

1 ILLINOIS FINANCE AUTHORITY
2 REGULAR MEETING
3 February 9, 2017 at 9:30 a.m.

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7 REPORT OF PROCEEDINGS had at the regular
8 meeting of the Illinois Finance Authority on
9 February 9, 2017 at the hour of 9:30 a.m., pursuant to
10 notice, at 160 North LaSalle Street, Suite S-1000,
11 Chicago, Illinois.

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1 ILLINOIS FINANCE AUTHORITY MEMBERS:
2 MS. GILA J. BRONNER, Vice Chair

- 3 MR. ERIC ANDERBERG
- 4 MR. JAMES J. FUENTES
- 5 MR. MICHAEL W. GOETZ
- 6 MS. ARLENE JURACEK
- 7 MR. LYLE MCCOY
- 8 MR. GEORGE OBERNAGEL
- 9 MS. BETH SMOOTS
- 10 MR. BRADLEY ZELLER
- 11 MR. ROBERT HORNE (via audio conference) (Added)
- 12
- 13
- 14 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS:
- 15 MR. BRAD FLETCHER, Assistant Vice-President
- 16 MS. ELIZABETH WEBER, General Counsel
- 17 MR. CHRISTOPHER B. MEISTER, Executive Director
- 18 MR. RICH FRAMPTON, Vice-President
- 19 MS. XIMENA GRANDA, Controller
- 20 MS. DENISE BURN, Deputy General Counsel
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- 22 GUEST:
- 23 MR. MATT MULE, ZIEGLER
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1 VICE CHAIR BRONNER: I would like to call the
2 meeting to order. Will the Assistant Secretary, please
3 call the roll.

4 FLETCHER: The time is 9:30 a.m. and I'll
5 call the roll of Members physically present in the room
6 first. Mr. Anderberg?

7 ANDERBERG: Here.

8 FLETCHER: Mr. Fuentes?
9 FUENTES: Here.
10 FLETCHER: Mr. Goetz?
11 GOETZ: Here.
12 FLETCHER: Ms. Juracek?
13 JURACEK: Here.
14 FLETCHER: Mr. McCoy?
15 MCCOY: Here.
16 FLETCHER: Mr. Obernagel?
17 OBERNAGEL: Here.
18 FLETCHER: Ms. Smoots?
19 MS. SMOOTS: Here.
20 FLETCHER: Mr. Zeller?
21 ZELLER: Here.
22 FLETCHER: Vice Chair Bronner?
23 VICE CHAIR BRONNER: Here.
24 FLETCHER: Ms. Vice Chair, a quorum of

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1 Members physically present in the room has been
2 constituted. At this time, I would like to ask if any
3 Members wish to participate by audio conference?
4 Hearing none, we may continue.
5 CHAIR FUNDERBERG: I'll start out. This is
6 Rob Funderberg. I'd like to listen in for the record.
7 The reason is it definitely doesn't fit into any of the
8 categories. So, I'll just listen in for the record.
9 VICE CHAIR BRONNER: Thank you, Mr. Chairman.
10 Anyone else on the telephone? Is there a motion?
11 Well, there is no need for a motion to approve the
12 request. Great. Thank you.

13 Does anyone wish to make any
14 additions, edits or corrections to today's agenda?
15 Hearing none, I would like to
16 request a Motion to Approve the agenda?
17 MCCOY: So moved.
18 OBERNAGEL: Second.
19 VICE CHAIR BRONNER: All those in favor?
20 (A CHORUS OF AYES)
21 VICE CHAIR BRONNER: Opposed?
22 (NO RESPONSE)
23 VICE CHAIR BRONNER: The ayes have it.
24 As I'm sitting in for our esteemed

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1 Chairman at this moment, I have no Chairman remarks
2 other than to say we miss you. Executive Director?
3 MEISTER: Thank you, Miss Bronner. This is
4 Chris Meister. I'm the Executive Director. I've got
5 some things to cover. First of all, please join me in
6 congratulating Mr. Goetz who last month was his
7 13th anniversary as a Member of the Illinois Finance
8 Authority. I believe that Mr. Goetz is the sole
9 remaining Member who also attended the inaugural
10 meeting of the Illinois Finance Authority in January of
11 2004.
12 GOETZ: That's right.
13 MEISTER: Congratulations.
14 VICE CHAIR BRONNER: Lucky 13.
15 MEISTER: Six Granda will be highlighting a
16 couple of these matters in her financial report. But I
17 did want to let the members know that we have over the

18 past couple of months and weeks, we've come to near
19 complete resolution on a couple of longstanding legacy
20 matters. The first -- and this has been mentioned with
21 some regularity since July of 2016. We did distribute
22 over the past several weeks, I believe it's close to
23 \$4 million through a trustee to various primarily
24 healthcare borrowers from a longstanding program of the

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1 Illinois Health Facilities Finance Authority, one of
2 our predecessors, known as the 1985 Healthcare Pool.

3 Since we still have a few loose ends on
4 that, Miss Lenane and I agree that we would not be
5 doing the full presentation of the Board, because we
6 want to tie up a few loose ends. But I did want to let
7 the Board know that that was coming. I think it
8 underscores the reasons for our existence so that we
9 could be a repository of longstanding things from
10 predecessors and then appropriately steward them.

11 The '85 Pool was a borrowing structure
12 that was put in place before the last Federal Tax
13 Reform. And so it was under the old rules and it
14 continued into the new rules.

15 Secondly, also, under the category of
16 gifts from the 1980s, at the beginning of this month
17 we received from the City of Chicago approximately
18 \$2.4 million of a long ago appropriation to another
19 predecessor of ours, the Development Finance Authority,
20 for something called the Illinois Housing Partnership.
21 And again, given the longevity of this particular
22 program, there are still some loose ends that we are

23 working out, both on the reporting of the repayment and
24 for possible future uses of this and Six will be

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1 highlighting that. But I didn't want to give the Board
2 Members a preview in the coming months that the staff
3 will be reporting on the Authority's stewardship. Oh,
4 and who joined?

5 FLETCHER: Mr. Horne, are you participating
6 by audio conference because of employment purposes
7 today?

8 MR. HORNE: Bob Horne just joined the call.
9 I can't join the meeting today because of employment
10 purposes. I apologize for being late. I dialed into
11 the wrong number.

12 FLETCHER: Is there a request by this Board
13 to approve his request pursuant to the bylaws and
14 policies of the Authority?

15 JURACEK: So moved.

16 MCCOY: Second.

17 FLETCHER: Second by Mr. McCoy. All those in
18 favor?

19 (A CHORUS OF AYES)

20 FLETCHER: Opposed?

21 (NO RESPONSE)

22 FLETCHER: The ayes have it. Mr. Horne has
23 been added at 9:38 a.m.

24 MEISTER: Continuing with the Executive

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1 Director's Report, I did want to make a note for the
Page 6

2 record for the Members. And I made this point in the
3 previous conduit meeting. Miss Lenane is visiting with
4 a longstanding and important borrower of the Authority
5 at the borrower's request. I'm very grateful to Mr.
6 Frampton and Mr. Fletcher for stepping into her role in
7 the presentation of Montgomery Place and Three Crowns
8 Senior Living. Along the lines of thanking the staff,
9 as the Board Members know, the State regulations on
10 procurement are time consuming and resource intensive.
11 I do want to extend a special note of thanks to our
12 team, because we are currently in the midst of a very
13 time consuming and resource intensive procurement for
14 outside counsel. I want to extend a special note of
15 thanks to Rich Frampton, Six Granda, Pamela Lenane, as
16 well as Denise Burn, Terry Franzen and Elizabeth Weber.
17 We have an office completely filled with paper at this
18 point from various vendors.

19 Along the lines of procurement, we did
20 meet this week with two new individuals that are going
21 to be our primary contacts with the procurement
22 regulators, the Office of the Chief Procurement Officer
23 for General Services. Victoria Santiago and Nanzi
24 Cantero, they are taking the place of Art Moore, who

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1 our team particularly, Denise Burn had worked
2 particularly well with, but we look forward to
3 continuing a positive relationship.

4 Next week will be the Governor's budget
5 address. I do want to note for the record that the
6 various over the last week -- the various rating

7 agencies have either noted concerns or in one case a
8 downgrade of the State's credit. What the
9 implications are for our core business is conduit bond
10 issuers I think is unknown, but it does not look
11 particularly pleasant. But I do want to underscore
12 that.

13 And on positive news, Mr. Funderberg and
14 Mr. Poole, who is not here today due to some medical
15 reasons were both voted out of the Senate Executive
16 Appointments Committee this week in the Illinois
17 Senate. I'm hoping that their confirmation will be
18 favorably considered and voted on the floor of the
19 Illinois Senate hopefully before the end of the day
20 today. Thank you.

21 VICE CHAIR BRONNER: Thank you Director
22 Meister. Now to move to Item Number 5, Consideration
23 of the Minutes. Does anyone wish to make any
24 additions, edits or corrections to the minutes from

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1 January 12, 2017? Hearing none, I would like to
2 request a motion to approve the minutes.

3 FUENTES: So moved.

4 GOETZ: Second.

5 VICE CHAIR BRONNER: Moved by Mr. Fuentes and
6 seconded by Mr. Goetz. All those in favor?

7 (A CHORUS OF AYES)

8 VICE CHAIR BRONNER: Opposed?

9 (NO RESPONSE)

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11 VICE CHAIR BRONNER: The ayes have it. Miss
 Page 8

12 Granda, the presentation of the Financial Report.

13 GRANDA: Good morning, everyone. I will be
14 presenting the financial statements for period ending
15 January 31, 2017. The financial information provided
16 is estimated and not final. And this is due to the
17 short time between January 31st and the Board book
18 printing and also because I have been involved with the
19 large procurement.

20 The Authority General Operating Fund is
21 as follows: Our estimated total annual revenue is
22 \$3.7 million or \$805,000 or 27.8 percent higher than
23 budget. This is primarily due to the higher closing
24 fees.

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1 In January the Authority generated
2 \$197,000 in closing fees which is \$94,000 lower than
3 the monthly budget of \$291,000. Our total annual
4 expenses equal \$1.9 million and are \$971,000 or
5 33.6 percent lower than budget.

6 As mentioned before, this is mostly
7 driven by our vacant budget staff's decision and our
8 reduction on spending on professional services.

9 In January, the Authority recorded
10 operating expenses of \$340,000, which is lower by
11 \$72,000 from the budgeted amount of \$412,000. In
12 January there was a slight increase in employee related
13 expenses and professional services compared to the
14 previous month. The slight increase due to the
15 Authority's 408 Plan match which begins each calendar
16 year and it is also due to the renewal of memberships,

17 marketing and some additional legal fees. Even with
18 this slight increase, the Authority is still below
19 budget.

20 Our estimated total net loss for January
21 stands at \$15,000. Our estimated total annual net
22 income is at \$2.4 million. Again, a major driver of
23 this positive bottom line continues to be the level of
24 overall spending at 33.6 percent below budget as well

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1 as higher closing and administrative service fees.

2 If there is a large variance from the
3 estimated January 31st financial information that will
4 be addressed in the next Board meeting.

5 The Authority continues to maintain a
6 strong balance sheet. Our General Fund has a net
7 position of \$56.2 million. Our total assets are at
8 \$56.5 million consisting of cash investments and
9 receivables. Our unrestricted cash and investments
10 total \$37.7 million. Receivables total \$18.6 million
11 of which \$60 million is from the former Illinois Rural
12 Bond Bank or the local government program.

13 In February under this program, the
14 Authority received their semi-annual payment of
15 principal and interest in the amount of \$4.3 million.

16 Under the State of Illinois assigned
17 purchase receivables, the report could be found in your
18 Board book under the Financial Statement Tab, and in
19 January we have received roughly \$6,000 in principal
20 payments which brings the balance now to \$94,000.

21 Under the Clean Water Initiative Bond
Page 10

22 Series 2016, the bond proceeds disbursed so far is
23 \$179.16 million. Our estimated total investment under
24 this program is \$324.4 million with maturity dates

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1 through June of 2017.

2 Our estimated accrued investment income
3 is at \$228,000. In February so far we have disbursed
4 an additional \$57.9 million of bond proceeds.

5 In the coming weeks the Authority will
6 schedule an Audit Plus Committee meeting to discuss the
7 financial audit, the report that was released last
8 month and a corrective action plan for the audit
9 finding.

10 Earlier this week, I did receive a call
11 from RSM, our internal auditors. They are already
12 trying to schedule an entrance conference meeting for
13 the two-year compliance and for the fiscal year 2017
14 Financial Audit Report. Once the meeting has been
15 scheduled, it will be reported to the Board and this is
16 the beginning of the audit, of the audit season for me.

17 GOETZ: Is RSM new to us?

18 GRANDA: Yeah. They did our audit last year.
19 We will have them for five more years.

20 I would like to take this opportunity to
21 advise of some activities that are coming in February
22 that have already occurred. As Director Meister
23 mentioned, on February 2nd the Authority received a
24 payment in the amount of \$2.4 million from the City of

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1 Chicago for a loan payment from the Illinois Housing
2 Partnership Fund that dates back to 1986. The City of
3 Chicago did extensive work, along with Elizabeth Weber,
4 to provide all of the documents under this program.
5 There is still some loose ends as Director Meister
6 mentioned that the Authority is working on. Once there
7 is a resolution, it will be brought up to the Board.

8 Also in February the Authority
9 anticipates that disbursements for the academic school
10 year 2016-2017 under the Deferred Action for Childhood
11 Arrivals known as DACA Program to Loyola University.
12 Currently, there is some communication with Loyola
13 University in spite of the current federal climate.

14 Also in February, we anticipate closing
15 fees from Edward Elmhurst Health in the amount of
16 \$211,000; Southern Illinois Health Enterprises in the
17 amount of \$91,000; Mount Carmel in the amount of
18 \$7,000; and Smart Hotels in the amount of roughly about
19 \$30,000. Any questions?

20 MEISTER: One other additional item, as the
21 Members of the Authority knows, we are the issuer of
22 approximately what is outstanding now approximately
23 \$36 million in bonds issued by the Illinois Medical
24 District Commission, which is a statutory creation.

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1 These are enhanced with what's known as moral
2 obligations or contingent State tax credit guarantees.
3 And since approximately 2009, we have carried this
4 moral obligation pledge on our balance sheet.

5 I spoke with the Executive Director of
6 the Illinois Medical District earlier this week and
7 they are still proceeding with their plan to basically
8 defease these bonds and exit the contingent State
9 taxpayer guarantee represented by the moral obligation.
10 It's a four part plan. They basically accomplished the
11 first two legs of this plan. There is some real estate
12 litigation that is holding up the third leg of this
13 plan. But based on conversations that I have had with
14 the Executive Director of the Illinois Medical District
15 Commission and Six have had with the Trustees, the
16 various monthly reserves that are held by the Trustee
17 in connection with this bond issue are currently up to
18 date and in compliance. We will continue to keep the
19 Board updated as the Illinois Medical District
20 Commission moves forward with their plans.

21 VICE CHAIR BRONNER: Thank you. Thank you
22 Miss Granda. Once again, are there any questions for
23 either Miss Granda or Director Meister?

24 Hearing none, I would like to request a

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1 motion to accept the Financial Report.

2 ANDERBERG: So moved.

3 JURACEK: Second.

4 VICE CHAIR BRONNER: Thank you. All those in
5 favor?

6 (A CHORUS OF AYES)

7 VICE CHAIR BRONNER: Opposed?

8 (NO RESPONSE)

9 VICE CHAIR BRONNER: The ayes have it.

10 Moving on to the agenda, Item Number 7,
11 the monthly Procurement Report.

12 BURN: Good morning. Since the last Board
13 meeting, there really has not been any change in the
14 highlights in the sense that those include current
15 RFPs. Two remain open for bids, those in connection
16 with an RFP with respect to network consulting and also
17 loan management. One is closed. That is the legal
18 services RFP referred by Director Meister earlier.

19 We received 35 responses and those
20 responses are now being evaluated by the staff. The
21 remaining items on the Procurement Report are current
22 items, housekeeping, generally smaller items. So the
23 RFP remains our focus. Any questions? Nope.

24 VICE CHAIR BRONNER: Thank you. Now moving

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1 on to Item 8, Committee Report. The Tax Exempt Conduit
2 Transactions Committee met earlier this morning.

3 MCCOY: I'm glad to do it.

4 VICE CHAIR BRONNER: Oh, I'm sorry.

5 MCCOY: As we started, the Tax Exempt Conduit
6 Transaction Committee met this morning and unanimously
7 recommended for approval each of the tax exempt conduit
8 transactions matters on today's agenda, including
9 Montgomery Place, Three Crowns Park, Mount Carmel High
10 School and Smart Hotels Olympia Chicago LLC.

11 VICE CHAIR BRONNER: Thank you. Any other
12 Committee Reports? Hearing none, we'll move to Item
13 Number 9, Presentation and Consideration of the Project
14 Reports and Resolutions. I would like to ask for the

15 general consent of the Members to consider the project
16 reports and resolutions collectively and have the
17 subsequent report vote applied to each respective
18 individual project and resolution, unless there are any
19 specific project reports and resolutions that a Member
20 would like to consider separately.

21 If none, I would like to ask the staff
22 to now present the project reports and resolutions
23 which would be considered collectively? Mr. Frampton?

24 FRAMPTON: Thank you, Miss Bronner. We'll

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1 begin with Tab 1. Montgomery Place is requesting a
2 preliminary bond resolution for an amount not to exceed
3 \$40 million. As presently contemplated and presented
4 on Page 1 of the sources and uses of funds, bond
5 proceeds would be used to currently fund the
6 outstanding balance of the borrower's 2006 A bonds and
7 fund up to approximately \$8 million of new capital
8 improvements at the existing project, fund a debt
9 service reserve fund on the fixed rate bonds that are
10 sold into the market and also pay cause of issuance.

11 A little background on Montgomery Place.
12 They were incorporated under Illinois law as a
13 not-for-profit corporation in 1987. Montgomery Place
14 currently operates an existing continuing retirement
15 community that was constructed new in 1991. It's
16 located in Hyde Park immediately North of the Museum of
17 Science & Industry. Page 5 of the report shows the
18 location of the project.

19 The configuration of the facility is

20 currently comprised of 217 units overall and includes
21 155 independent living units, 22 assisted living units
22 of which eight are memory support units and 40 skilled
23 nursing beds.

24 The original amount issued back in 2006

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1 was \$40,850,000. Since then they have paid down the
2 balance to approximately \$30.2 million. And again this
3 new financing will also finance various renovations and
4 upgrades to the existing facilities and common areas.

5 In terms of structure, that's described
6 on Page 3. Ziegler Securities will be underwriting a
7 \$18 million public issue. The public bond will be sold
8 on a non-rated basis. They will be sold pursuant to a
9 waiver of the Authority's standard rating and bond
10 Denomination Policy. Because this project is an
11 existing IFA transaction that involves the
12 restructuring or refunding of an existing IFA Bond
13 series and will result in a positive impact in terms of
14 reducing debt service payments. This refinancing
15 satisfies the requirements for issuing bonds in
16 denominations of less than \$100,000.

17 The second series of bonds will be
18 purchased directly by First Midwest Bank. The First
19 Midwest Bank series will include all of the new money
20 bonds. In terms of the final maturity date, the
21 resolution will have a parameter of not to exceed 40
22 years.

23 In terms of the financial performance
24 that is presented on Page 6 of the report, as you'll

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1 note in 2015, there was a dip in debt service coverage
2 to below 1.0 times. That is reflected above in the
3 adjusted earnings before interest depreciation and
4 amortization plus net entrance fee line item. The real
5 driver on all of these congregate care facilities with
6 entrance fees, the real drivers of cash flow are net
7 entrance fees.

8 So in 2015, Montgomery Place actually
9 had two early refunds. Those two early refunds really
10 were the explanation of the \$600,000 drop in EBIDA, and
11 also the debt service coverage that was posted in that
12 year. Since that time, Montgomery Place's management.
13 And Board have undertaken strategic steps to improve
14 occupancy and marketing, and as a result, the census is
15 actually up by 15. They still have more work to do to
16 get the occupancy up into the mid 80s, but they are
17 certainly at better than break-even now. And based on
18 a recent EMMA filing for the six months ended
19 6/30/2016, they posted debt service coverage of 1.36
20 times and are in compliance with all financial
21 covenants.

22 So with that, I will stop and take any
23 questions you may have.

24 VICE CHAIR BRONNER: Any questions? Thank

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1 you. Moving on to Item Number 2. Mr. Fletcher?

2 FLETCHER: Thank you. Miss Vice Chair,
3 Members, Tab 2 in your Board book is a preliminary bond

4 resolution on behalf of Three Crowns Park in a not to
5 exceed amount of \$45 million. Three Crowns Park is a
6 not-for-profit full service CCRC located in Evanston on
7 a seven acre campus. While non-Secretarian, Three
8 Crowns Park was originally established in the late
9 1800s with the immediate goal of providing for Swedish
10 laborers who were suffering due to adverse working
11 conditions. More recently, the organization went
12 through a corporate restructuring in early 2000s when a
13 strategic planning initiative resulted in Three Crowns
14 Park serving a broader community with extensive
15 renovation and expansion.

16 Much of this expansion was financed
17 through IFA. In 2006, through the issuance of
18 approximately \$56 million of debt in four subseries.
19 At this time, they're seeking your approval to refund,
20 approximately \$35 million of those bonds from 2006 as
21 well as finance approximately \$4 million of capital
22 renovations throughout their campus, mostly common
23 areas so on and so forth.

24 The plan of finance contemplates a

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1 public offering underwritten by Ziegler Capital Markets
2 for the refunded tranche of the transaction. The new
3 money component will be purchased by a bank to be named
4 later when this transaction returns for your final bond
5 resolution approval in the coming months.

6 Because they are a non-rated entity, the
7 tranche being sold into the capital markets will
8 require a waiver of our standard handbook policy for

9 minimum denominations. In 2006, a feasibility study
10 was conducted to allow for our waiver and this being a
11 refunding, the waiver will continue through so that the
12 bonds could be sold in a minimum of \$500,000
13 denominations despite being non-rated.

14 Turning to Page 5 in the Confidential
15 Section, you will see there we provided historical
16 financial snapshot. The last three years which shows
17 compounded annual revenue growth of approximately
18 6.27 percent over the last few fiscal years.
19 Independent living accounts for 42 percent or more of
20 unrestricted revenues.

21 Furthermore, accounts receivables over
22 the last few fiscal years is down over 50 percent,
23 which is a strong indication of effective management
24 for this private pay only CCRC. There is no Medicaid

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1 or Medicare here.

2 Finally, with respect to census
3 information, I would like to note from 2015 to 2016 it
4 had an overall increase of eight residents, their CCRC.
5 The primary driver for this was an increase in their
6 independent living apartments which is located in the
7 MacDaniel Courts Building. Is there any questions?

8 GOETZ: What is their occupancy right now?

9 FLETCHER: As of December 31st it was 214.

10 GOETZ: The percentage?

11 MULE: 88 percent.

12 FLETCHER: 88 percent. Any other questions?

13 VICE CHAIR BRONNER: We'll now move to the
Page 19

14 resolutions. Item Number 3, Mr. Frampton.

15 FRAMPTON: Thank you. Please turn to Tab 3
16 of the Board book. Mount Carmel High School is
17 requesting an amendatory resolution. Mount Carmel High
18 School and Wintrust Bank, the bond purchaser, are
19 requesting approval of amendatory resolution to
20 increase the not to exceed principal amount of an IFA
21 bond issue from August of last year from \$22 million to
22 the \$26 million. The bond issue was used to refinance
23 approximately \$13 million of existing debt. And to
24 also finance approximately \$8 million of new

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1 improvements.

2 The reason this coming back to the Board
3 is that within weeks of this matter closing, Mount
4 Carmel discovered that they were going to have a
5 windfall of new pledges coming in ahead of when they
6 anticipated. Based on their credit agreement with
7 Wintrust, upon collecting those pledges, they were to
8 repay and prepay the bonds. So Mount Carmel, Wintrust
9 and bond counsel went back to the drawing board to see
10 if they could find other projects that would enable
11 Mount Carmel to continue borrowing under the terms that
12 they had originally anticipated. So with this
13 resolution, it really provides wiggle room for Mount
14 Carmel to borrow an additional \$4 million of project
15 proceeds. So in the net, they still have a \$22 million
16 bond issue instead of an \$18 million bond issue. Had
17 all of this been known prior to three weeks earlier,
18 this easily could have been fixed ahead of time. The

19 resolution could have been bumped up to \$26 from \$22.
20 The TEFRA hearing and documents could have easily been
21 changed, but in any case, this really fixes the
22 situation from the school's perspective.

23 In terms of IFA and our fees, we will
24 actually be receiving \$7,000 which would be the balance

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1 of the fee we would have gotten had we issued
2 \$26 million instead of \$22. So this is one of those
3 rare situations when it actually is win, win, win.

4 MEISTER: And just to note, conduit tax
5 exempt finance is where we are the issuer is really a
6 private/public partnership where the decisions and the
7 go and no go and the sizing is being made by private
8 borrowers and private lenders. In this case we were
9 ready with the facts that were presented to us and we
10 have been able to be ready with the revised facts to
11 help the private borrower.

12 VICE CHAIR BRONNER: Thank you. Item Number
13 4. Mr. Fletcher?

14 FLETCHER: Tab Number 4 is a request for a
15 final bond resolution approval by Smart Hotels Olympia
16 Chicago LLC. They are seeking to refund their
17 outstanding 2010 Recovery Zone Facility Bond which some
18 Members of this Board knows is a bond product that is
19 since expired. It was originally a creation of the
20 since American Recovery and Reinvestment Act. They are
21 seeking a refunding of those bonds. The new bond
22 purchaser will be BMO Harris Bank. The original 2010
23 bonds were purchased by MB Financial and guaranteed by

24 The University of Chicago.

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1 Background on the Series 2010 bonds.
2 The bond proceeds were used to acquire land and develop
3 a hotel adjacent to The University of Chicago campus on
4 East 52nd Place and Harper Avenue. That hotel today
5 has since been developed. It is known as the Hyatt
6 Place Chicago South University Medical Center.

7 In terms of -- the original amount was
8 \$21.5 million at issuance. It has since been paid down
9 to \$19.8 million and we seek your approval.

10 Is there any questions? Thank you. We
11 are offering a discount on the fee. I don't want to
12 forget that. Because this is a special product, they
13 can no longer issue Recovery Zone Bonds if they want to
14 extend the weighted average maturity. We did offer
15 them a discount as opposed to our regular fee schedule.
16 That discount at this time we estimate to be \$29,600.
17 I should note that for the record.

18 FRAMPTON: And not only that, they may
19 return again in seven years.

20 FLETCHER: If we're lucky.

21 VICE CHAIR BRONNER: As to Item Number 5
22 Approval of Contracts. Deputy General Counsel Burn.

23 BURN: Yes. This resolution is sought in
24 connection with the Legal Services RFP that was

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1 discussed earlier a couple of times. It provides for

2 pre-approval of the firms that have responded to the
3 RFP and authorization for the Executive Director to
4 enter into contracts with those firms. That
5 pre-approval, of course, is subject to the grading
6 process which is lengthy and ongoing. And also that's
7 with respect to the firms will ultimately be invited to
8 enter into contracts. And the contract procedure and
9 form, et cetera will also be in any other procurement
10 of those legal services will be in accordance with
11 State law and the protocols set forth by the Board
12 process and also just generally in the State process.

13 GOETZ: How many of the 35 will we actually
14 enter into contract with?

15 BURN: Not all of the grading is complete.
16 But general speaking, I'm thinking it's going to be 35,
17 because most of them have been through the process
18 before, frankly. And then the few that are additive to
19 the numbers that were there before as far as we can see
20 have obviously complied with the requirements of the
21 RFP, but we're still going through and grading them.

22 There is a minimal grade provided for in
23 the RFP. So there is a possibility it is not an open
24 season. And also these firms -- basically what we're

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1 doing is creating a pool for issuer counsel, bond
2 counsel and then other general services. Not all of
3 the firms will fit into all three of those categories.
4 Some will be in three. Some will be in two. It will
5 vary, you know. The contract that was entered into
6 will reflect which pool they are actually a part of.

7 MEISTER: Denise, I think you highlighted
8 that in your answer to the question that it is a
9 competitive process, provided by the
10 statutory exemption.

11 BURN: Absolutely. All of these responses
12 are in connection with the RFP which is a competitive
13 bid process that is put out there.

14 GOETZ: They are not competing against each
15 other? They are competing against a score?

16 BURN: Exactly.

17 MEISTER: Just for the Board Members'
18 benefit, several years ago the State reformed its
19 procurement process. It's regulatory in nature. It is
20 time and resource intensive. A couple of years after
21 that the General Assembly provided the Authority with a
22 partial exemption from some of the burden of the
23 overall regulatory structure. That sunsets at the end
24 of 2018. This particular legal and then also financial

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1 is subject to the exemption. And the power to approve
2 rests with the Board and not the staff, which is why
3 we're seeking the pre-approval. In March or April we
4 will come back for a ratification.

5 ZELLER: How long is the contract?

6 BURN: The contract is for four years. But
7 again these are, obviously it is not associated with
8 any particular project. At the time it really just
9 gives us the ability to go out and actually use those
10 firms, because absent that, you would have to do a
11 separate procurement for every project that came along.

12 MEISTER: And also what we have learned last
13 year, particularly with a smaller staff size, is that
14 we put it out for four years because the burden of a
15 renewal with all of the disclosure with this many
16 vendors is very resource intensive work for the
17 Authority staff. And so from a resource allocation
18 perspective, I wanted it to go out longer so that we
19 would not be creating artificial bridges for us to
20 cross.

21 In the meantime, I'll also note for the
22 Board's background, unlike most State entities, because
23 statutorily we are a body politic and corporate, the
24 Attorney General does not represent the Authority,

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1 which is why we're going forward with -- why we have
2 and going forward with retaining our own counsel. That
3 goes back to an Illinois Supreme Court case involving U
4 of I from the 1940s, which is also a body politic and
5 corporate which also retains its own counsel.

6 VICE CHAIR BRONNER: Just for clarification,
7 are these annual appropriations, are these annual
8 contracts that can be renewed up to four years or is it
9 a four-year contract?

10 BURN: It's a four-year contract with the
11 possibility of a four-year -- up to a four-year
12 renewal. That renewal could either be on an annual
13 basis. It could be, you know, four years, six months.
14 I mean it's flexible. But there is the possibility of
15 a renewal.

16 VICE CHAIR BRONNER: It could go up to eight?

17 BURN: Again requires us to come back to you.
18 I will say that the valuation process, even though we
19 referred to it in a literary sense, it actually isn't
20 as an evaluation process going on for each of the 35
21 firms in each of the categories that they select to be
22 considered for. So they are re-evaluating the bond
23 counsel, also, et cetera. So it does tend to be a very
24 robust evaluation process.

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1 MEISTER: And the Authority may cancel these
2 contracts with 30 day notice. I think our experience
3 was last time given the disclosure and paperwork burden
4 that goes along with this, even if a firm receives an
5 award, there is a possibility that the award may not
6 get reduced to a contract. We had at least one fairly
7 well-known firm last time where they were awarded, but
8 for a whole variety of reasons did not get reduced.

9 BURN: That's a contract procedure and that
10 is the form of the contract is -- this is -- it's
11 stringent.

12 VICE CHAIR BRONNER: Thank you. Any other
13 questions? All right. Thank you very much.

14 Then I would like to request a motion to
15 pass and adopt the following project reports and
16 resolutions, Items 1, 2, 3, 4 and 5. Is there such a
17 motion?

18 MCCOY: So moved.

19 OBERNAGEL: Second.

20 VICE CHAIR BRONNER: Moved by Mr. McCoy.
21 Seconded by Mr. Obernagel. I was going to have you

22 second it anyway, no matter what.

23 FLETCHER: On the motion and second I will

24 call the roll. Mr. Anderberg?

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1 ANDERBERG: Yes.

2 FLETCHER: Mr. Fuentes?

3 FUENTES: Yes.

4 FLETCHER: Mr. Goetz?

5 GOETZ: Yes.

6 FLETCHER: Mr. Horne on the line?

7 MR. HORNE: Yes.

8 FLETCHER: Ms. Juracek?

9 JURACEK: Yes.

10 FLETCHER: Mr. McCoy?

11 MCCOY: Yes.

12 FLETCHER: Mr. Obernagel?

13 OBERNAGEL: Yes.

14 FLETCHER: Ms. Smoots?

15 MS. SMOOTS: Yes.

16 FLETCHER: Mr. Zeller?

17 ZELLER: Yes.

18 ANDERBERG: Vice Chair Bronner?

19 VICE CHAIR BRONNER: Yes.

20 FLETCHER: Ms. Vice Chair, the motion

21 carries.

22 VICE CHAIR BRONNER: Moving on to other

23 business. Is there any other business to come before

24 the Members today? Hearing none, I would like to

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1 request a motion to excuse the absences of Members
2 unable to participate today. Is there such a motion?

3 ZELLER: So moved.

4 FUENTES: Second.

5 VICE CHAIR BRONNER: Moved by Member Zeller
6 and seconded by Fuentes.

7 All those in favor?

8 (A CHORUS OF AYES)

9 VICE CHAIR BRONNER: Opposed?

10 (NO RESPONSE)

11 VICE CHAIR BRONNER: The ayes have it.

12 Is there any public comment to come
13 before the Members today? Hearing none, then the next
14 regularly scheduled meeting will be March 9, 2017. And
15 at this time, I would like to request a motion to
16 adjourn. Is there such a motion?

17 ZELLER: So moved.

18 VICE CHAIR BRONNER: Moved by Mr. Zeller.

19 GOETZ: Second.

20 VICE CHAIR BRONNER: Second by Mr. Goetz.

21 All those in favor?

22 (A CHORUS OF AYES)

23 VICE CHAIR BRONNER: Opposed?

24 (NO RESPONSE)

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1 VICE CHAIR BRONNER: The ayes have it.

2 The meeting is adjourned.

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

4 (WHEREUPON the meeting was

5 adjourned at 10:15 a.m.)

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1 STATE OF ILLINOIS)
2)
3 COUNTY OF C O O K)

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5 C E R T I F I C A T E

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7 The within and foregoing hearing was taken
8 before GWENDOLYN BEDFORD, Certified Shorthand Reporter
9 in the City of Chicago, County of Cook and State of
10 Illinois, and there were present at the hearing Counsel

11 as previously set forth.

12 The undersigned is not interested in the
13 within case, nor of kin or counsel to any of the
14 parties.

15 IN TESTIMONY WHEREOF, I have hereunto set my
16 hand this 28th day of February, 2017.

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GWENDOLYN BEDFORD, C. S. R.
No. 084-003700

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