042.92	Continue with incumbent vendor	Year 2 of 3 of license for MS SQL and Win server software

EXPIRING CONTRACTS					
	Vendor	**Expiration Date**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Products/Services Provided**
Illinois Procurement Code-Renewal	Miller Hall & Triggs, LLC	9/30/2019	$9,990	TBD	Legal Services
Illinois Procurement Code-Small Purchases	Universal Structured Financial Group, Inc. 2018-2019	10/18/2019	$9,960	TBD	Financial Advisory Services and Analysis
	GoDaddy 2019 (10/18-10/19) SSL Cert	10/23/2019	$349.9	Renew	*.il-fa.com
	Wellspring Software, Inc. 2018-2019	10/30/2019	$193.04	Renew	Annual support for software to print checks
	Logsdon Stationers, Inc.2017-2019	10/31/2019	$16,000	Continue with State Master	Office Supplies Master
	Midwest Moving & Storage 11/1/18-10/31/19	10/31/2019	$1,584	TBD	Storage
	United Parcel Service 2018 (11/22/18-11/21/2019)	11/21/2019	$4,000	TBD	Package Delivery Services
	United States Postal Service Pre-Paid Postage 2019	11/27/2019	$1,000	Continue with State Master	Chicago and Mt. Vernon

EXPIRING CONTRACTS					
	Vendor	**Expiration Date**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Products/Services Provided**
Illinois Procurement Code-Small Purchases	Network Solutions IDFA 2018-2019	12/20/2019	$40	TBD	idfa.com domain renewal
	University of Illinois	12/20/2019	$5,000	TBD	Government Finance Research Center – research services
Illinois Procurement Code-Contract	Acacia Financial Group, Inc. 3/15/19-12/31/19	12/31/2019	$132,000	Replace with new contract from RFP vendors	Sole Source Financial Advisory Services
	Sycamore Advisors, LLC 3/15/19-12/31/19	12/31/2019	$132,000	Replace with new contract from RFP vendors	Sole Source Financial Advisory Services

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Date: May 14, 2019

Subject: ***Minutes of the April 9, 2019 Regular Meeting***

To:

Eric Anderberg, Chairman	George Obernagel
James J. Fuentes	Terrence M. O'Brien
Michael W. Goetz	Roger Poole
Mayor Arlene A. Juracek	Beth Smoots
Lerry Knox	Jeffrey Wright
Lyle McCoy	Bradley A. Zeller

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 Tuesday of April in the year 2019, 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
Tuesday, April 9, 2019
9:30 AM

AGENDA:

I. Call to Order & Roll Call
(page 3, line 1 through page 4, line 23)
II. Approval of Agenda
(page 4, line 24 through page 5, line 18)
III. Public Comment
(page 5, lines 19 through 21)
IV. Chairman's Remarks
(page 5, line 22 through page 6, line 6)
V. Message from the Executive Director
(page 6, line 7 through page 12, line 4)
VI. Committee Reports
(page 12, line 5 through page 13, line 1)
VII. Presentation and Consideration of New Business Items
(page 13 line 2 through page 30, line 24)

VIII. Presentation and Consideration of Financial Reports
(page 31, line 1 through page 35, line 18)

IX. Monthly Procurement Report
(page 35, line 19 through page 36, line 8)

X. Correction and Approval of Minutes
(page 36, lines 9 through 20)

XI. Other Business
(page 36, line 21 through page 38, line 4)

XII. Closed Session
(page 38, lines 5 through 8)

XIII. Adjournment
(page 38, line 9 through page 40, line 1)

The Minutes of the regular 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 April 9, 2019 Regular Meeting
2. Voting Record of the April 9, 2019 Regular Meeting

ILLINOIS FINANCE AUTHORITY

REGULAR MEETING OF THE MEMBERS

April 9, 2019, at 9:31 a.m.

REPORT OF PROCEEDINGS had at the Regular Meeting of the Illinois Finance Authority on April 9, 2019, at the hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois.

APPEARANCES:

CHAIRMAN ERIC ANDERBERG
MR. JAMES J. FUENTES
MS. ARLENE A. JURACEK
MR. LERRY KNOX
MR. E. LYLE McCOY
MR. TERRENCE M. O'BRIEN
MR. ROGER POOLE
MS. BETH SMOOTS
MR. JEFFREY WRIGHT
MR. GEORGE OBERNAGEL (via audio conference)
MR. BRADLEY A. ZELLER (via audio conference)

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

MR. CHRISTOPHER B. MEISTER, Executive Director
MR. JACOB STUCKEY, Deputy Executive Director
MR. RICH FRAMPTON, Executive Vice President
MR. BRAD FLETCHER, Vice President
MR. RYAN OECHSLER, Associate General Counsel
MR. TERRY FRANZEN, Procurement
MS. XIMENA GRANDA, Senior Controller
MS. ELIZABETH WEBER, General Counsel and Legal Adviser to the Board

GUESTS:

MR. LeMONTE BOOKER, CFO, Field Museum
MS. MARTHA ALEXANDER, Budge & Treasury Services Director, Field Museum

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

Will the Assistant Secretary please call the roll?

FLETCHER: Certainly. The time is 9:31 a.m. I'll call the roll of Members physically present first.

Mr. Fuentes?

FUENTES: Here.

FLETCHER: Ms. Juracek?

JURACEK: Here.

FLETCHER: Mr. Knox?

KNOX: Here.

FLETCHER: Mr. McCoy?

McCOY: Here.

FLETCHER: Mr. O'Brien?

O'BRIEN: Here.

FLETCHER: Mr. Poole?

POOLE: Here.

FLETCHER: Ms. Smoots?

SMOOTS: Here.

FLETCHER: Mr. Wright?

WRIGHT: Here.

FLETCHER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Here.

FLETCHER: Mr. Chairman, quorum of Committee Mem- -- excuse me. A quorum of Members physically present in the room has been constituted.

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

OBERNAGEL: Yes. This is George Obernagel. I'm requesting to attend the audio conference due to personal illness or disability.

ZELLER: And this is Brad Zeller. I'd like to attend the conference by video also, but for work-related reasons.

CHAIRMAN ANDERBERG: Okay. Is there a motion to approve this request pursuant to the bylaws and policies of the Authority?

FUENTES: So moved.

KNOX: Second.

CHAIRMAN ANDERBERG: A motion and a second.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

FLETCHER: Mr. Chairman, Members Obernagel and

Zeller have been added to the initial quorum roll call.

CHAIRMAN ANDERBERG: Okay. Thank you.

Does anyone wish to make any additions, edits, or corrections to today's Agenda?

(No response.)

CHAIRMAN ANDERBERG: Hearing none, I'd like to request a motion to approve the Agenda.

Is there such a motion?

O'BRIEN: So moved.

POOLE: Second.

CHAIRMAN ANDERBERG: We have a motion and a second.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Public Comment: Is there any public comment for the Members this morning?

(No response.)

CHAIRMAN ANDERBERG: Okay. Remarks today: we have some nice resolutions, some resolutions to look at today and a couple projects, and I'm not going to

steal Chris's thunder, but we had a -- last week, a very Successful State Revolving fund issuance for the Clean Water Initiative, and -- and that's all I'm going to say so Chris has something to talk about.

MEISTER: Thank you, Mr. Chairman.

CHAIRMAN ANDERBERG: You're welcome.

MEISTER: On April 2nd and 3rd, the Authority successfully priced our inaugural and the State's inaugural green bond issuance of the joint Authority-Illinois Environmental Protection Agency Clean Water Initiative State Revolving Fund Series 2019. These bonds are rated AAA by both Fitch and S&P. This is the fourth issuance since the program was restructured in 2013, and this -- the green bond designation is consistent with Governor Pritzker's Executive Order No. 6, joining the U.S. Climate Alliance.

We achieved impressive pricing results during a challenging day in the bond markets, achieving a true interest cost, or TIC, of 2.8 percent, with over $674 million in orders. We were oversubscribed 1.5 times for the $450 million transaction.

The Bond issue saw interest from a

brood spectrum of investors, including those new to and returning to the credit. The financing was anchored by a very robust retail order period on April 2nd with approximately $300 million in orders, and that's a rarity for Illinois paper. Without tax-exemp- -- without the state tax-exemption that most states offer.

There was also strong interest by a particular green bond investor. And, overall I believe that the sale benefitted from the green designation, and that once closed this transaction will positively contribute to the development of the green bond market here in the U.S.

And then we'll have more on this point after the transaction closes on April the 16th during a report at the May 2019 meeting.

With a premium or additional proceeds of $85 million less cost of issuance, there will be $533 million in proceeds. And that will be used to make over $254 million in wastewater projects and $278 million in drinking water projects through low-interest loans to Illinois communities.

The transaction had strong participation by minority-owned, women-owned, and

veteran-owned businesses on the transaction team. The transaction team was led by Bank of America Merrill Lynch; co-senior management was Citibank. And then the five co-managers were Loop, Cabrera, and Mesirow, all based here in Chicago; Janney, based on the East Coast; and Academy Securities.

The financial advisors, both women-owned firms: Academy -- or, I'm sorry -- Acacia and Sycamore. And then the lawyers were Katten Muchin, Bond Counsel; Issuer's Counsel, Schiff; and Underwriter's Counsel, Chapman & Cutler and Pugh Jones.

These results were executed within a compressed time period to meet the needs of the IEPA and local government borrowers in advance of construction season. We began with Authority Board approval on February 2nd, and the transaction will close on April the 16th. So that's seven -- about seven weeks to pricing and -- with two extra weeks to close, nine from start to finish of the transaction. So this was impressive execution.

In your red folders labeled "Financial" with -- or, I'm sorry -- the manila folders, we've got two -- we've got the Investor

Roadshow, which is about 35 pages. That was the pre-pricing packaging mater- -- marketing materials. And then there were two Bond Buyer articles that are very positive: "Green Bond [sic] Label Backs Retail Push on Illinois Revolving Fund Deal," March 29th, that was pre-pricing, and I think that helped us going into market. And "Illinois Finance Authority Says Sale Benefitted from Green Bond Label," that was April the 4th.

In a confidential red folder, there is a three-page confidential document. Subject to competitive harm and preliminary policymaking, it gives the initial preliminary overview for the Authority Members in greater detail, but these are competitive harm.

And, again, nine weeks from approval to close and seven weeks to pricing, this is a stellar accomplishment for an organization of our size. There are many people to thank. I've already mentioned the transaction team that performed in an extraordinary fashion, especially the Bank of America Merrill Lynch desk that was led by Dave Anderson who has handled our transactions in the past. He was the one who developed and executed the strategy. But I

think that Bank of America Merrill Lynch will tell you that in this circumstance with a difficult bond market, the entire syndicate, the entire team really contributed to the success.

I do want to highlight some of the members of our staff team: Elizabeth Weber and Ryan Oechsler working with the team of lawyers; Brad Fletcher and especially Six Granda, because we carry what is going to be $1.5 billion in the IEPA bonds on our balance sheet and are audited by the Auditor General accordingly once these close. We're currently at a level of about $1.1 billion. But really -- and, again, I also want to mention, you know, Rich Frampton who was involved with the 02s and the 04s, whose knowledge, institutional knowledge was a great contribution. But Six and Brad have been the primary sort of relationship folks with IEPA.

Acting Director John Kim, Kevin Bryant, and Gary Bingenheimer, and their CFO, whose name escapes me. Elizabeth --

WEBER: Courtney Bott.

MEISTER: Courtney, the CFO.

But I do want to highlight for special mention, Lisa Bonnett joined us in connection with the Transformation Initiative. And Lisa's depth and breadth of experience at IEPA bears special mention. She was Director, she was Deputy Director, she was CFO, she was working in finance during the ‘02s and the ‘04s. But most importantly, she was the one that developed the road map that we followed that led to the 2013 reworking of the State Revolving Fund that led to, what I would call, the modern Authority and IEPA State Revolving Fund.

And that also set up this situation that we were able to go forward and make the case very effectively for the green bond designation. And the green bond designation was an important contributor to the success.

In the red folders, we were hoping to have some additional confidential documents, but we had printer op- -- printer issues with them. So that will probably be on the May -- the May meeting.

So, I'll take any questions.

(No response.)

MEISTER: Thank you, Mr. Chairman. Thanks, Lisa. Thanks, team. Thanks to the IFA team and the entire IEPA and transaction team.

CHAIRMAN ANDERBERG: Thank you, Chris.

And, I'm sorry, I forgot to mention we have a new board member here today, Mr. Jeff Wright. Thank you very -- thank you for joining.

WRIGHT: Thank you.

CHAIRMAN ANDERBERG: Okay. Committee Reports.

Mr. McCoy?

McCOY: Thank you Mr. Chairman.

The Tax-Exempt Conduit Transaction Committee met earlier this morning and voted unanimously to recommend for approval the following New Business items on today's Agenda: Provident Group - UIUC Properties LLC; Field Museum of Natural History; one Beginning Farmer Bond; an amendatory resolution for Goodman Theatre; an amendatory resolution for C&L Tiling, Inc.; a resolution for Advocate Health and Hospitals Corporation; and a resolution updating the Authority's Bond Handbook.

CHAIRMAN ANDERBERG: Thank you.

SMOOTS: The Governance, Personnel, Legislation and Ethics Committee also met earlier this morning. And we voted unanimously to recommend for approval the following New Business item on today's agenda: a Resolution authorizing and delegating powers to a deputy executive director.

CHAIRMAN ANDERBERG: Thank you.

I'd like to ask for the general consent of the Members to consider New Business items collectively and to have the subsequent recorded vote applied to each respective, individual item, unless there are any other New Business items that a Member would like to consider separately.

Are there any?

(No response.)

CHAIRMAN ANDERBERG: No? Okay.

FLETCHER: If there are none, I'll proceed.

At this time, I'd like to note that for each Conduit New Business item presented on today's Agenda, including Items 1, 2, and 3, the Members are considering approval only of the resolution and the not-to-exceed amount contained therein.

Item 1, Provident Group - UIUC Properties LLC.

Item 1 is a 501(c)(3) Bond request. Staff requests approval of a Final Bond Resolution for Provident Group - UIUC Properties LLC in an amount not to exceed $100 million.

The Authority unanimously approved the

preliminary bond resolution for this project at its March 12, 2019, meeting.

Bond Proceeds will be used by the Borrower to finance the costs of designing, developing, constructing, and equipping two new facilities located on the main campus of the University of Illinois at Urbana-Champaign.

The first project involves development of a new, 124,000-square-foot Campus Instructional Facility, which will expand instructional space to accommodate planned enrollment growth over the next decade in the University's College of Engineering.

The second project involves construction of a new Feed Technology Center, which will replace the College of Agricultural, Consumer, and Environmental Sciences', or “College of ACES',” existing Feed Mill originally constructed in 1927 and located adjacent to the University's Technology Park.

The Bonds will be publicly offered by RBC Capital Markets, LLC, and it is anticipated that the Bonds will be investment-grade rated by Moody's. The Bonds will have a 32-year final maturity date, are expected to bear a fixed interest rate, and feature approximately level debt service payments over 30 years, following a two-year construction financing period.

From among those responding to the RFP for the financing and development of the projects, the University selected the proposal submitted by Vermilion Enterprises, LLC, and its affiliates, successors, and assigns as Developer; and with Provident Resources Group, Inc., and its successors, affiliates, and assigns as Owner.

Details regarding the University's procurement are noted on pages 7 through 8 of the report while the roster of participants on the development and financing of the projects are identified on pages 10 through 12 of the report.

As presently contemplated, the Bonds are expected to close in late May.

Does any Member have any questions or Comments?

(No response.)

FLETCHER: Item 2, Field Museum of Natural History.

Item 2 is a 501(c)(3) Bond request. Staff requests approval of a one-time Final Bond Resolution for the Field Museum in an amount not to

exceed $90 million.

Bond proceeds will be used to refund all or a portion of the outstanding Series 2015A Bond, the Series 2015B Bond, and the Series 2015C Bond previously issued by the Authority on behalf of the Field Museum and to pay costs of issuance.

The contemplated Series 2019 Bonds will be publically offered by JP Morgan Securities and bear interest at variable rates.

Initially, the Bonds are expected to bear interest in a floating rate note mode. If the Series 2019 Bonds are subsequently converted to operate in a different interest rate mode or in a new floating rate mode, the Series 2019 Bonds will be subject to mandatory tender and purchase. And at that time it is expected that a reoffering circular or a supplement to the Official Statement or other disclosure document will be prepared for such Series 2019 Bonds.

The Series 2019 Bonds will be seeking ratings from both Moody's and S&P. The Field Museum is currently rated A2 by Moody's and is applying to S&P for a rating.

Does any Member have any questions or

comments?

O'BRIEN: The only question that I have is pertaining to their revenue stream, which is on page 7, and they talk to the most recent was 2017. Seems like it's substantially below the prior year, and I just wondered --

FRAMPTON: Yeah. Mr. O'Brien, if you refer to page 3 of the report, you can see how admission revenues have been tracking. And one of the key things that the university [sic] has done has been to deemphasize memberships where admission fees are not paid.

O'BRIEN: Did you mean the museum, not the university?

FLETCHER: Yes.

FRAMPTON: Yes. The museum rath- -- I'm accustomed to talking about the university.

The museum has been shifting from a membership model where they have relied on nominal -- where they've relied on membership payments to provide free or low-cost admission, and they've switched to emphasizing admission revenues. So you can see how those have increased from 2014 through '16.

In 2016, they had a blockbuster -- they had a blockbuster year due to a number of special exhibits. So that's the explanation.

O'BRIEN: Okay. Thank you.

FLETCHER: And, Rich, I believe we have a guest for that transaction.

FRAMPTON: Yes, we do.

It's my pleasure to just give a quick welcome to LeMonte Booker and Martha Alexander from the Field Museum. We welcome them and appreciate the opportunity to work with them again.

CHAIRMAN ANDERBERG: Thank you.

FRAMPTON: So thank you.

FLETCHER: Are there any other questions or comments from the Members?

(No response.)

FLETCHER: Moving along to Item 3, Dane J. And Brittney L. Fletcher:

Item 3 is a one-time Final Bond Resolution requesting approval for a Beginning Farmer Bond for Dane J. and Brittney L. Fletcher, who are purchasing 64 acres of farmland located in Montgomery County, in the not-to-exceed amount of $356,000. First National Bank is the purchasing bank for this conduit transaction.

I'll also note, for the record, there's no relation to the Fletcher family, my family.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Thank you.

Moving along to Direct and Alternative Financing projects, Item 4: Fire Truck Revolving Loan Program Authorization:

Item 4 is a resolution granting the Executive Director continued authorization to administer the Authority's Fire Truck Revolving Loan Program, including the Executive Director's approval of the applications from the 26 applicants described in Attachment A on page 6 of the report and attached to the resolution in furtherance of making zero-interest or low-interest loans under the Program to those applicants for the purchase of fire trucks or brush trucks.

Does any Member have any questions or comments?

MEISTER: Mr. Chairman, if I may, for the

Members, this is one of the few intersections between the Authority's balance sheet and state appropriations and state revenues. These are funded by special statutory streams of revenue. It is done in partnership with the Office of State Fire Marshall. I would characterize this as more of a programatic duty of the Authority rather than an impact and business line like our Conduit bonds.

There are -- we have worked over time to streamline this, both with the General Assembly and with our partners at the Office of the Fire Marshall. I will note for the Members that the underwriting of these takes an extraordinary amount of staff time. This burden has been embraced by Rich Frampton, who has developed -- who has devoted many, many hours to the background of the documents in your Board book.

And, again, I mean, both with Rich, with Six, and then also one person I left off on the State Revolving Fund was Pam, because she was served roles as general counsel and in procurement at various times for the State Revolving Fund. It really is indicative of the team effort that we have to accomplish these things. But to the Ambulance and

Fire Truck Funds, it was an extraordinary amount of work.

And, again, it's important. Its life safety resources for generally underserved smaller communities.

So, thank you, Rich.

FLETCHER: Moving along, Item 5 is the Ambulance Revolving Loan Program Authorization.

Item 5 is a resolution granting the Executive Director continued authorization to administer the Authority's Ambulance Revolving Loan Program, including the Executive Director's approval of applications from the 16 applicants described in Attachment A on page 6 of the report and attached to the resolution in furtherance of making zero-interest or low-interest loans under the Program to those applicants for the purchase of ambulances.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Moving onto Resolutions, Item 6: Resolution relating to Goodman Theatre's Series 2015 Bonds.

Item 6 is a resolution relating to the Series 2015 Bonds previously issued in three series by the Authority on behalf of Goodman Theatre. The resolution authorizes the execution and delivery of an Amended and Restated Bond and Loan Agreement and related documents to effectuate the transfer of the Series 2015 Bonds from Fifth Third Commercial Funding, Inc., to PNC Bank.

PNC Bank will purchase the 2015 Bonds in a single series, with a reset interest rate for an initial 5-year term and modified final maturity date resulting in an extended weighted average maturity. Bond counsel determined that a new TEFRA hearing was necessary, which the Authority held this past Friday.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Item 7, Resolution relating to C&L Tiling, Inc., Series 2009 Bond.

Item 7 is a resolution relating to the Series 2009 Industrial Revenue Bond previously issued by the Authority on behalf of C&L Tiling, Inc.

This resolution authorizes the

execution and delivery of a First Supplement to Trust Indenture and approves related documents to provide the Authority's consent to a modification of the amortization schedule for principal payments on the Series 2009 Bond as agreed to by the Borrower and Bank of Springfield as the owner of the Series 2009 Bond.

This modification will not extend the final maturity date of the Bond. Bond Counsel determined that a new public TEFRA hearing was not required accordingly.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Next is Item 8: Resolution relating to Advocate Health Care Network Series 2008A-3 Bonds.

Item 8 is a resolution relating to the Series 2008A-3 Bonds previously issued by the Authority on behalf of Advocate Health and Hospitals Corporation.

The Series 2008A-3 Bonds currently operate in a long-term interest rate period that ends April 30, 2019. On May 1, 2019, the Borrower expects to remarket and convert the Bonds to a new

long-term interest rate period. New 2008A-3 Bonds will need to be executed and delivered by the Authority in connection with the conversion.

Additionally, the Borrower may decide to waive its right to call the Bonds for optional redemption prior to maturity. This call waiver may constitute a reissuance of the Bonds for tax purposes in which case a new Tax Exemption Certificate and Agreement would need to be executed and delivered by the Authority.

This resolution authorizes the execution and delivery of new Series 2008A-3 Bonds, the new Tax Exemption Certificate and Agreement, and other documents related thereto as necessary.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Next is Item 9: Resolution Approving Updates to the Bond Handbook.

Item 9 is a resolution approving certain updates to the Authority's Bond Handbook to reflect recent changes to the Federal TEFRA Regulations.

Under federal tax law, tax-exempt

private activity bond issues are subject to approval by an elected -- by an applicable elected representative, in the case of Authority conduit bonds, the Governor of Illinois. This approval is preceded by a public hearing, of which reasonable notice must be given.

Until recent changes to the federal TEFRA regulations, notice for the TEFRA hearing was required to be published in certain newspapers at least 14 days before the hearing. The revised Federal TEFRA regulations now allow notice to be given 7 days before the hearing and permit certain conduit issuers, including the Authority, to post TEFRA hearing notices on its own websites as an alternative to newspaper publication.

The Authority is currently working with the Governor's Office regarding the best way to respond to the revised federal TEFRA regulations. The updates to the Bond Handbook authorized by this resolution would enable the Authority to allow its borrowers to post TEFRA hearing notices on the Authority's website. The Authority expects that this would save its borrowers anywhere from several hundred to over $10,000 in publication fees for each

bond issue.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Moving on to Item 10: Resolution Amending the Authority's State Revolving Fund Series 2019 Bond Resolution.

Item 10 is a resolution amending the State Revolving Fund Series 2019 Bond Resolution, No. 2019-0214-DA03. This resolution was previously issued and approved by -- excuse me -- was previously approved by the Authority at its February 14th, 2019, meeting.

This resolution makes a minor change to the February resolution to clarify that the proceeds of the Series 2019 SRF Bonds may also be used for the state match required by IEPA under both the Clean Water Program and the Drinking Water Program for federal fiscal year 2020.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Next is Item 11. Item 11 is a Resolution Authorizing Certain Assignments of Loans

Made under Fire Truck Revolving Loan Program and the Ambulance Revolving Loan Program.

Item 11 is a resolution authorizing certain assignments of loans made under the Fire Truck Revolving Loan Program and the Ambulance Revolving Loan Program.

Such assignments would be permitted where the original borrower discontinues its fire protection or ambulance services and successor borrower, who is a qualified governmental borrower under the Act, assumes responsibility for the provision of those services and where transfer of the fire truck or ambulance would facilitate the continued provision of services.

In particular, this Resolution authorizes the assignment of a fire truck loan from the City of Chillicothe to the Chillicothe Community Fire Protection District and the assignment of an ambulance loan from Eastern McLean County Ambulance Association to the Octavia Fire Protection District. In each case, the original borrower is discontinuing its operations and the successor borrower will provide services in its place.

Does any Member have any questions or

comments?

(No response.)

FLETCHER: Next is Item 12. Item 12 is a Resolution Authorizing and Delegating Powers to a Deputy Executive Director.

Item 12 is a resolution authorizing the employment of a Deputy Executive Director and delegating signature authority to the Deputy Executive Director in certain specified circumstances where the Executive Director is unavailable to sign.

Does any Member have any questions or comments?

(No response.)

FLETCHER: Thank you.

CHAIRMAN ANDERBERG: Thank you, Brad.

Okay. I would like to request a motion to pass and adopt the following New Business items: Items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12.

Is there such a motion?

McCOY: So moved.

CHAIRMAN ANDERBERG: Motion by Mr. McCoy.

A second?

FUENTES: Second.

CHAIRMAN ANDERBERG: It was Fuentes? I'm sorry. I didn't hear that. A second by Mr. Fuentes.

Will the Assistant Secretary please call the roll?

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

Mr. Fuentes?

FUENTES: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. McCoy?

McCOY: Yes.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Yes.

FLETCHER: Mr. O'Brien?

O'BRIEN: Yes.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Ms. Smoots?

SMOOTS: Yes.

FLETCHER: Mr. Wright?

WRIGHT: Yes.

FLETCHER: Mr. Zeller?

ZELLER: Yes.

FLETCHER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you, Brad.

And with that I'll have Mr. Meister introduce Mr. Stuckey.

MEISTER: Yes.

And Members of the Authority and audience, I'm pleased to introduce a new addition to the team of the Authority. Jacob Stuckey, I've asked to come on board and sought authority from the Members to serve as Deputy Executive Director. Mr. Stuckey has served with distinction at the Office of the Illinois Treasurer, at the Governor's Office of Management and Budget, and in Central Management Services. And he's also a combat veteran of the United States Army.

Jacob, could you stand up? So welcome, Mr. Stuckey, to the Authority. Thank you.

(Applause.)

CHAIRMAN ANDERBERG: Thank you.

Okay. Financial reports. Ms. Granda?

GRANDA: Good morning, everyone. I will be presenting the financial information for the period ending March 31st, 2019. The Financial Statements along with the Financial Analysis Memo is in your red folders in your left-hand side.

Also, for your information, we included the listing of the -- of loans under the local government, the Fire Truck and Ambulance Loan Program.

The General Fund financial highlights are as follows: In March, the Authority reported $136,000 in net investment income. This was attributable to changes in the federal economic policy during the first quarter in 2019 consistent with market expectations, which resulted in a continuation of relatively low interest rates and positioning certain investments for a positive gain.

Our year-to-date investment income is at $867,000, or $659,000 or 317 percent higher than budget.

The budget presented in June 2018 under this category was conservative, and it was based on prior year's historical data. In our next

board meeting, the Authority will provide an executive summary of the investment portfolio.

Moving on to Operating Revenues and Expenses, our total annual revenue equals $3.1 million and are $148,000, or 5.1 percent, higher than budget. This is primarily due to higher administrative fees and interest and investment income.

Our total expenses equals $3.2 million and are $494,000, or 13.3 percent, lower than budget. This was driven by below-budget spending on employee-related expenses due to vacancies.

In March, the Authority generated $30,000 in closing fees, which is $191,000 lower than our monthly budgeted amount of $221,000.

In March, the Authority recorded operating expenses of $369,000, which is $44,000 lower than the monthly budgeted amount of $413,000. The monthly operating expenses continue to be better than the forecast operating expenses due to an effective expense control.

In March, there was a slight increase under Professional Services and Legal Fees resulting from the continued development of the Authority's new

Property -- Property Assessed Clean Energy business line. Also, occupancy costs were a slight lower due to a reduction on rent expense.

Our total monthly let- -- I'm sorry. Our total monthly net loss for March is $122,000, which is attributable to lower than expected closing fees.

Our total annual net loss is at $152,000, which is better than the forecast operating loss of $796,000. This is due to higher than expected interest and investment income in addition to an effective expense control.

Moving on to audit. As mentioned in the last Board meeting, the Authority has scheduled the entrance conference with the external auditors. The conference is scheduled to be on April 12th. The external auditors will be performing our Fiscal Year 2019 financial audit and our Fiscal Year -- excuse me -- our Fiscal Year 2018 and Fiscal Year 2019 compliance examination.

Also, moving now on to our internal audit. On April 2nd, the internal auditors released the final 2019 Statutory Mandates Audit. A copy of the report is in your red folders for your review.

There was one immaterial finding and four observations. The Authority had a corrective action plan for the findings and the observations, which the Authority has already implemented.

On March 22nd and March 28th, the Authority had an entrance conference for our bond audit and expenditures payable and equipment audit. Each of these two audits need to be completed under the Fiscal Year 2019 Audit Plan. We are on schedule, and we will finalize these two audits by June 30th.

Just looking forward, as Director Meister mentioned, the Authority anticipates the closing of the Series 2019 Clean Water Initiative Bond Issue will be the first Illinois transaction self-designated as green bonds upon its forthcoming closing on April 16th. The issue par amount of the Series 2019 Clean Water Initiative Bonds is $450 million. The Authority will be providing quarterly updates on the disbursements of the bond proceeds.

Also looking forward, our estimated closings for the last quarter in Fiscal Year 2019 is roughly going to be about $654,000.

Is there any questions?

(No response.)

GRANDA: Thank you.

CHAIRMAN ANDERBERG: Thank you.

Are there more questions for Ms. Granda?

(No response.)

CHAIRMAN ANDERBERG: Hearing none, I'd like to make a -- request a motion to accept the Financial Reports.

Is there such a motion?

O'BRIEN: So moved.

POOLE: Second.

CHAIRMAN ANDERBERG: Motion from Mr. O'Brien and a second from Mr. Poole.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Procurement?

FRANZEN: Good morning, Mr. Chairman and Members of the Board. And the items on page 1 of the Procurement Report support the Authority operations, and the remainder of the report includes all the expiring projects through the rest of this calendar

year.

Any questions?

MEISTER: Expiring contracts.

CHAIRMAN ANDERBERG: Expired. Yes. Thank you.

Okay. Does anyone wish to make any additions, edits, or corrections to the Minutes from March 12th?

(No response.)

CHAIRMAN ANDERBERG: Hearing none, I'd like to request a motion to approve the Minutes.

Is there such a motion?

OBERNAGEL: Obernagel mo- --

McCOY: Second.

CHAIRMAN ANDERBERG: Mr. Obernagel moves; second from Mr. McCoy.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Is there any other business to come before the Members?

WEBER: Mr. Chairman, I would like to remind the Members to please drop off their completed

Statements of Economic Interest with Mari before leaving today, and let me know if you have any questions about the required disclosures in those statements. For those members who've already turned in their forms, I thank you.

Also, I'd like to note that this is time for the annual ethics training, a copy of which can be found in your manila folder. Please complete the training and return the signed acknowledgement to Mari by April 30th.

Any questions?

(No response.)

WEBER: Thank you.

FLETCHER: Mr. Chairman, if I may, can we request a motion to excuse the absence of Members unable to participate today, in particular Mr. Goetz?

CHAIRMAN ANDERBERG: Yes.

Is there such a motion to excuse the absences?

KNOX: So moved.

JURACEK: Second.

CHAIRMAN ANDERBERG: A motion and a second.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

FLETCHER: Thank you.

CHAIRMAN ANDERBERG: Is there any matter for discussion in closed session?

(No response.)

CHAIRMAN ANDERBERG: Good.

Before I adjourn, I'd like to make a comment. This is -- technically, this is supposed to be my last meeting as Chairman of the IFA, and probably in the next month or whichever. I just want to thank the Board for their dedication and service, and it's been a pleasure. I just -- you know, everybody coming here, the cake's already baked before we get here for the most part. Your dedication and your input and -- of being here in trying to do something good for the state of Illinois and to improve the economy is -- I hold in high regard, and for the staff too. Professional people, I just -- it's been a pleasure.

So with that -- I might be here next month. We don't know. We don't know. That's how it goes.

So any other comments before we ask for adjournment?

O'BRIEN: I'd just like to congratulate you on the work that you've done as Chairman, and I would hope that you -- we will see you next month.

CHAIRMAN ANDERBERG: Thank you, Terry.

KNOX: Agreed.

(Applause.)

CHAIRMAN ANDERBERG: All right. The next regularly scheduled meeting will be May 14th.

I'd like to request a motion to adjourn.

Is there such a motion?

McCOY: So moved.

CHAIRMAN ANDERBERG: A motion --

KNOX: Second.

CHAIRMAN ANDERBERG: A motion and second by Mr. Knox.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it. Thank you.

FLETCHER: The time is 10:09 a.m.

(Whereupon the above matter was adjourned.)

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

April 9, 2019

9 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	NV	Obernagel	Y	Wright
Y	Juracek	Y	O'Brien	NV	Zeller
Y	Knox	Y	Poole	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
APRIL 9, 2019 AGENDA OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-TE01
501(c)(3) REVENUE BOND – PROVIDENT GROUP–UIUC PROPERTIES LLC
FINAL
PASSED*

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-TE02
501(c)(3) REVENUE BOND – FIELD MUSEUM OF NATURAL HISTORY
FINAL (ONE-TIME CONSIDERATION)
PASSED*

April 9, 2019

11 YEAS 0 NAYS 0 PRESENT

Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O’Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-TE03
BEGINNING FARMER REVENUE BOND – DANE J. AND BRITTNEY L. FLETCHER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-DA04
2019 FIRE TRUCK REVOLVING LOAN FUND
PASSED*

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-DA05
2019 AMBULANCE REVOLVING LOAN FUND
PASSED*

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

NO. 06

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-TE06
RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED BOND AND LOAN AGREEMENT RELATING TO THE ILLINOIS FINANCE AUTHORITY REVENUE BONDS, SERIES 2015 (GOODMAN THEATRE PROJECT) TO PROVIDE FOR CERTAIN AMENDMENTS RELATING TO THE INTEREST RATE AND CERTAIN OTHER MATTERS; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO EFFECT THE MATTERS SET FORTH IN SUCH AMENDED AND RESTATED BOND AND LOAN AGREEMENT; AND AUTHORIZING AND APPROVING RELATED MATTERS
ADOPTED*

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-TE07
RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY BY THE ILLINOIS FINANCE AUTHORITY OF A FIRST SUPPLEMENT TO TRUST INDENTURE RELATING TO ITS VARIABLE RATE DEMAND INDUSTRIAL REVENUE BOND (C & L TILING, INC. PROJECT), SERIES 2009, ALONG WITH RELATED DOCUMENTS
ADOPTED*

April 9, 2019

11 YEAS 0 NAYS 0 PRESENT

Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-TE08
RESOLUTION AUTHORIZING AND APPROVING CERTAIN DOCUMENTS RELATING TO THE REMARKETING AND CONVERSION OF THE ILLINOIS FINANCE AUTHORITY REVENUE BOND, SERIES 2008A-3 (ADVOCATE HEALTH CARE NETWORK), INCLUDING THE EXECUTION AND DELIVERY OF A TAX EXEMPTION CERTIFICATE AND AGREEMENT; AND AUTHORIZING AND APPROVING RELATED MATTERS
ADOPTED*

April 9, 2019

11 YEAS | 0 NAYS | 0 PRESENT

Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-TE09
RESOLUTION APPROVING CERTAIN UPDATES TO THE ILLINOIS FINANCE AUTHORITY BOND HANDBOOK
ADOPTED*

April 9, 2019

11 YEAS 0 NAYS 0 PRESENT

Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

NO. 10

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-DA10
RESOLUTION AMENDING RESOLUTION 2019-0214-DA03 AUTHORIZING THE ISSUANCE BY THE ILLINOIS FINANCE AUTHORITY OF NOT TO EXCEED $450,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS STATE OF ILLINOIS CLEAN WATER INITIATIVE REVOLVING FUND REVENUE BONDS, SERIES 2019; AUTHORIZING THE SALE THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS; APPROVING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT; AND RELATED MATTERS
ADOPTED*

April 9, 2019

11 YEAS 0 NAYS 0 PRESENT

Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-DA11
RESOLUTION AUTHORIZING CERTAIN ASSIGNMENTS OF LOANS MADE UNDER THE FIRE TRUCK REVOLVING LOAN PROGRAM AND THE AMBULANCE REVOLVING LOAN PROGRAM, INCLUDING THE ASSIGNMENT OF A LOAN PREVIOUSLY MADE TO THE EASTERN MCCLEAN COUNTY AMBULANCE ASSOCIATION AND THE ASSIGNMENT OF A LOAN PREVIOUSLY MADE TO THE CITY OF CHILLICOTHE; AND OTHER RELATED MATTERS
ADOPTED*

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2019-0409-GP12
RESOLUTION RELATING TO AUTHORIZATION OF DEPUTY EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY AND DELEGATION OF POWERS RELATED THERETO
ADOPTED*

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O’Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
ACCEPTED

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
MARCH 12, 2019 MINUTES OF REGULAR MEETING OF THE MEMBERS
ADOPTED

April 9, 2019

11 YEAS		0 NAYS		0 PRESENT	
Y	Fuentes	Y	McCoy	Y	Smoots
E	Goetz	Y	Obernagel (via audio conference)	Y	Wright
Y	Juracek	Y	O'Brien	Y	Zeller (via audio conference)
Y	Knox	Y	Poole	Y	Mr. Chairman

E – Denotes Excused Absence