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ILLINOIS FINANCE AUTHORITY
REGULAR MEETING
September 8th, 2016 at 9:30 a.m.

Report of Proceedings had at the Regular Meeting of the
Illinois Finance Authority on February 11th, 2016, at the
hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle
Street, Suite S1000, Chicago, Illinois.

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1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY MEMBERS

- 3 MR. R. ROBERT FUNDERBURG, Chairman
- MR. JAMES J. FUENTES
- 4 MR. ROBERT HORNE
- MS. ARLENE JURACEK
- 5 MR. MICHAEL W. GOETZ
- MR. BRADLEY A. ZELLER
- 6 MR. LYLE McCOY
- MS. BETH SMOOTS
- 7 MR. JOHN YONOVER
- MR. GEORGE OBERNAGEL (Vi a audi o conference)
- 8 MR. TERRENCE M. O' BRIEN
- MS. GILA J. BRONNER (Vi a audi o conference)
- 9 MR. ERIC ANDERBERG (Vi a audi o conference)
- 10 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
- 11 MR. BRAD FLETCHER, Assi stant Vi ce-Presi dent
- MR. RI CH FRAMPTON, Vi ce-Presi dent
- 12 MS. PAMELA LENANE, Vi ce-Presi dent
- MS. ELIZABETH WEBER, General Counsel
- 13 MS. XI MENA GRANDA, Controll er
- MR. CHRI STOPHER B. MEI STER, Executi ve Di rector
- 14 MS. DENISE BURNS, Deputy General Counsel
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1 CHAIRMAN FUNDERBURG: Good morni ng, everyone.
2 I would like to call to order the Illinois Finance
3 Authori ty Board meeting.
4 Mr. Assi stant Secretary, would you please
5 take the roll.
6 FLETCHER: Certainly. The time is 9:30 a.m. I
7 will call the roll of Members physically present in
Page 2

8 the room first.
9 Mr. Fuentes?
10 FUENTES: Here.
11 FLETCHER: Mr. Goetz?
12 GOETZ: Here.
13 FLETCHER: Mr. Horne?
14 HORNE: Here.
15 FLETCHER: Ms. Juracek?
16 JURACEK: Here.
17 FLETCHER: Mr. McCoy?
18 MCCOY: Here.
19 FLETCHER: Mr. O'Brien?
20 O'BRIEN: Here.
21 FLETCHER: Mr. Smoots?
22 SMOOTS: Here.
23 FLETCHER: Mr. Yonover?
24 YONOVER: Yes.
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1 FLETCHER: Mr. Zeller?
2 ZELLER: Here.
3 FLETCHER: And Chairman Funderburg?
4 CHAIRMAN FUNDERBURG: Yes, here.
5 FLETCHER: Mr. Chairman, a quorum of Members
6 physically present in the room has been constituted.
7 At this time I would like to ask if any
8 Members would like to attend via audio conference?
9 BRONNER: Yes. This is Gila Bronner. I am
10 requesting to attend via audio conference due to
11 employment purposes.

12 CHAIRMAN FUNDERBURG: Okay.
13 ANDERBERG: And this Eric Anderberg, same
14 reason.
15 CHAIRMAN FUNDERBURG: Okay. Thank you both.
16 Then is there a motion to approve these requests
17 pursuant to the bylaws and the policies of the
18 Authority?
19 JURACEK: So moved.
20 FUENTES: Second.
21 CHAIRMAN FUNDERBURG: There is a motion.
22 There's a second by Mr. Fuentes. All in favor,
23 please say aye.
24 (A chorus of ayes.)
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1 CHAIRMAN FUNDERBURG: Any opposed?
2 (No response.)
3 MEISTER: Mr. Chairman, Mr. Obernagel is on the
4 phone, and I think would like to make a statement.
5 CHAIRMAN FUNDERBURG: Okay.
6 OBERNAGEL: George Obernagel on the phone. I
7 would have been there this morning, but my plane was
8 delayed for mechanical problems.
9 They said the weather was bad in Chicago.
10 They were going to fly us through Louisville. I
11 wouldn't get there for three extra hours. Until I
12 get to the "el" train, I wouldn't probably get there
13 until 11:00 o'clock. So I'm just calling in from
14 the airport. I understand I cannot vote on that
15 vote.
16 CHAIRMAN FUNDERBURG: Okay. Thank you. And

17 thank you for your effort to get here. We
18 understand.

19 FLETCHER: Duly noted. Mr. Chairman, Member
20 Anderberg and Vice-Chair Bronner have been added to
21 the initial quorum roll call.

22 CHAIRMAN FUNDERBURG: Okay, thank you. Next is
23 the approval of the agenda. Does anyone have any
24 additions or corrections to make on today's agenda?

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1 If not, then, is there a motion to approve
2 the agenda?

3 GOETZ: So moved.

4 BRONNER: So moved.

5 CHAIRMAN FUNDERBURG: Gila, would you like to
6 second that motion?

7 BRONNER: Second.

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

10 (A chorus of ayes.)

11 CHAIRMAN FUNDERBURG: Any opposed?

12 (No response.)

13 CHAIRMAN FUNDERBURG: My only remark today is
14 to express sympathy to Lerry Knox's family. Lerry
15 would be here had he not had a loss in his family.
16 His grandmother passed away. So our thoughts are
17 with Lerry and his family. Chris?

18 MEISTER: The message from the Executive
19 Director this month is really set forth in the Board
20 books and in the online materials, and that's all I

21 have this morning.

22 CHAIRMAN FUNDERBURG: Okay, thank you. Next is
23 consideration of the minutes. Are there any edits,
24 additions or corrections to the minutes from the
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1 last meeting?

2 Then if not, then, is there a motion to
3 approve the minutes?

4 GOETZ: So moved.

5 ZELLER: Second.

6 CHAIRMAN FUNDERBURG: Second by Brad Zeller.
7 All in favor, please say aye.

8 (A chorus ayes.)

9 CHAIRMAN FUNDERBURG: Any opposed?

10 (No response.)

11 CHAIRMAN FUNDERBURG: Next is the Presentation
12 and Consideration of the Financial Reports.
13 Ms. Granda?

14 GRANDA: Good morning, everyone. My name is
15 Ximena Granda. I am the Controller for the
16 Authority, and I will be presenting the financial
17 statements as of August 31st, 2016.

18 The financial analysis and the financial
19 statements are included in your folders. Total
20 annual revenues equal 1.1 million and are \$236,000
21 or 28.5 percent higher than budget, due primarily to
22 higher closing fees in August.

23 In August, the Authority generated
24 \$479,000 in closing fees, higher than the monthly

1 budget of \$291,000. Closing fees were received from
2 Presence Health for \$211,000, Smith Village for
3 \$88,000, The Art Institute for \$92,000, and the
4 Newman Foundation for \$88,000.

5 The total amount of bonds issued for these
6 borrowers totals \$1.1 billion, which includes one of
7 the highest bonds issued since the inception of the
8 Authority.

9 Total annual expenses equals \$500,000, and
10 are \$326,000 or 39.5 percent lower than budget.

11 This is mostly driven by vacant budget staff
12 positions and a reduction on spending on
13 professional services.

14 In August, the Authority recorded
15 operating expenses of \$254,000, which is lower than
16 the monthly budgeted amount of \$412,000. The
17 decrease again is due primarily in employee-related
18 expenses and professional services.

19 In August -- I'm sorry, the total monthly
20 net income of \$325,000 is driven by higher closing
21 fees, the total annual net income of \$566,000. The
22 major driver of the annual positive bottom line
23 continues to be the level of overall spending at
24 39.5 percent below budget, as well as higher closing

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1 and administrative service fees.

2 The Authority continues to maintain a

3 strong balance sheet. The general fund has a net
4 position of \$54.3 million. Total assets are at
5 \$55.1 million, consisting mostly of cash,
6 investments and receivables.

7 Unrestricted cash and investment in the
8 general fund totals \$29.5 million. The State of
9 Illinois assigns/purchase receivables totals
10 \$4.9 million. In the month of August, the Authority
11 received total payments of \$1.5 million, which
12 leaves a balance of \$3.4 million due from the State
13 of Illinois.

14 This includes -- this schedule can be
15 found in your Board book under your financial
16 statements tab. Along with this payment, the
17 Authority received \$129,000 in prompt payment
18 interest, which will be deposited in the month of
19 September.

20 Also, in August, the Authority received
21 payments from Southwestern Illinois Development
22 Authority in the amount of \$1.4 million, which pays
23 off the loan with the Authority. In September, the
24 Authority also received a payment from the Illinois

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1 Department of Human Services in the amount of
2 \$538,000, which also paid the loan with the
3 Authority.

4 Al together, the Authority has received
5 about 50 percent of the state assignment receivables
6 and the loans to SWIDA and to the Department of
7 Human Services. We just received an additional

8 \$214,000 as of yesterday from one of the State
9 receivables.

10 The external auditors, RSM, are on the
11 Authority's premises as of September the 6th to
12 continue the field work for fiscal 2016 financial
13 audit examination. The Authority has engaged
14 Kerber, Eck and Braeckel to assist with the
15 implementation of GASB 72.

16 It's anticipated that the vendor's
17 recommendation on the aforementioned GASB issue will
18 be provided in your October analysis.

19 Is there any questions?

20 GOETZ: So we are getting our money back from
21 the State?

22 GRANDA: Yes, we are, including the prompt
23 payment interest.

24 GOETZ: The interest, right.

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1 GRANDA: Yes.

2 CHAIRMAN FUNDERBURG: Other questions? Okay,
3 thank you. If there are no other questions, then is
4 there a motion to accept the financial reports?

5 GOETZ: So moved.

6 JURACEK: Second.

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

9 (A chorus of ayes.)

10 CHAIRMAN FUNDERBURG: Any opposed?

11 (No response.)

12 CHAIRMAN FUNDERBURG: Okay. Next up is
13 Procurement Report, please?

14 BURN: Good morning. I'm Denise Burn, Deputy
15 General Counsel for IFA, and I'm speaking right now
16 as Interim Agency Procurement Officer.

17 During the past month, IFA executed one
18 competitive bid contract with the printer for the
19 SRF transaction; and although they are listed as
20 pending in your report, the arrangements for Fitch
21 and S&P have now been finalized.

22 They are the rating agencies on the SRF,
23 which is good, since the transaction is closing.
24 There were several small purchases of various
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1 technology housekeeping items and several other
2 small purchases are planned and also reflected in
3 the report.

4 However, the most significant upcoming
5 procurement events are requests for proposals with
6 respect to loan management services, bank custodial
7 services, net worth consulting services, and
8 temporary staffing services, all of which are to
9 deal with terminating current arrangements.

10 Those are the highlights. Does anyone
11 have any questions?

12 CHAIRMAN FUNDERBURG: Okay, thank you very
13 much. Next up are Committee Reports. Mr. Horne?

14 MR. HORNE: Yes. The Tax-Exempt Conduit
15 Transactions Committee met this morning. We had two
16 matters before us that are on today's agenda,

17 Northwestern Memorial Healthcare and University of
18 Chicago Medical Center, both items were unanimously
19 approved by our Committee.

20 CHAIRMAN FUNDERBURG: Anything else? Okay,
21 thank you. Next up are Project Reports and
22 Resolutions. We only have two Project Reports this
23 month.

24 So what we will do is we'll have two
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1 separate votes, as Member Goetz needs to recuse
2 himself from voting on one of the presentations.
3 So, Mr. Goetz, would you please?

4 GOETZ: Yes. I have to abstain on the
5 Northwestern deal. The company that my son works
6 for is their financial consultant.

7 CHAIRMAN FUNDERBURG: Okay, thank you. Anyone
8 else?

9 FLETCHER: Let the record reflect that Member
10 Goetz has exited the room to recuse himself from
11 deliberations and voting.

12 CHAIRMAN FUNDERBURG: Thank you.

13 LENANE: Yes. Tab 1 in your book today is a
14 resolution for Northwestern Memorial Healthcare.
15 They are requesting a one-time Final Bond Resolution
16 approving the mode conversion of the Illinois
17 Finance Authority Series 2011A, B and C bonds, which
18 were originally issued by CDH Delnor Health Systems.

19 CDH, as you'll remember, is Central DuPage
20 Hospital in Winfield, and MHC is the corporate

21 parent of Northwestern Medicines Health System, with
22 a medical staff of more than 4,000, including 1600
23 employed physicians, and more than 1,000 residents.

24 Northwestern Medicine serves patients at
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1 nearly 100 diagnostic and ambulatory service sites
2 throughout the Chicagoland area, and has
3 approximately 1900 licensed beds among seven
4 hospitals located in Illinois: Northwestern
5 Memorial Hospital in Chicago; Northwestern Medicine
6 Central DuPage Hospital in Winfield; Northwestern
7 Medicine Lake Forest Hospital in Lake Forest;
8 Northwestern Medicine Delnor Hospital in Geneva;
9 Northwestern Medicine Kishwaukee Community Hospital
10 in DeKalb; Northwestern Medicine Valley West
11 Hospital in Sandwich; and Marionjoy Rehabilitation
12 Hospital in Wheaton.

13 Currently, long-term ratings for
14 Northwestern Memorial Healthcare are AA2 by Moody's
15 and AA+ by S&P. The bonds will remain in a variable
16 rate bank purchase mode with new purchasers:
17 U.S. Bank, Bank of America Public Capital Corp, and
18 Wells Fargo Bank.

19 The initial rate on the bonds will be
20 determined at pricing. The initial commitment
21 carries for the new bonds will be a seven-year
22 initial term for the 2011As, a five-year term for
23 the 2011Bs, and a three-year term for the 2011Cs.

24 North American Memorial has strong
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1 financials, which are contained in your book,
2 showing a debt service coverage of 7.6 and 422 days
3 cash on hand. Are there any questions?

4 CHAIRMAN FUNDERBURG: That's pretty
5 straightforward. Thank you.

6 LENANE: Okay.

7 CHAIRMAN FUNDERBURG: Mr. Assistant Secretary?

8 FLETCHER: Would you like to request a motion?

9 CHAIRMAN FUNDERBURG: Please.

10 McCOY: So moved.

11 CHAIRMAN FUNDERBURG: Is there a second?

12 JURACEK: Second.

13 FLETCHER: So on the motion by Mr. McCoy and
14 seconded by Ms. Juracek, I will call the roll to
15 approve item No. 1, Northwestern Memorial
16 Healthcare. Mr. Anderberg via audio?

17 ANDERBERG: Yes.

18 FLETCHER: Ms. Bronner via audio?

19 BRONNER: Yes.

20 FLETCHER: Mr. Fuentes?

21 FUENTES: Yes.

22 FLETCHER: Mr. Horne?

23 HORNE: Yes.

24 FLETCHER: Ms. Juracek?

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1 JURACEK: Yes.

2 FLETCHER: Mr. McCoy?

3 McCOY: Yes.
4 FLETCHER: Mr. O' Bri en?
5 O' BRI EN: Yes.
6 FLETCHER: Ms. Smoots?
7 SMOOTS: Yes.
8 FLETCHER: Mr. Yonover?
9 YONOVER: Yes.
10 FLETCHER: Mr. Zeller?
11 ZELLER: Yes.
12 FLETCHER: And Chair man Funderburg?
13 CHAIRMAN FUNDERBURG: Yes.
14 FLETCHER: Mr. Chairman, the motion carries.
15 CHAIRMAN FUNDERBURG: Thank you. All right.
16 Mr. Goetz has returned.
17 FLETCHER: Let the record reflect Mr. Goetz has
18 now returned to the room.
19 CHAIRMAN FUNDERBURG: Next, please.
20 LENANE: Tab 2 in your book is the University
21 of Chi cago Medi cal Center. The University of
22 Chi cago Medi cal Center is requesting a one-time
23 Final Bond Resolution in the amount of \$250,000,000,
24 approving a partial refunding of the Illinois
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1 Finance Authority Series 2009A and B bonds,
2 refunding all of the Illinois Finance Authority
3 Series 2009C bonds and 2011C bonds, the
4 reimbursement to the University of Chi cago Medi cal
5 Center for previously-paid capital expenditures, the
6 funding of any original issue discount or premium,
7 if applicable, and to pay certain expenses incurred

8 in connection with the cost of issuing the Series
9 2016 bonds.

10 The University of Chicago Medical Center
11 currently operates three hospitals and an ambulatory
12 care facility located on the main campus of the
13 University of Chicago, as well as certain outlying
14 facilities and activities.

15 The three hospitals operated by University
16 of Chicago Medical Center consists of the
17 newly-opened adult patient care facility for complex
18 and specialty care called the Center for Care and
19 Discovery, the original adult patient care facility,
20 Bernard Mitchell Hospital, and a Children's
21 Hospital, Comer Children's Hospital.

22 The current long-term ratings for The
23 University of Chicago Medical Center are an AA- by
24 Moody's, AA3 by S&P and AA- by Fitch. The bonds

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1 will be sold in a public underwriting by JB Morgan
2 Securities, Citigroup Global Markets and Loop
3 Capital Markets. The rate on the bonds will be
4 determined at pricing.

5 The University of Chicago Medical Center
6 also has strong financials, with a 5.3 debt service
7 coverage and 230 days cash on hand.

8 CHAIRMAN FUNDERBURG: Thank you. Questions?
9 Okay, if there are no questions, then, is there a
10 motion to approve?

11 GOETZ: So moved.

12 FUENTES: Second.
13 FLETCHER: Motion by Mr. Goetz and seconded by
14 Mr. Fuentes. I will call the roll. Mr. Anderberg
15 via audio?
16 ANDERBERG: Yes.
17 FLETCHER: Ms. Bronner via audio?
18 BRONNER: Yes.
19 FLETCHER: Mr. Fuentes?
20 FUENTES: Yes.
21 FLETCHER: Mr. Goetz?
22 GOETZ: Yes.
23 FLETCHER: Mr. Horne?
24 HORNE: Yes.

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1 FLETCHER: Ms. Juracek?
2 JURACEK: Yes.
3 FLETCHER: Mr. McCoy?
4 McCOY: Yes.
5 FLETCHER: Mr. O'Brien?
6 O'BRIEN: Yes.
7 FLETCHER: Ms. Smoots?
8 SMOOTS: Yes.
9 FLETCHER: Mr. Yonover?
10 YONOVER: Yes.
11 FLETCHER: Mr. Zeller?
12 ZELLER: Yes.
13 FLETCHER: And Chairman Funderburg?
14 CHAIRMAN FUNDERBURG: Yes.
15 FLETCHER: Mr. Chairman, the motion carries.
16 CHAIRMAN FUNDERBURG: Thank you. Next item is

17 other business. Is there any other business to come
18 before the Board?

19 If not, then, I would like to ask for a
20 motion to excuse the absences of the Members unable
21 to participate today.

22 HORNE: So moved.

23 McCOY: Second.

24 CHAIRMAN FUNDERBURG: All in favor, please say
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1 aye.

2 (A chorus of ayes.)

3 CHAIRMAN FUNDERBURG: Any opposed?

4 (No response.)

5 CHAIRMAN FUNDERBURG: Public comments? Here's
6 your chance. No public comment. The next meeting
7 is scheduled for October 13th, 2016, here. I would
8 like to ask for a motion to adjourn.

9 GOETZ: So moved.

10 JURACEK: Second.

11 CHAIRMAN FUNDERBURG: All in favor?

12 (A chorus of ayes.)

13 CHAIRMAN FUNDERBURG: Opposed.

14 (No response.)

15 CHAIRMAN FUNDERBURG: The meeting is over at
16 approximately 17-and-a-half minutes. Thank you all
17 very much.

18 FLETCHER: The time is 9:46 a.m.

19 (WHICH WERE ALL THE PROCEEDINGS HAD at 9:46 a.m.)

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1 STATE OF ILLINOIS)
2 COUNTY OF C O O K) SS:

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

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PAMELA A. MARZULLO
License No. 084-001624

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