

1 ILLINOIS FINANCE AUTHORITY

2 REGULAR MEETING OF THE MEMBERS

3 August 13, 2019, at 9:31 a.m.

6 REPORT OF PROCEEDINGS had at the Regular

7 Meeting of the Illinois Finance Authority on

8 August 13, 2019, at the hour of 9:30 a.m. pursuant to

9 notice, at 160 North LaSalle Street, Suite S-1000,

10 Chicago, Illinois.

11 APPEARANCES:

12 CHAIRMAN ERIC ANDERBERG

13 MR. E. LYLE McCOY

14 MR. JAMES J. FUENTES

15 MR. MIKE GOETZ

16 MS. BETH SMOOTS

17 MR. TERRENCE O'BRIEN

18 MS. ROXANNE NARA

19 MR. LERRY KNOX

20 MR. WILLIAM HOBERT

21 MR. RANDY WEXLER

23 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

24 MR. CHRISTOPHER B. MEISTER, Executive Director

- 1 MR. BRAD FLETCHER, Vice President, C-PACE
- 2 MR. RICH FRAMPTON, Executive Vice President
- 3 MR. RYAN OECHSLER, Deputy General Counsel
- 4 MR. CRAIG HOLLOWAY, Procurement Agent
- 5 Ms. XIMENA GRANDA, Manager of Finance and Administration
- 6 Mr. Charles Myart, Vice President, Loan and Guarantee
- 7 Ms. Sara Perugini, Vice President, Healthcare

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1 CHAIR ANDERBERG: Good morning, everybody.

2 We will make this fast today.

3 I would like to call the meeting to order.

4 Assistant Secretary, please call the roll.

5 FLETCHER: Certainly. The time is

6 9:31 a.m.

7 I will call the roll of members physically
8 present first.

9 Mr. Fuentes.

10 FUENTES: Here.

11 FLETCHER: Mr. Hobert.

12 HOBERT: Here.

13 FLETCHER: Mr. Knox.

14 KNOX: Here.

15 FLETCHER: Mr. McCoy.

16 McCOY: Here.

17 FLETCHER: Ms. Nava.

18 NAVA: Here.

19 FLETCHER: Mr. O'Brien.

20 O'BRIEN: Here.

21 FLETCHER: Ms. Smoots.

22 SMOOTS: Here.

23 FLETCHER: Mr. Chairman.

24 ANDERBERG: Here.

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

4 At this time I'd like to ask if any members
5 would like to attend via audio conference.

6 GOETZ: Yes. This is Mike Goetz. I'm
7 requesting to attend via audio conference due to
8 employment purposes.

9 CHAIR ANDERBERG: Okay. Is there a motion
10 to approve this request pursuant to the bylaws and
11 policies of the Authority?

12 O'BRIEN: So moved.

13 KNOX: Second.

14 CHAIR ANDERBERG: Motion by Mr. O'Brien.

15 Second by Mr. Knox.

16 All those in favor?

17 (Chorus of ayes.)

18 CHAIR ANDERBERG: Opposed?

19 (No response.)

20 CHAIR ANDERBERG: The ayes have it.

21 FLETCHER: Mr. Chairman, Member Goetz has
22 been added to the initial quorum rollcall.

23 CHAIR ANDERBERG: Okay. Does anyone wish
24 to make any additions -- sorry. I'm sorry.

1 WEXLER: Yes. There's someone else on the
2 phone.

3 This is Randy Wexler. I'm making a request
4 to appear by audio for employment purposes.

5 CHAIR ANDERBERG: Okay. Thank you, Randy.
6 We need a motion to request his absence.

7 KNOX: So moved.

8 FUENTES: Second.

9 CHAIR ANDERBERG: We have a motion and second.
10 All those in favor?

11 (Chorus of ayes.)

12 CHAIR ANDERBERG: Opposed?

13 (No response.)

14 CHAIR ANDERBERG: The ayes have it.

15 FLETCHER: Mr. Chairman, Member Wexler has
16 been added to the initial quorum rollcall as well.

17 CHAIR ANDERBERG: Okay. Does anyone wish
18 to make any additions, edits or corrections to
19 today's agenda?

20 (No response.)

21 CHAIR ANDERBERG: Hearing none, I would
22 like to request a motion to approve the agenda. Is
23 there such a motion?

24 O'BRIEN: So moved.

1 FUENTES: Second.

2 CHAIR ANDERBERG: Motion is seconded.

3 All those in favor?

4 (Chorus of ayes.)

5 CHAIR ANDERBERG: Opposed?

6 (No response.)

7 CHAIR ANDERBERG: The ayes have it.

8 I have no comment today.

9 Mr. Meister.

10 MEISTER: Thank you, Mr. Chairman, Members:

11 In my written message, we discussed House Bill 3501
12 which Governor Pritzker signed into law.

13 It is the third effort to address in the
14 last three years Property Assessed Clean Energy
15 financing for commercial property owners. This is a
16 conduit structure.

17 Our sponsors were State Senator Melinda
18 Bush and State Representative Natalie Manley.

19 These two very capable legislators built on
20 a legacy or a foundation of hard work of about a
21 decade from former legislative leader, state
22 representative, Lou Lang, now retired.

23 We worked with a host of allies, primarily
24 led by the people on the ground, Dave McEllis and Al

1 Grosboll, at the Environmental Law and Policy Center,
2 a nonprofit organization, but we also had the help of
3 organized labor, including the AFL-CIO and the
4 Operating Engineers, the Chicagoland Chamber of
5 Commerce, the realtors, the bankers and a host of
6 environmental groups.

7 We were supported on a bipartisan unanimous
8 basis by all four caucuses of the General Assembly,
9 and we think that this ultimately is going to be
10 another very important and impactful tool that the
11 Authority will have not only to move forward with the
12 Governor's climate agenda, which we have been asked
13 to participate in partnership with the Illinois
14 Environmental Protection Agency, but also our
15 longstanding work that we have been doing on the
16 State Revolving Fund and the Clean Water Initiative.

17 I do want to recognize Brad Fletcher, who
18 did take this idea and worked with a large number of
19 stakeholders, not only the counsel that Elizabeth and
20 Ryan were helping to organize, but also there are
21 numerous market participants. There are numerous
22 local governments, and we've built C-PACE into our
23 revenue plans.

24 And, again, I cannot tell you how grateful

1 I am to Governor Pritzker and his team for supporting
2 this and signing this into law over the last two
3 weeks.

4 But at its heart, C-PACE is a local
5 government program, so the initiative and the power
6 of agency lies with home-rule units and primarily
7 with counties across the state.

8 And they have their own processes to adopt
9 ordinances. They have their own processes for
10 procurement to engage program administrators, but I
11 think that the work that the Authority has done over
12 the two sessions where we were actively involved has
13 really refocused on the back end, really reducing
14 transaction costs, providing accountability,
15 providing execution, and doing the sort of back-end
16 stuff that is going to ultimately reduce the
17 administrative costs, that is going to add value to
18 the borrowers and the lenders.

19 And we are going to do it in a way that is
20 very consistent with what we have been doing since we
21 were created in '04, what our predecessors did in the
22 world of conduit tax exempt financing.

23 The difference is going to be that there
24 will be no tax exemption. There will be no tax

1 credits. There will be no public funds used for debt
2 service reserves.

3 The model that we're -- and, again, this is
4 something that is in formation. We've learned from
5 best practices from a couple dozen other states.

6 But we think that this is really going to
7 move the needle for our impact under our statute, our
8 statutory mission and to help us support ourselves.

9 So House Bill 3501's success has thousand
10 parents, and that's the case here, so it was a great
11 win, and, again, we're particularly grateful to
12 Governor Pritzker and our sponsors and the entire
13 legislature, because we had no opposition in either
14 chamber.

15 Right, Brad?

16 FLETCHER: Some that was mitigated.

17 MEISTER: Well, there were no "nos".

18 FLETCHER: Again, there were no "nos".

19 MEISTER: Exactly. So that's the good
20 news.

21 The second piece of good news, the deputy
22 executive director, Jacob Stuckey, he shared this
23 with you last month: We have got him at a Council of
24 Development Finance Agencies meeting in Detroit this

1 week, but for the newer members, we began the last
2 fiscal year with a transformation initiative and a
3 planned budget deficit of about \$1 million.

4 And we knew that in the wake of the federal
5 tax legislation and all of the foreseeable and
6 unforeseeable consequences of the federal tax
7 legislation of late 2018 that we are going to have to
8 reexamine just about everything that we did, and we
9 have made a lot of investments.

10 C-PACE, I think, is the most successful to
11 date. We hope to have more.

12 Charles Myart is going to talk about
13 progress on agriculture and participation of loans.

14 We have actually executed a very effective
15 succession with Sara Perugini. The Conduit Committee
16 heard about the Moorings and Rush earlier today, but,
17 again, when Eric and I talked in mid 2019 when we
18 were putting together the budget, we looked like we
19 were going to be finishing this year with \$1 million
20 loss, and we had planned for it.

21 The good news is that the slight profit
22 that we shared with the Board in July appears to be
23 holding up, and it's less than what it was last
24 month, but in the world of government finance, the

1 further away we get from the end of the fiscal year,
2 even these numbers are unaudited and preliminary, the
3 more solid they become.

4 And we expect to be working with the
5 Auditor General's office that reports to the General
6 Assembly, and we should have final audited financials
7 sometime, if the past is any map to the future,
8 sometime between November and January.

9 So it was a great collective effort by the
10 team. We had some lucky breaks, and it does look
11 like we're going to -- Six will share the details.

12 It does look like we're going to be in the
13 black and have some net income for the organization
14 for the fiscal year 2019 that concluded at midnight
15 on June 30 of this year.

16 The third piece of good news is that we had
17 as the newer members -- as the current members know,
18 newer members are getting introduced to, we have
19 three sort of fixed operating costs that are all tied
20 to the Authority being a creature of state statute.

21 One is the auditor general audit process
22 that I have touched upon; two is the procurement
23 process that Craig Holloway is going to -- one of our
24 newer additions is going to brief folks on, and the

1 third is how one hires and retains talent in a tight
2 employment market subject to the various U.S. Supreme
3 Court, local, Federal District Court, sort of -- Office
4 of Executive Inspector General, the whole alphabet
5 soup of what's broadly called in the state government
6 context Rutan/Shakman process.

7 So the good news is that even though we
8 have many differences with conventional state
9 employment, we've worked to develop a process that we
10 believe is consistent with the broad Rutan and
11 Shakman process.

12 We've posted four jobs, two accountant jobs
13 and two business analyst jobs, and I'm pleased to say
14 that we've received over 200 resumes for those roles.

15 Sarah Mankowski, who works with human
16 resources with us, is working through those, and
17 ultimately for these positions we'll have three-member
18 interviewing panels, and they will be a documented
19 process.

20 And that has worked well with positions
21 that were ultimately filled by Charles Myart and Sara
22 Perugini and Craig Holloway, so we have a degree of
23 confidence, and we are excited that in a tight
24 employment market that we've made the case to

1 potential members of the team about the value
2 proposition, the impact that they can have if they
3 join our team and the employer/employee value
4 proposition, so that's all good news.

5 The less than great news is that we have
6 been working -- and we will get more of this from
7 Six. Jacob, Six, Rich, Brad, Elizabeth, Sara and I
8 have all been working, and we think that the first
9 quarter that will end at the end of September is
10 going to be a little bit weaker than we had
11 anticipated.

12 Going back to C-PACE, we had sort of
13 projected some closings in the August and September
14 range. Given this C-PACE tool reliance on the
15 timelines of local governments, we now think that
16 that may be more realistically October and November.

17 And, again, conduit tax exemption at least
18 this year is starting slowly. That's not a surprise.

19 We have had many Julys and Augusts where we
20 have started slowly. It tends to pick up towards the
21 end of the calendar year, what's the second quarter
22 of our fiscal year.

23 So a little bit of weakness or anticipated
24 weakness in the first quarter of fiscal year '20, but

1 I think we're doing the right things pursuant to the
2 transformation initiative, and we're doing the sorts
3 of things where our current high-performing, very
4 experienced team can be freed up for their highest
5 and best use and that we're backfilling roles and
6 functions with people that can ultimately grow and be
7 part of the talent suggestion into the future.

8 So with that, I'll take any questions.

9 CHAIR ANDERBERG: Essentially C-PACE,
10 Chris, is just the government is getting used to
11 understanding.

12 MEISTER: Yes.

13 CHAIR ANDERBERG: Is the timeline.

14 MEISTER: And I think it's, as the Board
15 Members know, conduit tax exemption at its heart is a
16 federal tax code benefit between a private lender who
17 may be an individual bank or it may be a variety of
18 bondholders and an individual borrower, and we're in
19 the middle to make sure that certain state policies
20 are followed.

21 C-PACE is different because you still need
22 something, an entity like the IFA, in the middle, but
23 there's no public funds or public tax subsidy or
24 exemptions or benefits.

1 Basically the heart of C-PACE is the
2 security of the private loan to the private borrower
3 is a lien. That's the equivalent of a state or local
4 property tax lien. So you still need the machinery
5 of the IFA, and that's what Brad has worked so hard
6 on, with -- Brad and Elizabeth and Ryan -- with a whole
7 variety of stakeholders.

8 But I think for the local governments, it's
9 hard to wrap their minds around that there's not some
10 sort of public dollar benefit that's going into this,
11 and so I think they ultimately, as they have in other
12 states, they have reached the conclusions that this
13 is a private transaction that uses some of the
14 mechanisms of state and local government to increase
15 the security of the private loan, but there aren't
16 any public dollars or public tax subsidies at risk.

17 I think that's going to take a little bit
18 of time because in the states where this program has
19 not been successful, they have taken a very public
20 sector mindset, I'm giving you a subsidy, so you are
21 going to have to do what I say.

22 In federal terms, that's basically a
23 dormant commerce clause analysis. That's wholly
24 absent in this case. And I think why it's going to

1 be ultimately successful here is because of the experience
2 that we have with staff and the Board as an
3 organization executing financial transactions, and
4 when the local governments sort of start to see that
5 their participation is minimal, they get a fairly
6 large benefit in strengthening and diversifying their
7 property tax base and their employment base, and I
8 think there are a lot of benefits for climate and
9 reduced energy usage.

10 But, ultimately, I think that they will
11 come to the conclusion that there are only limited
12 sorts of things that this financial structure will
13 allow, and if you overload them with certain
14 priorities, it will be a tool that's not used that
15 will just sit in the toolbox.

16 And Brad has talked to states where the
17 tool has sat in the toolbox, and he has talked to
18 states where the tool is being used every day
19 12 hours a day, and we hope to be the latter.

20 CHAIR ANDERBERG: Okay. Thank you.

21 Committee reports. Mr. McCoy.

22 FLETCHER: Mr. Chairman, if I may, the
23 agenda approved today called for public comment. I
24 think we might have skipped that briefly.

1 CHAIR ANDERBERG: Is there any public
2 comment?

3 (No response.)

4 CHAIR ANDERBERG: Okay. Thank you.
5 Committee reports.

6 McCOY: Thank you, Mr. Chairman. The
7 Conduit Finance Committee met earlier this morning
8 and voted to recommend for approval the following new
9 business items on today's agenda: No. 1, Rush
10 University Medical Center Obligated Group, and, 2,
11 a resolution for the Moorings of Arlington Heights,
12 LLC.

13 CHAIR ANDERBERG: Thank you. I would like
14 to ask for the general consent of the Members to
15 consider the New Business items collectively and have
16 a subsequent recorded vote applied to each respective
17 individual item, unless there are any New Business
18 items that a member would like to consider
19 separately.

20 NAVA: I just had a question about Rush:
21 In what stage is it? Because it shows in our report
22 that there's zero construction jobs. Is it just a
23 refinancing?

24 PERUGINI: They are going to be refinancing

1 mostly a bank line of credit that's outstanding, and
2 then there's a little bit of new money, a
3 reimbursement, that's also going to be laid out.

4 So they have completed their project, which
5 was the majority of -- I think it was like surgical
6 beds and expansion and also a little bit of equipment
7 financing, so it's mostly reimbursement, mostly
8 paying off -- down a line of credit and a little bit of
9 new money.

10 NAVA: Thank you.

11 PERUGINI: Anything else?

12 NAVA: That's it.

13 CHAIR ANDERBERG: Thank you. Rich.

14 FRAMPTON: Good morning, everyone. At this
15 time I would like to note for each conduit new business
16 item presented on today's agenda, including Item 1,
17 the Members are considering approval only of the
18 resolution and the not-to-exceed amount contained
19 therein.

20 Item 1 is Rush University Medical Center
21 Obligated Group. Item 1 is a 501(c)(3) Bond request.
22 Staff requests approval of a Final Bond Resolution
23 for Copley Memorial Hospital, Inc., as a member of
24 the Rush University Medical Center Obligated Group in

1 an amount not-to-exceed \$40 million.

2 Bond Proceeds will be used by the
3 Borrower (i) to finance or reimburse the costs of
4 acquiring, constructing, renovating and equipping
5 certain hospital and healthcare facilities of Copley
6 Memorial Hospital; (ii) to refinance all or a portion
7 of a bank line of credit issued by J.P. Morgan Chase
8 Bank for the benefit of Copley Memorial Hospital for
9 the purpose of paying certain costs of this project
10 and (iii) to pay costs to the issuance of the bonds
11 and the refinancing of the line of credit.

12 The Bonds will be purchased by Bank of
13 America and will bear interest at a fixed rate.

14 Does any Member have any questions or
15 comments?

16 (No response.)

17 FRAMPTON: Next item, the Moorings at
18 Arlington Heights, LLC.

19 Item 2 is a Resolution authorizing the
20 execution and delivery of an amendment to the Bond
21 Indentures pertaining to the Series 2016 Bonds
22 previously issued by the Authority on behalf of the
23 Moorings of Arlington Heights.

24 The Series 2016 Bonds were issued in an

1 aggregate maximum principal amount of \$69,615,000.

2 Under the Bond Indentures, the Borrower is permitted
3 to borrow all or a portion of the remaining balance
4 by requesting Supplemental Advances prior to
5 September 30, 2019.

6 To date, the Borrower has requested
7 Supplemental Advances that have been funded in the
8 amount of approximately \$68,600,000 and is unable to
9 draw the remaining portion of the aggregate maximum
10 principal amount by September 30, 2019.

11 This amendment would extend the period by
12 which the Borrower may request Supplemental Advances
13 to December 31, 2019, in order to permit the Borrower
14 to draw upon the remaining portion of the aggregate
15 maximum principal amount.

16 Does any Member have any questions or
17 comments?

18 (No response.)

19 FRAMPTON: Item 3: Resolution relating to
20 the Adoption of House Bill 3501.

21 Item 3 is a Resolution relating to House
22 Bill 3501. House Bill 3501 was a technical rewrite
23 of the Property Assessed Clean Energy Act, which
24 concurrently incorporated certain public health and

1 natural disaster protections to the Act.

2 This Resolution thanks the Governor of
3 Illinois for signing House Bill 3501 into law, thanks
4 the General Assembly for passing House Bill 3501
5 unanimously in both chambers and also thanks the
6 Environmental Law and Policy Center for supporting
7 the passage of House Bill 3501.

8 Does any Member have any questions or
9 comments?

10 CHAIR ANDERBERG: Okay. Thank you, Rich.

11 I would like to request a motion to pass
12 and adopt the following New Business Items: Items 1,
13 2 and 3.

14 Is there such a motion?

15 McCOY: So moved.

16 O'BRIEN: So moved.

17 CHAIR FLETCHER: Motion by Mr. McCoy,
18 second by Mr. O'Brien.

19 Will the Assistant Secretary please call
20 the roll.

21 FLETCHER: Certainly. On the motion and
22 second, I'll call the roll.

23 Mr. Fuentes.

24 FUENTES: Yes.

1 FLETCHER: Mr. Goetz via audio conference.

2 GOETZ: Yes.

3 FLETCHER: Mr. Hobert.

4 HOBERT: Yes.

5 FLETCHER: Mr. Knox.

6 KNOX: Yes.

7 FLETCHER: Mr. McCoy.

8 MCCOY: Yes.

9 FLETCHER: Nava.

10 NAVA: Yes.

11 FLETCHER: Mr. O'Brien.

12 O'BRIEN: Yes.

13 FLETCHER: Ms. Smoots.

14 SMOOTS: Yes.

15 FLETCHER: Mr. Wexler via audio conference.

16 WEXLER: Yes.

17 FLETCHER: Mr. Chairman.

18 CHAIR ANDERBERG: Yes.

19 FLETCHER: Mr. Chairman, the motion

20 carries.

21 CHAIR ANDERBERG: Thank you. Charles.

22 MYART: Item 4, Loan and Agricultural Bond

23 Product Updates.

24 The purpose of this brief is to update the

1 Board on the Authority's Participation Loan Program,
2 Beginning Farmer Bond Programs, the Iowa Tax Credit
3 Program and their Beginning Farmer Loan Program.

4 The Authority's Beginning Farmer Bond
5 Program provides affordable financing to new farmers
6 with a net worth of \$500,000 or below.

7 The Authority works with the borrower's
8 local lender to provide this financing while issuing
9 a tax exempt bond of no more than \$543,800.

10 The lender is exempt from federal income
11 tax on the interest income derived from the Bond.

12 The Iowa Finance Authority offers a similar
13 Beginning Farmer Bond Program with two distinct
14 differences. Their maximum net worth for the buyer
15 is no more than \$680,000, compared to the Authority's
16 \$500,000 maximum limit.

17 Also, the contract seller receives tax
18 exemptions for both federal and state on the
19 seller-provided financing, and state tax exemption
20 has no maximum.

21 Both programs allow loan proceeds to be
22 used to acquire agricultural land, new depreciable
23 property or use depreciable property in conjunction
24 with agricultural land.

1 The Authority's Beginning Farmer Program,
2 as follows: Year-to-date we have done one farmer
3 bond for about \$180,000. Fiscal year 2019 we did 24
4 farmer bonds for \$4.7 million, and fiscal year 2018
5 we did 16 farmer bonds totaling \$4.6 million.

6 So our averages have increased in the
7 number of deals that we have done, 2019, and we look
8 to see some additional improvements in 2020.

9 And the other program that the State of
10 Iowa offers is the Iowa Tax Credit Program. The Iowa
11 Agricultural Development Division offers a Beginning
12 Farmer Tax Credit Program that provides a tax
13 incentive to keep land in production agriculture by
14 allowing agricultural asset earners to earn credits
15 by leasing their land to beginning farmers.

16 The program includes tax credits for
17 leasing of land, depreciable machinery, equipment and
18 buildings.

19 I want to take this time to thank Lorrie
20 Karcher for her continuing efforts in handling
21 business development, for agri-bond requests, due
22 diligence presentations in support of Rich Frampton,
23 fire truck and ambulance loans.

24 Participation business line updates: We

1 currently have 20 lenders enrolled in our program.
2 Three of them signed up year-to-date. We have five
3 potential enrollees currently reviewing our
4 documentation, and we have a pipeline of the
5 following: We have one deal for \$400,000, of which
6 the Authority's portion is \$200,000, which is
7 currently being underwritten by the Authority and
8 should be presented at the September Board meeting.

9 We have an additional deal that's currently
10 being underwritten by a bank. That total amount is
11 \$4 million. They are requesting the Authority to
12 participate in \$1 million.

13 I just received an email in between
14 meetings that the field exam has been completed, and
15 they are going to continue their portion of putting a
16 deal together, so hopefully we will see that one in
17 September as well.

18 There's another deal that's out for review
19 for a client. Its total amount is 6.5 million. That
20 participating bank is requesting the Authority to
21 provide \$1.5 million portion.

22 We were in discussions with five community
23 financial development institutions for deals
24 totaling 3.75 million, and that's in discussion

1 stages.

2 In addition, I would like to update the
3 Board on the fact that we are continuing to look at
4 our processes, synchronizing our auditor guidelines,
5 our JCAR rules are close to finalization.

6 We will update our master agreements and
7 other documents which are required to ensure
8 compliance and administrative control.

9 Are there any questions at this time?

10 McCOY: Just on the Beginner Farmer Bonds:
11 It's been pretty consistent the last two years. Is
12 it a generational thing when the family is selling
13 off pieces of property to other younger members?

14 MYART: Yes. We are finding a mixture of
15 that, particularly with how the baby boomer segment
16 is beginning to -- continuing to grow and retire and
17 they are wanting to pass down those assets.

18 MCCOY: Would you anticipate, given what's
19 going on in that sector in general, it to be a
20 quieter time now?

21 Does the market impact it?

22 MYART: The response is kind of mixed. We
23 are getting additional inquiries for Beginner
24 Farmers.

1 If you look at our website data, the
2 clicks, we are getting more clicks on Beginning
3 Farmer. We are getting more clicks on our
4 Agricultural products inquiries, and we are also
5 getting additional calls from farmers to inquire
6 about not only the Agri-Bond, Beginner Bond, but the
7 restructuring piece and other of our loan guarantee
8 pieces, so the market is actively inquiring,
9 especially with the most recent decision by the U.S.
10 Department of Agriculture with designating Illinois
11 as a disaster area with respect to agriculture.

12 We are sort of waiting to kind of see where
13 all of that sort of pans out.

14 Most recently I had a discussion with our
15 counterpart over at the Department of Agriculture,
16 and they are also trying to see whether rules are
17 going to pan out with respect to what the USDA farm
18 credit is going to do, and then once that dust
19 settles, which should be about October or so, then we
20 will kind of understand what role we'll play in
21 helping to restructure and provide additional
22 assistance to Illinois farmers.

23 McCOY: Great. Thanks.

24 MYART: There's no further questions?

1 CHAIR ANDERBERG: One quick one. You
2 mentioned that the limit for Illinois is going to be
3 500 versus 680 in Iowa. Can you describe how that
4 was determined?

5 MYART: Our limit is set in the statute
6 itself. How Iowa has determined their limit, I don't
7 know.

8 I had a call out to the person that manages
9 that program, and they are going to get back with me.

10 As a matter of fact, they left a voicemail
11 last night before the meeting where we can talk about
12 how they derive these sorts of things and what makes
13 it different and how they're successfully driving
14 their program in Iowa.

15 CHAIR ANDERBERG: Thank you.

16 MYART: Thank you.

17 CHAIR ANDERBERG: Financial reports. Six.

18 GRANDA: Good morning, everyone. My name
19 is Ximena Granda for the New Members. I'm the
20 Manager of Finance and Administration.

21 I will be providing a financial recap for
22 fiscal year 2019 and then provide the financial
23 information for July 31, 2019.

24 At our last Board meeting, staff presented

1 preliminary and unaudited financial statements.
2 After necessary adjustments and outstanding invoices,
3 the fiscal year 2019 is as follows: Our total
4 revenues ended at 4.57 million or 17.4 percent higher
5 than budget. This reflects a decrease of 28,000 in
6 comparison to the report presented last month. This
7 is due to adjustments in interest income from
8 outstanding loans and an allowance for bad debt.

9 Our total annual expenses ended at 4.56
10 million or 7.8 percent lower than budget. This
11 reflects an increase of 54,000 in comparison to the
12 report presented last month. This is due to
13 additional invoices the Authority received in July in
14 professional services for services rendered in the
15 month of June.

16 As a result, the Authority posted a net
17 income of 6,000 for fiscal year 2019. This reflects
18 a decrease of 83,000 in comparison to the report
19 presented last month.

20 Moving on to fiscal year 2020. In July the
21 Authority recorded 188,000, which is 212,000 or
22 53 percent lower than budget.

23 In July, the Authority recorded operating
24 expenses of 285,000, which is 115,000 or 28.6 percent

1 lower than budget.

2 Our net loss for July is 97,000. This was
3 due to lower than expected closing fees.

4 Our General Fund continues to have a strong
5 balance sheet. Our total net position is
6 59.5 million, with our cash and investments of
7 46.4 million, bonds and notes receivable at
8 8.3 million and loans at 4.6 million.

9 Looking forward, as Director Meister
10 mentioned, estimated revenues for August and
11 September is 631,000, 505,000 is operating revenue,
12 and 126,000 is in investment and interest income.

13 Our estimated expenses for August and
14 September is roughly about \$600,000, which it nets
15 out to a net income of about 31,000 for both months.

16 Adding the net loss of July, the Authority
17 estimates a net loss of 66,000 for the first quarter
18 in fiscal year 2020.

19 Are there any questions in the financials?

20 Just moving on the audit.

21 The second phase of the fiscal year 2019
22 financial audit and the two year compliance
23 examination will be performed by RSM US, LLP and it
24 will begin September 3.

1 As the audit progresses, updates will be
2 provided to the Board.

3 The Authority had two entrance conferences
4 with our internal auditors. On July 30, the entrance
5 conference was held to begin the purchasing contract
6 and recent audit.

7 On August 1, the entrance conference was
8 held to begin the locally held funds audit.

9 As mentioned before, as this audit
10 progresses, there will be updates provided to the
11 Board.

12 Are there any questions? Thank you.

13 CHAIR ANDERBERG: Thank you, Six.

14 I would like to request a motion to accept
15 the financial reports.

16 Is there such a motion?

17 KNOX: So moved.

18 O'BRIEN: So moved.

19 CHAIR FLETCHER: Motion by Mr. Knox, second
20 by Mr. O'Brien.

21 All those in favor?

22 (Chorus of ayes.)

23 CHAIR ANDERBERG: Opposed?

24 (No response.)

1 CHAIR ANDERBERG: The ayes have it.

2 Procurement.

3 HOLLOWAY: Good morning, Board Members and
4 Chairman.

5 My name is Craig Holloway for the new Board
6 Members.

7 You guys have a procurement report. The
8 contracts are listed on Page 1 of the report for the
9 support of the Authority operations.

10 Pages 2 and 3 are the expiring contracts
11 for 2019 and some through 2020.

12 For the new Board Members, we have a Bidby
13 system where going forward all of IFA procurements
14 over 10,000 will be by the State of Illinois' Bidbuy
15 system, so contracts over 10,000 to 100,000 are small
16 procurements. Contracts over 100,000 to 250,000 are
17 IFBs and RFPs, so going forward, all of our
18 procurements over 10K will be in the Bidbuy system.

19 Any questions? Okay. Thank you.

20 CHAIR ANDERBERG: Thank you.

21 Does anyone wish to make any additions,
22 edits or corrections to the minutes from July 9?

23 (No response.)

24 CHAIR ANDERBERG: Hearing none, I would

1 like to request a motion to approve the minutes. Is
2 there such a motion?

3 O'BRIEN: So moved.

4 FUENTES: Second.

5 CHAIR ANDERBERG: Motion by Mr. O'Brien.

6 Second by Mr. Fuentes.

7 All those in favor.

8 (Chorus of ayes.)

9 CHAIR ANDERBERG: Opposed? Sorry. Mike, I
10 always do that.

11 Opposed?

12 (No response.)

13 CHAIR ANDERBERG: Ayes have it.

14 Is there any other business to come before
15 the members today?

16 (No response.)

17 CHAIR ANDERBERG: Hearing none, I would
18 like to request a motion to excuse the absences of
19 members unable to participate today.

20 Is there such a motion?

21 KNOX: So moved.

22 O'BRIEN: Second.

23 CHAIR ANDERBERG: Motion by Mr. Knox,
24 second by Mr. O'Brien.

1 All those in favor?

2 (Chorus of ayes.)

3 CHAIR ANDERBERG: Opposed? I did it again.

4 Opposed?

5 (No response.)

6 CHAIR ANDERBERG: Ayes have it.

7 Is there any matter for discussion in
8 closed session?

9 (No response.)

10 CHAIR ANDERBERG: No. Good.

11 Hearing none, the next regularly scheduled
12 meeting will be September 10.

13 I would like to request a motion to
14 adjourn. Is there such a motion?

15 O'BRIEN: So moved.

16 CHAIR ANDERBERG: We have a motion.

17 Second?

18 KNOX: Second.

19 CHAIR ANDERBERG: Second. All those in
20 favor.

21 (Chorus of ayes.)

22 CHAIR ANDERBERG: Opposed?

23 (No response.)

24 CHAIR ANDERBERG: The ayes have it. Thank

1 you, everybody.

2 FLETCHER: The time is 10:10 a.m.

3 (Whereupon the above

4 matter was adjourned.)

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