

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

ILLINOIS FINANCE AUTHORITY
REGULAR MEETING
October 13th, 2016 at 9:34 a.m.

Report of Proceedings had at the Regular Meeting of the
Illinois Finance Authority on October 13th, 2016, at the
hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle
Street, Suite S1000, Chicago, Illinois.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY MEMBERS

3 MR. R. ROBERT FUNDERBURG, Chairman
MR. ERIC ANDERBERG (via audio conference)
4 MR. JAMES J. FUENTES
MR. ROBERT HORNE (via audio conference)
5 MS. ARLENE JURACEK
MR. LERRY KNOX
6 MS. GILA J. BRONNER
MR. MICHAEL W. GOETZ (via audio conference)
7 MR. ROGER POOLE
MR. LYLE McCOY
8 MR. TERRY O'BRIEN
MS. BETH SMOOTS
9 MR. JOHN YONOVER
MR. GEORGE OBERNAGEL
10

11 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

12 MR. BRAD FLETCHER, Assistant Vice-President
MR. RICH FRAMPTON, Vice-President
13 MS. PAMELA LENANE, Vice-President
MS. ELIZABETH WEBER, General Counsel
14 MS. XIMENA GRANDA, Controller
MR. CHRISTOPHER B. MEISTER, Executive Director
15 MR. PATRICK EVANS, Agricultural Banker
MS. DENISE BURNS, Deputy General Counsel
16

17

18

19

20

21

22

23

24

MARZULLO REPORTING AGENCY (312) 321-9365

♀

3

1 CHAIRMAN FUNDERBURG: If I could have
2 everyone's attention. We're going to go ahead and
3 start the meeting now. Excuse me for starting a
4 little bit late. We did have a little bit of
5 research that we needed to do before we started the
6 meeting.

7 I would like to go ahead and call the
Page 2

8 meeting to order. Mr. Assistant Secretary, would
9 you please take the roll?
10 FLETCHER: Certainly. The time is 9:34. I'll
11 call the roll of Members physically present. First,
12 Ms. Bronner?
13 BRONNER: Here.
14 FLETCHER: Ms. Fuentes?
15 FUENTES: 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: Mr. O'Brien?
MARZULLO REPORTING AGENCY (312) 321-9365

♀

4

1 O'BRIEN: Here.
2 FLETCHER: Mr. Poole?
3 POOLE: Here.
4 FLETCHER: Ms. Smoots?
5 SMOOTS: Here?
6 FLETCHER: MR. Yonover?
7 YONOVER: Here.
8 FLETCHER: And Chairman Funderburg?
9 CHAIRMAN FUNDERBURG: Here.
10 FLETCHER: Mr. Chairman, a quorum of Members
11 physically present in the room has been constituted.

12 At this time I would like to ask if any
13 Members would like to attend via audio conference?

14 GOETZ: Yes.

15 CHAIRMAN FUNDERBURG: I believe that is Mike
16 Goetz on the phone.

17 GOETZ: Yes, this is Mike Goetz. I'm
18 requesting to attend via audio conference due to
19 employment purposes.

20 ANDERBERG: This is Eric Anderberg. The same.

21 HORNE: And this is Robert Horne, also
22 attending via audio conference because of business
23 purposes.

24 CHAIRMAN FUNDERBURG: Okay, thank you. Is
MARZULLO REPORTING AGENCY (312) 321-9365

‡

5

1 there a motion to approve these requests pursuant to
2 the bylaws and policies of the Authority?

3 BRONNER: So moved.

4 McCOY: Second.

5 CHAIRMAN FUNDERBURG: All in favor, please say
6 aye.

7 (A chorus of ayes.)

8 CHAIRMAN FUNDERBURG: Any opposed?

9 (No response.)

10 CHAIRMAN FUNDERBURG: The ayes have it. Thank
11 you.

12 FLETCHER: Mr. Chairman, Members Anderberg,
13 Goetz and Horne has been added to the initial quorum
14 roll call.

15 CHAIRMAN FUNDERBURG: Thank you. Next, I would
16 like to ask if anyone would like to make any

17 additions or corrections or edits to today's agenda?

18 If not, is there a motion to approve the
19 agenda?

20 OBERNAGEL: I make the motion.

21 CHAIRMAN FUNDERBURG: Okay. By Mr. Obernagel.
22 Is there a second?

23 MR. KNOX: Second.

24 CHAIRMAN FUNDERBURG: Seconded by Mr. Knox.

MARZULLO REPORTING AGENCY (312) 321-9365

†

6

1 All in favor, please say aye.

2 (A chorus of ayes.)

3 CHAIRMAN FUNDERBURG: Any opposed?

4 (No response.)

5 CHAIRMAN FUNDERBURG: Okay. I have no remarks
6 at this point. Executive Director Meister?

7 MEISTER: Thank you, Mr. Chairman. On
8 September 12th, we believe that the Authority and
9 the Illinois Environmental Protection Agency reached
10 best execution with the closing of the 2016 Illinois
11 Clean Water Initiative State Revolving Fund Bonds.

12 On behalf of the Authority, I would like
13 to thank the entire team of professionals for their
14 collegial and effective efforts. The lead book
15 runner and senior manager is Bank of America Merrill
16 Lynch. The senior co-manager was Citigroup. The
17 team of co-managers were Jeffries, Loop Capital
18 Markets, Piper, Jaffray, Ramirez and Company, and
19 Siebert, Cisneros and Shank, and the Authority's
20 financial advisors were Acacia Financial and

21 Sycamore Advisors.

22 Bond Counsel was Katten Muchin. Authority
23 counsel was Schiff Hardin, and Chapman & Cuttler,
24 and Pugh Jones served as underwriters counsel, and
MARZULLO REPORTING AGENCY (312) 321-9365

♀

7

1 the trustee is Amalgamated Bank. Copies of the
2 official statement are under the Board packets.

3 I also want to extend a special note of
4 appreciation for both the Authority staff and the
5 staff of IEPA in a very compressed time frame
6 between July 14th and September 12th for the
7 majority of the transaction participants, but
8 somewhat longer for other Members, particularly the
9 staff members and the financial advisors.

10 In facing an extraordinary amount of work,
11 this collective team reached a great result for the
12 people of Illinois, and I want to thank all of the
13 third-party professionals and the staff of IFA and
14 the Authority.

15 For the Members of the Authority, in your
16 manila folders, I want to highlight three
17 informational memoranda. Memoranda A1 is a status
18 of the Fiscal Year Comprehensive Annual Financial
19 Report or CAFR.

20 In connection with the FY16 financial
21 audit through the Auditor General's Office,
22 following discussions with the Chairman and the
23 Chair of the Audit Committee, I'm recommending that
24 we do not proceed with a CAFR for FY16.

1 A2 is a change for the Authority
2 investment policy. The last time this was done, it
3 was done at the staff level, and we're going to be
4 moving forward with some investments on behalf of
5 IEPA, as well as our own.

6 And then again following discussions with
7 the Chair and the Chair of the Audit Committee, we
8 will be coming back to the Board in January 2017
9 with an abbreviated track record between now and
10 January.

11 And, finally, A3 is, as many of the
12 longer-serving Members will recall, in 2006, this
13 Authority issued, on behalf of the Illinois Medical
14 District Commission, up to \$40,000,000 in bonds.
15 They are enhanced with the State of Illinois moral
16 obligation or a contingent taxpayer guarantee, and
17 the Medical Commission has posted their required
18 posting to announce plans for redemption.

19 That the notice speaks for itself, and at
20 their recent September 20th meeting, they also
21 announced to their board and to the public their
22 plans to proceed. We will continue to monitor this.
23 Due to an accounting rule change back in FY08, we
24 actually carried those on our balance sheet, along

MARZULLO REPORTING AGENCY (312) 321-9365

1 with the IEPA bonds.

2 And, finally, for the record, I'm not

3 related, nor to my knowledge do I know Eric or Sarah
4 Meister, and they appear on the agenda in connection
5 with their request for an approval of a beginning
6 farmer bond.

7 And for the remainder of the comments,
8 they are in the written version from my message from
9 the Executive Director for October. Thank you.

10 CHAIRMAN FUNDERBURG: Thank you. Next, I would
11 like to ask if anyone would like to make any
12 additions, corrections or edits to the minutes from
13 September 8th meeting? If not, then, is there a
14 motion to approve the minutes?

15 JURACEK: I'll make that motion.

16 CHAIRMAN FUNDERBURG: Okay.

17 POOLE: Second.

18 CHAIRMAN FUNDERBURG: All in favor, please say
19 aye.

20 (A chorus of ayes.)

21 CHAIRMAN FUNDERBURG: Any opposed?

22 (No response.)

23 CHAIRMAN FUNDERBURG: Okay. Next up is Six
24 Granda.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

10

1 GRANDA: Good morning, everyone. I will be
2 presenting the financial statements for as of
3 September 30th, 2016. The month of September was
4 very busy for the Authority. We generated \$745,000
5 in closing fees for 11 bonds for a total issuance
6 amount of \$87,000,000, which includes the
7 \$500,000,000 bond issue on behalf of our sister

8 agency, the Illinois Environmental Protection
9 Agency.

10 In the 11 bonds included are the beginning
11 farmer bonds. Also, in September the Authority
12 received \$7,000 in application fees under the
13 ambulance loan fund. The Authority disbursed
14 \$1,000,000 for a total of 10 loans.

15 Under the fire truck, the Authority
16 disbursed \$350,000 for one loan. Under both
17 programs, the Authority collected their annual loan
18 repayments of about \$990,000 for 89 loans. A
19 listing of the fire truck and ambulance with the
20 outstanding balances are provided in your Board
21 books for your records.

22 Also, in September, the Authority
23 collected about \$128,000 in prompt payment interest
24 from the State receivables. Total principal

MARZULLO REPORTING AGENCY (312) 321-9365

♀

11

1 payments received in September were \$2.9 million.
2 Year-to-date payments received are \$4.4 million or
3 85.5 percent of the original amount.

4 The outstanding balance on the State
5 receivable is \$568,000 and a detailed report is in
6 your board book for your reference.

7 Now to the financial information. Total
8 annual revenues equals \$2.0 million and are
9 \$788,000, or 63.5 percent higher than budget. This
10 is primarily due to higher closing fees in
11 September.

12 In September, as I mentioned before, the
13 Authority generated \$745,000 in closing fees.
14 Closing fees from the healthcare sector were
15 \$337,000, \$388,000 from the business and industries
16 and our local government, and \$20,000 from our
17 agricultural sector. Total annual expenses were
18 \$806,000, and are \$432,000 or 34.9 percent lower than
19 budget.

20 This is mostly driven by the vacant staff
21 positions, and due to below budget spending on our
22 professional service. In September, the Authority
23 recorded operating expenses of \$306,000 which is
24 lower than the monthly budgeted amount of \$412,000.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

12

1 The decrease is due to the employee-related expenses
2 and the professional services being lower than
3 expected.

4 Also, in September, the Authority paid
5 salary adjustments to the employees retroactive to
6 the beginning of the fiscal year. The total monthly
7 net income of \$660,000 is driven by the higher
8 closing fees and the approval of our prompt payment
9 that was roughly about \$90,000.

10 Our total annual net income is
11 \$1.2 million. Again, the major driver of the
12 positive bottom line continues to be the level of
13 overall spending at 34.9 percent below budget, as
14 well as higher closing fees, administrative fees and
15 the accrual of our prompt payment.

16 The Authority continues to maintain a
Page 10

17 strong balance sheet. The total assets in the
18 general fund are roughly about \$57.7 million,
19 consisting of cash investments and receivables.

20 On a consolidated basis, the balance sheet
21 increased from \$135,000,000 in August of 2016 to
22 \$729,000,000 in September of 2016. This is due to
23 the new bond issue that was closed on September 12th
24 for our sister agency, the Illinois Environmental

MARZULLO REPORTING AGENCY (312) 321-9365

†

13

1 Protection Agency.

2 Any questions on the financials?

3 YONOVER: Ms. Granda, just a point of
4 clarification, on the State of Illinois receivables
5 that we paid, I'm just confused here, specifically,
6 the MJ Kellner issue, it says balance due from
7 MJ Kellner. Is that money we overpaid them, or we
8 haven't paid them that are owned by the State of
9 Illinois? It's unclear.

10 GRANDA: The 568 we have not received. That is
11 the amount still due from MJ Kellner or the State.

12 YONOVER: MJ Kellner is a vendor for the State
13 of Illinois?

14 GRANDA: Yes.

15 YONOVER: And we paid them \$3.2 million. It
16 says on your report balance due from Kellner
17 \$532,000. Do you really mean that is balance from
18 the State of Illinois?

19 GRANDA: Yes, the balance due from the State of
20 Illinois.

21 YONOVER: We have paid this vendor, and we have
22 not been paid by the State of Illinois?

23 GRANDA: Right. \$532,000 is what is still owed
24 from the State.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

14

1 YONOVER: Thank you. I have no further
2 questions.

3 MEISTER: And, John, we had most recently
4 passed a resolution in February of 2016 so that we
5 would enter into a purchase of receivables basically
6 through an assignment agreement, and that the
7 Authority would step in for statutory Prompt Payment
8 Act, which accrues at the rate of approximately
9 1 percent a month or 1/30th of a percent a day.

10 Elizabeth, since you have been working
11 recently on the exact description, and it's fresher
12 in your mind, the exact description of how this
13 works, could you clarify for the Board and the
14 audience the exact documentation of the process?

15 WEBER: Well, it's assignment of receivables.
16 The State and various state agencies still view this
17 as due from the vendors because, ultimately, if the
18 State doesn't pay, the vendors are obligated to
19 repay us the amount that we advanced to them. So
20 that's why Six has it in her report that it's due
21 from the vendor, but all of our payments so far have
22 come in.

23 BRONNER: It's like double jeopardy from the
24 vendor.

MARZULLO REPORTING AGENCY (312) 321-9365
Page 12

1 MR. KNOX: Quick question, as it relates to
2 this. So the remaining \$567,000, that is the
3 principal amount that went to the vendors?

4 GRANDA: Yes.

5 MR. KNOX: The prompt payment interest, is that
6 accruing? Is that accounted for here?

7 GRANDA: Yes. I mean, it's not in this report,
8 but I am accruing for it. As I mentioned before,
9 about \$90,000 is what I have accrued from July
10 through September, and then the 128 were for the
11 prior fiscal year that we received.

12 MR. KNOX: Okay.

13 WEBER: Actually, on MJ Kellner, the reason we
14 have not been paid, there was a mixup at the State
15 where the State actually paid the vendor for some of
16 these receivables, and we have to do a replacement
17 or substitution, which we're in the process of
18 doing.

19 So that is why. The vendors have been
20 very cooperative and the other agencies have been,
21 too. We're close to doing that final.

22 BRONNER: Could you speak a little bit about
23 the local government and fire truck revolving loan?

24 MEISTER: Excuse me, John, did that answer your
MARZULLO REPORTING AGENCY (312) 321-9365

1 question?

2 YONOVER: Yes, I'm good. Thank you.

3 GRANDA: Just moving on, and you mean in the
4 two reports?

5 BRONNER: Yes.

6 GRANDA: I just basically wanted to give you
7 information on how many loans we have outstanding
8 for our fire trucks and our ambulance and also for
9 our local government.

10 BRONNER: So the status of these is similar?

11 MEISTER: No. Actually, these are actually
12 three statutory programs. The fire truck and
13 ambulance were funded originally through
14 appropriations through a special set of statutory
15 fees and fines.

16 Originally, they went into a State
17 Treasurer's account. And a couple of years ago, we
18 worked with the Office of the Fire Marshal to change
19 the law to direct these funds into Authority
20 locally-held funds, and ambulance -- the ambulance
21 fund is we have just concluded the documentation and
22 the funding of these loans.

23 Six and I thought it would be important to
24 share this on a quarterly basis with the Board. So

MARZULLO REPORTING AGENCY (312) 321-9365

♀

17

1 it shows the full diversity of our impact across the
2 state.

3 We have been having ongoing discussions
4 with the Office of the Fire Marshal that there was
5 a -- I would call it a lagging audit issue regarding
6 the flow of funds which created an additional loop
7 of the flow of funds that we're going to be working

8 to eliminate.

9 The Fire Marshal's office would also like
10 to raise the cap for the loans for ambulances. I
11 think that this program initiated back in 2007 or
12 2008. On the local government loans, this is a
13 portfolio loan, and this is I think particularly
14 relevant for the newer Members of the Authority.

15 The Authority is the descendant of an
16 independent statutory entity called the Rural Bond
17 Bank, which was partially appropriated and worked
18 with non-rated local governments across the state.

19 They would typically do a bridge loan, and
20 then they would do a combination of generally
21 central purpose local government loans, package them
22 into a pool, enhance that pool with the State's
23 moral obligation to get a better rating, and then
24 these would be sold on the capital markets.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

18

1 It's known under the statute as a
2 bonds-to-bonds structure. The local government
3 would issue the bond. The Authority would buy the
4 bond, and then the Authority would package a pool of
5 the bonds and sell it on to the capital markets.

6 About three years ago, we looked at our
7 balance sheet, and we looked at the continuing
8 issues with the State's credit rating, and the
9 State's moral obligation typically lags a step or
10 two below the State's credit rating.

11 And given the overall disclosure, given

12 the compliance cost, and given the paltry amount of
13 revenue that we were receiving under this legacy
14 program, which was approximately \$40,000 in annual
15 fees, and I think the compliance costs alone
16 probably would have been upwards of \$200,000.

17 We took our balance sheet, we redeemed all
18 of the outstanding pools of local government bonds,
19 some of which originated with the rural bond bank
20 going back to the '90s, until I believe the most
21 recent local government pool issued through the IFA
22 may have been at the end of calendar year '09.

23 GRANDA: '09.

24 MEISTER: So we defeased them all. We removed
MARZULLO REPORTING AGENCY (312) 321-9365

‡

19

1 the risk to the State's moral obligation, and then
2 we have taken these 60 odd loans, some of them have
3 paid off early, since we did this directly on to our
4 balance sheet, and they are paying interest directly
5 into the Authority, which if I recall was
6 approximately \$900,000.

7 GRANDA: \$900,000.

8 MEISTER: In excess of \$900,000, and that's
9 down from a couple years ago, where I think it was
10 in excess of \$1.1 or \$1.2 million. So this has been
11 a -- this stream of revenue is going to continue to
12 run off, but it has been a stable and predictable
13 stream of revenue, given that our core business is
14 cyclical.

15 And while we're always here to be helpful
16 to our borrowers, they don't make their decisions to
Page 16

17 seek the capital bond markets because of us, they
18 do it for their own purposes.

19 GRANDA: And just one last note. On October 12
20 of 2016, a first draft of the financial statements
21 and footnotes for fiscal year 2016 was submitted to
22 the Office of the Auditor General for their review.

23 BRONNER: Which means we're on schedule.

24 GRANDA: Yes. Thank you.

MARZULLO REPORTING AGENCY (312) 321-9365

‡

20

1 CHAIRMAN FUNDERBURG: Thank you. Great month.
2 Okay. I would like to ask for a motion to accept
3 the financial reports.

4 BRONNER: So moved.

5 CHAIRMAN FUNDERBURG: Is there a second?

6 O'BRIEN: Second.

7 CHAIRMAN FUNDERBURG: All in favor, please say
8 aye.

9 (A chorus of ayes.)

10 CHAIRMAN FUNDERBURG: Any opposed?

11 (No response.)

12 CHAIRMAN FUNDERBURG: Okay, thank you.

13 Ms. Burns?

14 BURNS: Yes. Good morning. Other than a few
15 small purchases covering housekeeping items, like IT
16 needs and moving needs, the procurement focus still
17 tends to be and is on several pending competitive
18 requests for proposals or bids covering actually
19 significant areas in loan management, network
20 consulting, temporary staffing and bank custodial

21 services.

22 In addition, an upcoming RFP of
23 significance is for legal services from which we
24 will derive a list of firms that will assist us in

MARZULLO REPORTING AGENCY (312) 321-9365

♀

21

1 issues relating to bond, loan and other general legal
2 services. That's really it.

3 CHAIRMAN FUNDERBURG: Okay, thank you.

4 BURNS: Thank you.

5 CHAIRMAN FUNDERBURG: Thank you. Next up are
6 committee reports. Mr. McCoy?

7 MCCOY: Thank you, Mr. Chairman. The
8 Tax-Exempt Conduit Transaction Committee met earlier
9 this morning and voted unanimously to recommend for
10 approval of each of the Tax-Exempt Conduit
11 transaction matters on today's agenda, including two
12 beginning farmer bonds, the Museum of Contemporary
13 Art, the Carle Foundation, Swedish Covenant Hospital
14 and Edward Elmhurst Healthcare.

15 CHAIRMAN FUNDERBURG: All right, thank you.
16 Next I would like then to ask for the general
17 consent of the Members to consider the Project
18 Reports and Resolutions collectively, and to have
19 the subsequent recorded vote apply to each
20 respective individual Project and Resolution, unless
21 there are any specific Project Reports and
22 Resolutions that a Member would like to consider
23 separately.

24 Mr. Goetz, I believe you have one?

MARZULLO REPORTING AGENCY (312) 321-9365
Page 18

1 GOETZ: Yes, I do. The Edward Elmhurst
2 Healthcare. I have a conflict of interest on that,
3 and I probably should abstain.

4 CHAIRMAN FUNDERBURG: Okay, thank you.

5 GOETZ: Or recuse myself.

6 CHAIRMAN FUNDERBURG: Okay. Anyone else?
7 Okay. Then if no one else, then I would like to go
8 ahead and ask for our presentations for today.
9 Rich? No, I guess Patrick, you're up first.

10 EVANS: Yes. Today I have two beginning farmer
11 bonds. Both loans relate to the Finance Authority
12 Beginning Farmer Bond Program. We'll have a first
13 mortgage position. FSA will have a second position
14 behind IFA via the guarantee.

15 The first loan -- the first bond is Jake
16 Kolter Brian and Devin Brooke Brian purchasing
17 99.5 acres. People's State Bank of Newton will
18 retain 50 percent or 485 -- of a \$484,500 land
19 purchase or \$242,250 of that.

20 IFA will provide a beginning farmer bond
21 maintaining a first position with the bank that is
22 utilizing a FSA 50/50 loan program. The terms of
23 the bond are identified in the writeup.

24 The property is located in Richland
MARZULLO REPORTING AGENCY (312) 321-9365

1 County. The second bond relates to Eric J. and
2 Sarah K. Meister who are purchasing 38 acres.

3 Vermillion County Bank will maintain
4 50 percent of the \$320,000 land purchase or
5 \$161,500 of debt. IFA will provide beginning farmer
6 bond, maintaining a first position, while the bank
7 utilizes the FSA 5/45/50 loan program. The terms of
8 the bonds are identified in the writeup. Property
9 is located in Ford County. Thank you.

10 CHAIRMAN FUNDERBURG: Okay, thank you. Rich?

11 FRAMPTON: Thank you, Mr. Chairman. We'll move
12 on to Item 2, tab 2 in your book, the Museum of
13 Contemporary Art, or MCA. MCA is requesting a Final
14 Bond Resolution in the amount of \$30,000,000.

15 This is being presented for one-time
16 consideration. The purpose of the bond issue is to
17 refinance all the MCA's outstanding balance on their
18 Series 1994 bonds, which were originally issued in
19 the amount of \$50,000,000. So since 1994, MCA has
20 paid down their bond balance from \$50,000,000 to
21 \$30,000,000.

22 The proceeds of the 1994 bonds were used
23 to finance the construction of a new four-story
24 220,000 square foot museum facility at 220 East

MARZULLO REPORTING AGENCY (312) 321-9365

♀

24

1 Chicago Avenue, just southeast of the Water Tower.

2 These refunding bonds will enable MCA to
3 convert from a letter of credit structure to a
4 direct purchase structure with Bank of America
5 Public Capital Corp as the purchaser of the bonds.

6 Bank of America Public Capital Corp is a
7 wholly-owned subsidiary of Bank of America NA. The

8 initial term of this direct purchase will be 10
9 years through October 1, 2026. The bond issue is
10 being undertaken really to exit the letter of credit
11 secured structure, which is an ongoing trend that
12 we've been seeing, particularly for the Authority's
13 non-rated borrowers.

14 In terms of the financial profile, the
15 museum -- that's highlighted on page 9 of the
16 report. Clearly the museum has posted very strong
17 financial results with excellent profitability in
18 cash flow, as well as liquidity and debt service
19 coverage.

20 You'll note in 2015, there was a
21 considerable upside variance in revenues that
22 primarily reflected two things: One, a \$10,000,000
23 gift from Kenneth Griffin to fund establishment of a
24 new gallery.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

25

1 The second driver was a special exhibit,
2 retrospective exhibit, that the museum hosted called
3 "David Bowie Is." That produced a windfall of
4 revenues, and it was the only -- MCA was the only
5 U.S. venue for that particular exhibit.

6 Finally, just given the direct purchase
7 structure with Bank of America Public Capital Corp,
8 there is virtually no risk for the Authority on this
9 transaction and we recommend approval.

10 CHAIRMAN FUNDERBURG: Okay, good. Thank you.

11 FRAMPTON: Okay, thank you.

12 LENANE: Mr. Chairman, Board Members, tab 3 in
13 your book is the Carle Foundation. The Carle
14 Foundation is requesting a one-time Final Bond
15 Resolution to approve the issuance of tax-exempt and
16 taxable bonds in the amount of approximately
17 \$300,000,000.

18 The bond proceeds will be used to fund the
19 construction and equipping of a three-story
20 approximately 300,000 square foot support service
21 building and single story approximately 40,000
22 square foot Ambulatory Surgery Center.

23 Also, to construct approximately 75,000
24 square foot addition to the Ambulatory Care Center,
 MARZULLO REPORTING AGENCY (312) 321-9365

‡

26

1 Ambulatory Clinic located at 1701 Curtis Road,
2 Champaign, and to make renovations to Carle's Acute
3 Care Hospital on its main campus, to refund all or a
4 portion of the outstanding Illinois Finance
5 Authority Series 2009D bonds, and to pay certain
6 expenses incurred in connection with the issuance of
7 the new bonds and the refunding of the prior bonds.

8 These projects will produce approximately
9 -- an estimated 1,700 construction jobs. The bond
10 will be structured as a tax-exempt or taxable fixed
11 or variable rate public offering underwritten by
12 Barclays. The rate on the bonds will be determined
13 at pricing.

14 The Carle Foundation maintains underlying
15 ratings of A+ and AA- from S&P and Fitch,
16 respectfully. Carle expects its current rating to

17 be affirmed, in connection with this financing.
18 Carle Foundation operates a licensed
19 345-bed hospital in Champaign, a certified home
20 healthcare agency and a certified hospice. Carle
21 also operates Carle Medical Supply, a provider of
22 medical equipment and supplies to the general public
23 and hospital patients and the Danville Surgery
24 Center, and an Outpatient Surgical Recovery Center,
MARZULLO REPORTING AGENCY (312) 321-9365

†

27

1 which are located both in Champaign and Danville.
2 Carle Healthcare operates Carle's
3 Physicians' Group, which is a multi-specialty
4 medical practice comprising of approximately 404
5 licensed physicians and surgeons, some of whom are
6 contracted to provide services to other entities.
7 Carle also operates Arrow Ambulance, an
8 ambulance to transport -- an ambulance transport
9 service, AirLife and Air Medical Transport Service,
10 the Caring Place, a daycare center. Carle
11 Healthcare also operates the Champaign Surgery
12 Center, a free-standing Ambulatory Surgery Center
13 located in Champaign, and also operates Hoopseton
14 Community Memorial Hospital, a 24-bed critical
15 access hospital and six rural healthcare health
16 clinics.
17 The hospital -- Hoopseton Hospital is
18 located approximately 50 miles northeast of Carle's
19 main campus. Carle also operates Carle Retirement
20 Center, Inc., and operates a 174 unit retirement

21 living center.

22 The Carle Development Foundation does
23 business as the Carle Center for Philanthropy, which
24 is engaged in fundraising activities and manages

MARZULLO REPORTING AGENCY (312) 321-9365

♀

28

1 substantially all activities related to restricted
2 and unrestricted contributions.

3 The Carle Foundation is also the sole
4 member of the Health Alliance Contract, Inc.,
5 connecting a taxable nonprofit entity, which
6 provides health services to its enrollees, including
7 members of medically-underserved groups, persons who
8 are unable to obtain affordable healthcare services
9 or insurance, persons with special healthcare needs
10 and beneficiaries of government programs.

11 Carle's nine-month unaudited financials
12 show strong debt service coverage of 5.6 times with
13 173 days cash on hand. This refunding is really --
14 the refunding is being done on the 2009D bonds is
15 being done to de-risk their capital structure and to
16 lock in fixed-rate debt at currently attractive
17 rates. They are locking in fixed-rate debt at
18 currently attractive market rates.

19 Are there any questions?

20 CHAIRMAN FUNDERBURG: Okay, thank you.

21 LENANE: Okay. Tab 4 is Swedish Covenant
22 Hospital. Swedish Covenant Hospital is requesting a
23 one-time Final Bond Resolution to approve the
24 issuance of a series of tax-exempt bonds in the

MARZULLO REPORTING AGENCY (312) 321-9365
Page 24

1 amount of approximately \$120,000,000.

2 The bond proceeds will be used to advance
3 all or a portion of the Series 2010A bonds, the IFA
4 2010A bonds, to currently refund the Series 2010 GE
5 loan, to fund new money projects and to reimburse
6 Swedish for a previously paid capital expenditure
7 and to pay cost of issuance.

8 These projects will produce 30
9 construction jobs and 20 new jobs. The bonds will
10 be structured as a tax-exempt, fixed-rate public
11 offering underwritten by Bank of America Merrill
12 Lynch and Ziegler Securities. The rate on the bonds
13 will be determined at pricing.

14 Swedish's long-term ratings are currently
15 BBB+, BBB+ by S&P and Fitch. Swedish has applied
16 for ratings in connection with the Series 2016 bonds
17 and expects ratings in the BBB to BBB+ category.

18 Swedish Covenant Hospital has both an
19 acute care hospital community and teaching hospital
20 located on the northwest side of Chicago. Swedish
21 was founded in 1886 by Evangelical Covenant Church
22 known as Swedish Homes of Mercy.

23 The Swedish Hospital is licensed for 312
24 beds, of which 306 beds were in service as of

MARZULLO REPORTING AGENCY (312) 321-9365

1 June 2016. Swedish offers a wide range of inpatient
2 and outpatient diagnostic and therapeutic services

3 and related ancillary services.
4 Swedish's nine-month unaudited financials
5 shows good debt service coverage of 2.5 times with
6 185 days cash on hand. The net present value of net
7 present value savings from this refunding is
8 \$9,000,000, approximately \$9,000,000. Any
9 questions?

10 CHAIRMAN FUNDERBURG: Okay, thank you.

11 LENANE: I'm going to the end.

12 CHAIRMAN FUNDERBURG: We'll do 5 later.

13 LENANE: Okay, I got it.

14 WEBER: Mr. Chairman and Members, I'm
15 presenting Item 6, which is a resolution authorizing
16 an amendment to an existing intergovernmental
17 agreement.

18 In 2012, the IFA and several other state
19 agencies, specifically Central Management Services,
20 Department of Commerce and Economic Opportunity, the
21 Capital Development Board and the Governor's Office
22 of Management and Budget entered into an
23 intergovernmental agreement to cooperate in
24 furtherance of energy conservation projects at

MARZULLO REPORTING AGENCY (312) 321-9365

♀

31

1 state-owned facilities.

2 In 2014, that agreement was amended to add
3 the Department of Human Services, otherwise known as
4 DHS, as a party. Also, in 2014, pursuant to this
5 intergovernmental agreement, the Authority and CMS
6 entered into a contract with Ameresco for work on
7 various projects at state facilities, including

8 roofing and related work at residential facilities
9 owned and operated by DHS.

10 Payment for the work is supposed to come
11 from energy savings or from state appropriations
12 identified by GOMB, not from Authority locally-held
13 funds. Due to the state budget impasse, work on the
14 project was halted in 2015.

15 DHS represents that work on the roofing
16 project must immediately be restarted to ameliorate
17 potential health and life-safety issues. That
18 portion of the work was recently restarted, and as
19 that work proceeds, there may be a need to amend
20 the intergovernmental agreement to further define
21 the roles of the various parties.

22 The resolution authorizes the Executive
23 Director to negotiate and enter into any necessary
24 amendments. Any questions?

MARZULLO REPORTING AGENCY (312) 321-9365

♀

32

1 CHAIRMAN FUNDERBURG: Okay, thank you. All
2 right. I would like to request a motion to pass and
3 adopt the following Project Reports and Resolutions:
4 Item 1A, 1B, 2, 3, 4 and 6. Is there such a motion?

5 POOLE: So moved.

6 CHAIRMAN FUNDERBURG: Is there a second?

7 FUENTES: Second.

8 CHAIRMAN FUNDERBURG: Mr. Fuentes.

9 FLETCHER: On the motion and second, I'll call
10 the roll. Mr. Anderberg on the line?

11 ANDERBERG: Yes.

12 FLETCHER: Ms. Bronner?
13 BRONNER: Yes.
14 FLETCHER: Mr. Fuentes?
15 FUENTES: Yes.
16 FLETCHER: Mr. Goetz on the line?
17 GOETZ: Yes.
18 FLETCHER: Mr. Horne on the line?
19 HORNE: Yes.
20 FLETCHER: Ms. Juracek?
21 JURACEK: Yes.
22 FLETCHER: Mr. Knox?
23 KNOX: Yes.
24 FLETCHER: Mr. McCoy.
MARZULLO REPORTING AGENCY (312) 321-9365

♀

33

1 McCOY: Yes.
2 FLETCHER: Mr. Obernagel?
3 OBERNAGEL: Yes.
4 FLETCHER: Mr. O'Brien? Terry, say "yes."
5 O'BRIEN: Yes. Thank you for letting me know.
6 FLETCHER: Mr. Poole?
7 POOLE: Yes.
8 FLETCHER: Ms. Smoots?
9 SMOOTS: Yes.
10 FLETCHER: Mr. Yonover.
11 YONOVER: Yes.
12 FLETCHER: And Chairman Funderburg?
13 CHAIRMAN FUNDERBURG: Yes.
14 FLETCHER: Mr. Chairman, the motion carries.
15 CHAIRMAN FUNDERBURG: Thank you. Next is
16 Item 5, Edward Elmhurst Healthcare. Member Goetz,

17 you're going to be recusing yourself. Would you
18 please state the reason?

19 GOETZ: I'm abstaining due to a family member's
20 contractual relationship with the borrower.

21 CHAIRMAN FUNDERBURG: Thank you very much.
22 Then at this point, Mike, I guess you're going to
23 hang up?

24 GOETZ: I'm going to hang up.

MARZULLO REPORTING AGENCY (312) 321-9365

†

34

1 CHAIRMAN FUNDERBURG: Okay, thank you. Have a
2 great day. Take care.

3 GOETZ: Bye.

4 CHAIRMAN FUNDERBURG: Please.

5 FLETCHER: Let the record reflect that Member
6 Goetz has recused himself from deliberations and
7 voting by terminating his participation via audio
8 conference.

9 LENANE: This is tab 5 in your book, Edward
10 Elmhurst Healthcare, doing business as Edward
11 Elmhurst Health. Edward Elmhurst Healthcare is
12 requesting a one-time Final Bond Resolution to
13 approve the issuance of a series of tax-exempt bonds
14 in the amount of approximately \$350,000,000.

15 Bond proceeds will be used to advance
16 refund Edward Hospital Health System IFA Series
17 2008A bonds, to advance refund Elmhurst Memorial
18 Healthcare IFA Series 2008A bonds, to currently
19 refund Edward Hospital and Health System IFA Series
20 2008A, 2008B1 with a direct purchase by JP Morgan to

21 currently refund Edward Hospital and Health System
22 IFA Series 2009A bonds, with a direct purchase by
23 Bank of America to reimburse themselves for prior
24 capital expenditures and new money uses and to pay
MARZULLO REPORTING AGENCY (312) 321-9365

♀

35

1 for cost of issuance.

2 The tax-exempt, fixed-rate bonds will be
3 sold in a public underwriting by Bank of America
4 Merrill Lynch. The refunded Series 2008B1 bonds
5 will be a direct bank placement with JP Morgan. The
6 refunded Series 2009A bonds will be a bank direct
7 purchase by Bank of America.

8 The current ratings for Edward Hospital
9 are A stable and A+ stable from S&P and Fitch,
10 respectfully. The current ratings for Elmhurst
11 Hospital are Baa2 and BBB from Moody's and Fitch.
12 Edward Elmhurst Healthcare expects the bonds to be
13 rated in the A category in connection with this
14 financing.

15 Edward Hospital is located in Naperville
16 and is a 354 bed acute-care facility that provides a
17 full range of inpatient and outpatient diagnostic
18 services and treatment services. It was the first
19 hospital in Illinois to have all private rooms, and
20 it was the first hospital in Illinois to open a
21 medically-based fitness center, which is located on
22 its Naperville campus.

23 Edward Hospital owns two four-story
24 medical office buildings adjacent to the hospital.

1 In 2005, Edward opened a comprehensive Outpatient
 2 Cancer Center adjacent to the hospital and a medical
 3 office building, which offers infusion, radiation
 4 therapy, PET, CT and various cancer support
 5 services.

6 Elmhurst Memorial Hospital was originally
 7 located on Berteau Avenue near downtown Elmhurst.
 8 The hospital moved its operations to 155 East Brush
 9 Hill Road, three miles south of its original
 10 location. It's a new hospital.

11 You can see it from Roosevelt Road and
 12 York Street as you are passing by. In addition to
 13 Elmhurst Memorial Hospital, the Brush Hill campus
 14 includes the William G. Parillo Center for Health, a
 15 183,000 square foot Comprehensive Outpatient Center,
 16 which is attached to the hospital.

17 The Center for Health houses a full range
 18 of programs, including outpatient surgery,
 19 outpatient clinics, radiology, ancillary testing,
 20 rehab, lab services and physicians' practices.

21 In November of 2013, the Nancy W. Knowles
 22 Cancer Center opened adjacent to the Center for
 23 Health, which offers infusion, radiation therapy,
 24 CET, CT, cyberknife and various cancer support

MARZULLO REPORTING AGENCY (312) 321-9365

1 services.

2 Edward Elmhurst Healthcare's nine-month

3 unaudited financials showed good debt service
4 coverage at 2.85 times and 197 days cash on hand.
5 The net present value from these refundings is
6 approximately \$37,000,000. Any questions?
7 CHAIRMAN FUNDERBURG: Okay, thank you. Okay.
8 I would like to ask for a motion to pass and adopt
9 Item No. 5. Is there such a motion?
10 OBERNAGEL: So moved.
11 McCOY: Second.
12 CHAIRMAN FUNDERBURG: Moved by Mr. Obernagel,
13 seconded by Mr. McCoy.
14 FLETCHER: On the motion and second, I'll call
15 the roll. Mr. Anderberg on the phone?
16 ANDERBERG: Yes.
17 FLETCHER: Ms. Bronner?
18 BRONNER: Yes.
19 FLETCHER: Mr. Fuentes?
20 FUENTES: Yes.
21 FLETCHER: Mr. Horne on the phone?
22 HORNE: Yes.
23 FLETCHER: Ms. Juracek?
24 JURACEK: Yes.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

38

1 FLETCHER: Mr. Knox?
2 KNOX: Yes.
3 FLETCHER: Mr. McCoy?
4 McCOY: Yes.
5 FLETCHER: Mr. Obernagel?
6 OBERNAGEL: Yes.
7 FLETCHER: Mr. O'Brien?

8 O' BRIEN: Yes.
9 FLETCHER: Mr. Pool e?
10 POOLE: Yes.
11 FLETCHER: Ms. Smoots?
12 SMOOTS: Yes.
13 FLETCHER: Mr. Yonover.
14 YONOVER: Yes.
15 FLETCHER: And Chair Funderburg?
16 CHAIRMAN FUNDERBURG: Yes.
17 FLETCHER: Mr. Chairman, the motion carries.
18 CHAIRMAN FUNDERBURG: Thank you. At this point
19 I would like to ask if there is any other business
20 to come before the Members?
21 Okay, if not, then I would likes to ask
22 for a motion to excuse the absences of the Members
23 who are unable to participate today. Is there such
24 a motion?

MARZULLO REPORTING AGENCY (312) 321-9365

♀

39

1 BRONNER: So moved.
2 O' BRIEN: Second.
3 CHAIRMAN FUNDERBURG: Moved by Ms. Bronner.
4 Mr. O' Bri en seconded. All in favor?
5 (A chorus of ayes.)
6 CHAIRMAN FUNDERBURG: Any opposed?
7 (No response.)
8 CHAIRMAN FUNDERBURG: Okay, thank you. Any
9 public comment? No public comment? Anybody a Cubs
10 fan in the room? Show a show of hands. No Cubs
11 fans? We got one, two, three, four Cubs fans. All

12 right, thank you all very much. You have a great
13 day.

14 FLETCHER: Is there a motion to adjourn?

15 POOLE: Yes.

16 FLETCHER: Is there a second?

17 KNOX: Second.

18 CHAIRMAN FUNDERBURG: Seconded by Mr. Knox.

19 All those in favor?

20 (A chorus of ayes.)

21 FLETCHER: Opposed.

22 (No response.)

23 FLETCHER: The ayes have it. The time is

24 10:18 a. m.

MARZULLO REPORTING AGENCY (312) 321-9365

♀

40

1 (WHICH WERE ALL THE PROCEEDINGS HAD AT 10:18 a. m.)

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17
18
19
20
21
22
23
24

MARZULLO REPORTING AGENCY (312) 321-9365

†

41

1 STATE OF ILLINOIS)
2 COUNTY OF COOK) SS:

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

PAMELA A. MARZULLO, C. S. R., being first duly sworn,
says that she is a court reporter doing business in the city
of Chicago; that she reported in shorthand the proceedings
had at the Proceedings of said cause; that the foregoing is
a true and correct transcript of her shorthand notes, so
taken as aforesaid, and contains all the proceedings of said
meeting.

PAMELA A. MARZULLO
License No. 084-001624

10-13-16-2 (3fi nal). txt

21

22

23

24

MARZULLO REPORTING AGENCY (312) 321-9365

♀