

1 ILLINOIS FINANCE AUTHORITY BOARD
2 BOARD OF DIRECTORS REGULAR MEETING
3 December 10th, 2015 at 10:20 a.m.

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7 Report of Proceedings had at the Meeting of the
8 Illinois Finance Authority Board of Directors Regular
9 Meeting on December 10th, 2015, at the hour of 10:00 o'clock
10 a.m., pursuant to notice, at 160 North LaSalle Street, Suite
11 S1000, Chicago, Illinois.

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1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS

- 3 MR. R. ROBERT FUNDERBURG, Chair
- MR. ERIC ANDERBERG
- 4 MR. JAMES J. FUENTES
- MR. ROBERT HORNE
- 5 MR. LERRY KNOX
- MR. BARRETT PEDERSEN
- 6 MR. TERRENCE M. O' BRIEN
- MR. MORDECAI TESSLER
- 7 MS. GILA J. BRONNER
- MR. MICHAEL W. GOETZ,
- 8 MR. ADAM ISRAELOV (Added 11:03 a.m.)
- 9 PRESENT TELEPHONICALLY:
- 10 MS. ARLENE JURACEK
- MR. JOHN B. YONOVER
- 11
- ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
- 12
- MR. BRAD FLETCHER, Assistant Vice-President
- 13 MR. RICH FRAMPTON, Vice-President
- MS. PAMELA LENANE, Vice-President
- 14 MS. ELIZABETH WEBER, General Counsel
- MS. SIX GRANDA, Controller
- 15 MR. CHRISTOPHER B. MEISTER, Executive Director
- MS. MELINDA GILDART, CFO
- 16 MR. PATRICK EVANS, Agricultural Banker
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1 CHAIRMAN FUNDERBURG: Welcome, everyone. I
2 would like to go ahead and call to order the Board
3 Meeting of the Illinois Finance Authority. Welcome,
4 everyone. Thank you for attending.

5 I also apologize for starting late. We
6 try not to do that, but we are ready to go now. I
7 would like to ask at this point, Mr. Fletcher, as

8 far as a quorum.

9 FLETCHER: Certainly. So the time is 10:21
10 a.m. At this time I will only call the members
11 physically present in the room for a quorum roll
12 call.

13 Member Anderberg?

14 ANDERBERG: Here.

15 FLETCHER: Member Bronner?

16 BRONNER: Here.

17 FLETCHER: Member Fuentes?

18 FUENTES: Here.

19 FLETCHER: Member Goetz?

20 GOETZ: Here.

21 FLETCHER: Member Horne?

22 HORNE: Here.

23 FLETCHER: Member Knox?

24 KNOX: Here.

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1 FLETCHER: Member O'Brien?

2 O'BRIEN: Here.

3 FLETCHER: Member Pedersen?

4 PEDERSEN: Here.

5 FLETCHER: Member Tessler?

6 TESSLER: Here.

7 FLETCHER: And Mr. Chairman?

8 CHAIRMAN FUDERBURG: Here.

9 FLETCHER: Mr. Chairman, at this time we have a
10 quorum of members physically present in the room.

11 CHAIRMAN FUDERBURG: Thank you very much.

12 MR. YONOVER: This is Member Yonover. I'm on
13 the phone.

14 ISRAELOV: This is Member Adam Israelov on the
15 phone as well.

16 FLETCHER: Duly noted. Unfortunately, you're
17 not part of the quorum. You will be momentarily.

18 CHAIRMAN FUDERBURG: Thank you. The next order
19 of business is presentation and consideration about
20 item number 15 on the project reports and
21 resolutions.

22 Ms. Weber, would you please present that?

23 WEBER: Item 15 is to adopt policies and
24 procedures relating to meeting attendance by

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1 non-physical means. That basically means through
2 audio conference or video conference, and also
3 relates to policy for excused absences.

4 Basically, our bylaws and the Open
5 Meetings Act talks about the adoption of rules for
6 these purposes, and so we're just following those
7 procedures to adopt these rules.

8 We're following the procedures of the Open
9 Meetings Act, which allows members to participate by
10 audio or video conference under the conditions that
11 are set forth in the Open Meetings Act, which is
12 personal illness or disability, employment purposes,
13 or the business of the Authority, or a family or
14 other emergency, and has procedures for notifying
15 the Secretary in advance of the reason for the
16 participation by audio conference, and the procedure

17 for the Board to then accept those people who want
18 to attend, assuming they meet those purposes, and
19 also as a provision for excusing absences for those
20 members who can't participate either in person or by
21 audio conference.

22 Are there any questions on the policy that
23 I can answer?

24 CHAIRMAN FUDERBURG: It does not appear so. So
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1 I would like to ask for a motion.

2 ANDERBERG: So moved.

3 PEDERSEN: Second.

4 CHAIRMAN FUDERBURG: Seconded by Mr. Pedersen.

5 Any further discussion at all?

6 Mr. Fletcher, can we have a voice vote,
7 please?

8 FLETCHER: All those in favor of resolution
9 number 15?

10 (A chorus of ayes.)

11 FLETCHER: The ayes have it.

12 CHAIRMAN FUDERBURG: Do you want to do a roll
13 on that?

14 FLETCHER: Certainly. I'll take the roll on
15 the motion and a second.

16 Member Anderberg?

17 ANDERBERG: Yes.

18 FLETCHER: Member Bronner?

19 BRONNER: Yes.

20 FLETCHER: Member Fuentes?

21 FUENTES: Yes.
22 FLETCHER: Member Goetz?
23 GOETZ: Yes.
24 FLETCHER: Member Horne?
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1 HORNE: Yes.
2 FLETCHER: Member Knox?
3 KNOX: Yes.
4 FLETCHER: Member O' Bri en?
5 O' BRI EN: Yes.
6 FLETCHER: Member Pedersen?
7 PEDERSEN: Yes.
8 FLETCHER: Member Tessl er?
9 TESSLER: Yes.
10 FLETCHER: And Mr. Chai rman?
11 CHAI RMAN FUDERBURG: Yes.
12 FLETCHER: Mr. Chair man, the moti on carri es.
13 CHAI RMAN FUDERBURG: Thank you. All ri ght.
14 Next up is the approval of the agenda. Is there
15 anything anybody would like to --
16 MEISTER: Hold on. Wait, we need to --
17 FLETCHER: Mr. Chairman, if I may, the time is
18 currently 10:24 a.m. I would like to call the two
19 attendants, the members parti ci pati ng by audi o
20 conference. We have Member Israel ov.
21 ISRAELOV: Yes, here.
22 WEBER: Just state the purpose for whi ch you
23 are parti ci pati ng by audi o conference under those
24 condi ti ons I outli ned.

1 MEISTER: Is it work related, Adam?

2 ISRAELOV: No, it's not work related. I am
3 unable to attend the meeting in person today.

4 BRONNER: Personal.

5 WEBER: Under this policy, then, I guess you
6 can listen in.

7 MEISTER: Here, he's -- remind Member Israelov
8 of the three buckets provided by the Open Meetings
9 Act.

10 WEBER: Sure. The three reasons -- just a
11 minute. I should have it memorized by now.

12 CHAIRMAN FUDERBURG: Everybody, too, you're
13 going to be asked a similar question. So pay
14 attention to the three buckets.

15 WEBER: All right. So here is the first one:
16 Personal illness or disability, the second is
17 employment purposes or business of the Authority,
18 and the third is a family or other emergency.

19 So if you could state which of those apply
20 to your request.

21 ISRAELOV: It actually fits in neither of those
22 buckets.

23 MEISTER: Then, Adam, we're going to ask you to
24 please listen in, but we cannot have you as a member

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1 of the quorum under the Open Meetings Act under the
2 policy that we just adopted.

3 At the end of the meeting, the Chairman
4 will ask the Board to excuse all members who were
5 unable to attend either in person or by telephone
6 for whatever reason. Any questions?

7 ISRAELOV: No questions. I am able to provide
8 my vote at the very end in person. I can make it
9 there in the next one hour, if that's okay.

10 MEISTER: We may be done in an hour.

11 MS. BRONNER: Lerry will.

12 CHAIRMAN FUDERBURG: Adam, I just want to just
13 interject here, too, a little bit. First, I want to
14 recognize that everybody here at this table, except
15 for staff, are volunteers at a part-time unpaid job.
16 All right?

17 And, you know, certainly we want to state
18 that, recognize it, and let everybody know, that
19 it's very much recognized and appreciated. That
20 being said, I also want to apologize in advance,
21 too, because for a lot of us, some of the
22 constraints that exist in operating in a, you know,
23 yet a volunteer capacity, but in a governmental or
24 quasi-governmental agency, that we are bound to a

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1 number of regulations and other guidelines that we
2 need to adhere to.

3 One of our primary goals is always
4 transparency and adherence with constraints and
5 regulatory guidelines that we need to operate
6 within.

7 We are discovering some of those as we go

8 along. We also fine tune to make sure we are, you
9 know, 100-percent compliant. What that means is
10 sometimes things are popping up here that are a
11 little different than what we've done, in terms of
12 business in the past. This is one example.

13 So I apologize to any of the three of you
14 who are on the phone who are now kind of blindsided
15 by complying with three buckets that you weren't
16 really familiar with not too long ago, and I hope
17 you please accept that.

18 WEBER: And on a going-forward basis, I'll
19 provide a form that Board Members can use that will
20 help to remind you of the buckets and can be used to
21 send in advance of the meeting.

22 If there's any further questions as to how
23 to comply with this, I'm always available to answer
24 those questions.

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1 MEISTER: And to amplify Chairman Funderburg's
2 point, I think one of the unfortunate results of
3 some of the constraints imposed by statute is that
4 oftentimes volunteer or minimally-compensated public
5 officials, and you're all state public officials in
6 a volunteer capacity, is that under the rules, and
7 under the law, you are held to the same standards as
8 if you were receiving a paycheck.

9 And, you know, while we embrace
10 transparency and accountability, we also recognize
11 that it poses certain practical obstacles that we'll

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12 do our very best to address.
13 CHAIRMAN FUDERBURG: That being said --
14 MEISTER: We have two more Board Members on
15 telephone.
16 FLETCHER: Member Juracek?
17 JURACEK: Business obligations.
18 FLETCHER: Thank you. And Mr. Yonover?
19 MR. YONOVER: Same, business obligations.
20 FLETCHER: Okay. At this time you've been
21 added to the roll call for quorum purposes. Thank
22 you.
23 CHAIRMAN FUDERBURG: Great. Thank you all.
24 Next I would like to ask that we consider item
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1 number 13, resolution to elect a Vice-Chair of
2 Illinois Finance Authority.
3 I can tell you that it's been an honor and
4 a pleasure to serve as Chair. The Board and Senior
5 Staff feel that it is entirely appropriate to have a
6 Vice-Chair of the Illinois Finance Authority, and I
7 would like to -- we were going to ask if there are
8 any additions or changes to the agenda. So I was
9 going to ask for a motion.
10 MEISTER: From any Board Members, are there any
11 motions? Are there any changes to the agenda?
12 PEDERSEN: I move to adopt the changes that are
13 proposed.
14 FLETCHER: Of the changes proposed.
15 MEISTER: Yeah. Actually, here, I can just
16 propose the changes addressing item number 13, the

17 resolution for the election of a Vice-Chairman; and
18 in addition, in a connection with that I would ask
19 for the Board's consent to withdraw items number 10
20 and 16 from the presentation in consideration of
21 project reports and resolutions.

22 WEBER: Just to be clear, on item 13, you're
23 asking to move that up to the next item on the
24 agenda?

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1 MEISTER: Yes.

2 WEBER: Thank you.

3 PEDERSEN: That was my motion.

4 MEISTER: I apologize.

5 CHAIRMAN FUDERBURG: No, that's good. We want
6 to be clear.

7 FUENTES: Second.

8 CHAIRMAN FUDERBURG: We have a motion and
9 seconded by Mr. Fuentes. All in favor, please say
10 aye.

11 (A chorus of ayes.)

12 CHAIRMAN FUDERBURG: Any opposed?

13 (No response.)

14 CHAIRMAN FUDERBURG: Now, to item 13. It's
15 been an honor and a privilege to serve as Chair.
16 Likewise, it is an honor and privilege to nominate
17 Gila Bronner as Vice-Chair of the Illinois Finance
18 Authority.

19 I'm not sure if -- we have discussed this
20 in our Governance and Personnel. Member Anderberg,

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21 anything you would like to add to that?

22 ANDERBERG: No. We had discussed and voted
23 unanimously to appoint Gila Bronner as Vice-Chair of
24 the IFA.

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1 FLETCHER: Recommend for approval.

2 ANDERBERG: To recommend.

3 CHAIRMAN FUDERBURG: At this point, and upon
4 the recommendation of the Government or the
5 Governance and Personnel, et cetera, Committee, we
6 would like to call that to a vote at this point.

7 PEDERSEN: Maybe Eric should make the motion to
8 review.

9 CHAIRMAN FUDERBURG: Would you like to make a
10 motion?

11 ANDERBERG: I would like to make that motion.

12 CHAIRMAN FUDERBURG: Is there a second?

13 GOETZ: I'll second it.

14 CHAIRMAN FUDERBURG: Any further discussion?
15 How long is Gila's right of recision? Okay. I'm
16 not sure we got an answer to that, but all in favor,
17 please say, aye.

18 (A chorus of ayes.)

19 CHAIRMAN FUDERBURG: Any opposed?

20 (No response.)

21 CHAIRMAN FUDERBURG: Thank you and
22 congratulations.

23 BRONNER: Thank you.

24 FLETCHER: Motion carries.

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1 CHAIRMAN FUDERBURG: Okay. You know, next,
2 then, we've taken care of the other administrative
3 things that Chris had pointed out. We're at the
4 point where it's the Chairman's remarks.

5 I don't have anything really to add, other
6 than, you know, I think that we continue to make
7 progress towards our mission at IFA and continue to
8 provide value, you know, outside of our job
9 description, if you will.

10 And I again point out it's been a real
11 pleasure to work with the staff here, and consummate
12 professionals, experts; and as Volunteer Board
13 Members, we rely and depend on you a tremendous
14 amount.

15 And one of the things I've heard numerous
16 times, especially recently, is the caliber of all
17 the staff. And, you know, I think that tone is set
18 at the top with the Executive Director, and so
19 that's really all I have to say is keep it up and
20 thank you.

21 Executive Director Meister, do you have
22 any remarks?

23 MEISTER: Yes. Briefly, Mr. Chairman, on the
24 agenda is the annual nomination of the Executive

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1 Director, and I'm grateful that Governor Rauner has
2 decided to provide Chairman Funderburg and Chairman

3 Anderberg with my name, among two nominations, and
4 I'm grateful for the opportunity to work for the
5 Board, and work with the Board, and with the staff.

6 And, again, I second Chairman Funderburg's
7 compliments to the staff. It's been a great
8 professional pleasure working with all of you, and
9 I'm grateful for the opportunity to work with all of
10 you on the Board. So thank you.

11 CHAIRMAN FUDERBURG: Next is consideration of
12 the minutes. Are there any additions or
13 corrections?

14 If not, is there a motion to accept those
15 minutes?

16 BRONNER: So moved.

17 KNOX: Second.

18 CHAIRMAN FUDERBURG: Okay. There's a motion by
19 Ms. Bronner and a second by Mr. Knox.

20 All in favor, please say aye.

21 (A chorus of ayes.)

22 CHAIRMAN FUDERBURG: Any opposed?

23 (No response.)

24 CHAIRMAN FUDERBURG: Next, then, is

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1 presentation and consideration of financial reports.
2 Melinda Gildart is not available. She's on a
3 professional -- Melinda, are you on the phone?

4 GILDART: Yes, I am.

5 CHAIRMAN FUDERBURG: Well, hello. Is it okay
6 if your controller, Six Granda, steps in for you
7 here?

8 GILDART: That's fine.
9 CHAIRMAN FUDERBURG: Please.
10 MS. GRANDA: Good morning, everyone. My name
11 is Six Granda. I am the Controller for the
12 Authority, and I will be presenting the financial
13 report.
14 MR. YONOVER: So this is Member Yonover. Could
15 we ask her to move a little closer to the
16 microphone, please?
17 MEISTER: You bet.
18 MS. BRONNER: You can have one. Take it over
19 there.
20 MS. GRANDA: The Financial Report can be found
21 in your folder. There is -- I believe it's the
22 clipped section in the folder. If you guys want to
23 go ahead and follow.
24 In the month of November, operating
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1 revenues were \$255,000, which consists of \$163,000
2 of closing fees, \$5,000 in application fees, of
3 which \$4,000 is from the fire truck and revolving
4 loan fund, and about \$838,000 in interest from
5 loans.
6 Total annual operating revenue are at
7 \$2.5 million, or 23.6 percent above budget. This is
8 primarily due to a higher-than-expected closing
9 fees. Year-to-date closing fees are at \$1.9 million
10 or 34.9 percent higher than budget.
11 In November, total expenses were \$347,000,

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12 which consist of \$139,000 of employee-related
13 expenses, \$150 of professional service fees, and
14 \$49,000 in occupancy and general administration.
15 Total annual expenses equals to
16 \$1.7 million, which is 20 percent over the budget.
17 This is due to vacant budget staff positions, delays
18 in IT projects and purchases.
19 Our total monthly net loss of \$138,000 is
20 driven by the lower closing fees and higher realized
21 and unrealized investment loss. Our total annual
22 net income is \$822,000.
23 The major driver of the annual positive
24 bottom line continues to be the level of overall
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1 spending at 20 percent below budget, and the
2 increased revenue from the closing fees in November
3 and -- I'm sorry, in September and October.
4 The Authority's general fund continues to
5 maintain a strong balance sheet with a total net
6 position of \$53.3 million. Total assets in the
7 general fund are \$63.9 million because of no cash
8 investments and receivables.
9 Unrestricted cash and investments totals
10 \$28.7 million, which \$5.8 million in investments
11 were liquidated in the general fund as of
12 November 2015 for the State procurement.
13 Notes receivable for the former IRBB local
14 government total \$20.2 million. Participation in
15 other loans receivable are at \$2.8 million. In the
16 primary government fund to the State of Illinois,

17 accounts receivable totals \$252,000.

18 Any questions on the financial?

19 MEISTER: Just to clarify a couple points. In
20 November, the Board authorized me to liquidate up to
21 \$12,000,000 of our general revenue funds which have
22 been invested in short-term investments.

23 We were able to liquidate \$5.8 million of
24 those without substantial loss. There was a small

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1 \$10,000 loss and maybe another \$60,000 book loss.

2 MS. GRANDA: Right.

3 MEISTER: And I asked for that authority for
4 three purposes: Number one, to make zero interest
5 loans to local governments that operate 911 services
6 across the State.

7 While we did have discussions with some
8 911 operators on Monday, the General Assembly
9 passed, and the Governor signed, an Appropriation
10 Bill that took care of that problem. So that
11 problem is off the table.

12 I had also asked for some of that money to
13 be used possibly for a debt service reserve fund on
14 the items that have now been withdrawn, agenda items
15 16 and 10, and that was -- those were not ripe at
16 this time, and we're going to continue work.

17 And the third was for the Authority to be
18 able to purchase State receivables of State Agencies
19 and be assigned the Statutory Prompt Payment Act,
20 and we have completed one of those transactions. It

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21 is roughly \$250,000 to the janitorial service that
22 provides services to the Thompson Center.

23 We are looking at other of these. We're
24 looking at the diligence, and the documentation will

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1 continue to do that, but I wanted to clarify that
2 because there were some unusual transactions.

3 While Six did an excellent job of reciting
4 them, I wanted to highlight them for the Board.

5 CHAIRMAN FUDERBURG: Okay. Thank you.

6 GRANDA: Just one more thing, in regards to our
7 audit. The field work for the FY14 and FY215
8 compliance and financial audits have been completed,
9 and now it's in the report-development stage.

10 There are potential findings that were
11 issued by the Office of the Auditor General, and the
12 Authority is currently working to develop some
13 responses to those findings. Also, the Authority is
14 also seeking to finalize its FY15 CAFR in the next
15 few weeks.

16 GOETZ: Are any of the findings material?

17 MS. GRANDA: Currently, we have two GAS
18 findings and six compliance State findings and five
19 immaterial.

20 MEISTER: Gila, do you want to speak to the
21 confidentiality of the process at this point?

22 MS. BRONNER: Yes. Actually the draft audit
23 findings have been provided to Board Members. They
24 are preliminary in nature and are exempt through

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1 provisions through the Freedom of Information Act,
2 until such time as they are finalized.

3 And they will be incorporated. We
4 anticipate completion of the final stages of report
5 preparation, in conjunction with the Auditor
6 General's Office, hopefully over the next two or
7 three weeks or so.

8 At which time, we will then, through the
9 Audit Committee, we will be meeting. We will be
10 reviewing the corrective action plans, and we will
11 be sharing that publicly.

12 MS. GRANDA: Thank you.

13 CHAIRMAN FUDERBURG: Thank you. So if there
14 are no questions, then, for Six, is there a motion
15 then to accept the financial reports?

16 GOETZ: So moved.

17 BRONNER: Second.

18 CHAIRMAN FUDERBURG: Moved by Mr. Goetz.
19 Seconded by Ms. Bronner.

20 All in favor, please say aye.

21 (A chorus of ayes.)

22 CHAIRMAN FUDERBURG: Any opposed?

23 (No response.)

24 CHAIRMAN FUDERBURG: Thank you. Next up is
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1 monthly procurement reports. Chris?

2 MEISTER: Ms. Gildart typically makes this

3 presentation. Again, there is resolution of item 11
4 under the presentation and consideration of project
5 reports for using the emergency purchase provision
6 under the Procurement Code to retain Bond Counsel
7 and Authority Issuers Counsel for the transactions
8 that have been withdrawn that I mentioned
9 previously.

10 In addition, we'll be recommending a
11 servicer also in that resolution; and finally, that
12 the Authority would have the ability to engage with
13 an insurance broker, Mesirov, under the small
14 purchase provisions of the Procurement Act. So
15 those items will be addressed later.

16 The monthly procurement report is found in
17 your materials. I'll take any questions, or we can
18 address them when resolution number 11 comes up on
19 the agenda.

20 CHAIRMAN FUDERBURG: I suggest we go ahead and
21 move along to Committee reports, item number 9 on
22 the agenda. First up is Committee Chair Anderberg.
23 Report, please?

24 ANDERBERG: In the Governance Committee, we had
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1 taken care of the appointment of Ms. Gila Bronner as
2 Vice-Chair of the IFA, and we also approved the
3 appointment of Executive Director Chris Meister for
4 another term at the IFA, and compensation will be
5 determined in January for Mr. Meister.

6 CHAIRMAN FUDERBURG: Okay. Thank you.

7 ANDERBERG: And that's it.
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8 CHAIRMAN FUDERBURG: Any questions for Eric
9 Anderberg? Okay. If not, then, Lerry, you're up
10 next.

11 KNOX: In the Direct Alternative Finance
12 Committee Meeting, we undertook consideration of the
13 agricultural project regarding specialized livestock
14 guarantee for an IFA-backed loan for land purchase
15 and improvements for parties downstate.

16 We also took under consideration a request
17 by State Bank and Northwest Illinois Development
18 Alliance for approval for a five-year extension to a
19 P3 project regarding the Visitor Center as well.

20 CHAIRMAN FUDERBURG: Okay. Any questions at
21 all? Thank you very much.

22 BRONNER: The Audit Budget Finance Investment
23 and Procurement Committee, otherwise known as Audit
24 Plus, also met this morning.

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1 I did want to say we already gave a report
2 relative to the completion of PY14 and 15 financial
3 and compliance audit, and as well at that meeting we
4 also considered the special procurement that
5 Executive Director Meister just spoke about, and
6 that was our agenda.

7 CHAIRMAN FUDERBURG: Okay, thank you.
8 Questions on that?

9 HORNE: The next Committee Meeting was the
10 Tax-Exempt Conduit Transaction Committee Meeting.
11 We reviewed and considered several different

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12 proposals.

13 There were four individual agricultural
14 projects that were considered and approved. We
15 followed on then with applications and approvals for
16 Lutheran Bethesda Home Association and Alder
17 University; and then followed that with a discussion
18 about the Iowa Health System, which was also
19 approved.

20 And we made consideration on a few
21 amendments that related to some prior approvals in
22 bond offerings, one relating to Adler, and it was an
23 extension or modification on a cap relating to an
24 industrial bond.

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1 FLETCHER: Sterling Lumber.

2 HORNE: Yes, Sterling Lumber. That's correct.
3 If you want, I can give more detail. I don't know.
4 So we went over a number of these and approved all
5 of them.

6 CHAIRMAN FUDERBURG: Okay. Thank you. Any
7 questions at all for any of the Committee reports?

8 If not, then we'll move on. Item 10 on
9 your agenda it shows a closed session to discuss
10 personal matters. I'm going to recommend to this
11 group that we skip that part of it. I don't think
12 it's necessary at this point.

13 So I would like to go straight into the
14 renomination, reappointment of Executive Director
15 Chris Meister to a one-year appointment as Executive
16 Director of the IFA.

17 I would also like to ask our General
18 Counsel, Elizabeth Weber, since this is new to some
19 of us, and this is important, as far as you can
20 tell, we've done so in compliance with the relevant
21 regulations, et cetera, in terms of considering
22 other candidates and so on and so forth?

23 WEBER: That is correct. The Act requires
24 there be nominations. I will move closer so people

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1 can hear me on the phone. The Act requires that
2 there be nominations submitted, and there were two
3 nominations submitted to the Committee, which they
4 discussed; and they, as I understand the
5 recommendations to all the members, is to approve
6 the nomination of Chris Meister.

7 CHAIRMAN FUDERBURG: Thank you. So that being
8 said, it is absolutely a distinct pleasure to
9 propose and act on Chris' renomination based on the
10 recommendation of the Governance and Personnel
11 Committee.

12 ANDERBERG: Unanimously.

13 CHAIRMAN FUDERBURG: Unanimously to reappoint
14 Chris to a one-year term, but I think we need to
15 formalize that here.

16 GOETZ: I'll make a motion.

17 CHAIRMAN FUDERBURG: Okay, by Mr. Goetz.

18 FUENTES: Second.

19 CHAIRMAN FUDERBURG: Seconded by Mr. Fuentes.
20 Any discussion? I don't know if you should be

21 leaving the room now or not.

22 I think you should. Actually, yes, would
23 you mind if you excuse yourself, please, while we
24 have other comments?

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1 MEISTER: Yes.

2 CHAIRMAN FUDERBURG: We have a motion and a
3 second to renominate Executive Director Meister.
4 Any conversation?

5 PEDERSEN: He's done a great job. One of the
6 things that people enjoy about Chris --

7 ISRAELOV: Hi. This is Adam Israelov.

8 CHAIRMAN FUDERBURG: Okay. Thank you, Adam.

9 PEDERSEN: Whatever. Let Adam go.

10 CHAIRMAN FUDERBURG: Mayor Pedersen is -- I'll
11 get to you in a second.

12 PEDERSEN: He probably can't hear me. So,
13 Adam, I was saying that Chris has done an
14 outstanding job. One of the skills that Chris has
15 is he takes a complex subject and makes it easy for
16 people, such as me, to understand them, and so I've
17 always enjoyed working with him and the other staff
18 here.

19 I think that Chris provides great
20 leadership to the staff, and that's why the staff
21 performs so well.

22 CHAIRMAN FUDERBURG: Thank you.

23 HORNE: Well said.

24 CHAIRMAN FUDERBURG: Yes, well said. Other

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1 comments? Do we have a motion?

2 GOETZ: I would like to second the Mayor's
3 comments.

4 ISRAELOV: Adam Israelov. I would like to make
5 a comment.

6 CHAIRMAN FUDERBURG: Please.

7 ISRAELOV: Yes. So I would just like to note
8 Chris' experience and his credentials, and also as
9 one of the newer Board Members, he has done an
10 excellent job of getting me up to speed, providing a
11 background on the Board, and the different
12 initiatives of the Board and thank him for his
13 efforts and his contribution, and look forward to
14 his service in the coming year.

15 CHAIRMAN FUDERBURG: Great. Thank you.
16 Agreed. As one of those also newer Board Members, I
17 concur, especially with the on-boarding aspect of
18 it, and the staff, too, for sure. Other comments?

19 If not, then we've got a motion and a
20 second. All in favor, please say aye.

21 (A chorus of ayes.)

22 CHAIRMAN FUDERBURG: Any opposed?

23 (No response.)

24 CHAIRMAN FUDERBURG: Mr. Fletcher, is there any
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1 reason for roll call vote on, or are we good?

2 WEBER: Why don't we do a roll call vote.

3 FLETCHER: On the motion and second, I will
4 call the roll, in terms of approving resolution
5 number 14.
6 Mr. Anderberg?
7 ANDERBERG: Yes.
8 FLETCHER: Ms. Bronner?
9 BRONNER: Yes.
10 CHAIRMAN FUDERBURG: Mr. Fuentes?
11 FUENTES: Yes.
12 FLETCHER: Mr. Goetz?
13 GOETZ: Yes.
14 FLETCHER: Mr. Horne?
15 HORNE: Yes.
16 FLETCHER: Ms. Juracek on the phone?
17 JURACEK: Yes.
18 FLETCHER: Mr. Knox?
19 KNOX: Yes.
20 FLETCHER: Mr. O'Brien?
21 O'BRIEN: Yes.
22 FLETCHER: Mr. Pedersen?
23 PEDERSEN: Yes.
24 FLETCHER: Mr. Tessler?

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1 TESSLER: Yes.
2 FLETCHER: Mr. Yonover on the phone?
3 YONOVER: Yes.
4 FLETCHER: And Mr. Chairman?
5 CHAIRMAN FUDERBURG: Yes.
6 FLETCHER: Mr. Chairman, the motion carries.
7 CHAIRMAN FUDERBURG: Great. Thank you very

8 much. Okay, good. That's important.

9 Also, I'll just opine a little bit about
10 the stability and consistency the IFA staying in
11 business through transitions, multiple transitions,
12 you know, since its inception and, you know, this is
13 certainly one of them.

14 I think to our customers, it's very
15 important there be that high consistent level of
16 professionalism and delivery of solutions to
17 problems, et cetera.

18 And I think that this reappointment just
19 further bolsters that confidence and that
20 consistency that our customers of IFA and the
21 Citizens of the United States -- of the State of
22 Illinois can expect and hopefully appreciate.

23 So, next then is item number 11, public
24 recital of the nature and matter considered.

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1 WEBER: No, you can skip that because we didn't
2 go into closed session.

3 CHAIRMAN FUDERBURG: Oh, okay. Yeah, thank
4 you. Thank you. Thank you.

5 MEISTER: Go right to the report.

6 CHAIRMAN FUDERBURG: One of the benefits of
7 skipping that. All right.

8 All right. Then next is the presentation
9 and consideration of project reports and
10 resolutions. I would like to ask for general
11 consent by the Members, if we go ahead and as we

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12 amend it, consider items number 1A, 1B, 1C, 1D, 3,
13 4, 5, 6, 7, 8, 11, 12 and finally 17.

14 FLETCHER: Right.

15 CHAIRMAN FUDERBURG: Is that agreeable?
16 Everybody okay with that?

17 (A chorus of ayes.)

18 CHAIRMAN FUDERBURG: Okay, very good. That
19 being said, why don't we go ahead and dive into it.
20 Patrick Evans, please?

21 MR. EVANS: We have four beginner farmer bonds.
22 All four banks are purchasing loans. They are
23 conduit loans with rates set by the bank. The bank
24 holds the risk.

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1 Each loan relates to real estate
2 purchases. There's of the four, Jordan Buamgart is
3 the first one. He's purchasing 86.44 acres. He's
4 utilizing the FSA program of five-forty-five-fifty,
5 and the bond will be for \$333,500.

6 The second one is Troy Diericks. He's
7 purchasing 74.5 acres for \$483,925. This is a
8 100-percent loan that the bank is taking on by
9 itself.

10 The third one is Jesse and Ashley Wilson.
11 They are purchasing 110 acres through the FSA
12 five-forty-five-fifty program. The Bank of --
13 People's National Bank in Southern Illinois has
14 retained the 50 percent, utilizing the FSA bond and
15 the lower interest rate.

16 The last one is Cory and Emely Schirer.

17 They are purchasing 44 acres at \$280,000, again
18 utilizing the FSA five-forty-five-fifty program, and
19 they have a loan for 50 percent through Heartland,
20 utilizing the IFA bonds, \$440,000.

21 Any questions?

22 CHAIRMAN FUDERBURG: Okay, thank you.

23 FRAMPTON: Okay. Next, we'll move to tab 3 on
24 the agenda, which is final bond resolution for

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1 Norwegian Lutheran Bethesda Home Association. The
2 not-to-exceed amount is \$7,517,000.

3 The Board previously considered and
4 approved this matter for a preliminary bond
5 resolution for a prior resolution in September. The
6 bonds will be direct purchased by MB Financial Bank.
7 The payments will be amortized over 25 years.

8 The initial term will be seven years. The
9 proceeds will be used to construct a 16-bed addition
10 and enable the Association to increase their skilled
11 nursing beds from 46 to 62 at this location.

12 This will enable them to continue
13 expanding their focus on rehabilitation services;
14 and, additionally, through a partnership that's
15 described on page 4 with Alliance Rehabilitation
16 Services, increase the proportion of patients who
17 are private pay.

18 As we noted before back in September, the
19 Association's financials are strong. They've been
20 trending in a positive direction, and we recommend

21 approval. Any questions?
22 CHAIRMAN FUDERBURG: Thank you.
23 FRAMPTON: Okay, thank you.
24 FLETCHER: Mr. chairman, Members of the Board,
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1 for tab number 4 in your Board book is Adler
2 University. This is a proposed final bond
3 resolution for Adler University, a not-to-exceed
4 amount of \$19.1 million.
5 This transaction received preliminary
6 approval last month at the November Board Meeting.
7 All terms of the transaction do remain the same.
8 Bond documents have been finalized.
9 At this time, you are being asked to
10 approve it accordingly. The proposed business terms
11 again are the same. This is a direct purchase
12 structure with MB Financial Bank.
13 Adler University currently leases its
14 Chicago campus located at One North Dearborn with a
15 mailing address of 17 North Dearborn. Essentially,
16 they are proposing to enter into a tax-exempt
17 mortgage, as opposed to leasing their current space,
18 generating operational savings going forward of at
19 least \$1,000,000 per year.
20 One update to the report, I wanted to
21 bring to your attention from last month, was the
22 forecast jobs.
23 BRONNER: Yes, I was going to comment on that.
24 FLETCHER: Over the next one to two years, they
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1 have reported to us, at the Chicago campus only,
2 they are projecting 19 additional employment
3 positions.

4 However, this is not a direct result of
5 this financing, but rather a natural growth, but we
6 did want to provide an estimate as it was requested.
7 The Tax-Exempt Conduit Committee recommended
8 approval, staff recommended approval, and I can take
9 any questions.

10 MEISTER: And, Gila, on --

11 BRONNER: The first one is what?

12 MEISTER: The question of estimated jobs in
13 connection with conduit financing obviously came up
14 at the November meeting.

15 I've had conversations with Brad and with
16 Rich and with Pam, and what I hoped to do is come
17 back to the Board, or the relevant Committees, with
18 a proposed reporting structure that will
19 preemptively address some of the concerns that you
20 raised in November.

21 BRONNER: Okay, thank you. And I do want to
22 acknowledge, also, on Norwegian Lutheran, that there
23 was job data provided there as well. So thank you.

24 FLETCHER: I know with Adler, there is no
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1 construction, additions being made, renovations.

2 CHAIRMAN FUDERBURG: And to that point also,

3 and there are several Boards Members at the IFA that
4 have expressed specific interest in tracking jobs,
5 both construction jobs, permanent jobs, et cetera,
6 to the best we're able, given that some of these are
7 projections, and we fully intend to do so on a
8 cumulative basis throughout the year.

9 We just haven't had a chance to get to
10 that yet. Mr. Fletcher, while you have the floor,
11 would you like to skip and address the others?

12 FLETCHER: Sure. So I will jump ahead to tab
13 number 6, which is a proposed amendment, a
14 resolution amending the Series 2010 bond documents
15 for Adler University. This transaction is being
16 considered separate and apart from the transaction
17 we just discussed.

18 In 2010, IFA closed on a bond for
19 leasehold improvements for Adler, which now they are
20 currently undertaking on a conventional tax-exempt
21 mortgage basis. We financed the original leasehold
22 improvements. MB Financial Bank has asked us to
23 approve changes they have agreed to, which include
24 extending the initial rate period on the loan

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1 amortization, as well as lower the interest rate.

2 This is what we consider a technical
3 amendment for the reissuance. Accordingly, we
4 charge no fee. We are simply being asked to agree
5 to changes the bank has already accepted for the
6 borrowing.

7 CHAIRMAN FUDERBURG: Okay.

8 FLETCHER: So keep going?

9 CHAIRMAN FUDERBURG: Please.

10 FLETCHER: Jumping ahead, tab number 8 is a
11 resolution on behalf of Sterling Lumber Company.
12 IFA closed on a bond in May of 2014, an industrial
13 revenue bond for Sterling Lumber Company. This was
14 issued as a drawdown industrial revenue bond.

15 This is important to note because
16 industrial revenue bonds require volume cap, as
17 opposed to units to local government, or 501(3)(C)s,
18 who issue bonds on an tax-exempt basis.

19 As money was advanced, we were likewise
20 requested to provide the relevant prospective volume
21 cap for each calendar year. And volume cap, if you
22 may or may not be aware when provided, expires at
23 the end of the calendar year.

24 We provided in 2014, \$5.2 million of
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1 volume cap. However, the bank, First Midwest, only
2 advanced \$3.1 million volume cap of actual capital
3 for construction costs.

4 So, collectively, over the years, the
5 project remains \$10,000,000, but we now need to
6 advance additional volume cap, because volume cap
7 was lost in 2014. So to summarize this, we're
8 providing roughly \$12,000,000 of volume cap for
9 \$10,000,000 in cost because there was lost cap in
10 2014.

11 We are trying to appease the borrower

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12 here. We recognize this was the first of its kind
13 for a drawdown structure for an IRB. It was very
14 complicated. Bond Counsel has likewise reduced
15 their fees on a number of occasions here.

16 As opposed to charging 77 basis points, we
17 have reduced our fee in half here to accommodate the
18 borrower and the bank, so that all funds can be
19 expended accordingly pursuant to Federal Tax Rules.
20 I know that is a mouthful, but I can answer any
21 questions.

22 CHAIRMAN FUDERBURG: Okay. It doesn't look
23 like any questions. Thank you very much.

24 FLETCHER: Thank you.

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1 MEISTER: Oh, yes, thank you. Certainly,
2 please.

3 FLETCHER: And I note the attendance of Member
4 Israelov. The time is currently 11:03 a.m.

5 CHAIRMAN FUDERBURG: Okay, thank you.
6 Ms. Lenane, please.

7 LENANE: I call your attention to item
8 number 5. Item number 5 in our Board book is a
9 one-time final resolution for Iowa Health System
10 doing business as Unity Point Health for
11 \$53,000,000. They are refunding the Methodist
12 Medical Center of Illinois Series 2011 B bonds.

13 This will be a variable rate bank direct
14 purchase by U.S. Bank. I might call to your
15 attention that Iowa Health System acquired Methodist
16 Medical Center, but they also operate 12 hospitals

17 in ten Iowa cities, four hospitals in three Illinois
18 cities, and one hospital in Madison, Wisconsin, and
19 they have approximately 860 employed positions
20 full-time equivalents. So they are fairly large.

21 Iowa Healthcare has an underlying rating
22 by Moody's of AA3 and Fitch double A minus. If you
23 go to the financials on page 6 -- 7. On page 7,
24 you'll see they have debt service coverage of 6.0

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1 and 243 days cash on hand. So they are a very
2 strong system.

3 CHAIRMAN FUDERBURG: Any questions at all?
4 Okay, thank you very much.

5 LENANE: Okay. Do you want me to go to my
6 amendment?

7 CHAIRMAN FUDERBURG: Sure. Why don't we do
8 that, since that is a different section. I would
9 like to call Mr. Frampton, please. We got one more
10 to do. Thank you, though.

11 LENANE: Okay. I'm here.

12 FRAMPTON: We are moving to tab number 7, which
13 is a request by State Bank and Northwest Illinois
14 Development Alliance to the IFA Board for approval
15 of a five-year extension of a term participation
16 loan to the Freeport Stephenson County Visitors
17 Center.

18 We closed on this loan originally in
19 December of 2005. Normally, with participation
20 loans, after the ten-year term, we like to terminate

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21 the relationship and call the loan back in so that
22 we can reloan funds.

23 This particular transaction is IFA's --
24 is, and continues to be IFA's first 501(c)(3)

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1 participation loan. Additionally, this project, as
2 Lerry had mentioned is an example of a
3 public/private partnership transaction.

4 This deal involves the Freeport Stephenson
5 County Convention and Visitors Bureau, who is the
6 tenant. Freeport, and other communities in
7 Stephenson County, agreed to increase their hotel
8 tax from 3 percent to 5 percent. That 2 percent
9 increase in the hotel tax is dedicated to service,
10 first of all, the debt associated on this loan.

11 So if you look at page 6 of the report,
12 page 6 reports how the dedicated 2-percent hotel tax
13 revenues have increased over time, and how those
14 compare to the combined debt payments on the State
15 Bank and IFA loan, plus the real estate taxes that
16 are due on the project.

17 In 2014, the dedicated tax revenues
18 provided 1.74 times coverage. On just the IFA and
19 State Bank loan, it provided 2.23 times coverage.
20 So we're very well collateralized. This project
21 provides a great opportunity for us to replicate
22 this public/private partnership model going forward.

23 Additionally, and by keeping it alive, it
24 keeps it relevant and out there; but in addition to

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1 that, in addition to the marketing benefit, instead
2 of having these funds revert to our treasury, we'll
3 be earning a 4-percent return for the next five
4 years.

5 So it provides a marketing opportunity,
6 and it's better for our bottom line; and for those
7 reasons, we recommend approval.

8 BRONNER: It's nice having photos. I think it
9 really helps. It would be nice if you were able to
10 incorporate photos for some of the other projects,
11 as well on a prospective basis, to give us a sense
12 of scope and magnitude.

13 FLETCHER: Online they are in color.

14 BRONNER: Good.

15 HORNE: Can I ask a really dumb question? Why
16 is a 501(c)(3) paying real estate taxes?

17 FRAMPTON: The tenant is the a 501(c)(6). The
18 Convention and Visitors Bureau is paying tax -- they
19 also have vending machines and other --

20 CHAIRMAN FUDERBURG: Revenue.

21 FRAMPTON: -- revenue generated. You know,
22 they have a coffee concession, I believe.

23 HORNE: Okay. It just seemed odd.

24 FRAMPTON: Any other questions? Okay, thank

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1 you.

2 CHAIRMAN FUDERBURG: Thank you. Chris, I

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3 believe you're up next.

4 MEISTER: Yes. So I have three items. Item
5 number 11 is a resolution to approve the emergency
6 procurements for Bond Counsel Katten, Muchin,
7 Rosenman and Authority's counsel, Mayer, Brown, LLP,
8 on the moral obligation bonds issue; and in addition
9 to that, for any purchases from Authority general
10 fund.

11 That is also what we are using Mayer,
12 Brown for, and a servicer that was first authorized
13 in October. We have gone through as much
14 competition as practicable and selected MABSCO,
15 which also does other work for the Authority on
16 agricultural guarantees and participation loans.

17 And, finally, we're asking for the
18 approval of a smaller emergency purchase of Mesirov
19 Financial to assist the Authority with competitive
20 quotes for health insurance and other employee
21 benefits for the Authority.

22 I'll take any questions on this one. We
23 discussed this in a little bit of detail in the
24 Audit Plus Committee under the leadership of

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1 Chair Bronner.

2 If no questions, I'll move to agenda item
3 number 12. It is a resolution to join the
4 Infrastructure Council of the Illinois Chamber of
5 Commerce. There's going to be an annual fee of
6 about \$5,000. I wanted to bring this to the Board,
7 and we discussed it in Chair Anderberg's Governance

8 Committee.

9 The Authority, in the past, we paid annual
10 memberships to a wide variety of the associations,
11 the Council of Development Finance Agencies, the
12 National Association of Health Educational
13 Facilities Finance Authorities, and the Illinois
14 Hospital Association. I believe there is also an
15 Agricultural Group.

16 I thought it important for two reasons to
17 bring this to the Board: Number one, I wanted to
18 share in a more full fashion both that we are
19 expending these funds, and to give the opportunity
20 for the Board to learn about the return on
21 investment.

22 Pam Lenane had served previously as
23 president of NAHEFFA. Rich Frampton is a long-time
24 Board Member at CDFA, and also Melinda Gildart is
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1 active in both -- in GFOA, which is one of the
2 reasons why she's absent today.

3 The Infrastructure Council is these
4 bringing professional and business benefits to the
5 Authority on a revenue-base model. The
6 Infrastructure Council of the Chamber is an
7 organization that actually has at least one of our
8 borrowers as a member.

9 And I think potentially this will be a
10 cost-effective method to explore whether we should
11 move into a new business line of public/private

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12 partnerships for alternative financing and
13 procurement.

14 We did have a robust discussion in the
15 Governance Committee, and we did have a divided roll
16 call vote. Mr. O'Brien, Member O'Brien, expressed
17 some concerns on this.

18 Again, this is something new. I intend in
19 the future that when we are paying annual
20 memberships, and that staff is devoting themselves
21 to various professional activities within the scope
22 of the Authority, I want to make sure that the Board
23 learns about that in an appropriate manner. So I'll
24 take any questions.

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1 HORNE: I would just say, you know, I was in
2 support of it, and I would say that it probably is
3 just good practice on an annual basis to have a
4 review of each of those organizations and our
5 involvement, and just kind of ask the question on an
6 annual basis, "Are we still getting value from this
7 association with this group?"

8 And, you know, maybe at this Committee of
9 Governance, we can just have that conversation
10 annually. I think it's a great method for our
11 organization to reach out to others, but I think you
12 should always ask and just, you know, have a check
13 policy to confirm. You know, it is always money
14 well spent.

15 CHAIRMAN FUDERBURG: We've all been involved
16 where there are legacy things, and the question

17 eventually gets asked, "Why do we do this?"

18 HORNE: Why do we do this?

19 CHAIRMAN FUDERBURG: And the answer ultimately
20 becomes, "Because that's what we've always done."

21 HORNE: Right.

22 CHAIRMAN FUDERBURG: I agree with you, I think
23 that we should measure that.

24 HORNE: Right.

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1 GILDART: Hi. This is Melinda Gildart. Just
2 to give a little bit of background on the process.
3 None of the memberships are longer than a year.

4 So as each term expires, each one does go
5 through an approval process, and they are documented
6 with not just approval for the Executive Director,
7 but also the Chief Procurement Office, and we retain
8 those records. So they are available.

9 CHAIRMAN FUDERBURG: And that's great to know,
10 too. That definitely augments the discussion, but
11 what I heard Mr. Horne say is that on an annual
12 basis, let's take a look at the snapshot.

13 GILDART: Yes.

14 CHAIRMAN FUDERBURG: So that although the
15 staff -- and this is where it does belong. I truly
16 believe some of these are staff decisions, but I
17 think we get an idea that we want to see a snapshot
18 of each and every one at least once a year.

19 HORNE: Yes.

20 CHIAR: Does that makes sense?

21 BRONNER: And similarly, there may be some
22 additional organizations that you haven't considered
23 that might be appropriate.

24 HORNE: Exactly.

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1 BRONNER: As we expand the nature and scope of
2 our activities at the Board.

3 MEISTER: Yes.

4 CHAIRMAN FUDERBURG: And the benchmark test is
5 always going to be how does this involvement further
6 the mission of the Illinois Finance Authority. Does
7 that make sense?

8 HORNE: Yes.

9 GOETZ: I just want to make -- Chris, would it
10 be your intent to move into the leadership structure
11 of the investment or the Infrastructure Council?

12 MEISTER: One can hope, but since I'm not a
13 member yet.

14 GOETZ: I think that ought to be gold.

15 MEISTER: Okay.

16 GOETZ: Because, you know, that's where you
17 have the greatest impact.

18 MEISTER: Exactly.

19 CHAIRMAN FUDERBURG: Great. Thank you.

20 BRONNER: Bring a lot of cards.

21 MEISTER: On this one, I would recommend to the
22 Board that we take a roll call vote and have a
23 motion.

24 GOETZ: I'll make a motion.

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1 BRONNER: It's part of the overall group.

2 FLETCHER: I would like to do 17. That was a
3 general consent.

4 MEISTER: Oh, yes. I'm sorry. I apologize.
5 Maybe we ought to move that, move item 12 to the
6 roll call portion.

7 WEBER: Out of the consent?

8 MEISTER: Out of the consent. I apologize.

9 CHAIRMAN FUDERBURG: Okay. We will do that.

10 FLETCHER: The last one in consent would be 17,
11 audit resolution.

12 MEISTER: Item number 17, again we discussed in
13 some detail in the Audit Plus Committee. This is a
14 resolution authorizing delegation of authority to
15 authorized officers, including myself, the CFO, the
16 Controller, the General Counsel, and the Chair of
17 the Audit Committee to take the actions necessary to
18 further complete the fiscal yearly 2014 and 2015
19 compliance audit and the fiscal year 2015 financial
20 audit, currently being completed by the State
21 Auditor General Special Assistant Auditor, E. C.
22 Ortiz.

23 This is still in draft form, but in order
24 to complete both the audit, execute the

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1 representation letters, and to complete the Combined
2 Annual Financial Report, or CAFR, there are a number

3 of letters that will need to be signed by myself, by
4 the Chairman, by the Chair of the Audit Committee,
5 and I'll take any questions, or perhaps
6 Chair Bronner would like to supplement my comments.

7 BRONNER: No. I think you've spoken them
8 clearly and concisely.

9 CHAIRMAN FUDERBURG: Okay. Any other questions
10 for Executive Director Meister? No, okay.

11 We'll move on. Next, and I would like to
12 ask that the Members adopt the following projects
13 and resolutions, I'll read them off: 1A, 1B, 1C,
14 1D, 3, 4, 5, 6, 7, 8, 11, and 17, moving 2, 12 and
15 14 off of that consent. So is there a motion?

16 ANDERBERG: So moved.

17 KNOX: Second.

18 CHIAR: Who got that? Was that Eric Anderberg
19 and second was Lerry Knox?

20 FLETCHER: Yes.

21 CHAIRMAN FUDERBURG: Second was Lerry Knox.
22 All in favor, please say aye.

23 (A chorus of ayes.)

24 FLETCHER: We should do a roll call for the
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1 bond deals.

2 CHAIRMAN FUDERBURG: Okay.

3 FLETCHER: On the motion, I'll call the roll.
4 Member Anderberg?

5 ANDERBERG: Yes.

6 FLETCHER: Ms. Bronner?

7 BRONNER: Yes.

8 FLETCHER: Mr. Fuentes?
9 FUENTES: Yes.
10 FLETCHER: Mr. Goetz?
11 GOETZ: Yes.
12 FLETCHER: Mr. Horne?
13 HORNE: Yes.
14 FLETCHER: Israelov?
15 ISRAELOV: Yes.
16 FLETCHER: Ms. Juracek on the phone?
17 JURACEK: Yes.
18 FLETCHER: Mr. Knox?
19 KNOX: Yes.
20 FLETCHER: Mr. O'Brien?
21 O'BRIEN: What's -- I'm trying to understand,
22 what are we voting on? I didn't hear you.
23 FLETCHER: The general consent items, not
24 including the Infrastructure.

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1 O'BRIEN: Right. I know what you're saying.
2 Yes.
3 FLETCHER: Member Pedersen?
4 PEDERSEN: Yes.
5 FLETCHER: Mr. Tessler?
6 TESSLER: Yes.
7 FLETCHER: Mr. Yonover on the phone?
8 YONOVER: Yes.
9 FLETCHER: And Mr. Chairman?
10 CHAIRMAN FUDERBURG: Yes.
11 FLETCHER: Mr. Chairman, the motion carries.

12 CHAIRMAN FUDERBURG: Great. Thank you. Next,
13 I would like to move to resolution. It's actually
14 No. 9. Ms. Lenane, please.
15 GOETZ: That is the one I need to step out for?
16 MEISTER: Yes.
17 CHAIRMAN FUDERBURG: You know what, I need to
18 step out for the next one. My stated reason is just
19 simply potential for conflict of interest.
20 I don't particularly think that there is,
21 but we wanted to be extra careful; and so at this
22 point, I would like to turn the meeting over to
23 Vice-Chair Bronner.
24 GOETZ: And my reason for stepping out is on
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1 number 9 is my son works for the financial advisor
2 to Northwestern Memorial Hospital.
3 LENANE: Okay. Item number 9, that will be tab
4 9 in your book, is the resolution authorizing
5 actions to assist in the affiliation of Northwestern
6 Memorial Healthcare and Kish Health System.
7 On December 1, 2015, Northwestern Memorial
8 Healthcare completed its affiliation with Kish
9 Health System located in DeKalb, Illinois.
10 Previously, the Illinois Finance Authority had
11 issued bonds for Kish system, the 2008 bonds and the
12 2015 A and B bonds.
13 The A bonds are being paid off, but
14 because they are not callable or redeemable at this
15 point, they will go into an escrow. The 2015 A and
16 B bonds will be receiving a master note from

17 Northwestern Memorial Healthcare in exchange for
18 their Ki sh bonds.

19 As you can imagine, there are a lot of
20 documents that will have to be signed in connection
21 with this, and this resolution authorizes the
22 Executive Director and the General Counsel and the
23 Assistant Secretaries to execute those documents.

24 This transaction will close on
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1 December 18th.

2 BRONNER: Mr. Fletcher, I believe we need to
3 have a motion on that.

4 FLETCHER: Yes.

5 FUENTES: I will move.

6 PEDERSEN: Second.

7 BRONNER: Board Member Fuentes moved,
8 Mr. Pedersen seconded.

9 FLETCHER: I will call the roll to the Board
10 Members currently in the room. Mr. Anderberg?

11 ANDERBERG: Yes.

12 FLETCHER: Ms. Bronner?

13 BRONNER: Yes.

14 FLETCHER: Mr. Fuentes?

15 FUENTES: Yes.

16 FLETCHER: Mr. Horne?

17 HORNE: Yes.

18 FLETCHER: Mr. Israelov?

19 ISRAELOV: Yes.

20 FLETCHER: Ms. Juracek?

21

JURACEK: Yes.

22

FLETCHER: Mr. Knox?

23

HORNE: He stepped out.

24

FLETCHER: Mr. O'Brien?

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O'BRIEN: Yes.

2

FLETCHER: Mr. Pedersen?

3

PEDERSEN: Yes.

4

FLETCHER: Mr. Tessler?

5

TESSLER: Yes.

6

FLETCHER: Mr. Yonover?

7

YONOVER: Yes.

8

FLETCHER: Vice-Chairwoman, motion carries.

9

BRONNER: Thank you. Next item.

10

LENANE: Thank you.

11

BRONNER: Thank you. Mr. Evans for item

12

number 2 for a special licensed livestock guarantee.

13

MR. EVANS: Resource Bank has approached IFA

14

requesting a \$1,000,000 specialized livestock

15

guaranteed loan to finance improvements for Edward

16

and Kimberly King's cattle operation. In the past

17

three years, the Kings have made over \$1.2 million

18

worth of feed lot and grain storage improvements.

19

The loan that they are requesting is an

20

85-percent loan secured by 129 acres of bare

21

farmland. The IFA will have a first mortgage

22

position supported by title search or policy, and

23

this will be a 15-year amortization loan with

24

monthly principal and interest payments.

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1 The Kings have been involved in the
2 farming operation for over 30 years. As stated,
3 over the past three years, they invested
4 \$1.2 million into a cattle operation. The most
5 recent investment was a new storage facility and
6 feed and grain facility.

7 Through this facility, the Kings hope to
8 become a more efficient producer lowering the feed
9 cost by using EDGs, which are -- and corn finds,
10 which are provided by the local ethanal plant.

11 Page 5 of the writeup summarizes the
12 financial information. This entity -- I mean, the
13 summary reveals it here, the entity is leveraged.
14 However, the entity's ratio falls within IFA's
15 guidelines.

16 This entity does have a good working
17 capital position of more than a 1,000 -- more than
18 \$1,000,000, and the current ratio is 1.35 times.
19 The reconciliation of the balance sheet earned net
20 worth accrual earnings suggests that there's
21 adequate debt service with 1.36 in 2014.

22 Page 7, 8, and 9 summarizes the tax
23 returns. The tax returns are such that the borrower
24 has managed his cash position each year to service

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1 its debt requirements. In 2014, it had, after
2 servicing debt, he had \$163,000 for living expenses.

3
4 we're in 2015 now, reflecting adequate funds,
5 service debt. After servicing projected debt, he
6 should have about \$95,000 for living expenses.

7 The loan is going to be collateralized by
8 130 acres, 129.54, in which an appraisal was done in
9 July of 2014, and the purpose of the analysis is on
10 page 13 and 14.

11 It identifies the soil types, and from the
12 soil types, because it was a comprehensive
13 appraisal, from the soil types I broke it down so
14 you see what types of soil and the values on each
15 type.

16 I gave two scenarios at the bottom of page
17 13 and top of page 14. One is average, what the
18 average sale price variable sale price of the soil
19 types were, and the other one is the
20 lowest-recognized comparable sale.

21 And through utilizing the
22 lowest-recognized comparable sales, I came up with a
23 value of \$1.495 million versus our exposure of
24 \$850,000 creating an IFA exposure to loan value of

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1 57 percent for the exposure.

2 Our guidelines is to have, you know, a
3 one-to-one or better exposure, and for the exposure
4 to hit one-to-one, the collateral value would have
5 to fall to \$6,625, or a decrease of \$5,000. So
6 we're perceived to be well secured in everything.

7 Resource Bank will maintain the second
Page 50

8 position behind this, behind the guaranteed
9 position. Overall, this is a strong collateral
10 position, 57 percent. The borrower has over 30
11 years of cattle experience. Though the entity is
12 leveraged, the borrower still has equity of
13 \$3.2 million.

14 The proposed restructure will stretch out
15 the existing payment improving the repayment
16 ability. He has good working capital of
17 \$1,000,000 -- more than \$1,000,000. He's
18 diversified in the sense that he has cattle and row
19 crops.

20 Resource Bank has debt behind this, which
21 improves -- which, you know, helps our position if
22 they decide if there is any adversity to the cattle.
23 It is a 15-year amortization and monthly payments.
24 Any questions?

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1 ISRAELOV: I have a few questions.

2 EVANS: Sure.

3 ISRAELOV: Thank you very much for the
4 overview. In particular, thank you very much for
5 putting what the difference in the interest rate
6 would be if the IFA was the guarantor or not serving
7 as the guarantor in this situation. There is a
8 .72 percent difference. That's shown on page 10.
9 So thank you for that.

10 So just some initial questions. Could you
11 just provide us with a quick overview of the

12 Authority's Agricultural Guarantee Program, and how
13 this kind of fulfills that mission?

14 MR. EVANS: Sure. IFA Guarantee Program serves
15 the farming community in helping them diversify, add
16 value to the farm, farming in Illinois, plus retain
17 jobs.

18 You know, there are specialized products
19 out there, new innovation here. You know, we try to
20 work with the best we can.

21 MEISTER: And the background, Adam, is that
22 this is a comparatively old provision of our
23 statute. There are at least two Attorneys General
24 opinions on record that predate Attorney General

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1 Madihan, but one from Burris and from Ryan, that
2 basically tracked the language of this statute and
3 basically point out, I'm summarizing, that this is
4 just a step below a State general obligation
5 commitment because in the event that either -- we've
6 got an umbrella fund that is under in locally-held
7 funds of the Authority of about \$11,000,000.

8 We have two State treasury
9 non-appropriated funds, and if any of those are
10 exhausted, and of course the collateral will have to
11 be exhausted first, even before the guarantee is
12 called upon, and in this case there is plenty of
13 liquid easily valued row cropland of high quality,
14 that we would be the absolute last.

15 This is a long-standing recognition by the
16 General Assembly of this State's agricultural

17 economy, and I will tell you that at the time of
18 consolidation, our participation in the agricultural
19 economy was so important, because one of the
20 agencies that was rolled in was the Farm Development
21 Authority was that the late sponsor at the time made
22 it a condition that at any given time, two Members
23 of the Authority would have either direct
24 participation or expertise in direct farming,

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1 agricultural financing, or agribusiness.

2 Later, the General Assembly memorialized
3 this in a statute within the last couple of years,
4 and I think that we're very fortunate today that
5 with Mr. Anderberg's experience, Mr. Funderburg's
6 experience, and Mr. Zeller's experience, we actually
7 exceed the number of -- I'm sorry, and Mayor
8 Juracek's experience, I think we actually have
9 exceeded the intention of the original consolidation
10 bill sponsor and the intent of the General Assembly.
11 That's the policy rationale.

12 ISRAELOV: Great. Thank you for the summary.
13 And how does this particular guarantee kind of work
14 towards those end that he just talked about?

15 MEISTER: Again, the guarantee structure was
16 created by the General Assembly at a time of high
17 interest rates and low commodity prices.

18 We're living in sort of an inverse time,
19 although that may well change, but our primary
20 partner, and this is really in statute, is really

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21 the Community Bank structure across the State,
22 Alpine Bank being the community bank is I think one
23 of the reasons why Rob has stepped out of the room.

24 But in this particular case, a bank came
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1 to us and said, "You have a statutory tool. We
2 would like to lessen our risk." It is a family
3 farmer. He is a diverse operation. He employs
4 people, and that's why we are doing it.

5 ISRAELOV: Great. Thank you very much. And
6 then just going to the value of the property that's
7 secured under this loan.

8 So it seems like the different values kind
9 of range from either \$1.495 million to on the higher
10 end of \$1.56 million.

11 MR. EVANS: Correct.

12 ISRAELOV: Is that liquidation value, or do you
13 know what the liquidation value is?

14 MR. EVANS: That is the current market value at
15 July '14, 2014.

16 ISRAELOV: Did we know the liquidation value?

17 MR. EVANS: The liquidation on farmland varies.
18 I mean, you know, I always use the scenario like a
19 Cub fan because --

20 MEISTER: Actually, I think Mr. Anderberg may
21 have --

22 ANDERBERG: I'll make two comments. I do have
23 one concern is the July '14 appraisal. I think we
24 should see more current appraisals on farmland.

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1 Commodity prices are depressed. Farmland value has
2 come down some, but I would be happy to give \$7,000
3 an acre to the IFA.

4 The farmland, this is a very well
5 collateralized deal. We have no problem getting our
6 funds back. This is an excellent deal.

7 MR. EVANS: A farmer sees farmland as one
8 opportunity. Either I get one opportunity to buy it
9 or I have one opportunity to rent it. If I don't
10 buy it, it's gone. So they're willing to probably
11 pay a premium on a lot of ground.

12 ISRAELOV: Thank you, Anderberg.

13 ANDERBERG: This is a very good deal.

14 BRONNER: I appreciate that you identify the
15 strengths and weaknesses, that as well is very
16 helpful in the presentation.

17 MR. EVANS: Thank you.

18 ANDERBERG: I talked about this before. We
19 talked about this before about the agricultural deal
20 with appraisals. Overall, I think we should have
21 more current appraisals of farmland.

22 HORNE: That's a good point.

23 BRONNER: Any other questions or comments?

24 PEDERSEN: I have a question. Do I get college

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1 credit for the historical lesson that I received
2 today?

3 MEISTER: Mayor, you get continuing legal
4 education credit.
5 BRONNER: I believe, Mr. Fletcher, we need a
6 motion.
7 ANDERBERG: I'll move.
8 HORNE: I'll second.
9 BRONNER: Okay. Member Anderberg moves, and
10 who seconded?
11 HORNE: I did.
12 BRONNER: Mr. Horne seconded.
13 FLETCHER: On the motion, I'll call the roll.
14 Mr. Anderberg?
15 ANDERBERG: Yes.
16 FLETCHER: Ms. Bronner?
17 BRONNER: Yes.
18 FLETCHER: Mr. Fuentes?
19 FUENTES: Yes.
20 FLETCHER: Mr. Horne?
21 HORNE: Yes.
22 FLETCHER: Mr. Israelov?
23 ISRAELOV: Yes.
24 FLETCHER: Ms. Juracek on the phone?

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1 JURACEK: Yes.
2 FLETCHER: Mr. O'Brien?
3 O'BRIEN: Yes.
4 FLETCHER: Mr. Pedersen?
5 PEDERSEN: Yes.
6 FLETCHER: Mr. Tessler?
7 TESSLER: Yes.

8 FLETCHER: Mr. Yonover on the phone?
9 YONOVER: Yes.
10 FLETCHER: Ms. Vice-Chairman, the motion
11 carries.
12 BRONNER: Thank you. I believe the Chairman is
13 returning to the room.
14 CHAIRMAN FUDERBURG: Thank you.
15 FLETCHER: And Mr. Goetz.
16 BRONNER: And Mr. Goetz. I'm sorry.
17 MEISTER: And we've had some of the discussion
18 on item 12, the resolution for the Authority to join
19 the Infrastructure Council of the Illinois Chamber
20 of Commerce.
21 Any further questions?
22 O'BRIEN: Are we a member of the Chamber of
23 Commerce in Illinois?
24 MEISTER: No, we are not.
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1 CHAIRMAN FUDERBURG: I believe you wanted to
2 take a roll vote on this?
3 MEISTER: Yes.
4 GOETZ: I make a motion that we approve it.
5 ANDERBERG: Second.
6 CHAIRMAN FUDERBURG: Okay. And roll vote,
7 please, Mr. Fletcher?
8 FLETCHER: On the motion, I'll call the roll.
9 Mr. Anderberg?
10 ANDERBERG: Yes.
11 FLETCHER: Ms. Bronner?

12 BRONNER: Yes.
13 FLETCHER: Mr. Fuentes?
14 FUENTES: Yes.
15 FLETCHER: Mr. Goetz?
16 GOETZ: Yes.
17 FLETCHER: Mr. Horne?
18 HORNE: Yes.
19 FLETCHER: Mr. Israel ov?
20 ISRAELOV: Yes.
21 FLETCHER: MS. Juracek on the phone?
22 JURACEK: Yes.
23 FLETCHER: Mr. O' Bri en?
24 O' BRI EN: No.

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1 FLETCHER: Mr. Pedersen?
2 PEDERSEN: Yes.
3 FLETCHER: Mr. Tessl er?
4 TESSLER: Yes.
5 FLETCHER: Mr. Yonover?
6 YONOVER: Yes.
7 FLETCHER: And Mr. Chai rman?
8 CHAI RMAN FUDERBURG: Yes.
9 FLETCHER: Mr. Chai rman, the moti on carries.
10 CHAI RMAN FUDERBURG: Thank you. Next item,
11 item number 14, we've already addressed, so we'll
12 move on from there.
13 And I guess that takes us to other
14 busi ness. And so consistent with practices of other
15 governmental agencies, et cetera, I would like to
16 request a motion from this Board that we excuse

17 absences of Member Zeller.

18 We certainly appreciate -- I certainly
19 appreciate his involvement during my tenure here,
20 and I will just simply say that the reasons for him
21 -- some of his absences fall within the three
22 buckets and leave it at that.

23 So is there such a motion, please?

24 FLETCHER: And Mr. Pool e.

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1 CHAIRMAN FUDERBURG: And Mr. Pool e. Excuse me.

2 Thank you.

3 BRONNER: So moved.

4 CHAIRMAN FUDERBURG: Moved by Ms. Bronner.

5 FUENTES: Second.

6 CHAIRMAN FUDERBURG: Seconded by Mr. Fuentes.

7 Any di scussi on?

8 All i n favor, please say aye.

9 (A chorus of ayes.)

10 CHAIRMAN FUDERBURG: Any opposed?

11 (No response.)

12 CHAIRMAN FUDERBURG: Okay. Publ ic comment?

13 Here is your chance. Okay. Very good.

14 I see and hear no public comments, so
15 we'll skip that and ask for a motion to adjourn this
16 meeting. Is there such a motion?

17 PEDERSEN: So moved.

18 FUENTES: Second.

19 CHAIRMAN FUDERBURG: All i n favor, please say
20 aye.

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

3

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 meeting.

11

 PAMELA A. MARZULLO
 License No. 084-001624

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