

1 ILLINOIS FINANCE AUTHORITY

2 REGULAR MEETING

3 July 10, 2018, at 9:42 a.m.

4 REPORT OF PROCEEDINGS had at the Regular
5 Meeting of the Illinois Finance Authority on July 10,
6 2018, at the hour of 9:30 a.m., pursuant to notice,
7 at 160 North LaSalle Street, Suite S-1000, Chicago,
8 Illinois.

9 APPEARANCES:

10 VICE CHAIR GILA BRONNER

MR. JAMES J. FUENTES

11 MR. NEIL HELLER

MR. ROBERT HORNE

12 MS. ARLENE A. JURACEK

MR. LERRY KNOX

13 MR. E. LYLE McCOY

MR. GEORGE OBERNAGEL

14 MS. BETH SMOOTS

MR. BRADLEY A. ZELLER

15 MR. MIKE GOETZ (via audio conference)

MR. ROGER POOLE (via audio conference)

16 CHAIR ERIC ANDERBERG (via audio conference,
non-voting)

17 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

18 MR. CHRISTOPHER B. MEISTER, Executive Director

19 MR. RICH FRAMPTON, Vice President

MS. PAMELA LENANE, Vice President

20 MR. BRAD FLETCHER, IFA Assistant Vice-President

MR. STANLEY LUBOFF, IFA VP, Loans and Guarantees

21 MR. RYAN OECHSLER, IFA Associate General Counsel

MR. TERRY FRANZEN, Procurement

22 MS. XIMENA GRANDA, Controller

23 SULLIVAN REPORTING COMPANY, by

Brad Benjamin, CSR

24 License No. 084-004805

1 CHAIRWOMAN BRONNER: Good morning. I'd like to
2 call the meeting to order.

3 Will the Assistant Secretary please
4 call the roll?

5 FLETCHER: Certainly.

6 The time is 9:42. I'll call the roll
7 of Members physically present in the room first.

8 Ms. Bronner?

9 CHAIRWOMAN BRONNER: Here.

10 FLETCHER: Mr. Fuentes?

11 FUENTES: Here.

12 FLETCHER: Mr. Heller?

13 HELLER: Here.

14 FLETCHER: Mr. Horne?

15 HORNE: Here.

16 FLETCHER: Ms. Juracek?

17 JURACEK: Here.

18 FLETCHER: Mr. Knox?

19 KNOX: Here.

20 FLETCHER: Mr. McCoy?

21 McCOY: Here.

22 FLETCHER: Mr. Obernagel?

23 OBERNAGEL: Here.

24 FLETCHER: Ms. Smoots?

1 SMOOTS: Here.

2 FLETCHER: Mr. Zeller?

3 ZELLER: Here.

4 FLETCHER: Member Bronner, a quorum of Members
5 physically present in the room has been constituted.

6 At this time, I'd like to ask if any
7 Members would like to attend via audio conference.

8 GOETZ: Yeah. This is Mike Goetz. I'm
9 requesting to attend via audio conference due to
10 employment purposes.

11 POOLE: Roger Poole, and request to attend
12 audio conference for employment purposes.

13 FLETCHER: Are there any other Members on the
14 line?

15 ANDERBERG: Yes. This is Chair Anderberg.
16 Requesting to attend, but I'm on vacation.

17 FLETCHER: Is that okay?

18 CHAIRWOMAN BRONNER: Is there such a motion to
19 approve these requests pur- --

20 FLETCHER: Gila? Gila?

21 CHAIRWOMAN BRONNER: Oh, no. Sorry.

22 WEBER: What's the purpose?

23 FLETCHER: Is that okay?

24 WEBER: I didn't hear what the purpose was.

1 FLETCHER: Vacation.

2 WEBER: Oh. He can listen in, but he can't
3 vote.

4 MEISTER: Here, make -- make the statement.

5 WEBER: This is General Counsel Weber. Just to
6 clarify that Mr. -- Chairman Anderberg can listen in,
7 but since he doesn't meet one of the qualified
8 reasons for attendance via audio, he can't vote on
9 any matters, but he can listen in.

10 ANDERBERG: Understood. Understood.

11 WEBER: Thank you.

12 CHAIRWOMAN BRONNER: Thank you.

13 Is there a motion to approve these
14 requests pursuant to the bylaws and policies of the
15 Authority?

16 OBERNAGEL: I'll make that motion.

17 FUENTES: Second.

18 CHAIRWOMAN BRONNER: All those in favor?

19 (Chorus of ayes.)

20 CHAIRWOMAN BRONNER: Opposed?

21 (No response.)

22 CHAIRWOMAN BRONNER: The ayes have it.

23 FLETCHER: Members Goetz and Poole have been
24 added to the initial quorum roll call.

1 CHAIRWOMAN BRONNER: Thank you.

2 Does -- moving on to Item No. 2,
3 Approval of the Agenda.

4 Does anyone wish to make any
5 additions, edits or corrections to today's agenda?

6 (No response.)

7 CHAIRWOMAN BRONNER: Hearing none, I would like
8 to request a motion to approve the agenda.

9 Is there such a motion?

10 McCOY: So moved.

11 JURACEK: Second.

12 CHAIRWOMAN BRONNER: All those in favor?

13 (Chorus of ayes.)

14 CHAIRWOMAN BRONNER: Opposed?

15 (No response.)

16 CHAIRWOMAN BRONNER: The ayes have it.

17 Is there any public comment for the
18 Members?

19 (No response.)

20 CHAIRWOMAN BRONNER: Okay. Hearing none, we
21 will move on to Item No. 4, Presentation and
22 Consideration of New Business Item No. 10.

23 So before moving on, I would like us
24 to consider Item No. 10, which is Election of the

1 Vice Chair. A little quirky.

2 MEISTER: Yeah.

3 CHAIRWOMAN BRONNER: Chris?

4 MEISTER: Yes, it is, and I would like -- the
5 bylaws provide for the nomination and election of a
6 vice chair of the Authority to preside over the
7 Authority in the absence of the Chair.

8 In your packets, Chairman Anderberg
9 has distributed a letter recommending Gila Bronner
10 for -- to serve as Vice Chair. And then, I think
11 what I would like to do is turn this over to
12 Governance Chair Smoots because this matter was
13 considered at this morning's meeting.

14 SMOOTS: The Governance, Personnel,
15 Legislation, and Ethics Committee met this morning
16 and considered, among other items, Item No. 10,
17 Election of the Vice Chair. The Committee
18 recommended Member Gila Bronner as Vice Chair.

19 CHAIRWOMAN BRONNER: I would like to request a
20 motion to nominate a Member for the election of Vice
21 Chair of the Authority.

22 Is there such a nomination and motion?

23 SMOOTS: I move to nominate --

24 GOETZ: I move. This is Mike Goetz. I move to

1 nominate Member Bronner.

2 SMOOTS: That works too.

3 POOLE: Second, Roger Poole.

4 CHAIRWOMAN BRONNER: Thank you.

5 Will the Assistant Secretary please
6 call the roll.

7 FLETCHER: Yes. On the nomination of Gila
8 Bronner as Vice Chair, I will call the roll after the
9 motion and second.

10 Ms. Bronner?

11 CHAIRWOMAN BRONNER: I will abstain on this
12 vote.

13 FLETCHER: Thank you.

14 Mr. Fuentes?

15 FUENTES: Yes.

16 FLETCHER: Mr. Goetz?

17 GOETZ: Yes.

18 FLETCHER: Mr. Heller?

19 HELLER: Yes.

20 FLETCHER: Mr. Horne?

21 HORNE: Yes.

22 FLETCHER: Ms. Juracek?

23 JURACEK: Yes.

24 FLETCHER: Mr. Knox?

1 KNOX: Yes.

2 FLETCHER: Mr. McCoy?

3 McCOY: Yes.

4 FLETCHER: Mr. Obernagel?

5 OBERNAGEL: Yes.

6 FLETCHER: Mr. Poole?

7 POOLE: Yes.

8 FLETCHER: Ms. Smoots?

9 SMOOTS: Yes.

10 FLETCHER: And Mr. Zeller?

11 ZELLER: Yes.

12 FLETCHER: Ms. Vice Chair, the motion carries.

13 CHAIRWOMAN BRONNER: Thank you, and thank you
14 all for your confidence.

15 May we ask the Chairman for his
16 remarks since Eric --

17 FLETCHER: Yes.

18 CHAIRWOMAN BRONNER: Yes.

19 Mr. Chairman, moving on to Item No. 5,
20 any Chairman's remarks?

21 ANDERBERG: I have none this morning.

22 CHAIRWOMAN BRONNER: Okay. Thank you.

23 ANDERBERG: Having a good time.

24 (Laughter.)

1 ANDERBERG: The Tetons look beautiful this
2 morning.

3 CHAIRWOMAN BRONNER: Okay. Great. Thank you.

4 Item No. 6, Message from the Executive
5 Director.

6 Director Meister?

7 MEISTER: Thank you, Chair Bronner. Again,
8 Chris Meister, Executive Director of the Illinois
9 Finance Authority.

10 In your Board Books, there is a
11 statement as to progress on the Authority's
12 Transformation Initiative, and that speaks for
13 itself. However, I would like to make a statement to
14 the Members concerning five transactions that have
15 been considered, voted upon, and closed by the
16 Illinois Finance Authority over the last two years.

17 The names of these transactions
18 involve the Better Housing Foundation, a nonprofit
19 entity, and I will name them: Shoreline 2016, Windy
20 City 2017, Icarus 2017, and then Ernst and Blue
21 Island 2018.

22 At last month's Board Meeting, I
23 reported to all of you that we've been in
24 communication with a major Chicago news organization

1 regarding allegations of life safety and management
2 issues with respect to facilities owned and operated
3 by a certain conduit borrower of the Authority, in
4 this case, the Better Housing Foundation.

5 We will not tolerate borrowers who are
6 not good stewards of our tax-advantaged financing, so
7 we took these allegations very seriously and we have
8 spent the better part of a number of weeks getting
9 the facts behind these allegations.

10 I wanted to bring all of you up today
11 about what we have learned, what actions we have
12 taken, and how we have communicated with the news
13 reporter, the borrowers, and other parties.

14 The conduit borrowers in question are
15 affiliates of the Better Housing Foundation, or BHF,
16 a nonprofit corporation. The BHF financings, which
17 I've just mentioned, concerned 13 individual -- I'm
18 sorry. The initial issue, the 2016 Shoreline
19 properties that are the primary subject of these
20 allegations, sought financing to purchase 13
21 individual buildings comprised of 262 multifamily
22 rental units on the south side of the City of
23 Chicago. In purchasing these buildings from
24 for-profit owners who could tear these buildings down

1 or convert them to condos or to business property at
2 will, BHF sought to preserve affordable housing
3 rental units for hundreds of Chicago-area residents
4 for decades to come.

5 I will also note that affordable
6 housing has been in the Finance Authority's statute
7 since our creation in January 2004. So the Board was
8 acting on the recommendation of Staff, squarely
9 within its longstanding statutory authority.

10 This news inquiry began with a Freedom
11 of Information Act request, and in response we
12 supplied dozens of documents and showed the reporter
13 dozens more available online and through the public
14 sources. We spent numerous hours in interviews with
15 this reporter, and in addition, with BHF, the
16 management company, and others. I will note that I
17 received the most recent update from the Borrower
18 from its management company moments before this
19 meeting began.

20 And we learned more, but not
21 everything, about the allegations being made, and we
22 urged BHF to meet with the news reporter and directly
23 respond to his questions. They have done so and they
24 are continuing to do so on almost on a daily basis,

1 including the communication that I just referenced.

2 Because a number of these allegations
3 related to questions about the unique nature of a
4 conduit bond issuer as opposed to a government lender
5 of funds or a government issuer of grants, we
6 informed the reporter about how conduit financing
7 works; what the IFA's roles and responsibilities are;
8 and almost as importantly, what our roles and
9 responsibilities are not.

10 The Authority issues federally
11 tax-exempt conduit bonds to finance cate- -- projects
12 and categories established by the U.S. Congress.
13 Everything from hospitals and museum expansions to
14 affordable housing, land for beginning farmers,
15 student housing, senior living, and education. The
16 bondholders carry the risk. There is no taxpayer
17 backstop in the event that the borrower cannot repay
18 their bonds or meet their other contractual
19 obligations.

20 We informed the reporter that the
21 Authority has no regulatory powers or inspectors
22 unlike the Chicago Housing Authority, the Illinois
23 Housing Development Authority, or the U.S. Department
24 of Housing and Urban Development to investigate or

1 mitigate building or code violations. Our decisions
2 to engage on a project are based upon representations
3 made to us by borrowers, an analysis that is made by
4 Bond Counsel, rating agencies, and other
5 professionals involved in the transaction, including
6 in this case, the underwriters and the underwriter's
7 counsel.

8 In evaluating the proposed
9 transactions, the Authority relied on a determination
10 by the U.S. Internal Revenue Service that the BHF was
11 a qualified nonprofit tax-exempt organization under
12 federal law as well as representations made by BHF to
13 the Authority, to the underwriter, to the investors,
14 and to the rating agencies, as well as upon the
15 opinions of Counsel to the BHF and of Bond Counsel.

16 We pointed out that these
17 representations are not made lightly by these various
18 professionals. Misrepresentations can result in
19 significant liability for the borrower and/or
20 specific counsel. And some of -- some of these
21 outcomes in response to misrepresentations may
22 include the exercise of the Authority's contractual
23 indemnity rights.

24 In the initial and subsequent FOIA

1 inquiry, and in discussions with the reporter, the
2 questions that have been raised center on BHF's
3 nonprofit status and board members, the credit
4 worthiness of the borrowers, the reasonableness of
5 the fees charged by all parties to the transactions,
6 and the management and the upkeep of the buildings.
7 And these are reasonable questions to which
8 reasonable answers were provided.

9 First, BHF informed the Authority that
10 it is a nonprofit charitable organization based in
11 Ohio. It is exempt from federal taxes under Section
12 501(c)(3) of the Internal Revenue Code. The
13 Financial Authority has no role in determining
14 501(c)(3) not-for-profit status on this or any other
15 organization. That is up to the Internal Revenue
16 Service, and the IRS made that determination.

17 As for the membership of the BHF
18 boards, directors have changed over the years,
19 including in April of 2018. But that is within the
20 sole discretion of the Foundation's board.

21 Second, as to the credit worthiness of
22 the borrowers, each bond issues has received an
23 investment grade rating from Standard & Poor's.
24 Prior to the first issue, Standard & Poor's had

1 already established a methodology for rating
2 affordable housing trans- -- deals like this
3 transaction- -- or like these transactions. S&P has
4 rated scores of these affordable housing transactions
5 in the past and over past years.

6 And third, the fees charged to the
7 parties -- to the transaction, such as developer
8 fees, reimbursements made at closings, and other
9 costs of issuance -- the only fees that the IFA sets
10 or approves are fees payable to the IFA and its
11 issuer's counsel. And these fees -- and the fees
12 paid to other parties to the transactions are subject
13 an analysis by Bond Counsel for compliance with
14 restrictions under -- applicable to federal tax
15 exemption on the interest paid under federal tax
16 laws. These fees are not approved by the Illinois
17 Finance Authority. The fees approved by the IFA in
18 the BHF transaction were consistent with fees charged
19 to other nonprofit borrowers on other transactions
20 involving the issuance of approximately the same
21 amount of bonds.

22 Last, the management and upkeep of the
23 buildings were the allegations of most concern to the
24 Authority were raised. And following our inquiries,

1 we learned in April that BHF had discovered the
2 extent of the building code violations and other
3 problems at some the properties, specifically the
4 Shoreline properties, the first of the five
5 transactions that were approved and closed by the
6 Authority.

7 And then BHF, as what it -- was its
8 right under the bond documents, replaced the original
9 manager, who, incidentally, had come and spoken at
10 this -- at meetings of the Authority, and this former
11 manager was replaced by a new property management
12 firm.

13 BHF has admitted to us in writing and
14 to the reporter that the original property management
15 team fell short and failed to maintain the buildings
16 and units appropriately. BHF also acknowledged its
17 fault in not recognizing the misrepresentations made
18 by the previous, now former, management company.
19 Now, that's small consolation for the tenants who
20 have endured hardships, but it is the first and most
21 important step to remedying the situation.

22 The new management company has
23 presented, to BHF and the reporter, its timeline for
24 completing the necessary repairs and addressing

1 satisfactorily the majority of the building code
2 violations within the next two months. It has also
3 established an on-premises office in one of the
4 buildings to more closely monitor the repairs of the
5 buildings and the concerns of the tenants.

6 In our years of operations at the
7 Authority, this is the only time that allegations
8 have been raised with respect- -- of this type have
9 been raised with respect to one of our finance
10 projects. I intend for it to be the last, and I will
11 continue to keep you apprised of the situation as at
12 it develops.

13 I will take any questions.

14 CHAIRWOMAN BRONNER: Any questions from any
15 Board Members?

16 (No response.)

17 CHAIRWOMAN BRONNER: Thank you, Executive
18 Director Meister.

19 Is there -- are there any other
20 matters you would like to comment about during your
21 message?

22 MEISTER: No, Madam Chairman.

23 CHAIRWOMAN BRONNER: Okay. Thank you.

24 Moving on, any questions from any

1 Members on the phone?

2 (No response.)

3 ANDERBERG: No.

4 CHAIRWOMAN BRONNER: Hear- -- hearing none --

5 ANDERBERG: No.

6 CHAIRWOMAN BRONNER: -- we will move on to Item

7 No. 7, Committee Reports.

8 Member Knox?

9 KNOX: Certainly.

10 The Direct and Alternative Financing
11 Committee met on Monday, July 9th, 2018, and voted
12 unanimously to recommend for approval the following
13 New Business Items on today's agenda: No. 1, Phoenix
14 Tile Distributors, Inc., and No. 2, 2020 Buckeye,
15 LLC.

16 CHAIRWOMAN BRONNER: Great. Thank you.

17 Member Smoots?

18 SMOOTS: The Governance, Personnel,
19 Legislation, and Ethics Committee met earlier this
20 morning and voted unanimously to recommend for
21 approval the following New Business Items on today's
22 agenda: No. 1, Temporary Delegation of Power, and
23 No. 2, the Fiscal Year 2019 Personnel
24 Recommendations.

1 CHAIRWOMAN BRONNER: Thank you.

2 Member Horne?

3 HORNE: The Tax-Exempt Conduit Transaction
4 Committee Meeting was canceled for this morning.

5 CHAIRWOMAN BRONNER: Thank you.

6 Moving onto Item No. 8, Presentation
7 and Consideration of New Business Item Nos. 1 to 9
8 and No. 11.

9 I'd like to ask for the general
10 consent of the Members to consider the New Business
11 Items collectively and to have the subsequent
12 recorded vote applied to each respective, individual
13 item unless there are any specific New Business Items
14 that a Member would like to consider separately.

15 HORNE: I would -- I would ask that Item No. 2
16 be considered separately.

17 CHAIRWOMAN BRONNER: Thank you.

18 FLETCHER: Also, I believe there's a need to
19 abstain on.

20 HORNE: Yes.

21 GOETZ: This is Mike Goetz. I would like to
22 recuse myself from any deliberations and voting with
23 respect to Items Nos. 7, Northwestern Memorial
24 Hospital, and 8, Silver Cross Hospital and Medical

1 Center, from the New Business Items because I have a
2 family member who works for a financial advisor in
3 each of these transactions.

4 HORNE: And I, too, would like to recuse myself
5 from Items No. 3, 2020 Buckeye, LLC, and Item 6, The
6 Little Company of Mary Hospital and Health Centers,
7 because I have a family member who works for a bank
8 involved with these transactions.

9 CHAIRWOMAN BRONNER: Okay. Thank you, Members
10 Horne and Goetz.

11 So first, I'd like to consider New
12 Business Item Nos. 3 -- no, 2 -- New Business Items
13 No. 2, alone --

14 FLETCHER: Phoenix Tile?

15 CHAIRWOMAN BRONNER: I'm sorry?

16 FLETCHER: Phoenix Tile, No. 2, we'll do first.
17 We'll take a separate roll call vote.

18 CHAIRWOMAN BRONNER: Okay. After which --
19 after which we will consider New Business Items 3,
20 the 2020 Buckeye, LLC, and 6, Little Company of Mary
21 Hospital and Health Centers, and take a roll call
22 vote. And then we will consider Items No. 7,
23 Northwestern Memorial Healthcare, and Item 8, Silver
24 Cross Hospital and Medical Centers, and take a second

1 roll call vote. And then we will consider the
2 remaining items under a consent agenda and take a
3 final vote at the end.

4 Okay. So now we will move to Item No.
5 2, and we will ask -- no. Item No. 2.

6 FRAMPTON: Thank you, Madam Chairman.

7 Again, we will beginning with Item
8 No. 2, which is Tab 2 in your Board books, Phoenix
9 Tile Distributors, Inc.

10 Item 2 is a Participation Loan
11 request. Staff request your one-time Final
12 Resolution approval for Phoenix Tile Distributors,
13 Inc., in the maximum loan participation amount of
14 \$350,000. Loan proceeds will be used by the borrower
15 to finance a portion of the costs of acquiring and
16 improving a warehouse, which will house the
17 borrower's operations. The Authority's participation
18 is equal to 27.78 percent of a \$1.26 million loan
19 being originated by Town and Country Bank.

20 Does any Member have any questions or
21 comments?

22 (No response.)

23 CHAIRWOMAN BRONNER: Does anyone on the phone
24 have any comments?

1 (No response.)

2 CHAIRWOMAN BRONNER: Okay. Hearing none, we'll
3 move on.

4 FLETCHER: Hearing none, is there a motion to
5 pass and adopt Project No. 2, Phoenix Tile
6 Distributors?

7 OBERNAGEL: I'll make that motion.

8 JURACEK: I'll second.

9 FLETCHER: On the motion and second, I will
10 call the roll.

11 Mr. Fuentes?

12 FUENTES: Yes.

13 FLETCHER: Mr. Goetz on the line?

14 GOETZ: Yes.

15 FLETCHER: Mr. Heller?

16 HELLER: Yes.

17 FLETCHER: Mr. Horne?

18 HORNE: No.

19 FLETCHER: Ms. Juracek?

20 JURACEK: Yes.

21 FLETCHER: Mr. Knox?

22 KNOX: Yes.

23 FLETCHER: Mr. McCoy?

24 McCOY: Yes.

1 FLETCHER: Mr. Obernagel?

2 OBERNAGEL: Yes.

3 FLETCHER: Mr. Poole on the line?

4 POOLE: Yes.

5 FLETCHER: Ms. Smoots?

6 SMOOTS: Yes.

7 FLETCHER: And Mr. Zeller?

8 ZELLER: Yes.

9 FLETCHER: And Vice Chair Bronner?

10 CHAIRWOMAN BRONNER: Yes.

11 FLETCHER: Vice Chair Bronner, the motion
12 carries.

13 CHAIRWOMAN BRONNER: Thank you.

14 Item No. 3?

15 FLETCHER: At this time, we'll ask Member Horne
16 and to exit the room. Please note for the record
17 that Member Horne has exited the room.

18 FRAMPTON: Next, we'll move on to Item 3, which
19 is Tab 3 in your Board Book, 2020 Buckeye, LLC.

20 Item 3 is a Taxable Conduit Revenue
21 Bond request. Staff requests your one-time Final
22 Bond Resolution approval for 2020 Buckeye, LLC, in
23 the not-to-exceed amount of \$30 million. Bond
24 proceeds will be used by the borrower to acquire,

1 refurbish, and equip two privately-owned surface
2 parking lots near Midway Airport, on Chicago's
3 southwest side. Bond proceeds will additionally
4 finance certain start-up costs and working capital.

5 The non-rated Taxable Bonds are being
6 underwritten by J.P. Morgan Securities and will be
7 sold in minimum denominations of \$100,000 to
8 Accredited Investors and Qualified Institutional
9 Buyers pursuant to IFA policy. Bondholders will also
10 benefit from a debt service reserve fund.

11 I would like to note that as this is a
12 conduit project, the Members are considering approval
13 of the Resolution and the not-to-exceed amount
14 contained therein.

15 Does any Member have any questions or
16 comments?

17 (No response.)

18 FRAMPTON: Okay. Moving on next, Little
19 Company of Mary Hospital and Health Centers: Item 6
20 is a Resolution authorizing the execution and
21 delivery of a First Supplemental Bond Trust Indenture
22 for the Series 2015 Bonds issued on behalf of Little
23 Company of Mary Hospital and Health Centers.

24 This will enable the Borrower to keep

1 the Bonds with the Initial Purchaser for an
2 additional private placement rate period of
3 approximately two years and to make certain
4 amendments to the definition of LIBOR.

5 Does any Member have any questions or
6 comments?

7 (No response.)

8 CHAIRWOMAN BRONNER: Hearing none, I would like
9 to request a motion to pass and adopt the following
10 New Business Items, Nos. 3 and 6.

11 Is there such a motion?

12 FUENTES: So moved.

13 JURACEK: Second.

14 CHAIRWOMAN BRONNER: Will the Assistant
15 Secretary, please, call the roll?

16 FLETCHER: Certainly.

17 On the motion and second, I'll call
18 the roll.

19 Mr. Fuentes?

20 FUENTES: Yes.

21 FLETCHER: Mr. Goetz on the line?

22 GOETZ: Yes.

23 FLETCHER: Mr. Heller?

24 HELLER: Yes.

1 FLETCHER: Ms. Juracek?
2 JURACEK: Yes.
3 FLETCHER: Mr. Knox?
4 KNOX: Yes.
5 FLETCHER: Mr. McCoy?
6 McCOY: Yes.
7 FLETCHER: Mr. Obernagel?
8 OBERNAGEL: Yes.
9 FLETCHER: Mr. Poole on the line?
10 POOLE: Yes.
11 FLETCHER: Ms. Smoots?
12 SMOOTS: Yes.
13 FLETCHER: And Mr. Zeller?
14 ZELLER: Yes.
15 FLETCHER: And Vice Chair Bronner?
16 CHAIRWOMAN BRONNER: Yes.
17 FLETCHER: Vice Chair, the motion carries.
18 CHAIRWOMAN BRONNER: Thank you.
19 And now Member Horne may reenter the
20 room, and Member Goetz will be terminating his
21 participation in the teleconference.
22 MEISTER: Yes.
23 CHAIRWOMAN BRONNER: The audio conference.
24 GOETZ: Right.

1 FLETCHER: Please note for record, Member Horne
2 has re-entered the room and Member Goetz has
3 terminated his participation via audio conference.

4 CHAIRWOMAN BRONNER: Mr. Frampton, let's
5 proceed with Item No. 7.

6 FRAMPTON: Thank you, Madam Chairman.

7 Item 7, Northwestern Memorial
8 Healthcare: Item 7 is a Resolution relating to the
9 Series 2012 Bonds, Series 2014A Bonds, Series 2014B
10 Bonds, and Series 2014C Bonds issued on behalf of
11 Centegra Health System.

12 The Resolution authorizes the
13 execution and delivery of any necessary amendments to
14 the Bond Documents to enable Centegra Health System
15 to pursue its affiliation with Northwestern Memorial
16 Healthcare. The Resolution also authorizes the
17 merger of CDH-Delnor Health System into Northwestern
18 Memorial Healthcare and the transfer of assets from
19 KishHealth System to Northwestern Memorial
20 Healthcare.

21 Does any Member have any questions or
22 comments?

23 (No response.)

24 FRAMPTON: Okay. Next, Item 8, Silver Cross

1 Hospital and Medical Centers: Item 8 is a Resolution
2 relating to the Series 2008 Bonds issued on behalf of
3 Silver Cross Hospital and Medical Centers.

4 The Resolution authorizes the
5 execution and delivery of any necessary amendments to
6 the Bond Indenture and Loan Agreement to facilitate a
7 call for optional redemption prior to maturity and
8 purchase in lieu of redemption of the Bonds to
9 facilitate a purchase of the Bonds by Barclays, allow
10 the release of approximately \$8.66 million currently
11 held in a debt service reserve fund, and enables
12 Silver Cross to enter into a synthetic conversion of
13 the Series 2008A Fixed Rate Bonds to a variable
14 interest rate by entering into a total return swap
15 agreement with Barclays.

16 Does any Member have any questions or
17 comments?

18 (No response.)

19 CHAIRWOMAN BRONNER: Hearing none, I would like
20 to request a motion to pass and adopt the following
21 New Business Items: No. 7 and 8.

22 Is there such a motion?

23 McCOY: So moved.

24 FUENTES: Second.

1 CHAIRWOMAN BRONNER: Will the Assistant
2 Secretary, please, call the roll?

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

5
6 Mr. Fuentes?

7 FUENTES: Yes.

8 FLETCHER: Mr. Heller?

9 HELLER: Yes.

10 FLETCHER: Mr. Horne?

11 HORNE: Yes.

12 FLETCHER: Ms. Juracek?

13 JURACEK: Yes.

14 FLETCHER: Mr. Knox?

15 KNOX: Yes.

16 FLETCHER: Mr. McCoy?

17 McCOY: Yes.

18 FLETCHER: Mr. Obernagel?

19 OBERNAGEL: Yes.

20 FLETCHER: Mr. Poole?

21 POOLE: Yes.

22 FLETCHER: Ms. Smoots?

23 SMOOTS: Yes.

24 FLETCHER: Mr. Zeller?

1 ZELLER: Yes.

2 FLETCHER: And Vice Chair Bronner?

3 CHAIRWOMAN BRONNER: Yes.

4 FLETCHER: Vice Chair, the motion carries.

5 CHAIRWOMAN BRONNER: Will Mr. Goetz be re- --

6 MEISTER: Yes. They're working --

7 CHAIRWOMAN BRONNER: -- returning?

8 MEISTER: -- on that right now.

9 CHAIRWOMAN BRONNER: Okay. Shall we wait

10 for --

11 MEISTER: Yes.

12 CHAIRWOMAN BRONNER: Okay. Thank you.

13 We'll momentarily await Mr. -- Member
14 Goetz's rejoining the audio conference.

15 (Brief pause.)

16 FLETCHER: Hello, did someone just join?

17 GOETZ: Yeah, this is Mike.

18 FLETCHER: Please note for the record, Member
19 Goetz has rejoined the audio conference. We will now
20 consider items under the General Consent.

21 CHAIRWOMAN BRONNER: Thank you.

22 Mr. Frampton, Item No. 1.

23 FRAMPTON: Thank you, Madam Chairman.

24 Item 1, School District Number 73,

1 Cook County, East Prairie.

2 Item 1 is a Local Government Revenue
3 Bond request. Staff requests your one-time Final
4 Bond Resolution approval for School District No. 73,
5 Cook County, East Prairie, in an amount not-to-exceed
6 \$38,090,000. Bond proceeds will be used to purchase
7 General Obligation School Bonds, Series 2018, issued
8 by the District, in order to build and equip a new,
9 124,000-square-foot school, replacing the District's
10 sole elementary school located in Skokie.

11 The District is rated A1/Stable by
12 Moody's, and the Bonds are expected to be rated AA by
13 S&P based on bond insurance that will be provided by
14 Build America Mutual Assurance Company. The Bonds
15 will benefit from being both federally tax-exempt and
16 state tax-exempt for Illinois bondholders. The Bonds
17 are being underwritten by Raymond James & Associates.

18 I would like to note that as this is a
19 conduit project, the Members are considering approval
20 of the Resolution and the not-to-exceed amount
21 contained therein.

22 Does any Member have any questions or
23 comments?

24 CHAIRWOMAN BRONNER: I actually just have one

1 certain interest rate provisions, lowering the
2 effective rate and extending the initial term with
3 PNC Bank to December 31, 2021.

4 Does any Member have any questions or
5 comments?

6 (No response.)

7 FRAMPTON: Next, Item 5, The Thresholds: Item 5
8 is a Resolution authorizing the execution and
9 delivery of a First Amendment and Restated Indenture
10 of Trust and approving related documents for the
11 Series 2005 Bonds issued on behalf of the Thresholds.

12 This will enable the Borrower to amend
13 certain interest rate provisions, lowering the
14 effective rate and extending the term with MB
15 Financial Bank to July 5, 2028.

16 Does any Member have any questions or
17 comments?

18 (No response.)

19 FRAMPTON: Okay. Next, we'll move on to
20 Item 9, a Temporary Delegation of Power on Behalf of
21 the Executive Director: Item 9 is a Resolution
22 delegating to the Treasurer of the Authority power to
23 execute certain documents in the Executive Director's
24 stead. This delegation is temporary, for a period of

1 approximately three and a half weeks, and is
2 effective only in the event the Executive Director is
3 unavailable.

4 Does any Member have any questions or
5 comments?

6 (No response.)

7 FRAMPTON: Next, Item 11: Personnel
8 Recommendations: Item 11 is a Resolution adopting the
9 Fiscal Year 2019 Personnel Recommendations of the
10 Governance, Personnel, Legislation, and Ethics
11 Committee, retroactive to July 1, 2018. These
12 recommendations are located in the left-hand pocket
13 of your red folders.

14 MEISTER: And if I may, Rich, based on the
15 discussions as adopted by the Governance Committee,
16 there's a handwritten note or adjustment on the
17 package in your red folders, and that is -- that is
18 what was adopted by the Governance Committee.

19 FRAMPTON: Okay. Does any member have any
20 questions or comments?

21 (No response.)

22 CHAIRWOMAN BRONNER: Hearing none, thank you,
23 Mr. Frampton.

24 I would like to request a motion to

1 pass and adopt the following New Business Items:

2 Items 1, 4, 5, 9 and 11.

3 Is there such a motion?

4 HORNE: So moved.

5 FUENTES: Second.

6 CHAIRWOMAN BRONNER: Will the Assistant

7 Secretary, please, call the roll?

8 FLETCHER: On the motion and second, I'll call
9 the roll.

10 Mr. Fuentes?

11 FUENTES: Yes.

12 FLETCHER: Mr. Goetz on the line?

13 GOETZ: Yes.

14 FLETCHER: Mr. Heller?

15 HELLER: Yes.

16 FLETCHER: Mr. Horne?

17 HORNE: Yes.

18 FLETCHER: Ms. Juracek?

19 JURACEK: Yes.

20 FLETCHER: Mr. Knox?

21 KNOX: Yes.

22 FLETCHER: Mr. McCoy?

23 McCOY: Yes.

24 FLETCHER: Mr. Obernagel?

1 OBERNAGEL: Yes.

2 FLETCHER: Mr. Poole on the line?

3 POOLE: Yes.

4 FLETCHER: Ms. Smoots?

5 SMOOTS: Yes.

6 FLETCHER: Mr. Zeller?

7 ZELLER: Yes.

8 FLETCHER: And Vice Chair Bronner?

9 CHAIRWOMAN BRONNER: Yes.

10 FLETCHER: Vice Chair, the motion carries.

11 CHAIRWOMAN BRONNER: Thank you very much.

12 We will move on to Item No. 8,
13 Presentation and Consideration of Financial Reports.

14 Ms. Granda?

15 GRANDA: Good morning, everyone. I will be
16 presenting the financial information for period --
17 period ending June 30, 2018.

18 The financial information presented
19 today is preliminary, unaudited, and subject to
20 change.

21 June 30 is our fiscal year end, and
22 minor adjustments will be made once all of the
23 accounts are reconciled. The final June 30, 2018,
24 balances will be discussed in our August Board

1 Meeting. The financial statements are located in
2 your red folders.

3 The financial highlights for the
4 General Operating Fund is as follows: Our total
5 revenues equals \$4.8 million and are \$806,000, or 21
6 percent higher than budget. This is due to higher
7 closing and administrative fees in November and
8 December.

9 In June --

10 MEISTER: Excuse me. Six, Brad, Member
11 Obernagel needs to leave, if you can note that.

12 FLETCHER: Please note for the record that
13 Member Obernagel has terminated his participation
14 and exited the room.

15 GRANDA: Okay. Moving on.

16 In June, the Authority generated
17 \$54,000 in closing fees, which is lower than the
18 monthly budgeted amount of \$241,000.

19 Our total annual expenses equals \$3.8
20 million and are \$222,000, or 5 -- 5.6 percent, lower
21 than budget, which was mostly driven by a reduction
22 in spending on employee-related expenses and on
23 depreciation expense.

24 In June, the Authority recorded

1 operating expenses of \$427,000, which was higher than
2 the monthly budgeted amount of \$309,000. The
3 increase was due to a higher than expected legal fees
4 as a result of the Freedom of Information Act
5 requests.

6 Our total monthly net loss is
7 \$215,000, which was offset by a cash transfer from
8 from -- that terminated Intermediary Relending
9 Program and the Renewable Energy Development Fund.
10 That total transfers were \$1.9 million.

11 Our total annual net income is \$2.9
12 million. The major driver of the positive bottom
13 line is due to the compressed bond project closing
14 activity in November and December and the cash
15 transfers from the terminated Intermediary Relending
16 Program and the Renewable Energy Development Fund,
17 mentioned before. And also -- and is also due to the
18 lower than expected expenses, which were 5.6 lower
19 than budget.

20 Our General Fund continues to maintain
21 a strong balance sheet, with a total net position of
22 \$59.5 million and unrestricted cash and investments
23 of about \$45.8 million.

24 Is there any question on the financial

1 highlights?

2 (No response.)

3 GRANDA: Well, hearing none, just moving a
4 little bit on from the financial to our Audit, the
5 Phase I of the fieldwork for the financial audit
6 FY 18 ended in June 29 of 2018. The external
7 auditors will be back in September 4 for the second
8 phase of the fieldwork.

9 As far as our internal auditors, they
10 have provided a two-year audit plan that will take us
11 through Fiscal Year 2020.

12 Is there any questions?

13 (No response.)

14 CHAIRWOMAN BRONNER: Great. Thank you,
15 Ms. Granda.

16 Hearing none, I would like to request
17 a motion to accept the Financial Reports.

18 Is there such a motion.

19 JURACEK: So moved.

20 KNOX: Second.

21 CHAIRWOMAN BRONNER: All those in favor?

22 (Chorus of ayes.)

23 CHAIRWOMAN BRONNER: Opposed?

24 (No response.)

1 CHAIRWOMAN BRONNER: Thank you, on the phone.

2 The ayes have it.

3 Now for the Monthly Procurement
4 Report.

5 Mr. Franzen?

6 FRANZEN: Good morning, Madam Chairman and
7 Members of the Board.

8 The staff is working on the RFP for
9 Financial Advisory Services. The item's on page 1 of
10 the Procurement Report. They support the Authority
11 operations, and the remainder of the report includes
12 expiring projects for this calendar year.

13 Are there any questions?

14 (No response.)

15 FRANZEN: Thank you.

16 CHAIRWOMAN BRONNER: Great. Thank you very
17 much.

18 Moving on to Item No. 10, Correction
19 and Approval of the Minutes, does anyone wish to make
20 any additions, edits or corrections to the Minutes
21 from June 12th, 2018?

22 (No response.)

23 CHAIRWOMAN BRONNER: Hearing none, I would like
24 to request a motion to approve the Minutes.

1 Is there such a motion?

2 McCOY: So moved.

3 JURACEK: Second.

4 CHAIRWOMAN BRONNER: All those in favor?

5 (Chorus of ayes.)

6 CHAIRWOMAN BRONNER: Opposed? Opposed?

7 (No response.)

8 CHAIRWOMAN BRONNER: The ayes have it.

9 Other Business: Is there any other
10 business to come before the Members?

11 (No response.)

12 CHAIRWOMAN BRONNER: Hearing none, I'd like to
13 request a motion to excuse the absences of Members
14 unable to participate today.

15 Is there such a motion?

16 FUENTES: So moved.

17 HORNE: Second.

18 CHAIRWOMAN BRONNER: All those in favor?

19 (Chorus of ayes.)

20 CHAIRWOMAN BRONNER: Opposed?

21 (No response.)

22 CHAIRWOMAN BRONNER: The ayes have it.

23 Closed Session, Item No. 12. Is there
24 any matter for discussion in Closed Session?

1 (No response.)

2 CHAIRWOMAN BRONNER: Hearing none, I'd like to
3 announce that the next regularly scheduled meeting
4 will be August 14th, 2018. I'd also like to request
5 a motion to adjourn.

6 Is there such a motion.

7 ZELLER: So moved.

8 McCOY: Second.

9 CHAIRWOMAN BRONNER: All those in favor?

10 (Chorus of ayes.)

11 CHAIRWOMAN BRONNER: Opposed?

12 (No response.)

13 CHAIRWOMAN BRONNER: The ayes have it. The
14 meeting is adjourned.

15 Thank you, all.

16 FLETCHER: The time is 10:22 a.m.

17 (Whereupon the above
18 matter was adjourned)

19

20

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24