

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

ILLINOIS FINANCE AUTHORITY
REGULAR MEETING OF THE MEMBERS
November 12, 2019, at 9:30 a.m.

REPORT OF PROCEEDINGS had at the Regular
Meeting of the Illinois Finance Authority on
November 12, 2019, at the hour of 9:30 a.m. pursuant to notice,
at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois.

- APPEARANCES:
- CHAIRMAN ERIC ANDERBERG, via audio conference
 - MR. JAMES J. FUENTES
 - MR. WILLIAM HOBERT
 - MR. RANDAL WEXLER
 - MR. GEORGE OBERNAGEL
 - MS. ARLENE JURACEK
 - MS. BETH SMOOTS
 - MR. BRAD ZELLER
 - MR. ROGER POOLE

- 1 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
- 2 MR. CHRISTOPHER B. MEISTER, Executive Director
- 3 MR. BRAD FLETCHER, Vice President
- 4 MR. RICH FRAMPTON, Vice President
- 5 MR. CRAIG HOLLOWAY, Procurement
- 6 Ms. XIMENA GRANDA, Controller
- 7 MS. ELIZABETH WEBER, General Counsel and Legal
- 8 Adviser to the Board

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

CHAIR ANDERBERG: This is Eric Anderberg. Today I am participating via audio conference.

I would like to call the meeting to order.

Will the Assistant Secretary please call the roll.

FLETCHER: Certainly. The time is 9:31 a.m.

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

Mr. Fuentes.

FUENTES: Here.

FLETCHER: Mr. Hobert.

HOBERT: Here.

FLETCHER: Ms. Juracek.

JURACEK: Here.

FLETCHER: Mr. Obernagel.

OBERNAGEL: Here.

FLETCHER: Mr. Poole.

POOLE: Here.

FLETCHER: Ms. Smoots.

SMOOTS: Here.

FLETCHER: Mr. Wexler.

WEXLER: Here.

FLETCHER: Mr. Zeller.

ZELLER: Here.

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

3 At this time I would like to ask if any members would
4 like to participate by audio conference.

5 ANDERBERG: Again, this is Eric Anderberg. I am
6 requesting to attend via audio conference under the exception
7 for a family or other emergency.

8 Is there a motion to approve this request pursuant
9 to the bylaws and policies of the Authority?

10 HOBERT: I'll make that motion.

11 OBERNAGEL: Second.

12 CHAIRMAN ANDERBERG: Motion and second.

13 All those in favor?

14 (A chorus of ayes.)

15 CHAIR ANDERBERG: Opposed?

16 (No response.)

17 CHAIR ANDERBERG: The ayes have it.

18 FLETCHER: Mr. Chairman, you have been added to the
19 initial quorum rollcall.

20 CHAIR ANDERBERG: Okay. And again, as I'm
21 participating via audio conference and in order to ensure there
22 is no interruption due to any problems arising from my audio
23 connection, I would like to delegate chairpersonship to Ms.
24 Smoots who is physically present today to be chair pro tem for

1 this meeting.

2 Is there a motion to approve this request pursuant
3 to the bylaws and policies of the Authority?

4 JURACEK: So moved.

5 FUENTES: Second.

6 FLETCHER: Ms. Juracek moved and Mr. Fuentes
7 second.

8 CHAIR ANDERBERG: We have a motion and second.

9 All those in favor?

10 (A chorus of ayes.)

11 CHAIR ANDERBERG: Opposed?

12 (No response.)

13 CHAIR ANDERBERG: The ayes have it.

14 FLETCHER: Mr. Chairman, Member Smoots has been
15 elected chair pro tem for this meeting.

16 CHAIR PRO TEM SMOOTS: Well, this election proves
17 it's all about the title.

18 Does anyone wish to make any additions, edits or
19 corrections to today's agenda?

20 (No response.)

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

24 POOLE: So moved.

1 OBERNAGEL: Second.

2 CHAIR PRO TEM SMOOTS: All those in favor?

3 (Chorus of ayes.)

4 CHAIR PRO TEM SMOOTS: Opposed?

5 (No response.)

6 CHAIR PRO TEM SMOOTS: The ayes have it.

7 Moving to agenda Item No. 3, public comment. Is
8 there any public comment for the members?

9 (No response.)

10 CHAIR PRO TEM SMOOTS: Hearing none, we'll move to
11 Chairman's remarks, and actually, I had prepared some lengthy
12 remarks about how adopting a temporary Latin title is an
13 important step in achieving lifetime satisfaction and
14 contentedness, but instead, I realized that that's exactly
15 where Eric is today.

16 So on behalf of the Authority and everyone present,
17 Eric, we wish you and your wife all the best as you anticipate
18 the birth of your first child.

19 ANDERBERG: Thank you so much.

20 CHAIR PRO TEM SMOOTS: And with that, I will turn
21 the floor over to our Executive Director Meister.

22 MEISTER: Chair Pro Tem, on behalf of all the staff,
23 we join in those sentiments, and on behalf of the borrowers and
24 the staff on the agenda today, I just want to convey our

1 heartfelt gratitude to all the members of the Authority.

2 The weather was uncooperative. Other members had
3 draws on their time, but thank you for making the time. Thank
4 you very much for making the time for this volunteer Board
5 service.

6 CHAIR PRO TEM SMOOTS: I'll be signing Board books
7 later to anyone who's interested.

8 With that, let's turn to Agenda Item 6, committee
9 reports.

10 Member Zeller.

11 ZELLER: The Conduit Finance Committee met, and we
12 recommend for approval all four agenda items.

13 CHAIR PRO TEM SMOOTS: Thank you, Member Zeller.
14 And items on today's agenda include No. 1, Lutheran Life
15 Community's Obligated Group; No. 2, Illinois Institute of
16 Technology; No. 3, Township High School District No. 86, DuPage
17 and Cook Counties, and No. 4, Enhanced PACE Finance, LLC.

18 Moving to Agenda Item No. 7, I would like to ask for
19 the general consent of the members to consider new business
20 items 1, 2, 3, 4, and 5 collectively and to have the subsequent
21 recorded vote applied to each respective individual item,
22 unless there are any new business items that a member would like
23 to consider separately.

24 Mr. Fletcher.

1 FLETCHER: At this time I would like to note that
2 for each conduit new business item presented on today's agenda,
3 including Items 1, 2, 3 and 4, the members are considering
4 approval only of the resolution in a not-to-exceed amount
5 contained therein.

6 Item 1 is a Conduit 501(c)(3) revenue bond
7 multi-state request. Staff requests approval of a one-time
8 final bond resolution for the Lutheran Life Communities
9 Obligated Group in an amount not-to-exceed \$210 million.

10 It is contemplated that the bonds will be issued in
11 two series, the Series 2019A and Series 2019B bonds.

12 The Series 2019A bonds will be tax exempt and
13 publically offered by Ziegler and Company and Hebert J. Simms
14 & Company, while the 2019B bonds will be directly purchased by
15 First Midwest Bank.

16 Borrowers are requesting a waiver to sell the Series
17 2019 bonds in denominations of less than \$100,000 in accordance
18 with having met the waiver requirements set forth in the
19 Authority's bond program handbook.

20 Does any member have any questions or comments?

21 (No response.)

22 FLETCHER: Item 2 is a Conduit 501(c)(3) revenue
23 bond request.

24 Staff requests approval of a one-time final bond

1 resolution for the Illinois Institute of Technology in an amount
2 not-to-exceed \$140 million.

3 Pursuant to the final bond resolution, the bonds may
4 be issued in one or more series.

5 Mr. Frampton, I believe you have some guests you
6 would like to acknowledge.

7 FRAMPTON: Yes. I'd like to just briefly introduce
8 and give a shout out to the IIT team, which consists of Michael
9 Horan, who is vice president for finance administration, and
10 Mary Ellen Borchers, who is assistant VP and budget director.

11 Thank you.

12 FLETCHER: Thank you, Mr. Frampton.

13 Next is Item 3. Item 3 is a local government revenue
14 bonds request.

15 Staff requests approval of a one-time final bond
16 resolution for Township High School No. 86, DuPage and Cook
17 Counties in an amount not-to-exceed \$34,910,000.

18 Issuance of the Series 2019 bonds will constitute
19 the second bond issue in a series of financings contemplated
20 in connection with the District's \$139.82 million facility
21 improvement project.

22 Series 2019 bonds will be competitively bid by the
23 District's financial advisor, PMA Securities, and sold based
24 on the District's current long-term debt rating of AAA from S&P.

1 Does any member have any questions or comments?

2 (No response.)

3 FLETCHER: Next is Item 4, a PACE bond resolution
4 authorizing the issuance of from time to time of one or more
5 series and/or subseries of PACE bonds to be purchased by
6 Enhanced PACE Finance, LLC in an aggregate amount not-to-exceed
7 \$100 million for a period of three years.

8 Does any member have any questions or comments?

9 (No response.)

10 FLETCHER: Next is Item 5. This resolution
11 appoints Mr. Michael Moss the Authority's new associate general
12 counsel. He is the third assistant secretary in addition to
13 Brad Fletcher and Mari Money.

14 Does any member have any questions or comments?

15 CHAIR PRO TEM SMOOTS: I would like to request a
16 motion to pass and adopt the following new business items:
17 Items 1, 2, 3, 4, and No. 5. Is there such a motion?

18 FUENTES: So moved.

19 JURACEK: Second.

20 CHAIR PRO TEM SMOOTS: Will the Assistant Secretary
21 please call the roll.

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

24 Mr. Anderberg, via audio conference.

1 ANDERBERG: Yes.

2 FLETCHER: Mr. Fuentes.

3 FUENTES: Yes.

4 FLETCHER: Mr. Hobert.

5 HOBERT: Yes.

6 FLETCHER: Ms. Juracek.

7 JURACEK: Yes.

8 FLETCHER: Mr. Obernagel.

9 OBERNAGEL: Yes.

10 FLETCHER: Mr. Poole.

11 POOLE: Yes.

12 FLETCHER: Mr. Wexler.

13 WEXLER: Yes.

14 FLETCHER: Mr. Zeller.

15 ZELLER: Yes.

16 FLETCHER: And Chair Pro Tem Smoots.

17 CHAIR PRO TEM SMOOTS: Yes.

18 FLETCHER: Ms. Chair Pro Tem, the motion carries.

19 CHAIR PRO TEM SMOOTS: One of our members physically

20 present must leave early. To accommodate him, we would like

21 to defer the consideration of the closed session minutes until

22 the next meeting and also defer the subject-matter-only

23 presentations and the procurement report until after

24 consideration of the financial report and approval of the

1 open-session minutes.

2 I would like to request a motion to defer these
3 items. Is there such a motion?

4 ZELLER: So moved.

5 POOLE: Second.

6 CHAIR PRO TEM SMOOTS: All those in favor?

7 (Chorus of ayes.)

8 CHAIR PRO TEM SMOOTS: Opposed?

9 (No response.)

10 CHAIR PRO TEM SMOOTS: The ayes have it.

11 With that, we can move to Agenda Item No. 8, which
12 is presentation and consideration of financial reports.

13 GRANDA: Good morning, everyone. The financial
14 statements and the treasury reports can be found in your blue
15 folders.

16 The financial information for October 31, 2019, is
17 as follows: Our total annual revenues are \$1.4 million, and
18 it's \$229,000 below budget. This is primarily due to lower
19 closing fees and interest on loans.

20 In October the Authority recorded closing fees of
21 \$466,000 which was higher than the monthly budgeted amount of
22 \$218,000.

23 Our total annual expenses are at \$1.2 million.
24 They were \$368,000 or 23 percent lower than budget, which was

1 mostly driven by below-budget spending on employee-related
2 expenses due to the vacancies and on professional services.

3 In October the Authority recorded operating
4 expenses of \$324,000 which was lower than the monthly budgeted
5 amount of \$400,000.

6 Our total monthly net income is \$330,000, which was
7 driven by higher closing fees and higher net investment income.

8 Our total annual net income is \$139,000. The major
9 driver of this annual positive bottom line is the level of
10 overall spending at 23 percent below budget, as well as higher
11 than expected net investment income.

12 Are there any questions?

13 Just one thing, I just wanted to mention that I have
14 two new staff, which is Sabrina Kirkwood and Crishon Jones.
15 They will be joining the finance team.

16 I'm sure somebody else is going to introduce Logan
17 and Malcolm.

18 Thank you.

19 CHAIR PRO TEM SMOOTS: Are there any other questions
20 for Ms. Granda?

21 (No response.)

22 CHAIR PRO TEM SMOOTS: Hearing none, I would like
23 to request a motion to accept the financial reports. Is there
24 such a motion?

1 JURACEK: So moved.

2 WEXLER: Second.

3 CHAIR PRO TEM SMOOTS: All those in favor?

4 (Chorus of ayes.)

5 CHAIR PRO TEM SMOOTS: Opposed?

6 (No response.)

7 CHAIR PRO TEM SMOOTS: The ayes have it.

8 Moving to Agenda Item No. 9, does anyone wish to make
9 any additions, edits or corrections to the open-session minutes
10 from October 8, 2019?

11 (No response.)

12 CHAIR PRO TEM SMOOTS: Hearing none, I would like
13 to request a motion to approve those minutes. Is there such
14 a motion?

15 POOLE: So moved.

16 OBERNAGEL: Second.

17 CHAIR PRO TEM SMOOTS: All those in favor?

18 (Chorus of ayes.)

19 CHAIR PRO TEM SMOOTS: Opposed?

20 (No response.)

21 CHAIR PRO TEM SMOOTS: The ayes have it.

22 FLETCHER: Please let the record reflect Member
23 Wexler left the room.

24 CHAIR PRO TEM SMOOTS: Moving on, to Agenda Item No.

1 10, per the previous action, approval of the closed-session
2 minutes from October 8, 2019, and consideration whether to open
3 the closed-session minutes from September 11, 2018, June 11,
4 2019, and October 8, 2019, are deferred until the next meeting.

5 So at this point we will hear subject-matter-only
6 presentations followed by the procurement report.

7 The first one of those is Lisa Bonnet.

8 MEISTER: Lisa, are you on the line?

9 BONNET: I am. Good morning. Good morning,
10 Members of the Board.

11 I am pleased today to report on the Non-SRF Water
12 Infrastructure Financing Transformation Initiative, and I'm
13 mostly pleased to let you know that Joliet has been selected
14 by U.S. EPA to make application for a Water Infrastructure
15 Finance and Innovation Act loan.

16 As we talked about previously, Joliet has a
17 depleting aquifer as a source of drinking water, and they have
18 to develop a new sustainable water source.

19 So in October 22, U.S. EPA announced that the WIFIA
20 program had invited 38 projects and 18 states to apply for the
21 WIFIA loan.

22 As I had reported previously, U.S. EPA had
23 originally received 51 letters of interest from both public and
24 private entities for projects totaling more than \$13.9 billion.

1 U.S. EPA has approximately \$6 billion available for
2 2019 projects.

3 Joliet was selected for consideration, even though
4 you will note in the information provided, that their total loan
5 award has yet to be determined, and that's primarily because
6 Joliet has not selected their alternate source of water from
7 the five options that are currently under consideration.

8 And although their letter of interest indicated an
9 estimated project cost of \$600 million, the actual loan amount
10 will be determined once Joliet selects their water source at
11 the end of this year.

12 So as we had talked about previously, this is a
13 really good opportunity for Joliet. It puts their financing
14 in place so that they now can really turn their attention and
15 focus to the technical solution of providing a new water source,
16 as well as it really, really impacts the overall capacity of
17 the drinking water SRF program and will ensure that that money
18 stays available for other communities as Joliet and Will County
19 tries to develop these new water sources.

20 So we were very pleased with that outcome, and we
21 stand prepared to continue our work with Joliet, as they need
22 us, and as we had promised if we worked with them to make
23 application.

24 And in addition to that, we are also going to

1 continue to work with communities to encourage them to apply
2 for the 2020 round of funding, which comes from Congress and
3 is on a year-to-year basis, but we're confident with the amount
4 of applications and interest in the WIFIA program that in 2020
5 there will be another round, and so we look forward to working
6 with other communities to encourage their participation.

7 So are there any questions on that? All right.

8 Moving on to Financing Illinois' Water
9 Infrastructure Conference that we sponsored with the American
10 Water Works Association on October 9. I'm very pleased to
11 report that it was a very successful day in that we had excellent
12 attendance, and we really -- the speaker panels were -- they
13 represented water utilities, state and local officials, as well
14 as Executive Director Meister and consulting engineers.

15 It was really just a very open dialogue of where we
16 discussed the challenges.

17 Also a highlight was the director of Illinois EPA
18 gave our welcoming remarks, and it was really -- we received
19 a lot of positive feedback from that conference, and we are going
20 to look for other opportunities in the future to partner with
21 the water utilities sector to bring more of these opportunities
22 for networking and exchanging of information and ensuring of
23 solutions and financing options. So that was a great success.

24 Moving on, just to show that there's still is room

1 for improvement, we were not selected as the Bond Buyers Green
2 ESG Deal of the Year, so we didn't get the Trifecta of all three,
3 but it was a great opportunity to focus and show IFA's
4 leadership.

5 And although we were not successful, the deal that
6 was successful was really just a premiere deal for a very
7 important project, and so if we weren't successful, we were beat
8 out by a very impressive deal.

9 So with that, Chris, unless there's questions on
10 either of those, I'll turn it over to you for the Joyce
11 Foundation report.

12 MEISTER: Thank you very much, Lisa. Again,
13 succinct and comprehensive presentation, and it demonstrates
14 the Authority's commitment to water financing and water quality
15 issues.

16 We were invited to a meeting called by the Joyce
17 Foundation on lead and water in Illinois. It was the afternoon
18 of November 4.

19 It was a very large group, very wide-ranging group,
20 and I think that we were able to add our knowledge with respect
21 to water financing, responsible financing, and I think, most
22 importantly, continuing to delineate the line between financing
23 and grant making among the advocates for this very large and
24 serious public health issue in our state.

1 And then I also attended the meeting of the U.S.
2 EPA's Environmental Financial Advisory Board.

3 We continue to work on these recommendations for
4 Congress on storm water funding. As I think all of us have
5 learned over the last several days, there are some predictions
6 that will make weather more unpredictable and precipitation in
7 some parts of the state to increase, and this has been obviously
8 nationally recognized by Congress.

9 IFA hopes to play a role in that. I'll keep you
10 updated. Any questions?

11 (No response.)

12 Thank you.

13 CHAIR PRO TEM SMOOTS: With that we move to an update
14 from Bill Atwood.

15 ATWOOD: Good morning. On July 1, 2018, it was my
16 pleasure to join the IFA as part of the Authority's
17 Transformation Initiative.

18 My focus has been the lever on the Authority's powers
19 and resources to help the State's public pension challenges,
20 as well as to advance other elements of the Authority's
21 Transformation Initiative.

22 Our initial work is around the creation of policy
23 to allow for the transference of public assets to offset pension
24 liabilities.

1 As Executive Director Meister and I worked with the
2 Pritzker administration to develop concepts around asset
3 transfers, we were increasingly called upon to assist with
4 another critical related initiative, the consolidation of
5 downstate and suburban police and fire investment portfolios.

6 On February 8, 2018, prior to my joining the IFA,
7 the Authority met and discussed underfunding of the 650
8 downstate suburban police and fire funds, the mitigating effect
9 that consolidation of those funds might offer, and the
10 possibility of asset transfers to provide assets to state and
11 local retirement systems.

12 At the meeting of the Authority held last month, the
13 Executive Director circulated and discussed a memo to the
14 Authority dated October 8, 2019, with the subject matter,
15 Illinois Finance Authority Act, findings and declaration of
16 policy with respect to reducing the cost of indebtedness to
17 taxpayers and residents and encouraging investor interest in
18 government notes and bonds.

19 In that memo he discussed, among other things, the
20 declaration of policy found in our act, that it is in the public
21 interest and the policy of this state, to the extent possible,
22 to reduce the cost of indebtedness to taxpayers and residents
23 of this state and to encourage continued investor interest in
24 the purchase of bonds or notes of governmental units as sound

1 and preferred securities for investment.

2 On February 11, 2019, Governor Pritzker announced
3 the creation of the Pension Consolidation Feasibility Task
4 Force to explore and make recommendations for the consolidation
5 of pension funds in order to achieve the greatest value for
6 employees, retirees and taxpayers.

7 The task force issued its report to Governor
8 Pritzker on October 10, 2019. The report detailed the excess
9 fees paid by municipal police and fire funds, as well as the
10 portfolio returns resulting from their decentralized structure
11 and associated lack of scale.

12 Through consolidation, the task force estimated
13 that increases in investment returns could surpass \$12 billion
14 over the next 20 years, money that otherwise would have come
15 from hard-pressed Illinois property taxpayers.

16 As part of the Authority's transition initiative,
17 we worked closely with the governor's task force in the
18 preparation of its report, as well as the drafting of the
19 language contained in Senate Bill 616 and now Senate Bill 1300
20 which will implement the consolidation of the suburban and
21 downstate police and fire pension fund portfolios.

22 On October 10, the Governor accepted the report of
23 the Illinois Pension Consolidation Feasibility Task Force.
24 The recommendation of the task force to create the police

1 officers pension investment fund and the firefighters pension
2 investment fund is contained in Senate Bill 1300, as is language
3 authorizing the Authority to provide critical assistance in the
4 consolidation process.

5 Senate Bill 1300 creates two new investment funds,
6 the Police Officers' Pension Investment Fund and the
7 Firefighters' Pension Investment Fund. Through the creation
8 of these funds and the consolidation of the \$14.2 billion of
9 associated pension assets, the Downstate and Suburban Police
10 and Fire Fund system will go from 650 investment portfolios to
11 two.

12 Administration of benefits will continue to be
13 administered by the local police and fire pension boards. The
14 Authority will play a critical role in the consolidation of
15 these funds.

16 Pension assets may be used for the payment of
17 benefits and for the ongoing expenses of managing the portfolio.

18 As a result, on an ongoing basis, the investment
19 assets and their associated return will be used to pay the
20 operating costs of these two funds.

21 However, it's anticipated that the actual
22 transference of assets may take upwards of two years. During
23 that period the two boards will need operating capital well
24 before they have assets in their portfolio from which to draw

1 expenses. This challenge is addressed by the legislation.

2 Senate Bill 1300 authorizes the Authority to lend
3 and the two funds to borrow up to \$7.5 million in capital to
4 be used for start-up expenses.

5 The bill defines a 30-month transition period, after
6 which those moneys are to be paid back to the Authority, plus
7 an interest rate at a spread over LIBOR.

8 The role of the Authority in the consolidation
9 process is fully consistent with the policy declaration
10 contained in the Authority's act that the executive director
11 referenced in his October 8 memo.

12 Further, IFA has played a valued and critical role
13 of assisting the Governor and the general assembly to address
14 a heretofore intractable problem, how to reduce the cost and
15 improve the operations of downstate police and fire pension
16 systems.

17 Given the effective working relationship that has
18 developed between the Governor's office and the IFA, I would
19 expect that our capabilities will be further called upon as the
20 Governor moves forward in addressing an entire portfolio, the
21 pension challenges.

22 With that I'd be happy to answer any questions that
23 the Authority might have.

24 MEISTER: And for the members, in the clips, we have

1 a two-page summary of this proposed legislation, and then what's
2 known in the records of the Illinois General Assembly is a bill
3 status that's available on ilga.gov for Senate Bill 1300, which
4 looks to the vehicle bill that House Amendment 5, which is the
5 current version of this bill, will likely be attached to between
6 now and Thursday.

7 And all of this is, of course, contingent on things,
8 developments that may be occurring in Springfield about which
9 we have no knowledge, so this is the up-to-the-minute snapshot
10 according to our knowledge, and it's in the hands of the general
11 assembly, the stakeholders and the Governor's office at this
12 point.

13 JURACEK: Just a little insight from the municipal
14 side: As mayor of Mount Prospect, this consolidation is
15 something municipalities have been trying to do for the last
16 10 years. This is not something new, and Illinois and
17 Pennsylvania are the only two states that have this kind of
18 fragmented pension board system for public safety pensions.

19 The consolidation is for investment authority and
20 to bring a bigger critical mass and access to higher-paying
21 instruments in the investment market and reduce the
22 administrative cost significantly.

23 The model that we're using is IMRF, which is the gold
24 standard for pensions in the whole country.

1 It is not state money. It's segregated. No
2 municipality subsidizes another municipality. The accounts
3 are all separate.

4 It's merely the consolidated investment authority
5 that brings these returns with the larger amounts available and
6 the access to higher interest bearing capital markets.

7 We estimate that we're leaving a million dollars a
8 day on the table by comparing the written investment returns
9 from 650 funds versus IMRF's investment returns.

10 So this is a massive thing. We were thrilled when
11 Governor Pritzker's task force came out with this
12 recommendation, and, as Chris indicated, we are hopeful
13 something will be done by close of business Thursday without
14 compromising the interest of any side on this issue.

15 So you know how the legislature works. All of a
16 sudden there's a clause in there, and they go, where did that
17 come from?

18 But things seem to be moving on the right track, and
19 we do have support at this point from both the police and fire
20 unions, which is critical.

21 And nobody has raised any issue about IFA being the
22 lender of the working capital. So...

23 MEISTER: And that's the way we like it.

24 JURACEK: I'm glad we are there because it provides

1 the answer to where are they going to the start-up costs.

2 ATWOOD: That really was a tough question, how to
3 finance the operation in advance of the assets being transferred
4 in.

5 CHAIR PRO TEM SMOOTS: Thank you for that report,
6 for the commentary, and with that, we are moving on to our
7 monthly procurement report presented by Mr. Holloway.

8 HOLLOWAY: Good morning, Board members. In
9 addition to the procurement report today, I would like to
10 briefly share my procurement background.

11 I have 24 years of experience in public procurement;
12 six with the state and 18 with Chicago Public Schools.

13 Public procurement is highly regulated, but state
14 procurement is even higher regulated. It includes a
15 third-party independent regulator, the chief procurement
16 officer.

17 Within this regulator framework, I have a wealth of
18 experience of procuring goods and services, mainly procuring
19 services for the IFA.

20 My general assessment of procuring function is we
21 are currently under four regulations after a partial exemption
22 sunset.

23 Between 2004 and 2010 the Authority had internal
24 control of procurements. In 2010 Senate Bill 51 became law and

1 created an independent procurement regulator, the chief
2 procurement officer.

3 The IFA became a part of this complex framework.
4 Longer tenured members may recall that the Authority had a
5 partial legislative exemption to the procurement code between
6 2013 and ended in 2018.

7 In 2018, the Authority focused its legislative
8 efforts on product development, on the transformation
9 initiative and did not include regulatory relief as the
10 extension of the partial legislative exemption.

11 As I understand it, we were hoping to work through
12 the regular procurement process, but even with my background
13 and enterprise model we have, this has proven to be challenging.

14 In addition to the CPO office, there are other
15 third-party regulators that govern the Authority's
16 procurements as well, the business enterprise office, the
17 office of management and budget, and the department of
18 innovation and technology.

19 We currently have a procurement for financial
20 advisor services with the VP department, and they're requesting
21 subcontracting opportunities for this procurement.

22 In short, due to the nature of the work,
23 subcontracting is not an option. As we continue to work with
24 the BEP on this process, we are going to ask the CPO to extend

1 the current agreements with our financial advisors through
2 September 2020.

3 As we continue to work with BEP, our recommendation
4 for spring 2020 is to pursue a revival of the Authority's partial
5 exemption from the procurement code with the general assembly.

6 I have been here five months, and my assessment is
7 being under full regulation hinders any timely procurement.
8 All our procurements sit in what they call BidBuy for months
9 waiting on approval.

10 The nature of most of the Authority's contracts,
11 legal and financials do not lend themselves to the state's
12 complex procurement process.

13 The Authority uses the state's master contracts for
14 the majority of the other services, IT and supplies.

15 The utilization of MBE firms is a priority for the
16 Authority. In 2004 the Authority adopted a procurement policy
17 and resolution recommending IFA borrowers utilize MBE firms.

18 Again, the Authority's contracts do not really lend
19 themselves to subcontracting to the nature of the work.

20 Any questions?

21 JURACEK: Just an observation, I have had an
22 interesting work history, which also included being acting
23 director of the Illinois Power Agency, which is downstairs on
24 the 6th floor.

1 Similar situation, making procurements on the power
2 markets totally does not lend itself to the state procurement
3 activity.

4 My suggestion is simply go down there and talk to
5 Anthony Star, and perhaps there is some legislative language
6 or regulatory language that could be called on that they maybe
7 already have broken some ground on.

8 HOLLOWAY: Okay. Thanks for that. Will do.
9 Thanks, everyone.

10 CHAIR PRO TEM SMOOTS: Thank you. And with that,
11 is there any other business to come before the Members?

12 (No response.)

13 CHAIR PRO TEM SMOOTS: Hearing none, I would like
14 to request a motion to excuse the absences of those members
15 unable to participate today. Is there such a motion?

16 FUENTES: So moved.

17 HOBERT: Second.

18 CHAIR PRO TEM SMOOTS: All those in favor?

19 (Chorus of ayes.)

20 CHAIR PRO TEM SMOOTS: Opposed?

21 (No response.)

22 CHAIR PRO TEM SMOOTS: The ayes have it.

23 Is there any matter for discussion in closed
24 session?

1 (No response.)

2 CHAIR PRO TEM SMOOTS: Hearing none, the next
3 regularly scheduled meeting will be December 10, 2019.

4 I would like to request a motion to adjourn. Is
5 there such a motion?

6 JURACEK: So moved.

7 HOBERT: Second.

8 CHAIR PRO TEM SMOOTS: All those in favor?

9 (Chorus of ayes.)

10 CHAIR PRO TEM SMOOTS: Opposed?

11 (No response.)

12 CHAIR PRO TEM SMOOTS: The ayes have it. Thank you
13 all for attending.

14 FLETCHER: The time is 10:04 a.m.

15 (Whereupon the above

16 matter was adjourned.)