BOARD MINUTES

ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
REGULAR MEETING
THURSDAY, JULY 9, 2015
9:53 A.M.

I. Call to Order & Roll Call

At the regular meeting of the Board of Directors of the Illinois Finance Authority (the "Board"), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Hearing Room N -808, Chicago, Illinois 60601, on the second Thursday of July in the year 2015, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the "Act"), R. Robert Funderburg, Jr., Chairman of the Board, called the Board to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 10 Members physically present and 1 Member present by means of audio conference.

On the question of a quorum of Members physically present at the location of this open meeting, the Assistant Secretary of the Board declared that a quorum had been constituted.

ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
QUORUM ROLL CALL FOR ATTENDANCE

July 9, 2015

0 YEAS		0 NAYS		11 PRESENT	
P	Bronner	P	Leonard (VIA AUDIO CONFERENCE)	P	Yonover
P	Fuentes	P	O'Brien	P	Zeller
P	Goetz	E	Pedersen	P	Mr. Chairman
P	Gold	P	Poole		
P	Knox	E	Tessler		

E – Denotes Excused Absence

II. Chairman's Remarks

Chairman Funderburg welcomed Members of the Board, Authority staff and all guests present.

Furthermore, Chairman Funderburg introduced Member Yonover, recently appointed by Governor Rauner. Chairman Funderburg expressed his gratitude to Member Yonover for serving the great state of Illinois.

III. Message from the Executive Director

Executive Director Meister congratulated Member Yonover on his appointment and expressed his desire to work collaboratively together for the benefit of the Authority.

Executive Director Meister informed the Board that the Authority's fiscal year concluded June 30, 2015. Executive Director Meister reported that the Authority had a very successful year, including the financing of many great projects.

Executive Director Meister thanked Chairman Funderburg and all Members of the Board for their volunteer public service; additionally, Executive Director Meister thanked Authority staff for their collective efforts despite having a lower headcount than in years' prior.

IV. Consideration of the Minutes

Chairman Funderburg asked if the Members wished to direct the Assistant Secretary of the Board to correct any errors in the Minutes of the regular meeting of the Committee of the Whole held on June 11, 2015 or in the Minutes of the regular meeting of the Board held on June 11, 2015.

Minutes of the regular meeting of the Committee of the Whole held on June 11, 2015 and Minutes of the regular meeting of the Board held on June 11, 2015 were taken up for consideration.

Member Goetz moved for the adoption of the Minutes.

Member O'Brien seconded the motion.

The motion prevailed and the Minutes were adopted.

V. Presentation and Consideration of the Financial Statements

Ms. Gildart presented the following monthly and annual summary as of May 31, and June 30, 2015:

Ms. Gildart noted that due to the timing/receipt of external information and the Authority's printing schedule, some of the following financial information for June 2015 is projected:

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

a. **Projected Annual Operating Revenues** totaled $4 million, while annual Projected Net Non-Operating Revenues totaled $179 thousand. Total projected annual combined revenues of $4.1 million are $278 thousand or 22% below budget; due primarily to lower than expected closing and miscellaneous fees. Closing fees year to date of $2.3 million, are $156 thousand or 6% below budget. Included in Interest Income on Loans, the projected year to date revenue accrued for interest due from the former IRBB local governments totaled $961 thousand. Annual fees of $366 thousand are 8% or $28 thousand higher than budget. Administrative service fees are also 18% higher than budgeted, totaling $136 thousand for the year. Annual projected net investment income of $170 thousand is almost 3 times the fiscal year 2014's ending total as of June.

b. In **June**, the Authority generated $208 thousand in closing fees, which is above the average monthly total of $193 thousand. Closing fees were received from: ***Northwestern University***, $138 thousand, ***Midwestern University***, $56 thousand and ***Agriculture-related closings*** of $14 thousand. An additional closing from ***May*** included ***Palos Community Hospital***, $138 thousand. In ***June***, administrative service fees of $10 thousand were also booked for ***National Jewish Foundation***. June's projected net investment revenue totaled $8 thousand.

c. **Projected Annual Operating Expenses** of $3.7 million are $702 thousand or 16% lower than budget, mostly driven by lower employee-related expenses and professional service costs. Projected year to date employee expenses total $1.7 million and projected professional services total $1.3 million, with employee costs 21.6% below budget and professional services 15% below budget. Actual costs in professional services in June include FY14 external audit costs of $110K due to the Office of the Auditor General. Projected annual occupancy costs total $275 thousand and are $17 thousand or 5.7% under budget. This function includes estimates of $75K in additional move costs for the Chicago Office to be incurred by June 30th, with the remaining build out costs and moving expenses to be charged to FY16. Projected general and administrative costs are $372 thousand for the year, which is 11.3% over budget. Other contributors to lower projected overall year to date operating costs include delays for the debt management software application, Chicago Office permanent move, execution of the contract for accounting software and maintenance, reduced internal audit fees and reduced staff costs.

d. **Projected June Monthly Net Loss -**$86 thousand. On a year to date basis, the Authority currently shows Projected Annual Net Income of $754 thousand. Major contributors to the positive bottom line include the level of overall spending at 16% below budget and the transfer of the remaining IRBB reserve funds earlier this fiscal year of nearly $300K. Budgeted net income at this point in the fiscal year is just $37 thousand.

Ms. Gildart noted that the Balance Sheet and all activity of other funds are presented as of May 31, 2015.

2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION

The Authority, as of May 2015, is a $119 million dollar agency which also currently accounts for nearly $300 million in total activity (including the Other State of Illinois Debt Fund) and maintains compliance for nearly $24 billion in outstanding debt.

[1]***Operating Revenues and Expenses*** are direct results of our basic business operations. ***Non-Operating Revenues and Expenses*** are netted against each other and include interest and investment income and expenses, bad debt adjustments, transfers to the State of Illinois and realized/unrealized gains and losses on investments. ***Net Income/ (Loss)*** is our bottom line.

3. GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION

In the General Fund, IFA continues to maintain a strong balance sheet with total net position of $52.7 million. The total assets in the General Fund are $53.3 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total $29.3 million, notes receivables for the former IRBB local governments total $20.5 million, other loans receivables are at $2.1 million and restricted cash in the DACA Loan Fund totals $1.3 million. Liabilities, current and non-current, total just $602 thousand.

4. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS

a. In accordance with governmental accounting standards, the "Other State of Illinois Debt Fund" is comprised of bond activity for the Illinois Environmental Protection Agency (IEPA), the Illinois Medical District Commission (IMDC) and Northern Illinois University Foundation (NIUF). The majority of the activity in this fund derives from the Clean Water Initiative for IEPA. The Authority is working with each component unit to ensure proper consolidated, state-wide financial reporting as of June 30, 2015.

b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of $411 thousand. An additional $195 thousand is in transit from the Office of the State Fire Marshal (OSFM) to be deposited into the Authority's locally held fund as of June 30, 2015. New Fire Truck Revolving Loans, totaling at least $6 million, are expected to be presented for the Board's approval at the August 2015 meeting. Net investment income from both funds equals $66 thousand. Monies have been invested since July 2014. Net position of $22 million for Fire Truck and $4.2 million for Ambulance, are now shown on the Authority's books due to recent statutory changes.

c. Other Nonmajor Funds booked revenues of $215 thousand, of which, $178 thousand is derived from investment activity. Year to date, the nonmajor funds show a net loss of $93 thousand, driven by the transfer of funds out of the IRBB Reserve Fund to the General Operating Fund. All other activities result in positive net income of $201 thousand as of May. Total Net Position in the Nonmajor Funds is $39.5 million.

d. The Agency/Fiduciary Funds for IFA include both the Metro East Police District Commission and the Illinois Finance Authority NFP Development Fund, with combined current assets of $61 thousand.

5. FY14 AND FY15 FINANC IAL/COMPLIANCE AUDITS and GASB UPDATES

a. Fieldwork for the FY14 and FY15 compliance and financial audits is ongoing. The current IFA audits will be the last performed by Special Assistant Auditors for the Illinois Auditor General, EC Ortiz, LLP. The Authority will have new auditors beginning with the FY16 financial audit.

b. Upcoming Governmental Accounting Standards Board (GASB) changes to Authority financial reporting, affect fair value measurements and application for investments, leases and fiduciary activities, with some changes taking effect July 1, 2015. The Authority will continue to monitor these developments to ensure proper implementation of these new standards to Authority financial reporting, as applicable.

6. <u>OTHER SUPPLEMENTARY FINANCIAL INFORMATION</u>

a. The Schedule of Debt is being presented as supplementary financial information immediately following the financial statements in the board package as of July 2015. The Monthly Flash Report is included as separately distributed supplementary financial information for the Board's review.

Projected preliminary and unaudited Statement of Revenues, Expenses and Net Income as of June 30, 2015, and preliminary and unaudited Statement of Net Position as of May 31, 2015 were taken up for consideration.

Member O'Brien moved for the acceptance of the Financial Statements.

Member Fuentes seconded the motion.

The motion prevailed and the Financial Statements were accepted.

VI. Monthly Procurement Report

Ms. Gildart presented the Monthly Procurement Report, which included contracts pending execution, contract renewals, new contracts, upcoming solicitations, and a list of vendors procured by the State of Illinois without action needed by Members of the Authority.

Specifically, Ms. Gildart noted that contracts for (i) Payroll Services and Employee Benefits, (ii) Temporary Finance/Procurement/Compliance Staffing, (iii) Legislative Services, (iv) Marketing Services and (v) New Markets Tax Credits Services will all expire within the next 60-90 days.

VII. Committee Reports

Compensation Committee

Member O'Brien reported that the Compensation Committee reviewed and recommended approval of the following resolution: Item 8.

VIII. Presentation and Consideration of Project Reports and Resolutions

Chairman Funderburg asked for the general consent of the Members to consider the projects and resolutions collectively and to have the subsequent recorded vote applied to each individual project and resolution, unless there is any specific project or resolution that a Member would like to consider separately.

Hearing no objections, Chairman Funderburg directed Ms. Lenane, Mr. Fletcher, Mr. Frampton and Executive Director Meister to present the projects and resolutions to the Board.

Ms. Lenane presented the following project:

Healthcare Projects

Item 5: Item 5 is a request for 501(c)(3) Revenue Bond financing.

Villa St. Benedict is requesting approval of a Final Bond Resolution in an amount not to exceed $45,000,000.

Villa St. Benedict, a Minnesota nonprofit corporation authorized to transact business in the State of Illinois (the "Corporation"), has requested that the Authority issue not to exceed $45,000,000 in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Refunding Bonds, Series 2015 (Villa St. Benedict) (the "Series 2015 Bonds"), and loan the proceeds thereof to the Corporation, in order to assist the Corporation in providing all or some of the funds necessary to do any or all of the following: (i) refunding all of the outstanding principal amount of the Illinois Health Facilities Authority Revenue Bonds, Series 2003A-1 (Villa St. Benedict Project) (the "Prior Bonds"), the proceeds of which were loaned to the Corporation to pay or reimburse the Corporation for the payment of the costs of acquiring, constructing and equipping certain senior living facilities of the Corporation, (ii) financing, refinancing or reimbursing the Corporation for all or a portion of the costs, including capitalized interest, if any, of renovating and equipping the Corporation's existing senior living facilities, (iii) funding a debt service reserve fund, if deemed necessary or advisable by the Corporation or the Authority, and (iv) paying certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Prior Bonds, all as permitted by the Illinois Finance Authority Act.

Ms. Lenane informed the Board that the Corporation is requesting a waiver of the Authority's denomination policy for non-rated debt. The resolution approving the financing will be subject to the delivery of a an executed Feasibility Study to the Authority, which Feasibility Study shall demonstrate the financial viability of the Corporation after the issuance of the Series 2015 Bonds and the ability of the Corporation to pay debt service on the Series 2015 Bonds. The Corporation is also requesting a waiver of the requirement that there has not been a default in the preceding 3 years, since they have been operating under a forbearance agreement with the bondholders since 2010.

Ms. Lenane announced that Mr. Kevin Rymanowski, Chief Financial Officer of Benedictine Health Systems, and Ms. Kathy DeChristina, Executive Director of Villa St. Benedict, were present and ready to speak on behalf of Item 5.

Mr. Rymanowski thanked the Board for their consideration of this financing. Mr. Rymanowski reported that although the Corporation has operated the campus under a Forbearance Agreement since August 1, 2010, after much effort the interest due to the Bondholders is current and paid in full. During the extended fill period, Benedictine Health System ("BHS") and the Benedictine Sisters of the Sacred Heart have advanced cash to cover operating losses and certain amounts due for debt service. BHS has taken back notes to evidence the advances, but to date cash flow has been insufficient to make any payments on this obligation.

Ms. DeChristina thanked the Board for their consideration of this financing.

Member O'Brien inquired as to the marketability of the proposed bond offering. Ms. Lenane informed Member O'Brien and the Board that the underwriter expects many of the same institutional investors that have been bondholders of the Prior Bonds are likely to purchase the proposed Series 2015 Bonds.

Member Goetz inquired why the Corporation needs a waiver of the Authority's denomination policy if it is expected that institutional investors will purchase the Series 2015 Bonds. Mr. Rymanowski clarified that the waiver will benefit the institutional investors' ability to sell the proposed Series 2015 Bonds in the secondary market at a later time, if so desired.

Executive Director Meister and Mr. Steve Johnson, Managing Director of B.C. Ziegler and Company, engaged in a conversation about continuing disclosure practices. Mr. Johnson confirmed that the Corporation would have the continuing disclosure obligation to bondholders and to the market. Continuing disclosure for the Series 2015 Bonds would be available for free on the internet at the Municipal Securities Rulemaking Board's EMMA website: http://emma.msrb.org.

Member Yonover and Ms. Lenane engaged in a discussion about the waiver of the Authority's denomination policy which otherwise requires non-rated bonds be sold in minimum denominations of $100,000. Also, Ms. Lenane informed the Board of the administrative closing fee that the Authority will receive for issuing the Series 2015 Bonds.

Member Knox expressed his belief that this proposed financing is vital to the Authority's core mission, whereby the Authority provides conduit non-profit borrowers, particularly distressed borrowers, with the ability to access the capital markets at tax-exempt rates. Member Knox stated that as long as buyers exist for the Series 2015 Bonds, the Authority needs to fulfill its mission.

Mr. Fletcher presented the following project:

Local Government and Government Purpose Projects

Item 1: Item 1 is a request for Local Government Revenue Bond financing.

Community Unit School District No. 3 Saline County (Harrisburg) is requesting approval of a Final Bond Resolution in an amount not to exceed $24,000,000. This financing is being presented for one-time consideration.

Proceeds of the Series 2015A Bonds will be used to purchase Local Government Securities issued by Community Unit School District Number 3, Saline County, Illinois (the "District") to: (a) demolish, reconstruct, renovate, alter, repair and equip a portion of the Harrisburg High School Buildings and renovate, alter, repair and equip other portions of such buildings, and improve the sites thereof and (b) pay costs associated with the issuance of the Series 2015A Bonds (the "2015A Financing Purposes"); and proceeds of the Series 2015B Bonds will be used to purchase Local Government Securities issued by the District to: (a) construct fire prevention and life safety improvements to the existing school buildings of the District, (b) refund certain outstanding bonds of the District and (c) pay costs associated with the issuance of the Series 2015B Bonds (the "2015B Financing Purposes" and, collectively with the 2015A Financing Purposes, the "Financing Purposes").

Member Goetz and Member Zeller engaged in a discussion concerning the County School Facility Occupation Tax securing the Series 2015A Bonds, which will be issued as alternate source revenue bonds. Mr. Fletcher informed the Board that on March 20, 2012, a majority of the voters of Saline County at the general primary election approved of imposing a 1% County School Facility Occupation Tax – or "Facility Sales Tax" by referendum. Proceeds on the incremental increase of the sales tax can only be used specifically for school capital expenditure projects, pursuant to State law.

Mr. Frampton presented the following projects:

Educational, Cultural and Non-Healthcare 501(c)(3) Projects

Item 2: Item 2 is a request for 501(c)(3) Revenue Bond financing.

Field Museum of Natural History is requesting approval of a Final Bond Resolution in an amount not to exceed $93,000,000.

Bonds will be issued in one or more series and the proceeds will be used by the Field Museum of Natural History (the "Museum", or the "Borrower"), to provide for the (i) refunding of the outstanding principal balances of the following bond issues issued on behalf of the Museum: (a) Illinois Educational Facilities (hereinafter, "IEFA") Series 1985 Revenue Bonds, (b) IEFA Series 1990 Revenue Bonds, (c) IEFA Series 1998 Revenue Bonds, and (d) IEFA Series 2000 Revenue Bonds (collectively, the "Prior Bonds"), and (ii) prospectively, to fund all or a portion of the costs of refunding the Prior Bonds, as permitted under the Illinois Finance Authority Act (collectively with refunding of the Prior Bonds, the "Financing Purposes").

Item 3: Item 3 is a request for 501(c)(3) Revenue Bond financing.

Shedd Aquarium Society is requesting approval of a Final Bond Resolution in an amount not to exceed $23,000,000. This financing is being presented for one-time consideration.

Shedd Aquarium Society, an Illinois not-for-profit corporation (the "Corporation"), has requested that the Authority issue not to exceed $23,000,000 (excluding original issue discount or premium, if any) in principal amount of its Revenue Bond, Shedd Aquarium Society, Series 2015 (the "Series 2015 Bond") and loan the proceeds thereof to the Corporation in order to assist the Corporation in providing a portion of the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Refunding Bonds, Shedd Aquarium Society, Series 2005 (the "Series 2005 Bonds") issued in the original aggregate principal amount of $34,435,000, $22,945,000 of which remain outstanding; and (ii) pay certain expenses incurred in connection with the issuance of the Series 2015 Bond and the refunding of the Series 2005 Bonds, if deemed necessary or desirable by the Corporation, all as permitted by the Illinois Finance Authority Act (collectively the "Financing Purposes").

Item 4: Item 4 is a request for 501(c)(3) Revenue Bond financing.

The University of Chicago is requesting approval of a Preliminary Bond Resolution in an amount not to exceed $585,000,000.

Bond proceeds issued for the benefit of The University of Chicago, an Illinois not for profit corporation (the "Borrower"), will be used for the purpose of providing the Borrower with all or a portion of the funds necessary to (i) finance, refinance, or reimburse the Borrower for all or a portion of the costs, including capitalized interest, if any, of the planning, design, acquisition, construction, renovation, improvement, expansion and equipping of certain of its educational facilities (collectively, the "New Projects"), (ii) refund, advance refund or provide for the payment of all or a portion of certain tax-exempt revenue bonds (the "Prior Bonds"), the proceeds of which were used, among other things, to finance, refinance or reimburse the Borrower for certain costs relating to the acquisition, construction, renovation, improvement and equipping of certain of its educational facilities, (iii) pay certain working capital expenditures if deemed desirable by the Borrower, (iv) fund one or more debt service reserve funds for the Bonds if deemed desirable by the Borrower, and (v) pay certain costs relating to the issuance of the Bonds, including the costs of bond insurance or other credit or liquidity enhancement, if any, and certain costs incurred in connection with the refunding, advance refunding or provision for payment of all or a portion of the Prior Bonds, all as permitted under the Illinois Finance Authority Act (collectively, the "Financing Purposes").

Mr. Frampton confirmed for Member Goetz that as part of the underwriting syndicate, the Borrower has selected Loop Capital Markets LLC to serve as one of the Co-Managers. Additionally, Pugh Jones & Johnson, P.C. which is also a MBE firm, has been engaged by the underwriting syndicate.

Ms. Lenane presented the following project:

Healthcare Projects

Item 6: Item 6 is a request for 501(c)(3) Revenue Bond financing.

OSF Healthcare System is requesting approval of a Final Bond Resolution in an amount not to exceed $500,000,000. This financing is being presented for one-time consideration.

Proceeds of bonds issued in aggregate principal amount of revenue bonds consisting of (i) one or more series of tax-exempt Revenue Bonds, Series 2015 (OSF Healthcare System) bearing interest at variable rates (the "Variable Rate Bonds"), (ii) one or more series of tax-exempt Revenue Bonds, Series 2015 (OSF Healthcare System) bearing interest at fixed rates (the "Fixed Rate Bonds") and (iii) one or more series of taxable Revenue Bonds, Series 2015 (OSF Healthcare System) bearing interest at variable rates (the "Taxable Bonds" and, together with the Variable Rate Bonds and the Fixed Rate

Bonds, the “Series 2015 Bonds”) for the benefit of OSF Healthcare System, an Illinois not for profit corporation (the “Corporation”), will be loaned to the Corporation in order to assist the Corporation in providing the funds necessary to do any or all of the following: (i) pay or reimburse the Corporation for, or refinance, the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by the Corporation or its affiliates, including but not limited to the acquisition, construction, renovation, remodeling and equipping of an approximately 144,247 square foot four story bed pavilion addition (including all necessary and attendant facilities, equipment, site work and utilities) to OSF Saint Anthony Medical Center in Rockford, Illinois (collectively, the “Project”); (ii) refund all or a portion of the (a) Illinois Finance Authority Revenue Bonds, Series 2007A (OSF Healthcare System) (the “Series 2007A Bonds”), (b) Illinois Finance Authority Revenue Bonds, Series 2009A (OSF Healthcare System) (the “Series 2009A Bonds”), and (c) Illinois Finance Authority Revenue Bond, Series 2009E (OSF Healthcare System) (the “Series 2009E Bonds” and, together with the Series 2007A Bonds and the Series 2009A Bonds, the “Prior Bonds”); (iii) refinance certain taxable indebtedness of the Corporation (the “Prior Debt”) the proceeds of which were used to refinance the (a) Illinois Finance Authority Revenue Bonds, Series 2006 (Kewanee Hospital Project), (b) Illinois Finance Authority Revenue Bond, Series 2010A (Saint Anthony’s Health Center), (c) Illinois Finance Authority Revenue Bond, Series 2010B (Saint Anthony’s Health Center), and (d) Illinois Finance Authority Revenue Bond, Series 2010C (Saint Anthony’s Health Center) (collectively, the “Refinanced Bonds”), (iv) pay a portion of the interest on the Series 2015 Bonds, if deemed necessary or advisable by the Authority or the Corporation; (v) provide working capital, if deemed necessary or advisable by the Authority or the Corporation; (vi) pay the costs of terminating certain interest rate agreements of the Corporation related to the Series 2015 Bonds; (vii) fund a debt service reserve fund for the benefit of the Series 2015 Bonds, if deemed necessary or advisable by the Authority or the Corporation; and (viii) pay certain expenses, including any costs incurred for providing liquidity or credit enhancement for the Series 2015 Bonds, incurred in connection with the issuance of the Series 2015 Bonds, the refunding of the Prior Bonds and the refinancing of the Prior Debt, all as permitted by the Illinois Finance Authority Act (collectively, the “Financing Purposes”).

Ms. Lenane announced that Ms. Anne Donahoe, Financial Advisor to OSF Healthcare Systems, was present and ready to speak on behalf of Item 6.

Ms. Donahoe thanked the Board for their consideration of this financing.

Member Yonover inquired about the Corporation’s fiscal year end date. Ms. Donahoe clarified that the Corporation’s fiscal year end date is September 30. Accordingly, Ms. Donahoe and Ms. Lenane informed the Board that in the summary of the Corporation’s audited financials, the Income Statement, Balance Sheet and corresponding ratios as of March 31, 2015 are for the preceding 6 months, not a full fiscal year.

Member O’Brien and Ms. Donahoe engaged in a conversation regarding the composition of OSF Healthcare System’s Board of Directors. Member O’Brien expressed his belief that it is a unique composition given that a majority of members of the Board of Directors are Sisters of the Third Order of St. Francis and not business professionals. Member O'Brien and the Board agreed that the Sisters of the Third Order of St. Francis are performing well as the sole corporate member of OSF Healthcare System.

Executive Director Meister presented the following resolutions:

Resolutions

Item 7: Item 7 is a Resolution Adopting the Fiscal Year 2016 Illinois Finance Authority Budget.

Member Bronner inquired about the cost of the external financial and compliance audit. Ms. Gildart informed the Board that the respective expense is budgeted at $225,000, reflecting a two-year compliance audit, a one-year financial audit and additional costs relating to new external Special Assistant Auditors being assigned to the Authority from the Office of the Auditor General pursuant to the start of a new term as contemplated per State statute.

Executive Director Meister and Ms. Gildart clarified for the Board that unlike private corporations, the Authority's external auditors are retained, hired, selected and managed by the Office of the Auditor General – serving as Special Assistant Auditors for the Auditor General, whom is an independent constitutional officer. However, the cost burden to the Authority not only reflects the costs of the Special Assistant Auditors but also costs related to staff of the Office of the Auditor General.

Member O'Brien asked for more information concerning the budget line items for the Board of Directors and Executive Director. Ms. Gildart informed the Board that Director's and Officer's Insurance constitutes a significant portion of the expenses for Board of Directors, among other line items which include travel reimbursement, printing costs and new Information Technology equipment for Members.

Executive Director Meister introduced Mr. Kevin Riordan, Vice President of Mesirow Financial Holdings, Inc. Also, Executive Director Meister explained that purchasing communications equipment for each Member will help create a firewall between Member's respective personal or business communications and Authority communications.

Concerning the budgeted line items for Executive Director, Ms. Gildart stated that the major line item expenses were two wages of two employees, including wage increases for each, as well as financial advisory services and marketing services for the Authority.

Executive Director Meister complemented Ms. Gildart for implementing a cost-center budgeting process, which helps the Authority potentially recover costs in a more efficient manner as needed. However, Chairman Funderburg and Member Bronner expressed their belief that the Board should be provided a comprehensive line item budget rather than just a budget with overall cost-center revenues and expenses.

Ms. Gildart informed the Board of major line items for each of the cost-centers in the budget and offered to provide even further detail as requested.

Member Bronner inquired if staff of the Authority has a plan in place to reduce expenses of the Authority if it appears projected revenues are not met throughout the year. Executive Director Meister and Ms. Gildart informed the Board that they are working on implementation of monthly actual versus budget reporting so that the Board can timely monitor the Authority net position and make recommendations appropriately.

Item 8: Item 8 is a Resolution Adopting the Report of the Compensation Committee.

Member O'Brien again reported that the Compensation Committee met earlier and reviewed recommendations of the Executive Director for wages for current and future staff of the Authority. Member O'Brien reported that after discussing various wage adjustments for current Authority staff and discussing wages for potential Authority staff, the Compensation Committee recommended approval of Item 8.

Member O'Brien reminded the Board that current Authority staff's wages have remained fixed for two years despite assuming a larger workload due to lower headcount.

Item 9: Item 9 is a Resolution Organizing the Committees of the Illinois Finance Authority.

Executive Director Meister explained to the Board that the new committee structure as proposed in Item 9 is based in part on the committee structure of University of Illinois' Board of Trustees.

Item 10: Item 10 is a Resolution Approving the Schedule of Regular Meetings for Fiscal Year 2016.

Member Goetz moved for the adoption of the following projects and resolutions: Items 1, 2, 3, 4, 5, 7, 8, 9 and 10.

Member Knox seconded the motion.

And on that motion, a roll call vote was taken, resulting as follows: 11 Yeas; 0 Nays; 0 Answering Present.

These projects and resolutions, having received the votes of a quorum of the Members of the Board, were declared passed and adopted, respectively.

Next, Member Goetz moved for the adoption of the following project: Item 6.

Member O'Brien seconded the motion.

And on that motion, a roll call vote was taken, resulting as follows: 10 Yeas; 0 Nays; 0 Answering Present; 1 Abstention (Funderburg).

Chairman Funderburg abstained from casting a vote for Item 6, declaring in a statement that he serves as Chairman of the Board of Directors of Alpine Bank and Alpine Bancorporation, Inc., which has a business relationship with OSF Healthcare System.

This project, having received the votes of a quorum of the Members of the Board, was declared passed.

IX. Other Business

None.

X. Public Comment

None.

XI. Adjournment

At the time of 10:57 a.m., Member Zeller moved that the Board do now adjourn until August 13, 2015, at 9:30 a.m.

Member Fuentes seconded the motion.

The motion prevailed.

And the Board stood adjourned.

Minutes published by:
Brad R. Fletcher
Assistant Secretary of the Board