

1 ILLINOIS FINANCE AUTHORITY

2 REGULAR MEETING

3 September 11, 2018, at 9:32 a.m.

4 REPORT OF PROCEEDINGS had at the Regular
5 Meeting of the Illinois Finance Authority on
6 September 11, 2018, at the hour of 9:30 a.m.,
7 pursuant to notice, at 160 North LaSalle Street,
8 Suite S-1000, Chicago, Illinois.

9 APPEARANCES:

10 CHAIRMAN ERIC ANDERBERG

MR. MIKE GOETZ

11 MR. NEIL HELLER

MS. ARLENE A. JURACEK

12 MR. E. LYLE McCOY

MR. SHAUN MURPHY

13 MR. GEORGE OBERNAGEL

MR. ROGER POOLE

14 MS. BETH SMOOTS

MR. BRADLEY A. ZELLER

15 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

16 MR. CHRISTOPHER B. MEISTER, Executive Director

17 MR. RICH FRAMPTON, Vice President

MS. PAMELA LENANE, Vice President

18 MR. BRAD FLETCHER, Vice President

MR. RYAN OECHSLER, IFA Associate General Counsel

19 MR. TERRY FRANZEN, Procurement

MS. ELIZABETH WEBER, General Counsel and Legal

20 Adviser to the Board

MR. STAN LUBOFF, VP, Loan & Guarantee

21 MR. WILLIAM ATWOOD, VP, Public Infrastructure Fund

MS. LISA BONNETT, VP Water Policy

22 MR. TOM MORSCH, VP Innovative Finance and Delivery

MS. TIFFANY McCOY, Accountant

23 MS. SARAH MANKOWSKI, HR Manager

MR. MALCOLM SIMMONS, Intern

24

1 GUESTS:

2 MR. JEFF WHITE, Columbia Capital Management

MS. JESSICA AKAH, Memory Care Foundation

3 MR. BART PLANK, Cain Brothers & Co.

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

3 Will the Assistant Secretary please
4 call the roll?

5 FLETCHER: Certainly. The time is 9:32 a.m.
6 I'll call the roll of Members physically present
7 first.

8 FLETCHER: Mr. Goetz?

9 GOETZ: Here.

10 FLETCHER: Mr. Heller?

11 HELLER: Here.

12 FLETCHER: Ms. Juracek?

13 JURACEK: Here.

14 FLETCHER: Mr. McCoy?

15 McCOY: Here.

16 FLETCHER: Mr. Murphy?

17 MURPHY: Here.

18 FLETCHER: Mr. Obernagel?

19 OBERNAGEL: Here.

20 FLETCHER: Mr. Poole?

21 POOLE: Here.

22 FLETCHER: Ms. Smoots?

23 SMOOTS: Here.

24 FLETCHER: Mr. Zeller?

1 the Members?

2 (No response.)

3 CHAIRMAN ANDERBERG: Okay. I'd like to welcome
4 everyone here to the September meeting of the
5 Illinois Finance Authority.

6 And, before we begin, please join me
7 in a moment of silence in memory of the men and women
8 who lost their lives in the 9/11 attacks 17 years ago
9 this morning.

10 (Moment of silence.)

11 CHAIRMAN ANDERBERG: Thank you.

12 Today we have a new colleague, Shaun
13 Murphy, from Evergreen Park.

14 MURPHY: Good morning, all.

15 CHAIRMAN ANDERBERG: Welcome, Shaun. We hope
16 that you enjoy your service as a Member of the
17 Authority.

18 And today is also a celebration of
19 Rosh Hashanah, the New Year on the Jewish calendar,
20 so Shanah Tovah, everyone.

21 And, finally, thanks to our Borrowers
22 on today's agenda. We are grateful that you have
23 chosen to work with the Authority. And it's kind of
24 exciting, too, today because we're going to learn a

1 bit about our Transformation Initiative.

2 I'd also like to recognize two members
3 today because, literally, when they come here once a
4 month, it's planes, trains, and automobiles for Roger
5 Poole and George Obernagel. So thank you for the
6 effort to be here today.

7 Chris?

8 MEISTER: Thank you, Mr. Chair.

9 Our -- the messages from the
10 executive director, from both September 11th and
11 August 17th, are found in your books.

12 I do really want to highlight in
13 today's mom- -- or today's meeting -- thank Governor
14 Rauner for signing Senate Bill 43 and Senate
15 Bill 2773. These are important pieces of
16 legislation. It moves the Authority forward and it
17 moves our mission forward, and we're going to talk a
18 little bit more about that in Tab 6, the Status of
19 the Transformation Initiative.

20 Of course we have three branches of
21 government, and the Authority's blessed because we do
22 have friends and advocates in both the House of
23 Representatives and the State Senate. On Senate
24 Bill 43, Senator Bertino-Tarrant has worked with us

1 on a couple of occasions -- most recently Senate
2 Bill 43 -- along with her cosponsors, Natalie Manley
3 and Representative Will Davis in the house.

4 With respect to 2773, Property
5 Assessed Clean Energy Financing, I will tell you that
6 sometimes public policy ideas have very, very long
7 pregnancies in the General Assembly. PACE happens to
8 have had a nine-year pregnancy, but Lou Lang, in the
9 House, was a tireless advocate year after year after
10 year, and -- and helped us with Senate Bill 2773.
11 And then he was joined by, you know, a bipartisan
12 group of cosponsors: Representatives Hernandez,
13 Fortner, Andersson, Williams, Gabel, Kelly Burke,
14 Fine, and Sosnowski, so I want to thank all of them.

15 In the Senate, sadly, two of the
16 Authority's really good friends, Senator Pam Althoff
17 and Senator Karen McConnaughay, both of whom have
18 long had interest in this, they both retired in the
19 last couple of weeks. We'll miss them. They were
20 joined by Senator Murphy and Curran, again,
21 bipartisan sponsorship.

22 And just a note about Senator Pam
23 Althoff from McHenry County, she's been a personal
24 friend of mine. And I think most notably, the reason

1 why we post our Board Books online, on the website,
2 was because of years ago, that was -- that was a bill
3 that Senator Althoff passed along with Former Senator
4 Jeff Schoenberg, again, bipartisan.

5 So I wanted to thank everybody who had
6 helped make these bills a reality in the General
7 Assembly.

8 Back to you, Mr. Chairman.

9 CHAIRMAN ANDERBERG: Thank you.

10 Committee Reports. Member McCoy?

11 MCCOY: Thank you.

12 The Tax-Exempt Conduit Transaction
13 Committee met earlier this morning and voted
14 unanimously to recommend for approval the following
15 New Business Items on today's Agenda: Edward-Elmhurst
16 Healthcare; Roosevelt University; TMCF I, LLC; and
17 Washington and Jane Smith Community - Orland Park,
18 also known as Smith Crossing.

19 Mr. Chairman?

20 CHAIRMAN ANDERBERG: Okay. Thank you.

21 All right. I'd like to ask for the
22 general consent of the Members to consider the New
23 Business Items collectively and to have the
24 subsequent recorded vote applied to each respective

1 individual item unless there are any specific New
2 Business Items that a Member would like to consider
3 separately.

4 GOETZ: Mr. Chairman, I'd like to recuse myself
5 from any deliberations and voting with respect to
6 No. 1, Edward-Elmhurst Healthcare, of the New
7 Business Items because I have a family member who
8 works for the financial advisor in the transaction.

9 CHAIRMAN ANDERBERG: Okay. Thank you,
10 Mr. Goetz.

11 Okay. I'd like to first consider our
12 New Business Item No. 1, the Edward-Elmhurst
13 Healthcare, and take a roll call vote. Then we'll
14 consider the remaining New Business items under a
15 third -- consent agenda and take a final vote at the
16 end.

17 Mr. Goetz has left the room.

18 FLETCHER: Let the record reflect that Member
19 Goetz has exited the room.

20 Mr. Chairman, Members, at this time
21 I'd like to note that for each Conduit New Business
22 Item presented today -- on today's Agenda, Items 1,
23 2, 3, and 4, the Members are considering approval of
24 at least one Resolution in the not-to-exceed amount

1 contained therein.

2 Item No. 1: Edward-Elmhurst

3 Healthcare.

4 Item 1 is a 501(c)(3) Bond request.

5 Staff requests approval of two one-time Final Bond
6 Resolutions for Edward-Elmhurst Healthcare totaling a
7 not-to-exceed amount of \$275 million.

8 The first Resolution relates to the
9 issuance of Tax-Exempt Bonds and is for the
10 not-to-exceed amount of \$195 million. These
11 Tax-Exempt Bond proceeds will be used to refund the
12 Series 2013C Bonds and the Series 2013D Bonds
13 previously issued by the Authority on behalf of the
14 Borrower.

15 The second Resolution relates to the
16 issuance of Taxable Bonds and is for the
17 not-to-exceed amount of \$80 million. These Taxable
18 Bond proceeds will be used to refund the Series 2013A
19 Bonds previously issued by the Authority on behalf of
20 the Borrower.

21 Edward-Elmhurst expects its ratings of
22 single A, stable, by S&P; and single A, stable, by
23 Fitch to be reaffirmed in connection with the
24 issuance of the Series 2018 Bonds.

1 For voting purposes the Tax-Exempt
2 Resolution has been designated 1A and the taxable
3 Resolution has been designated 1B.

4 Does any Member have any questions or
5 comments?

6 (No response.)

7 CHAIRMAN ANDERBERG: Okay. I'd like to request
8 a motion to pass and adopt the following New Business
9 Items: Item Nos. 1A and 1B.

10 Is there such a motion?

11 McCOY: So moved.

12 CHAIRMAN ANDERBERG: The motion; and a second?

13 JURACEK: Second.

14 CHAIRMAN ANDERBERG: And a second.

15 Will the Assistant Secretary please
16 call the roll?

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

19 FLETCHER: Mr. Heller?

20 HELLER: Yes.

21 FLETCHER: Ms. Juracek?

22 JURACEK: Yes.

23 FLETCHER: Mr. McCoy?

24 McCOY: Yes.

1 FLETCHER: Mr. Murphy?

2 MURPHY: Yes.

3 FLETCHER: Mr. Obernagel?

4 OBERNAGEL: Yes.

5 FLETCHER: Mr. Poole?

6 POOLE: Yes.

7 FLETCHER: Ms. Smoots?

8 SMOOTS: Yes.

9 FLETCHER: Mr. Zeller?

10 ZELLER: Yes.

11 FLETCHER: Mr. Chairman?

12 CHAIRMAN ANDERBERG: Yes.

13 FLETCHER: Mr. Chairman, the motion carries.

14 CHAIRMAN ANDERBERG: Okay.

15 FLETCHER: Let the record reflect, please, that

16 Member Goetz has reentered the room.

17 Moving on, next is Item 2, Roosevelt

18 University.

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

20 Staff requests approval of a one-time Final Bond

21 Resolution for Roosevelt University in a

22 not-to-exceed amount of \$210 million.

23 Bond proceeds will be used by the

24 Borrower to finance, refinance, or reimburse various

1 capital improvements to various University
2 educational facilities at its campuses in Chicago and
3 Schaumburg. Proceeds will also be used to refund the
4 Series 2007 Bonds and Series 2009 Bonds previously
5 issued by the Authority on behalf of the Borrower. A
6 portion of the proceeds may be used to fund one or
7 more debt service reserve funds and pay certain costs
8 of issuance.

9 The Series 2018 Bonds will be
10 non-rated and will be privately placed to
11 institutional investors and sold in accordance with
12 existing IFA Bond Program Handbook requirements.

13 Although the Bond Resolution
14 authorizes all or a portion of the Series 2007 and
15 2009 Bonds to be refunded -- as presently
16 contemplated, the Series 2009 Bonds will be refunded
17 in their entirety while only a portion, estimated at
18 less than 25 percent, of the outstanding balance of
19 the Series 2007 Bonds is expected to be refunded,
20 presently estimated at approximately \$7.74 million.

21 I believe Mr. Frampton had a guest he
22 would like to introduce.

23 FRAMPTON: Thank you, Mr. Fletcher.

24 It's my pleasure to introduce Mr. Jeff

1 White, of Columbia Capital Management, Overland Park,
2 Kansas. Mr. White is financial advisor to Roosevelt
3 University.

4 MR. JEFF WHITE: Mr. Chairman, Members of the
5 Authority, thank you so much for the opportunity to
6 be here. I wanted to very quickly say thank you on
7 behalf of Roosevelt University for the continued
8 support of the Authority and its capital financing
9 plans.

10 And to say a special thanks to your
11 incredibly dedicated and capable staff, particularly,
12 Rich and Brad as well. E-mails at 11:00 o'clock at
13 night, they really do go above and beyond to --
14 certainly to help Roosevelt and my experiences with
15 my other clients here in Illinois with them as well.

16 So thank you very much.

17 CHAIRMAN ANDERBERG: Thank you.

18 FLETCHER: With that, does any Member have any
19 questions or comments?

20 (No response.)

21 FLETCHER: Moving along, next is Item No. 3,
22 TMCF I, LLC.

23

24 Item 3 is a 501(c)(3) Bond request.

1 Staff requests approval of a one-time Final Bond
2 Resolution for TCMF I, LLC, in a not-to-exceed of
3 \$178 million.

4 Bond proceeds will be used by the
5 Borrower to finance the acquisition of 10 memory care
6 facilities, four of which are located in Illinois.
7 The remainder are located in Texas, Georgia, and
8 South Carolina. A portion of the proceeds may be
9 used to pay a portion of the interest on the Bonds,
10 fund certain capital expenditures, fund one or more
11 debt service reserve funds, and/or pay certain cost
12 of issuance.

13 The Borrower expects that the Series
14 2018A Bonds will receive an A rating and that the
15 Series 2018B Bonds will receive a BBB rating from
16 S&P.

17 At this time I'd like to ask if
18 Ms. Lenane would like to introduce any guests.

19 LENANE: I do. Thank you, Mr. Chairman, Board
20 Members.

21 Ms. Jessica Akaah is here, the
22 president of the Memory Care Foundation, which will
23 own the assets -- the Memory Care -- the 10
24 facilities in Illinois, and Bart Plank is here from

1 Cain Brothers, the underwriter.

2 Jessica, would you like to come up and
3 make a few comments?

4 MS. JESSICA AKAAH: Sure.

5 LENANE: Thanks.

6 You can come up too, Bart, if you
7 want. Give her moral support.

8 MR. BART PLANK: My jacket, it went to Oregon,
9 so I apologize for that.

10 (Laughter.)

11 MS. JESSICA AKAAH: Hi. Thank you so much for
12 having us. We are very hopeful that this will allow
13 us to expand on our business model and be able to
14 provide more memory care services to even more --
15 more of our population.

16 We're finding that -- we do manage the
17 Autumn Leaves, and over a period of time our
18 residents have to move on because they run out of
19 funds. And we're hoping that the nonprofit will be
20 able to set up a system to allow for those residents
21 to -- to age in place and stay with us to the end of
22 life, and that we'll be able cover the costs for
23 those residents that no longer have the financial
24 means to do that.

1 And then we'll also -- the nonprofit
2 continue to provide research and support to the
3 Alzheimer's Association and other research for
4 dementia care as well.

5 MR. BART PLANK: And I would just also
6 reiterate the gentleman from Columbia's comments, Pam
7 and the staff have been outstanding. We've been
8 working very quickly on the transaction, and we
9 really appreciate the Authority's cooperation and
10 hard work to make this transaction happen for Memory
11 Care Foundation.

12 McCOY: Jessica, you know, you did a great job
13 explaining your family's background and the scope
14 that you've been involved in. It might be good if
15 you could just go through that for the Committee --
16 or for the Board at large.

17 MS. JESSICA AKAH: Sure.

18 We started about 20 years ago
19 providing stand-alone memory care back in the 1990s
20 in Dallas, Texas. We found there was a strong need
21 for stand-alone memory care. Before that it was
22 mostly assisted living. Independent living and
23 memory care was kind of an afterthought, and they had
24 to be more of a small, enclosed area whereas our

1 communities are all the same. We have the same
2 standard footprint, about 24,000 square feet, where
3 our residents can wander, they can move, they have
4 outdoor space. And we really create home-like
5 environment for them.

6 We have found with this model that it
7 actually helps improve our resident's condition.
8 They come from home, and they actually -- we see an
9 improvement. They are able to have -- get more
10 exercise, more social. We are able to monitor their
11 medications; we have 24-hour care, great programming.

12 And over the 20 years we've evolved.
13 We stay ahead of the research with our programming to
14 make sure that we are providing that best -- best
15 care to our residents.

16 My family, we -- we just have a real
17 passion for this. I'm a licensed clinical social
18 worker. It was a natural fit for me to help grow my
19 family business. I went to the University of
20 Chicago, and when we were in the Dallas -- we have
21 about seven to eight communities there -- we decided
22 to come to Chicago.

23 So I helped start those start those
24 communities here; started the day-to-day operations

1 running as a executive director for one of our
2 communities. And really just helped us grow.

3 Now we are in about six states, and we
4 have about 50 communities. And we really are able to
5 keep that family feel. Since we are small -- our
6 units are -- our community is about 46 to 54 units.
7 I personally know the executive directors at all of
8 our communities and the staff. And we really are
9 able to create that family feel throughout the
10 country.

11 CHAIRMAN ANDERBERG: Okay. Thank you.

12 FLETCHER: With that said, does any Member have
13 any questions or comments?

14 (No response.)

15 FLETCHER: Moving along next to Item 4,
16 Washington and Jane Smith Community - Orland Park
17 doing business as Smith Crossing. Pardon me for a
18 second. Yes, Item 4.

19 Item 4 is a 501(c)(3) Bond request.
20 Staff requests approval of a one-time Final Bond
21 Resolution for Washington and Jane Smith Community -
22 Orland Park doing business as Smith Crossing in a
23 not-to-exceed amount of \$60 million.

24 Bond Proceeds will be used to pay or

1 reimburse the Borrower for the costs of constructing,
2 renovating, remodeling, and equipping certain
3 facilities of the Borrower, including construction of
4 a new wing connected to the main building on the
5 Borrower's campus. Proceeds will also be used to
6 refund all or a portion of the Series 2013A Bonds and
7 Series 2013B Bonds issued by the Authority on behalf
8 of the Borrower.

9 A portion of the proceeds may be used
10 to pay a portion of the interest on its 2018 Bonds,
11 fund a debt service reserve fund, and/or pay certain
12 costs of issuance.

13 Does any Member have any questions or
14 comments?

15 (No response.)

16 FLETCHER: Moving on next to Item 5,
17 Resolutions [sic].

18 Item No. 5 is a Resolution concerning
19 procurement. This Resolution authorizes the
20 procurement of an investment management services
21 provider to replace an existing contract, which is
22 expiring in December. It also authorizes the
23 amendment of our two current financial advisor
24 contracts, extending the term and increasing the

1 contract amount of each, to ensure continued services
2 while we carry out the RFP for new financial advisor
3 contracts.

4 Does any Member have any questions or
5 comments?

6 CHAIRMAN ANDERBERG: Okay. Thank you, Brad.

7 I'd like to request a motion to pass
8 and adopt the New -- following Business Items: 2, 3,
9 4, and 5.

10 Is there such a motion?

11 GOETZ: So moved.

12 CHAIRMAN ANDERBERG: A motion; and a second?

13 MR. POOLE: Second.

14 CHAIRMAN ANDERBERG: And a second.

15 Will the Assistant Secretary please
16 call the roll?

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

19 Mr. Goetz?

20 GOETZ: Yes.

21 FLETCHER: Mr. Heller?

22 HELLER: Yes.

23 FLETCHER: Ms. Juracek?

24 JURACEK: Yes.

1 FLETCHER: Mr. McCoy?

2 McCOY: Yes.

3 FLETCHER: Mr. Murphy?

4 MURPHY: Yes.

5 FLETCHER: Mr. Obernagel?

6 OBERNAGEL: Yes.

7 FLETCHER: Mr. Poole?

8 POOLE: Yes.

9 FLETCHER: Ms. Smoots?

10 SMOOTS: Yes.

11 FLETCHER: Mr. Zeller?

12 ZELLER: Yes.

13 FLETCHER: And Mr. Chairman?

14 CHAIRMAN ANDERBERG: Yes.

15 FLETCHER: Mr. Chairman, the motion carries.

16 Next is Item No. 6. Item No. 6 is a
17 Status Report on our Transformation Initiative and is
18 a subject-matter-only item. No vote will be taken
19 with respect to this item. It's for discussion
20 purposes only.

21 MEISTER: Thank you, Mr. Fletcher.

22 Ten months ago, we learned that the
23 2017 federal tax legislation sought to eliminate
24 Conduit Bonds, our primary tool here at the

1 Authority. Promoting job creation and enhancing the
2 quality of life for the people of Illinois is our
3 public mission. While Conduit Bonds survived, we
4 never again wanted to risk our mission on a single
5 tool.

6 So we looked at what needed doing in
7 our state. We looked at our strengths, our revenues,
8 our balance sheet, and our strategic plan; and we
9 provided opportunities for our team. We added -- and
10 we also added talent. The result is the
11 Transformation Initiative, and it is a growth and
12 impact strategy for the Authority.

13 There is a PowerPoint on Tab 6, but
14 we're just going to be using the headlines in order
15 to move the presentations along.

16 Mr. Fletcher?

17 FLETCHER: Thank you, Chris. The first program
18 in development we'll be discussing today is the
19 Authority's Commercial Property Assessed Clean Energy
20 program, otherwise known as C-PACE. This is very
21 briefly covered in pages 4 through 6 of your
22 PowerPoint.

23 Starting with page 4, as a reminder,
24 local governments became authorized in August 2017 to

1 issue bonds on a conduit basis for any commercial
2 property owner that voluntarily makes energy
3 efficiency, renewable energy, or water conservation
4 improvements to his or her property.

5 A special assessment is then
6 voluntarily recorded, and the commercial property
7 owner then repays the bond through the property tax
8 system of the local government.

9 Because the lien is senior to any
10 outstanding commercial mortgage that the
11 commercial-property owner may have, the C-PACE
12 financing terms are more aligned with the useful life
13 of the energy improvements because it is therefore
14 senior to the commercial mortgage that is
15 outstanding.

16 Turning to page 5, which will be the
17 next slide -- I don't know if you wanted to move
18 along there. Okay.

19 Turning to page 5, you recall this
20 past February this body here adopted a resolution to
21 assist local governments with C-PACE financing due
22 to, at the time, six months of failed implementation
23 of the legislation that was adopted in August of
24 2017.

1 Our efforts resulted in various
2 legislative improvements in Springfield that were
3 introduced in April. They were ultimately signed
4 into law by the governor last month, as the --
5 Executive Director Message refers to.

6 These improvements are reflective of
7 the State support model we have developed so local
8 governments can use the Authority to issue bonds
9 cheaper, faster, and overall more efficiently for
10 commercial-property owners due to our existing
11 business model as a body politic and corporate of the
12 State.

13 To stand up this program, the
14 Authority is working on standardized bond documents
15 reflective of Illinois law and is essentially
16 undertaking an educational tour to promote C-PACE
17 with local governments.

18 As you'll see on page 6, which is the
19 next slide, several local governments have initiated
20 development of PACE programs as a result of our
21 efforts. And we have been coordinating weekly
22 implementation calls, conference calls, with them to
23 standardize the Illinois market. We are also
24 actively engaged in other counties in northeastern

1 Illinois as well at this time.

2 In terms of market share, just for a
3 point of reference, approximately \$493 million in
4 projects have been financed nationally through
5 Commercial Property Assessed Clean Energy programs,
6 according to the U.S. Department of Energy as of last
7 October. So while this is still an emerging asset
8 class, bringing Illinois online, in particular the
9 Chicagoland metropolitan area, will only play a
10 pivotal role in seeing those numbers go higher.

11 I have much more extensive slides
12 available for your perusal, which we already offer on
13 our website and actually share very regularly. So
14 I'll pass those out at the end of the meeting.

15 Are there any questions on C-PACE?

16 (No response.)

17 FLETCHER: Okay. Thank you.

18 LUBOFF: Good morning, ladies and gentlemen.

19 It is my pleasure to report on the progress to date
20 and current status of the Authority's rejuvenated
21 Participation Loan Program.

22 The program is now well established
23 with all marketing, application, and administrative
24 documentation in place and posted on the Authority's

1 website. Robust funding sources have been confirmed
2 with the governor's signing of State [sic] Bill 43.

3 Our initial marketing efforts quickly
4 achieved success, with 12 financial institutions
5 enrolling as participating lenders. These
6 relationships have already generated four
7 participations involving over \$878,000 in Authority
8 commitments, with two other projects, both veteran
9 owned, comprising about \$831,000 in new commitments
10 within our current pipeline.

11 Going forward, as you know, I've been
12 contracted to provide ongoing support and continuity
13 for the soon-to-be-hired vice president of loans and
14 guarantees. Such support will be in the form of
15 continuous training, market introductions, marketing
16 support, deal production, and loan servicing and
17 administration.

18 The new Participation Loan team will
19 also provide support for the Authority's planned
20 PACE-related activities. I will be glad to answer
21 any questions you may have.

22 (No response.)

23 LUBOFF: Thank you very much.

24 LENANE: Board Members and Mr. Chairman, the

1 Healthcare Transformation Initiative Status.

2 We developed two programs -- let's
3 see. Going to give me my next slide? No. Oh, I
4 talk. No slide. Okay.

5 One is the Asset Purchase Program that
6 we've been trying to talk people -- you know, been
7 marketing, but we haven't gotten any takers yet.
8 It's going to take a long time to develop the Asset
9 Purchase Program.

10 First we have to find a hospital that
11 needs to turn a taxable project into a tax-exempt
12 project. And -- and I'm currently talking with four
13 different hospitals about doing this, but it's going
14 to take a way to get them to accept this concept.
15 And then I think once somebody does -- it's like
16 anything: Once someone does it, everybody else will
17 follow suit and say, "Oh. That looks good."

18 So that program, while I think it --
19 it certainly will have legs, it just doesn't have
20 them right now.

21 Then we also revamped the old -- oh,
22 Equipment Financing [sic] Program. We call it the
23 Mid-Term Capital Program. And I've discussed this
24 with many people, why I can't get people to borrow

1 under this: Because interest rates are low, it's a
2 short-term loan. And this is the only lender -- it's
3 underwritten by Bank of America, Merrill Lynch --
4 that will underwrite software, IT. And, as we know,
5 there's no there, there, with IT. You can't go in
6 and repossess it; it's not like an MRI machine. You
7 loan the money, you come in, you get it if they don't
8 pay.

9 But it just may be that the ex- -- the
10 rates between tax-exempt and taxable aren't
11 attractive enough right now. But I think as rates
12 rise, the popularity of the program should also rise.

13 But, despite that, the good news is,
14 with regard to our traditional core healthcare and
15 senior living bond programs, our pipeline has really
16 improved. And I'm on target to beat the first
17 half -- my first-half estimate for the 2019 budget by
18 November. So that's good, and hopefully -- it's
19 still very difficult at this time of year to see what
20 people are going to do in the beginning of the next
21 year because they're talking about it at the
22 hospitals or the senior living, but we have to find
23 out what's happening.

24 I do think there's some room in the

1 bank private placements because those will be coming
2 due -- the five-year ones will be coming due from --
3 that we did. And so those might convert into -- they
4 could be -- they could be refunded, so -- because
5 they're coming due.

6 And I'm going to the Ziegler
7 Conference this evening, where I usually see all of
8 our borrowers in the senior living space to find out
9 what they're up to. So things aren't as bleak as I
10 thought they were going to be.

11 MR. BILL ATWOOD: Mr. Chairman, Members of the
12 Authority, good morning.

13 One of the biggest problems
14 confronting state policymakers is Illinois' unfunded
15 pension liability. Their second toughest issue is
16 the State's crumbling infrastructure. The Public
17 Infrastructure Fund, or PIF, would address both
18 challenges, not through a public-private partnership
19 but rather through a public-public partnership
20 between instrumentalities of government and public
21 pension funds.

22 The State as well as its
23 municipalities own billions of dollars worth of
24 public infrastructure assets across Illinois. These

1 assets include office buildings, cellular towers,
2 parking garages, and other underutilized and
3 undervalued facilities. Those facilities are carried
4 on public budgets as costs -- annually budgeted costs
5 of upkeep and maintenance. Public officials are
6 therefore incentivized to minimize those costs with
7 little consideration to the value of the underlying
8 assets.

9 Through implementation of the PIF,
10 those policymakers will have the option of
11 transferring such assets at fair market value to
12 their pension systems. In so doing, policymakers
13 will be increasing the pension assets supporting the
14 retirement systems while reducing the system's
15 unsustainable levels of unfunded liability. Further
16 the retirement systems would be duty bound to
17 maximize and increase the value of those assets and
18 enhance their utility to the public.

19 In the PIF, the Authority is providing
20 a public solution to a public problem while being
21 sensitive to the needs and aspirations of all
22 stakeholders. Confronted with challenges that cannot
23 be overstated, policymakers will be provided one more
24 policy tool, another arrow in their quiver, to

1 address this very difficult problem.

2 I will be available to talk to you
3 after the meeting if you have any questions.

4 Thank you.

5 MS. LISA BONNETT: Good morning, Mr. Chairman
6 and Board Members. My name is Lisa Bonnett, and I am
7 developing financing tools for local government water
8 utilities, to invest in green infrastructure storm
9 water management systems and in revenue generating
10 projects such as energy efficiency upgrades and
11 resource recovery systems. Generally these types of
12 projects are not funded through the traditional SRF
13 loan program.

14 Many Illinois communities are
15 obligated under the Clean Water Act to reduce storm
16 water pollution and sewage overflows, which can occur
17 with heavy rains. Addressing this problem with
18 traditional water infrastructure is expensive. As a
19 result, many cities are looking to green
20 infrastructure, such as green roofs, course pavement,
21 and street plantings, which all absorb rainwater
22 where it falls, as a cost-effective way to control
23 pollution and flooding.

24 Water utilities are also -- require

1 financing for energy efficiency and renewable energy
2 projects. Energy cost at a water utility consumes
3 approximately 30 percent of their annual budget. And
4 many local utilities are investing in equipment
5 upgrades and renewable energy systems as a means to
6 reduce energy consumption and to reduce cost to
7 ratepayers.

8 As a means to getting started with
9 this initiative, IFA is currently partnering with the
10 Illinois Clean Energy Community Foundation and the
11 Metropolitan Water Reclamation District to provide
12 financing for local government match requirements
13 under the respective net-zero energy wastewater
14 treatment plant grants and community green
15 infrastructure grants.

16 IFA will utilize a knowledge gain from
17 working with these partners to develop a core
18 business in water financing for green infrastructure
19 and energy projects that will work in concert with
20 the SRF program.

21 IFA is also investigating the
22 feasibility of a storm water tax credit trading
23 program to incentivize investment in green
24 infrastructure; in developing financial tools for

1 pre-disaster resiliency investments; and for reducing
2 agriculture runoff, which is a major contributor to
3 blue-green algae growth.

4 In the near term, IFA will continue to
5 work with our partners, and will engage other
6 stakeholders and industry representatives to further
7 define local government water infrastructure
8 financing needs and to gain input on developing these
9 financing tools.

10 The IFA will also explore
11 opportunities to strengthen our financial roles and
12 responsibilities under the SRF program to ensure a
13 sure a seamless process for the water utilities.

14 Thank you. I am happy to answer any
15 questions.

16 CHAIRMAN ANDERBERG: Thank you.

17 MR. TOM MORSCH: Good morning. My name is Tom
18 Morsch, and I'm working on the Public-Private
19 Partnership Initiative as part of the transformation
20 plan.

21 Over 30 states in the United States
22 have P3 programs or alternative financing programs
23 that are deployed at the state level, usually housed
24 within the DOTs of the various states.

1 Illinois has some legislation for IDOT
2 to pursue those programs, but there's no legislation
3 that is in place to help local governments access
4 these kinds of alternative financing mechanisms. The
5 City of Chicago has done it on some notable, maybe
6 infamous and -- infamy on a couple of occasions, but
7 the program here we are proposing is that IFA would
8 become the authorized and the coordinator of
9 providing technical advice to local governments and
10 state agencies to access alternative financing, to
11 meet the infrastructure gap by bringing private
12 sector capital and private sector expertise to the
13 table.

14 The objective would be for IFA to be
15 that kind of pooling, centralized location for
16 governments to do that, with a number of guiding
17 principles including increased transparency, allowing
18 for public ownership of assets, and preserving
19 employment and economic development opportunities
20 throughout the state.

21 So this is an exciting new program
22 that we're investigating, and hopefully we will be
23 successful as we continue forward.

24 Happy to answer any questions.

1 CHAIRMAN ANDERBERG: Okay.

2 MR. MALCOLM SIMMONS: Good morning, Board
3 Members, Chairman Anderberg. My name's Malcolm
4 Simmons. I'm here to talk to you about the new
5 federal tool that was passed through the tax jo- --
6 excuse me -- Tax Jobs Act [sic] of 2017 called
7 Opportunity Zones. Opportunity Zones are targeted
8 tools designed to enhance attractiveness of long-term
9 investments in 327 census tracts across Illinois,
10 designated by the governor.

11 The Opportunity Zone program provides
12 two things: Number one, specified deferral of capital
13 gains on sale of all Opportunity Zone investments.
14 And, number two, graduated step-ups in cost basis of
15 real estate as the lengths of investors' holding
16 period and invest- -- opportunities on investments
17 increase.

18 Both Opportunity Zone investment
19 benefits serve to reduce and defer tax on capital
20 gains. The incentives for an investor to hold an
21 Opportunity Zone property increase as the investor's
22 hold period lengthens beyond five-, seven-, and
23 ten-year benchmarks. So this is very exciting for
24 both investors of all kinds and low-income

1 communities all over the state.

2 The Governor's Office has already
3 asked the Authority to take part in a multi-agency
4 education effort for local decision makers. The tool
5 that we made -- that, we think, at this time may best
6 compliment Opportunity Zones could be our C-PACE
7 initiative that Brad talked about earlier. But of
8 course we will keep you guys updated as things
9 continue to develop.

10 Thank you.

11 MS. SARAH MANKOWSKI: Good morning, Members of
12 the Board. My name is Sarah Mankowski, and I have
13 been supporting the IFA on a variety of human
14 resource initiatives, including talent acquisition.

15 We know one key to achieving the
16 transformation is ensuring we have the right talent
17 to support the direction outlined in the strategic
18 plan. To that end, we've created a fair and
19 objective selection process to recruit new talent
20 that is both compliant with our current regulatory
21 environment and also has produced highly qualified
22 candidates who have the skills, capacity, and
23 experience to perform the work outlined.

24 In addition we're finding that

1 candidates are attracted to the mission and the
2 purpose of the IFA. We're focused on creating a
3 compelling employer brand for the IFA, which will
4 allow us to continue to get great talent in the
5 marketplace.

6 We have interviews planned for two
7 open positions the week of September 24th. One of
8 those positions is the VP of loans and guarantees
9 that Stan mentioned. We have an additional four open
10 positions, which we look to fill before the end of
11 the fiscal year. Two of those positions are
12 entry-level analyst positions that we hope can
13 continue to build the leadership pipeline at the IFA.
14 We will carefully add needed talent as we continue to
15 grow, as well as look for ways to develop and grow
16 our existing talent.

17 Thank you.

18 CHAIRMAN ANDERBERG: Thank you.

19 If I may make a comment from a year
20 ago, the experience we had -- which was completely
21 out of our hands -- in looking at the scope under our
22 statute of the IFA's capability, it's -- this is
23 really encouraging and great to see. And I'd like to
24 commend the staff for what you've done and for the

1 additions we have made and what they're doing.

2 I think the IFA's going to play a
3 larger role in the economic vitality of the State and
4 in improving the financial condition. And this is a
5 great start. So thank you.

6 Financial Reports?

7 MS. TIFFANY McCOY: Good morning, Mr. Chairman
8 and Members of the Board. My name is Tiffany McCoy,
9 and today I will be presenting the financial
10 highlights of Fiscal Year 2019. A copy of the
11 Financial Reports and Audit Memo can be found in your
12 folders.

13 Total annual revenues are \$514,000 and
14 are \$135,000, or 20.8 percent, lower than budget
15 primarily due to lower closing fees.

16 In July revenues totaled \$276,000. In
17 August revenues totalled \$238,000.

18 Total annual expenses are \$574,000 and
19 are \$253,000, or 30.6 percent, lower than budget,
20 which was mostly driven by below-budget spending on
21 professional services.

22 In July, expenses totaled \$268,000.
23 In August expenses totaled \$305,000. In summary,
24 overall, the IFA's negative net income is \$120,000

1 lower than the projected budget that was presented in
2 June of 2018.

3 The local government made its
4 interest-only payments on August 1st totaling
5 \$245,000. We received one fire truck payment of
6 \$23,000. The other loan payments are due on
7 November 1st.

8 The Fire Marshall anticipates
9 additional loan disbursements for the Fire Truck and
10 Ambulance Revolving Loan Program to occur in June of
11 2019.

12 As of June 30th, the Illinois
13 Environmental Protection Agency disbursed about
14 \$468,000 [sic] or 80 percent, of the Clean Water
15 Series 2017 Bond Proceeds.

16 Are there any questions?

17 FRAMPTON: \$468 million.

18 MS. TIFFANY McCOY: Million. Yes.

19 The Central Manag- -- okay. Now, I'm
20 going to move on to Audit.

21 So The Central Management Services --
22 or CMS -- Bureau of Internal Audit -- or BIA --
23 completed its self-assessment with independent
24 validation report, external quality assurance report.

1 The Authority is pleased to report the
2 State Internal Audit Advisory Board met on July 10th
3 and accepted the results of this report. To date the
4 CMS BIA has issued three internal audit reports to
5 the Authority. The Authority has accepted two
6 findings, one immaterial finding, and five auditor
7 observations from the CMS BIA.

8 The Authority is currently working to
9 implement its corrective action plan. The Authority
10 has integrated the auditor's suggestions to improve
11 its internal control processes over financial
12 reporting. The Authority is in the process of
13 reporting these efforts to the Audit Plus Committee.

14 The Authority has one open IT security
15 practices internal audit. The entrance conference
16 was held on August 24th. The internal auditors have
17 submitted a documents request, and the Authority is
18 working to provide this information.

19 The Legislative Audit Commission, or
20 LAC, is requesting an update on the Fiscal Year 2016
21 and Fiscal Year 2017 compliance examination findings.
22 The responses are due to the LAC on September 27th.
23 The Authority is currently working to prepare the
24 responses to the LAC.

1 The external auditors, RSM, will be
2 returning to the Authority on September 24th to begin
3 the second phase of fieldwork. The Office of the
4 Auditor General has provided an estimated agency
5 billing for the Fiscal Year 2018 Financial Audit
6 Examination in the amount of \$158,000. This billing
7 is anticipated to take place in May of 2019.

8 Are there any questions?

9 (No response.)

10 CHAIRMAN ANDERBERG: Okay. Great job. Thank
11 you.

12 No further questions? Hearing none,
13 I'd like to request a mo- --

14 MEISTER: Wait.

15 CHAIRMAN ANDERBERG: Oh. You need to do
16 Procurement?

17 MEISTER: Yeah. I'm sorry.

18 CHAIRMAN ANDERBERG: That's okay. One second.
19 One second.

20 Hearing none, I'd like to request a
21 motion to accept the Financial Reports.

22 Is there such a motion?

23 MR. OBERNAGEL: I'll make a motion,
24 Mr. Chairman.

1 CHAIRMAN ANDERBERG: We have a motion.

2 Do we have a second?

3 McCOY: Second.

4 CHAIRMAN ANDERBERG: And a second.

5 All those in favor?

6 (Chorus of ayes.)

7 CHAIRMAN ANDERBERG: Opposed?

8 (No response.)

9 CHAIRMAN ANDERBERG: The ayes have it.

10 Procurement.

11 FRANZEN: Good morning, Mr. Chairman, Members
12 of the Board.

13 We are extending the two current
14 financial advisor contracts while the staff continues
15 to work on the RFP for the financial advisory
16 services. The items on page 1 of the Procurement
17 Report support Authority operations, and the
18 remainder of the report includes expiring projects --
19 projects for this calendar year.

20 We received Executive Order 2018-07
21 late last night, entitled Executive Order to Ensure
22 Representative Contracting in State Procurement. As
23 we learn more, we'll keep you updated on the impacts
24 to the IFA.

1 Any questions?

2 (No response.)

3 FRANZEN: Thank you.

4 CHAIRMAN ANDERBERG: Okay. Thank you.

5 Does anyone have -- wish to make any
6 additions, edits or corrections from the Minutes from
7 August 14th?

8 (No response.)

9 CHAIRMAN ANDERBERG: Hearing, none, I'd like to
10 request a motion to approve the minutes.

11 Is there such a motion?

12 GOETZ: So moved.

13 CHAIRMAN ANDERBERG: We have a motion.

14 Do we have a second?

15 JURACEK: Second.

16 CHAIRMAN ANDERBERG: And a second.

17 All those in favor?

18 (Chorus of ayes.)

19 CHAIRMAN ANDERBERG: Opposed?

20 (No response.)

21 CHAIRMAN ANDERBERG: The ayes have it.

22 Is there any other business to come
23 before the Members?

24 (No response.)

1 CHAIRMAN ANDERBERG: Hearing none, I'd like to
2 request a motion to excuse the absences of Members
3 unable to participate today.

4 Is there such a motion?

5 McCOY: So moved.

6 POOLE: Second.

7 CHAIRMAN ANDERBERG: We have a motion and a
8 second.

9 All those in favor?

10 (Chorus of ayes.)

11 CHAIRMAN ANDERBERG: Opposed?

12 (No response.)

13 CHAIRMAN ANDERBERG: The ayes have it.

14 CHAIRMAN ANDERBERG: Okay. Is there any matter
15 for discussion in Closed Session?

16 MEISTER: Yes, Mr. Chairman.

17 We now have the opportunity for the
18 Members to enter into Closed Session pursuant to
19 Section 2(c)(11) of the Illinois Open Meetings Act,
20 to discuss litigation involving the Authority, which
21 has been filed and is currently pending in Illinois
22 State Court.

23 Upon a vote by the Members of the
24 Authority to enter closed session, I would like

1 everyone in attendance outside of the Board Members
2 and key members of the staff, Elizabeth Weber, Ryan
3 Oechsler, and Rich Frampton, and myself; everyone but
4 the Members and those folks to please exit -- exit
5 the room.

6 I will also note for those in
7 attendance via the audio line that the line will be
8 terminated during the Closed Session. We've received
9 no requests from Members unable to attend to call in.
10 After your connection is terminated, you may well
11 call back in, and wait for the line to be reopened,
12 and re-enter open session.

13 Just a couple of other items of
14 housekeeping under the Illinois Open Meetings Act, no
15 decisions will be made or voted upon in the Closed
16 Session. It is only a discussion-purpose-only. And
17 then I did want to mention outside counsel Tim
18 Hinchman -- raise your hand, Tim -- and Bruce
19 Weisenthal -- please raise your hand, will also be
20 joining the Members in Closed Session.

21 Any questions?

22 (No response.)

23 CHAIRMAN ANDERBERG: Okay. Is there a motion
24 to enter into Closed Session, pursuant to Section

1 2(c) (11) of the Illinois Open Meetings Act, to
2 discuss the items described by Executive Director
3 Meister?

4 GOETZ: So moved.

5 MR. OBERNAGEL: Second.

6 CHAIRMAN ANDERBERG: A motion and a second.

7 Will the Assistant Secretary please
8 call the roll?

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

11 Mr. Goetz?

12 GOETZ: Yes.

13 FLETCHER: Mr. Heller?

14 HELLER: Yes.

15 FLETCHER: Ms. Juracek?

16 JURACEK: Yes.

17 FLETCHER: Mr. McCoy?

18 McCOY: Yes.

19 FLETCHER: Mr. Murphy?

20 MURPHY: Yes.

21 FLETCHER: Mr. Obernagel?

22 OBERNAGEL: Yes.

23 FLETCHER: Mr. Poole?

24 POOLE: Yes.

1 FLETCHER: Ms. Smoots?

2 SMOOTS: Yes.

3 FLETCHER: Mr. Zeller?

4 ZELLER: Yes.

5 FLETCHER: And Mr. Chairman?

6 CHAIRMAN ANDERBERG: Yes.

7 FLETCHER: Mr. Chairman, the Authority may now
8 enter Closed Session.

9 CHAIRMAN ANDERBERG: Okay.

10 MEISTER: Could you note the time,
11 Mr. Fletcher?

12 FLETCHER: Certainly. The time is 9:18 a.m. --
13 10:18 a.m.

14 (Whereupon the IFA Regular
15 Open Meeting moved into
16 Closed Session.)

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1 (Whereupon the IFA Regular
2 Open Meeting returned to
3 Open Session.)

4 CHAIRMAN ANDERBERG: Will the Assistant
5 Secretary please call the roll to confirm the return
6 to open session?

7 FLETCHER: Certainly. And before I do, I will
8 note for the record that Members Obernagel and Poole
9 exited the public meeting at 10:19 a.m. before we
10 entered into closed session.

11 The current time is 10:49 a.m. I'll
12 call the roll of the members physically present.

13 FLETCHER: Mr. Goetz?

14 GOETZ: Yes.

15 FLETCHER: Mr. Heller?

16 HELLER: Here.

17 FLETCHER: Ms. Juracek?

18 JURACEK: Yeah. Here.

19 FLETCHER: Mr. McCoy?

20 McCOY: Yes.

21 FLETCHER: Mr. Murphy?

22 MURPHY: Yes.

23 FLETCHER: Mr. Obernagel?

24 OBERNAGEL: (No response.)

1 FLETCHER: Mr. Poole?

2 POOLE: (No response.)

3 FLETCHER: Neither is here.

4 Ms. Smoots?

5 SMOOTS: Here.

6 FLETCHER: Mr. Zeller?

7 ZELLER: Here.

8 FLETCHER: And Mr. Chairman?

9 CHAIRMAN ANDERBERG: Here.

10 FLETCHER: Mr. Chairman, we retain a quorum.

11 CHAIRMAN ANDERBERG: Okay. Thank you.

12 Do you want to --

13 MEISTER: Oh, yeah. I'm sorry.

14 Pursuant to 5 ILCS 120/2(e), I will
15 now give a public recital of the matter discussed in
16 Closed Session.

17 The discussion concerned certain
18 litigation against the Authority, which has been
19 filed and is currently pending in the Illinois state
20 court.

21 Thank you.

22 CHAIRMAN ANDERBERG: Thank you.

23 Okay. The next regularly scheduled
24 meeting will be October 9th.

1 I'd like to request a motion to
2 adjourn.

3 There such a motion?

4 (Chorus of so moveds.)

5 CHAIRMAN ANDERBERG: A lot of motions there.

6 Is there a second?

7 McCOY: Second.

8 CHAIRMAN ANDERBERG: There. I'll take that.

9 All those in favor?

10 (Chorus of ayes.)

11 CHAIRMAN ANDERBERG: Opposed?

12 (No response.)

13 CHAIRMAN ANDERBERG: The ayes have it.

14 Thank you.

15 FLETCHER: The time is 10:50 a.m.

16 (Whereupon the above
17 matter was adjourned.)

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