

# **ILLINOIS FINANCE AUTHORITY**

**April 14, 2015**

## **AGENDA**

### **COMMITTEE OF THE WHOLE MEETING**

**9:30 a.m.**

**Michael A. Bilandic Building  
160 North LaSalle Street  
Hearing Room N - 808  
Chicago, Illinois 60601**

- I. Call to Order & Roll Call
- II. Chairman's Remarks
- III. Message from the Executive Director
- IV. Consideration of the Minutes
- V. Presentation and Consideration of the Financial Statements
- VI. Monthly Procurement Report
- VII. Committee Reports
- VIII. Project Reports and Resolutions
- IX. Other Business
- X. Public Comment
- XI. Adjournment

### **BOARD MEETING**

**10:30 a.m.**

**Michael A. Bilandic Building  
160 North LaSalle Street  
Hearing Room N - 808  
Chicago, Illinois 60601**

- I. Call to Order & Roll Call
- II. Chairman's Remarks
- III. Adoption of the Minutes
- IV. Acceptance of the Financial Statements
- V. Approval of Project Reports and Resolutions
- VI. Other Business
- VII. Public Comment
- VIII. Adjournment

## PROJECT REPORTS AND RESOLUTIONS

### EDUCATIONAL, CULTURAL AND NON-HEALTHCARE 501(c)(3) PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	FM
<b>Student Housing Revenue Bonds</b> <i>Final</i>						
1	CHF-Cook, L.L.C.	Chicago (Cook County)	\$45,000,000	5	115	RF/BF
<b>501(c)(3) Revenue Bonds</b> <i>Final (One-Time Consideration)</i>						
2	Northwestern University	Chicago and Evanston (Cook County); and Waukegan (Lake County)	\$145,300,000	N/A	115	RF/BF
<b>TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS</b>			<b>\$190,300,000</b>	<b>5</b>	<b>230</b>	

### HEALTHCARE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
<b>501(c)(3) Revenue Bonds</b> <i>Final (One-Time Consideration)</i>						
3	Palos Community Hospital	Lemont, Oak Lawn, Orland Park, and Palos Heights (Cook and Will Counties)	\$101,000,000	N/A	N/A	PL
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$101,000,000</b>	<b>N/A</b>	<b>N/A</b>	
<b>GRAND TOTAL</b>			<b>\$291,300,000</b>	<b>5</b>	<b>230</b>	

### RESOLUTIONS

Tab	Action	Staff
<b>Resolutions</b>		
4	Resolution Adopting the Procurement Report	CM/MG
5	Resolution Adopting the Report of the Audit Committee	CM/MG
6	Resolution for Confirmation of Election of a Vice-Chair of the Illinois Finance Authority	CM

April 14, 2015

TO: R. Robert Funderburg, Jr., Chairman  
Gila J. Bronner  
James J. Fuentes  
Norman M. Gold  
Lerry Knox  
Edward H. Leonard, Sr.  
Bradley A. Zeller

Michael W. Goetz, Vice-Chairman  
Heather D. Parish  
Mayor Barrett F. Pedersen  
Roger Poole  
Mordecai Tessler  
Terrence M. O'Brien

RE: Message from the Executive Director

Dear Members of the Authority:

***IFA Welcomes New Chairman***

Yesterday, Governor Bruce Rauner appointed R. Robert Funderburg, Jr. to lead the Illinois Finance Authority as its new Chairman. Chairman Funderburg's background in business and as an entrepreneur makes him supremely qualified for the position. Currently, Chairman Funderburg is also the Chairman of Alpine Bank and Trust, the Chairman of Alpine Bancorporation, Inc., and President and Treasurer of both Funderburg Farms, Inc. and K-B Farms, Inc. He has worked in several different industries including financial services, real estate development, and agribusiness.

Chairman Funderburg is deeply invested in his community, serving on numerous boards including the YMCA of Rock River Valley, the Rockford Art Museum, the Keith Country Day School, the Belvidere Community School District #100 Foundation for Excellence in Education, the Rockford Symphony Orchestra Foundation, and the Rockford Park District Foundation. Moreover, Chairman Funderburg was also named Citizen of the Year by the Rockford Chamber of Commerce in 2009.

Chairman Funderburg is a graduate of Denison University (Granville, OH), with a bachelor's degree in economics. He resides in Belvidere.

***April 2014 Projects***

This month, we are pleased to present for your one-time consideration Final Bond Resolutions for Northwestern University and Palos Community Hospital.

Northwestern University is seeking authorization to issue an aggregate principal amount of approximately \$145,300,000 of tax-exempt bonds to finance, refinance, or reimburse all or a portion of the costs of the acquisition, construction, renovation, improvement and equipping of certain of its educational facilities. Bank of America Merrill Lynch has been engaged as Senior Manager while RBC Capital Markets, LLC and Siebert Brandford Shank & Co., LLC have been engaged as Co-Managers. Northwestern is rated "Aaa"/"AAA"/"AAA" by Moody's/S&P/Fitch.

Palos Community Hospital is seeking authorization to issue an aggregate principal amount of approximately \$101,000,000 of tax-exempt bonds to refinance its Series 2010A and Series 2010B Bonds previously issued by the Authority. The refunding bonds will be direct purchased by JP Morgan Chase and such other bank(s) to be selected by the borrower.

Finally, CHF-Cook, L.L.C. returns this month to seek approval of a Final Bond Resolution in the amount of \$45,000,000 as the bond and underwriting documentation by bond counsel is now substantially final. In order to receive an investment grade rating, this stand-alone project financing will impose a limited obligation on Northeastern Illinois University (“NEIU”) to provide University-budgeted support. This will be the first student housing on NEIU’s campus.

I look forward to continuing to work with you in support of jobs and financing capital expansion projects throughout our great state.

Respectfully,

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Christopher B. Meister  
Executive Director

Attachments:

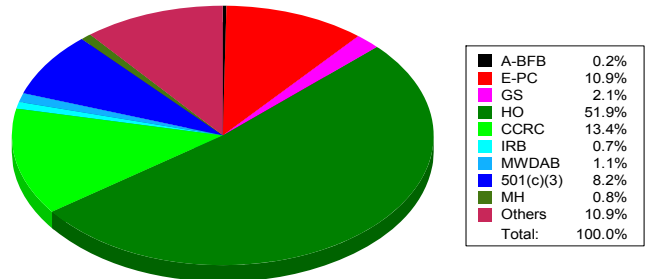
- Attachment 1 – Bonds Issued – Fiscal Year Comparison for the Period Ending March 31, 2015
- Attachment 2 – Bonds Issued and Outstanding as of March 31, 2015
- Attachment 3 – Schedule of Debt as of March 31, 2015

## Bonds Issued - Fiscal Year Comparison for the Period Ending March 31, 2015

### Fiscal Year 2013

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	4,461,655
8	Education	264,865,000
1	Gas Supply	50,000,000
10	Healthcare - Hospital	1,262,625,000
5	Healthcare - CCRC	326,840,068
3	Industrial Revenue	18,112,280
3	Midwest Disaster Area Bonds	25,700,000
11	501(c)(3) Not-for-Profit	198,592,750
1	MultiFamily/Senior Housing	18,630,000
1	Freight Transfer Facilities	75,000,000
2	Local Government	15,025,000
1	Enviromental issued under 20	10,935,000
<u>60</u>		<u>\$ 2,270,786,753</u>

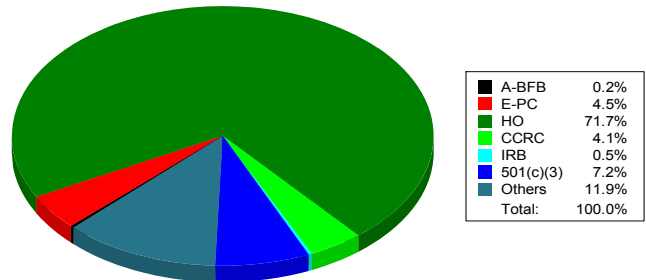
### Bonds Issued in Fiscal Year 2013



### Fiscal Year 2014

#	Market Sector	Principal Issued
21	Agriculture - Beginner Farmer	3,729,751
4	Education	93,895,000
9	Healthcare - Hospital	1,493,795,000
4	Healthcare - CCRC	84,995,000
1	Industrial Revenue	10,000,000
11	501(c)(3) Not-for-Profit	165,617,000
6	Local Government	247,360,000
<u>56</u>		<u>\$ 2,099,391,751</u>

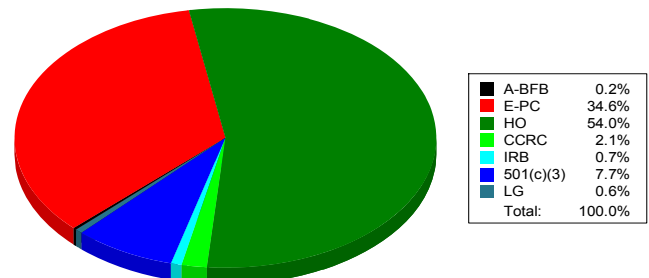
### Bonds Issued in Fiscal Year 2014



### Fiscal Year 2015

#	Market Sector	Principal Issued
9	Agriculture - Beginner Farmer	3,203,600
3	Education	659,604,000
9	Healthcare - Hospital	1,029,950,000
1	Healthcare - CCRC	39,640,000
2	Industrial Revenue	14,000,000
7	501(c)(3) Not-for-Profit	147,676,075
1	Local Government	12,000,000
<u>32</u>		<u>\$ 1,906,073,675</u>

### Bonds Issued in Fiscal Year 2015





**Bonds Issued and Outstanding  
as of  
March 31, 2015**

**Bonds Issued between July 01, 2014 and March 31, 2015**

<u>Bond Issue</u>		<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
HO	Southern Illinois Healthcare	07/01/2014	Variable	127,215,000	51,235,000
IRB	Peddinghaus Corporation	07/11/2014	Variable	4,000,000	0
A-BFB	Beginning Farmer Bonds	07/01/2014	Variable	773,050	0
501(c)(3)	Freeport Regional Health Care Foundation	07/22/2014	Variable	40,000,000	0
501(c)(3)	Lawrence Hall Youth Services	08/13/2014	Variable	12,100,000	0
HO	The Carle Foundation	08/08/2014	Variable	26,095,000	26,095,000
E-PC	University of Chicago	08/12/2014	Variable	573,645,000	500,000,000
E-PC	Dominican University	08/20/2014	Variable	19,800,000	19,800,000
IRB	Freedman Seating Company	09/25/2014	Variable	10,000,000	5,068,417
501(c)(3)	Rodgers Park Montessori School	09/26/2014	Fixed at Schedule	18,515,000	10,000,000
501(c)(3)	Lake Forest College	10/17/2014	Variable	18,275,000	17,870,000
501(c)(3)	Search, Inc.	10/31/2014	Variable	10,355,000	9,965,000
E-PC	North Central College	12/04/2014	Variable	66,159,000	46,500,000
501(c)(3)	Navy Pier, Inc.	12/16/2014	Variable	46,500,000	0
HO	Advocate Health Care	12/18/2014	Fixed at Schedule	304,770,000	324,780,000
501(c)(3)	Hispanic Housing Development Corporation	12/24/2014	Fixed at Schedule	1,931,075	1,931,075
HO	The Reserve of Geneva	12/23/2014	Variable	13,500,000	10,949,700
HO	Illinois Valley Community Hospital	12/23/2014	Variable	21,830,000	11,160,000
A-BFB	Beginner Farmer Bonds	01/01/2015	Variable	2,430,550	0
HO	Silver Cross Hospital	01/28/2015	Variable	17,965,000	17,965,000
HO	Rush University Medical Center	02/11/2015	Fixed at Schedule	484,380,000	484,380,000
LG	Pace Suburban Bus Service	02/24/2015	Variable	12,000,000	0
HO	KishHealth System	03/02/2015	Fixed at Schedule	12,300,000	0
HO	The University of Chicago Medical Center	03/12/2015	Fixed at Schedule	21,895,000	21,895,000
CCRC	Lifespace Communities, Inc.	03/25/2015	Fixed at Schedule	39,640,000	22,905,520
<b>Total Bonds Issued as of March 31, 2015</b>				<b><u>\$ 1,906,073,675</u></b>	<b><u>\$ 1,582,499,712</u></b>

**Legend:** Fixed Rate Bonds as shown

DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond

VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.

Beginner Farmer Bonds interest rates are shown in section below.

**Beginner Farmer Bonds Funded between July 01, 2014 and March 31, 2015**

<u>Borrower</u>	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>Acres</u>	<u>County</u>
Gentry Storm	09/19/2014	3.125	485,550	138.61	Shelby
Adam E. Helregel	11/19/2014	4.35	150,000	10.00	Jasper
Rollin Wenger	12/03/2014	3.40	137,500	25.00	Livingston
Thomas Frederick Justison	01/05/2015	2.75	346,800	27.20	Macon
David T. Mulch	02/23/2015	2.85	509,600	80.00	Montgomery
Jacob A. Birch	02/25/2015	3.00	236,360	38.00	Livingston
Mitchell A. Rosenthal	02/25/2015	3.50	391,840	60.00	Montgomery
Michael Tyler Kessler	03/30/2015	2.75	504,950	60.00	Crawford
Jacob Cody Elliott	03/30/2015	4.45	441,000	197.00	Mercer
<b>Total Beginner Farmer Bonds Issued</b>			<b><u>\$ 3,203,600</u></b>	<b><u>635.81</u></b>	

**ILLINOIS FINANCE AUTHORITY**  
Schedule of Debt <sup>[a]</sup>

Conduit debt issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)] which does not constitute an indebtedness or an obligation, either general or moral, or a pledge of the full faith or a loan of the Authority, the State of Illinois or any Political Subdivision of the State within the purview of any constitutional or statutory limitation or provisions with special limited obligations of the Authority secured under provisions of the individual Bond Indentures and Loan Agreements with the exception of the bonds identified below in Section I (b) -- General Purpose Moral Obligation/State Component Parts -- which are subject to the \$28.15B cap in Section 845-5(a).

**Section I (a)**

Section I (a)	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2014	March 31, 2015		
Illinois Finance Authority "IFA" <sup>[b]</sup>				
Agriculture	\$ 48,343,519	\$ 49,116,569		
Education	4,258,096,234	4,295,504,404		
Healthcare	13,448,248,546	13,282,884,497		
Industrial Development [includes Recovery Zone/Midwest Disaster]	699,148,562	715,556,123		
Local Government	357,530,000	332,965,000		
Multifamily/Senior Housing	171,092,016	169,213,770		
501(c)(3) Not-for Profits	1,398,527,100	1,329,596,696		
Exempt Facilities Bonds	299,970,000	249,915,000		
Total IFA Principal Outstanding	\$ 20,680,955,977	\$ 20,424,752,060		
Illinois Development Finance Authority "IDFA" <sup>[b]</sup>				
Education	496,388	496,388		
Healthcare	83,400,000	83,400,000		
Industrial Development	324,951,564	292,671,650		
Local Government	315,078,470	306,852,834		
Multifamily/Senior Housing	84,424,117	84,354,117		
501(c)(3) Not-for Profits	744,591,262	726,169,666		
Exempt Facilities Bonds	75,000,000	-		
Total IDFA Principal Outstanding	\$ 1,627,941,801	\$ 1,493,944,655		
Illinois Rural Bond Bank "IRBB" <sup>[b]</sup>				
Total IRBB Principal Outstanding	\$ -	\$ -		
Illinois Health Facilities Authority "IHFA"	\$ 807,134,980	\$ 775,575,000		
Illinois Educational Facilities Authority "IEFA"	\$ 703,216,992	\$ 656,705,990		
Illinois Farm Development Authority "IFDA" <sup>[f]</sup>	\$ 18,747,389	\$ 18,747,389		
Total Illinois Finance Authority Debt	\$ 23,837,997,139	\$ 23,369,725,094	\$ 28,150,000,000	\$ 4,780,274,906

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]

**Section I (b)**

Section I (b)	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2014	March 31, 2015		
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
* Issued through IRBB - Local Government Pools	\$ 10,985,000			
*Issued through IFA - Local Government Pools	21,370,000			
Issued through IFA - Illinois Medical District Commission	37,600,000	36,280,000		
Total General Moral Obligations	\$ 69,955,000	\$ 36,280,000	\$ 150,000,000	\$ 113,720,000

\* All the Local Government bonds were defeased as of August 1, 2014.

**Financially Distressed Cities Moral Obligations**

Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ -	\$ -		
Issued through IDFA	-	-		
<b>Total Financially Distressed Cities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,000,000</b>	<b>\$ 50,000,000</b>

**State Component Unit Bonds <sup>[c]</sup>**

Issued through IDFA <sup>[i]</sup>	-	-		
Issued through IFA <sup>[i]</sup>	148,237,655	122,769,066		
<b>Total State Component Unit Bonds</b>	<b>\$ 148,237,655</b>	<b>\$ 122,769,066</b>		

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwestern Disaster Area Bonds in Illinois. This Federal program expired as of December 31, 2012.

**Section I (c)**

	<b>Principal Outstanding</b>		<b>Remaining MDAB Volume Cap</b>
	<b>June 30, 2014</b>	<b>March 31, 2015</b>	
<b>Midwestern Disaster Area Bonds [Flood Relief]</b>	<b>\$ 66,044,684</b>	<b>\$ 65,449,475</b>	<b>N/A</b>

Designated by the Governor of the State of Illinois to manage and coordinate the re-allocation of Federal ARRA Volume Cap and the issuance of Recovery Zone Bonds in the State of Illinois to fully utilize RZBs before December 31, 2010.

**Section I (d)**

	<b>ARRA Act of 2009 Volume Cap Allocated <sup>[h]</sup></b>	<b>City/Counties Ceded Voluntarily to/(by) IFA</b>	<b>Bonds issued as of December 31, 2014</b>	<b>Remaining ARRA Volume Cap for each Program as of December 31, 2014</b>
<b>Recovery Zone Economic Development Bonds**</b>	<b>\$ 666,972,000</b>	<b>\$ 16,940,000</b>	<b>\$ 12,900,000</b>	<b>N/A</b>
<b>Recovery Zone Facilities Bonds**</b>	<b>\$ 1,000,457,000</b>	<b>\$ 204,058,967</b>	<b>\$ 214,849,804</b>	<b>N/A</b>
<b>Qualified Energy Conservation Bonds***</b>	<b>\$ 133,846,000</b>	<b>\$ (17,865,000)</b>	<b>\$ 82,795,000</b>	<b>IFA Cap: \$4,755,783 Cities/Counties Cap: \$46,295,717</b>

\*\* Programs expired as of 12/31/2010. There have been no new issues subsequent to the expiration date of these Federal programs.

\*\*\* The IFA manages the QECB allocation for the entire State of Illinois. All QECB's to date have been issued by local governments or state universities. The QECB program currently has no set expiration date under Federal law. IFA's remaining QECB allocation of \$4,755,783 has been reserved for use by state universities.  
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**ILLINOIS FINANCE AUTHORITY**

Schedule of Debt <sup>[a]</sup>

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(b)]

Section II	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2014	March 31, 2015		
Illinois Power Agency	\$ -	\$ -	\$ 4,000,000,000	\$ 4,000,000,000

Illinois Finance Authority Act [20 ILCS 3501 Section 825-65(f); 825-70 and 825-75] - see also P.A. 96-103 effective 01/01/2010

Section III	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2014	March 31, 2015		
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	\$ -	\$ -	\$ 3,000,000,000 <sup>[d]</sup>	\$ 3,000,000,000

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 830-25 (see also P.A.96-103); 830-30; 830-35; 830-45 and 830-50]

Section IV	Principal Outstanding		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2014	March 31, 2015			
Agri Debt Guarantees [Restructuring Existing Debt]					
Fund # 994 - Fund Balance \$10,143,167	\$ 9,243,360	\$ 8,498,592	\$ 160,000,000	\$ 151,501,408	\$ 7,218,570
AG Loan Guarantee Program					
Fund # 205 - Fund Balance \$7,833,461	\$ 9,837,616	\$ 8,778,545	\$ 225,000,000 <sup>[e]</sup>	\$ 216,221,455	\$ 7,461,763
Agri Industry Loan Guarantee Program	\$ 5,108,251	\$ 4,547,691			3,865,538
Farm Purchase Guarantee Program	917,680	909,887			773,404
Specialized Livestock Guarantee Program	2,763,756	2,403,415			2,042,903
Young Farmer Loan Guarantee Program	1,047,929	917,551			779,918
<b>Total State Guarantees</b>	<b>\$ 19,080,977</b>	<b>\$ 17,277,137</b>	<b>\$ 385,000,000</b>	<b>\$ 367,722,863</b>	<b>\$ 14,680,333</b>

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 825-80 and 825-85]

Section V			Principal Outstanding		Appropriation Fiscal Year 2015	Cash and Investment Balance
			June 30, 2014	March 31, 2015		
132	Fire Truck Revolving Loan Program	Fund # 572	\$ 17,052,813	\$ 15,548,078	\$ 2,383,342	\$ 14,419,069
8	Ambulance Revolving Loan Program	Fund # 334	\$ 415,920	\$ 321,600	\$ 7,006,800	\$ 3,876,244

Note: Due to deposits in transit, the Fund Balance at the IOC may differ from the IFA General Ledger. In May, 2014 the OSF transferred the Fund Balance to a Locally Held Fund by the IFA.

Issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]

Section VI	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2014	March 31, 2015		
Environmental [Large Business]				
Issued through IFA	\$ 26,315,000	\$ 25,595,000		
Issued through IDFA	177,380,000	153,645,000		
<b>Total Environmental [Large Business]</b>	<b>\$ 203,695,000</b>	<b>\$ 179,240,000</b>	<b>\$ 2,425,000,000</b>	<b>\$ 2,245,760,000</b>
Environmental [Small Business]	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
<b>Total Environment Bonds Issued under Act</b>	<b>\$ 203,695,000</b>	<b>\$ 179,240,000</b>	<b>\$ 2,500,000,000</b>	<b>\$ 2,320,760,000</b>

**Illinois Finance Authority Funds at Risk**

Section VII	Original Amount	Principal Outstanding	
		June 30, 2014	March 31, 2015
Participation Loans			
Business & Industry	23,020,158	1,616,353	1,123,656
Agriculture	6,079,859	114,269	114,269
<b>Participation Loans excluding Defaults &amp; Allowances</b>	<b>29,100,017</b>	<b>1,730,622</b>	<b>1,237,925</b>
<b>Plus: Legacy IDFA Loans in Default</b>		<b>858,458</b>	<b>843,173</b>
<b>Less: Allowance for Doubtful Accounts</b>		<b>1,002,182</b>	<b>977,042</b>
<b>Total Participation Loans</b>		<b>1,586,898</b>	<b>1,104,056</b>
Local Government Direct Loans	1,289,750	157,689	136,000
Rural Bond Bank Local Government Note Receivable			20,462,037
FmHA Loans	963,250	227,046	208,424
Renewable Energy [RED Fund]	2,000,000	1,396,598	1,326,041
<b>Total Loans Outstanding</b>	<b>34,353,017</b>	<b>3,368,231</b>	<b>23,236,558</b>

**IRBB funds were defeased and transferred into a note receivable with the IFA.**

<sup>[a]</sup> Total subject to change; late month payment data may not be included at issuance of report.

<sup>[b]</sup> State Component Unit Bonds included in balance.

<sup>[c]</sup> Does not include Unamortized issuance premium as reported in Audited Financials.

<sup>[d]</sup> Program Limitation reflects the increase to \$3 billion effective 01/01/2010 under P.A. 96-103.

<sup>[e]</sup> Program Limitation reflects the increase from \$75 million to \$225 million effective 01/01/2010 under P.A. 96-103.

<sup>[f]</sup> Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.

Midwest Disaster Bonds - Illinois Counties eligible for Midwest Disaster Bonds include Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake,

Lawrence, Mercer, Rock Island, Whiteside and Winnebago.

<sup>[h]</sup> Recovery Zone Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]

<sup>[i]</sup> Includes EPA Clean Water Revolving Fund





# COMMITTEE MINUTES

## ILLINOIS FINANCE AUTHORITY COMMITTEE OF THE WHOLE REGULAR MEETING TUESDAY, MARCH 10, 2015 9:33 A.M.

### I. Call to Order & Roll Call

At the regular meeting of the Committee of the Whole of the Illinois Finance Authority (the “Committee” or “COW”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Conference Room N - 502, Chicago, Illinois 60601, on the second Tuesday of March 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”), William A. Brandt, Jr., Chairman of the Committee, called the Committee to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 9 Present.

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 COMMITTEE OF THE WHOLE COMMITTEE ROLL CALL QUORUM ROLL CALL FOR ATTENDANCE

March 10, 2015

0 YEAS

0 NAYS

9 PRESENT

P Bronner

P Leonard

P Poole

E Fuentes

E Lonstein

E Tessler

P Goetz

P O'Brien

P Zeller

E Gold

P Parish

P Mr. Chairman

(VIA AUDIO CONFERENCE)

P Knox

E Pedersen

E – Denotes Excused Absence

## **II. Chairman's Remarks**

Chairman Brandt welcomed Members of the Committee, Authority staff and all guests present.

Chairman Brandt noted that today's meetings will be his last as his resignation becomes effective March 31, 2015. Chairman Brandt fully expects a new Chairperson to be appointed before the next regular meeting of the Committee on April 14, 2015.

Chairman Brandt expressed his extreme pleasure in working with current Members of the Committee, as well as past Members. Specifically, Chairman Brandt thanked Vice Chairman Goetz for his past and present service. Chairman Brandt further thanked Authority staff, including but not limited to Executive Director Meister, Mr. Frampton, Ms. Lenane, Mr. Fletcher, Ms. Gildart, Ms. Granda and Ms. Money.

Chairman Brandt recalled that upon first becoming Chairman, the Authority had not had an audit accepted by the Legislative Audit Commission for approximately two years. Moreover, the Authority was seeking to obtain a working line of credit without legislative approval. However, Chairman Brandt and Members of the Committee worked diligently to align operating expenses with revenues instead and proceeded to address outstanding audit issues. Chairman Brandt expressed his belief that this was all possible due in part to the bright and capable staff hired during his tenure.

Next, Chairman Brandt recalled speaking with past Members April Verrett, Ronald E. DeNard, Juan B. Rivera and Dr. William Barclay about creating a Diversity Committee to expand WBE/MBE participation on public offerings of the Authority. Chairman Brandt remains hopeful these initial efforts concerning diversity are expanded upon under a new Chairperson.

Then, Chairman Brandt said he was most proud of his work regarding the Authority's contingent State taxpayer guarantees ("Moral Obligation"), which stood at \$108.3 million through several outstanding bond issues when he first became Chairman halfway through Fiscal Year 2008. Today, the Authority's Moral Obligation exposure is just over \$36 million through a single borrower, representing a decline of nearly two-thirds. The Authority accomplished this reduction by overseeing the exit of Moral Obligation commitments such as the defeasance of the Authority's Revenue Refunding Bonds, Series 2010 (City of East St. Louis Project) (the "Distressed Cities Bonds") and the redemption and cash defeasance of the Authority's Rural Bond Bank/Authority Local Government program.

Furthermore, Chairman Brandt expressed his gratitude for the leadership of Members Fuentes and Knox concerning their work in ultimately discontinuing the Authority's Technology Development Bridge Seed Stage Venture Capital Fund program, through which the Authority provided seed equity financing to private, Illinois-based technology entities. The Authority capably disposed of its portfolio of remaining equity interests in eight (8) entities purchased under the program between 2000 and 2006 through an auction thanks to Members Fuentes and Knox. Beforehand, the Venture Capital Fund program caused enormous audit exposure.

Finally, Chairman Brandt spoke about what he hopes becomes his legacy program: the pilot program to assist students with Deferred Action for Childhood Arrival ("DACA") immigration status attend medical and dental school in Illinois. About to enter its second year as a pilot, this program is helping seven students from Mexico, Brazil, Venezuela, Ecuador and Pakistan attend medical school in exchange for service in medically underserved areas of Illinois upon becoming doctors.

## **III. Message from the Executive Director**

Executive Director Meister thanked Chairman Brandt for his leadership and service.

Executive Director Meister noted that Chairman Brandt's leadership has allowed the Authority to be well received by the Illinois General Assembly on multiple occasions, particularly at appropriation hearings.

Finally, Executive Director Meister thanked Chairman Brandt for his friendship and mentorship.

Chairman Brandt recalled his work over the years with the Office of the Illinois Auditor General, and thanked Members O'Brien and Bronner for their capable leadership of the Audit Committee.

#### **IV. Consideration of the Minutes**

Chairman Brandt 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 held on February 18, 2015.

Vice Chairman Goetz moved for the adoption of the Minutes of the regular meeting of the Committee held on February 18, 2015.

Member Bronner 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 February 28, 2015:

##### **1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME**

- a. **Annual Operating Revenues** totaled \$2.6 million, while annual Net Non-Operating Revenues totaled \$119 thousand. Total annual combined revenues of \$2.7 million are \$256 thousand or 8.7% below budget; due primarily to lower than expected closing, administrative service and miscellaneous fees. Closing fees year to date of \$1.5 million, are \$167 thousand or 10.1% below budget. Included in Interest Income on Loans, the year to date revenue accrued for interest due from the former Illinois Rural Bond Bank ("IRBB") local governments totaled \$718 thousand. Annual fees of \$248 thousand are 10% or \$23 thousand higher than budget. Annual net investment income of \$115 thousand is 83% higher than fiscal year 2014's ending total as of February.
- b. **In February**, the Authority generated \$330 thousand in closing fees, which is the second highest monthly total for Fiscal Year ("FY") 2015 and double the average monthly total of \$166 thousand. Closing fees were received from: ***Rush University***, \$211 thousand, ***PACE***, \$60 thousand, ***Kish Health Systems***, \$52 thousand, and ***Agriculture-related*** closings of just under \$8 thousand. February's net investment loss of \$13 thousand is attributable primarily to, per IFA's investment manager, securities maturing during the month of February.
- c. **Annual Operating Expenses** of \$2.3 million are \$601 thousand or 20.6% lower than budget, mostly driven by lower employee-related expenses and professional service costs. Year to date, employee expenses total \$1.2 million and are 18.2% below budget and professional services total \$718 thousand and are 28.5% below budget. Annual occupancy costs total \$141 thousand and are \$53 thousand or 27.3% under

budget. Other contributors to lower year to date operating costs include the delay in the implementation of the compliance driven debt management software application, reduced staff costs, lower space rental costs for the Chicago Office and the reduction in investment management fees for IEPA.

- d. **In February**, total professional services of \$119 thousand included payments for legal services (\$57K) compliance and accounting assistance (\$15K), financial advisory fees (\$13K), legislative services (\$8K), IT software renewals (\$8K) and payroll services (\$7K). Salaries continue to decline, with the departure of three full time employees and two Finance/Legal Fellows in recent months. General and administrative costs included charges for printing of the CAFR and insurance coverage.
- e. **February** activities resulted in monthly Net Income of \$80 thousand. **On a year to date** basis, IFA currently shows Annual Net Income of \$663 thousand. Major contributors to the positive bottom line include the level of spending at nearly 21% below budget and the transfer of the remaining IRBB reserve funds earlier this fiscal year and greater than expected investment returns. Budgeted net income at this point in the fiscal year is just \$24 thousand.

## 2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION

- a. The Authority, as of February 2015, is a \$127 million dollar agency which also accounts for \$315 million in total activity (including the debt of other State of Illinois agencies) and maintains compliance for nearly \$24 billion in outstanding debt.

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

- a. In the General Fund, IFA continues to maintain a strong balance sheet with total net position of \$52.6 million. The total assets in the General Fund are \$53 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total \$29 million, notes receivables for the former IRBB local governments total \$20.5 million, other loans receivables are at \$2 million and restricted cash in the DACA Loan Fund totals \$1.3 million. Liabilities, current and non-current, total just \$564 thousand.

## 4. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS

- a. The “Other State of Illinois Debt Fund” is comprised of 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.

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<sup>1</sup>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.

- b. The Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of \$278 thousand. Net investment income from both funds equals \$44 thousand. Monies have been invested since July 2014. The Authority continues to working with OSFM and GOMB towards a resolution for the recent transfer of \$8 million in Fire Truck funds to the Authority's locally held funds per Public Act 97-901. Net position of \$29.9 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 \$163 thousand, of which, \$137 thousand is derived from investment activity. Year to date, the nonmajor funds show a net loss of \$141 thousand, driven by the transfer of funds out of the IRBB Reserve Fund to the General Operating Fund. All other activities result in net income of \$153 thousand as of February. 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 \$60 thousand.

#### **5. FY14 AND FY15 COMPLIANCE AUDIT and LEGISLATIVE AUDIT COMMISSION**

- a. The entrance conference for the FY14 and FY15 compliance audits will take place on March 16, 2015.
- b. The Authority's Legislative Audit Commission hearing is scheduled for March 24, 2015.
- c. Fieldwork for the FY14 and FY15 compliance audits will begin March 25, 2015.

### **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 at the regular meeting of the Board of Directors later, the Members will be asked to rescind the awards made last month for the Accounting and Auditing Pool.

Moreover, the active solicitation for a Debt Management Software Application is currently under review by management while the Accounting Software Maintenance and Support bids remain open.

Finally, Ms. Gildart noted that numerous procurements are forthcoming.

### **VII. Committee Reports**

#### ***Agriculture Committee***

Member Leonard reported that the Agriculture Committee reviewed and recommended approval of the following project reports and resolution: Items 1, 2 and 8.

Executive Director Meister reminded the Committee that the Authority expanded its Agri-Guarantee offerings through legislation approved by the Illinois General Assembly. As a result, the Authority can

make Working Capital Guarantees, which are inherently riskier investments. The Authority's Agriculture Guarantee Program guarantees up to 85% of a bank's loan to Illinois farmers and agribusiness owners. The Working Capital Guarantee Program is available to assist farmers in financing the annual input costs. The guarantees are not transferable without the Authority's written consent. The Authority's agricultural guarantee obligations are backed by an Authority reserve capitalized for this program. These guarantees are also full faith and credit obligations of the State of Illinois. The Authority's issuance of guarantees helps Authority borrowers obtain debt financing at reduced rates of interest and improved terms.

The new maximum loan that may be guaranteed is \$250,000 (for any single borrower and affiliates). Accordingly, the maximum Authority Working Capital Guarantee exposure is \$212,500. Additionally, the recommended maximum loan guarantee term is one-year.

Regarding the current request for a Working Capital Guarantee for Edward and Connie Peterson to be considered by the Members, Executive Director Meister and Mr. Evans informed the Committee that the collateral will be a perfected first security lien on crops, inventories and equipment.

Member Leonard expressed his belief that these financings will become more prevalent.

Member Zeller expressed his confidence in Alpine Bank & Trust Co. and their respective loan officer that will be monitoring this transaction.

### ***Healthcare and Education Committee***

Member Knox reported that the Healthcare and Education Committee reviewed and recommended approval of the following project reports and resolutions: Items 3, 4, 5, 6, 7 and 10.

## **VIII. Project Reports and Resolutions**

Mr. Evans presented the following projects and resolution:

### ***Agriculture Projects***

**Item 1:** Item 1 is a request for Beginning Farmer Revenue Bond financing.

Dustin J. and Lauren R. Clark is requesting approval of a Final Bond Resolution in an amount not to exceed One Hundred Ninety Thousand Dollars (\$190,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 48 acres of farmland located in St. Marie Township in Jasper County and German Township in Richland County.

**Item 2:** Item 2 is a request for a Working Capital Guarantee.

Edward and Connie Peterson are requesting approval of a Working Capital Guarantee in an amount not to exceed 85% of a proposed face loan amount of Two Hundred Forty Thousand Dollars (\$240,000). This financing is being presented for one-time consideration.

Loan proceeds will be used by Edward Peterson and Connie Peterson (collectively, the “Borrower”) and Alpine Bank & Trust Co. (the “Secured Lender”) to provide working capital to assist the Borrower in financing annual agricultural input costs. The Authority’s guarantee represents State Treasurer funds at risk in an amount not to exceed Two Hundred Four Thousand Dollars (\$204,000). The Secured Lender will be exposed on all debt above the guaranteed amount.

### ***Resolutions***

**Item 8:** Item 8 is an Amendatory Resolution that would provide for IFA’s consent to a partial release of collateral in connection with an outstanding Illinois Finance Authority Agricultural Development Revenue Bond issued on behalf of Rex A. Gehrig in the original Aggregate Principal Amount Not To Exceed \$160,000 as requested by the State Bank of Speer, as the Lender and Bondholder.

Mr. Frampton presented the following projects and resolution:

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

**Item 3:** Item 3 is a request for Student Loan Revenue Bond financing. Midwestern University Foundation is requesting approval of an Amended and Restated Final Bond Resolution in an amount not to exceed Twenty Million Dollars (\$20,000,000) that will update terms of the previously approved IFA Resolution 2014-1209-NP03 (hereinafter, the “Prior Bond Resolution”) among other things, restructuring of certain of the financing terms and to approve the issuance of the Series 2015 Bonds under a stand-alone Trust Indenture securing the IFA Bonds.

Since the date of adoption of the Prior Bond Resolution, the Foundation has determined that it is in its best interests to restructure certain of the terms of the financing, including, among others, (i) deleting the Master Indenture (as defined in the Prior Bond Resolution), (ii) creating additional funds and accounts under the Bond Trust Indenture (hereinafter, the “Indenture”), and (iii) establishing a trust estate for the benefit of the Series 2015 Bonds pursuant to the Indenture and the Financing Agreement between the Authority and the Foundation (the “Financing Agreement”).

The Foundation will apply the proceeds from the sale of the Series 2015 Bonds, together with certain other available funds, to (i) finance private education loans to be made by the Foundation to students of the University that attend the University’s Illinois Campus, (ii) finance a portion of the interest on the Series 2015 Bonds, (iii) finance one or more debt service reserve funds for the benefit of the Series 2015 Bonds, and (iv) pay certain costs relating to the issuance of the Series 2015 Bonds (collectively, the “Financing Purposes”).

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

Noble Network of Charter Schools is requesting approval of a Final Bond Resolution in an amount not to exceed Twenty-Two Million Five Hundred Dollars (\$22,500,000). This financing is being presented for one-time consideration.

Noble Network of Charter Schools, an Illinois not for profit corporation (the “Corporation”), has requested that the Authority issue not to exceed \$22,500,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Education Revenue Bonds (Illinois Charter Schools Project -- Noble Network of Charter Schools), Series 2015 (the “Series 2015 Bonds”) 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) advance refund in their entirety the Authority’s \$11,250,000 (original principal amount) Education Revenue Bonds (Illinois Charter Schools Project -- Noble Network of Charter Schools), Series 2006C (the “Series 2006 Bonds”) and its \$13,620,000 (original principal amount) Education Revenue Bonds (Illinois Charter Schools Project -- Noble Network of Charter Schools), Series 2007A (the “Series 2007 Bonds”) and together with the Series 2006 Bonds, the “Refunded Bonds”) (ii) if deemed necessary or desirable, pay a portion of the interest on the Series 2015 Bonds; (iii) if deemed necessary or desirable, establish a debt service reserve fund for the benefit of the Series 2015 Bonds; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

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

CHF-Cook, L.L.C. is requesting approval of a Preliminary Bond Resolution in an amount not to exceed Forty-Five Million Dollars (\$45,000,000).

Bond proceeds will be loaned to CHF - Cook, L.L.C., a single member limited liability company organized and existing under the laws of the State of Alabama (the “Borrower”), for the purposes of (and including but not limited to) providing the Borrower with all or a portion of the funds necessary to (i) finance the cost of the acquisition, construction, furnishing and equipping of an approximately 110-unit, 440-bed apartment style student housing facility (the “Project”), (ii) fund interest on the Bonds for a period requested by the Borrower, (iii) fund a debt service reserve fund for the benefit of the Bonds, if requested by the Borrower and (iv) pay expenses incurred in connection with the issuance of the Bonds, including bond insurance, if requested by the Borrower, all as permitted by the Act (collectively, the “Financing Purposes”).

The Project will be located on Northeastern Illinois University’s (hereinafter, the “University’s”) main campus in Chicago, Illinois and is being developed and financed pursuant to an award resulting from a Request for Proposal for the Design, Development and Management of Student Housing posted by the University.



***Resolutions***

**Item 9:** Item 9 is a Resolution Authorizing the Execution and Delivery of a Second Amendment to the Bond and Loan Agreement Relating to Illinois Finance Authority Industrial Development Revenue Bonds (Ockerlund Industries, Inc. Project) Series 2005; and Related Matters.

Ms. Lenane presented the following projects and resolution:

***Healthcare Projects***

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

Silver Cross Hospital is requesting approval of a Final Bond Resolution in an amount not to exceed Three Hundred Fifteen Million Dollars (\$315,000,000).

Silver Cross Hospital and Medical Centers (the “Hospital”), on behalf of itself and Silver Cross Health System (the “Parent” and, together with the Hospital, the “Members of the Obligated Group”), each an Illinois not for profit corporation, has requested that the Authority issue not to exceed \$315,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Refunding Bonds, Series 2015C (Silver Cross Hospital and Medical Centers) (the “Series 2015C Bonds”) and loan the proceeds thereof to the Hospital to provide the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the “Prior Bonds”), the proceeds of which were loaned to the Hospital to pay or reimburse the Hospital for the payment of the costs of acquiring, constructing and equipping certain health care facilities of the Hospital, including, but not limited to, an approximately 553,867 square foot replacement acute care hospital and related facilities, (ii) fund a debt service reserve fund, and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C Bonds and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

**Item 7:** Item 7 is a request for 501(c)(3) Revenue Bond financing.

The University of Chicago Medical Center is requesting approval of a Final Bond Resolution in an amount not to exceed Twenty-Five Million Dollars (\$25,000,000). This financing is being presented for one-time consideration.

The University of Chicago Medical Center, an Illinois not for profit corporation (the “Corporation”), has requested that the Authority issue not to exceed \$25,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Refunding Bonds, Series 2015A (The University of Chicago Medical Center) (the “Series 2015A Bonds”) and loan the proceeds thereof to the Corporation in order to assist the Corporation in providing the funds necessary to do any or all of the following: (i) refund a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009C (The University of Chicago Medical Center) (the “Refunded Series 2009C Bonds”) and (ii) pay certain expenses incurred in connection with the issuance of the Series 2015A Bonds and the refunding of

the Refunded Series 2009C Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

***Resolutions***

**Item 10:** Item 10 is a Resolution Authorizing the Purchase of the Series 2004 Bonds by Swedish American Hospital in Lieu of Redemption and the Cancellation of the AMBAC Bond Insurance Supporting the Series 2004 Bonds.

Executive Director Meister presented the following resolution:

***Resolutions***

**Item 11:** Item 11 has been withdrawn.

Mr. Riordan of Mesirow Insurance Services, Inc. informed the Committee that Executive Director Meister will be binding coverage for general liability, automobile, property and fiduciary liability insurance (collectively, “Property & Casualty Insurance”) with Harleysville and Travelers Casualty during the insurance period March 31, 2015 to March 31, 2016 at a total package premium of \$7,038.

Binding Property & Casualty Insurance with these carriers will be a renewal of current insurance policies, but the premium will be \$161 less and thus more favorable to the Authority.

Since June 21, 2012, the Authority has been under contract with Mesirow Insurance Services, Inc. to provide insurance brokerage and risk management services to the Authority for a two-year term with a one-year renewal option.

It was determined that a resolution to undertake these renewals with Harleysville and Travelers Casualty will not be needed, and thus, Item 11 was withdrawn.

**Item 12:** Item 12 is a Resolution Authorizing Execution of a First Amendment to Intergovernmental Agreement with the Office of the State Fire Marshal (“OSFM”) for the Fire Truck Revolving Loan Program and Related OSFM Programs.

Executive Director Meister explained that the Authority wishes to (i) conform the date of the interest rate calculation in the original Intergovernmental Agreement with the proposed rule changes the Authority and OSFM are seeking in accordance with the Illinois Administrative Procedures Act to administer the Fire Truck Revolving Loan Program (the “Fire Truck Program”), the Fire Station Revolving Loan Program (the “Fire Station Program”) and the Ambulance Revolving Loan Program (the “Ambulance Program”, and together with the Fire Truck Program and the Fire Station Program, the “Loan Programs”) and (ii) extend the initial term of the Original Intergovernmental Agreement from one (1) year to five (5) years.

Ms. Gildart presented the following resolution:

***Resolutions***

**Item 13:** Item 13 is a Resolution Cancelling Awards for the Accounting and Auditing Pool Contract.

Ms. Gildart explained that the IFA Board of Directors adopted Resolution #2015-0208-AD05 on February 18, 2015, which approved of the terms of an Audit and Attestation Services contract to (i)

Washington, Pittman and McKeever, LLC, (ii) Prado and Renteria CPAs Professional Corp., (iii) Crowe Horwath LLP, (iv) Franklin and Vaughn, LLC and (v) Ringold Financial Management Services, Inc. (the “Audit and Attestation Services Contract”) as well as approved of the terms of an Accounting Services contract to (i) Washington, Pittman and McKeever, LLC, (ii) Prado and Renteria CPAs Professional Corp., (iii) Crowe Horwath LLP, (iv) Franklin and Vaughn, LLC, (v) Ringold Financial Management Services, Inc. and (vi) Globetrotters International, Inc. (the “Accounting Services Contract” and collectively with the Audit and Attestation Services, the “Accounting and Auditing Pool Contract”).

This Accounting and Auditing Pool Contract procurement was made to augment the Authority’s understaffed Finance Department. These vendors were going to tackle delayed accounting and auditing projects to assist staff mostly in preparation of the financial audit and compliance audits and accounting software ledger updates. The awardees would have been engaged for a 3-year term with no anticipated renewal options.

Executive Director Meister informed the Committee that it is in the best interest of the Authority, upon further review at this time, not to award the contracts because it was likely too expensive given the Authority’s budget needs.

**IX. Other Business**

None.

**X. Public Comment**

None.

**XI. Adjournment**

At the time of 10:16 a.m., Vice Chairman Goetz moved that the Committee do now adjourn until April 14, 2015, at 9:30 a.m.

Member Leonard seconded the motion.

The motion prevailed.

Chairman Brandt thanked Mr. Fletcher for recently performing the duties of Assistant Secretary of the Board, which are in addition to his duties as a Financial/Legal Analyst for the Authority’s Business & Industry, Educational, Cultural, Non-Healthcare 501(c)(3) and Local Government projects with Mr. Frampton.

And the Committee stood adjourned.

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



# BOARD MINUTES

## ILLINOIS FINANCE AUTHORITY BOARD OF DIRECTORS REGULAR MEETING TUESDAY, MARCH 10, 2015 10:31 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, Conference Room N - 502, Chicago, Illinois 60601, on the second Tuesday of March 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”), William A. Brandt, 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: 9 Present.

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.

Having been absent when the Quorum Roll Call for Attendance was taken, Member Lonstein was recorded as present at the time of 10:34 a.m.

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

March 10, 2015

0 YEAS

0 NAYS

10 PRESENT

P Bronner

E Fuentes

P Goetz

E Gold

P Knox

P Leonard

P Lonstein (ADDED)  
(VIA AUDIO CONFERENCE)

P O'Brien

P Parish  
(VIA AUDIO CONFERENCE)

E Pedersen

P Poole

E Tessler

P Zeller

P Mr. Chairman

E – Denotes Excused Absence

## **II. Chairman's Remarks**

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

Chairman Brandt, Chairman from the Committee of the Whole to which all items of this meeting's agenda were referred, action taken earlier on March 10, 2015, reported the same back and that all items were thoroughly reviewed.

## **III. Adoption of the Minutes**

Minutes of the regular meeting of the Board held on January 13, 2015 and Minutes of the regular meeting of the Board held of February 18, 2015 were taken up for consideration.

Member Leonard moved for the adoption of the Minutes.

Member O'Brien seconded the motion.

And on that motion, a vote was taken resulting as follows: 9 Yeas; 0 Nays; 0 Answering Present.

The motion prevailed and the Minutes were adopted.

## **IV. Acceptance of the Financial Statements**

Financial Statements for the Month Ended January 31, 2015 and Financial Statements for the Month Ended February 28, 2015 were taken up for consideration.

Vice Chairman Goetz moved for the adoption of the Financial Statements.

Member Poole seconded the motion.

And on that motion, a vote was taken resulting as follows: 9 Yeas; 0 Nays; 0 Answering Present.

The motion prevailed and the Financial Statements were accepted.

Thereupon, Member Lonstein joined the regular meeting of the Board of Directors via audio conference.

## **V. Approval of Project Reports and Resolutions**

Chairman Brandt directed Mr. Frampton to present the projects and resolutions without guests or abstentions to the Board.

Mr. Frampton presented the following project:

### ***Agriculture Projects***

**Item 1:** Item 1 is a request for Beginning Farmer Revenue Bond financing.

Dustin J. and Lauren R. Clark is requesting approval of a Final Bond Resolution in an amount not to exceed One Hundred Ninety Thousand Dollars (\$190,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 48 acres of farmland located in St. Marie Township in Jasper County and German Township in Richland County.

Vice Chairman Goetz moved for the adoption of the following project: Item 1.

Member Bronner seconded the motion.

And on that motion, a vote was taken resulting as follows: 10 Yeas; 0 Nays; 0 Answering Present.

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

Chairman Brandt directed Mr. Frampton to present the remaining projects without guests or abstentions to the Board.

Mr. Frampton presented the following projects:

***Agriculture Projects***

**Item 2:** Item 2 is a request for a Working Capital Guarantee.

Edward and Connie Peterson are requesting approval of a Working Capital Guarantee in an amount not to exceed 85% of a proposed face loan amount of Two Hundred Forty Thousand Dollars (\$240,000). This financing is being presented for one-time consideration.

Loan proceeds will be used by Edward Peterson and Connie Peterson (collectively, the “Borrower”) and Alpine Bank & Trust Co. (the “Secured Lender”) to provide working capital to assist the Borrower in financing annual agricultural input costs. The Authority’s guarantee represents State Treasurer funds at risk in an amount not to exceed Two Hundred Four Thousand Dollars (\$204,000). The Secured Lender will be exposed on all debt above the guaranteed amount.

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

**Item 3:** Item 3 is a request for Student Loan Revenue Bond financing.

Midwestern University Foundation is requesting approval of an Amended and Restated Final Bond Resolution in an amount not to exceed Twenty Million Dollars (\$20,000,000) that will update terms of the previously approved IFA Resolution 2014-1209-NP03 (hereinafter, the “Prior Bond Resolution”) among other things, restructuring of certain of the financing terms and to approve the issuance of the Series 2015 Bonds under a stand-alone Trust Indenture securing the IFA Bonds.

Since the date of adoption of the Prior Bond Resolution, the Foundation has determined that it is in its best interests to restructure certain of the terms of the financing, including, among others, (i) deleting the Master Indenture (as defined in the Prior Bond Resolution), (ii) creating additional funds and accounts under the Bond Trust Indenture (hereinafter, the “Indenture”), and (iii) establishing a trust estate for the benefit of the Series 2015

Bonds pursuant to the Indenture and the Financing Agreement between the Authority and the Foundation (the “Financing Agreement”).

The Foundation will apply the proceeds from the sale of the Series 2015 Bonds, together with certain other available funds, to (i) finance private education loans to be made by the Foundation to students of the University that attend the University’s Illinois Campus, (ii) finance a portion of the interest on the Series 2015 Bonds, (iii) finance one or more debt service reserve funds for the benefit of the Series 2015 Bonds, and (iv) pay certain costs relating to the issuance of the Series 2015 Bonds (collectively, the “Financing Purposes”).

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

Noble Network of Charter Schools is requesting approval of a Final Bond Resolution in an amount not to exceed Twenty-Two Million Five Hundred Dollars (\$22,500,000). This financing is being presented for one-time consideration.

Noble Network of Charter Schools, an Illinois not for profit corporation (the “Corporation”), has requested that the Authority issue not to exceed \$22,500,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Education Revenue Bonds (Illinois Charter Schools Project -- Noble Network of Charter Schools), Series 2015 (the “Series 2015 Bonds”) 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) advance refund in their entirety the Authority’s \$11,250,000 (original principal amount) Education Revenue Bonds (Illinois Charter Schools Project -- Noble Network of Charter Schools), Series 2006C (the “Series 2006 Bonds”) and its \$13,620,000 (original principal amount) Education Revenue Bonds (Illinois Charter Schools Project -- Noble Network of Charter Schools), Series 2007A (the “Series 2007 Bonds” and together with the Series 2006 Bonds, the “Refunded Bonds”)) (ii) if deemed necessary or desirable, pay a portion of the interest on the Series 2015 Bonds; (iii) if deemed necessary or desirable, establish a debt service reserve fund for the benefit of the Series 2015 Bonds; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

### ***Healthcare Projects***

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

Silver Cross Hospital is requesting approval of a Final Bond Resolution in an amount not to exceed Three Hundred Fifteen Million Dollars (\$315,000,000).

Silver Cross Hospital and Medical Centers (the “Hospital”), on behalf of itself and Silver Cross Health System (the “Parent” and, together with the Hospital, the “Members of the Obligated Group”), each an Illinois not for profit corporation, has requested that the Authority issue not to exceed \$315,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or

more series of Revenue Refunding Bonds, Series 2015C (Silver Cross Hospital and Medical Centers) (the “Series 2015C Bonds”) and loan the proceeds thereof to the Hospital to provide the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding principal amount of the Illinois Finance Authority Revenue Bonds, Series 2009 (Silver Cross Hospital and Medical Centers) (the “Prior Bonds”), the proceeds of which were loaned to the Hospital to pay or reimburse the Hospital for the payment of the costs of acquiring, constructing and equipping certain health care facilities of the Hospital, including, but not limited to, an approximately 553,867 square foot replacement acute care hospital and related facilities, (ii) fund a debt service reserve fund, and (iii) pay certain expenses incurred in connection with the issuance of the Series 2015C Bonds and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

**Item 7:** Item 7 is a request for 501(c)(3) Revenue Bond financing.

The University of Chicago Medical Center is requesting approval of a Final Bond Resolution in an amount not to exceed Twenty-Five Million Dollars (\$25,000,000). This financing is being presented for one-time consideration.

The University of Chicago Medical Center, an Illinois not for profit corporation (the “Corporation”), has requested that the Authority issue not to exceed \$25,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Refunding Bonds, Series 2015A (The University of Chicago Medical Center) (the “Series 2015A Bonds”) and loan the proceeds thereof to the Corporation in order to assist the Corporation in providing the funds necessary to do any or all of the following: (i) refund a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009C (The University of Chicago Medical Center) (the “Refunded Series 2009C Bonds”) and (ii) pay certain expenses incurred in connection with the issuance of the Series 2015A Bonds and the refunding of the Refunded Series 2009C Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

Mr. Frampton noted that the plan of finance contemplates the Series 2015A Bonds being sold in a private placement with Loop Capital Markets, LLC as the placement agent.

Chairman Brandt asked for and, by unanimous consent, obtained leave to apply the results of the vote for Item 1 to the following projects: Items 2, 3, 4, 6 and 7.

Leave was granted.

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

Chairman Brandt directed Mr. Frampton to present the resolutions without guests or abstentions to the Board.

Mr. Frampton presented the following resolutions:

### ***Resolutions***

**Item 8:** Item 8 is an Amendatory Resolution that would provide for IFA’s consent to a partial release of collateral in connection with an outstanding Illinois Finance Authority Agricultural Development Revenue Bond issued on behalf of Rex A. Gehrig in the



original Aggregate Principal Amount Not To Exceed \$160,000 as requested by the State Bank of Speer, as the Lender and Bondholder.

- Item 9:** Item 9 is a Resolution Authorizing the Execution and Delivery of a Second Amendment to the Bond and Loan Agreement Relating to Illinois Finance Authority Industrial Development Revenue Bonds (Ockerlund Industries, Inc. Project) Series 2005; and Related Matters.
- Item 10:** Item 10 is a Resolution Authorizing the Purchase of the Series 2004 Bonds by Swedish American Hospital in Lieu of Redemption and the Cancellation of the AMBAC Bond Insurance Supporting the Series 2004 Bonds.
- Item 11:** Item 11 has been withdrawn.
- Item 12:** Item 12 is a Resolution Authorizing Execution of a First Amendment to Intergovernmental Agreement with the Office of the State Fire Marshal for the Fire Truck Revolving Loan Program and Related OSFM Programs.
- Item 13:** Item 13 is a Resolution Cancelling Awards for the Accounting and Auditing Pool Contract.

Chairman Brandt suggested that the Authority's Audit Committee be expanded in the near future to an Audit and Finance Committee in order to address procurement processes.

Chairman Brandt asked for and, by unanimous consent, obtained leave to apply the results of the vote for Item 1 to the following resolutions: Items 8, 9, 10, 12 and 13.

Leave was granted.

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

Chairman Brandt directed Mr. Frampton to present the project which may have guests to the Board.

Mr. Frampton presented the following project:

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

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

CHF-Cook, L.L.C. is requesting approval of a Preliminary Bond Resolution in an amount not to exceed Forty-Five Million Dollars (\$45,000,000).

Bond proceeds will be loaned to CHF - Cook, L.L.C., a single member limited liability company organized and existing under the laws of the State of Alabama (the "Borrower"), for the purposes of (and including but not limited to) providing the Borrower with all or a portion of the funds necessary to (i) finance the cost of the acquisition, construction, furnishing and equipping of an approximately 110-unit, 440-bed apartment style student housing facility (the "Project"), (ii) fund interest on the Bonds for a period requested by the Borrower, (iii) fund a debt service reserve fund for the benefit of the Bonds, if requested by the Borrower and (iv) pay expenses incurred in connection with the issuance of the Bonds, including bond insurance, if requested by the Borrower, all as permitted by the Act (collectively, the "Financing Purposes").

The Project will be located on Northeastern Illinois University's (hereinafter, the "University's") main campus in Chicago, Illinois and is being developed and financed pursuant to an award resulting from a Request for Proposal for the Design, Development and Management of Student Housing posted by the University.

Mr. Frampton announced that Mrs. Melissa Reardon-Henry, General Counsel of Northeastern Illinois University, was present and ready to speak on behalf of the project.

Mrs. Reardon-Henry thanked the Members of the Board for their consideration of the financing.

Chairman Brandt recognized and thanked Mrs. Reardon-Henry.

Chairman Brandt asked for and, by unanimous consent, obtained leave to apply the results of the vote for Item 1 to the following project: Item 5.

Leave was granted.

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

#### **VI. Other Business**

Executive Director Meister, on behalf of Chairman Brandt's Board colleagues and the staff of the Authority, thanked Chairman Brandt for volunteering thousands of hours since January 2008 and for leading the Authority through challenging times for the state of Illinois. Executive Director Meister stated that Chairman Brandt has always understood the vital role that the Authority's financing projects have in making a positive impact on the lives of ordinary Illinois citizens.

Chairman Brandt wished nothing but success to Members of the Board, Authority staff and all guests present. He expressed his joy in working with everyone, including past Members of the Board, during his time as Chairman.

#### **VII. Public Comment**

None.

#### **VIII. Adjournment**

Chairman Brandt reminded Members of the Board, Authority staff and all guests present that the next regular meeting of the Board will be held on April 14, 2015, at 10:30 a.m.

At the time of 10:50 a.m., Member Bronner moved that the Board do now adjourn until April 14, 2015, at 10:30 a.m.

Member O'Brien seconded the motion.

The motion prevailed.

And the Board stood adjourned.

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

**FINANCIAL ANALYSIS**

April 14, 2015

**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS  
MONTHLY AND ANNUAL SUMMARY AS OF MARCH 31, 2015****1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME**

- a. **Annual Operating Revenues** to date totaled \$2.9 million, while annual Net Non-Operating Revenues totaled \$159 thousand. Total annual combined revenues of \$3.1 million are \$234 thousand or 7% below budget; due primarily to lower than expected closing and miscellaneous fees. Closing fees year to date of \$1.7 million, are \$190 thousand or 10% below budget. Included in Interest Income on Loans, the year to date revenue accrued for interest due from the former IRBB local governments totaled \$848 thousand which is in line with the FY 2015 budget for the local government loans. Annual fees of \$282 thousand are 12% or \$29 thousand higher than budget. Administrative service fees (non-closing fees, typically TEFRA and amendment fees) are also 16% higher than budgeted, totaling \$100 thousand for the year. Annual net investment income of \$149 thousand is more than double the fiscal year 2014's ending total as of March which is in line with the FY 2015 budget for investment revenue.
- b. **In March**, the Authority generated \$184 thousand in closing fees, which is close to the average monthly total of \$186 thousand. This is below the average monthly budgeted amount for closing fees of \$207,250. Closing fees were received from: *University of Chicago Hospital*, \$74 thousand, *Lifespace*, \$95 thousand, and *Agriculture-related* closings (beginning farmer bonds) of just under \$16 thousand. Administrative service fees of \$25 thousand were booked for *Swedish American Hospital*. March's net investment revenue of \$34 thousand is double the average monthly amount of \$17 thousand.
- c. **Annual Operating Expenses** of \$2.6 million are \$695 thousand or 21% lower than budget, mostly driven by lower employee-related expenses and professional service costs. Year to date, employee expenses total \$1.3 million and are 19% below budget and professional services total \$800 thousand and are 29% below budget. Annual occupancy costs total \$151 thousand and are \$68 thousand or 31% under budget (including the cost of the move). General and administrative costs are \$286 thousand for the year, which is 14% over budget (costs spiking due to deferred back-end costs). Other contributors to lower overall year to date operating costs include the delay in the implementation of the compliance driven debt management software application and reduced staff costs.
- d. **In March**, total professional services of \$83 thousand included payments for legal services (\$13K) compliance and accounting assistance (\$22K), financial advisory fees (\$14K), IT data storage and records management fees (\$11K) and payroll services (\$5K). Salaries are flat from February at \$133 thousand, which is down from \$158 thousand in July 2014, with the departure of three full time employees and two Finance/Legal Fellows in recent months. General and administrative costs of \$41 thousand included charges for records storage and Bond Buyer and

## **V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS MONTHLY AND ANNUAL SUMMARY AS OF MARCH 31, 2015 (CONT'D)**

Bloomberg subscription services (noted above in Annual Operating Expenses as “deferred back-end costs”).

- e. **March** activities resulted in monthly Net Income of \$119 thousand. **On a year to date** basis, IFA currently shows Annual Net Income of \$782 thousand. Major contributors to the positive bottom line include the level of overall spending at 21% below budget, the transfer of the remaining IRBB reserve funds earlier this fiscal year and greater than expected investment returns. Budgeted net income at this point in the fiscal year is just \$28 thousand.

### **2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION**

- a. The Authority, as of March 2015, is a \$127 million dollar agency which also accounts for \$300 million in total activity (including the debt of other State of Illinois agencies) and maintains compliance for nearly \$24 billion in outstanding, mainly conduit (not the obligation of either the State or the Authority), debt.

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

- a. In the General Fund, the Authority continues to maintain a strong balance sheet with total net position of \$52.7 million (the main Authority balance sheet outside of program funds and the State Component Parts). The total assets in the General Fund are \$53.2 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total \$29.2 million, notes receivables for the former IRBB local governments total \$20.5 million, other loans receivables are at \$2 million and restricted cash in the DACA Loan Fund totals \$1.3 million. Liabilities, current and non-current, total just \$518 thousand.

### **4. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS**

- a. The “Other State of Illinois Debt Fund” (or combined State Component Parts) is comprised of activity related to bonds issued by the Authority on behalf of the Illinois Environmental Protection Agency Clean Water Initiative (State Revolving Fund) (IEPA-SRF 2013), the Illinois Medical District Commission (IMDC 2006) and Northern Illinois University Foundation (NIUF 2006 and 2013). The majority of the activity in this fund is related to IEPA-SRF 2013.
- b. Unique among the State Component Part bond issues, for which the Authority reports only financial transactions, and does not hold funds, the Authority is currently the custodian of \$42 million in connection with IEPA-SRF 2013. At the request of IEPA, the Authority made various transfers, totaling \$140 million (comprised of bond proceeds, repayments of pledged loans and federal cap grants accessed by the bond proceeds), between October 2014 and March 2015, to the State Treasurer. These transferred funds may be reinvested by the Authority in the future on behalf of IEPA.
- c. Authority staff anticipates working with the Board to update the investment policy in order to increase return for 2013 IEPA-SRF funds with appropriate safety and transparency.

## **V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS MONTHLY AND ANNUAL SUMMARY AS OF MARCH 31, 2015 (CONT'D)**

- d. In April 2015, the Authority received partial approval from Governor's Office of Management & Budget through the Office of the State Fire Marshal (OSFM) to move forward with making loans, based on applications originated and approved by the OSFM, from some of the Authority's locally held Fire Truck Revolving Loan Funds per Public Act 97-901. The extent of this partial approval remains to be determined. The Authority's locally-held Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of \$329 thousand (principal only loan repayments). Net investment income from both funds equals \$61 thousand. Monies have been invested since July 2014. The net position of \$30 million for Fire Truck and \$4.2 million for Ambulance is now on the Authority's balance sheet due to Public Act 97-901. The Fire Truck Revolving Loan Program was the subject of findings in recent audits as well as the subject of extended discussion during the Authority's March 2015 House Appropriation Hearing. During the coming weeks of the current General Assembly, there may be action to re-direct these funds as part of a larger effort to mitigate the State's financial crisis.
- e. Other Nonmajor Funds booked revenues of \$188 thousand, of which, \$158 thousand is derived from investment activity. Year to date, the nonmajor funds show a net loss of \$117 thousand, driven by the one-time transfer of funds out of the IRBB Reserve Fund (pursuant to the August 2014 redemption and defeasance of the IRBB program) to the General Operating Fund. All other activities for Nonmajor Funds result in positive net income of \$177 thousand as of March. Total Net Position in the Nonmajor Funds is \$39.5 million.
- f. The Agency/Fiduciary Funds for IFA include both the Metro East Police District Commission and the Illinois Finance Authority NFP Development Fund (established in 2013 in connection with the Authority's application for New Markets Tax Credits from the federal government), with combined current assets of \$60 thousand.

### **5. FY14 AND FY15 COMPLIANCE AUDITS and LEGISLATIVE AUDIT COMMISSION**

- a. The entrance conference for the FY14 and FY15 compliance audits was held March 16, 2015.
- b. The Authority's Legislative Audit Commission (LAC) hearing on the Authority's FY 2013 Compliance Examination and Financial Audit was held March 24, 2015. The LAC unanimously voted to accept the Authority's FY 2013 Audits.
- c. Fieldwork for the FY14 and FY15 compliance audits began March 25, 2015.

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<sup>1</sup>**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.



**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND NET INCOME**  
**GENERAL OPERATING FUND**  
**FOR FISCAL YEAR 2015 AS OF MARCH 31, 2015**  
**(PRELIMINARY AND UNAUDITED)**

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	2015 BUDGET VARIANCE (\$)	2015 BUDGET VARIANCE (%)
<b>Operating Revenues:</b>													
Closing Fees	66,825	295,753	138,542	78,500	2,150	510,496	68,431	330,444	184,278	1,675,419	1,865,250	(189,831)	-10.2%
Annual Fees	10,367	42,720	31,533	34,580	34,230	36,372	28,534	29,221	34,744	282,301	253,125	29,176	11.5%
Administrative Service Fees	-	10,000	15,000	-	20,000	-	-	10,000	45,000	100,000	86,250	13,750	15.9%
Application Fees	1,100	14,328	4,300	2,700	2,500	1,100	1,100	5,250	3,400	35,778	30,754	5,024	16.3%
Miscellaneous Fees	62	-	-	-	-	14	34	-	-	110	45,000	(44,890)	-99.8%
Interest Income-Loans	120,406	67,709	102,031	102,123	106,114	103,356	102,006	37,228	82,624	823,597	869,873	(46,276)	-5.3%
Other Revenue	272	291	-	269	287	2,942	249	-	118	4,428	3,600	828	23.0%
<b>Total Operating Revenue:</b>	<b>\$ 199,032</b>	<b>\$ 430,801</b>	<b>\$ 291,406</b>	<b>\$ 218,172</b>	<b>\$ 165,281</b>	<b>\$ 654,280</b>	<b>\$ 200,354</b>	<b>\$ 412,143</b>	<b>\$ 350,164</b>	<b>\$ 2,921,633</b>	<b>\$ 3,153,852</b>	<b>\$ (232,219)</b>	<b>-7.4%</b>
<b>Operating Expenses:</b>													
Employee Related Expense	158,165	155,946	152,957	148,571	148,404	142,070	142,279	134,876	133,423	1,316,691	1,628,306	(311,615)	-19.1%
Professional Services	2,882	179,754	97,492	49,885	84,877	111,758	71,839	119,195	82,810	800,492	1,128,735	(328,243)	-29.1%
Occupancy Costs	26,485	26,590	9,247	40,454	8,583	8,124	10,361	11,540	9,307	150,691	218,736	(68,045)	-31.1%
General & Administrative	28,707	28,568	26,718	28,656	26,890	26,029	28,210	48,906	40,953	285,637	250,725	34,912	13.9%
Depreciation and Amortization	3,847	3,847	3,847	3,876	3,876	4,794	4,794	4,794	4,794	38,469	60,000	(21,531)	-35.9%
<b>Total Operating Expense</b>	<b>\$ 220,086</b>	<b>\$ 394,705</b>	<b>\$ 290,261</b>	<b>\$ 271,442</b>	<b>\$ 272,630</b>	<b>\$ 294,775</b>	<b>\$ 257,483</b>	<b>\$ 319,311</b>	<b>\$ 271,287</b>	<b>\$ 2,591,980</b>	<b>\$ 3,286,502</b>	<b>\$ (694,522)</b>	<b>-21.1%</b>
<b>Operating Income(Loss)</b>	<b>\$ (21,054)</b>	<b>\$ 36,096</b>	<b>\$ 1,145</b>	<b>\$ (53,270)</b>	<b>\$ (107,349)</b>	<b>\$ 359,505</b>	<b>\$ (57,129)</b>	<b>\$ 92,832</b>	<b>\$ 78,877</b>	<b>\$ 329,653</b>	<b>\$ (132,650)</b>	<b>\$ 462,303</b>	<b>348.5%</b>
<b>Nonoperating Revenues (Expenses):</b>													
Bad Debt Recoveries and Adjustments	-	-	-	-	-	3,741	-	-	6,114	9,855	11,250	(1,395)	-12.4%
Miscellaneous Non-Operating Revenues/(Expense)	-	-	-	-	-	-	-	-	-	-	(1,500)	1,500	-100.0%
Interest and Investment Income	26,997	34,457	19,837	29,932	15,661	35,176	20,838	27,801	29,772	240,471	375,450	(134,979)	-36.0%
Realized Gain (Loss) on Sale of Investment	-	(445)	(19)	(31)	(5)	190	(364)	(3,452)	(532)	(4,658)	(37,500)	32,842	-87.6%
Net Appreciation (Depr) in Fair Value of Investment	(38,575)	3,960	(17,901)	5,423	3,764	(54,607)	43,741	(37,439)	4,831	(86,803)	(187,500)	100,697	-53.7%
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (11,578)</b>	<b>\$ 37,972</b>	<b>\$ 1,917</b>	<b>\$ 35,324</b>	<b>\$ 19,420</b>	<b>\$ (15,500)</b>	<b>\$ 64,215</b>	<b>\$ (13,090)</b>	<b>\$ 40,185</b>	<b>\$ 158,865</b>	<b>\$ 160,200</b>	<b>\$ (1,335)</b>	<b>-0.8%</b>
<b>Net Income (Loss) Before Transfers</b>	<b>\$ (32,632)</b>	<b>\$ 74,068</b>	<b>\$ 3,062</b>	<b>\$ (17,946)</b>	<b>\$ (87,929)</b>	<b>\$ 344,005</b>	<b>\$ 7,086</b>	<b>\$ 79,742</b>	<b>\$ 119,062</b>	<b>\$ 488,518</b>	<b>\$ 27,550</b>	<b>\$ 460,968</b>	<b>1673.2%</b>
<b>Transfers:</b>													
Transfers in from other funds	-	2,263,041	116,837	10	177,108	-	-	-	-	2,556,996	-	-	0.0%
Transfers out to other funds	-	(2,263,041)	-	-	-	-	-	-	-	(2,263,041)	-	-	0.0%
<b>Total Transfers In (Out)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 116,837</b>	<b>\$ 10</b>	<b>\$ 177,108</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 293,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Net Income (Loss)</b>	<b>\$ (32,632)</b>	<b>\$ 74,068</b>	<b>\$ 119,899</b>	<b>\$ (17,936)</b>	<b>\$ 89,179</b>	<b>\$ 344,005</b>	<b>\$ 7,086</b>	<b>\$ 79,742</b>	<b>\$ 119,062</b>	<b>\$ 782,473</b>	<b>\$ 27,550</b>	<b>\$ 754,923</b>	<b>2740.2%</b>



**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND NET INCOME**  
**IFA FUNDS AND AGENCY FUND ACTIVITY**  
**FOR FISCAL YEAR 2015 AS OF MARCH 31, 2015**  
**(PRELIMINARY AND UNAUDITED)**

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF ILLINOIS DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
<b>Operating Revenues:</b>								
Closing Fees	1,675,419	-	-	-	1,675,419	-	1,675,419	25,000
Annual Fees	282,301	-	-	-	282,301	-	282,301	-
Administrative Service Fees	100,000	-	-	-	100,000	-	100,000	-
Application Fees	35,778	-	-	-	35,778	-	35,778	-
Miscellaneous Fees	110	328,750	-	31	328,891	-	328,891	-
Interest Income-Loans	823,597	-	-	29,361	852,958	3,011,072	3,864,030	-
Other Revenue	4,428	-	-	-	4,428	-	4,428	-
<b>Total Operating Revenue:</b>	<b>\$ 2,921,633</b>	<b>\$ 328,750</b>	<b>\$ -</b>	<b>\$ 29,392</b>	<b>\$ 3,279,775</b>	<b>\$ 3,011,072</b>	<b>\$ 6,290,847</b>	<b>\$ 25,000</b>
<b>Operating Expenses:</b>								
Employee Related Expense	1,316,691	-	-	-	1,316,691	-	1,316,691	-
Professional Services	800,492	5,468	2,335	8,651	816,946	-	816,946	338
Occupancy Costs	150,691	-	-	-	150,691	-	150,691	-
General & Administrative	285,637	-	-	-	285,637	-	285,637	-
Interest Expense	-	-	-	3,128	3,128	3,211,297	3,214,425	-
Depreciation and Amortization	38,469	-	-	-	38,469	-	38,469	-
<b>Total Operating Expense</b>	<b>\$ 2,591,980</b>	<b>\$ 5,468</b>	<b>\$ 2,335</b>	<b>\$ 11,779</b>	<b>\$ 2,611,562</b>	<b>\$ 3,211,297</b>	<b>\$ 5,822,859</b>	<b>\$ 338</b>
<b>Operating Income(Loss)</b>	<b>\$ 329,653</b>	<b>\$ 323,282</b>	<b>\$ (2,335)</b>	<b>\$ 17,613</b>	<b>\$ 668,213</b>	<b>\$ (200,225)</b>	<b>\$ 467,988</b>	<b>\$ 24,662</b>
<b>Nonoperating Revenues (Expenses):</b>								
Bad Debt Recoveries and Adjustments	9,855	-	-	1,117	10,972	-	10,972	-
Transfer of funds and program interest from the State of IL	-	8,000,000	-	-	8,000,000	-	8,000,000	-
Interest and Investment Income	240,471	59,729	36,291	223,209	559,700	200,225	759,925	-
Realized Gain (Loss) on Sale of Investment	(4,658)	(4,898)	(2,482)	(4,388)	(16,426)	-	(16,426)	-
Net Appreciation (Depr) in fair value of Investments	(86,803)	(16,180)	(11,157)	(60,924)	(175,064)	-	(175,064)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 158,865</b>	<b>\$ 8,038,651</b>	<b>\$ 22,652</b>	<b>\$ 159,014</b>	<b>\$ 8,379,182</b>	<b>\$ 200,225</b>	<b>\$ 8,579,407</b>	<b>\$ -</b>
<b>Net Income (Loss) Before Transfers</b>	<b>\$ 488,518</b>	<b>\$ 8,361,933</b>	<b>\$ 20,317</b>	<b>\$ 176,627</b>	<b>\$ 9,047,395</b>	<b>\$ -</b>	<b>\$ 9,047,395</b>	<b>\$ 24,662</b>
<b>Transfers:</b>								
Transfers in from other funds	2,556,996	-	-	-	2,556,996	-	2,556,996	-
Transfers out to other funds	(2,263,041)	-	-	(293,955)	(2,556,996)	-	(2,556,996)	-
<b>Total Transfers In (Out)</b>	<b>\$ 293,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (293,955)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income (Loss)</b>	<b>\$ 782,473</b>	<b>\$ 8,361,933</b>	<b>\$ 20,317</b>	<b>\$ (117,328)</b>	<b>\$ 9,047,395</b>	<b>\$ -</b>	<b>\$ 9,047,395</b>	<b>\$ 24,662</b>



**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**IFA FUNDS AND AGENCY FUND ACTIVITY**  
 March 31, 2015  
 (PRELIMINARY AND UNAUDITED)

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF ILLINOIS DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
<b>Assets and Deferred Outflows:</b>								
<b>Current Assets:</b>								
<b>Unrestricted:</b>								
Cash & cash equivalents	5,892,658	-	-	1,170,971	7,063,629	-	7,063,629	-
Investments	7,823,863	-	-	4,461,692	12,285,555	-	12,285,555	-
Accounts receivable, Net	134,933	-	-	-	134,933	-	134,933	-
Loans receivables, Net	43,525	-	-	-	43,525	-	43,525	-
Accrued interest receivable	228,067	-	-	32,963	261,030	-	261,030	-
Bonds and notes receivable	1,942,800	-	-	-	1,942,800	-	1,942,800	-
Due from other funds	91,168	-	-	-	91,168	-	91,168	-
Due from other local government agencies	-	-	-	3,000,000	3,000,000	-	3,000,000	-
Prepaid Expenses	99,086	-	-	-	99,086	-	99,086	-
<b>Total Current Unrestricted Assets</b>	<b>\$ 16,256,100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,665,626</b>	<b>\$ 24,921,726</b>	<b>\$ -</b>	<b>\$ 24,921,726</b>	<b>\$ -</b>
<b>Restricted:</b>								
Cash & Cash Equivalents	1,280,252	8,111,968	39,556	2,055,147	11,486,923	49,954,107	61,441,030	60,551
Investments	-	1,880,006	1,525,563	261,778	3,667,347	-	3,667,347	-
Accrued interest receivable	-	17,787	9,566	3,793	31,146	396	31,542	-
Bonds and notes receivable from State component units	-	-	-	-	-	713,629	713,629	-
Loans receivables, Net	-	-	-	24,910	24,910	-	24,910	-
<b>Total Current Restricted Assets</b>	<b>\$ 1,280,252</b>	<b>\$ 10,009,761</b>	<b>\$ 1,574,685</b>	<b>\$ 2,345,628</b>	<b>\$ 15,210,326</b>	<b>\$ 50,668,132</b>	<b>\$ 65,878,458</b>	<b>\$ 60,551</b>
<b>Total Current Assets</b>	<b>\$ 17,536,352</b>	<b>\$ 10,009,761</b>	<b>\$ 1,574,685</b>	<b>\$ 11,011,254</b>	<b>\$ 40,132,052</b>	<b>\$ 50,668,132</b>	<b>\$ 90,800,184</b>	<b>\$ 60,551</b>
<b>Non-current Assets:</b>								
<b>Unrestricted:</b>								
Investments	15,472,679	-	-	7,934,065	23,406,744	-	23,406,744	-
Accounts receivable, Net	-	-	-	-	-	-	-	-
Loans receivables, Net	1,586,970	-	-	-	1,586,970	-	1,586,970	-
Bonds and notes receivable	18,519,237	-	-	-	18,519,237	-	18,519,237	-
<b>Total Noncurrent Unrestricted Assets</b>	<b>\$ 35,578,886</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,934,065</b>	<b>\$ 43,512,951</b>	<b>\$ -</b>	<b>\$ 43,512,951</b>	<b>\$ -</b>
<b>Restricted:</b>								
Cash & Cash Equivalents	-	-	-	600,000	600,000	-	600,000	-
Investments	-	4,338,169	2,311,098	494,192	7,143,459	3,349,693	10,493,152	-
Funds in the custody of the Treasurer	-	88,925	27	17,976,628	18,065,580	-	18,065,580	-
Loans receivables, Net	-	15,548,078	321,600	1,497,048	17,366,726	-	17,366,726	-
Bonds and notes receivable from primary government	-	-	-	-	-	84,180,357	84,180,357	-
Bonds and notes receivable from State component units	-	-	-	-	-	33,523,199	33,523,199	-
<b>Total Noncurrent Restricted Assets</b>	<b>\$ -</b>	<b>\$ 19,975,172</b>	<b>\$ 2,632,725</b>	<b>\$ 20,567,868</b>	<b>\$ 43,175,765</b>	<b>\$ 121,053,249</b>	<b>\$ 164,229,014</b>	<b>\$ -</b>
<b>Capital Assets</b>								
Capital Assets	793,066	-	-	-	793,066	-	793,066	-
Accumulated Depreciation	(708,637)	-	-	-	(708,637)	-	(708,637)	-
<b>Total Capital Assets</b>	<b>\$ 84,429</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 84,429</b>	<b>\$ -</b>	<b>\$ 84,429</b>	<b>\$ -</b>
<b>Total Noncurrent Assets</b>	<b>\$ 35,663,315</b>	<b>\$ 19,975,172</b>	<b>\$ 2,632,725</b>	<b>\$ 28,501,933</b>	<b>\$ 86,773,145</b>	<b>\$ 121,053,249</b>	<b>\$ 207,826,394</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 53,199,667</b>	<b>\$ 29,984,933</b>	<b>\$ 4,207,410</b>	<b>\$ 39,513,187</b>	<b>\$ 126,905,197</b>	<b>\$ 171,721,381</b>	<b>\$ 298,626,578</b>	<b>\$ 60,551</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>								
Deferred loss on debt refunding	-	-	-	-	-	883,574	883,574	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 883,574</b>	<b>\$ 883,574</b>	<b>\$ -</b>
<b>Total Assets &amp; Deferred Inflows of Resources</b>	<b>\$ 53,199,667</b>	<b>\$ 29,984,933</b>	<b>\$ 4,207,410</b>	<b>\$ 39,513,187</b>	<b>\$ 126,905,197</b>	<b>\$ 172,604,955</b>	<b>\$ 299,510,152</b>	<b>\$ 60,551</b>





**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**IFA FUNDS AND AGENCY FUND ACTIVITY**  
 March 31, 2015  
 (PRELIMINARY AND UNAUDITED)

	GENERAL FUND	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF ILLINOIS DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
Payable from unrestricted current assets:								
Accounts payable	77,469	-	-	1,925	79,394	-	79,394	-
Accrued liabilities	112,841	-	-	-	112,841	-	112,841	-
Due to employees	89,452	-	-	-	89,452	-	89,452	-
Due to primary government	1	-	-	-	1	-	1	-
Due to other funds	73,765	-	-	17,403	91,168	-	91,168	-
Other liabilities	-	-	-	-	-	-	-	60,551
Unearned revenue, net of accumulated amortization	141,893	-	-	-	141,893	-	141,893	-
<b>Total Current Liabilities Payable from Unrestricted Current Assets</b>	<b>\$ 495,421</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,328</b>	<b>\$ 514,749</b>	<b>\$ -</b>	<b>\$ 514,749</b>	<b>\$ 60,551</b>
Payable from restricted current assets:								
Accounts payable	-	2,734	1,077	111	3,922	-	3,922	-
Accrued interest payable	-	-	-	1,280	1,280	1,555,668	1,556,948	-
Bonds and notes payable from primary government	-	-	-	-	-	21,475,000	21,475,000	-
Bonds and notes payable from State component units	-	-	-	-	-	2,232,796	2,232,796	-
Unamortized bond premium	-	-	-	-	-	942,335	942,335	-
<b>Total Current Liabilities Payable from Restricted Current Assets</b>	<b>\$ -</b>	<b>\$ 2,734</b>	<b>\$ 1,077</b>	<b>\$ 1,391</b>	<b>\$ 5,202</b>	<b>\$ 26,205,799</b>	<b>\$ 26,211,001</b>	<b>\$ -</b>
<b>Total Current Liabilities</b>	<b>\$ 495,421</b>	<b>\$ 2,734</b>	<b>\$ 1,077</b>	<b>\$ 20,719</b>	<b>\$ 519,951</b>	<b>\$ 26,205,799</b>	<b>\$ 26,725,750</b>	<b>\$ 60,551</b>
<b>Noncurrent Liabilities</b>								
Payable from unrestricted noncurrent assets:								
Accrued liabilities	22,222	-	-	-	22,222	-	22,222	-
Bonds and notes payable from primary government	-	-	-	-	-	-	-	-
Bonds and notes payable from State component units	-	-	-	-	-	-	-	-
<b>Assets</b>	<b>\$ 22,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,222</b>	<b>\$ -</b>	<b>\$ 22,222</b>	<b>\$ -</b>
Payable from restricted noncurrent assets:								
Bonds and notes payable from primary government	-	-	-	-	-	97,675,000	97,675,000	-
Bonds and notes payable from State component units	-	-	-	-	-	37,666,270	37,666,270	-
Noncurrent portion of long term debt	-	-	-	369,080	369,080	-	369,080	-
Unamortized bond premium	-	-	-	-	-	11,057,886	11,057,886	-
<b>Total Noncurrent Liabilities Payable from Restricted Noncurrent</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 369,080</b>	<b>\$ 369,080</b>	<b>\$ 146,399,156</b>	<b>\$ 146,768,236</b>	<b>\$ -</b>
<b>Total Noncurrent Liabilities</b>	<b>\$ 22,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 369,080</b>	<b>\$ 391,302</b>	<b>\$ 146,399,156</b>	<b>\$ 146,790,458</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 517,643</b>	<b>\$ 2,734</b>	<b>\$ 1,077</b>	<b>\$ 389,799</b>	<b>\$ 911,253</b>	<b>\$ 172,604,955</b>	<b>\$ 173,516,208</b>	<b>\$ 60,551</b>
<b>Net Position:</b>								
Net Investment in Capital Assets	84,429	-	-	-	84,429	-	84,429	-
Restricted	-	21,620,266	4,186,016	22,418,033	48,224,315	-	48,224,315	-
Unrestricted	51,815,122	-	-	16,822,683	68,637,805	-	68,637,805	-
Current Change in Net Position	782,473	8,361,933	20,317	(117,328)	9,047,395	-	9,047,395	-
<b>Total Net Position</b>	<b>\$ 52,682,024</b>	<b>\$ 29,982,199</b>	<b>\$ 4,206,333</b>	<b>\$ 39,123,388</b>	<b>\$ 125,993,944</b>	<b>\$ -</b>	<b>\$ 125,993,944</b>	<b>\$ -</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 53,199,667</b>	<b>\$ 29,984,933</b>	<b>\$ 4,207,410</b>	<b>\$ 39,513,187</b>	<b>\$ 126,905,197</b>	<b>\$ 172,604,955</b>	<b>\$ 299,510,152</b>	<b>\$ 60,551</b>



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer  
**Date:** April 14, 2015  
**Re:** Monthly Procurement Report

**ACTIVE SOLICITATIONS**

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
Debt Management Software Application	Management is currently reviewing. Bids received in Oct 2014. <i>(IL Procure Code)</i>	3	05/15-04/18	TBD	N/A	N/A	N/A
Accounting Software Maintenance and Support	Anticipated award Apr/May 2015. Bids received in March 2015. <i>(IL Procure Code)</i>	3	04/15-03/18	N/A	\$ 49,500	\$ 49,500	\$ 49,500

**NEW CONTRACT AWARDS**

Services Provided	Vendor	Initial+ Renewal Term	Start/End	Total Final NTE Value	Total Prior Contract NTE Value	Total Prior Contract Expense	Avg Yrly Prior Contract Expense
Professional and Artistic (CPA Services; IRS Reporting)	Whittaker and Company <i>(IFA Exemption - Small Purchase &lt;\$50,000)</i>	2 mos	02/15-04/15	\$ 10,000	N/A	N/A	N/A
Professional and Artistic (CPA Services; GAAP Package)	Vendor A <i>(IFA Exemption - Small Purchase &lt; \$50,000)</i>	4	07/14-06/18	\$ 49,600	\$ 12,000	\$ 12,000	\$ 12,000

**UPCOMING SOLICITATIONS**

Services Provided	Vendor	Proposed Initial Term (Yrs)	Start/End	Estimated NTE Value*	Prior Contract NTE Value*	Prior Contract Expense*	Avg Yrly Prior Contract Expense
Investment Advisor and/or Mgmt Services	Per BOD Direction <i>(IFA Exemption)</i>	2	N/A	N/A	N/A	N/A	N/A
Payroll Services	Anticipated award June 2015. <i>(IL Procure Code)</i>	3	07/15-06/20	N/A	\$ 233,000	\$ 170,000	\$ 170,000
Employee Benefit Services	Anticipated award June 2015. <i>(IFA Exemption)</i>	5	07/15-06/20	N/A	\$ 233,000	\$ 170,000	\$ 170,000
Loan Management and Paying Agent/Custodian Services	Anticipated award June 2015. <i>(IFA Exemption)</i>	3	07/15-06/18	N/A	\$ 300,000	\$ 158,662	\$ 52,887
Insurance Broker	Anticipated award June 2015. <i>(IL Procure Code)</i>	3	07/15-06/18	N/A	\$ 68,700	\$ 68,700	\$ 22,900
Specialty Accounting/Audit Services	Anticipated award May 2015. <i>(IFA Exemption)</i>	3	06/15-05/18	N/A	\$ 200,000	\$ 200,000	\$ 50,000
Legislative Services	Anticipated award June 2015. <i>(IL Procure Code)</i>	3	07/15-06/18	N/A	\$ 180,000	\$ 180,000	\$ 60,000
IT Network Support	Anticipated award June 2015. <i>(IL Procure Code)</i>	3	07/15-06/18	N/A	\$ 90,000	\$ 90,000	\$ 30,000

Financial Deposit Institution/Cash Management	Anticipated award August 2015. <i>(IFA Exemption)</i>	5	09/15-08/20	N/A	\$	105,000	\$	105,000	\$	105,000
Typesetting and Printing Services	Anticipated award June 2015. <i>(IL Procure Code)</i>	3	07/15-06/18	N/A	\$	40,000	\$	40,000	\$	40,000
Marketing Services	Anticipated award August 2015. <i>(IL Procure Code)</i>	3	09/15-08/18	N/A	\$	300,000	\$	179,276	\$	89,638
Information Technology Software Support	Anticipated award July 2015. <i>(IL Procure Code)</i>	3	08/15-07/18	N/A	\$	-	\$	-	\$	-

*\*There are no renewals left for any of these contracts or these are new solicitations. For comparison purposes only. Includes only the initial term, not renewals.*

#### UPCOMING RENEWALS

Services Provided	Vendor	Proposed Renewal Term (Yrs)	Start/End	Estimated NTE Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Prior Contract Expense
Energy Efficiency Projects-No Fee to IFA	Hanson Professionals Services, Inc. <i>(IFA Exemption)*</i>	5	02/15-02/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Siemens Industry Inc. <i>(IFA Exemption)*</i>	5	03/15-03/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Johnson Controls, Inc. <i>(IFA Exemption)*</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Hill Mechanical Group <i>(IFA Exemption)*</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Utilities Dynamics, Inc. <i>IFA Exemption)*</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Ameresco, Inc. <i>(IFA Exemption)</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Honeywell International, Inc. <i>(IFA Exemption)*</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Kenny Construction <i>(IFA Exemption)*</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Energy Efficiency Projects-No Fee to IFA	Noresco, LLC <i>(IFA Exemption)*</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A
Insur. Broker: Energy Efficiency Projects-No Fee to IFA	Mesirow Insurance Services, INC <i>(IFA Exemption)</i>	5	10/15-10/20	\$ -	N/A	N/A	N/A
Insur. Broker: Energy Efficiency Projects-No Fee to IFA	AON Risk Services Central, INC. <i>(IFA Exemption)</i>	5	11/15-11/20	\$ -	N/A	N/A	N/A

*\*Per the direction of the Executive Director, these contracts will not be renewed.*

#### PROPOSED CHANGES TO IFA PROCUREMENT POLICY

Per discussion with the Procurement Policy Board, Chief Procurement Officer, and the Authority, an intergovernmental agreement will be drafted and submitted to the Board for approval to further clarify specific compliance, procedures and responsibilities needed for Authority management to fulfill its obligation under the Illinois Procurement Code and IFA's own Procurement Policy.

#### OTHER ILLINOIS PROCUREMENT CODE ACTIVITIES (NO BOARD ACTION NEEDED)

Services Provided	Vendor	Initial/ Renewal Term (Yrs)	Start/End	Total Final NTE Value	Total Current Contract NTE Value	Total Current Contract Expense <sup>2</sup>	Avg Yrly Current Contract Expense <sup>2</sup>
Financial Services/MSRB & EMMA Reporting	Bloomberg Finance L.P.	1	09/14-09/15	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Bloomberg Anywhere Services	Bloomberg Finance L.P.	2	12/14-11/16	\$ 42,000	\$ 42,000	\$ 42,000	\$ 21,000
McAfee Annual Software Renewal	Novanis IT Solutions <sup>1</sup>	18 mos	12/14-06/16	\$ 329	\$ 329	\$ 329	\$ 219
Citrix Software VPN Services	En Pointe Technologies <sup>1</sup>	1	12/14-11-15	\$ 840	\$ 840	\$ 840	\$ 840
Typesetting Services for CAFR	RR Donnelley	4 mos	10/14-02/15	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
Printing Services for CAFR	3rd Coast Imaging, Inc.	4 mos	10/14-02/15	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Data Cartridges	Malelo and Company <sup>1</sup>	23 mos	01/15-10/16	\$ 3,357	\$ 3,357	\$ 3,357	\$ 1,679
Staffing Assistance	Anchor Staffing <sup>1</sup>	6 mos	01/15-06/15	\$ 23,251	\$ 23,251	\$ 23,251	\$ 46,502
Staffing Assistance	Seville Staffing <sup>1</sup>	6 mos	01/15-06/15	\$ 9,504	\$ 9,504	\$ 9,504	\$ 19,008
Cloud-Based File Sharing	Dropbox	1	02/15-02/16	\$ 1,670	\$ 1,670	\$ 1,670	\$ 1,670

Storage Services	Midwest Moving & Storage <sup>1</sup>	7 mos	12/14-06/15	\$ 8,295	\$ 8,295	\$ 8,295	\$ 16,590
Post Office Box Rental	United States Postal Service	1	01/15-12/15	\$ 1,094	\$ 1,094	\$ 1,094	\$ 1,094
Multi-functional Device (Color)	Xerox <sup>1</sup>	3	02/15-01/18	\$ 10,936	\$ 10,936	\$ 10,936	\$ 3,645
Records Mgmt Software Maintenance and Support	Com Microfilm <sup>1</sup>	16 mos	03/15-06/16	\$ 6,324	\$ 6,324	\$ 6,324	\$ 4,517
Symantec Software and Offsite Tape and Data Storage	National Tek Services	3	03/15-02/18	\$ 16,601	\$ 16,601	\$ 16,601	\$ 5,534
Vmware Support/Subscription	Presidio <sup>1</sup>	14 mos	04/15-06/16	\$ 4,059	\$ 4,059	\$ 4,059	\$ 3,382
Document Imaging and Records Management	Com Microfilm <sup>1</sup>	16 mos	03/15-06/16	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500
Email Archiving Software	National Tek Services	3	04/15-03/18	\$ 1,245	\$ 1,245	\$ 1,245	\$ 415
Active Directory/Trend Micro Security Software	National Tek Services	3	03/15-03/18	\$ 1,750	\$ 1,750	\$ 1,750	\$ 583
Email Archiving Software	Tallgrass Systems Ltd.	3	04/15-03/18	\$ 4,491	\$ 4,491	\$ 4,491	\$ 1,497
Printer Toner	TRI Industries <sup>1</sup>	13 mos	03/15-04/16	\$ 180	\$ 180	\$ 180	\$ 180
Microsoft Dynamics Support Plan	Microsoft Corporation	1	03/15-03/16	\$ 4,044	\$ 4,044	\$ 4,044	\$ 4,044
Post Warranty Support Care Packs	Hewlett Packard <sup>1</sup>	1	04/15-04/16	\$ 3,380	\$ 3,380	\$ 3,380	\$ 3,380
Email Disaster Recovery and Mailbag Service	Mx Save	1	06/15-06/16	\$ 588	\$ 588	\$ 588	\$ 588

<sup>1</sup> *Products and/or services procured under a State of Illinois master contract.*

<sup>2</sup> *Some amounts are currently estimated and will be updated per the implementation of additional procurement software functionality.*

**\$45,000,000**

**April 14, 2015**

**CHF-Cook, L.L.C.**

REQUEST	<p><b>Purpose:</b> Bond proceeds will be issued in one or more series and used by <b>CHF-Cook, L.L.C.</b> (“<b>CHF-Cook</b>” or the “<b>Borrower</b>”), an Alabama limited liability company, to (i) finance the cost of the acquisition, construction, furnishing, and equipping of an approximately 110-unit, 440-bed apartment-style student housing facility (the “<b>Project</b>”), (ii) fund interest on the Bonds for during construction on the Bonds for a period requested by the Borrower, (iii) fund a debt service reserve fund for the benefit of the Bonds, and (iv) pay expenses incurred in connection with the issuance of the Bonds, including bond insurance, all as permitted by the Illinois Finance Authority Act (and collectively, the “<b>Financing Purposes</b>”).</p> <p>The Project will be located on <b>Northeastern Illinois University’s</b> (“<b>NEIU’s</b>” or the “<b>University’s</b>”) main campus in Chicago, Illinois.</p> <p>The Project will be owned by CHF-Cook, L.L.C, an affiliate of <b>Collegiate Housing Foundation</b> (“<b>CHF</b>”), a 501(c)(3) corporation based in Fairhope, AL. The Project will be developed and constructed by an affiliate of <b>American Campus Communities, Inc.</b> (“<b>ACC</b>”) of Austin, TX. (American Campus Communities, Inc. is a publicly-traded real estate investment trust (“<b>REIT</b>”) with share traded under the “<b>ACC</b>” ticker on the New York Stock Exchange.) Day-to-day operations will be managed by an affiliate of ACC that undertakes development consulting and property management services for student housing properties owned by unrelated third-party entities (i.e., entities other than ACC or its affiliates).</p> <p><b>Program:</b> 501(c)(3) Revenue Bonds (Student Housing Revenue Bonds)</p> <p><b>Extraordinary Conditions:</b> None.</p> <p>No IFA funds at risk. <i>See NEIU Occupancy Support Contribution Amount – p. 4.</i></p>																			
BOARD ACTION	Final Bond Resolution Voting Record (March 10, 2015) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; 0 Abstain; 4 Absent (Fuentes, Gold, Pedersen, Tessler)																			
MATERIAL CHANGE	Expanded discussion of the NEIU Occupancy Contribution Commitment.																			
JOB DATA	N/A (NEIU-669 faculty; 891 staff)	Current jobs	5-8	New jobs projected																
	N/A	Retained jobs	115 (16 months)	Construction jobs projected																
BORROWER DESCRIPTION	<ul style="list-style-type: none"><li>• Type of entity: CHF-Cook, L.L.C. is an Alabama limited liability company formed in November 2014 for the sole purpose of developing, owning, and operating the subject student housing project located at Northeastern Illinois University. (ACC SC Development, LLC, an affiliate of American Campus Communities, Inc. was selected pursuant to a Request-For-Proposal issued by NEIU in November 2013 to construct and finance the Project as part of a design-development-management team led by American Campus Communities, Inc. CHF-Cook, LLC an affiliate of the Collegiate Housing Foundation of Fairhope, AL is part of the turnkey development/ownership/management team engaged by ACC SC Development, LLC.)</li><li>• Location: Chicago/Cook/Northeast</li></ul>																			
CREDIT INDICATORS	<ul style="list-style-type: none"><li>• The Bonds will be sold based on a direct rating of the Project and underwritten by <b>RBC Capital Markets</b> (“<b>RBC</b>” or the “<b>Underwriter</b>”). The Underwriter anticipates a low investment grade rating on the Bonds (e.g., “<b>BBB-</b>” from S&amp;P).</li><li>• The Bonds will be sold on the basis of the underlying direct rating only of CHF-Cook, L.L.C. (i.e., the Project) and <i>will not</i> be an obligation of Northeastern Illinois University. The project ownership and financing structure is very similar to three prior IFA financings of CHF-owned-and-financed student housing facilities developed at state universities including (1) Northern Illinois University (two projects in 2006 and 2011, respectively) and (2) Illinois State University (2011).</li></ul>																			
STRUCTURE	<ul style="list-style-type: none"><li>• Publicly offered tax-exempt and taxable, fixed rate bonds with an anticipated term not-to-exceed 32 years.</li><li>• Security for the Bonds will include revenues collected by NEIU on behalf of the Borrower and deposited with the Trustee, along with various reserve funds and accounts held under the Trust Indenture. There will be a minimum rate covenant applicable to the Borrower to attain 1.20x times Debt Service Coverage and a University Occupancy Contribution Commitment (from University-budgeted funds) to attain minimum 1.0x times coverage.</li><li>• The Debt Service Reserve Fund will be fully funded at closing in an amount equal to Maximum Annual Debt Service on the Bonds. Deposits to the Repair and Replacement Fund will be made on an annual basis from Project cash flows in an initial amount of \$175 per bed per year.</li><li>• The Borrower will execute a Security Agreement encumbering all of the Borrower’s rights, title and interest in and to the land and improvements; and an Assignment of Contract Documents, assigning the Borrower’s interest in the development agreement, construction contract and related documents.</li></ul>																			
SOURCES AND USES (PRELIMINARY; SUBJECT TO CHANGE)	<table><tr><td><b>Sources:</b></td><td></td><td><b>Uses:</b></td><td></td></tr><tr><td>IFA Bonds</td><td>\$43,000,000</td><td>Project/Reserves</td><td>\$44,077,132</td></tr><tr><td>NEIU Equity</td><td><u>2,000,000</u></td><td>Costs of Issuance</td><td><u>922,868</u></td></tr><tr><td><b>Total</b></td><td><b><u>\$45,000,000</u></b></td><td><b>Total</b></td><td><b><u>\$45,000,000</u></b></td></tr></table>				<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$43,000,000	Project/Reserves	\$44,077,132	NEIU Equity	<u>2,000,000</u>	Costs of Issuance	<u>922,868</u>	<b>Total</b>	<b><u>\$45,000,000</u></b>	<b>Total</b>	<b><u>\$45,000,000</u></b>
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IFA Bonds	\$43,000,000	Project/Reserves	\$44,077,132																	
NEIU Equity	<u>2,000,000</u>	Costs of Issuance	<u>922,868</u>																	
<b>Total</b>	<b><u>\$45,000,000</u></b>	<b>Total</b>	<b><u>\$45,000,000</u></b>																	
RECOMMENDATION	Credit Review Committee recommends approval.																			

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2015**

**Project: CHF-Cook, L.L.C.**

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**STATISTICS**

IFA Project:	N-NP-TE-CD-8728	Amount:	\$45,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad Fletcher
Location:	Chicago	County/ Region:	Cook/Northeast

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**BOARD ACTION**

Final Bond Resolution	
Conduit 501(c)(3) Student Housing Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

Voting Record (March 10, 2015) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; 0 Abstain; 4 Absent (Fuentes, Gold, Pedersen, Tessler)

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**PURPOSE**

To finance the design, development, construction and equipment of an approximately 440-bed student residence facility to be developed on land under a ground lease from Northeastern Illinois University and located on the University's main campus in Chicago, Illinois. The Project will also include a 4,600 SF community center that will feature a fitness center, social lounge, study lounge, management and resident life offices, mailroom, and other amenities (collectively, the "Project"). This project will provide NEIU with its first on-campus housing facility.

The Project will be owned by an affiliate of Collegiate Housing Foundation, a 501(c)(3) corporation based in Fairhope, AL that is engaged in developing 501(c)(3)-owned student housing projects nationally. The Project will be developed and constructed by an affiliate American Campus Communities, Inc. of Austin, TX. Additionally, upon completion, day-to-day operations will be managed by an affiliate of ACC on behalf of the University.

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects furthering support of their mission. The IFA's issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

Development of this project and selection of the Project Development Team was pursuant to a Request for Proposal for the Design, Development and Management of Student Housing issued by the University in November 2013 (see p. 7).

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**VOLUME CAP**

501(c)(3) Bonds do not require Volume Cap.

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**SOURCES AND USES OF FUNDS (PRELIMINARY; SUBJECT TO CHANGE)**

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<b>Sources</b>			<b>Uses:</b>		
	IFA Bonds	\$ 43,000,000		Project Costs	\$ 37,833,236
				Capitalized Interest	3,607,083
				Debt Service Reserve Fund	2,636,813
	NEIU Equity	\$ 2,000,000		Costs of Issuance	922,868
	<b>Total</b>	<b><u>\$45,000,000</u></b>		<b>Total</b>	<b><u>\$ 45,000,000</u></b>

Note: The amounts reported in the table above are preliminary and subject to change. The Capitalized Interest Fund will be established at an amount sufficient to fund interest expense to February 2017 (i.e., a period 6 months beyond the anticipated August 2016 project completion date, as customary). The Debt Service Reserve Fund will be capitalized at an amount sufficient to cover a minimum of one year's Maximum Annual Debt Service payments. Taxable Bonds may be issued to finance ineligible costs (and would be expected to total less than \$500,000 if issued). (Any Taxable Series issued in connection with the Project would also be rated by Standard & Poor's.)

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**JOBS**

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Current employment:	N/A – New Project (NEIU: 669 faculty; 891 Staff)	Projected new jobs:	5-8
Jobs retained:	N/A	Construction jobs:	[115 Preliminary] (16 months)

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**FINANCING SUMMARY**

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Bondholder's  
Security/

Credit Ratings: The Borrower and RBC Capital Markets LLC contemplate obtaining a direct rating on the Bonds for sale to investors and currently anticipate that the Bonds will be assigned a low investment grade rating (e.g., "BBB-") from Standard and Poor's.

Under this "direct rating" structure, security for the Bonds will include Revenues collected by the University on behalf of the Borrower and deposited with the Trustee and funds and accounts held under the Trust Indenture including (1) Construction Fund and Debt Service Fund/Capitalized Interest Account during the construction phase and (2) a Debt Service Reserve Fund and Repair and Replacement Fund during the operating phase.

The Debt Service Reserve Fund will be fully funded at closing in an amount equal to maximum annual debt service on the Bonds. Additionally, the Repair and Replacement Fund will be capitalized on an annual basis from project cash flows in an initial amount of \$175 per bed per year (and escalating thereafter annually).

The Borrower will be required to execute the following documents: (1) a Security Agreement, encumbering Project Revenues, equipment and inventory; (2) a Leasehold Mortgage and Assignment of Rents and Leases, encumbering all of the Borrower's rights, title and interest in and to the land and improvements; and (3) an Assignment of Contract Documents, assigning the Borrower's interest in the development agreement, construction contract and other related agreements.

Limited

Obligations: The Bonds will be limited obligations of the Illinois Finance Authority, the State of Illinois, and its political subdivisions, and will be payable only from revenues of the Project and secured by (i) a Leasehold Mortgage on the land and improvements, (ii) a collateral assignment of Rents and Leases, and (iii) a Security Agreement. Note: the University will, however, have a limited obligation to support the Project as described in the NEIU (Limited) Occupancy Support Contribution section that follows below (p. 4).

Minimum Rate  
Covenant

Requirement: Pursuant to terms of the Ground Lease, CHF-Cook, L.L.C. will be subject to a rate covenant to revise rates, fees, and charges as necessary so that Revenue Available for Fixed Charges will be sufficient to meet the minimum 1.20x times minimum Debt Service Coverage requirement specified in the Loan Agreement.

NEIU (Limited)  
Occupancy  
Support  
Contribution

Amount: Pursuant to language contained in the draft documents presented to S&P, including the Ground Lease Agreement between the University and CHF-Cook, L.L.C. (the Borrower), the Property Manager (ACC SC Management, LLC, an affiliate of American Campus Communities, Inc.) will be required to prepare a "Coverage Report" semi-annually that forecasts the anticipated Fixed Charge Coverage Ratio for the Project. The Fall report will be delivered in a timeframe sufficient to enable the University to include any required Occupancy Support Contribution Amount that is necessary to attain minimum 1.0x times debt service coverage for the Project in its annual budget (finalized each September). The University's Occupancy Support Contribution requirement will assure minimum 1.0x times debt service coverage on the Bonds.

Limitation of this Occupancy Support Contribution Requirement: This Contribution is subject to termination and cancellation without penalty, acceleration, or other recoupment in any fiscal year only to the extent to which (i) funds appropriated by the Illinois General Assembly and available for such payments combined with (ii) legally available non-appropriated funds the University are inadequate. Under the Ground Lease, the University agrees that it will prepare its final operating budget to reflect an amount of legally available non-appropriated (i.e., tuition and fees; third party payments) which when combined with budgeted state appropriated funds will be sufficient to pay the University's (and ACC SC Management, LLC's) reasonable estimate of any Occupancy Contribution Amount projected to be payable in any year.

*Aside from any Occupancy Support Contribution Amount, the University shall have no liability, express or implied, for the payment of principal of, premium, if any, or interest on the IFA Series 2015 Bonds and other than any required Occupancy Contribution, the University shall not be responsible or liable, expressly or implicitly, for any other obligations of any party, under any of the bond documents, or under any other document delivered in connection with the issuance of the Series 2015 Bonds or for the Project.*

**Note:** S&P is engaged to rate the University's debt (including NEIU's most recent \$15.1 million bond issue that closed in December 2014) and undertakes ongoing surveillance of the University's finances. S&P is currently reviewing the transaction documents including this Occupancy Support Contribution requirement (due from the University) in connection with rating the proposed IFA Series 2015 Bonds. The Underwriter, Borrower, and Financing Team are anticipating S&P to award a low investment grade rating (e.g., "BBB-") on the proposed IFA Series 2015 Bonds.

Bonds will  
be Non-Recourse  
to IFA, and  
the State of  
Illinois:

*The Bonds will not constitute a debt of IFA, the State of Illinois, or any other political subdivision of the State and payment of the Bonds (and any interest thereon) will not be supported by the taxing powers, full faith and credit, or a moral obligation of the State of Illinois or any political subdivision.*



Underlying  
NEIU Rating  
(Informational  
only on this  
Project  
Financing):

*Again, the proposed CHF-Cook, L.L.C. Bonds will be rated strictly as a project financing. The University will not be liable for the IFA Series 2015 Bonds except to the extent that Occupancy Contributions are required (as described on p. 4).*

Accordingly, this disclosure of the University's underlying credit rating is informational. The University's underlying long-term rating is "A-" from S&P, as assigned in November 2014, in connection with the University's \$15,160,000 Series 2014 Facilities System Revenue Bonds that were issued in December 2014.

Structure/  
Interest Rate:

Again, the expectation is that the Bonds will obtain a low investment grade rating (e.g., BBB-) from S&P and will be sold on a fixed rate basis. Interest rates will be based on market conditions at the time of closing.

Interest will be fully capitalized through February 2017 (i.e., a date six months subsequent to the anticipated August 2016 substantial completion date of the Project).

Maturity: 32 years (not-to-exceed)

Anticipated  
Closing Date: May 2015

Rationale: The proposed financing and project will provide for the construction of approximately 440 beds of new student housing on the campus of Northeastern Illinois University ("NEIU") as included in both the University's 2008 Strategic Plan and the University's 2015 Strategic Plan update.

The Project will provide an affordable, on-campus housing option for NEIU's students and will have a positive impact on the surrounding community by enhancing the University's ability to attract and retain students, and in turn provide additional economic activity in the area. In the short-term, the Project will provide a source of construction related jobs. Additionally, this Project is expected to contribute to the general diversity and global character of the student body, bringing additional student diversity by (i) drawing non-commuter students from the larger region (e.g., Suburban Chicago; SE Wisconsin, and NW Indiana) who have not considered NEIU in the past and (ii) international students who are attracted to NEIU in part due to the nearly 30 agreements that NEIU has with higher education institutions around the world.

*NEIU issued a Request for Proposal for the Design, Development and Management of Student Housing in November 2013. NEIU's objective was to engage third party professionals to finance and construct university student housing facilities according to NEIU design specifications. The proposed financing will enable NEIU to complete financing and construction of these student housing facilities without issuing its own debt. (See "Background on NEIU Procurement" on p. 7.)*

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## BUSINESS SUMMARY

Background: **CHF-Cook, L.L.C.** (the "LLC" or the "**Borrower**") is an Alabama Limited Liability Company formed in November 2014 for the sole purpose of owning and developing the subject student housing facility for **Northeastern Illinois University** ("NEIU" or the "**University**").

The sole Member of the Borrower is the **Collegiate Housing Foundation** (the "**Foundation**"), an Alabama not-for-profit corporation established in 1996. The Foundation received its 501(c)(3) Determination Letter from the IRS in 1997.

The Foundation is governed by a 6-member Board of Trustees (see Economic Disclosure Statement section on p. 10 for further information).

Background on  
the University:

Originally founded in Blue Island, IL in 1867 as Cook County's first teacher training institution, today Northeastern Illinois University is a public, comprehensive university primarily serving the Chicago metropolitan area with a commitment to preparing a diverse community of students for leadership and service. The University serves both a traditional cohort of undergraduate students and also provides extensive opportunities for adult learners and innovations in non-traditional education alternatives.

The University's 67 acre main campus is located on the Northwest Side of Chicago in a residential area. The campus is located approximately 8 miles NW of the Chicago Loop and approximately 9 miles east of O'Hare International Airport. The main campus consists of 18 buildings totaling approximately 1 million SF. The University also has satellite campuses including (1) its new El Centro campus that opened in Fall 2014 (3390 N. Avondale, Chicago - Avondale), (2) the Jacob Carruthers Center for Inner City Studies (700 E. Oakwood, Chicago - Grand Boulevard), (3) the Center for College Access and Success (770 N. Halsted, Chicago - West Town), and (4) the University Center of Lake County in Grayslake (adjacent to the College of Lake County), which enhance NEIU's ability to serve the entire metropolitan area.

NEIU also has more than 75 student organizations on campus including a wide mix of academic, social, cultural, religious, and community service organizations. NEIU's Student Union provides the location for campus dining, study lounges, meeting rooms, and events. The University's Campus Recreation Office coordinates clubs and intramural sports. These campus amenities enhance student life and will further support the University's decision to provide on-campus housing.

NEIU is among the most affordable public universities in Illinois, with full-time tuition costs of approximately \$3,500 per semester for in-state undergraduate students (12 credit hours). A tuition rate guarantee allows tuition rates to remain the same for four consecutive years for newly enrolled students. (Non-resident tuition is set at twice the in-state resident rate.)

University  
Enrollment:

As of Fall 2014, the University's enrollment was comprised of approximately 10,275 students, with 57% of the student body female and 43% male, with 106 countries represented in its student body. The University offers more than 80 undergraduate and graduate programs in education, business, the arts, and sciences. The University employs 891 staff and has 669 faculty (and offers students a 16:1 Student to Faculty Ratio).

According to the University, student enrollment at NEIU has experienced slight but consistent declines over the past five years that the University administration attributes to three primary factors:

1. Higher graduation rates for enrolled students: NEIU has graduated its highest number of students, reflecting the Strategic Plan's focus on student success. According to the University, these graduations have reduced headcount more rapidly than in prior years.
2. Demographic Trend: The number of high school graduates has been declining both nationally and within the Chicago metropolitan area, thereby increasing competition for a smaller pool of new, first-year applicants.
3. Student retention: The University reports that student retention from first to second year has declined modestly. The University attributes this decline to the depressed nationally economy and other external factors.

Background on  
NEIU

Procurement: In keeping with initiatives outlined in NEIU's 2008 Strategic Plan, the University released a Request for Proposal for the Design, Development and Management of Student Housing in November 2013. Ultimately through the RFP, NEIU sought to find a partner to develop a comprehensive, multi-phased University student housing program intended to include the development of housing both on its main campus as well as on property to be acquired by the University adjacent to the main campus.

As a result of its procurement process, the University selected student housing developer American Campus Communities ("ACC" or the "Developer") to develop its first on-campus housing facility. CHF-Cook, L.L.C. (a limited liability company of which Collegiate Housing Foundation is the sole member) in coordination with the University, and under agreements with the Developer, proposes to finance the design, development, construction and equipment of a 110-unit, 440-bed apartment-style student housing community to benefit students attending the University (the "**Project**").

Description  
of the  
Controlling Project  
Owner of CHF-Cook  
(i.e., Manager  
or Managing  
Member):

The **Collegiate Housing Foundation's** mission is to assist college and universities by financing, owning, and operating student housing facilities on or near their campuses.

Since its founding, the Foundation and its special purpose project affiliates own 44 student housing projects in 22 states, with aggregate Project development costs of over \$1.5 billion.

The Collegiate Housing Foundation develops and finances each project as a stand-alone project-based financing. CHF forms a special purpose entity to serve as the Borrower and Owner of the subject student housing facilities to be developed. The sponsoring college/university benefits since the project can potentially be financed on a revenue basis by prospective users.

As proposed, CHF-Cook, L.L.C. will lease the ground for the underlying project from NEIU. The Facility will be financed with proceeds of a tax-exempt bond issue and is mortgaged as security for the Bondholders (i.e., a leasehold mortgage). Upon completion, an affiliate of American Campus Communities (ACC SC Management, LLC) will manage day-to-day operations of the Project. At such a time as the proposed Bonds are paid in full, the mortgage and ground lease will be cancelled and the Foundation's interest in the facility will be conveyed (i.e., donated) to Northeastern Illinois University.

Prior Bond Issues  
Involving CHF  
Affiliates, State  
Universities,  
and IFA:

IFA has previous experience with the Foundation. In 2006, IFA issued \$16.0M of 501(c)(3) Revenue Bonds for CHF-DeKalb, L.L.C., a special purpose entity that was formed by the Foundation to develop, construct, and finance a 120-unit replacement student apartment facility ("Northern View Apartments") at **Northern Illinois University ("NIU")** in DeKalb.

IFA's most recent experience with the Foundation was in connection with separate bond issues in early 2011 involving development of new undergraduate student housing facilities at (i) Northern Illinois University (CHF-DeKalb II, L.L.C.) and (ii) Illinois State University in Normal (CHF-Normal, L.L.C.). The \$132.2M IFA Series 2011 Bonds CHF-DeKalb II Project financed the construction of a new 1008-bed facility at NIU, along with the current refunding of the outstanding balance of the IFA Series 2006 Bonds (the proceeds of which had been used to finance a 120-unit/240-bed on-campus apartment building for families). The \$59.6M IFA Series

2011 Bonds (CHF-Normal) project financed the construction of replacement housing at Illinois State University (228 units/896-beds).

All payments relating to all IFA Bonds issued in connection with all three CHF-owned student housing facilities at NIU and ISU have been current and paid as scheduled. The CHF-DeKalb II, LLC (NIU Project) bonds are currently rated Baa3/BBB (Moody's affirmed 4/16/2013; S&P affirmed 5/24/2012) while the CHF-Normal, LLC (ISU Project) bonds are currently rated Baa3/BBB- (Moody's affirmed 4/18/2013; S&P affirmed 4/12/2012).

As with the subject project under development involving NEIU, both Northern Illinois University and Illinois State University engaged American Campus Communities (and CHF) via a Request-for-Proposal procurement process to develop, finance, and construct these privatized student housing projects. (As with the proposed NEIU project, the 2006 and 2011 NIU projects and the 2011 ISU project were constructed on sites owned by the respective universities pursuant to ground lease agreements on each site.)

Description  
of the  
Developer:

**American Campus Communities, Inc.** ("ACC" or the "**Company**") was founded in 1993, is based in Austin, TX and has been publicly traded Real Estate Investment Trust ("REIT") on the New York Stock Exchange (NYSE Ticker: ACC) since 2004. ACC focuses on developing and owning student housing as its sole, core business. **ACC SC Development, LLC** (the "**Developer**" or "**ACC SC**") a Delaware Limited Liability company, is an indirect wholly owned subsidiary that is responsible for all third party development projects undertaken by ACC.

Since 1996, ACC has developed student housing properties (with a cost basis exceeding \$4.6 billion) for its own account and its university clients and has acquired in excess of \$4.9 billion in student housing assets. ACC has developed or been awarded the development of 102 privatized student housing communities, consisting of more than 65,600 beds. The Company has designed and programmed a full range of contemporary student communities including modern-day residence halls (traditional and full-service), various styles of apartments, as, well as higher density mid- and high-rise communities.

Each student housing development project that the Company develops has a dedicated ACC construction manager assigned to it responsible for scheduling periodic on-site visits with the University and general contractor.

According to ACC's management, ACC has never missed a Fall occupancy target completion date or exceeded an approved development budget on any student housing project it has developed.

In 2013, Forbes magazine named American Campus Communities, Inc. one of the magazine's "Most Trustworthy Companies" in 2013.

Please see [www.americancampus.com](http://www.americancampus.com) for more additional information.

Collegiate  
Housing  
Foundation:

NEIU engaged American Campus Communities, Inc.'s **ACC SC Development, LLC** affiliate pursuant to a Request for Proposal procurement as required under Illinois law to develop, construct, finance, and manage the subject facility. ACC SC Development engaged the **Collegiate Housing Foundation**, in turn, to be the third-party property owner. Due to CHF's status as a 501(c)(3) entity (and the underlying government-purpose use by the University for student housing), ACC's bid to develop the subject project that was structured with d CHF as the project owner, enabled ACC to bid on developing the project based availability of tax-exempt financing, thereby enabling below-market rate financing for the Project.

General

Contractor and

Architect:

In addition to engaging CHF a member of the development team, ACC has engaged **Weis Builders, Inc.** to serve as the General Contractor and **Solomon Cordwell Buenz** as the Architect. Notably, ACC previously engaged Weis Builders, Inc., and Solomon Cordwell Buenz to serve as the General Contractor and Architect, respectively, in connection with the CHF-Normal, L.L.C. project financing.

Overall, Weis Builders has completed over 45 student housing projects totaling over 31,000 beds while Solomon Cordwell Buenz has served as architect on four on-campus development projects with American Campus Communities totaling over 3,500 beds (including Illinois State University) and has designed on-campus academic buildings at major universities nationally.

ACC SC Management,

LLC - Property

Manager:

**ACC SC Management, LLC**, a Delaware limited liability company (and also an affiliate of American Campus Communities, Inc. and the “**Property Manager**”) will actively manage day-to-day operations at the property and will work with the University to provide residential life services to residents. From 2005-2013, ACC-managed properties have posted average annual occupancy rates of approximately 98%.

Surplus Operating

Cash Flows to

University:

Pursuant to the University’s Ground Lease with CHF-Cook, L.L.C., the University will be entitled to receive surplus cash flows after the payment of operating expenses, debt service, and the funding of the Replacement Reserve by the Property Manager.

Transfer of

Ownership to

NEIU:

Ownership of the Project will be transferred to NEIU at the earlier date of expiration of the Ground Lease or upon repayment of the Bonds.

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be issued in one or more series on behalf of CHF-Cook, L.L.C. (the “**Borrower**”), a single member limited liability company organized and existing under the laws of the State of Alabama, to provide the Borrower with the funds necessary to (i) finance the cost of the acquisition, construction, furnishing and equipping of an approximately 110-unit, 440-bed apartment style student housing facility (the “**Project**”), (ii) fund interest on the Bonds [during construction] for a period requested by the Borrower, (iii) fund a debt service reserve fund for the benefit of the Bonds, if requested by the Borrower and (iv) pay expenses incurred in connection with the issuance of the Bonds, including bond insurance, if requested by the Borrower, and all as permitted under the Illinois Finance Authority Act, as amended (and collectively, the “**Financing Purposes**”).

The Project (a) will be operated by ACC SC Management LLC, a Delaware limited liability company, and (b) is located on land owned by Northeastern Illinois University (the “**University**”) and to be leased to the Borrower. The Project will be located on the current site of parking lot H, on the Access Road that constitutes the western boundary of the main campus of the University with an address of 5500 N. St. Louis Avenue, Chicago, Illinois 60625, and with the residence hall north wall to be located approximately 60-70 feet south of the south wall of the parking ramp facility adjacent to parking lot H.

The Project will be owned by CHF-Cook, L.L.C., a single member limited liability affiliate of Collegiate Housing Foundation (the “**Foundation**”), a 501(c)(3) corporation based in Fairhope, AL. The Foundation is engaged in owning 501(c)(3)-owned student housing projects in support of colleges and universities nationally. The Project will be developed and constructed by an affiliate **American Campus Communities, Inc.** of Dallas, TX (as “**Developer**”). Day-to-day operations will be managed by **ACC SC Management LLC**, a Delaware limited liability company (the “**Property Manager**”) and an affiliate of American Campus Communities, Inc. on behalf of the University.

Estimated project costs are as follows (preliminary, subject to change):

Construction & Equipping (with contingency)	\$36,179,627
Title/Closing Costs/Initial Operations	505,740
Project-Related Soft Costs (Acctg., Legal, Ins., Feas. St.)	<u>1,147,869</u>
<b>Total New Money Project Costs</b>	<b><u>\$37,833,236</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: CHF-Cook, L.L.C. (c/o Mr. Leeman Covey, Collegiate Housing Foundation, 411 Johnson Ave., Suite B, P.O. Box 1385, Fairhope, AL 36533-1385; Ph.: 251-928-9340)  
e-mail: [lcovey@collegiatehousing.org](mailto:lcovey@collegiatehousing.org)

Applicant Website: [www.collegiatehousing.org](http://www.collegiatehousing.org)

Project Name: NEIU Student Housing

Project Location: Northeastern Illinois University (main campus – 5500 N. St. Louis), Chicago (Cook County), IL 60625-4699

Organization: Alabama Limited Liability Company (November, 2014)

Member: Collegiate Housing Foundation: 100%

- Board of Trustees
  - Mr. Leeman H. Covey, President (former VP of Finance, Springhill College, Mobile, AL from 1990-1997; Direct of Fiscal Affairs, City of Mobile, AL 1977-1990)
  - Mr. John B. Hicks, Vice President (former Secretary of the Board of Trustees of the University of Alabama System)
  - Dr. John Brooks Slaughter, Treasurer
  - The Honorable Jack Edwards, Secretary (Member, U.S. House of Representatives, 1965-1985)
  - Mr. Thomas M. Daly, Director
  - Ms. Linda Flaherty-Goldsmith, Director

Current Property Owner: Northeastern Illinois University is the current owner of the project site. The subject property will be ground leased by the Borrower from Northeastern Illinois University.

Project Developer: **ACC SC Development LLC** is a Delaware limited liability company that is an indirect wholly owned subsidiary of American Campus Communities, Inc. (a publicly traded company: the NYSE Ticker Symbol is “ACC”).

Shareholders of 5.0% or more (SEC ownership threshold) as pursuant to SEC disclosure included: (1) **FMR, LLC**, 245 Summer St., Boston, MA 02210, as an institutional holder (8.34% ownership interest as of 12/31/2014) and (2) **Capital Research Global Investors**, 333 S. Hope Street, Los Angeles, CA 90071, is an institutional holder (8.11% ownership interest as of 12/31/2014), and (3) **Vanguard Specialized REIT Index Fund**, 100 Vanguard Blvd., Malvern, PA 19355 is a mutual fund holder (with a posted 7.44% ownership interest as of 10/31/2014).

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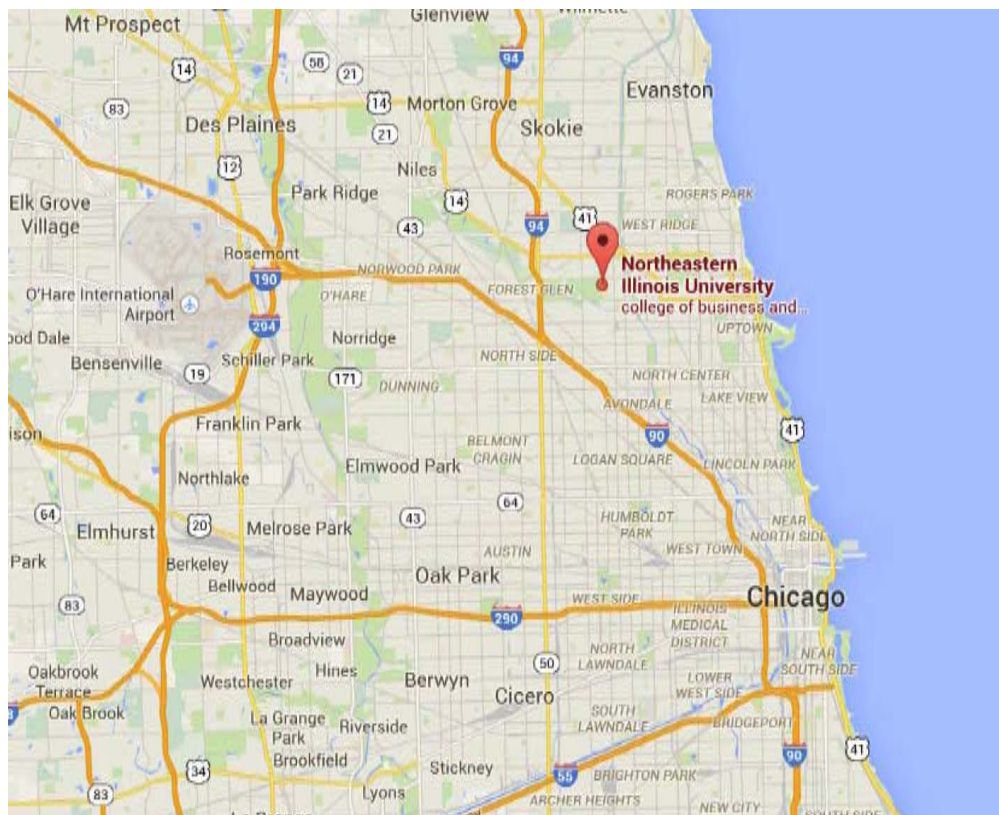
### PROFESSIONAL & FINANCIAL

Borrower:	CHF-Cook, L.L.C., c/o Collegiate Housing Foundation	Fairhope, AL	Leeman Covey
Ground Lessor:	Northeastern Illinois University	Chicago, IL	
Auditor:	Wilkins Miller	Fairhope, AL	
Borrower's Counsel:	Hand Arendall, LLC	Mobile, AL	Ginger Gaddy
	Foley & Lardner, LLP	Chicago, IL	Heidi Jeffrey

Developer / Property Manager:	ACC SC Development LLC, and ACC SC Management LLC (c/o American Campus Communities, Inc.)	Austin, TX	Brian Winger
Developer's Counsel:	Glast, Phillips & Murray, P.C.	Dallas, TX	Craig Warner
Underwriter:	RBC Capital Markets, LLC	Baltimore, MD	Michael Baird, Sara Russell
Underwriter's Counsel:	Ballard Spahr LLP	Baltimore, MD	Teri Guarnaccia
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Andrea G. Bacon
Bond Trustee:	Regions Bank	Birmingham, AL	Lyn Cone
Bond Trustee's Counsel:	Tanner and Guin, LLC	Tuscaloosa, AL	J. Marland Hayes
Rating Agency:	Standard & Poor's	Dallas, TX	Biana Gaytan-Burrell
Architect:	Solomon Cordwell Buenz	Chicago, IL	Brett Boaz
General Contractor:	Weis Builders, Inc.	Chicago, IL	
Market Study:	Danter Company, LLC	Columbus, OH	
IFA Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder, Patra Geroulis
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	James Beck

Congressional:	5
State Senate:	8
State House:	15

Northeastern Illinois University's main campus is located approximately 8 miles NW of the Chicago Loop and approximately 9 miles east of O'Hare International Airport as indicated in the map presented below.





# CONDUIT

**\$145,300,000**

**April 14, 2015**

**Northwestern University**

REQUEST	<p><b>Purpose:</b> Bond proceeds will be used by <b>Northwestern University</b> (“<b>Northwestern</b>”, the “<b>University</b>” or the “<b>Borrower</b>”), an Illinois corporation, for the purpose of assisting Northwestern in (i) the financing, refinancing, or reimbursing of all of a portion of the costs of the acquisition, construction, renovation, improvement and equipping of certain of its facilities, constituting “educational facilities” as defined in the Illinois Finance Authority Act (the “Act”) including facilities owned or operated by the University and located on land owned by the University or in space leased by the University located on the University’s Evanston, Illinois campus, and the University’s Chicago, Illinois campus and, prospectively at several other locations in Evanston, Chicago, and at 3095 N. Oak Grove Ave. in Waukegan, Illinois (collectively, the “<b>Project</b>”). Additionally, bond proceeds may (ii) finance all or a portion of the interest on the Bonds, and (iii) pay costs of issuance, all as permitted under the Act (and together with the Project, the “<b>Financing Purposes</b>”). A comprehensive listing of the prospective project sites is contained in the Bond Resolution prepared in connection with consideration of this matter and on p.8 of this report.</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None</p>																			
BOARD ACTIONS	Final Bond Resolution ( <i>One-Time Consideration</i> )																			
MATERIAL CHANGES	None – this is the first time this financing has been presented to the IFA Board of Directors.																			
JOB DATA	10,047 (FT and PT)	Current jobs	N/A	New jobs projected																
	N/A	Retained jobs	115	Construction jobs projected (36 months - estimated)																
DESCRIPTION	<ul style="list-style-type: none"><li>Prospective Locations (from Bond Resolution): Evanston, Chicago, Waukegan (Cook County and Lake County/Northeast Region)</li><li>Northwestern University is a private institution founded in 1851. On January 28, 1851, the Illinois General Assembly approved the University’s Act of Incorporation, granting 36 trustees the power to administer the University's business affairs, organize faculty, adopt by-laws, and grant degrees.</li><li>In September 2014, <i>U.S. News &amp; World Report</i> ranked Northwestern University thirteenth among top national universities. Additional public ranking information is reported on p. 5 of this report.</li><li>Northwestern recruits students of demonstrated academic achievement from diverse social, ethnic, and economic backgrounds. For incoming Fall 2015 students, approximately 92 percent of applicants rank in the top 10 percent of their high school class.</li></ul>																			
CREDIT INDICATORS	<ul style="list-style-type: none"><li>Northwestern University current long-term ratings are “Aaa”/“AAA”/“AAA” by Moody’s/S&amp;P/Fitch (see p. 4 – Underlying Ratings for additional information).</li></ul>																			
PROPOSED STRUCTURE	<ul style="list-style-type: none"><li>The Borrower has engaged William Blair &amp; Company, LLC as financial advisor.</li><li>For parameters purposes, the final maturity date will be up to 40 years. The scheduled maturities will be determined based on an evaluation of market conditions prior to pricing.</li><li>The IFA Series 2015 Bonds will be underwritten based on the direct, underlying long-term ratings of Northwestern University. Bank of America Merrill Lynch has been engaged as Senior Manager while RBC Capital Markets, LLC and Siebert Brandford Shank &amp; Co., LLC have been engaged as Co- Managers.</li></ul>																			
INTEREST RATE	<ul style="list-style-type: none"><li>Estimated interest rates relating to the IFA Series 2015 Bonds could range from approximately 1.30% (5 year maturities) to 2.90% (30 year maturities) based on market conditions as of 4/1/2015.</li></ul>																			
SOURCES AND USES (PRELIMINARY; SUBJECT TO CHANGE)	<table><tr><td><b>Sources:</b></td><td></td><td><b>Uses:</b></td><td></td></tr><tr><td>IFA Bonds</td><td>\$145,300,000</td><td>Project Costs</td><td>\$ 145,250,000</td></tr><tr><td>University Contribution</td><td><u>1,400,000</u></td><td>Costs of Issuance</td><td><u>1,450,000</u></td></tr><tr><td><b>Total</b></td><td><b><u>\$ 146,700,000</u></b></td><td><b>Total</b></td><td><b><u>\$ 146,700,000</u></b></td></tr></table> <p><i>Note: Northwestern will be pursuing a concurrent issuance of Taxable Bonds of up to \$500 million (and combined with other University resources) – see Sources and Uses section on p. 3 for additional information.</i></p>				<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$145,300,000	Project Costs	\$ 145,250,000	University Contribution	<u>1,400,000</u>	Costs of Issuance	<u>1,450,000</u>	<b>Total</b>	<b><u>\$ 146,700,000</u></b>	<b>Total</b>	<b><u>\$ 146,700,000</u></b>
<b>Sources:</b>		<b>Uses:</b>																		
IFA Bonds	\$145,300,000	Project Costs	\$ 145,250,000																	
University Contribution	<u>1,400,000</u>	Costs of Issuance	<u>1,450,000</u>																	
<b>Total</b>	<b><u>\$ 146,700,000</u></b>	<b>Total</b>	<b><u>\$ 146,700,000</u></b>																	
RECOMMENDATION	Credit Review Committee recommends approval.																			



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2015**

**Project:** **Northwestern University**

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**STATISTICS**

Project Number:	E-PC-TE-CD-8731	Amount:	\$145,300,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton & Brad R. Fletcher
Prospective			
Locations:	Evanston, Chicago, Waukegan	Counties/ Region:	Cook County & Lake County/Northeast

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**BOARD ACTION**

Final Bond Resolution (One-Time Consideration)	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

None. This will be the first time this matter will be considered by the IFA Board of Directors.

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**PURPOSE**

Bond proceeds will be used by **Northwestern University** (“**Northwestern**”, the “**University**” or the “**Borrower**”), an Illinois corporation, for the purpose of assisting Northwestern in (i) the financing, refinancing, or reimbursing of all of a portion of the costs of the acquisition, construction, renovation, improvement and equipping of certain of its facilities, constituting “educational facilities” as defined in the Illinois Finance Authority Act (the “Act”) including facilities owned or operated by the University and located on land owned by the University or in space leased by the University located on the University’s Evanston, Illinois campus, and the University’s Chicago, Illinois campus and, prospectively at several other locations in Evanston, Chicago, and at 3095 N. Oak Grove Ave. in Waukegan, Illinois (collectively, the “**Project**”). Additionally, bond proceeds may (ii) finance all or a portion of the interest on the Bonds, and (iii) pay costs of issuance, all as permitted under the Act (and together with the Project, the “**Financing Purposes**”). A comprehensive listing of the prospective project sites is contained in the Bond Resolution prepared in connection with consideration of this matter and on p. 8 of this report.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower’s interest expense.

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**VOLUME CAP**

501(c)(3) Bonds do not require Volume Cap.

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**SOURCES AND USES OF FUNDS (Preliminary; subject to change)**

Sources:	<sup>(1)</sup> IFA Refunding Bonds	\$145,300,000	Uses:	<sup>(2)</sup> Project Costs	\$145,250,000
	Equity	<u>1,400,000</u>		Costs of Issuance	<u>1,450,000</u>
	<b>Total</b>	<b><u>\$146,700,000</u></b>		<b>Total</b>	<b><u>\$146,700,000</u></b>

**NOTES:**

- (1) The par amount issues may ultimately be less than \$145.3 million due to premium.
- (2) From its existing capital project list (see p. 8 of this report), the University has identified current, proposed and potential future capital expenditures at its Evanston and Chicago campuses in excess of the project portion of the IFA Bond proceeds as eligible components of the Project. Capital expenditures in excess of those financed with proceeds of the IFA Bonds will be paid from other sources of funds, including (i) a plan to undertake a proposed taxable debt issuance in an amount of up to \$500 million (a portion of which may also be used for refunding purposes) and (ii) equity provided by the University, including gifts and University resources to finance the balance of potential future capital projects identified on p. 8 of this report (the total estimated cost of which exceeds \$2.6 billion).

According to the University's 8/31/2014 audited financial statements, the University had Unrestricted Net Assets of \$6.8 billion.

Given Northwestern's 'Triple-A' debt ratings from Moody's/S&P/Fitch and available unrestricted assets and cash noted in the University's audited financial statements as of 8/31/2014 (and posted online), the University has considerable flexibility to mix taxable debt and equity to fund the majority of the projects identified on p. 8. (Note: the University previously issued taxable bonds in the amounts of \$200 million in 2012 and \$586 million in 2013.)

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**JOBS**

Current employment:	8,777 (FT)	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	115 (36 months)

The proposed IFA Bonds will finance a small portion of the proposed capital asset expansion costs. The exact projects to be financed with IFA Bond proceeds have not been determined at this time. Accordingly, full and part-time staffing for the proposed IFA-financed projects has not been determined. The University provided a construction jobs estimate using an economic model that allocated construction costs (and construction employment across all proposed projects) to the anticipated \$145.3 million IFA Series 2015 Bonds for a 36 month period.

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**FINANCING SUMMARY**

Security/ Ratings:	The Bonds will be sold based on the University's direct, underlying 'Triple-A' ratings from Moody's, S&P, and Fitch. (See the section "Underlying Ratings" below for additional information.)
Structure:	The plan of finance contemplates the IFA Series 2015 Bonds to be underwritten and sold on the basis of Northwestern University's long-term 'Triple-A' credit ratings.
Interest Rate:	The Bonds will be sold into the market based on Northwestern's 'Triple-A' long-term debt ratings and interest rates will be determined at pricing. The exact maturities to be issued will be determined by an assessment of market conditions in both the Tax-Exempt and Taxable market in advance of pricing. The objective will be to determine the optimal interest rate mode for each prospective maturity.

Underlying

- Ratings: Northwestern University is currently rated “Aaa”/“AAA”/“AAA” long-term and “VMIG 1” and “P-1”/“A-1+”/“F1+” short-term by Moody’s/S&P/Fitch. (The Moody’s short-term “VMIG 1” & “P-1” ratings are for the University’s variable rate debt and commercial paper, respectively.)
- Moody’s affirmed its “AAA” long-term, “VMIG 1” variable rate, and “P-1” commercial paper short-term ratings (with rating outlook stable) on February 20, 2014.
  - S&P assigned its “AAA” long-term rating (with rating outlook stable) on the University’s Series 2004C Bonds and Series 2008-D Bonds and affirmed its “A-1+” short-term rating on Northwestern’s commercial paper notes.
  - Fitch assigned its “AAA” rating (with rating outlook stable) in connection with the University’s Series 2013 taxable fixed rate revenue bonds on October 18, 2013 (while also affirming its “AAA”/“F1+” ratings on various IFA Revenue Bonds and the University’s Series 2012 \$200 million taxable fixed rate revenue bonds, and the University’s \$300 million taxable commercial paper program).

Maturity: Final Maturity Date: 40 years from the date of issuance (maximum not-to-exceed parameter). Scheduled maturities will be evaluated by the Underwriter, Financial Advisor, and University, prior to pricing to determine the optimal structure.

Anticipated  
Closing Date: May 2015

Rationale: The proposed financing will enable Northwestern University to finance a portion of a series of projects on a tax-exempt basis. The University plans to take advantage of its ‘Triple-A’ credit rating to optimize interest rate and repayment terms through the issuance of tax-exempt and taxable bonds across various maturities. Savings attributable to the tax-exempt bond issue should help the University provide more services to its students based on existing revenues.

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **Northwestern University** (“**Northwestern**”, the “**University**” or the “**Borrower**”), an Illinois corporation, for the purpose of assisting Northwestern in (i) the financing, refinancing, or reimbursing of all of a portion of the costs of the acquisition, construction, renovation, improvement and equipping of certain of its facilities, constituting “educational facilities” as defined in the Illinois Finance Authority Act (the “Act”) including facilities owned or operated by the University and located on land owned by the University or in space leased by the University located on the University’s Evanston, Illinois campus, and the University’s Chicago, Illinois campus and, prospectively at several other locations in Evanston, Chicago, and at 3095 N. Oak Grove Ave. in Waukegan, Illinois (collectively, the “**Project**”). Additionally, bond proceeds may (ii) finance all or a portion of the interest on the Bonds, and (iii) pay costs of issuance, all as permitted under the Act (and together with the Project, the “**Financing Purposes**”). A comprehensive listing of the prospective project sites identified in the Bond Resolution is presented on p. 8 of this report.

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### BUSINESS SUMMARY

Background: **Northwestern University** (“**Northwestern**”, the “**University**” or the “**Borrower**”) is a private institution founded in 1851 to serve the Northwest Territory, an area that now includes the states of Ohio, Indiana, Illinois, Michigan, Wisconsin and parts of Minnesota. On January 28, 1851, the Illinois General Assembly approved the University’s Act of Incorporation, granting 36 trustees the power to administer the University’s business affairs, organize faculty, adopt by-laws, and grant degrees. (See Economic Disclosure Statement on pp. 5-6 and the Board of Trustees listing on p. 7.)

In 1853, the founders of Northwestern University purchased a 379-acre tract of land on the shore of Lake Michigan - 12 miles north of Chicago. They established a campus and developed the land around it, and named the surrounding town Evanston in honor of one of the University’s founders,

John Evans. The University has two Illinois campuses: (i) a 240-acre campus in Evanston and (ii) a 25-acre campus in downtown Chicago.

Description: Northwestern is a private, coeducational, nonsectarian institution of higher education that is one of the nation's largest independent universities, with a combined enrollment on its Evanston and Chicago campuses of 16,096 full-time undergraduate and graduate students registered for the 2014 Fall quarter.

Northwestern's combined Full-Time Fall Enrollment at its Evanston and Chicago campuses has been stable over the past 5 years and totaled 16,096 as of the Fall 2014 Quarter and was comprised of 8,263 Undergraduate students and 7,833 Graduate and Professional students. Northwestern also operates an international campus in Qatar (undergraduate communications and journalism only).

Northwestern's Evanston campus is the largest campus with more than a mile of Lake Michigan shoreline, includes a total of approximately 239 acres in the City of Evanston, Illinois.

The University's 20-acre Chicago campus is located approximately 12 miles south of the Evanston campus and is adjacent to Chicago's North Michigan Avenue "Magnificent Mile" business district. The Chicago campus houses The Feinberg School of Medicine, the School of Law, the School of Continuing Studies, the evening Master of Management Program of the Kellogg School of Management, and the Allied Health Professions programs. In August 2008, the University established an international campus in Doha, Qatar which offers undergraduate programs in journalism and communication (and has 213 students).

Northwestern is recognized both nationally and internationally for the quality of its educational programs at all levels.

In September 2014, *U.S. News & World Report* ranked Northwestern University thirteenth among top national universities, and has consistently ranked the University's undergraduate programs among the best in the country. In April 2014, *U.S. News & World Report* ranked the Kellogg School of Management sixth in its annual survey of the best graduate schools of business in the nation. Additionally, Northwestern's School of Law was ranked twelfth in legal programs nationally while the Feinberg School of Medicine was ranked eighteenth among research-intensive medical programs. In its most recent assessment of doctoral programs, the National Research Council ranked five Northwestern doctoral programs in the top 10 nationally.

Northwestern University currently has three IFA bond issues outstanding. The total outstanding balances of the University's bond issues as of 8/31/2014 was approximately \$410,300,000 and included five series of Variable Rate Bonds (IFA 2004A, IFA 2004B, IFA 2008A, IFA 2008B and IFA 2008C) and one series of Fixed Rate Bonds (IFA 2006) according to the University's 2014 Financial Report. All payments on Northwestern's outstanding IFA (and IEFA) bonds were current as of 4/1/2015.

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#### ECONOMIC DISCLOSURE STATEMENT

Applicant: Northwestern University  
Contact: Ingrid S. Stafford, Vice President for Financial Operations & Treasurer, Northwestern University, 619 Clark Street, Evanston, IL 60208; Ph. (847) 491-7350; E-mail: i-stafford@northwestern.edu  
Web Site: [www.northwestern.edu](http://www.northwestern.edu)  
Project Name: Northwestern University, Series 2015 Revenue Bonds  
Locations: See p. 8 for comprehensive listing of project sites and general description of Evanston and Chicago campus sites  
Organization: Illinois 501(c)(3) organization

Board of

Trustees: *For list of Board of Trustees, see page 7.*

Current Land

Owners of  
Properties to  
be acquired:

Northwestern University owns the subject educational facilities to be financed with the IFA Series 2015 Bonds and the land located at 345 E. Superior Street, Chicago, IL 60611 (Note: the building located on the Northwestern owned site at 345 E. Superior is currently owned by the **Rehabilitation Institute of Chicago**).

**The current Board Members of the Rehabilitation Institute of Chicago are identified below**  
*(for conflict of interest disclosure):*

**Officers**

M. Jude Reyes, *Chair*  
Mike P. Krasny, *Vice Chair*  
Thomas A. Reynolds III, Esq. *Vice Chair*  
Joanne C. Smith, MD, *President & CEO*  
Ed Case, *Treasurer*  
Nancy Paridy, *Secretary*

**Members**

Wayne R. Andersen  
Brenda C. Barnes  
William Cernugel  
Daniel D. Dolan Jr.  
Michael L. Keiser  
James H. Litinsky  
William E. Lowry Jr.  
David D. Olson  
Sheli Rosenberg  
Mark Stephan  
William S. Wardrop Jr.  
Linda S. Wolf

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**PROFESSIONAL AND FINANCIAL**

Borrower's Special  
Counsel:

Schiff Hardin LLP

Chicago, IL

Paul Marengo

Borrower's Financial

Advisor:

William Blair & Co., LLC

Chicago, IL

John Peterson

Auditor:

PricewaterhouseCoopers LLC

Chicago, IL

Meghan Reardon

Bond Counsel:

Chapman and Cutler, LLP

Chicago, IL

Nancy Burke

Senior Manager:

Merrill Lynch

San Francisco, CA

Chris Cowen

Co-Manager:

RBC Capital Markets, LLC

Chicago, IL

Lorrie DuPont

Co-Manager:

Siebert Brandford Shank & Co., LLC

Chicago, IL

Karen Walker,  
Mauricio Nares

Underwriter's

Counsel:

Katten Muchin Rosenman LLP

Chicago, IL

Renee Friedman

Rating Agency:

Moody's Investors Services, Inc.

New York, NY

Diane Viacava

Standard & Poor's

Chicago, IL

Jessica Lukas Wood

Fitch Ratings

New York, NY

Colin Walsh

Trustee/Paying

Agent:

Wells Fargo Bank, N.A.

Chicago, IL

Gail Klewin

IFA Counsel:

Thompson Coburn LLP

Chicago, IL

Tom Smith

IFA Financial

Advisor:

Sycamore Advisors, LLP

Chicago, IL

Melanie Shaker

## LEGISLATIVE DISTRICTS

(Note: This disclosure conforms to the prospective sites identified in the IFA Final Bond Resolution)

	<u>Evanston</u>	<u>Chicago</u>	<u>Waukegan</u>
Congressional:	9	7	14
State Senate:	9	13	30
State House:	18	26	60

### Voting members and officers of Northwestern University's 2014-15 Board of Trustees are as follows:

<u>Officers of the 2014-15 Board and Professional Affiliations</u>			<u>2014-15 Board of Trustees -</u>	
			<u>Continued</u>	
*† William A. Osborn	Retired Chairman & CEO,		Nancy Trienens Kachler	
Chairman of the Board	Northern Trust Corporation		Ellen Philips Katz	
*§ Peter J. Barris	Managing General Partner,		Melih Z. Keyman	
Vice Chairman of the Board	New Enterprise Associates		Harreld N. Kirkpatrick III	
* Philip L. Harris	Partner,		Lester B. Knight	
Vice Chairman of the Board	Jenner & Block LLP		Bhadrashyam H. Kothari	
*§ David B. Weinberg	Chairman and CEO,		Timothy K. Krauskopf	
Vice Chairman of the Board	Judd Enterprises, Inc.		Bill Lambert	
* Richard H. Dean	Managing Partner,		Mark A. Ledogar (ex officio)	
Secretary of the Board	Robeson Partners LLC		Edward M. Liddy	
* Jane DiRenzo Pigott	Managing Director,		J. Landis Martin	
Treasurer of General Funds	R3 Group LLC		W. James Mnerney, Jr.	
*§† T. Bondurant French	Chief Executive Officer,		Kathryn K. Mosna (ex officio)	
Treasurer of Endowment and Trust Funds	Adams Street Partners LLC		Wendy M. nelson	
<u>2014-15 Board of Trustees</u>			Robin Chemers Neustein	
Mark A. Angelson			Phebe N. Novakovic	
Deborah H. Brady			Brian S. Posner	
Christine E. Brennan			J.B. Pritzker	
Steven A. Cahillane			Michael A. Reinsdorf	
Christopher B. Combe			M. Jude Reyes	
Catherine M. Coughlin			Virginia M. Rometty	
A. Steve Crown			Patrick G. Ryan, Jr.	
Deborah L. DeHaas			David A. Sachs	
James A. DeNaut			Michael J. Sacks	
Charles W. Douglas			Paul Sagan	
John M. Eggemeyer			E. Scott Santi	
Michael W. Ferro, Jr.			Muneer A. Satter	
D. Cameron Findlay			D. Gideon Searle	
Dennis J. FitzSimons			Andrew E. Senyei	
Christopher B. Galvin			Michael S. Shannon	
Dean M. Harrison (ex officio)			Benjamin W. Slivka	
Jay C. Hoag			Timothy P. Sullivan	
Jane S. Hoffman			Charles A. Tribbett III	
Edward C. Hutcheson Jr.			Jeffrey W. Ubben	
David G. Kabiller			Julia A. Uihlein	
			Frederick H. Waddell	
			Mark R. Walter	
<b>KEY:</b>			Sona Wang	
* Member of the Executive Committee			David B. Weinberg	
§ Member of the Committee on Investments + Member of the Audit Committee			Miles D. White	
† Chairman of the Board, ex-officio voting member on all committees			Michael R. Wilbon	
			Emory Williams III	
			Stephen R. Wilson	
			W. Rockwell Wirtz	

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## SUPPLEMENTAL DISCLOSURE:

### Listing and Description of Prospective Project Sites Identified in IFA Final Bond Resolution:

The educational facilities of the University being financed are or will be owned or operated by the University and are or will be located on land owned by the University or in space leased by the University at the following addresses, all located within the State of Illinois:

2211 N. Campus Dr., Evanston	Northeast Corner of Clark &	70 Arts Circle Dr., Evanston
233 E. Superior St., Chicago	Sherman, Evanston	1823 Campus Dr., Evanston
300 E. Superior St., Chicago	2321 Sheridan Rd., Evanston	1880 Campus Dr., Evanston
303 E. Chicago Ave., Chicago	626 University Pl., Evanston	2020 Ridge Ave., Evanston
310 E. Superior St., Chicago	1927 Orrington Ave., Evanston	555 Clark St., Evanston
302 E. Superior St., Chicago	1865 Sherman Ave., Evanston	1800 Sherman Ave., Evanston
676 N. St. Clair St., Chicago	1838 Chicago Ave., Evanston	640 Lincoln Ave., Evanston
633 N. St. Clair St., Chicago	1820 Sheridan Rd., Evanston	1949 Campus Dr., Evanston
375 E. Chicago Ave., Chicago	1835 Hinman Ave., Evanston	2240 Campus Dr., Evanston
303 E. Superior St., Chicago	515 Clark, Evanston	1845 Sheridan Rd., Evanston
2315 N. Campus Dr., Evanston	2315 Sheridan Rd., Evanston	711 Elgin Rd., Evanston
710 N. Lake Shore Dr., Chicago	2305 Sheridan Rd., Evanston	2001 Sheridan Rd., Evanston
2145 Sheridan Rd., Evanston	2245 Sheridan Rd., Evanston	700 University Pl., Evanston
2233 Tech Dr., Evanston	1999 Campus Dr., Evanston	340 E. Superior St., Chicago
560 Lincoln St., Evanston	Just North of 2311 on Campus Dr.,	345 E. Superior St., Chicago
650 Emerson St., Evanston	Evanston	
655 University Pl., Evanston	2751 Ashland Ave., Evanston	
	50 Arts Circle Dr., Evanston	410 E. Huron St., Chicago
303 E. Superior St., Chicago		
320 E. Superior St., Chicago	2026 Campus Dr., Evanston	3095 N. Oak Grove Ave., Waukegan

The educational facilities will also be located at other sites in Illinois on the (i) University's Evanston campus (which is generally bordered by Sherman Avenue on the west, Clark Street on the south, Central Street on the north, and Lake Michigan on the east, and (ii) University's Chicago, Illinois campus (which is generally bordered by St. Clair Street on the west, Ontario Street on the south, Chestnut Street on the north, and Lake Shore Drive on the east).

Not more than \$145,300,000 of bond proceeds will be used for assets located at (i) any of the specific addresses listed above; or at (ii) the University's Evanston campus; or at (iii) the University's Chicago campus (consistent with the general descriptions of the Evanston and Chicago campuses presented in the preceding paragraph).

The "educational facilities" to be financed may include any of the following, without limitation: the planning, design, acquisition, construction, and equipping of new academic facilities, new residence halls, new parking facilities, baseball stadium expansion, new research facilities, infrastructure improvements, lake fill development of Evanston Pond; various library, administrative, residential and athletic facilities, student union facilities; utility and other infrastructure improvements; technology upgrades; energy enhancements and various other and various other campus buildings; campus development and expansion projects.

The total cost of the projects identified above is currently estimated by the University at approximately \$2.7 billion. Some of the projects may be financed in whole or in part through charitable fundraising and some may wait for future bond issues.

April 14, 2015

## \$101,000,000 Palos Community Hospital

REQUEST	<p><b>Purpose:</b> The proceeds of the Bonds will be used to: provide Palos Community Hospital “PCH” with all or a portion of the funds necessary to do any or all of the following: (i) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010A (Palos Community Hospital) (the “Series 2010A Bonds”); (ii) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010B (Palos Community Hospital) (the “Series 2010B Bonds” and, together with the Series 2010A Bonds, the “Prior Bonds”); and (iii) pay certain expenses incurred in connection with the refunding of the Prior Bonds and the issuance of the Bonds.</p> <p><b>Program:</b> Conduit 501 (c)(3) Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>			
BOARD ACTIONS	Final Bond Resolution ( <i>One-Time Consideration</i> )			
MATERIAL CHANGES	None – this is the first time this financing has been presented to the IFA Board of Directors.			
JOB DATA	2,300	Current jobs	N/A	Jobs created by project
	2,300	Retained jobs	N/A	Construction jobs created by project
BORROWER DESCRIPTION	<ul style="list-style-type: none"><li>• Locations: Lemont, Oak Lawn, Orland Park, and Palos Heights</li><li>• The St. George Corporation (the Corporation) is an Illinois not-for-profit corporation created in 2000 which serves as the parent corporation and sole corporate member of two not-for-profit corporations, Palos Community Hospital (PCH), an acute care hospital located in Palos Heights, Illinois with outpatient satellite facilities in the surrounding community, and St. George Wellness Center (SGWC) which operates the Palos Health and Fitness Center (the “Center”) located in Orland Park, Illinois.</li><li>• The primary operating entity of the Corporation is PCH. Opened in 1972 with 265 beds, PCH has grown to its current licensed bed capacity of 436, of which 369 are in operation, by responding to population growth and service demands with major building additions and modernizations in 1975, 1978, 1992, 1995, 2006, 2009, 2010 and 2012. In addition to accommodating inpatient demand, these facility expansions have provided for the growth of outpatient, emergency and ancillary departments in response to volume demands, technology, and service developments including single room maternity care, interventional cardiology and open heart surgery. PCH also operates two satellite facilities: the Primary Care Center in Orland Park and the Palos Immediate Care Center in Palos Heights. These facilities provide access to non-urgent outpatient treatment and diagnostic services. PCH provides home based services through Palos Community Hospital Home Health Care, Hospice and Private Duty with offices in Lemont, Illinois. PCH is also a partner with Little Company of Mary Hospital in the Southwest Hospital MRI Center located in Oak Lawn, Illinois.</li><li>• Along with traditional health services, PCH makes its resources available to support many community health initiatives and programs responsive to the needs of the community.</li></ul>			
CREDIT INDICATORS	<p><b>Direct Bank Purchase:</b> JP Morgan Chase or other such bank(s) selected by Palos.</p> <p><b>Security:</b> Senior Parity Basis with existing debt issued under the Master Trust Indenture; Master Note; Revenue Pledge</p> <p><b>Direct Bank Purchase:</b> Floating Rate Based off of LIBOR</p> <p><b>Credit Rating:</b> Fitch AA-</p> <p><b>Maturity:</b> Up to 40 years</p>			
ESTIMATED SOURCES AND USES	<b>Sources:</b>		<b>Uses:</b>	
	IFA Bonds	\$101,000,000	Refunding of Prior Bonds	\$100,400,000
			Costs of Issuance	<u>600,000</u>
	Total	<u>\$101,000,000</u>	Total	<u>\$101,000,000</u>
RECOMMENDATION	Credit Committee Recommends approval.			



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
April 14, 2015**

**Project: Palos Community Hospital**

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**STATISTICS**

Project Number:	H-HO-TE-CD-8732	Amount:	\$101,000,000 (Not to exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane
Locations:	Lemont, Oak Lawn, Orland Park, Lemont	Counties/Region:	Cook and Will/Northwest

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**BOARD ACTION**

Final Bond Resolution ( <i>One-time consideration</i> )	No extraordinary conditions
Conduit 501(c)(3) Bonds	Staff recommends approval.
No IFA funds at risk	

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**PURPOSE**

Bond proceeds will be used to refinance the 2010A and 2010B bonds outstanding in the principal amount of \$100,000,000 (the "Prior Bonds") and to pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.

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**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower's interest expense. 501(c)(3) bond issues do not require Volume Cap.

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**VOTING RECORD**

None – this is the first time this financing has been presented to the IFA Board of Directors.

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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	IFA Bonds	\$101,000,000	Uses:	Refunding of Prior Bonds	\$100,400,000
				Cost of Issuance	<u>\$600,000</u>
<b>Total</b>		<b><u>\$101,000,000</u></b>	<b>Total</b>		<b><u>\$101,000,000</u></b>

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**JOBS**

Current employment:	2,300 FTEs	Projected new jobs:	N/A
Jobs retained:	2,300 FTEs	Construction jobs:	N/A

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### FINANCING SUMMARY

Security/Collateral:	Senior Parity Basis with existing debt issued under the Master Trust Indenture; Master Note; and Revenue Pledge
Structure:	Direct Bank Purchase; Floating Rate Based off of LIBOR with JP Morgan Chase or such other bank(s) selected by Palos
Maturity:	Not to exceed 40 years
Credit Rating:	Fitch AA-

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The proceeds of the Bonds will be used to: provide PCH with all or a portion of the funds necessary to do any or all of the following: (i) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010A (Palos Community Hospital) (the “Series 2010A Bonds”); (ii) current refund the \$50,000,000 original aggregate principal amount Illinois Finance Authority Revenue Bonds, Series 2010B (Palos Community Hospital) (the “Series 2010B Bonds” and, together with the Series 2010A Bonds, the “Prior Bonds”); and (iii) pay certain expenses incurred in connection with the refunding of the Prior Bonds and the issuance of the Bonds.

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### BUSINESS SUMMARY

Background:	<p>The St. George Corporation (the “Corporation”) is an Illinois not-for-profit corporation created in the year 2000 which serves as the parent corporation and sole corporate member of three not-for-profit corporations: (i) Palos Community Hospital (“PCH”), an acute care hospital located in Palos Heights, Illinois with outpatient satellite facilities in the surrounding community, (ii) Palos Medical Group, a primary care physician group that employs primary care physicians and select specialists, and (iii) St. George Wellness Center (SGWC) which operates the Palos Health and Fitness Center (the “Center”) located in Orland Park, Illinois. It is the vision of the Corporation to be the leading community based health care organization providing quality inpatient, outpatient and preventive services while supporting people in achieving optimum health in response to the needs of the southwest suburban region.</p>
Description:	<p>The primary operating entity of the Corporation is PCH. Opened in 1972 with 265 beds, PCH has grown to its current licensed bed capacity of 425, of which 375 are in operation, by responding to population growth and service demands with major building additions and modernizations in 1975, 1978, 1992, 1995, 2006, 2009, 2010 and 2012. In addition to accommodating inpatient demand, these facility expansions have provided for the growth of outpatient, emergency and ancillary departments in response to volume demands, technology, and service developments including single room maternity care, interventional cardiology and open heart surgery.</p> <p>PCH also operates a satellite facility; the Primary Care Center in Orland Park. This facility provides access to non-urgent outpatient treatment and diagnostic services. PCH provides home based services through Palos Community Hospital Home Health Care, Hospice and Private Duty with offices in Lemont, Illinois. PCH is also a partner with Little Company of Mary Hospital in the Southwest Hospital MRI Center located in Oak Lawn, Illinois.</p> <p>It is the Mission of PCH that all of its services – preventive, curative or palliative—shall be delivered with quality of the highest caliber and that PCH shall be committed to continually responding to the health care needs of the community with services that are readily available in a form that enhances their efficient use by physicians and patients.</p>

Along with traditional health services, PCH makes its resources available to support many community health initiatives and programs responsive to the needs of the community. Examples of community services provided by PCH include: Asthma Education Program, Chemical Dependency services, Diabetes Fair & Diabetes Self-Management Program, Home Delivered Meals, *Lifeline* (crisis line), Osteoporosis Program, Parent-Child Health Education, Physician Referral Service, Psychiatric Services (inpatient & outpatient), Speakers Bureau, and a number of different Support Groups.

In addition, PCH provides annual health screenings for skin, prostate & colorectal cancer. PCH regularly offers programs on smoking cessation, depression/emotional health, prenatal care/childbirth preparation, caregiving, heart disease, and diabetes. Through its numerous outreach activities, PCH is recognized as the area leader in community education services. PCH also participates in and sponsors a variety of annual community events including a 5K run (benefits Y-ME), Women's Day, Heart Month & a Heart Walk (benefits American Heart Association). Its Speakers Bureau & Health Fair participation reaches thousands in community. PCH's home delivered meals program provides over 30,000 home delivered meals annually to home-bound seniors in our community. PCH's Senior Resource department provides assistance to seniors with Medicare and hospital paperwork. In addition, a variety of community publications including Perspective magazine and Community Calendar are mailed to residents – reaching over 150,000 homes.

Service Area: Primary service area includes: Palos Heights, Palos Hills, Palos Park, Midlothian, Oak Forest, Orland Park, and Tinley Park.

Existing Bonds: Outstanding IFA Bonds: Series 2007A (\$120 million)  
Outstanding IFA Bonds: Series 2010A (\$50 million)\*  
Outstanding IFA Bonds: Series 2010B (\$50 million)\*  
Outstanding IFA Bonds: Series 2010C (\$148 million)

\* Outstanding Series 2010A and 2010B bonds will be refinanced/renewed at closing.

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#### ECONOMIC DISCLOSURE STATEMENT

Project name: Palos Community Hospital  
Locations: Palos Heights, Orland Park, Lemont, Oaklawn  
Applicant: Palos Community Hospital  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Board of Trustees:

**St. George Corporation**

**Board of Directors**

Mr. Jason Ley  
Dr. Terrence Moisan  
Mr. Edward Mulcahy  
Dr. Vincent Muscarello  
Mr. Gordon Nash, Jr.  
Father Patrick O'Neill  
Dr. Charles Polcaster  
Dr. Mark Sinibaldi  
Mr. Jack Vainauskas

**Palos Community Hospital**

**Board of Directors**

Ms. Lucie Boyadjian  
Mr. Lawrence Hunt  
Dr. Terrence Moisan  
Mr. Edward Mulcahy  
Mr. Gordon Nash, Jr.  
Dr. Charles Polcaster  
Mr. Philip Salvador  
Dr. Mark Sinibaldi  
Dr. Michael Sobczak  
Mr. Jack Vainauskas

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Hawkins, Delafield and Wood LLP Newark, NJ	Steven Donovan
Bond Counsel:	Chapman and Cutler LLP Chicago	Mike Mitchell
Bond Trustee:	TBD Chicago	
Accountant:	McGladrey & Pullen Chicago	
Issuer's Counsel:	Burke Burns & Pinelli Ltd. Chicago	Mary Ann Murray
IFA Financial Advisors:	Acacia Financial Group, Inc. Chicago	Jim Beck

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**LEGISLATIVE DISTRICTS**

<b>Congressional:</b>	13
	3
<b>State Senate:</b>	14
	18
	41
<b>State House:</b>	27
	35
	81
	82

**RESOLUTION NO. 2015-0414-AD04**

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO PROCEED  
WITH VARIOUS PROCUREMENTS**

**WHEREAS**, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act (20 ILCS 3501/801-1 *et seq.*) (the “Illinois Finance Authority Act”)

**WHEREAS**, on July 15, 2013, by Public Act 098-0090 (the “Act”), the Illinois State General Assembly amended the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) (the “Code”) by excluding certain contracts to be entered into by the Authority from the Code; and

**WHEREAS**, pursuant to Section 15 of the Act, contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 (the “Contracts”) by the Authority in which the State of Illinois is not obligated are excluded from the requirements set forth in the Code; and

**WHEREAS**, the Act further provides that such Contracts shall be awarded through a competitive process authorized by the Board of the Authority; and

**WHEREAS**, on August 13, 2013 the Board of the Authority approved a written procurement policy (the “Policy”) for the procurement of contracts for legal, financial, and other professional and artistic services entered into on or before December 31, 2018 by the Authority in which the State of Illinois is not obligated; and

**WHEREAS**, the Act further provides that the Board of the Authority shall approve the terms of such Contracts; and

**NOW, THEREFORE**, Be It Resolved by the members of the Illinois Finance Authority, as follows:

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Approval of the Procurement Report and Approval to Proceed with Various Procurements.** The Authority hereby adopts the Procurement Report and empowers the Executive Director proceed with the procurements listed in attachment A to this Resolution.

**Section 3. Confidentiality inherent in Procurement Process.** The Authority recognizes the need for confidentiality inherent in the Procurement Process under the Code. Accordingly, the Authority anticipates that once the terms and conditions become public consistent with the Code, then the Authority anticipates placing these procurements on an upcoming agenda for public consideration and discussion.

**Section 4. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with this Resolution.

**Section 5. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

**Section 6. Severability.** If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

**Section 7. Conflicts.** That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

**Section 8. Immediate Effect.** That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 14th day of April, 2015 by vote as follows:

Yeas:

Nays:

Present:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
Assistant Secretary

[SEAL]

**ATTACHMENT “A” TO RESOLUTION NO. 2015-0414-AD04**

- A. Procurement A
- B. Procurement B
- C. Procurement C
- D. Procurement D
- E. Procurement E
- F. Procurement F
- G. Procurement G
- H. Procurement H
- I. Procurement I
- J. Procurement J
- K. Procurement K
- L. Procurement L
- M. Procurement M
- N. Procurement N
- O. Procurement O
- P. Procurement P
- Q. Procurement Q
- R. Procurement R
- S. Procurement S
- T. Procurement T
- U. Procurement U



**Item No. 5 has been withdrawn.**

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## **RESOLUTION 2015-0414-AD06**

### **Resolution for Confirmation of Election of a Vice-Chair of the Illinois Finance Authority**

**WHEREAS**, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “Authority”), was created by the Authority Act, 20 ILCS 3501/801-1 *et seq.*, as amended from time to time (the “Act”); and

**WHEREAS**, in accordance with Section 801-30 of the Act, the Authority is provided with “all of the powers as a body corporate necessary and convenient to accomplish the purposes of the Act,” including and without limitation, the power to adopt needful resolutions and bylaws (20 ILCS 3501/801-30(e)); and

**WHEREAS**, Article III, Section 2 of the By-Laws of the Authority provides that “[a]t the direction of the Authority, a Vice Chairperson ... shall be elected by the Authority from among its members ... and if so elected he or she shall preside at meetings of the Authority and perform all duties incumbent upon the Chairperson during the absence or disability of the Chairperson”; and

**WHEREAS**, the Members of the Authority desire to confirm the election of a Vice-Chair to ensure, among other reasons, that bonds of authority are duly executed; and

**WHEREAS**, the Authority finds it in its best interest to confirm the election of a Michael W. Goetz as a duly appointed Vice-Chair of the Authority; and

**NOW, THEREFORE, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY, AS FOLLOWS:**

**Section 1. Recitals.** The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

**Section 2. Confirmation of Election of Vice-Chair.** This Resolution shall confirm the Election of Michael W. Goetz to the Office of Vice-Chair of the Authority in accordance with the terms of the By-Laws. The Members of the Authority hereby authorize and grant to the Vice-Chair all rights, powers, duties and responsibilities of the Office of Vice-Chair, including the power to preside at meetings of the Authority and to perform all duties incumbent upon the Chair during the absence or disability of the Chair as provided in Article III, Section 2 of the By-Laws, and which may include, without limitation, in the absence or disability of the Chair, the powers set forth in Article III, Section 1; Article IV, Sections I, 3, 4, 5 and 6; and Article VI, Sections 5 and 6 of the By-Laws as well as those powers provided in Sections 801-15, 80IAO(w), 825-40, 825-75, and 84540 of the Act, and any other powers that may be necessary and appropriate to the performance of the Office of Vice-Chair that are authorized by the Act, the By-Laws and any pending bond resolutions of the Authority.

**Section 3. Implementation.** The Authority does hereby authorize, empower and direct the Executive Director of the Authority, or her designee, to take or cause to be taken any and all such other and further actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents, and to pay all such fees and expenses, as she may deem necessary, appropriate or advisable in order to carry out the purpose and intent of this Resolution.

**Section 4. Enactment.** This Resolution shall take effect immediately. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

Adopted this 14<sup>th</sup> day of April, 2015 by roll vote as follows:

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Chairman

Attested to:

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Assistant Secretary