CALL TO ORDER & ROLL CALL

APPROVAL OF AGENDA

CHAIRMAN'S REMARKS

MESSAGE FROM THE EXECUTIVE DIRECTOR

CONSIDERATION OF THE MINUTES

PRESENTATION AND CONSIDERATION OF THE FINANCIAL REPORTS

MONTHLY PROCUREMENT REPORT

COMMITTEE REPORTS

PRESENTATION AND CONSIDERATION OF THE PROJECT REPORTS AND RESOLUTIONS

OTHER BUSINESS

PUBLIC COMMENT

ADJOURNMENT
## AGRICULTURE PROJECTS

<table>
<thead>
<tr>
<th>Tab</th>
<th>Project Name</th>
<th>Location</th>
<th>Amount</th>
<th>New Jobs</th>
<th>Const. Jobs</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trevor A. Ochs</td>
<td>Fox Township (Jasper County)</td>
<td>$112,500</td>
<td>-</td>
<td>-</td>
<td>PE/LK</td>
</tr>
<tr>
<td>2</td>
<td>Frank A. McKinley &amp; Lori K. McKinley</td>
<td>Flanigan (Livingston County)</td>
<td>$357,588</td>
<td>N/A</td>
<td>N/A</td>
<td>PE/LK</td>
</tr>
</tbody>
</table>

**TOTAL AGRICULTURE PROJECTS**

$470,088

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

<table>
<thead>
<tr>
<th>Tab</th>
<th>Project Name</th>
<th>Location</th>
<th>Amount</th>
<th>New Jobs</th>
<th>Const. Jobs</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Lake Forest Academy</td>
<td>Lake Forest (Lake County)</td>
<td>$17,000,000</td>
<td>3</td>
<td>125</td>
<td>RF/BF</td>
</tr>
<tr>
<td>4</td>
<td>Illinois Wesleyan University</td>
<td>Bloomington (McLean County)</td>
<td>$70,000,000</td>
<td>N/A</td>
<td>N/A</td>
<td>RF/BF</td>
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</table>

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

$87,000,000

## HEALTHCARE PROJECTS

<table>
<thead>
<tr>
<th>Tab</th>
<th>Project Name</th>
<th>Location</th>
<th>Amount</th>
<th>New Jobs</th>
<th>Const. Jobs</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Ness Healthcare NFP</td>
<td>Lincolnwood (Cook County), Luverne, AL, Mandeville, LA, and Owatonna, MN</td>
<td>$45,000,000</td>
<td>10</td>
<td>-</td>
<td>PL/TH</td>
</tr>
</tbody>
</table>

## TOTAL HEALTHCARE PROJECTS

$1,377,000,000

### Notes:
- **Board Meeting**
- **June 9, 2016**
- **Page 2**
PROJECT REPORTS AND RESOLUTIONS

LOCAL GOVERNMENT AND GOVERNMENT PURPOSE PROJECTS

<table>
<thead>
<tr>
<th>Tab</th>
<th>Project Name</th>
<th>Location</th>
<th>Amount</th>
<th>New Jobs</th>
<th>Const. Jobs</th>
<th>FM</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Fire Truck Revolving Loan Fund</td>
<td>Fairfield (Wayne County)</td>
<td>$350,000</td>
<td>N/A</td>
<td>N/A</td>
<td>RF/PE</td>
</tr>
<tr>
<td>10</td>
<td>Ambulance Revolving Loan Fund</td>
<td>Up to 17 Fire Departments, Fire Protection Districts, Township Fire Departments, or Non-Profit Ambulance Service Providers Throughout the State</td>
<td>$1,700,000</td>
<td>N/A</td>
<td>N/A</td>
<td>RF/PE</td>
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Local Government Direct Bond Purchase
Bond Purchase Resolution (Final)

<table>
<thead>
<tr>
<th>Tab</th>
<th>Project Name</th>
<th>Location</th>
<th>Amount</th>
<th>New Jobs</th>
<th>Const. Jobs</th>
<th>FM</th>
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<tbody>
<tr>
<td>11</td>
<td>City of Blue Island</td>
<td>Blue Island (Cook County)</td>
<td>$1,300,000</td>
<td>N/A</td>
<td>7</td>
<td>RF/BF</td>
</tr>
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</table>

TOTAL LOCAL GOVERNMENT AND GOVERNMENT PURPOSE PROJECTS

<table>
<thead>
<tr>
<th>Tab</th>
<th>Project Name</th>
<th>Location</th>
<th>Amount</th>
<th>New Jobs</th>
<th>Const. Jobs</th>
<th>FM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$3,350,000</td>
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GRAND TOTAL

<table>
<thead>
<tr>
<th>GRAND TOTAL</th>
<th>15</th>
<th>229</th>
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<tbody>
<tr>
<td>$1,467,820,088</td>
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RESOLUTIONS

<table>
<thead>
<tr>
<th>Tab</th>
<th>Action</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Resolution Authorizing the Execution and Delivery of a First Amendment to Bond and Loan Agreement Relating to the Revenue Bonds (North Park University Project), Series 2012 of the Illinois Finance Authority; and Related Matters</td>
<td>RF/BF</td>
</tr>
<tr>
<td>13</td>
<td>Resolution Approving the Schedule of Regular Meetings for Fiscal Year 2017</td>
<td>CM</td>
</tr>
<tr>
<td>14</td>
<td>Resolution to Approve Actions with Respect to Senate Bill 0324 (SB0324) (99th General Assembly)</td>
<td>CM/EW</td>
</tr>
<tr>
<td>15</td>
<td>Resolution to Adopt State of Illinois Code of Personal Conduct</td>
<td>CM/EW</td>
</tr>
</tbody>
</table>
Date: June 9, 2016

To: Rob Funderburg, Chair  Lerry Knox
Eric Anderberg  Lyle McCoy
Gila J. Bronner  Terrence M. O’Brien
James J. Fuentes  Roger Poole
Michael W. Goetz  Mordecai Tessler
Robert Horne  John Yonover
Mayor Arlene A. Juracek  Bradley A. Zeller

Subject: Executive Director’s Message

Dear Member of the Authority:

We are finishing Fiscal Year 2016 with a combined large dollar amount, perhaps among the Authority’s largest, of nearly $1.5 billion – the vast majority of which are tax-exempt healthcare bonds. However, let us shift the focus to another of the Authority’s statutory missions: financing assistance to Illinois local governments.

Renewed Commitment to Illinois Local Governments

This month we present a final resolution to allow the Authority to make a $1.3 million loan from its balance sheet to the City of Blue Island (the “City”) to be repaid by alternate revenue sources pledged by the City. As you may recall, one of the Authority’s predecessors was the Illinois Rural Bond Bank (“RRB”). In 2014, the Authority used its balance sheet to defease and redeem, in its entirety, the $25.2 million (as of 6/30/2014) portfolio of publicly traded bonds issued by both the RRB and the Authority (the “RRB bonds”). The RRB bonds were backed by the State’s moral obligation, a contingent State taxpayer guarantee. The RRB bonds had comparatively high administrative costs and low fees, due perhaps to the fact that the former RRB was an agency that was partially supported by State taxpayer appropriations unlike the Authority’s business model. The Authority converted a program that had both high administrative costs as well as high potential exposure to State taxpayer dollars and converted the program to a portfolio of 79 direct loans between the Authority and the individual local governments. As of today, the Authority has 64 individual loans totaling $17.2 million. We hope that the City of Blue Island transaction will become a template for future financing assistance to Illinois local governments.

Additionally, in partnership with the Illinois Office of the State Fire Marshal, the Board is asked to consider approval of ambulance loans (as well as a single fire truck loan) to Illinois local governments for the first time since 2009.

A Special Thank You to the Members of the Authority and Authority Staff

A note of gratitude to all of you, the Members of the Authority, and to Authority Staff, for going beyond the call of duty for the Special Meeting that took place on May 24, 2016 to consider Presence Health Network’s expedited request for a $530 million conduit transaction. Presence Health Network
successfully closed this transaction on May 26, 2016. I am proud that we were able to pull together on short notice to help resolve an issue on behalf of one of the Authority’s borrowers.

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

Respectfully,

___________________
Christopher B. Meister
Executive Director
Date: June 9, 2016

To: R. Robert Funderburg, Jr., Chairman
    Larry Knox
    Eric Anderberg
    Lyle McCoy
    Gila J. Bronner
    Terrence M. O’Brien
    James J. Fuentes
    Roger Poole
    Michael W. Goetz
    Mordecai Tessler
    Robert Horne
    John Yonover
    Mayor Arlene A. Juracek
    Bradley A. Zeller

Subject: Minutes of the May 12, 2016 Regular Meeting

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Marzullo Reporting Agency, Inc. (the “Minutes”) in connection with the regular meeting of the Members of the Illinois Finance Authority (the “Authority”), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the second Thursday of May in the year 2016, 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”).

To aid in your review of the Minutes, please reference the following pages and line numbers for corresponding sections of the respective meeting’s agenda:

ILLINOIS FINANCE AUTHORITY
REGULAR MEETING
Thursday, May 12, 2016
9:30 AM

AGENDA:

I. Call to Order & Roll Call
   (page 3, line 1 through page 4, line 9)

II. Approval of Agenda
    (page 4, line 10 through page 6, line 10)

III. Chairman’s Remarks
     (page 6, line 11 through 13)

IV. Message from the Executive Director
    (page 6, line 14 through page 7, line 24)

V. Consideration of the Minutes
   (page 8, lines 1 through 13)

VI. Presentation and Consideration of Financial Reports
    (page 8, line 14 through page 11, line 2)

VII. Monthly Procurement Report
     (page 11, line 3 through page 12, line 21)
VIII. Committee Reports  
(page 12, line 22 through page 13, line 18)

IX. Presentation and Consideration of Project Reports and Resolutions  
(page 13, line 19 through page 31, line 16)

X. Other Business  
(page 31, line 17 through page 32, line 6)

XI. Public Comment  
(page 32, line 7 through 8)

XII. Adjournment  
(page 32, lines 9 through 22)

The Minutes of the regular meeting of the Authority are further supplemented by a summary of the respective meeting’s voting record prepared by Authority staff (the “Voting Record”), which is also enclosed.

Please contact an Assistant Secretary to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Brad R. Fletcher  
Assistant Vice President

Enclosures:  1. Minutes of the May 12, 2016 Regular Meeting  
2. Voting Record of the May 12, 2016 Regular Meeting
CHAIRMAN FUNDERBURG: Good morning, everyone.

It looks like everyone is here.

I would like to go ahead and call to order the Board Meeting of the Illinois Finance Authority.

FLETCHER: Certainly. The time is 9:30 a.m.
will take the roll of Members currently present in the room. Ms. Bronner?

BRONNER: Here.

FLETCHER: Mr. Goetz?

GOETZ: Here.

FLETCHER: Mr. Horne?

HORNE: Here.

FLETCHER: Ms. Juracek?

JURACEK: Here.

FLETCHER: Mr. Knox?

KNOX: Here.

FLETCHER: Mr. McCoy?

McCOY: Here.

FLETCHER: Mr. Poole?

POOLE: Here.

FLETCHER: Mr. Yonover?

YONOVER: Here.

FLETCHER: Mr. Chairman?

CHAIRMAN FUNDERBURG: Here.

FLETCHER: Mr. Chairman, at this time we have a quorum of the Members presently physically in the room. I would like to ask if there are any Members participating by audio conference at this time? Hearing none, we may continue.

CHAIRMAN FUNDERBURG: Okay. Thank you. We won't need to approve that. So we'll move on.

Next I would like to ask if there is anyone who would like to correct any errors or make any changes to today's agenda of the regular meeting of the Board?

Okay, I hear none. So I would like to request if there's a motion to amend the agenda to reflect that Ness Healthcare NFP, Item No. 5 on the Project Reports and Resolutions will be considered as a Preliminary Bond Resolution.

Is there such a motion?

HORNE: So moved.

KNOX: Second.

CHAIRMAN FUNDERBURG: Second by Mr. Knox. All in favor, say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: And then we will take the roll.

FLETCHER: General counsel Weber, her suggestion is we take a roll call vote on the amended agenda.

CHAIRMAN FUNDERBURG: Yes, please.

FLETCHER: On the motion by Mr. Horne, and seconded by Mr. Knox, I will call the roll for the amended agenda.

Ms. Bronner?
BRONNER: Yes.
FLETCHER: Mr. Goetz?
GOETZ: Yes.
FLETCHER: Mr. Horne?
HORNE: Yes.
FLETCHER: Ms. Juracek?
JURACEK: Yes.
FLETCHER: Mr. Knox?
KNOX: Yes.
FLETCHER: Mr. McCoy?
McCOY: Yes.
FLETCHER: Mr. Poole?
POOLE: Yes.
FLETCHER: Mr. Yonover?
YONOVER: Yes.
FLETCHER: Mr. Zeller?
ZELLER: Yes.
FLETCHER: And Mr. Chairman?
CHAIRMAN FUNDERBURG: Yes.
FLETCHER: Mr. Chairman, the motion carries.
CHAIRMAN FUNDERBURG: Thank you. I have no remarks, I would like to turn it over to Executive Director Meister.
MEISTER: Thank you, Mr. Chairman. I emphasized in my written message from the Executive Director in the Online Board book and printed Board book, the importance of healthcare both to the Authority and to the State, and I went over in some detail the geographic particulars of our healthcare and hospital systems, along with senior living. I do want to highlight we have one particular project that is an educational project related to healthcare, the American Academy of Pediatrics.

They are expanding their facility in proximity to O'Hare Airport and the Tollway's work on the Elgin O'Hare. Rich Frampton has a very compelling story and some facts that he highlighted this morning at the Conduit Committee, and I hope he will do again. I also want to congratulate Mayor Juracek on a recent accomplishment. We're fortunate Mayor Juracek wears three public service hats, Mayor of Mount Prospect, Illinois Finance Authority, and Chair of the O'Hare Noise Commission, and she had a significant victory of building regional consensus around a long-time issue. Let's see, an issue that I'm trying to pick the right word. Sometimes contentious issue.
23  JURACEK: We hope we conduct it well.
24  MEISTER: Thank you, Mr. Chairman.

MINUZLURO REPORTING AGENCY (312) 321-9365

1  CHAIRMAN FUNDERBURG Thank you. Next is consideration of the minutes. Does anybody have any additions, corrections, edits to the minutes of last month’s meeting? If not, then I would like to ask for a motion to approve those minutes.
2  BRONNER: So moved.
3  GOETZ: Second.
4  CHAIRMAN FUNDERBURG: Okay. All in favor, please say aye.
5  (A chorus of ayes.)
6  CHAIRMAN FUNDERBURG: Any opposed?
7  (No response.)
8  CHAIRMAN FUNDERBURG: Okay, it passes.
9  Ms. Gildart.
10  GILDART: Good morning. I’m Melinda Gildart, Chief Financial Officer of the Authority, and this month’s financial presentation is as follows: For our fiscal year 2016, unaudited results, the Authority has earned $4.3 million in revenue, and that’s 4 percent higher than budget.
11  In April, we generated $449,000 in closing fees. That’s the second highest monthly total in fiscal year FY16. It’s also much higher than the budgeted amount of $279,000.
12  Closing fees are received from Presbyterian Homes for $138,000, Park Place for $138,000, DePaul University for $124,000, Harrisburg Community School for $22,000, Association House for $20,000, and various ag-related closings for about $7,000.
13  In March, we recorded a net investment gain of $32,000, and that’s our third highest total in FY16. Total for the year closing fees are $2.9 million. Our total annual expenses are $3.5 million, and that’s just under $700,000 below budget or 16 percent below budget.
14  In April, we recorded operating expenses of $350,000, and that’s below the monthly budgeted total of $419,000. Total monthly net income is just under $300,000 for April. That’s driven by lower closing fees and lower professional services cost.
15  Total annual net income is just over $800,000. The major driver being, again, 16 percent below budget in spending, and also higher administrator and annual service fees.
16  The Authority’s balance sheet represents a total of $120,000,000 net position, which also accounts for $266,000,000 in total debt, including the other State of Illinois agencies.
position of $53,000,000, most of which is assets.

We issued 28 new fire trucks revolving loans this year in FY16, and we're looking to issue 13 new ambulance loans before the end of the fiscal year.

And the Auditor's Office of the Auditor General, are fees are now closed. The Authority will have new auditors beginning with the FY16 financial audit, which will also kick off later this month.

In addition, we have the schedule of debt, and the State of Illinois receivable summary and other documents included as supplementary financial information in the new Board package.

Are there any questions?

CHAIRMAN FUNDERBURG: Okay. If there are no questions, then, is there a motion to accept the financial report?

JURACEK: So moved.

POOLE: Second.

CHAIRMAN FUNDERBURG: All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay. Next is the Procurement Report.

JURACEK: The Authority is currently seeking approval from the Chief Procurement Officer to extend its current emergency contract with ADP Total Source for employees benefits and payroll services.

May 26th.

We're also seeking to execute an emergency contract for temporary staffing services and execute a contract for the debt management software. We have upcoming contract renewals this year for financial advisory services, investment management services, and state revolving fund trustee services.

The Authority is also evaluating the resources necessary to move forward on projects on behalf of the Illinois Environmental Protection Agency, in addition to other procurements necessary for the Authority to move forward in the next 90 days to five months.

CHAIRMAN FUNDERBURG: Okay. Yes?

JURACEK: I have a question. I attended a symposium a couple weeks ago: Smarter Illinois, and the new chief technology and innovation officer for the State is looking in putting in a home ERP system for the State of Illinois, and long needed in many, many agencies.

BRONNER: Yes.

JURACEK: And recognizing the somewhat independent nature of this Authority here, I'm just wondering if we're part of that effort. Will our system be able to be meshed with theirs, or do they...
GILDART: We have had conversations with Hardik, who is the State CIO. At the time we are not included in the ERP program, but our major State of Illinois unit that we account for, the Illinois Environmental Protection Agency, is one of the pilot agencies. So they are participating in which we carry their debt on our books. So, in essence, we are involved.

JURACEK: Okay, thank you.

CHAIRMAN FUNDERBURG: Okay, thank you. Next on the agenda are committee reports. I would like to report that yesterday afternoon, the Executive Committee of the Illinois Finance Authority met. The purpose of the meeting was to discuss potential growth, possible new business lines, and some other matters. Also, this morning, the Conduit Committee met. Mr. Horne?

HORNE: Yes, the Tax-Exempt Conduit Committee met this morning and unanimously is recommending for approval each of the tax-exempt conduit transactions on the amended agenda for today, with the exception of the Northwest Community Hospital proposal, and that was only because one of our Members had to recuse himself from the vote, but the Committee was fully satisfied with all their questions on that proposal.

GOETZ: Just the northwest one.

CHAIRMAN FUNDERBURG: So we’re going to pull Agenda Item No. 4, Northwest Community Hospital from consideration in the aggregate. So if there are no objections to that, I would like to ask the staff now to present Item No. 1A, B, 2, 3, 5 and 6 of the Project Reports and Resolutions.

EVANS: Good morning. I’m Patrick Evans. Today we had two beginning farmer bonds. The first one is Keith and Kimberly Kocher. People’s State Bank of Newton will be financing $153,000 of a $306,000 purchase relating to 60 acres of farmland valued at $5100. This is a 50/50 FSA guarantee, meaning that FSA has a lien on the property that subordinates the first position to IFA, hence, the bank -- to the bank. Hence, the IFA risk is very
limited in this. It's a conduit, and it's very limited in this. It lowers the rate to the bank so the bank can pass it on to the customer.

The rate on this loan will be 3.25. It adjusts every 10 years at a rate of 2 percent below Wall Street prime. It would be a 30-year am with a floor of 3.25 and a ceiling of 12.99.

The second loan is also with People's State Bank is Graham and Janet Wagner. People's State Bank is financing $300,000 of a $600,000 purchase on 80 acres valued the $7500 an acre. This is also FSA, but it's a 5/45/50 FSA guarantee where the individual puts in 5 percent, FSA guarantees 50 percent, and subordinates the remaining 50 -- 45 percent, subordinating the remaining 50 percent to the bank, having the first position on the property.

Again, this is a 3.25 adjustable 10-year adjustable rate with a ceiling of $12.9 million with a floor of 3.25. The second project that I have is No. 2, Item 2, is regarding King's project, which we approved back in December 2015. Resource Bank is requesting a change in payment from monthly to annually. Originally, Resource Bank requested financing of the specialized assets, a feed lot, out buildings, and a house that contained 80 acres.

From the recommendation of us, we asked the bank to consider its collateral specialized 129.54 acres of bare land in specialized collateral. The bank cooperated with the original thought that specialized assets to deter risk. A lot of times those are monthly payments. With real estate, competitive banks usually do annual payments on real estate lending and usually set them up in the spring so after the commodity is taken out, they can sell the commodity and make their spring payment, annual payment.

That is what this request is. The collateral will be $129,000 -- 1 mean, 129 acres valued at -- in December, valued at $1,495 million. The exposure to IFA is $150,000, and that indicates to about 65.60 percent acre. We'll have a first mortgage subordinated any prior mortgages to us. The officer did indicate that he just received the title. I received it. I'll go ahead and look at it, just to make sure there is no exceptions or anything. Is there any questions?

CHAIRMAN FUNDERBURG: Okay, thank you.

FRAMPTON: Good morning, everyone. I'm Rich Frampton. I'll be presenting Item 3 or Tab 3 in your Board book. It's a one-time Final Bond...
Resolution being considered and requested by the American Academy of Pediatrics. Again, the Academy is requesting approval of a one-time final bond resolution. The amount is not to exceed $50,000,000, and the underlying project is considered an educational facility for purposes of IFA statute.

Bond proceeds will be used to finance the acquisition of land, the construction and equipping of a new 183,000 square-foot office building, with an approximately 40,000 square-foot conference center located at 345 Park Boulevard in Itasca. If you flip to page 6 of the report, there is a map of the project site. This project will be located directly across the street from the Westin Chicago Northwest Hotel, which is at the interchange of I-290 and Thorndale Avenue, which will soon become the Elgin O'Hare Expressway or Tollway, and Illinois Route 390.

The Academy has been located in Elk Grove Village for the past 30 years. During this time, the membership of the Academy, which board certifies pediatricians, both in the United States. They also provide professional training to pediatricians -- pediatric physicians internationally. Their membership has grown from 26,000 to 64,000, while their employment in Elk Grove has increased from 124 to 460. So since they've been in Elk Grove Village, their employment has nearly tripled or quadrupled, rather, and they've been averaging three percent annual employment growth in Elk Grove.

So they're undertaking this project for two principal reasons: One, to provide room for future growth. Additionally, what they are looking to do is, you know, is have a facility where they can host conferences on site. And one of the things that the 40,000 square-foot conference center will enable them to do is to bring several conferences that are hosted out of state to Illinois. During the first two years, they are expecting that ten large meetings with at least 100 attendees, each will be relocated to Itasca.

Additionally, or as a result, they expect at least 2,000 additional room nights to be booked in Illinois during the first two years that the project is open.

Obviously, too, in addition to this, there will be an additional travel and entertainment expenses by those traveling to the meetings. The conference facility will actually be able to accommodate up to 450 people at a time. In terms of the financing structure, this will be a bank purchase transaction. First Merit
Bank will be the bond purchaser. The bonds will be priced at a variable rate and synthetically fixed, in all likelihood, although the -- with an initial maturity of 15 years.

The bonds will have a maximum maturity of 30 years. The documents currently provide for a maturity of 25 years. Given the bank direct purchase structure, clearly the Authority has no risk on this, and neither the staff Credit Committee, the staff Credit Review Committee, has no significant concerns.

Finally, just for some additional context, we have been working on this project for the last 18 to 20 months. An initial call on this came in from DCEO to Brad Fletcher. So Bard initiated some of the work on this.

But in the past, this segment for medical and professional education facilities has been a very important and significant element of what both IFA have done -- has done, as well as its predecessors.

Some of the projects we've worked on, both at IFA and the Development Finance Authority, have included the American Academy of Dermatology in Schaumburg, the American College of Surgeons in Streeterville, the Radiologic Society of North American Oak Brook, the North American Spine Society in Burr Ridge, the Gift of Hope Organ and Tissue Donor Network in Itasca, and most recently the American College of Chest Physicians in Glenview, and the Joint Commission on Accreditation of Healthcare Facilities.

All these associations provide professional employment opportunities and result in hotel stays and other benefits to the Chicago metropolitan area.

And with that, I'll conclude my remarks. Are there any questions? Okay, great. Thank you.

CHRI RMN FUNDERBURG: Thank you.

LENANE: Good morning, M. Chairman, Board Members.

MARIOLLO REPORTING AGENCY (312) 321-9365

Good morning.

I have just a little bit of voice left here. We're going to consider first Tab 5, Ness.

Ness Healthcare, Ness Healthcare is coming for a Preliminary Bond Resolution, not a Final Bond Resolution, in the amount of $45,000,000.

Ness Healthcare is a corporation, Illinois not-for-profit corporation, organized by HAHN Capital, which is an Illinois equity -- private equity firm to provide residential care facilities for the elderly, and to -- and also psychiatric and behavioral healthcare services for youth.

The headquarters of Ness Healthcare is located at 7300 North Cicero Avenue in Illinois.

The facilities they are acquiring are in Alabama,
Louisiana, and Minnesota. Hence, we have a multi-state transaction, which we are allowed to do under our statute, provided there's a situs to Illinois, and we have that with the corporate headquarters being in Lincolnwood, and they'll have six jobs there and ten new jobs projected.

This qualifies as multi-state because the headquarters is Illinois, and also the purpose of the transaction is to bring business to Illinois, support business, and create jobs. So this provides both.

The three facilities that they are acquiring are the Beacon Children's Hospital in Luverne, Alabama, which is a 28-bed acute psychiatric hospital for children and adolescents.

The acquisition cost is approximately $6,600,000. They are also acquiring North Lake Behavioral Health System, located in Mandeville, Louisiana, which is a psychiatric hospital with 205 licensed beds. It was the former county hospital, and it is now for indigent and receives its funding from Medicare and Medicaid.

That acquisition cost is approximately $25,000,000. They are also going to acquire Valley View of Orono, Minnesota. It is a senior living campus that was renovated in 2004. They have 90 assisted living units. It is located 60 minutes from downtown Minneapolis and 40 miles from the Mayo Clinic.

That acquisition cost is approximately $25,000,000. They are also going to acquire Valley View of Orono, Minnesota. It is a senior living campus that was renovated in 2004. They have 90 assisted living units. It is located 60 minutes from downtown Minneapolis and 40 miles from the Mayo Clinic.

The acquisition cost is approximately $4,500,000. Currently it is 100 percent occupied. As you'll note, approximately $5,000,000 of the $45,000,000 being issued will be for taxable purposes.

This is to cover some capital expenditures at the facilities and also cost of issuance in excess of 2 percent of the purchase price. As indicated in the preliminary resolution, it will be back next month in June. The bonds are expected to be fixed-rate bonds that will be sold in a private placement with Loop Capital Markets, who have been engaged as placement agent, and they will be non-rated and sold in denominations of $100,000. They expect fixed rates in the 4- to 6-percent range. I think just to mention, Ness Healthcare has a very substantial board. They are described in the Board Summary Report. Scott Kellman, who is Chairman and Chief Executive Officer of American Eagle Life Care Corporation, a private -- a provider of senior living services to the elderly, Michael Tarnoff, who is the CFO of the Jewish Federation,
and also Michael Messing, who is a diagnostic radiologist at the Hala Comprehensive Breast Center in Jerusalem, Israel. So we have multi-state and multi-national.

Anyway, we have pro forma financials in the report, and we still need to combine -- we're working on combining, which we'll have for the final, the historical financials, of all three facilities combined, which will be very helpful. Are there any questions?

YONOVER: So when you say 'financials,' all I see is the balance sheet. I don't see --
LENANE: We will have that for the final.
YONOVER: And just to clarify, none of the acquisitions are in the State of Illinois?
LENANE: No, just to clarify, they don't have to be under our multi-state.
YONOVER: Thank you.
LENANE: Oh, yes, and I would like to introduce the president of Ness Healthcare, Mr. Tony Shir, who attended the Board Committee Meeting this morning. If you want to say a few words, please.
SHIR: Sure, Mr. Chairman, Committee Members.
Thank you very much for your time. Ness Healthcare is a not-for-profit focused on providing care to the elderly and to the mentally disabled, and we've been fortunate enough to have been working on this transaction for over a year. I think, hopefully, we will look for around mid July close, and each of the facilities -- as previously mentioned, each of the facilities does provide most of the care to the Medicaid population. Medicaid or indigent people have no insurance.

Are there any questions?

LENANE: And just to clarify, none of the acquisitions are in the State of Illinois?
YONOVER: Thank you very much again.

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GOETZ: I know you have said this to the committee, but how much of the bond proceeds will be used for capital improvements?
SHIR: About three to three-and-a-half will be used for capital improvements.

CHAIRMAN FUNDERBURG: Other questions?
JURACEK: Just a quick one. Do you currently operate any healthcare facilities in Illinois or just your corporate headquarters?
SHIR: Ness Healthcare is a newly-formed entity as a not-for-profit.
JURACEK: Okay.
GOETZ: Do you have any plans to acquire any Illinois facilities?
SHIR: Certainly, if the opportunity comes up.
LENANE: And also Michael Messing, who is a diagnostic radiologist at the Hala Comprehensive Breast Center in Jerusalem, Israel. So we have multi-state and multi-national.

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JURACEK: Okay.
GOETZ: Do you have any plans to acquire any Illinois facilities?
SHIR: Certainly, if the opportunity comes up.
This is where I live. This is where my family is. I don't intend to move out.

Rush University Medical Center, which is Tab 6.

Rush currently has 10,878 jobs located in the Chicagoland area. These bonds will be a bank direct placement with the Northern Trust Company.

The rates will be variable, 67 percent, 30-day LIBOR, plus 80 basis points.

Rush's current underlying ratings are A1, A plus, and A plus by Moody's, S&P and Fitch. The -- I think we all know Rush Hospital. I don't have to make an explanation of Rush.

The audited financials you'll find in the confidential section. Their audited financials for 2015 show strong performance. 5.0 debt service coverage, and their unaudited for the six months ending 12-31-2015 showed debt service coverage of 6.2 percent.

Any questions?

CHAIRMAN FUNDERBURG: No questions. Thank you.

LENANE: Thank you. And then, Mr. Chairman, I think we're going to go back -- not yet.

CHAIRMAN FUNDERBURG: We'll get to that in a minute.

LENANE: Sorry.

CHAIRMAN FUNDERBURG: All right. So at this point, I would like to ask if there is a motion to pass and adopt the following 7 Project, reports and Resolutions Items 1A, 1B, 2, 3, 5 and 6?
HORNE: Yes.
FLETCHER: Ms. Juracek?
JURACEK: Yes.
FLETCHER: Mr. Knox?
KNOX: Yes.
FLETCHER: Mr. McCoy?
McCoy: Yes.
FLETCHER: Mr. Poole?
POOLE: Yes.
FLETCHER: Mr. Yonover?
YONOVER: Yes.
FLETCHER: Mr. Chairman?
CHAIRMAN FUNDERBURG: Yes.
FLETCHER: Mr. Chairman, the motion carries.
CHAIRMAN FUNDERBURG: Okay, thank you. At this point, Mr. Goetz --
GOETZ: Yes, I have to abstain on the Northwest Community Hospital because my son works for the financial advisor. With that, I'll step out.
LENANE: Thank you. Northwest Community Hospital is located in Arlington Heights, Illinois, is seeking a one-time Final Bond Resolution for not to exceed $160,000,000. They are advance refunding their series 2008 A bonds. They have currently 2,602 jobs in the hospital system. They are currently rated A2, A plus by Moody's and S&P, and they are waiting -- they've already met with the rating agencies, and they are waiting for hopefully a confirmation of those ratings soon.
The bonds will be issued in a public offering fixed rate bonds. The underwriter is Goldman Sachs. The pricing will be -- the interest rate will be determined on the day of pricing.

MINUTES B 5-12-16finance Final.txt

FLETCHER: Mr. Chairman?
CHAIRMAN FUNDERBURG: Yes.
FLETCHER: Mr. Chairman, the motion carries.
CHAIRMAN FUNDERBURG: Okay, thank you.
LENANE: Thank you. Northwest Community Hospital is located in Arlington Heights, Illinois, is seeking a one-time Final Bond Resolution for not to exceed $160,000,000. They are advance refunding their series 2008 A bonds. They have currently 2,602 jobs in the hospital system. They are currently rated A2, A plus by Moody's and S&P, and they are waiting -- they've already met with the rating agencies, and they are waiting for hopefully a confirmation of those ratings soon.
The bonds will be issued in a public offering fixed rate bonds. The underwriter is Goldman Sachs. The pricing will be -- the interest rate will be determined on the day of pricing.

MINUTES B 5-12-16finance Final.txt

LENANE: Okay, thank you.
CHAIRMAN FUNDERBURG: Any questions? Okay, if not, then I would like to ask for a motion to adopt the Resolution Item No. 4. Is there such a motion?
POOLE: So moved.
JURACEK: Second.
CHAIRMAN FUNDERBURG: Will take a roll call.
FLETCHER: On the motion and second, I will call the roll. Ms. Bronner?

BRONNER: Yes.

FLETCHER: Mr. Horne?

HORNE: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. McCoy?

MC COY: Yes.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Mr. Yonover?

YONOVER: Yes.

FLETCHER: Mr. Chairman?

CHAIRMAN FUNDERBURG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN FUNDERBURG: Thank you. Okay, at this point, I would like to ask if there is any other business to come before the Board?

Okay. If not, then I would like to request a motion to excuse the absences of Members unable to participate today. Is there such a motion?

KNOX: So moved.

ZELLER: Second.

CHAIRMAN FUNDERBURG: Mr. Zeller seconded. All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay. Any public comment? No public comment? Okay. If there's none, then I would like to go ahead and just announce the next Board Meeting is on June 9th, 2016, here at 9:30, and I would like to ask for a motion to adjourn. Is there such a motion?

BRONNER: So moved.

ZELLER: Second.

CHAIRMAN FUNDERBURG: Seconded by Mr. Zeller. All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay, the meeting is adjourned.

FLETCHER: The time is 10:04 a.m (which were all the proceedings had at 10:04 a.m)
STATE OF ILLINOIS )
 ) SS:
COUNTY OF COOK )

PAMELA A. MARZULLO, C.S.R., being first duly sworn, says that she is a court reporter doing business in the city of Chicago; that she reported in shorthand the proceedings had at the Proceedings of said cause; that the foregoing is a true and correct transcript of her shorthand notes, so taken as aforesaid, and contains all the proceedings of said meeting.

______________________________
PAMELA A. MARZULLO
License No. 084-001624

MARZULLO REPORTING AGENCY (312) 321-9365
ISON FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD VOICE VOTE
MAY 12, 2016 AMENDED AGENDA OF THE REGULAR MEETING OF THE BOARD
ADOPTED

May 12, 2016

10 YEAS  0 NAYS  0 PRESENT

E   Anderberg  Y   Juracek  E   Tessler
Y   Bronner   Y   Knox    Y   Yonover
E   Fuentes   Y   McCoy  Y   Zeller
Y   Goetz    E   O’Brien Y   Mr. Chairman
Y   Horne    Y   Poole

E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY  
BOARD OF DIRECTORS  
BOARD VOICE VOTE  
APRIL 14, 2016 MINUTES OF THE REGULAR MEETING  
OF THE BOARD  
ADOPTED

May 12, 2016

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E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD VOICE VOTE
FINANCIAL REPORTS
ACCEPTED

May 12, 2016

10 YEAS \hspace{1cm} 0 NAYS \hspace{1cm} 0 PRESENT

E  Anderberg \hspace{0.5cm} Y  Juracek \hspace{0.5cm} E  Tessler
Y  Bronner \hspace{0.5cm} Y  Knox \hspace{0.5cm} Y  Yonover
E  Fuentes \hspace{0.5cm} Y  McCoy \hspace{0.5cm} Y  Zeller
Y  Goetz \hspace{0.5cm} E  O’Brien \hspace{0.5cm} Y  Mr. Chairman
Y  Horne \hspace{0.5cm} Y  Poole

E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
RESOLUTION 2016-0512-AG1A
BEGINNING FARMER REVENUE BOND – KEITH AND KIMBERLY KOCHEA
FINAL (ONE-TIME CONSIDERATION)
PASSED*

May 12, 2016

10 YEAS 0 NAYS 0 PRESENT

E Anderberg  Y Juracek  E Tessler
Y Bronner  Y Knox  Y Yonover
E Fuentes  Y McCoy  Y Zeller
Y Goetz  E O’Brien  Y Mr. Chairman
Y Horne  Y Poole

* – Consent Agenda
E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
RESOLUTION 2016-0512-AG1B
BEGINNING FARMER REVENUE BOND – GRAHAM S. AND JANE E. WAGNER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

May 12, 2016

10 YEAS 0 NAYS 0 PRESENT

E Anderberg Y Juracek E Tessler
Y Bronner Y Knox Y Yonover
E Fuentes Y McCoy Y Zeller
Y Goetz E O’Brien Y Mr. Chairman
Y Horne Y Poole

* – Consent Agenda
E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
RESOLUTION 2016-0512-AG02
SPECIALIZED LIVESTOCK GUARANTEE – EDWARD L. KING
FINAL
PASSED*

May 12, 2016

10 YEAS 0 NAYS 0 PRESENT

E Anderberg Y Juracek E Tessler
Y Bronner Y Knox Y Yonover
E Fuentes Y McCoy Y Zeller
Y Goetz E O’Brien Y Mr. Chairman
Y Horne Y Poole

* – Consent Agenda
E – Denotes Excused Absence
RESOLUTION 2016-0512-NP03
501(c)(3) REVENUE BOND – AMERICAN ACADEMY OF PEDIATRICS
FINAL (ONE-TIME CONSIDERATION)
PASSED*

May 12, 2016

10 YEAS 0 NAYS 0 PRESENT

E Anderberg Y Juracek E Tessler
Y Bronner Y Knox Y Yonover
E Fuentes Y McCoy Y Zeller
Y Goetz E O’Brien Y Mr. Chairman
Y Horne Y Poole

* – Consent Agenda
E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
RESOLUTION 2016-0512-HC04
501(c)(3) REVENUE BOND – NORTHWEST COMMUNITY HOSPITAL
FINAL (ONE-TIME CONSIDERATION)
PASSED

May 12, 2016

9 YEAS  0 NAYS  0 PRESENT

E  Anderberg  Y  Juracek  E  Tessler
Y  Bronner   Y  Knox    Y  Yonover
E  Fuentes  Y  McCoy  Y  Zeller
NV Goetz  E  O’Brien Y  Mr. Chairman
Y  Horne  Y  Poole

E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD ROLL CALL
RESOLUTION 2016-0512-HC05
501(c)(3) REVENUE BOND – NESS HEALTHCARE NFP
PRELIMINARY
PASSED*

May 12, 2016

10 YEAS 0 NAYS 0 PRESENT

E Anderberg Y Juracek E Tessler
Y Bronner Y Knox Y Yonover
E Fuentes Y McCoy Y Zeller
Y Goetz E O’Brien Y Mr. Chairman
Y Horne Y Poole

* – Consent Agenda
E – Denotes Excused Absence
ILLINOIS FINANCE AUTHORITY
BOARD OF DIRECTORS
BOARD VOICE VOTE
RESOLUTION 2016-0512-HC06
501(c)(3) REVENUE BOND – RUSH UNIVERSITY MEDICAL CENTER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

May 12, 2016

10 YEAS 

E Anderberg 
Y Bronner 
E Fuentes 
Y Goetz 
Y Horne

0 NAYS 

Y Juracek 
Y Knox 
Y McCoy 
E O’Brien 
Y Poole

0 PRESENT 

E Tessler 
Y Yonover 
Y Zeller 
Y Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence
FINANCIAL ANALYSIS
June 9, 2016

V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL REPORTS
MONTHLY AND ANNUAL SUMMARY AS OF APRIL 30, 2016 AND MAY 31, 2016*

*All information is preliminary and unaudited.

FISCAL YEAR 2016–UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

   a. **Estimated Total Annual Revenues** equal $4.7 million and are $188 thousand or 4% higher than budget—due primarily to higher closing fees in May. Closing fees year to date of $3.2 million, are $196 thousand or 6% higher than budget. **Estimated** annual fees of $318 thousand are $9 thousand lower than the budgeted amount. Administrative service fees are $114 thousand for the year and 7 times higher than budget. Application fees total $48 thousand and are nearly double the budgeted amount, due mostly to new Fire Truck and Ambulance loans. Estimated total accrued interest income from the former IRBB local governments and others totaled $853 thousand. Net investment income stands at $149 thousand for the fiscal year and is $2 thousand higher than budget.

   b. In May, the Authority generated $324 thousand in closing fees, the fourth highest monthly total in FY16, and higher than the monthly budget of $276 thousand. Closing fees were received from: **Mercy Health Corporation** for $211 thousand; **Presence Health Network** for $106 thousand and Agriculture-relating closings for $8 thousand. Administrative service fees of $10 thousand were received from **Beloit Health System** and **Science and Arts Academy**, also for $10 thousand. Investment information for May is not yet available, but in April, we recorded a net investment gain of $7 thousand.

   c. **Estimated Total Annual Expenses** of $3.8 million, which is $744 thousand or 16% lower than budget, are mostly driven by vacant budgeted staff positions and delays in IT projects and purchases. **Estimated** year to date expenses include employee expenses totaling $1.6 million and professional services expenses totaling $1.5 million; with each function at 23% and 7% under budget, respectively. **Estimated** annual occupancy costs of $218 thousand are 5% lower than the budget, while **estimated** general and administrative costs are $369 thousand for the year, which is 2% over budget. Total depreciation costs are $126 thousand below budget, as the debt management software implementation has been delayed. Total cash transfers out of the General Operating Fund to the Primary Government Borrowing Fund (set up to track financial activity on behalf of the State of Illinois) are $5.05 million. Total cash transfers out of the General Operating Fund to the DACA Loan Fund are $1.2 million.

   d. In May, the Authority recorded **estimated** operating expenses of $344 thousand, which is lower than the monthly budgeted amount of $419 thousand.

   e. **Total Estimated Monthly Net Income** of $105 thousand is driven by higher closing fees and a decrease in professional services spending.

   f. **Total Estimated Annual Net Income** is $919 thousand. The major driver of the annual positive bottom line continues to be the level of overall spending at 16% below budget, as well as higher closing fees and other fees.

---

1 Operating Revenues and Expenses are direct results of our basic business operations. Non-Operating Revenues and Expenses are netted against each other and include interest and investment income and expenses, bad debt adjustments, transfers to the State of Illinois and realized/unrealized gains and losses on investments. Net Income/ (Loss) is our bottom line.
V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS
MONTHLY AND ANNUAL SUMMARY AS OF APRIL 30, 2016 AND MAY 31, 2016*

2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION
The Statement of Net Position (Balance Sheet) represents results as of April 30, 2016. As of this date, the Authority is a $120 million dollar agency which also currently accounts for $267 million in total activity (including the Other State of Illinois Debt Fund) and maintains compliance for $24 billion in outstanding debt.

3. GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION
In the General Fund, the Authority continues to maintain a strong balance sheet, with total net position of $53.3 million. The total assets in the General Fund are $53.9 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total $26.4 million (with $6.6 million in liquidated securities to purchase State of Illinois receivables). Notes receivables from the former IRBB local governments total $17.2 million. Participation, DACA and other loans/government receivables are at $3.5 million. Restricted cash and investments in the DACA Loan Fund-Programs FY15 and FY16 total $1.9 million. Liabilities (current and non-current) total just $652 thousand.

4. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS
a. In accordance with governmental accounting standards, the “Other State of Illinois Debt Fund” is comprised of bond activity for the Illinois Environmental Protection Agency (IEPA), the Illinois Medical District Commission (IMDC) and Northern Illinois University Foundation (NIUF). The majority of the activity in this fund derives from the Clean Water Initiative (CWI) bonds for IEPA. Total assets and liabilities in this fund each total $146.4 million.

b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year to date receipts of $320 thousand, with the funds earning an additional $28 thousand in net investment income. In FY16, 28 new Fire Truck revolving loans were issued totaling $7.5 million. Additional loans are pending the Authority’s final administrative review. In conjunction with the Office of the State Fire Marshal, 13 new Ambulance loans totaling $1.7 million will be tentatively disbursed in June 2016. Net position of $22.5 million for Fire Truck and $4.2 million for Ambulance, are reported on the Authority’s balance sheet.

c. The Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer Agribusiness Loan Guarantee Fund include restricted assets held by the State Treasurer to make payouts of losses, in relation to the Authority’s agricultural loan guarantee program. As of FY2015, the Agricultural Guarantee Fund has expensed an actual payout of $155 thousand, in relation to previous litigation and the Agribusiness Fund includes a loss reserve of $563 thousand for potential loan loss payouts. The $155 thousand dollar payout was originally made from the Authority’s locally held Industrial Project Insurance Fund. The Authority has requested reimbursement of the FY2015 payout from the Illinois Comptroller. Restricted net position for these funds totals $10.2 million and $7.9 million respectively.

d. All other nonmajor funds booked combined year to date revenues of $184 thousand, of which, $152 thousand is derived from investment activity. Year to date expenses total $19 thousand as of April. Total Net Position in the remaining nonmajor funds is $39.6 million.

e. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of $26 thousand in the custody of the Authority. The Illinois Finance Authority NFP Development Fund has a total net position of $19 thousand.

5. AUTHORITY AUDITS AND REGULATORY UPDATES
a. Upcoming Governmental Accounting Standards Board (GASB) accounting and financial reporting issues critical to the Authority’s financial presentation in FY2016/FY2017 include changes in investment reporting, fiduciary activities, leases, grants, nonexchange transaction compliance and indirectly, new guidance on tax
V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS
MONTHLY AND ANNUAL SUMMARY AS OF APRIL 30, 2016 AND MAY 31, 2016*

abatements for local governments. The Financial Accounting Standards Board (FASB) has also (in response
to GASB’s initiative), submitted a proposal for all private sector entities to also disclose assistance received
from governmental entities.

b. The Authority will welcome new external auditors, RSM (formerly McGladrey), for its FY2016 and FY2017
Financial Audit and Compliance Examination. The entrance conference for the FY16 Financial Audit with the
Office of the Auditor General was held on June 6, 2016.

c. The Authority also completed its FY15 GAAP Package Audit as of May 31, 2016 (performed by the Chief
Internal Auditor’s Office in the Department of Central Management Services) and has submitted the report to
the Illinois Financial Reporting Standards Board.

6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION
a. The Schedule of Debt, State of Illinois Receivables Summary and other documents are being presented as
supplementary financial information, immediately following the financial reports in your Board package.
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<th>FEB</th>
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<td>-2.9%</td>
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<td></td>
</tr>
<tr>
<td>-</td>
<td>15,000</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,500</td>
<td>113,929</td>
<td>13,750</td>
<td>100,799</td>
<td>728.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,000</td>
<td>4,800</td>
<td>6,100</td>
<td>11,100</td>
<td>4,900</td>
<td>2,400</td>
<td>1,200</td>
<td>4,200</td>
<td>1,500</td>
<td>3,750</td>
<td>5,000</td>
<td>48,450</td>
<td>28,325</td>
<td>20,125</td>
<td>71.1%</td>
<td></td>
</tr>
<tr>
<td>139</td>
<td>1,213</td>
<td>-</td>
<td>341</td>
<td>-</td>
<td>84</td>
<td>-</td>
<td>24</td>
<td>-</td>
<td>181</td>
<td>1,992</td>
<td>5,042</td>
<td>(3,050)</td>
<td>-60.5%</td>
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<td></td>
</tr>
<tr>
<td>83,318</td>
<td>82,867</td>
<td>82,675</td>
<td>82,712</td>
<td>82,661</td>
<td>84,109</td>
<td>81,346</td>
<td>62,392</td>
<td>70,355</td>
<td>70,298</td>
<td>853,021</td>
<td>938,604</td>
<td>(85,583)</td>
<td>-9.1%</td>
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<td></td>
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<tr>
<td>-</td>
<td>973</td>
<td>169</td>
<td>207</td>
<td>206</td>
<td>202</td>
<td>748</td>
<td>198</td>
<td>171</td>
<td>-</td>
<td>7,817</td>
<td>40,333</td>
<td>(32,516)</td>
<td>-80.6%</td>
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<tr>
<td><strong>Total Operating Revenue:</strong></td>
<td><strong>$280,954</strong></td>
<td><strong>408,675</strong></td>
<td><strong>905,178</strong></td>
<td><strong>$618,941</strong></td>
<td><strong>250,833</strong></td>
<td><strong>284,760</strong></td>
<td><strong>236,935</strong></td>
<td><strong>171,157</strong></td>
<td><strong>$593,902</strong></td>
<td><strong>$450,328</strong></td>
<td><strong>-</strong></td>
<td><strong>$4,571,454</strong></td>
<td><strong>$4,386,230</strong></td>
<td><strong>185,224</strong></td>
<td><strong>4.2%</strong></td>
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### Operating Expenses:

**Employee Related Expense:**

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<tr>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUNE</th>
<th>TOTAL OPERATING EXPENSE</th>
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<tbody>
<tr>
<td>119,053</td>
<td>142,455</td>
<td>148,939</td>
<td>148,049</td>
<td>140,690</td>
<td>140,655</td>
<td>159,303</td>
<td>156,660</td>
<td>157,652</td>
<td>154,162</td>
<td>148,984</td>
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<td>1,638,822</td>
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<tr>
<td>106,155</td>
<td>52,47</td>
<td>135,606</td>
<td>191,382</td>
<td>161,386</td>
<td>202,640</td>
<td>111,720</td>
<td>89,371</td>
<td>227,276</td>
<td>105,421</td>
<td>139,040</td>
<td>-</td>
<td>1,529,444</td>
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<tr>
<td>19,832</td>
<td>23,793</td>
<td>11,217</td>
<td>42,809</td>
<td>13,219</td>
<td>15,474</td>
<td>14,647</td>
<td>17,006</td>
<td>25,543</td>
<td>14,646</td>
<td>19,820</td>
<td>-</td>
<td>216,024</td>
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<tr>
<td>6,079</td>
<td>6,120</td>
<td>6,120</td>
<td>3,942</td>
<td>4,072</td>
<td>3,942</td>
<td>3,942</td>
<td>3,949</td>
<td>2,892</td>
<td>2,481</td>
<td>2,481</td>
<td>-</td>
<td>46,019</td>
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<td><strong>Total Operating Expense:</strong></td>
<td><strong>$303,008</strong></td>
<td><strong>259,643</strong></td>
<td><strong>332,289</strong></td>
<td><strong>$413,442</strong></td>
<td><strong>354,250</strong></td>
<td><strong>398,081</strong></td>
<td><strong>325,785</strong></td>
<td><strong>324,632</strong></td>
<td><strong>441,831</strong></td>
<td><strong>304,701</strong></td>
<td><strong>343,893</strong></td>
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### Net Income (Loss):

<table>
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<tr>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUNE</th>
<th>TOTAL NONOPERATING REVENUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(610)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(193)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25,941</td>
<td>26,361</td>
<td>26,202</td>
<td>21,742</td>
<td>27,014</td>
<td>20,166</td>
<td>16,590</td>
<td>23,642</td>
<td>18,976</td>
<td>13,377</td>
<td>N/A</td>
<td>-220,011</td>
<td></td>
</tr>
<tr>
<td>(473)</td>
<td>(1,332)</td>
<td>(442)</td>
<td>(502)</td>
<td>(9686)</td>
<td>(9)</td>
<td>14,796</td>
<td>(51)</td>
<td>3,237</td>
<td>(57)</td>
<td>N/A</td>
<td>-5,483</td>
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</tr>
<tr>
<td>(12,645)</td>
<td>(26,167)</td>
<td>32,129</td>
<td>(35,752)</td>
<td>(58,174)</td>
<td>(32,358)</td>
<td>56,645</td>
<td>(4,113)</td>
<td>10,081</td>
<td>(5,872)</td>
<td>N/A</td>
<td>-76,226</td>
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<tr>
<td><strong>Total Nonoperating Rev (Exp)</strong></td>
<td><strong>$12,823</strong></td>
<td><strong>$1,138</strong></td>
<td><strong>57,889</strong></td>
<td><strong>$14,512</strong></td>
<td><strong>$41,456</strong></td>
<td><strong>$12,201</strong></td>
<td><strong>86,033</strong></td>
<td><strong>19,476</strong></td>
<td><strong>32,294</strong></td>
<td><strong>7,448</strong></td>
<td>-</td>
<td><strong>$148,658</strong></td>
</tr>
</tbody>
</table>

**Net Income (Loss) Before Transfers:**

<table>
<thead>
<tr>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUNE</th>
<th>TOTAL NET INCOME (LOSS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9,231)</td>
<td>147,894</td>
<td>$630,778</td>
<td>$190,987</td>
<td>$144,873</td>
<td>$125,522</td>
<td>$132,039</td>
<td>$68,219</td>
<td>$238,380</td>
<td>$296,649</td>
<td>$106,434</td>
<td>-</td>
<td>$918,556</td>
</tr>
</tbody>
</table>
| Transfers:
| Transfers in from other funds |
| Transfers out to other funds |
| Net Appreciation (Depr) in FV of Invest |

**Net Income (Loss):**

<table>
<thead>
<tr>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUNE</th>
<th>TOTAL NET INCOME (LOSS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9,231)</td>
<td>147,894</td>
<td>$630,778</td>
<td>$190,987</td>
<td>$144,855</td>
<td>$125,522</td>
<td>$132,039</td>
<td>$68,219</td>
<td>$238,380</td>
<td>$296,649</td>
<td>$106,434</td>
<td>-</td>
<td>$918,574</td>
</tr>
</tbody>
</table>

---

*The General Fund activity in red is estimated as of May 2016.

*Investment income is as of April 2016. Data for May 2016 will be provided at the July 2016 board meeting.
### General Fund

#### Operating Revenues:

- **Closing Fees**: $3,227,927
- **Annual Fees**: 318,318
- **Administrative Service Fees**: 113,929
- **Application Fees**: 48,450
- **Miscellaneous Fees**: 1,992
- **Interest Income - Loans**: 853,021
- **Other Revenue**: 7,817

#### Operating Expenses:

- **Employee Related Expenses**: $1,638,822
- **Professional Services**: 1,529,444
- **Occupancy Costs**: 218,024
- **General & Administrative**: 369,246
- **Interest Expense**: -
- **Depreciation and Amortization**: 46,019

**Total Operating Revenue**: $4,571,454

**Total Operating Expense**: $3,801,555

#### Nonoperating Revenues (Expenses):

- **Miscellaneous non-operating rev/(exp)**: $(610)
- **Interest and investment income**:
  - 220,011
  - 30,256
  - 23,624
  - 218,024
  - 376,335
  - 40,895
  - 625,510
  - 19

**Total Nonoperating Revenues (Expenses)**: $148,658

#### Net Income (Loss) Before Transfers:

$918,556

#### Transfers:

- **Transfers in from other funds**: 6,067,205
- **Transfers out to other funds**: (6,067,205)

**Total Transfers In (Out)**: 0

#### Net Income (Loss):

$918,574

*The General Fund activity is estimated as of May 2016.

*Investment information is as of April 2016. Data for May 2016 will be provided at the July 2016 board meeting.
<table>
<thead>
<tr>
<th>Assets and Deferred Outflows:</th>
<th>GENERAL FUND</th>
<th>LOCALLY HELD FIRE TRUCK REV LOAN FUND</th>
<th>LOCALLY HELD AMBULANCE REV LOAN FUND</th>
<th>ALL OTHER NON-MAJOR FUNDS</th>
<th>SUBTOTAL IFA FUNDS</th>
<th>OTHER STATE OF IL DEBT FUNDS</th>
<th>TOTAL ALL FUNDS</th>
<th>METRO EAST POLICE DISTRICT COMMISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
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<td></td>
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<td></td>
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<tr>
<td><strong>Unrestricted:</strong></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>Cash &amp; cash equivalents</td>
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<td>$8,991,566</td>
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<tr>
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<td>-</td>
<td>6,484,323</td>
<td>17,357,614</td>
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<td>17,357,614</td>
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<td>Accounts receivable, Net</td>
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<td>2,141,002</td>
<td>-</td>
<td>2,141,002</td>
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</tr>
<tr>
<td>Loans receivables, Net</td>
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<td>-</td>
<td>-</td>
<td>2,141,002</td>
<td>2,141,002</td>
<td>-</td>
<td>2,141,002</td>
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</tr>
<tr>
<td>Due from other local government agencies</td>
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<td>10,547</td>
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<td>-</td>
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<td>Prepaid Expenses</td>
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<tr>
<td><strong>Total Current Unrestricted Assets</strong></td>
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<tr>
<td><strong>Restricted:</strong></td>
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<td></td>
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<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$10,038</td>
<td>$924,999</td>
<td>$3,897,351</td>
<td>$2,680,931</td>
<td>$7,513,319</td>
<td>$54,488,441</td>
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<td>$26,553</td>
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<td>74,957</td>
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<td>7,135,761</td>
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<td>Accrued interest receivable</td>
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<td>5,521</td>
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<td>35,691</td>
<td>43,641</td>
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<td>43,641</td>
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<td>Bonds and notes receivable from State component units</td>
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<td>1,727,600</td>
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<td>Total Current Restricted Assets</td>
<td>$1,568,575</td>
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<tr>
<td><strong>Unrestricted:</strong></td>
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<td>Loans receivables, Net</td>
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<td>15,457,337</td>
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<td>Total Noncurrent Unrestricted Assets</td>
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<td>$25,252,457</td>
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<tr>
<td><strong>Restricted:</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$286,589</td>
<td>59,950</td>
<td>-</td>
<td>6,387,114</td>
<td>6,733,653</td>
<td>3,345,538</td>
<td>10,079,191</td>
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<td>Funds in the custody of the Treasurer</td>
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<td>-</td>
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<td>18,163,619</td>
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<td>18,163,619</td>
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<td>Loans receivables, Net</td>
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<td>172,960</td>
<td>1,379,419</td>
<td>21,517,637</td>
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<td>21,517,637</td>
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<td>Total Noncurrent Restricted Assets</td>
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<td>$20,118,304</td>
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<td>$47,014,909</td>
<td>$90,160,146</td>
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<td><strong>Capital Assets:</strong></td>
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<td>Capital Assets</td>
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<td>$790,145</td>
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<tr>
<td>Accumulated Depreciation</td>
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<td>(756,896)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Assets</td>
<td>$33,259</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$33,259</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>$24,543,369</td>
<td>$20,118,304</td>
<td>$172,960</td>
<td>$27,465,992</td>
<td>$72,300,625</td>
<td>$90,160,146</td>
<td>$162,460,771</td>
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</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$53,986,329</td>
<td>$22,451,754</td>
<td>$4,219,838</td>
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<td>$120,293,918</td>
<td>$146,366,012</td>
<td>$266,059,930</td>
<td>$26,553</td>
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<tr>
<td><strong>Deferred Outflows of Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred loss on debt refunding</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$624,497</td>
<td>$624,497</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Deferred Outflows of Resources</strong></td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$624,497</td>
<td>$624,497</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets &amp; Deferred Inflows of Resources</strong></td>
<td>$53,986,329</td>
<td>$22,451,754</td>
<td>$4,219,838</td>
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<td>Liabilities:</td>
<td>GENERAL FUND</td>
<td>LOCALLY HELD FIRE TRUCK REV LOAN FUND</td>
<td>LOCALLY HELD AMBULANCE REV LOAN FUND</td>
<td>ALL OTHER NON-MAJOR FUNDS</td>
<td>SUBTOTAL IFA FUNDS</td>
<td>OTHER STATE OF IL DEBT FUNDS</td>
<td>TOTAL ALL FUNDS</td>
<td>METRO EAST POLICE DISTRICT COMMISSION</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>--------------</td>
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<td>---------------------------</td>
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</tr>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable from unrestricted current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Accounts payable</td>
<td>$37,659</td>
<td>-</td>
<td>-</td>
<td>$73,659</td>
<td>-</td>
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<td>Accrued liabilities</td>
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<td>-</td>
<td>213,745</td>
<td>-</td>
<td>213,745</td>
<td>-</td>
<td>213,745</td>
</tr>
<tr>
<td>Due to employees</td>
<td>101,017</td>
<td>-</td>
<td>-</td>
<td>101,017</td>
<td>-</td>
<td>101,017</td>
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<tr>
<td>Due to primary government</td>
<td>80,001</td>
<td>-</td>
<td>-</td>
<td>80,001</td>
<td>-</td>
<td>80,001</td>
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<tr>
<td>Due to other funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,547</td>
<td>-</td>
<td>10,547</td>
<td>-</td>
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<tr>
<td>Other liabilities</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>70,000</td>
<td>-</td>
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<tr>
<td>Unearned revenue, net of accumulated amortization</td>
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<td>-</td>
<td>-</td>
<td>114,076</td>
<td>-</td>
<td>114,076</td>
<td>-</td>
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<tr>
<td>Total Current Liabilities Payable from Unrestricted Current Assets</td>
<td>$652,498</td>
<td>-</td>
<td>-</td>
<td>$10,547</td>
<td>$663,045</td>
<td>-</td>
<td>$663,045</td>
<td>$26,534</td>
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<tr>
<td>Payable from restricted current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Accrued interest payable</td>
<td>$1,288</td>
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<td>-</td>
<td>1,288</td>
<td>$1,935,449</td>
<td>$1,936,737</td>
<td>-</td>
<td>$1,936,737</td>
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<tr>
<td>Bonds and notes payable from primary government</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,355,000</td>
<td>20,355,000</td>
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<tr>
<td>Bonds and notes payable from State component units</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,301,018</td>
<td>2,301,018</td>
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<tr>
<td>Current portion of long term debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60,584</td>
<td>60,584</td>
<td>60,584</td>
<td>-</td>
<td>60,584</td>
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<tr>
<td>Other liabilities</td>
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<td>-</td>
<td>-</td>
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<td>155,000</td>
<td>155,000</td>
<td>-</td>
<td>155,000</td>
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<td>Unamortized bond premium</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>783,292</td>
<td>783,292</td>
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<td>Total Current Liabilities Payable from Restricted Current Assets</td>
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<td>-</td>
<td>-</td>
<td>$216,872</td>
<td>$216,872</td>
<td>$25,374,759</td>
<td>$25,391,631</td>
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<td>Noncurrent Liabilities</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable from unrestricted noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Noncurrent payables</td>
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<td>-</td>
<td>-</td>
<td>$585</td>
<td>-</td>
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<tr>
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<td>-</td>
<td>-</td>
<td>$585</td>
<td>-</td>
<td>$585</td>
<td>-</td>
<td>$585</td>
</tr>
<tr>
<td>Payable from restricted noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds and notes payable from primary government</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$77,320,000</td>
<td>-</td>
<td>$77,320,000</td>
<td>-</td>
<td>$77,320,000</td>
</tr>
<tr>
<td>Bonds and notes payable from State component units</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$35,746,536</td>
<td>-</td>
<td>$35,746,536</td>
<td>-</td>
<td>$35,746,536</td>
</tr>
<tr>
<td>Noncurrent portion of long term debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$248,512</td>
<td>$248,512</td>
<td>$248,512</td>
<td>-</td>
<td>$248,512</td>
</tr>
<tr>
<td>Noncurrent loan reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$562,675</td>
<td>$562,675</td>
<td>$562,675</td>
<td>-</td>
<td>$562,675</td>
</tr>
<tr>
<td>Unamortized bond premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,924,717</td>
<td>7,924,717</td>
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</tr>
<tr>
<td>Total Noncurrent Liabilities Payable from Restricted Noncurrent</td>
<td>$585</td>
<td>-</td>
<td>-</td>
<td>$811,187</td>
<td>$811,187</td>
<td>$120,991,253</td>
<td>$121,802,440</td>
<td>-</td>
</tr>
<tr>
<td>Total Noncurrent Liabilities</td>
<td>$585</td>
<td>-</td>
<td>-</td>
<td>$811,187</td>
<td>$811,772</td>
<td>$120,991,253</td>
<td>$121,803,025</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$653,083</td>
<td>-</td>
<td>-</td>
<td>$1,038,606</td>
<td>$1,091,779</td>
<td>$146,366,012</td>
<td>$148,057,701</td>
<td>$26,534</td>
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<tr>
<td>Net Position:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>$33,259</td>
<td>-</td>
<td>-</td>
<td>$33,259</td>
<td>-</td>
<td>$33,259</td>
<td>-</td>
<td>$33,259</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>22,105,663</td>
<td>4,209,192</td>
<td>$33,588,662</td>
<td>59,903,517</td>
<td>$90,492,179</td>
<td>-</td>
<td>$90,492,179</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>52,487,847</td>
<td>-</td>
<td>-</td>
<td>4,844,160</td>
<td>57,332,007</td>
<td>57,332,007</td>
<td>-</td>
<td>57,332,007</td>
</tr>
<tr>
<td>Current Change in Net Position</td>
<td>812,140</td>
<td>346,091</td>
<td>10,646</td>
<td>164,569</td>
<td>1,333,446</td>
<td>1,333,446</td>
<td>-</td>
<td>1,333,446</td>
</tr>
</tbody>
</table>
As of June 1, 2016 the Illinois Finance Authority has purchased the following receivables on behalf of the State of Illinois, pursuant to Resolutions 2015-1112-AD11 and 2016-0211-AD07:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Payment dates</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cosgrove Distributors Inc.</td>
<td>12/21/15</td>
<td>$9,225.92</td>
</tr>
<tr>
<td>Grayboy Building Maintenance</td>
<td>12/16/15</td>
<td>$15,790.36</td>
</tr>
<tr>
<td>M. J. Kellner Co. Inc.</td>
<td>12/28/15</td>
<td>$1,806,912.20</td>
</tr>
<tr>
<td>M. J. Kellner Co. Inc.</td>
<td>3/31/16</td>
<td>$1,929,224.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total M.J. Kellner</strong></td>
</tr>
<tr>
<td>Smith Maintenance Company</td>
<td>11/25/15</td>
<td>$251,665.26</td>
</tr>
<tr>
<td>Smith Maintenance Company</td>
<td>12/29/15</td>
<td>$125,832.63</td>
</tr>
<tr>
<td>Smith Maintenance Company</td>
<td>2/10/16</td>
<td>$129,811.11</td>
</tr>
<tr>
<td>Smith Maintenance Company</td>
<td>3/21/16</td>
<td>$151,826.83</td>
</tr>
<tr>
<td>Smith Maintenance Company</td>
<td>4/14/16</td>
<td>$151,826.83</td>
</tr>
<tr>
<td>Smith Maintenance Company</td>
<td>5/19/16</td>
<td>$151,826.83</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Smith Maintenance</strong></td>
</tr>
<tr>
<td>Sysco St. Louis LLC</td>
<td>12/16/15</td>
<td>$32,418.85</td>
</tr>
</tbody>
</table>

**Total State of Illinois Assigned/Purchased Receivables** $4,756,360.92
Bonds Issued - Fiscal Year Comparison for the Period Ending May 31, 2016

Fiscal Year 2014

<table>
<thead>
<tr>
<th>#</th>
<th>Market Sector</th>
<th>Principal Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Agriculture - Beginner Farmer</td>
<td>3,729,751</td>
</tr>
<tr>
<td>4</td>
<td>Education</td>
<td>93,895,000</td>
</tr>
<tr>
<td>9</td>
<td>Healthcare - Hospital</td>
<td>1,493,795,000</td>
</tr>
<tr>
<td>4</td>
<td>Healthcare - CCRC</td>
<td>84,995,000</td>
</tr>
<tr>
<td>1</td>
<td>Industrial Revenue</td>
<td>10,000,000</td>
</tr>
<tr>
<td>11</td>
<td>501(c)(3) Not-for-Profit</td>
<td>165,617,000</td>
</tr>
<tr>
<td>6</td>
<td>Local Government</td>
<td>247,360,000</td>
</tr>
</tbody>
</table>

56 $ 2,099,391,751

Fiscal Year 2015

<table>
<thead>
<tr>
<th>#</th>
<th>Market Sector</th>
<th>Principal Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Agriculture - Beginner Farmer</td>
<td>4,154,742</td>
</tr>
<tr>
<td>4</td>
<td>Education</td>
<td>788,149,000</td>
</tr>
<tr>
<td>11</td>
<td>Healthcare - Hospital</td>
<td>1,416,385,000</td>
</tr>
<tr>
<td>1</td>
<td>Healthcare - CCRC</td>
<td>39,640,000</td>
</tr>
<tr>
<td>2</td>
<td>Industrial Revenue</td>
<td>14,000,000</td>
</tr>
<tr>
<td>11</td>
<td>501(c)(3) Not-for-Profit</td>
<td>236,986,075</td>
</tr>
<tr>
<td>6</td>
<td>Local Government</td>
<td>12,000,000</td>
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</table>

45 $ 2,511,314,817

Fiscal Year 2016

<table>
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<th>Market Sector</th>
<th>Principal Issued</th>
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</thead>
<tbody>
<tr>
<td>13</td>
<td>Agriculture - Beginner Farmer</td>
<td>3,462,495</td>
</tr>
<tr>
<td>9</td>
<td>Education</td>
<td>676,100,000</td>
</tr>
<tr>
<td>10</td>
<td>Healthcare - Hospital</td>
<td>1,639,243,000</td>
</tr>
<tr>
<td>6</td>
<td>Healthcare - CCRC</td>
<td>381,762,000</td>
</tr>
<tr>
<td>1</td>
<td>Industrial Revenue</td>
<td>100,000,000</td>
</tr>
<tr>
<td>8</td>
<td>501(c)(3) Not-for-Profit</td>
<td>667,050,000</td>
</tr>
<tr>
<td>1</td>
<td>Local Government</td>
<td>14,540,000</td>
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</tbody>
</table>

48 $3,482,157,495
### Bonds Issued between July 01, 2015 and May 31, 2016

**Bonds Issued and Outstanding as of May 31, 2016**

<table>
<thead>
<tr>
<th>Bond Issue</th>
<th>Date Issued</th>
<th>Initial Interest</th>
<th>Principal Issued</th>
<th>Bonds Refunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-BFB Beginning Farmer Bond</td>
<td>07/01/2015</td>
<td>Fixed at Schedule</td>
<td>1,779,775</td>
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</tr>
<tr>
<td>E-PC North Central College</td>
<td>07/09/2015</td>
<td>Variable</td>
<td>30,177,000</td>
<td>0</td>
</tr>
<tr>
<td>501(c)(3) Shedd Aquarium Society</td>
<td>07/24/2015</td>
<td>Fixed at Schedule</td>
<td>22,945,000</td>
<td>22,945,000</td>
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<tr>
<td>501(c)(3) Field Museum of Natural History</td>
<td>07/28/2015</td>
<td>Variable</td>
<td>88,500,000</td>
<td>88,500,000</td>
</tr>
<tr>
<td>HO Little Company of Mary Hospital</td>
<td>08/18/2015</td>
<td>Variable</td>
<td>102,000,000</td>
<td>72,000,000</td>
</tr>
<tr>
<td>501(c)(3) The Joint Commission</td>
<td>08/26/2015</td>
<td>Fixed at Schedule</td>
<td>16,000,000</td>
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</tr>
<tr>
<td>501(c)(3) Providence St. Mel</td>
<td>09/01/2015</td>
<td>Variable</td>
<td>19,040,000</td>
<td>9,800,000</td>
</tr>
<tr>
<td>501(c)(3) Goodman Theatre</td>
<td>09/01/2015</td>
<td>Fixed at Schedule</td>
<td>24,680,000</td>
<td>24,680,000</td>
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<tr>
<td>CCRC Villa St. Benedict</td>
<td>09/10/2015</td>
<td>Fixed at Schedule</td>
<td>39,030,000</td>
<td>37,210,000</td>
</tr>
<tr>
<td>E-PC The University of Chicago</td>
<td>09/10/2015</td>
<td>Fixed at Schedule</td>
<td>415,825,000</td>
<td>224,030,000</td>
</tr>
<tr>
<td>HO Advocate Health Care</td>
<td>09/25/2015</td>
<td>Fixed at Schedule</td>
<td>100,000,000</td>
<td>100,000,000</td>
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<tr>
<td>HO OSF HealthCare System</td>
<td>09/28/2015</td>
<td>Fixed at Schedule</td>
<td>462,420,000</td>
<td>216,231,343</td>
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<tr>
<td>HO Palos Community Hospital</td>
<td>10/01/2015</td>
<td>Variable</td>
<td>232,015,000</td>
<td>220,145,000</td>
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<td>HO Riverside Health Systems</td>
<td>10/14/2015</td>
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<td>37,165,000</td>
<td>37,165,000</td>
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<tr>
<td>E-PC Columbia College Chicago</td>
<td>10/15/2015</td>
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<td>58,465,000</td>
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<tr>
<td>CCRC Plymouth Place</td>
<td>10/20/2015</td>
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<td>56,260,000</td>
<td>56,260,000</td>
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<tr>
<td>HO Advocate Health Care</td>
<td>10/22/2015</td>
<td>Fixed at Schedule</td>
<td>71,645,000</td>
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<td>E-PC Nazareth Academy</td>
<td>10/28/2015</td>
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<td>10,500,000</td>
</tr>
<tr>
<td>HO Sarah Bush Lincoln Health Center</td>
<td>11/24/2015</td>
<td>Variable</td>
<td>30,000,000</td>
<td>0</td>
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<tr>
<td>HO Passavant Hospital</td>
<td>11/30/2015</td>
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<td>CCRC Norwegian Lutheran Bethesda Home Association</td>
<td>12/16/2015</td>
<td>Variable</td>
<td>7,517,000</td>
<td>582,446</td>
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<tr>
<td>E-PC Intrinsic Schools-Belmont School Project</td>
<td>12/17/2015</td>
<td>Fixed at Schedule</td>
<td>21,855,000</td>
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<td>A-BFB Beginning Farmer Bonds</td>
<td>01/01/2016</td>
<td>Variable</td>
<td>1,682,720</td>
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<tr>
<td>E-PC Loyola Academy</td>
<td>01/26/2016</td>
<td>Variable</td>
<td>21,743,000</td>
<td>21,500,000</td>
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<tr>
<td>IRB CenterPoint Joliet Terminal Railroad, LLC</td>
<td>01/28/2016</td>
<td>Variable</td>
<td>100,000,000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Date</td>
<td>Type</td>
<td>Face Amount 1</td>
<td>Discount Amount 1</td>
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<tr>
<td>------------------</td>
<td>------------</td>
<td>--------------------</td>
<td>--------------</td>
<td>------------------</td>
</tr>
<tr>
<td>HO UnityPoint Health</td>
<td>02/08/2016</td>
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<td>51,220,000</td>
<td>51,220,000</td>
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<tr>
<td>501(c)(3) Chicago Shakespeare Theater</td>
<td>02/11/2016</td>
<td>Variable</td>
<td>15,100,000</td>
<td>4,100,000</td>
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<tr>
<td>E-PC University of St. Francis</td>
<td>02/23/2016</td>
<td>Variable</td>
<td>15,000,000</td>
<td>0</td>
</tr>
<tr>
<td>CCRC Christian Homes</td>
<td>03/10/2016</td>
<td>Fixed at Schedule</td>
<td>29,885,000</td>
<td>11,160,000</td>
</tr>
<tr>
<td>E-PC Adler University Project</td>
<td>03/28/2016</td>
<td>Fixed at Schedule</td>
<td>19,100,000</td>
<td>0</td>
</tr>
<tr>
<td>CCRC Park Place of Elmhurst</td>
<td>04/01/2016</td>
<td>Fixed at Schedule</td>
<td>146,125,000</td>
<td>122,030,000</td>
</tr>
<tr>
<td>E-PC DePaul University</td>
<td>04/13/2016</td>
<td>Fixed at Schedule</td>
<td>68,735,000</td>
<td>0</td>
</tr>
<tr>
<td>LG Community Unit School District 3</td>
<td>04/15/2016</td>
<td>Variable</td>
<td>14,540,000</td>
<td>0</td>
</tr>
<tr>
<td>CCRC Presbyterian Homes</td>
<td>04/02/2016</td>
<td>Fixed at Schedule</td>
<td>102,945,000</td>
<td>102,945,000</td>
</tr>
<tr>
<td>501(c)(3) Association House of Chicago</td>
<td>04/27/2016</td>
<td>Variable</td>
<td>5,765,000</td>
<td>4,611,281</td>
</tr>
<tr>
<td>501(c)(3) Mercy Health Corporation</td>
<td>05/18/2016</td>
<td>Fixed at Schedule</td>
<td>475,020,000</td>
<td>0</td>
</tr>
<tr>
<td>HO Presence Health Network</td>
<td>05/26/2016</td>
<td>Variable</td>
<td>530,000,000</td>
<td>352,675,000</td>
</tr>
</tbody>
</table>

**Total Bonds Issued as of May 31, 2016**  
$3,482,157,495  
$1,848,755,070

**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, 2015 and May 31, 2016

<table>
<thead>
<tr>
<th>Date Funded</th>
<th>Rate</th>
<th>Loan Proceeds</th>
<th>Acres</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/2015</td>
<td>5.00</td>
<td>460,000</td>
<td>80.00</td>
<td>Montgomery</td>
</tr>
<tr>
<td>10/02/2015</td>
<td>5.00</td>
<td>198,100</td>
<td>39.24</td>
<td>Saline</td>
</tr>
<tr>
<td>10/14/2015</td>
<td>5.00</td>
<td>333,750</td>
<td>50.00</td>
<td>Ford</td>
</tr>
<tr>
<td>11/09/2015</td>
<td>2.9</td>
<td>174,000</td>
<td>58.00</td>
<td>Wayne</td>
</tr>
<tr>
<td>12/11/2015</td>
<td>3.25</td>
<td>230,000</td>
<td>33.00</td>
<td>Whiteside</td>
</tr>
<tr>
<td>12/29/2015</td>
<td>3.00</td>
<td>483,925</td>
<td>74.45</td>
<td>Henry</td>
</tr>
<tr>
<td>03/01/2016</td>
<td>3.50</td>
<td>333,500</td>
<td>86.44</td>
<td>White</td>
</tr>
<tr>
<td>03/04/2016</td>
<td>3.50</td>
<td>192,500</td>
<td>110.00</td>
<td>White</td>
</tr>
<tr>
<td>03/04/2016</td>
<td>3.25</td>
<td>79,375</td>
<td>40.00</td>
<td>Hamilton</td>
</tr>
<tr>
<td>03/04/2016</td>
<td>3.25</td>
<td>79,375</td>
<td>40.00</td>
<td>Hamilton</td>
</tr>
<tr>
<td>03/24/2016</td>
<td>3.25</td>
<td>176,970</td>
<td>68.00</td>
<td>Jasper</td>
</tr>
<tr>
<td>04/21/2016</td>
<td>3.25</td>
<td>301,000</td>
<td>80.00</td>
<td>Stark</td>
</tr>
<tr>
<td>05/19/2016</td>
<td>2.50</td>
<td>520,000</td>
<td>153.50</td>
<td>Clinton</td>
</tr>
</tbody>
</table>

Total Beginner Farmer Bonds $3,462,495 912.63
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)

<table>
<thead>
<tr>
<th>Principal Outstanding</th>
<th>Program Limitations</th>
<th>Remaining Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Illinois Finance Authority &quot;IFA&quot;</strong>&lt;sup&gt;(b)&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>$48,313,152</td>
<td>$51,772,647</td>
</tr>
<tr>
<td>Education</td>
<td>$4,273,041,117</td>
<td>$4,715,730,396</td>
</tr>
<tr>
<td>Healthcare</td>
<td>$13,533,399,874</td>
<td>$15,321,380,596</td>
</tr>
<tr>
<td>Industrial Development [includes Recovery Zone/Midwest Disaster]</td>
<td>$695,925,824</td>
<td>$779,216,622</td>
</tr>
<tr>
<td>Local Government</td>
<td>$294,800,000</td>
<td>$315,810,000</td>
</tr>
<tr>
<td>Multifamily/Senior Housing</td>
<td>$168,364,435</td>
<td>$157,431,700</td>
</tr>
<tr>
<td>501(c)(3) Not-for Profits</td>
<td>$1,406,990,039</td>
<td>$1,571,579,210</td>
</tr>
<tr>
<td>Exempt Facilities Bonds</td>
<td>$249,915,000</td>
<td>$199,915,000</td>
</tr>
<tr>
<td><strong>Total IFA Principal Outstanding</strong></td>
<td>$20,670,344,491</td>
<td>$23,112,836,171</td>
</tr>
<tr>
<td><strong>Illinois Development Finance Authority &quot;IDFA&quot;</strong>&lt;sup&gt;(b)&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>$496,388</td>
<td>$496,388</td>
</tr>
<tr>
<td>Healthcare</td>
<td>$80,200,000</td>
<td>$77,000,000</td>
</tr>
<tr>
<td>Industrial Development</td>
<td>$113,009,096</td>
<td>$209,637,288</td>
</tr>
<tr>
<td>Local Government</td>
<td>$358,231,651</td>
<td>$225,377,285</td>
</tr>
<tr>
<td>Multifamily/Senior Housing</td>
<td>$704,441,769</td>
<td>$83,679,117</td>
</tr>
<tr>
<td>501(c)(3) Not-for Profits</td>
<td>$118,035,000</td>
<td>$626,864,790</td>
</tr>
<tr>
<td>Exempt Facilities Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total IDFA Principal Outstanding</strong></td>
<td>$1,374,413,906</td>
<td>$1,223,054,868</td>
</tr>
</tbody>
</table>

### Section I (b) General Purpose Moral Obligations

<table>
<thead>
<tr>
<th>Program Limitations</th>
<th>Remaining Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]</strong></td>
<td></td>
</tr>
<tr>
<td>* Issued through IRBB - Local Government Pools</td>
<td></td>
</tr>
<tr>
<td>*Issued through IFA - Local Government Pools</td>
<td></td>
</tr>
<tr>
<td>Issued through IFA - Illinois Medical District Commission</td>
<td>$36,280,000</td>
</tr>
<tr>
<td><strong>Total General Moral Obligations</strong></td>
<td>$36,280,000</td>
</tr>
</tbody>
</table>

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

### Section I (c) Financially Distressed Cities Moral Obligations

<table>
<thead>
<tr>
<th>Remaining MDAB Volume Cap</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Illinois Finance Authority Act [20 ILCS 3501/825-60]</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued through IFA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued through IDFA</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Financially Distressed Cities</strong></td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

### Section I (d) State Component Unit Bonds<sup>(1)</sup>

<table>
<thead>
<tr>
<th>ARRA Act of 2009 Volume Cap Allocated&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>City/Counties Ceded Voluntarily to(by) IFA</th>
<th>Bonds issued as of December 31, 2014</th>
<th>Remaining ARRA Volume Cap for each Program as of December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery Zone Economic Development Barns**&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>$666,972,000</td>
<td>$16,940,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Recovery Zone Facilities Barns**&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>$1,066,457,000</td>
<td>$249,304,960</td>
<td>214,849,804</td>
</tr>
<tr>
<td>Qualified Energy Conservation Barns***</td>
<td>$133,846,000</td>
<td>(17,865,000)</td>
<td>82,795,000</td>
</tr>
</tbody>
</table>

** 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 QECBs 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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<sup>(b)</sup> Deliveries made to County Treasurers.<br><sup>(c)</sup> 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.<br><sup>(d)</sup> 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 II

<table>
<thead>
<tr>
<th>Program</th>
<th>Principal Outstanding</th>
<th>Program Limitations</th>
<th>Remaining Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois Power Agency</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4,000,000,000</td>
</tr>
</tbody>
</table>

**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.

## Section III

<table>
<thead>
<tr>
<th>Program</th>
<th>Principal Outstanding</th>
<th>Program Limitations</th>
<th>Remaining Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 3,000,000,000</td>
</tr>
</tbody>
</table>

## Section IV

<table>
<thead>
<tr>
<th>Program</th>
<th>Principal Outstanding</th>
<th>Program Limitations</th>
<th>Remaining Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri Debt Guarantees [Restructuring Existing Debt]</td>
<td>$ 8,108,370</td>
<td>$ 6,875,102</td>
<td>$ 160,000,000</td>
</tr>
<tr>
<td>AG Loan Guarantee Program</td>
<td>$ 8,511,765</td>
<td>$ 7,144,976</td>
<td>$ 225,000,000</td>
</tr>
<tr>
<td>Agri Industry Loan Guarantee Program</td>
<td>$ 4,543,157</td>
<td>$ 3,714,751</td>
<td>$ 121,855,024</td>
</tr>
<tr>
<td>Farm Purchase Guarantee Program</td>
<td>$ 909,887</td>
<td>$ 896,197</td>
<td>$ 673,468</td>
</tr>
<tr>
<td>Specialized Livestock Guarantee Program</td>
<td>2,163,574</td>
<td>1,681,563</td>
<td>1,429,329</td>
</tr>
<tr>
<td>Young Farmer Loan Guarantee Program</td>
<td>895,146</td>
<td>850,464</td>
<td>722,895</td>
</tr>
<tr>
<td>Total State Guarantees</td>
<td>$ 16,620,134</td>
<td>$ 14,020,078</td>
<td>$ 370,979,922</td>
</tr>
</tbody>
</table>

## Section V

<table>
<thead>
<tr>
<th>Program</th>
<th>Principal Outstanding</th>
<th>Cash and Investment Balance</th>
<th>Remaining Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Truck Revolving Loan Program *</td>
<td>$ 17,052,813</td>
<td>$ 21,318,064</td>
<td>$ 1,128,630</td>
</tr>
<tr>
<td>Ambulance Revolving Loan Program *</td>
<td>$ 415,920</td>
<td>$ 247,280</td>
<td>$ 3,973,420</td>
</tr>
</tbody>
</table>

**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.

## Section VI

<table>
<thead>
<tr>
<th>Program</th>
<th>Principal Outstanding</th>
<th>Program Limitations</th>
<th>Remaining Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental [Large Business]</td>
<td>$ 16,495,000</td>
<td>$ 15,535,000</td>
<td>$ 2,425,000,000</td>
</tr>
<tr>
<td>Issued through IFA</td>
<td></td>
<td></td>
<td>$ 2,295,755,000</td>
</tr>
<tr>
<td>Issued through IDFA</td>
<td>118,035,000</td>
<td>113,710,000</td>
<td></td>
</tr>
<tr>
<td>Total Environmental [Large Business]</td>
<td>$ 134,530,000</td>
<td>$ 129,245,000</td>
<td>$ 2,425,000,000</td>
</tr>
</tbody>
</table>

## Section VII

<table>
<thead>
<tr>
<th>Program</th>
<th>Principal Outstanding</th>
<th>Original Amount</th>
<th>June 30, 2015</th>
<th>May 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Loans</td>
<td></td>
<td>23,030,158</td>
<td>1,107,646</td>
<td>423,737</td>
</tr>
<tr>
<td>Business &amp; Industry</td>
<td></td>
<td>6,079,859</td>
<td>96,159</td>
<td></td>
</tr>
<tr>
<td>Participation Loans excluding Defaults &amp; Allowances</td>
<td>$ 29,100,017</td>
<td>$ 21,203,805</td>
<td>$ 423,737</td>
<td></td>
</tr>
<tr>
<td>Local Government Direct Loans</td>
<td>$ 1,289,750</td>
<td>$ 1,266,000</td>
<td>$ 103,000</td>
<td></td>
</tr>
<tr>
<td>Rural Bond Bank Local Government Note Receivable</td>
<td>$ 25,402,037</td>
<td>$ 17,179,937</td>
<td>$ 18,223,066</td>
<td></td>
</tr>
<tr>
<td>FmHA Loans</td>
<td>$ 963,250</td>
<td>$ 207,658</td>
<td>$ 186,187</td>
<td></td>
</tr>
<tr>
<td>Renewable Energy (RED Fund)</td>
<td>$ 2,000,000</td>
<td>$ 1,302,261</td>
<td>$ 126,000</td>
<td></td>
</tr>
<tr>
<td>Total Loans Outstanding</td>
<td>$ 34,353,017</td>
<td>$ 23,158,036</td>
<td>$ 18,973,857</td>
<td></td>
</tr>
<tr>
<td>IRB funds were defeased and transferred into a note receivable with the IFA.</td>
<td>$ 34,353,017</td>
<td>$ 23,158,036</td>
<td>$ 18,973,857</td>
<td></td>
</tr>
</tbody>
</table>

## Section VIII

<table>
<thead>
<tr>
<th>Program</th>
<th>Principal Outstanding</th>
<th>Statutory Debt Limitation</th>
<th>Remaining HELA Debt Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwestern University Foundation - Student Loan Program Revenue Bonds</td>
<td>$ 15,000,000</td>
<td>$ 200,000,000</td>
<td>$ 185,000,000</td>
</tr>
</tbody>
</table>

---

[a] Total subject to change; late month payment data may not be included at issuance of report.
[b] State Component Unit Bonds included in balance.
[c] Does not include Unamortized issuance premium as reported in Audited Financials.
[d] Program Limitation reflects the increase from $75 million to $225 million effective 01/01/2010 under P.A. 96-103.
[e] Program Limitation reflects the increase from $75 million to $225 million effective 01/01/2010 under P.A. 96-103.
[f] Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.
[g] Includes EPA Clean Water Revolving Fund
[h] Preliminary balances that are subject to change.

---

*ref: H:\Board Book Reports\June 2016\03- Schedule of Debt June 2016.xlsx\Fiscal Year 2016*
**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer  
**Date:** June 9, 2016  
**Re:** Monthly Procurement Report

---

**CONTRACTS EXECUTED**

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Vendor</th>
<th>Proposed Initial Term (Yrs)</th>
<th>Estimated Start/End</th>
<th>Estimated NTE Value</th>
<th>Prior Contract NTE Value</th>
<th>Prior Contract Expense</th>
<th>Avg Yrly Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois Procurement Code-Emergency Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Services and Employee Benefits</td>
<td>ADP TotalSource, Inc.</td>
<td>1</td>
<td>05/16-06/17</td>
<td>$353,518</td>
<td>$99,800</td>
<td>$99,800</td>
<td>$353,518</td>
</tr>
<tr>
<td>Temporary Finance/Procurement/Compliance Staffing</td>
<td>Accounting Principals, Inc.</td>
<td>6 mos</td>
<td>04/16-10/16</td>
<td>303,724</td>
<td>71,103</td>
<td>71,103</td>
<td>607,448</td>
</tr>
<tr>
<td>Illinois Procurement Code-Master Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Hardware Support/Maintenance</td>
<td>Hewlett Packard</td>
<td>1</td>
<td>05/16-05/17</td>
<td>3,846</td>
<td>3,846</td>
<td>3,846</td>
<td>3,846</td>
</tr>
<tr>
<td>Email Server Hardware</td>
<td>Hewlett Packard</td>
<td>1</td>
<td>05/16-05/17</td>
<td>3,878</td>
<td>3,878</td>
<td>3,878</td>
<td>3,878</td>
</tr>
<tr>
<td>Illinois Procurement Code-Competitive Bids/Proposals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardware Rental for Annual Disaster Recovery Testing</td>
<td>ImagIT Solutions</td>
<td>30 days</td>
<td>05/16-05/16</td>
<td>$2,952</td>
<td>$2,952</td>
<td>$2,952</td>
<td>$2,952</td>
</tr>
</tbody>
</table>

**CONTRACTS PENDING EXECUTION**

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Vendor</th>
<th>Proposed Initial Term (Yrs)</th>
<th>Estimated Start/End</th>
<th>Estimated NTE Value</th>
<th>Prior Contract NTE Value</th>
<th>Prior Contract Expense</th>
<th>Avg Yrly Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois Procurement Code-Competitive Bids/Proposals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Management Software Application</td>
<td>Technology Partnership Group, Inc.</td>
<td>3</td>
<td>07/16-06/19</td>
<td>$552,250</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Illinois Procurement Code-Sole Source Award (Upon CPO Approval)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Brokering Services-Director's/Officers; Property/Casualty</td>
<td>Mesirow Insurance Services, Inc.</td>
<td>1</td>
<td>06/16-06/17</td>
<td>$300,000</td>
<td>$22,900</td>
<td>$22,900</td>
<td>$22,900</td>
</tr>
</tbody>
</table>

**EXPIRED AND EXPIRING CONTRACTS**

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Vendor</th>
<th>Previous Term (Yrs)</th>
<th>Start/End</th>
<th>Estimated NTE Value</th>
<th>Prior Contract NTE Value</th>
<th>Prior Contract Expense</th>
<th>Avg Yrly Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois Procurement Code-Competitive Bids/Proposals</td>
<td>Howard Kenner Government Consulting</td>
<td>90 days</td>
<td>07/15-09/15</td>
<td>$15,000</td>
<td>$60,000</td>
<td>$60,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>State of Illinois Revolving Fund Program Financing - Underwriting Services*</td>
<td>Bank Of America/Merrill Lynch Inc.</td>
<td>3</td>
<td>08/13-07/16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State of Illinois Revolving Fund Program Financing - Underwriting Services*</td>
<td>Citigroup</td>
<td>3</td>
<td>08/13-07/16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State of Illinois Revolving Fund Program Financing - Underwriting Services*</td>
<td>Piper Jaffray &amp; Co.</td>
<td>3</td>
<td>08/13-07/16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
To: Illinois Finance Authority Board of Directors  
From: Melinda M. Gildart, Chief Financial Officer  
Date: June 9, 2016  
Re: Monthly Procurement Report

State of Illinois Revolving Fund Program Financing - Underwriting Services
- Ramirez & Co., Inc. 3 08/13-07/16 - - - -
- Siebert Brandford Shank & Co. 3 08/13-07/16 - - - -
- Wells Fargo Bank 3 08/13-07/16 - - - -
- J.P. Morgan Securities LLC 3 08/13-07/16 - - - -
- Jeffries LLC 3 08/13-07/16 - - - -
- Loop Capital Markets LLC 3 08/13-07/16 - - - -
- Morgan Stanley & Co. LLC 3 08/13-07/16 - - - -
- Raymond James 3 08/13-07/16 - - - -
- Noresco, LLC 5 11/11-11/16 - - - -

*Per the direction of the Executive Director, these contracts will not be renewed and/or new solicitations will not be initiated*

### Illinois Procurement Code-CPO Emergency Contracts

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Vendor</th>
<th>Proposed Renewal Term (Yrs)</th>
<th>Start/End</th>
<th>Estimated NTE Value</th>
<th>Prior Contract NTE Value</th>
<th>Prior Contract Expense</th>
<th>Avg Yrly Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying Agent/Custodian Services</td>
<td>U.S. Bank National Association</td>
<td>90 days</td>
<td>03/16-06/16</td>
<td>$4,500</td>
<td>$4,750</td>
<td>$4,750</td>
<td>$20,000</td>
</tr>
<tr>
<td>Board Book Printing Services</td>
<td>Swift Impressions, Inc.</td>
<td>90 days</td>
<td>03/16-06/16</td>
<td>3,000</td>
<td>2,500</td>
<td>2,500</td>
<td>10,000</td>
</tr>
<tr>
<td>Temporary Finance/Procurement/Compliance Staffing</td>
<td>Accounting Principals, Inc.</td>
<td>6 mos</td>
<td>04/16-10/16</td>
<td>303,724</td>
<td>71,103</td>
<td>71,103</td>
<td>607,448</td>
</tr>
<tr>
<td>IT Network Consulting Services</td>
<td>Catalyst Consulting, Inc.</td>
<td>9 mos</td>
<td>03/16-12/16</td>
<td>67,500</td>
<td>30,000</td>
<td>30,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Loan Management Services</td>
<td>Mabsco, Inc.</td>
<td>9 mos</td>
<td>03/16-12/16</td>
<td>75,000</td>
<td>25,000</td>
<td>25,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

### Illinois Procurement Code-CPO Small Purchases/Master Contracts

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Vendor</th>
<th>Proposed Renewal Term (Yrs)</th>
<th>Start/End</th>
<th>Estimated NTE Value</th>
<th>Prior Contract NTE Value</th>
<th>Prior Contract Expense</th>
<th>Avg Yrly Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Brokering Services-Director's/Officers; Property/Casualty</td>
<td>Mesirow Insurance Services, Inc.</td>
<td>1</td>
<td>06/15-06/16</td>
<td>$22,900</td>
<td>$22,900</td>
<td>$22,900</td>
<td>$22,900</td>
</tr>
<tr>
<td>Electronic Records Management Software-Maintenance/Support</td>
<td>Com Microfilm</td>
<td>16 mos</td>
<td>03/15-06/16</td>
<td>24,000</td>
<td>N/A</td>
<td>N/A</td>
<td>12,000</td>
</tr>
<tr>
<td>Electronic Records Management Software-Document Scanning</td>
<td>Com Microfilm</td>
<td>15 mos</td>
<td>03/15-06/16</td>
<td>49,500</td>
<td>175,000</td>
<td>175,000</td>
<td>66,726</td>
</tr>
<tr>
<td>Temporary Staffing Services</td>
<td>Anchor Staffing</td>
<td>1</td>
<td>07/15-06/16</td>
<td>49,500</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Moving and Storage Services</td>
<td>Midwest Moving and Storage, Inc.</td>
<td>1</td>
<td>07/15-06/16</td>
<td>35,000</td>
<td>45,000</td>
<td>45,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Public Meeting Reporting Services</td>
<td>Marzullo Reporting Agency</td>
<td>9 mos</td>
<td>09/15-06/16</td>
<td>3,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### UPCOMING RENEWALS

- **IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals**
  - Financial Advisory Services: Acacia 1 07/16-07/17 $175,000 $443,750 N/A $123,690
  - Financial Advisory Services: Sycamore Advisors, LLC 1 07/16-07/17 175,000 - - 13,289
  - Trustee/Custodial Services for State Revolving Fund and the Authority: Amalgamated Bank of Chicago 2 11/16-11/18 32,000 32,000 32,000 16,000
  - Investment Management Services for the Locally Held funds: Clear Arc Capital, Inc. 2 12/16-12/18 N/A - - 33,014
  - Bloomberg Anywhere License for Remote Access to Services: Bloomberg Finance L.P. 2 12/16-12/18 37,538 42,000 18,769 18,769
To: Illinois Finance Authority Board of Directors  
From: Melinda M. Gildart, Chief Financial Officer  
Date: June 9, 2016  
Re: Monthly Procurement Report

**ACTIVE SOLICITATIONS**

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Vendor</th>
<th>Proposed Initial Term (Yrs)</th>
<th>Start/End</th>
<th>Estimated NTE Value</th>
<th>Prior Contract NTE Value</th>
<th>Prior Contract Expense</th>
<th>Avg Yrly Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Accounting/Audit Services</td>
<td>TBD</td>
<td>2</td>
<td>08/16-07/18</td>
<td>N/A</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

**UPCOMING SOLICITATIONS**

<table>
<thead>
<tr>
<th>Services Provided</th>
<th>Vendor</th>
<th>Proposed Initial Term (Yrs)</th>
<th>Start/End</th>
<th>Estimated NTE Value</th>
<th>Prior Contract NTE Value</th>
<th>Prior Contract Expense</th>
<th>Avg Yrly Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Finance/Procurement/Compliance/IT Staffing</td>
<td>TBD</td>
<td>2</td>
<td>10/16-09/18</td>
<td>$30,724</td>
<td>$71,103</td>
<td>$71,103</td>
<td>$607,448</td>
</tr>
<tr>
<td>IT Network Consulting Services</td>
<td>TBD</td>
<td>3</td>
<td>01-17-12/19</td>
<td>N/A</td>
<td>40,000</td>
<td>40,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Typesetting and Printing Services</td>
<td>TBD</td>
<td>3</td>
<td>01-16-10/19</td>
<td>N/A</td>
<td>233,000</td>
<td>233,000</td>
<td>233,000</td>
</tr>
<tr>
<td>Loan Management and Paying Agent/Custodian Services</td>
<td>TBD</td>
<td>3</td>
<td>01-17-12/19</td>
<td>N/A</td>
<td>110,000</td>
<td>158,662</td>
<td>52,887</td>
</tr>
<tr>
<td>Financial Deposit Institution/Cash Management</td>
<td>TBD</td>
<td>3</td>
<td>01-17-12/21</td>
<td>N/A</td>
<td>105,000</td>
<td>105,000</td>
<td>105,000</td>
</tr>
</tbody>
</table>

*For comparison purposes only. Includes only the initial term, not renewals.*
To: IFA Board of Directors
From: Lorrie Karcher and Patrick Evans
Date: June 9, 2016
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to $520,000 maximum of new money for each project
- **Project Type:** Beginning Farmer Revenue Bonds
- **Total Requested:** $112,500

**Calendar Year Summary:** (as of June 9, 2016)
- Volume Cap: $10,000,000
- Volume Cap Committed: $1,724,220
- Volume Cap Remaining: $8,275,780
- Average Farm Acreage: 64
- Number of Farms Financed: 8

**IFA Benefits:**
- **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
- **New Money Bonds:**
  - Convey tax-exempt status
  - Will use dedicated 2016 IFA Volume Cap set-aside for Beginning Farmer Bond transactions

**IFA Fees:**
- One-time closing fee will total 1.50% of the bond amount for each project

**Structure/Ratings:**
- Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower’s bank (the “Bank”)
- The Bank will be secured by the Borrower’s assets, as on a commercial loan
- Interest rates, terms, and collateral are negotiated between the Borrower and the Bank, just as with any commercial loan
- Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan

**Bond Counsel:** Burke, Burns & Pinelli, Ltd.
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL  60602
### A. Project Number: 30369

**Borrower(s):** Ochs, Trevor A.

**Borrower Benefit:** First Time Land Buyer

**Town:** Newton, IL

**IFA Bond Amount:** S112,500.00

**Use of Funds:** Farmland – 22 acres of farmland w/buildings

**Purchase Price:** $250,000 / $4,850 per acre

**%Borrower Equity:** 0%

**%USDA Farm Service Agency:** 50% *(Subordinate Financing)*

**%IFA:** 50%

**Township:** Fox

**Counties/Regions:** Jasper / Southeastern

**Lender/Bond Purchase:** Peoples State Bank of Newton / Brian Bohnhoff

**Legislative Districts**

- Congressional: 15
- State Senate: 55
- State House: 109

Principal shall be paid annually in installments determined pursuant to a Thirty year amortization schedule, with the first principal payment date to begin on April 1, 2017. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on April 1, 2017 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.
$357,588
FRANK A. MCKINLEY & LORI K. MCKINLEY
AGRI-DEBT GUARANTEE

June 9, 2016

REQUEST

Purpose: Provide 85% loan guarantee in favor of Flanagan State Bank to refinance the Borrower’s debts.

Project Description: This proposed loan of $357,588 will refinance existing equipment ($316,722) debt plus $40,866 of ag related debt with Flanagan State Bank. Flanagan State Bank will be the provider of all the Borrowers’ debt.

Program Product Type: Agri-Debt Guarantee Program (State Guarantee Program for restructuring Agricultural Debt) (Statutory Reference: 20 ILCS 3501/830-30, Administrative Rule: Title 74, Chapter VIII, Part 1100, Section 1100.725(h))

State Treasurer’s Funds at Risk: $303,949

Conditions: 1) Annual Profit/Loss statements and annual Balance Sheets provided to Lender and IFA. 2) Annual detail listing of Equipment

BOARD ACTIONS

Final Resolution – 85% Loan Guarantee

Voting Record: None prior

MATERIAL CHANGES

N/A

JOB DATA

N/A Current jobs N/A New jobs projected
N/A Retained jobs N/A Construction jobs projected

BORROWER DESCRIPTION

● Type of entity: Individual
● Location: Flanagan, IL (Livingston & Woodford Counties)
● What does the entity do: Grain Farming
● What will new project facilitate: Refinancing Borrower’s equipment debts

PROPOSED STRUCTURE

Originating Bank: Flanagan State Bank (“Bank”)

Collateral: Equipment, now presently owned or hereafter acquired
Collateral Position: 1st lien position equipment
Maturity: 7 years
Interest Rate: 2.5% over 1 year constant maturity (presently (See confidential Section)

SOURCES AND USES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFA Guarantee</td>
<td>$357,588</td>
<td>Refinance JD Credit</td>
<td>$148,724</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refinance FCS</td>
<td>$167,998</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refinance Flanagan EQ</td>
<td>$40,866</td>
</tr>
<tr>
<td>Total</td>
<td>$357,588</td>
<td>Total</td>
<td>$357,588</td>
</tr>
</tbody>
</table>

RECOMMENDATION

Credit Review Committee recommends approval.
ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 9, 2016

Project: Frank & Lori McKinley

STATISTICS

<table>
<thead>
<tr>
<th>Project Number:</th>
<th>Amount:</th>
<th>$357,588</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type:</td>
<td>IFA Staff:</td>
<td>Patrick Evans</td>
</tr>
<tr>
<td>County/Region:</td>
<td>City:</td>
<td>Flanagan</td>
</tr>
</tbody>
</table>

BOARD ACTION

Final Resolution - 85% Loan Guarantee Credit Review Committee recommends approval.
State Treasurer’s Reserve Funds at risk: $303,949 Extraordinary conditions: None

VOTING RECORD

None. This is the first time this project has been presented to the Board of Directors.

PURPOSE

Use of proceeds: Refinance the Borrower’s existing equipment debts.

IFA PROGRAM AND CONTRIBUTION

The Authority’s Agriculture Guarantee Program guarantees up to 85% of a Bank’s loans to Illinois farmers and agribusiness owners. The Agri-Debt Guarantee Program is available to assist farmers in refinancing and restructuring their debts. The guarantees are not transferable without the Authority’s written consent. The Authority’s agricultural guarantee obligations are backed by an IFA reserve capitalized for this program. These guarantees are also full faith and credit obligations of the State of Illinois. IFA’s issuance of guarantees helps IFA borrowers obtain debt financing at reduced rates of interest and improved terms.

VOLUME CAP

N/A

JOBS

<table>
<thead>
<tr>
<th>Current employment:</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs retained:</td>
<td>N/A</td>
</tr>
<tr>
<td>Projected new jobs:</td>
<td>N/A</td>
</tr>
<tr>
<td>Construction jobs:</td>
<td>N/A</td>
</tr>
</tbody>
</table>

ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources: IFA Guarantee:</th>
<th>$357,588</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uses:</td>
<td></td>
</tr>
<tr>
<td>Refinance JD Credit:</td>
<td>$148,724</td>
</tr>
<tr>
<td>Refinance FCS:</td>
<td>$167,998</td>
</tr>
<tr>
<td>Refinance Flanagan:</td>
<td>$ 40,866</td>
</tr>
</tbody>
</table>

Total $357,588

FINANCING SUMMARY/STRUCTURE

Security: 1st Lien on Equipment
Structure: 7 year term and amortization.
Interest Mode: Adjustable annually to the 1-year constant maturity
Credit Enhancement: IFA 85% Guarantee
Maturity: 7 Years – June 15, 2023
Estimated Closing Date: June 15, 2016
PROJECT/BUSINESS SUMMARY

Character: Frank and Lori McKinley, who are in the mid 50’s maintains a farming operation in Livingston and Woodford Counties. The operation consists of approximately 1,814 full share acres, consisting of 253 owned, 751 acres crop shared and the remaining cash rented. His operation consists of 50% corn and 50% soybeans. Frank and his son do custom work for Gamesa, maintaining the roads for the Wind Towers in the area. They also do small tiling jobs for farmers in the area. His wife has a dog operation that contributes to the income.

Frank and Lori utilize Farm Bureau – Farm Management (FBFM) to maintain good farm records. The past 3 years of FBFM records recognize corn yield averaging 192 bushels per acre with bean yields at 60 bushels per acre. The wet year in 2015, reduced their yields and earnings. The 2016 FBFM crop budget recognize Frank & Lori McKinley to be average farmers in Central Illinois.

Capital: The individuals’ submitted balance sheet reflects the following financial ratios:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt-to-Assets Ratio</td>
<td>49.3%</td>
<td>47.0%</td>
<td>50.8%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.23X</td>
<td>1.09X</td>
<td>0.86X</td>
<td>0.74X</td>
</tr>
</tbody>
</table>

The above ratios identify the borrowers having about 50% of equity in this operation. However, due to lower commodity prices impacting earnings and annual capital purchases, the borrowers’ current ratio has decreased below a 1:1 ratio. See the confidential section for specific details.

IFA’s restructure of debt consists of the following:
- John Deere Credit, 2 loans
  1. 2015 JD 8 row corn head purchase price $81,000 plus Auto Track $3,000, Auto Track RowSense ($1,000): less trade-in $36,000: net $49,000, plus payoff on trade-in item $23,306 plus accrued interest $1,036, total debt relating to corn head $73,342 JD debt
  2. 2011 JD 9770 Combine debt: $75,382

**Total JD Credit Debt - $148,724**
- Farm Credit Service, 3 loans:
  1. JD 8530 Tractor – principal $23,948
  2. JD 9510T Tractor – principal $105,050
  3. Farm Equipment refinance - $39,000

**Total FCS Debt - $167,998.**
- **Flanagan State Bank** - $40,866 existing debt (originated 2014) secured by machinery

Total restructured debt: $357,588

Capacity: The McKinleys have submitted both their Federal Income Taxes and their FBFM accrued earnings for the past 3 years. See the confidential section for specific details.

Collateral: Per the Administrative Rules: The Authority is to view real estate as the primary collateral on State Guarantee Program loans, with machinery and equipment and breeding livestock to be used as secondary collateral, except when no real estate is available. Presently, the bank is in the process of obtaining a $1.3 million guarantee loan with FSA, pledging real estate as collateral for this loan. As a result, real estate is not available for this IFA guarantee loan.

The collateral for this loan will consist of a 1st lien on all equipment now owned or hereafter acquired. Value of the machinery and equipment suggests a loan-to-value of 32%. Flanagan Bank had local appraiser verify the values of the equipment as of May 2, 2016. See attached FBFM Fair Market Value Listing. Also, for the benefit of the Board, attached are equipment picture and values from tractorhouse.com. TractorHouse provides equipment value from across the US.
**Conditions:**
IFA guarantee of this request will be based upon the bank obtaining a 1st lien position on all farm equipment. A UCC-1 search will be obtained to verify the 1st lien position on equipment. The note will be a 7-year amortizing note with interest rates adjusting every year at 2.5% over the 1-year Constant Maturity. As of this write-up the initial interest rate will be 3.10%. The bank will obtain annual financial statements on the borrower. Plus the bank will obtain a detailed list of equipment on an annual basis.

**Rationale:**
The proposed loan will restructure existing equipment debt and carryover debt. This will allow the borrower to lower his present annual debt requirements, through restructuring debt and lowering rates.

**Timing:**
The proposed transaction is expected to close within 45 days of approval.

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**OWNERSHIP / ECONOMIC DISCLOSURE STATEMENT**

Applicant: Frank A. McKinley and Lori K. McKinley  
Project Location: 13072 North 200 East Road  
Flanagan, IL 61740  
Collateral: 1st lien on all Equipment  
Ownership: Frank A. McKinley and Lori K. McKinley

---

**PROFESSIONAL & FINANCIAL**

Borrower’s Counsel: N/A  
Accountant: Pioneer FBFM Assoc., Bloomington Nathan Waibel  
Appraiser: TBD  
Originating Bank: Flanagan State Bank, Flanagan David J. Wyss  
Bank Counsel: N/A  
IFA Advisors: Pioneer FBFM Association, Bloomington Nathan Waibel  
IFA Counsel: N/A

---

**LEGISLATIVE DISTRICTS**

Congressional: 16  
State Senate: 53  
State House: 106
**Request**

**Purpose:** Bond proceeds will be loaned to Lake Forest Academy (the “Borrower”), an Illinois not for profit corporation, to provide the Borrower with all or a portion of the funds necessary to (i) finance and/or refinance the costs related to various capital projects on the Borrower’s campus, including, but not limited to, the acquisition, construction, refurbishment, creation, development, redevelopment and equipping of a new student center and costs related thereto (collectively, the “Project”), (ii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series 1994 (Lake Forest Academy) (the “Series 1994 Bonds”), (iii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds (Lake Forest Academy), Series 2000 (the “Series 2000 Bonds”), and together with the Series 1994 Bonds, the “Prior Bonds”), (iv) pay capitalized interest on the Series 2016 Bonds, if so requested by the Borrower, (v) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Prior Bonds, if so requested by the Borrower, and (vi) pay expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Prior Bonds, all as permitted under the Illinois Finance Authority Act, as amended.

**Program:** 501(c)(3) Revenue Bonds  
**Extraordinary Conditions:** None.

No IFA Funds at risk. No State Funds at risk.

**Board Action**  
Final Bond Resolution (One-time consideration)

**Material Changes**  
This is the first time this matter has been considered by the IFA Board of Directors.

**Job Data**

<table>
<thead>
<tr>
<th>Current jobs</th>
<th>New jobs projected</th>
<th>Retained jobs</th>
<th>Construction jobs projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>177</td>
<td>3</td>
<td>N/A</td>
<td>125</td>
</tr>
</tbody>
</table>

**Borrower Description**

- **Location:** Lake Forest/Lake/Northeast  
- **Type of entity:** Lake Forest Academy (“LFA”) is a 501(c)(3) co-educational, independent, college-preparatory school founded in 1857 located on an 150-acre campus 30 miles north of Chicago.  
- **Students hail from 18 different states and 36 different countries. One-hundred percent of LFA’s graduates go on to attend 4-year colleges.**  
- **The state-of-the-art Student Union facility to be financed with the Series 2016 Bonds will include a modern, collegiate dining hall, a student activity center complete with televisions and a gaming area and a number of smaller, casual gathering spots for group study and relaxing with friends. Open 7 days per week for breakfast, lunch, dinner, work and play, the new Student Union facility will truly be the campus hub, particularly for the 325 students, faculty and their families that live on campus.**

**Credit Indicators**

- **Lake Forest Academy is currently a non-rated entity.**  
- **The Prior Bonds to be refunded are currently secured by a Letter of Credit issued by The Northern Trust Company which is scheduled to expire July 15, 2016.**

**Structure**

- **The plan of finance contemplates the direct purchase of the Series 2016 Bonds, issued in one or more series, by The Northern Trust Company.**  
- **The Bonds will be a general obligation revenue pledge of LFA.**  
- **The Northern Trust Company will establish a variable interest rate, reset every month, for an initial term of 3 years. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 1.00% and 2.00%.**  
- **The final maturity of the Bonds is expected to be no later than June 1, 2051 (i.e., 35 years).**

**Sources and Uses**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2016 Bonds</td>
<td>$16,500,000</td>
</tr>
<tr>
<td>Equity</td>
<td>500,000</td>
</tr>
<tr>
<td>Costs of Issuance</td>
<td>160,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17,000,000</strong></td>
</tr>
</tbody>
</table>

**Recommendation**

Credit Review Committee recommends approval.
ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 9, 2016

Project: Lake Forest Academy

STATISTICS

| IFA Project: | 12347 |
| Type: | 501(c)(3) Revenue Bonds |
| Location: | Lake Forest |

Amount: $17,000,000 (not-to-exceed amount)

IFA Staff: Rich Frampton and Brad R. Fletcher
County/Region: Lake / Northeast

BOARD ACTION

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

VOTING RECORD

This is the first time this matter has been considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be loaned to Lake Forest Academy (the “Borrower”), an Illinois not for profit corporation, to provide the Borrower with all or a portion of the funds necessary to (i) finance and/or refinance the costs related to various capital projects on the Borrower’s campus, including, but not limited to, the acquisition, construction, refurbishment, creation, development, redevelopment and equipping of a new student center and costs related thereto (collectively, the “Project”), (ii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series 1994 (Lake Forest Academy) (the “Series 1994 Bonds”), (iii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds (Lake Forest Academy), Series 2000 (the “Series 2000 Bonds”, and together with the Series 1994 Bonds, the “Prior Bonds”), (iv) pay capitalized interest on the Series 2016 Bonds, if so requested by the Borrower, (v) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Prior Bonds, if so requested by the Borrower, and (vi) pay expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Prior Bonds, all as permitted under the Illinois Finance Authority Act, as amended.

IFA PROGRAM AND CONTRIBUTION

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.

VOLUME CAP

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

JOBS

Current employment: 177  Projected new jobs: 3
Jobs retained: N/A  Construction jobs: 125 (12 months)
ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2016 Bonds $16,500,000</td>
<td>Project Costs $9,585,000</td>
</tr>
<tr>
<td>Equity 500,000</td>
<td>Series 1994/Series 2000 Refunding 7,255,000</td>
</tr>
<tr>
<td></td>
<td>Costs of Issuance 160,000</td>
</tr>
<tr>
<td><strong>Total</strong> $17,000,000</td>
<td><strong>Total</strong> $17,000,000</td>
</tr>
</tbody>
</table>

FINANCING SUMMARY

Structure/Security: The Series 2016 Bonds will be purchased directly by The Northern Trust Company (the “Bank” or “Bond Purchaser”). The Bank is expected to be secured by a general obligation revenue pledge of Lake Forest Academy.

Interest Rate: The Northern Trust Company will establish a variable interest rate, reset every month, for an initial term of 3 years. The initial interest rate will be negotiated and established prior to closing and is currently estimated at between 1.00% and 2.00%.

Maturity: The final maturity of the Bonds is expected to be no later than June 1, 2051 (i.e., 35 years).

Estimated Closing Date: June 2016

Rationale: The proposed Series 2016 Bonds will reduce monthly payments that will help Lake Forest Academy keep its fixed charges (including debt service payments) as low as possible.

Based on market conditions and current rates, LFA and its advisors estimate that a tax-exempt financing can be completed at a rate that is significantly lower than a taxable loan or taxable bonds for the same fixed term. The savings from a tax-exempt financing will also free up Academy cash to be used for other projects that will enhance the campus.

The new Student Union facility will enhance the student experience by providing a centralized campus hub where students can gather to eat, study or relax. The state-of-the-art facility will include a modern, collegiate dining hall, a student activity center complete with televisions and a gaming area and a number of smaller, casual gathering spots for group study and relaxing with friends. These amenities will allow the Academy to continue as a premier education institution and to continue to attract diverse and qualified students. Open 7 days per week for breakfast, lunch, dinner, work and play, the new student union will truly be the campus hub, particularly for the 325 students, faculty and their families that live on campus.
BUSINESS SUMMARY

Background: Lake Forest Academy (“LFA” or the “Borrower”) is an Illinois not-for-profit corporation and is 501(c)(3) co-educational, independent, college-preparatory school founded in 1857 located on a 150-acre campus 30 miles north of Chicago.

LFA is governed by a Board of Trustees (see Economic Disclosure Statement on pp. 5-6 for further information).

Description: Lake Forest Academy was established in 1857 as the boys’ preparatory department of Lind University (later renamed Lake Forest University). The girls’ preparatory department was added in 1869; it was called the “Young Ladies’ Seminary at Ferry Hall” until 1887 when it became known simply as Ferry Hall. In 1925, LFA and Ferry Hall legally separated from Lake Forest College, becoming independent secondary educational institutions. In 1974, LFA and Ferry Hall merged into one coeducational independent school called Lake Forest Academy – Ferry Hall. In 1988, the school dropped the name “Ferry Hall” and continued as Lake Forest Academy.

LFA was originally located on the campus of Lake Forest College, but in 1946, a fire destroyed the main Academy building. The school purchased the former estate of J. Ogden Armour and converted it into a school campus. During the 1950s and 1960s, the LFA campus expanded with the additions of the Glore Memorial Gymnasium, Marshall Field House dormitory, and Corbin Academic Center. Further campus improvements in the 1980s and 1990s included: Hutchinson Commons, Keller Chapel, MacKenzie Ice Rink; Wetzel-Shoellhorn Track, and Atlass Hall dormitory.

In 2001, Dr. John Strudwick came on board as Head of School at LFA and oversaw continued improvements to The Cressey Center for the Arts (2001), West Village faculty homes (2006), Fitzsimmons Athletic wing (2009), Crown Fitness and Wellness Center (2010), Ferry Hall (2012), Reyes Family Science Center (2013), Corbin Academic Center (2014), and Korhumel Wing (2014).

Funds raised from the Spring Gala in 2015 went towards improving the lighting, sound, and production capabilities of The Cressey Center for the Arts. Currently, the new Student Union facility is under construction and will open in Fall 2016. Looking toward the future, LFA is committed to promoting global pluralism and preparing its students with 21st century skills.

LFA prepares its students in grades 9-12 to become responsible citizens in a pluralistic, global society characterized by increased technological complexity. At the same time, the Academy remains rooted in traditional values – integrity, honesty, hard work, and respect for ideas and property of others. Students hail from 18 different states and 36 different countries. Twenty-eight percent of students are international and 26% are domestic students of color. One-hundred percent of LFA’s graduates go on to attend 4-year colleges. The table below shows the Academy’s total enrollment over the last five academic years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
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<tbody>
<tr>
<td>2015</td>
<td>435</td>
</tr>
<tr>
<td>2014</td>
<td>435</td>
</tr>
<tr>
<td>2013</td>
<td>434</td>
</tr>
<tr>
<td>2012</td>
<td>429</td>
</tr>
<tr>
<td>2011</td>
<td>429</td>
</tr>
</tbody>
</table>

LFA is current on payments relating to the IFA Series 1994 Bonds and Series 2000 Bonds as of 6/1/2016 and has made all payments as scheduled.
PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Lake Forest Academy, an Illinois not for profit corporation (the “Borrower”), has requested that the Authority issue not to exceed $17,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Revenue Bonds (Lake Forest Academy), Series 2016 (the “Series 2016 Bonds”) and loan the proceeds thereof to the Borrower in order to assist the Borrower in providing all or a portion of the funds necessary to do any or all of the following: (i) finance and/or refinance the costs related to various capital projects on the Borrower’s campus, including, but not limited to, the acquisition, construction, refurbishment, creation, development, redevelopment and equipping of a new student center and costs related thereto (collectively, the “Project”), (ii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds, Series 1994 (Lake Forest Academy) (the “Series 1994 Bonds”), which were originally issued in the aggregate principal amount of $10,255,000 to (a) finance all or a portion of the costs of the acquisition, construction, refurbishment, creation, development and redevelopment of certain of its facilities, including without limitation, equipment, machinery and real and personal property (collectively, the “1994 Project”), (b) pay capitalized interest on the Series 1994 Bonds and (c) pay certain of the costs of issuance of the Series 1994 Bonds, (iii) current refund all or a portion of the Authority’s outstanding Variable Rate Demand Revenue Bonds (Lake Forest Academy), Series 2000 (the “Series 2000 Bonds”, and together with the Series 1994 Bonds, the “Prior Bonds”), which were originally issued in the aggregate principal amount of $6,000,000 to (a) finance all or a portion of the costs of acquisition, construction, refurbishment, creation, development, redevelopment and equipping of certain of its facilities, including, without limitation, equipment, machinery and real and personal property (collectively, the “2000 Project”), (b) pay capitalized interest on the Series 2000 Bonds and (c) pay all or a portion of the costs of issuance of the Series 2000 Bonds, (iv) pay capitalized interest on the Series 2016 Bonds, if so requested by the Borrower, (v) make payments relating to the costs of terminating certain interest rate exchange agreements related to the Prior Bonds, if so requested by the Borrower, and (vi) pay expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the “Financing Purposes”).

Estimated Project Costs financed with the Series 2016 bonds include the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>New Construction (Student Center)</td>
<td>$9,585,000</td>
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<td>Total</td>
<td>$9,585,000</td>
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</table>

ECONOMIC DISCLOSURE STATEMENT

Applicant: Lake Forest Academy, 1500 West Kennedy Road, Lake Forest, IL 60045 (c/o Michael Reidy, Chief Financial Officer, Tel: 847-615-3213, Email: mreidy@lfanet.org)

Applicant Website: http://www.lfanet.org/

Project name: Revenue Bonds (Lake Forest Academy), Series 2016

Location: Lake Forest (Lake County), IL

Organization: Illinois Not-for-Profit Corporation
Trustees: The 2015-2016 Board of Trustees is listed below:

- Dr. Makola M. Abdullah, President-elect, Virginia State University
- Sam E. Adam, Law Offices of Sam Adam, Jr.
- Sylvia Barros, Owner, The Kids Club
- Dr. Kenny Bozorgi, COO & CIO, DayOne Health
- Patrick J. Carroll II, Business Operations Manager, Pro Equine Group
- Charles T. Cooper, Financial Advisor, JP Morgan
- J. Patrick Corsiglia, President/Owner, Farragut Investments, Inc.
- Jim C. Cowart, Managing Partner, Auriga Partners
- Christopher E. Freeburg, Partner, Skyline Global Partners LLC
- Dr. Rachel E. Goshgarian, Assistant Professor, Lafayette College
- Gloria W. Harper, Chief Program Officer, Golden Apple Foundation
- William J. Hayes, President & COO, Safway
- Maurice L. Holmes, Partner & COO, CoHill Capital
- Michele Marsh Ihlanfeldt, Composer & Pianist
- Ned Jessen, Managing Partner, Howard Capital Partners Inc.
- Gregory K. Jones, Partner, The Edgewater Funds/Lazard
- Erik S. Kimble, General Manager, Colmax International Ltd
- Rumi Kuli, Managing Director, Charles Schwab
- Michael Leonard, N/A
- Ben Malek, CEO, Malek Worldwide
- John Marlatt, N/A
- Katherine Gray Pollock, N/A
- Judith Reid-Anderson, N/A
- J. Michael Schell, Executive Vice President, Alcoa, Inc. (ret.)
- Marianne Silver, Chief People Officer, Coyote Logistics
- Mark S. Simonian, Go-Head of Technology & Media & Telecom, Credit Suisse
- Dr. John. A. Strudwick, Lake Forest Academy
- Richard L. Zhao, Reservoir Engineer, Chevron

PROFESSIONAL & FINANCIAL

<table>
<thead>
<tr>
<th>Borrower Advisor:</th>
<th>Longhouse Capital Advisors</th>
<th>La Grange Park, IL</th>
<th>Michael Boisvert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor:</td>
<td>Plante &amp; Moran, PLLC</td>
<td>Chicago, IL</td>
<td>Lindsay M. Wall</td>
</tr>
<tr>
<td>Borrower’s Counsel:</td>
<td>Reyes Kurson</td>
<td>Chicago, IL</td>
<td>Lauren Mack</td>
</tr>
<tr>
<td>Purchasing Bank:</td>
<td>The Northern Trust Company</td>
<td>Chicago, IL</td>
<td>Bonnie Althoff</td>
</tr>
<tr>
<td>Filing Agent:</td>
<td>Amalgamated Bank of Chicago</td>
<td>Chicago, IL</td>
<td>Russ Rockenbach</td>
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<tr>
<td>Bank Counsel:</td>
<td>Dentons</td>
<td>Chicago, IL</td>
<td>Mary Fitz</td>
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<tr>
<td>Bond Counsel:</td>
<td>Ice Miller</td>
<td>Chicago, IL</td>
<td></td>
</tr>
<tr>
<td>IFA Counsel:</td>
<td>Taft Stettinius &amp; Hollister LLP</td>
<td>Chicago, IL</td>
<td>Jim Snyder</td>
</tr>
<tr>
<td>IFA Financial Advisor:</td>
<td>Sycamore Advisors, LLC</td>
<td>Chicago, IL</td>
<td>Enzo Incandela</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Kim Copp</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Melanie Shaker</td>
</tr>
</tbody>
</table>
LEGISLATIVE DISTRICTS

Congressional: 10
State Senate: 29
State House: 58
June 9, 2016

CONDUIT

$70,000,000 (not-to-exceed amount)
Illinois Wesleyan University

REQUEST

Purpose: Bond proceeds will be loaned to Illinois Wesleyan University (the “Borrower”), an Illinois corporation, in order to assist the University in providing all or some of the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006 (the “Series 2006 Bonds”), (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006B (the “Series 2006B Bonds”), (iii) refund all or a portion of the outstanding Illinois Finance Authority Adjustable Variable Rate Demand Revenue Bonds, Illinois Wesleyan University, Series 2008 (the “Series 2008 Bonds”) and, collectively with the Series 2006 Bonds and the Series 2006B Bonds, the “Prior Bonds”), (iv) pay certain working capital expenditures, if deemed necessary or desirable by the University, (v) fund one or more debt service reserve funds, if deemed necessary or desirable by the University, and (vi) pay certain costs relating to the issuance of the Series 2016 Bonds, including bond insurance premium, if any, and the refunding of the Prior Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act, as amended.

Program: 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

No IFA Funds at risk. No State Funds at risk.

BOARD ACTION

Final Bond Resolution (One-time consideration)

MATERIAL CHANGES

This is the first time this matter has been considered by the IFA Board of Directors.

<table>
<thead>
<tr>
<th>526</th>
<th>Current jobs</th>
<th>N/A</th>
<th>New jobs projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Retained jobs</td>
<td>N/A</td>
<td>Construction jobs projected</td>
</tr>
</tbody>
</table>

BORROWER DESCRIPTION

● Location: Bloomington / McLean / North Central
● Type of entity: Illinois Wesleyan University is a private, coeducational, undergraduate institution of higher education founded in 1850. The University was chartered directly by the State of Illinois General Assembly by an Act of Incorporation and is an organization described in section 501(c)(3) of the Internal Revenue Code. The campus, which has expanded around its original site, occupies approximately 83.5 acres in Bloomington’s north-side residential district.
● Since the University’s inception, its central program has consisted of a curriculum in the liberal arts and sciences leading to baccalaureate degrees. The primary focus of the University is on instruction, with an additional commitment to research and public service. Fall 2015 enrolment was approximately 1,842 students. All three of the nation’s most prestigious honor societies—Phi Beta Kappa, Phi Kappa Phi and Mortar Board—have chapters on the Illinois Wesleyan campus.

CREDIT INDICATORS

● Illinois Wesleyan University is applying for ratings in connection with this transaction. IWU currently has underlying long-term ratings of Baa1/A- (Moody’s/S&P).
● The Series 2008 Bonds to be refunded are currently secured by a Letter of Credit issued by PNC Bank, N.A. which is scheduled to expire December 9, 2016.

STRUCTURE

● The plan of finance contemplates the public offering of the Series 2016 Bonds, issued in one or more series, by RBC Capital Markets, LLC (the “Senior Manager”), Morgan Stanley and PNC Capital Markets LLC (each, a “Co-Manager”).
● The Series 2016 Bonds are general obligations of the University under the Loan Agreement and are not secured by a mortgage or security interest on any of the University’s assets, properties or funds.
● Both sizing and interest rate modes will be determined based on evaluation of market conditions by the University and its financing team at pricing.
● The final maturity of the Bonds is expected to be no later 40 years from the dated date.

SOURCES AND USES

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2016 Bonds</td>
<td>$70,000,000</td>
</tr>
<tr>
<td>Equity</td>
<td>$70,000,000</td>
</tr>
<tr>
<td>400,000</td>
<td>Costs of Issuance</td>
</tr>
<tr>
<td>Total</td>
<td>400,000</td>
</tr>
<tr>
<td>$70,400,000</td>
<td>Total</td>
</tr>
<tr>
<td>$70,400,000</td>
<td></td>
</tr>
</tbody>
</table>

RECOMMENDATION

Credit Review Committee recommends approval.
ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY

June 9, 2016

Project: Illinois Wesleyan University

STATISTICS

<table>
<thead>
<tr>
<th>IFA Project:</th>
<th>12346</th>
<th>Amount: $70,000,000 (not-to-exceed amount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type:</td>
<td>501(c)(3) Revenue Bonds</td>
<td>IFA Staff: Rich Frampton and Brad R. Fletcher</td>
</tr>
<tr>
<td>Location:</td>
<td>Bloomington</td>
<td>County/ Region: McLean / North Central</td>
</tr>
</tbody>
</table>

BOARD ACTION

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

VOTING RECORD

This is the first time this matter has been considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be loaned to Illinois Wesleyan University (the “Borrower”), an Illinois corporation, in order to assist the University in providing all or some of the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006 (the “Series 2006 Bonds”), (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006B (the “Series 2006B Bonds”), (iii) refund all or a portion of the outstanding Illinois Finance Authority Adjustable Variable Rate Demand Revenue Bonds, Illinois Wesleyan University, Series 2008 (the “Series 2008 Bonds” and, collectively with the Series 2006 Bonds and the Series 2006B Bonds, the “Prior Bonds”), (iv) pay certain working capital expenditures, if deemed necessary or desirable by the University, (v) fund one or more debt service reserve funds, if deemed necessary or desirable by the University, and (vi) pay certain costs relating to the issuance of the Series 2016 Bonds, including bond insurance premium, if any, and the refunding of the Prior Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act, as amended.

IFA PROGRAM AND CONTRIBUTION

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.

VOLUME CAP

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

JOBS

Current employment: 526
Projected new jobs: N/A
Jobs retained: N/A
Construction jobs: N/A
ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
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<tbody>
<tr>
<td>Equity</td>
<td>Costs of Issuance</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>$70,000,000</td>
<td>$70,400,000</td>
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<td><strong>Total</strong></td>
<td><strong>$70,400,000</strong></td>
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FINANCING SUMMARY

Structure/Security: The plan of finance contemplates the public offering of the Series 2016 Bonds, issued in one or more series, by RBC Capital Markets, LLC (the “Senior Manager”), Morgan Stanley and PNC Capital Markets LLC (each, a “Co-Manager”).

The Series 2016 Bonds are general obligations of the University under the Loan Agreement and are not secured by a mortgage or security interest on any of the University's assets, properties or funds.

Underlying Ratings: Illinois Wesleyan University is applying for ratings in connection with this transaction. IWU currently has underlying long-term ratings of Baa1/A- (Moody's/S&P).

These ratings do not apply to the Series 2008 Bonds however, which are currently secured by a Letter of Credit issued by PNC Bank, N.A. which is scheduled to expire December 9, 2016.

Interest Rate: Both sizing and interest rate modes will be determined based on evaluation of market conditions by the University and its financing team at pricing.

Maturity: The final maturity of the Bonds is expected to be no later 40 years from the dated date.

Estimated Closing Date: June 2016

Rationale: The proposed Series 2016 Bonds will reduce monthly payments that will help Illinois Wesleyan University keep its fixed charges (including debt service payments) as low as possible.

The University intends to use the funds made available by the lower debt service obligations to pay for numerous repair and maintenance projects to extend the useful lives of existing buildings on its campus.
BUSINESS SUMMARY

Background: Illinois Wesleyan University (“IWU” or the “University”) is a private, coeducational, undergraduate institution of higher education founded in 1850. The University was chartered directly by the State of Illinois General Assembly by an Act of Incorporation and is an organization described in section 501(c) (3) of the Internal Revenue Code.

A list of the University’s current Board of Trustees is presented on pp. 6-8 of this report.

Description: IWU’s campus, which has expanded around its original site, occupies approximately 83.5 acres in Bloomington's north-side residential district.

The University’s academic program is broader than those of traditional liberal arts colleges, combining the liberal arts and sciences with strong professional schools of art, music, theatre and nursing. In addition, the University also has developed a strong business program that enrolls a quarter of its student body. The University’s primary educational focus is on excellence in classroom instruction; however it also has a strong commitment to undergraduate research and public service. In 2015, Illinois Wesleyan enrolled about 1,842 students, from 33 states and 24 countries, in the College of Liberal Arts, College of Fine Arts and School of Nursing. All three of the nation’s most prestigious honor societies—Phi Beta Kappa, Phi Kappa Phi and Mortar Board—have chapters on the Illinois Wesleyan campus. The University is also a member of the Annapolis Group, a consortium of the nation’s leading liberal arts institutions.

IWU has gained a national reputation for the quality of its entering classes, academic excellence, student-centered focus and exceptional value. In the 2015 edition of U.S. News & World Report Best Colleges Rankings, the University placed 72nd among national liberal arts colleges, and in the Washington Monthly’s college rankings the University placed 50th. The Princeton Review has included Illinois Wesleyan University among its America’s Best Colleges listing, ever since this popular guidebook began publishing in 1989. Also, 2015 Kiplinger’s Guide to Personal Finance named Illinois Wesleyan University as the 58th best value in private liberal arts education. This marked the ninth consecutive year the University appeared in the Kiplinger’s Best College Values rankings.


Successful recruiting efforts and the University’s enhanced reputation have increased applications from approximately 1,000 in the late 1970’s to 3,744 in 2015-16. Approximately 61.9% of applicants for the 2015-16 academic year were accepted. The average composite ACT score was 28 for the incoming 2015-16 class.

Approximately 80% of students are drawn from Illinois, while 33 other states and 24 foreign countries are represented in the student body. For students that live on campus, the University’s residential facilities include 12 residence halls and 11 national fraternities and sororities.

IWU is current on payments relating to the IFA Series 2006, Series 2006B, Series 2008 and Series 2012 as of 6/1/2016 and has made all payments as scheduled.
PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

**Illinois Wesleyan University**, an Illinois corporation (the “**University**”), has requested that the Authority issue not to exceed $70,000,000 in aggregate principal amount of revenue bonds consisting of the Illinois Finance Authority Revenue Refunding Bonds, Illinois Wesleyan University, Series 2016 (the “**Series 2016 Bonds**”), and loan the proceeds thereof to the University, in order to assist the University in providing all or some of the funds necessary to do any or all of the following: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006 (the “**Series 2006 Bonds**”), (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Illinois Wesleyan University, Series 2006B (the “**Series 2006B Bonds**”), (iii) refund all or a portion of the outstanding Illinois Finance Authority Adjustable Variable Rate Demand Revenue Bonds, Illinois Wesleyan University, Series 2008 (the “**Series 2008 Bonds**” and, collectively with the Series 2006 Bonds and the Series 2006B Bonds, the “**Prior Bonds**”), (iv) pay certain working capital expenditures, if deemed necessary or desirable by the University, (v) fund one or more debt service reserve funds, if deemed necessary or desirable by the University, and (vi) pay certain costs relating to the issuance of the Series 2016 Bonds, including bond insurance premium, if any, and the refunding of the Prior Bonds if deemed necessary or desirable by the University, all as permitted under the Illinois Finance Authority Act, as amended.

**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Illinois Wesleyan University, P.O. Box 2900, Bloomington, IL 61702 (c/o Dan Klotzbach, Vice President for Business and Finance, Tel: 309-445-3021, Email: dklotzba@iwu.edu)

**Applicant Website:** [https://www.iwu.edu](https://www.iwu.edu)

**Project name:** Revenue Refunding Bonds (Illinois Wesleyan University), Series 2016

**Location:** Bloomington (McLean County), IL

**Organization:** Illinois Corporation chartered directly by the State of Illinois General Assembly by an Act of Incorporation and is an organization described in section 501(c)(3) of the Internal Revenue Code.
Trustees: The 2015-2016 Board of Trustees is listed below:

**Officers of the Board of Trustees**

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Retired Vice President and General Counsel  
ExteNet Systems, Inc  
Lisle, Illinois

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Vice Chair  
Vice President & Chief Financial Officer  
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Willie G. Brown, Vice Chair  
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Vice President of Operations – ISD  
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Attorney  
Field Law Firm  
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Eric R. Jensen  
Illinois Wesleyan University  
Bloomington, Illinois

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Command Plastic Corporation  
Tallmadge, Ohio

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Chicago, Illinois

Kappa Kappa Gamma  
Greenwich, Connecticut

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Ceasar Douglas Jr. ’75  
Professor of Management  
College of Business - Florida State University  
Tallahassee, Florida

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Director of the Adele H. Stamp Student Union -  
Center for Campus Life  
University of Maryland  
Stevens, Maryland

Vaughn Hoffman  
Senior Minister  
Wesley United Methodist Church  
Bloomington, Illinois

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American International Group  
Dundee, Illinois

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Chairman  
Pacific Consolidated Industries Inc.  
Paradise Valley, Arizona

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Vice President - Marketing, Government Affairs &  
Municipal Services  
Republic Services, Inc.  
Munster, Indiana

Elly Jones ’91  
Division Manager  
State Farm Insurance Companies  
Murfreesboro, Tennessee

Jonathan D. Keaton  
Resident Bishop  
Illinois Great Rivers Conference, United Methodist  
Church  
Springfield, Illinois

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Kittleman & Associates, LLC  
Chicago, Illinois
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Tax Managing Partner
Ernst & Young LLP
Chicago, Illinois

Kathy Larey Lewton '70
Principal
Lewton, Seekins & Trester
Stamford, Connecticut

Michael A. Mason '80 H '06
Vice-President – Chief Security Officer
Verizon Communications
Basking Ridge, N.J.

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Pediatrician
St. Louis Pediatric Associates
Chesterfield, Missouri

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Owner
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Crystal Lake, Illinois

Mark Ohlendorf ’82
Former Co-President and Chief Financial Officer
Brookdale Senior Living, Inc.
Milwaukee, Wisconsin

Stephen L. Ondra '80
Sr. VP/Chief Medical Officer
Health Care Service Corporation
Wilmette, Illinois

Laura C. Randolph '92
Plastic Surgeon
Laura C. Randolph, M.D., S.C.
Bloomington, Illinois

J. William Roberts '64
Managing Partner
Hinshaw & Culbertson LLP
Springfield, Illinois

Ronald L. Ruecker '66
Retired Senior Physician
Internal Medicine Subspecialty Associates
Decatur, Illinois

Edward B. Rust, Jr. '72, H'94
Chairman and Chief Executive Officer
State Farm Insurance Companies
Bloomington, Illinois

James A. Shirk
President
Beer Nuts, Inc.
Bloomington, Illinois

Timothy J. Szerlong '74
President
Worldwide Field Operations, CNA Financial Corporation
Lake Forest, Illinois

Byron Tucci '66
Retired Managing Director, Investments
Wells Fargo, LLC
Bloomington, Illinois

Steven J. Wannemacher '73
Executive Committee
Vice Chairman of the Board of Directors
Heritage Enterprises, Inc.
Bloomington, Illinois

David G. Wilkins '74
Chief Compliance Officer
SNC-Lavalin Group
Midland, Michigan

Jill E. York '85
Sr. VP & CFO
MB Financial, Inc.
Elmhurst, Illinois

Robert K. Zimmermann '71
Retired Vice President of Energizer Holdings
St. Louis, Missouri

Honorary Trustees
The Earl of Buckinghamshire
London, England

Howard F. Fricke '60, H'09 and Sharon Fricke '60
Reno, Nevada

Kenji Tanaka H'91
Tokyo, Japan

Kent W. '62 and Sue Wallace
Dallas, Texas
Emeritus Trustees
Flora Harris Armstrong '43
Bloomington, Illinois

Marvin D. Bower '45
Scottsdale, Arizona

Ronald B. Cate '54
Wildrose, Wisconsin

Gilbert L. Dorsey '62
Bloomington, Illinois

Robert E. Evans '62
Worcester, Massachusetts

David W. Gaffron
Bloomington, Illinois

Craig C. Hart H'08
Hudson, Illinois

J. Richard Hull '55
Sarasota, Florida

John E. Jordan '57
Urbana, Illinois

Parker Kemp
Lexington, Illinois

Garry D. Kinder '55
Dallas, Texas

Rebie R. Kingston H'96
West Bloomfield, Michigan

The Hon. John W. Maitland, Jr.
Bloomington, Illinois

Robert E. Page '58, H'86
Rancho Santa Fe, California

John W. Remo '58
West Lafayette, Indiana

Sidney G. Smith '60
Carbondale, Illinois

John C. Stutzman '54
Bloomington, Illinois

Anne Colwell Tryon
Frankfort, Michigan

Martha Coolidge Wetzel '52
South Pasadena, California

Richard F. Wilson
President Emeritus
# PROFESSIONAL & FINANCIAL

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Location</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower Advisor:</td>
<td>Starshak Winzenburg &amp; Co.</td>
<td>Chicago, IL</td>
<td>Joseph B. Starshak, Thomas A. Starshak</td>
</tr>
<tr>
<td>Auditor:</td>
<td>KPMG, LLP</td>
<td>Chicago, IL</td>
<td>Clayton J. Patterson, Rachel Buckner</td>
</tr>
<tr>
<td>Borrower’s Counsel:</td>
<td>CCB Law Firm, LLC</td>
<td>Bloomington, IL</td>
<td>Clayton J. Patterson, Rachel Buckner</td>
</tr>
<tr>
<td>Underwriter/Senior Manager:</td>
<td>RBC Capital Markets, LLC</td>
<td>Chicago, IL</td>
<td>James N. Rachlin, Christopher Good, David Adeyemi</td>
</tr>
<tr>
<td>Co-Managers:</td>
<td>PNC Capital Markets LLC</td>
<td>Columbus, OH</td>
<td>Raymond C. Fricke, Morna Lebron, Lisa Lee</td>
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<tr>
<td>Rating Agencies:</td>
<td>Nixon Peabody</td>
<td>Chicago, IL</td>
<td>Eva Horton Bogat, Erin Veronica Ortiz, Nancy Burke, Leslie Cornell</td>
</tr>
<tr>
<td>Bond Counsel:</td>
<td>Chapman and Cutler LLP</td>
<td>Chicago, IL</td>
<td>Cliff Nye, Nancy Burke, Leslie Cornell</td>
</tr>
<tr>
<td>Trustee:</td>
<td>The Commerce Trust Co.</td>
<td>Kansas City, MO</td>
<td>Cliff Nye, Nancy Burke, Leslie Cornell</td>
</tr>
<tr>
<td>IFA Counsel:</td>
<td>Miller, Hall &amp; Triggs, LLC</td>
<td>Peoria, IL</td>
<td>Rick Joseph, Melanie Shaker</td>
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<tr>
<td>IFA Financial Advisor:</td>
<td>Sycamore Advisors, LLC</td>
<td>Chicago, IL</td>
<td>Melanie Shaker, Rick Joseph, Leslie Cornell</td>
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</table>

## LEGISLATIVE DISTRICTS

- Congressional: 13
- State Senate: 44
- State House: 88
CONDUIT

$45,000,000 (not-to-exceed)
Ness Healthcare NFP

June 9, 2016

REQUEST

Purpose: Tax-exempt bond proceeds of approximately $40,000,000 and taxable bond proceeds of approximately $5,000,000 will be used by Ness Healthcare NFP (the “Corporation”) to (i) finance, refinance, or reimburse the Corporation for the costs of acquiring, constructing, renovating, remodeling and equipping certain psychiatric and assisted living facilities of the Corporation, (ii) pay capitalized interest on the Bonds, if deemed necessary or advisable, (iii) fund a debt service reserve, if deemed necessary or advisable, and (iv) pay costs of issuance.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTIONS

Final Bond Resolution (Multi-State)
Voting Record (May 12, 2016) – Preliminary Bond Resolution – 10 Yeas; 0 Nays; 0 Abstain; 4 Absent (Anderberg, Fuentes, O’Brien, Tessler); 0 Vacancies

MATERIAL CHANGES

Detailed cost of issuance and historical financials added to report.

ILLINOIS JOB DATA

<table>
<thead>
<tr>
<th>6 Current jobs</th>
<th>10 New jobs projected (Corporate headquarters, Illinois)</th>
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</thead>
<tbody>
<tr>
<td>N/A Retained jobs</td>
<td>N/A Construction jobs projected</td>
</tr>
</tbody>
</table>

DESCRIPTION

● Locations: Illinois, Minnesota, Louisiana and Alabama

● The Corporation is an Illinois not-for-profit corporation organized by Han Capital in July of 2015 to provide residential care facilities for the elderly to meet their physical, emotional, recreational, social and other needs. The Corporation intends to amend its articles of incorporation to include the provision of psychiatric and behavioral health services as one of its corporate purposes. The Corporation has received a determination letter from the Internal Revenue Service that is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

● Han Capital is a private equity firm, based in Chicago, Illinois. Their focus is health care, self-storage and other value add opportunities. The firm has significant experience in owning and managing healthcare assets. Their current portfolio includes assisted living facilities in Minnesota and California. The executive team is made up of individuals with strong backgrounds in finance, distressed assets and management.

● The Corporation is headquartered at 7300 N. Cicero Ave., Lincolnwood, Illinois.

● The Corporation will use the tax-exempt and taxable bond proceeds to acquire the following psychiatric and assisted living facilities: Beacon Children’s Hospital, Luverne, Alabama, Northlake Behavioral Health System, Mandeville, Louisiana; and, Valleyview of Owatonna, Owatonna, Minnesota.

CREDIT INDICATORS

● The Corporation is a non-rated entity.

SECURITY

● The Bonds will be secured by a promissory note(s) issued under a Master Trust Indenture of the Corporation, which will contain covenants to be negotiated. Mortgages on all financed properties and a pledge of revenues will be granted to the Master Trustee.

MATURITY

● Bonds will mature not later than 30 years.

SOURCES AND USES

Sources: Uses:

<table>
<thead>
<tr>
<th>IFA Tax–Exempt Bonds</th>
<th>$40,000,000</th>
<th>Project</th>
<th>$39,915,685</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFA Taxable Bonds</td>
<td>$5,000,000</td>
<td>Reserve Fund</td>
<td>$3,584,315</td>
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<tr>
<td></td>
<td></td>
<td>Costs of Issuance (see p. 6)</td>
<td>$1,500,000</td>
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</tbody>
</table>

Total | $45,000,000 | Total | $45,000,000 |

RECOMMENDATION

Credit Review Committee recommends approval.
ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 9, 2016

Project: Ness Healthcare NFP

STATISTICS

<table>
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<tr>
<th>Project Number: 12318</th>
<th>Amount: $45,000,000 (not-to-exceed)</th>
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<tbody>
<tr>
<td>Type: 501(c)(3) Revenue Bonds</td>
<td>IFA Staff: Pam Lenane and Tammy Harter</td>
</tr>
<tr>
<td>Illinois Location: Lincolnwood</td>
<td>Illinois County/Region: Cook County/Northeast</td>
</tr>
<tr>
<td>Out of State Locations: Louisiana, Alabama and Minnesota</td>
<td>Out of State Counties: Steele County, Minnesota; Crenshaw County, Alabama; St. Tammany Parish, Louisiana</td>
</tr>
</tbody>
</table>

BOARD ACTION

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

PURPOSE

Tax-exempt bond proceeds of approximately $40,000,000 and taxable bond proceeds of approximately $5,000,000 will be used by Ness Healthcare NFP (the “Corporation”) to (i) finance, refinance, or reimburse the Corporation for the costs of acquiring, constructing, renovating, remodeling and equipping certain psychiatric and assisted living facilities of the Corporation, (ii) pay capitalized interest on the Bonds, if deemed necessary or advisable, (iii) fund a debt service reserve, if deemed necessary or advisable, and (iv) pay costs of issuance.

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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

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

ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFA Tax-Exempt Bonds $40,000,000</td>
<td>Refunding $39,915,685</td>
</tr>
<tr>
<td>IFA Taxable Bonds 5,000,000</td>
<td>Project Fund 3,584,315</td>
</tr>
<tr>
<td>Costs of Issuance (see p. 6)</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>

Total $45,000,000 Total $45,000,000

ILLINOIS JOBS DATA

Current employment: 6
Projected new jobs: 10 (Corporate headquarters, Illinois)
Jobs retained: N/A
Construction jobs: N/A
FINANCING SUMMARY

Credit Enhancement: None.

Structure: The Bonds are expected to be fixed rate bonds that will be sold in a private placement. Loop Capital Markets LLC has been engaged as Placement Agent and will locate potential purchasers of the Bonds. The Bonds will be nonrated and sold in denominations of $100,000 pursuant to a Private Placement Memorandum.

Interest Rate: Fixed rates estimated from 4.00% to 6.00%

Interest Rate Modes: Fixed

Underlying Ratings: The Corporation is a non-rated entity.

Maturity: Up to 30 years

Estimated Closing Date: July 1, 2016

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Tax-exempt bond proceeds of approximately $40,000,000 and taxable bond proceeds of approximately $5,000,000 will be used by the Corporation to (i) finance, refinance, or reimburse the Corporation for the costs of acquiring, constructing, renovating, remodeling and equipping certain psychiatric and assisted living facilities of the Corporation, (ii) pay capitalized interest on the Bonds, if deemed necessary or advisable, (iii) fund a debt service reserve, if deemed necessary or advisable, and (iv) pay costs of issuance.

BUSINESS SUMMARY

The Corporation is an Illinois not-for-profit corporation organized by Han Capital in July of 2015 to provide residential care facilities for the elderly to meet their physical, emotional, recreational, social and other needs. The Corporation intends to amend its articles of incorporation to include the provision of psychiatric and behavioral health services as one of its corporate purposes. The Corporation has received a determination letter from the Internal Revenue Service that is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Corporation is headquartered at 7300 N. Cicero Ave. in Lincolnwood, Illinois.

Han Capital is a private equity firm, based in Chicago, Illinois. Their focus is health care, self-storage and other value add opportunities. The firm has significant experience in owning and managing healthcare assets. Their current portfolio includes assisted living facilities in Minnesota and California. The executive team is made up of individuals with strong backgrounds in finance, distressed assets and management.

The Corporation will use the tax-exempt and taxable bond proceeds to acquire the following psychiatric and assisted living facilities:

- **Beacon Children’s Hospital.** Beacon Children’s Hospital is located at 150 Hospital Drive Luverne, Alabama 36049. Beacon Children’s Hospital is a 28 bed (licensed for 32) acute care psychiatric hospital for children and adolescents. The acquisition cost is expected to be approximately $6,600,000.

- **Northlake Behavioral Health System.** Northlake Behavioral Health System is located at 23515 Hwy 190 Mandeville, Louisiana 70448. Northlake Behavioral Health System is a psychiatric hospital licensed for 205 beds (140 acute and 65 psychiatric residential treatment facility). The acquisition cost is expected to be approximately $25,000,000.

- **Valleyview of Owatonna.** Valleyview of Owatonna is located at 1212 Frontage Road W/I-35, Owatonna, Minnesota 55060. Valleyview of Owatonna Assisted Living is a senior care campus renovated in 2004. The facility contains 90 assisted living units. It is located 60 minutes from downtown Minneapolis, Minnesota and is 40 miles from the renowned Mayo Clinic in Rochester, Minnesota. The acquisition cost is expected to be approximately $4,500,000.
ECONOMIC DISCLOSURE STATEMENT

Applicant: Ness Healthcare NFP
Site Address: 7300 N. Cicero Ave., Lincolnwood, IL 60712
Contact: Tony Shir, 872-208-7614
Website: N/A
Project name: Ness Healthcare
Organization: 501(c)(3) Not-for-Profit Corporation
State: Illinois

Ness Healthcare NFP 2016 Board Members (501(c)(3)):

Scott Kellman
Scott currently serves as Chairman and Chief Executive Officer of American Eagle Lifecare Corporation, a not-for-profit provider of senior living services to the elderly. Previously, he was the Chief Executive Officer of Care Investment Trust (NYSE: CRE) and a Managing Director and Head of Real Estate with CIT Healthcare. A veteran of the healthcare industry with over 25 years of experience deploying capital in healthcare real estate, Mr. Kellman previously served as Senior Vice President at Healthcare Property Investors, Inc. (NYSE: HCP) where he was responsible for directing HCP’s business development activities. He also served as Senior Vice President, Treasurer of Tenet Healthcare Corporation (NYSE: THC) where he managed Tenet's real estate and oversaw the company's corporate finance and cash management functions. Mr. Kellman was Chief Operating Officer of Omega Healthcare Investors, Inc. (NYSE: OHI) where he acquired and provided debt financing for healthcare real estate properties. Prior to joining Omega, he founded and operated Medical REIT, which merged with Omega Healthcare in August 1993. Mr. Kellman received an AB in political science, graduating magna cum laude, as well as a JD from the University of Michigan Law School.

Michael Tarnoff
As EVP & CFO of the Jewish Federation, Mr. Tarnoff provides strategic direction and supervision for the areas of: finance; accounting; investments; compliance; labor relations; employee benefits; insurance / risk management; and real estate development and management. Founder of Jewish Federations of North America’s nation-wide programs which provides tax-exempt bond underwriting services for capital projects and has issued over $1 billion of tax-exempt bonds. JF Investment Program also manages over $2.5 billion in endowment portfolio assets. Member of Financial Accounting Standards Board Nonprofit Advisory Committee --assists FASB in understanding accounting issues of nonprofits, especially insofar as they differ from those of public and private for-profit business entities. Recipient of Mandelkorn Distinguished Service Award -- given in recognition of significant communal service contributions -- including encouraging and practicing the open exchange of information, collaboration and collective action. Past Chairman of Board of First Non Profit Insurance Company - insurance underwriter founded by United Way exclusively for nonprofit organizations. FNIC was purchased in 2013 by AmTrust, a NYSE listed company. Member of the Advisory Board of Agile HC - providing software solutions utilizing predictive analytics for complex staffing requirements in 24/7 health care environments such as hospitals and other licensed care facilities. Board member of Michael Reese Health Trust, one of the largest health care related foundations in Illinois. Also serve on Boards of numerous other charitable foundations. Tarnoff received an MBA from Booth Graduate School of Business, University of Chicago.

Michael Messing
Michael Messing serves as a Diagnostic Radiologist at Hala Comprehensive Breast Center in Jerusalem, Israel. He is American Board of Radiology Certified since 1991 and proficient in Breast Imaging and Intervention and Emergency Radiology. Mr. Messing previously served at St. James Mercy Hospital in Hornell, NY, North Shore Hospital in Highland Park, IL and MacNeal Hospital in Berwyn, IL. Mr. Messing received his B.A. in Biology from University of Rochester, an M.S. in Biochemistry and Molecular Biology, Doctor of Medicine (MD) in 1986 from the Chicago Medical School at Rosalind Franklin University of Medicine and Science, and Post MD Fellowship of Diagnostic Radiology/ Body Imaging at Northwestern University.
PROFESSIONAL & FINANCIAL

Borrower’s Counsel: Much Shelist, P.C.  Chicago, IL  J. Eric Guth
Auditor: TBD
Placement Agent: Loop Capital Markets, LLC  Chicago, IL  Prakash Ramani
Bond Counsel: Nixon Peabody LLP  Chicago, IL  Julie Seymour
Placement Agent’s Counsel: Chapman and Cutler LLP  Chicago, IL  David Kates
Bond Trustee: TBD
Issuer’s Counsel: Nixon Peabody LLP  Chicago, IL  Julie Seymour
Issuer’s Advisor: Sycamore Advisors, LLC  Chicago, IL  Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional: 9
State Senate: 8
State House: 16

SERVICE AREA

The Corporation expects to operate psychiatric and assisted living facilities in Owatonna, Minnesota; Mandeville, Louisiana; and, Luverne, Alabama.

NESS HEALTHCARE NFP COSTS OF ISSUANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tr>
<td>IFA Fee</td>
<td>$47,500</td>
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<tr>
<td>Placement Agent Counsel (Chapman)</td>
<td>$200,000</td>
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<tr>
<td>Bond Counsel (Nixon Peabody)</td>
<td>$95,000</td>
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<tr>
<td>Issuer’s Counsel (TBD)</td>
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<tr>
<td>Trustee</td>
<td>$4,000</td>
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<tr>
<td>Trustee Counsel</td>
<td>$10,000</td>
</tr>
<tr>
<td>Borrower's Counsel (Much Shelist)</td>
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<tr>
<td>Placement Agent Fee</td>
<td>$650,000</td>
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<tr>
<td>Day loan</td>
<td>$1,193</td>
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<tr>
<td>Clearing</td>
<td>$200</td>
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<tr>
<td>DTC Fee</td>
<td>$350</td>
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<tr>
<td>CUSIP</td>
<td>$168</td>
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<tr>
<td>HAN Capital Broker Fee (Northlake and Beacon)</td>
<td>$135,545</td>
</tr>
<tr>
<td>HAN Capital Broker Expenses (Northlake and Beacon)</td>
<td>$146,045</td>
</tr>
</tbody>
</table>
### Request

**Purpose:** Bond proceeds will be used by *Presence Health Network* ("Presence" or the "Borrower") to (i) refund all or a portion of the Presence outstanding bonds, (ii) new money proceeds, and (iii) pay costs of issuance.

**Program:** Conduit 501(c)(3) Revenue Bonds.

**Extraordinary Conditions:** None.

### Board Actions

Preliminary Bond Resolution

### Material Changes

None. This is the first time this financing has been considered by the IFA Board of Directors

### Job Data

<table>
<thead>
<tr>
<th>Current employees</th>
<th>New jobs projected</th>
<th>Retained jobs</th>
<th>Construction jobs projected</th>
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</thead>
<tbody>
<tr>
<td>20,000</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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</table>

*Note: "current employees" from Chicago Tribune article as of March 17, 2016*

### Description

- **Location** – Multiple locations in Chicago and the Northeast Region (see “Service Area”)
- **On November 1, 2011,** Provena Health and Resurrection Health Care consolidated to form Presence Health, the largest Catholic health system in the State of Illinois. Presence Health operates 11 acute care hospitals and 27 senior care facilities.
- Presence Health is sponsored by the Franciscan Sisters of the Sacred Heart, the Servants of the Holy Heart of Mary, the Sisters of the Holy Family of Nazareth, the Sisters of Mercy of the Americas and the Sisters of the Resurrection.

### Credit Indicators

- Presence’s ratings are currently ‘Baa2’ (on review for downgrade) / ‘BBB-' (CreditWatch Negative) /, and ‘BBB’ (Rating Watch Negative) (Moody’s/S&P/Fitch)

### Security

- The Bonds will be secured by a note issued pursuant to Presence Health Network’s Amended and Restated Master Trust Indenture ("MTI") dated May 1, 2013, or a new MTI.

### Maturity

- TBD

### Sources and Uses

<table>
<thead>
<tr>
<th>Sources: IFA Bonds</th>
<th>Uses: Refunding, New Money and Cost of Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,210,000,000</td>
<td>$1,210,000,000</td>
</tr>
</tbody>
</table>

**Total**: $1,210,000,000

**Total**: $1,210,000,000

### Recommendation

Credit Review Committee recommends approval.
ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 9, 2016

Project: Presence Health Network

STATISTICS

<table>
<thead>
<tr>
<th>Project Number: 12349</th>
<th>Amount: 1,210,000,000 (not-to-exceed)</th>
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<tbody>
<tr>
<td>Type: 501(c)(3) Revenue Bonds</td>
<td>IFA Staff: Pam Lenane and Tammy Harter</td>
</tr>
<tr>
<td>Locations: See “Service Area” below</td>
<td>County/Region: Illinois</td>
</tr>
</tbody>
</table>

BOARD ACTION

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

VOTING RECORD

This is the first time this Project is being considered by the Board.

PURPOSE

Bond proceeds will be used by Presence Health Network ("Presence" or the “Borrower”) to (i) refund all or a portion of the Presence outstanding bonds, (ii) new money proceeds, and (iii) pay costs of issuance.

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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

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

ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources: IFA Bonds</th>
<th>Uses: Refunding, New Money and Cost of Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,210,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>$1,210,000,000</th>
</tr>
</thead>
</table>

JOBS

Current employment: 20,000 employees
Jobs retained: N/A
Projected new jobs: N/A
Construction jobs: N/A

Note: “current employees” from Chicago Tribune article as of March 17, 2016
FINANCING SUMMARY

Security: The Bonds will be secured by a note issued pursuant to Presence Health Network’s Amended and Restated MTI dated May 1, 2013, or a new MTI

Structure: TBD

Interest Rate: To be determined based on market conditions at closing.

Interest Rate Modes: Fixed or Variable Rate

Underlying Ratings: The bonds are currently rated ‘Baa2’ (on review for downgrade) / ‘BBB-’ (CreditWatch negative) /, and ‘BBB’ (Rating Watch Negative) (Moody’s/S&P/Fitch)

Maturity: TBD

Estimated Closing Date: August 15, 2016

PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

Bond proceeds will be used by Presence Health Network (“Presence” or the “Borrower”) to (i) refund all or a portion of the Presence outstanding bonds, (ii) new money proceeds, and (iii) pay costs of issuance.

BUSINESS SUMMARY

Background: Presence Health Network is the largest Catholic healthcare network in the State of Illinois, comprising 11 hospitals, 27 long-term care and senior residential facilities, and more than 150 total locations around the State. The combined health system has hospital operations throughout Chicago, as well as in Des Plaines, Evanston, Aurora, Elgin, Joliet, Kankakee, Urbana and Danville.

Presence Health Network is currently the largest provider of Medicaid services and behavioral healthcare services in Illinois.

Key Components of Operating Loss: A new Presence Health leadership team started in 4Q 2015 and began a thorough review of its financials, resulting in several accounting adjustments. This led to a $185MM operating loss for FY2015, key components of which include: $96MM in Accounts Receivable & Contractuals, $44MM in Medical Malpractice, and $26MM in Other Balance Sheet Adjustments. Reasons for the adjustments include a change in reserve methodology, prior year adjustments, and write-offs. Due to the dollar amount of these adjustments, Presence Health has breached or will breach certain financial and reporting covenants in its various lending agreements. It is important to note these are “technical defaults” – Presence has approximately $900 million in cash and investments and has made all scheduled principal and interest payments.

Key Initiatives: Management has identified performance improvement opportunities in excess of $180M per year over a two year period with a total of $50-90M in Revenue Cycle, $30-40M in Strategic Pricing, $30-40M in Supply Chain, $50-70M in Labor and $10-15M in Other Initiatives. Presence is in the process of implementing these expeditiously with the assistance of several external resources, including Crowe Horwath, Huron Healthcare and Xtend Healthcare.
ECONOMIC DISCLOSURE STATEMENT

Applicant: Presence Health Network

Site Address: Presence Health Network, 200 South Wacker Drive, Chicago, IL 60606

Contact: Michael Englehart, Chief Executive Officer

Website: www.presencehealth.org

Project name: Presence Health Network, Series 2016

Organization: 501(c)(3) Not-for-Profit Corporation

State: Illinois

Board: The 2016 Board Members of Presence Health are listed below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victor Orler</td>
<td>Board Chair</td>
</tr>
<tr>
<td>Haven Cockerham</td>
<td>Board Vice Chair</td>
</tr>
<tr>
<td>Michael Englehart</td>
<td>Member</td>
</tr>
<tr>
<td>James Gravell</td>
<td>Member</td>
</tr>
<tr>
<td>Bruce Hamory, MD, FACP</td>
<td>Member</td>
</tr>
<tr>
<td>Mark Hanson, Esq.</td>
<td>Member</td>
</tr>
<tr>
<td>Thomas Huberty, MD</td>
<td>Member</td>
</tr>
<tr>
<td>Sister Patricia Koschalke, CSFN</td>
<td>Member</td>
</tr>
<tr>
<td>Marsha Ladenburger</td>
<td>Member</td>
</tr>
<tr>
<td>Laurie Lafontaine</td>
<td>Member</td>
</tr>
<tr>
<td>Sister Terry Maltby, RSM</td>
<td>Member</td>
</tr>
<tr>
<td>Susan McDonough</td>
<td>Member</td>
</tr>
<tr>
<td>Thomas Settles</td>
<td>Member</td>
</tr>
<tr>
<td>Sister Mary Shinnick, OSF</td>
<td>Member</td>
</tr>
<tr>
<td>Guy Wiebking</td>
<td>Member</td>
</tr>
<tr>
<td>James Winikates</td>
<td>Member</td>
</tr>
</tbody>
</table>

PROFESSIONAL & FINANCIAL

Borrower’s Counsel: Nixon Peabody Chicago, IL Julie Seymour
Financial Advisor: Kaufman Hall Chicago, IL Jim Blake
Bond Counsel: Chapman and Cutler LLP Chicago, IL David Kates
Auditor: KPMG Chicago, IL Charles Kleszewski
Purchaser/Underwriter(s): J.P. Morgan Securities LLC Chicago, IL Meghan O’Keefe
Purchaser/Underwriter: Orrick, Herrington & Sutcliffe LLP Sacramento, CA John Myers
IFA Counsel: Schiff Hardin, LLP Chicago, IL Bruce Weisenthal
IFA’s Financial Advisor: Acacia Financial Group, Inc. Chicago, IL Phoebe S. Selden

LEGISLATIVE DISTRICTS

Congressional: 2, 4, 5, 6, 7, 9, 10, 11, 13, 15, 16, 17
State Senate: 2, 5, 6, 9, 10, 22, 25, 28, 40, 43, 49, 51, 52
State House: 4, 5, 9, 10, 12, 17, 18, 19, 20, 39, 43, 55, 67, 79, 83, 84, 85, 86, 89, 98, 103, 104
SERVICE AREA

Presence Health Network has hospitals throughout Chicago, as well as in Des Plaines, Evanston, Aurora, Elgin, Joliet, Kankakee, Urbana and Danville.

EXISTING CAPITAL STRUCTURE SUMMARY

<table>
<thead>
<tr>
<th>Presence Health Debt Profile</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Series</strong></td>
<td><strong>Par Outstanding</strong></td>
</tr>
<tr>
<td>1999A</td>
<td>75,975,000</td>
</tr>
<tr>
<td>1999B</td>
<td>75,975,000</td>
</tr>
<tr>
<td>2009</td>
<td>51,915,000</td>
</tr>
<tr>
<td>2009A</td>
<td>200,000,000</td>
</tr>
<tr>
<td>2010A</td>
<td>86,835,000</td>
</tr>
<tr>
<td>2016A</td>
<td>354,225,000</td>
</tr>
<tr>
<td>2016B</td>
<td>173,925,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,018,850,000</strong></td>
</tr>
</tbody>
</table>

The Corporation intends to refund the Series 2016 Bonds and all other parity debt outstanding, including the series of bonds and CUSIPs referenced above, on or about August 15, 2016, but there is no assurance the Series 2016 Bonds or any other series of bonds will be refunded or, if they are refunded, when such refunding will occur.
$90,000,000 (not-to-exceed)
Riverside Health System

| REQUEST | Purpose: Bond proceeds will be used by Riverside Medical Center, Riverside Senior Living Center and Oakside Corporation, each members of the Riverside Health System Obligated Group (“Riverside Health System”) to: (i) currently refund all or a portion of the Illinois Finance Authority Bonds, Series 2006C, (ii) advance refund a portion of the of the Illinois Finance Authority Bonds, Series 2009, (iii) pay or reimburse Riverside for the payment of, the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by Riverside, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds.  
Program: Conduit 501(c)(3) Revenue Bonds  
Extraordinary Conditions: None. |
| BOARD ACTIONS | Preliminary Bond Resolution |
| MATERIAL CHANGES | None. This is the first time this financing has been considered by the IFA Board of Directors |
| JOB DATA | 2,290 FTE  Current jobs  2 FTE  New jobs projected  
2,290 FTE  Retained jobs  97 FTE  Construction jobs projected |
| DESCRIPTION | • Location: Kankakee (Kankakee County/Northeast Region)  
• Riverside Health System (“RHS”) is the parent corporation of a regional health system operating in the far southern portion of the Chicago metropolitan market and headquartered in Kankakee. |
| CREDIT INDICATORS | • Riverside is currently rated ‘A2’/ ‘A+’ by Moody’s/ S&P, both with stable outlooks. |
| STRUCTURE | • The Bonds will be underwritten by Barclays and sold based on the direct underlying ratings of Riverside. The Bonds will mature no later than 2046 (30 years). |
| SOURCES AND USES* | Sources:  
IFA Bonds  $79,620,000  
Original Issue Premium  8,459,387  
DSRF Release Equity for Accrued Interest  8,388,525  
Uses:  
Project Fund  $15,000,000  
Refunding Escrow Deposit  81,331,530  
Costs of Issuance  1,598,389  
Total  $97,929,919  
Total  $97,929,919 |
| RECOMMENDATION | Credit Review Committee recommends approval. |
Project:  Riverside Health System

STATISTICS

<table>
<thead>
<tr>
<th>Project Number:</th>
<th>12345</th>
<th>Type:</th>
<th>501(c)(3) Bonds</th>
<th>Location:</th>
<th>Kankakee</th>
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</thead>
<tbody>
<tr>
<td>Amount:</td>
<td>$90,000,000 (not-to-exceed)</td>
<td>IFA Staff:</td>
<td>Pam Lenane and Tammy Harter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Region:</td>
<td>Kankakee/ Northeast</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Bonds: No extraordinary conditions
Credit Review Committee recommends: No IFA funds at risk

VOTING RECORD

This is the first time this Project is being presented to the Board.

PURPOSE

Bond proceeds will be used by Riverside Medical Center, Riverside Senior Living Center and Oakside Corporation, each members of the Riverside Health System Obligated Group ("Riverside Health System") to: (i) currently refund all or a portion of the Illinois Finance Authority Bonds, Series 2006C, (ii) advance refund a portion of the of the Illinois Finance Authority Bonds, Series 2009, (iii) pay or reimburse Riverside for the payment of, the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by Riverside, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds.

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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
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<tbody>
<tr>
<td>IFA Bonds</td>
<td>Project Fund</td>
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<tr>
<td>Orig. Issue Premium</td>
<td>$79,620,000</td>
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<tr>
<td>DSRF Release</td>
<td>Refunding Escrow Deposits</td>
</tr>
<tr>
<td>Equity for Accrued Interest</td>
<td>Costs of Issuance</td>
</tr>
<tr>
<td></td>
<td>8,459,387</td>
</tr>
<tr>
<td></td>
<td>8,388,525</td>
</tr>
<tr>
<td></td>
<td>1,462,007</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$97,929,919</strong></td>
</tr>
</tbody>
</table>

JOBS

Current employment: 2,290 FTE
Jobs retained: 2,290 FTE

Projected new jobs: 2 FTE
Construction jobs: 97 FTE
FINANCING SUMMARY/STRUCTURE

Security/Ratings: The Bonds will be sold based upon the direct underlying ratings of Riverside. Riverside’s current ratings are ‘A2’/’A+’ by Moody’s/S&P, both with stable outlooks.

Structure: The Bonds will be underwritten by Barclay’s and sold on the basis of Riverside’s long-term ratings.

Interest Rate: To be determined on the day of pricing.

Interest Rate Mode: Long-term fixed rate debt

Maturity: Bonds will mature no later than 2046 (30 years)

Estimated Closing Date: August 2016

PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

Bond proceeds will be used by Riverside Medical Center, Riverside Senior Living Center and Oakside Corporation, each members of the Riverside Health System Obligated Group (“Riverside Health System”) to:
(i) currently refund all or a portion of the Illinois Finance Authority Bonds, Series 2006C, (ii) advance refund a portion of the of the Illinois Finance Authority Bonds, Series 2009, (iii) pay or reimburse Riverside for the payment of, the costs of acquiring, constructing, renovating, remodeling and equipping certain health facilities owned by Riverside, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds.

BUSINESS SUMMARY

Riverside Health System (“RHS”) is the parent corporation of a regional health system operating in the far southern portion of the Chicago metropolitan market and headquartered in Kankakee. RHS is the sole corporate member of Riverside Medical Center (“Medical Center”), Oakside Corporation (“Oakside”), Butterfield Service Corporation (“Butterfield”) and Riverside Senior Living Center (“Living Center”). Riverside Medical Center Foundation (the “Foundation”) is a not-for-profit organization serving in an agency capacity by holding and managing certain investment assets contributed for the benefit of the Medical Center. All of these entities except for Butterfield Service Corporation are Illinois not-for-profit corporations and are organized as described under Section 501(c)(3) of the Internal Revenue Code. Butterfield is an Illinois business corporation.

In 1989, RHS, the Medical Center and Oakside became the initial members of an obligated group (the “Obligated Group”) established under a Master Trust Indenture dated as of December 15, 1989, among RHS, the Medical Center, Oakside and The Bank of New York Mellon Trust Company, N.A., as successor master trustee (as amended and supplemented from time to time, the “Master Indenture”). The Living Center became a member of the Obligated Group in 1990. Butterfield and the Foundation are not members of the Obligated Group.

The Medical Center owns and operates a general acute care hospital in Kankakee, IL, which is licensed for 312 beds, of which 247 beds are currently staffed. In addition to the main hospital facility, the Medical Center operates the Resolve Center in Manteno, Illinois, which houses an 18-bed licensed inpatient substance abuse program and associated outpatient services. The Medical Center also operates Riverside Ambulance which provides ambulance service to the Medical Center’s primary service area from remote locations in Momence, Bradley, St. Anne, Herscher, Chebanse, and Ashkum. Riverside Ambulance is also responsible for 16 communities through its Emergency Medical Service System. In addition, the Medical Center operates multiple community, primary and specialty health centers located in Kankakee, Bourbonnais, Manteno, Monee, Momence, Hopkins Park, Watseka, Gilman, Wilmington, Peotone and Coal City.

The Medical Center also owns the Atrium Building in Bradley, Illinois which provides medical office space, space for a joint venture single-specialty ambulatory surgery center, and industrial medicine services. Located in Bourbonnais and owned by the Medical Center is the Medical Plaza, a comprehensive ambulatory campus which includes radiation therapy, diagnostic imaging, ambulatory surgery, and physician office space. Located in Coal
City and owned by the Medical Center is the West Campus, consisting of a state of the art diagnostic imaging center, and physician office complex.

In 2011, the Medical Center opened a new multi-specialty physician and cancer infusion center in its southern market located in Watseka, Illinois. The facility provides diagnostic services including lab and CT. In December of 2012 the Medical Center expanded services at the Watseka Center to include physical therapy, additional radiology, a two suite sleep center, primary care physicians, and mid-level providers.

Oakside operates the 70,000 square foot Riverside Health Fitness Center located in Bourbonnais, Illinois. Additionally, Oakside operates a community counseling program, a commercial pharmacy, a health equipment sales and leasing program, a retail audiology/hearing and balance program and supports the new business activities of other affiliates.

Living Center was incorporated in 1989 and owns and operates a senior living community that includes 90 independent living apartments known as Westwood Oaks, 96 assisted living apartments known as Butterfield Court, 21 ranch style family homes for seniors known as Westwood Estates and a 160-bed nursing facility. The senior living community is located directly across from the Medical Center in Kankakee and was constructed in phases beginning in 1990. In Fall 2014, Living Center opened an Assisted Living and Memory Care Campus in Bourbonnais consisting of 48 studio units for Memory Care and 32 Assisted Living units.

There are no activities currently operated by Butterfield.

From growth and investments in new programs and service lines, RHS has added 331 new FTE’s since 2012.

The Riverside HealthCare Foundation (RHCF) raises funds for RHS and its affiliates. From 2013 to 2015 the RHCF had total revenues of $6.39 million and provided $2.9 million in support of programs and initiatives for Riverside. RHCF has also committed up to $0.70 million to support Neurosurgery advancements in 2016. The Foundation had assets of $18.6 million as of December 31, 2015.

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**ECONOMIC DISCLOSURE STATEMENT**

**Applicant:** Riverside Health System  
350 N. Wall Street  
Kankakee, IL 60901

**Contact:** Bill Douglas, Senior Vice President & Chief Financial Officer

**Website:** www.riversidehealthcare.org

**Project name:** Riverside HealthCare Series 2016

**Organization:** 501(c)(3) Not-for-Profit Corporation

**Board Members:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Occupation</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nadeem Ansari, MD</td>
<td>Physician</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>Riverside Medical Center</td>
<td></td>
</tr>
<tr>
<td>Connie Ashline</td>
<td>Owner</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>Secure Care of America, Inc.</td>
<td></td>
</tr>
<tr>
<td>John Avendano, PhD.</td>
<td>President</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>Kankakee Community College</td>
<td></td>
</tr>
<tr>
<td>Harry Bond</td>
<td>Business Owner</td>
<td>2016</td>
</tr>
</tbody>
</table>
Riverside Health System
501(c)(3) Revenue Bonds
Page 5
Preliminary Bond Resolution
June 9, 2016
Pam Lenane and Tammy Harter

Chairman
Monical's Corporation

Lisa Dugan
Retired
IL State Representative
2017

Marc Fisher, MD
Physician
Riverside Medical Center
2018

Philip Hays, MD
Physician
Riverside Medical Center
2016

Phillip Kambic
President & CEO
Riverside HealthCare
Ex Officio/Voting

Stonewall McCuiston, MD
Physician
Riverside Medical Center
2018

Doug Perry
CFO
Olivet Nazarene University
2017

Harry Simmon
Consultant
2016

Francis Smith
Officer/Stockholder
HomeStar Financial
2016

PROFESSIONAL & FINANCIAL

Borrower’s Counsel: Katten Muchin Rosenman LLP
Chicago, IL
Janet Goelz Hoffman
Valparaiso, IN
Michael Tym
Auditor: KPMG LLP
Chicago, IL
Greg Bergman
Underwriter: Barclays Capital Inc.
Chicago, IL
Jay Sterns
Bond Counsel: Chapman and Cutler LLP
Chicago, IL
Michael Mitchell
Underwriter’s Counsel: Dentons US LLP
Chicago, IL
Kathryn B. Ashton
Bond Trustee: The Bank of New York Mellon
Chicago, IL
Merci Stahl
Issuer’s Counsel: Pugh Jones and Johnson, P.C.
Chicago, IL
Glenn Weinstein
IFA Financial Advisor: Sycamore Advisors, LLC
Chicago, IL
Melanie Shaker

LEGISLATIVE DISTRICTS

Congressional: 11
State Senate: 40
State House: 79

SERVICE AREA

The primary service area is defined as Kankakee County. The secondary service area consists of portions of Will, Iroquois, Ford, Grundy and Livingston Counties.
$32,000,000 (not to exceed)

Washington and Jane Smith Community – Beverly d/b/a Smith Village

REQUEST Purpose: Bond proceeds will be used by Washington and Jane Smith Community – Beverly d/b/a Smith Village (the “Corporation” the “Borrower” or “Smith Village”) to (i) currently refund the Series 2005A Illinois Finance Authority Bonds (“Prior Bonds”), (ii) currently refund the Series 2005B-2 Illinois Finance Authority Bonds (“Prior Bonds”), and (iii) pay for a portion of the costs of issuance.

Program: Conduit 501(c)(3) Revenue Bonds

Extraordinary Conditions: None.

BOARD ACTION Preliminary Bond Resolution

MATERIAL CHANGES None. This is the first time this Project has been considered by the IFA Board of Directors.

JOB DATA

<table>
<thead>
<tr>
<th></th>
<th>271 FTE</th>
<th>Current jobs</th>
<th>N/A</th>
<th>New jobs projected</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td>Construction jobs projected</td>
</tr>
</tbody>
</table>

DESCRIPTION

● Location (Chicago/Cook County/Northeast Region)
● Washington and Jane Smith Community – Beverly d/b/a Smith Village, is an Illinois not-for-profit corporation. Smith Village is located in Chicago’s Beverly neighborhood and operates a continuing care retirement community consisting of 149 independent living units, 57 traditional assisted living units, 24 memory care assisted living units, and 100 skilled nursing beds.

CREDIT INDICATORS

● Smith Village is currently a non-rated entity.
● The Prior Bonds to be refunded are currently floating rate debt.

STRUCTURE/SECURITY

● The plan of finance contemplates the direct purchase of the Series 2016 Bonds, issued in one or more series, by First Midwest Bank and First Merit Bank.
● The Bonds will be secured by a first mortgage on (i) Borrower’s interest in the community and all fixtures and property, (ii) all assets of the Borrower including inventory, accounts receivable, leasehold improvements and equipment and (iii) pledge of gross revenues including an assignment of interest in all rents and leases.
● The Bonds will be issued as floating rate debt and will be swapped to fixed rate debt.
● The final maturity of the Bonds is expected to be no later than August 1, 2046 (i.e. 30 years)

SOURCES AND USES

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFA Bonds</td>
<td>Refunding of Series 2005ABonds</td>
</tr>
<tr>
<td>Transfer from Series 2005 A&amp;B-2 Debt</td>
<td>Refunding of Series 2005B-2 Bonds</td>
</tr>
<tr>
<td>Service Reserve Fund</td>
<td>Costs of Issuance</td>
</tr>
</tbody>
</table>

Total $35,215,000

RECOMMENDATION Credit Review Committee recommends approval.
ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 9, 2016

Project: Washington and Jane Smith Community – Beverly d/b/a Smith Village

STATISTICS

<table>
<thead>
<tr>
<th>Project Number: 12344</th>
<th>Amount: $32,000,000 (not-to-exceed amount)</th>
</tr>
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<tbody>
<tr>
<td>Type: 501(c)(3) Revenue Bonds</td>
<td>IFA Staff: Pam Lenane and Tammy Harter</td>
</tr>
<tr>
<td>Location: Chicago</td>
<td>County/Region: Cook County/Northeast</td>
</tr>
</tbody>
</table>

BOARD ACTION

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

VOTING RECORD

This is the first time this Project has been considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by Washington and Jane Smith Community – Beverly d/b/a Smith Village (the "Corporation" the "Borrower" or "Smith Village") to (i) currently refund the Series 2005A Illinois Finance Authority Bonds ("Prior Bonds"), (ii) currently refund the Series 2005B-2 Illinois Finance Authority Bonds ("Prior Bonds"), and (iii) pay for a portion of the costs of issuance.

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 tax-exempt status on interest paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

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

ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
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<tbody>
<tr>
<td>IFA Bonds</td>
<td>$32,000,000 Refunding of Series 2005A IFA Bonds $29,615,000</td>
</tr>
<tr>
<td>Transfers from Series 2005 A&amp;B-2 Debt Service Reserve Fund</td>
<td>3,215,000 Refunding of Series 2005B-2 IFA Bonds 5,000,000 Costs of Issuance 600,000</td>
</tr>
</tbody>
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Total $35,215,000 Total $35,215,000

JOBS

Current employment: 271 Projected new jobs: N/A
Jobs retained: N/A Construction jobs: N/A
FINANCING SUMMARY

Structure/ The plan of finance contemplates the direct purchase of the Series 2016 Bonds, issued in one or more series, by First Midwest Bank and First Merit Bank. The Bonds will be secured by a first mortgage on (i) Borrower’s interest in the community and all fixtures and property, (ii) all assets of the Borrower including inventory, accounts receivable, leasehold improvements and equipment and (iii) pledge of gross revenues including an assignment of interest in all rents and leases.

Interest Rate: First Midwest Bank and First Merit Bank will set the rate on the day of pricing.

Interest Rate Modes: The Bonds will be issued as floating rate debt and swapped to fixed rate debt.

Underlying Ratings: Smith Village is currently non-rated.

Maturity: The final maturity on the debt is expected to be no later than August 1, 2046 (i.e. 30 years)

Estimated Closing Date: July, 2016

PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

Bond proceeds will be used by Washington and Jane Smith Community – Beverly d/b/a Smith Village (the “Corporation” the “Borrower” or “Smith Village”) to (i) currently refund the Series 2005A Illinois Finance Authority Bonds (“Prior Bonds”), (ii) currently refund the Series 2005B-2 Illinois Finance Authority Bonds (“Prior Bonds”), and (iii) pay for a portion of the costs of issuance.

BUSINESS SUMMARY

Washington and Jane Smith Community – Beverly d/b/a Smith Village, is an Illinois not-for-profit corporation. Smith Village is located in Chicago’s Beverly neighborhood and operates a continuing care retirement community consisting of 149 independent living units, 57 traditional assisted living units, 24 memory care assisted living units, and 100 skilled nursing beds.

Smith Village’s related corporate parent and operating organizations (“Affiliates”) include Washington and Jane Smith Home d/b/a Smith Senior Living, Washington and Jane Smith Community – Orland Park d/b/a Smith Crossing, and Smith Cares LLC. Smith Senior Living is the sole member of Smith Cares, which provides nursing services to residents of Smith Village and Smith Crossing.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Washington and Jane Smith Community – Beverly d/b/a Smith Village

Site Address: Smith Village
2320 W 113th Place
Chicago, IL  60643

Contact: Raymond Marneris
Chief Financial Officer
Smith Senior Living
2320 W. 113th Place, Suite 2326
Chicago, IL 60643
773-474-7350
rmarneris@smithseniorliving.org

Website: www.smithvillage.org
Project name: Washington and Jane Smith Community – Beverly d/b/a Smith Village, Series 2016 Bonds

Organization: Illinois 501(c)(3) Not-for-Profit Corporation

Board Members (501(c)(3)):
Kaye E. Thurn, Chair
Steven J. Murphy, Vice Chair
Hugh J. Ahern
Thomas L. Hogan
Ann Haskins
Anne Z. Schaible
Michael P. Stanton

PROFESSIONAL & FINANCIAL

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<td>Borrower’s Counsel</td>
<td>Quarles &amp; Brady LLP</td>
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<td>Chapman and Cutler LLP</td>
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<td>Acacia Financial Group, Inc.</td>
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LEGISLATIVE DISTRICTS

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton and Patrick Evans

Date: June 9, 2016

Re: Resolution Granting Executive Director Authorization to Act on Behalf of IFA as Promulgated by the Illinois Administrative Code for the Fire Truck Revolving Loan Program

Background:

The Fire Truck Revolving Loan Program (the “Fire Truck Program”) was established and initially funded in 2005 and is jointly administered by the Illinois Finance Authority (the “IFA” or the “Authority”) and the Office of the Illinois State Fire Marshall (“OSFM”).

The Fire Truck Program provides zero-interest loans (and low-interest loans) to local governments to assist in purchasing all or a portion of the purchase price of a fire truck. Eligible units of local government include fire departments (i.e., operating units of an incorporated city, village, or town), fire protection districts, or township fire departments (each an “Eligible Borrower” or “Applicant”).

OSFM is responsible for (i) marketing the program to Eligible Borrowers, (ii) working with Eligible Borrowers to assist in preparing an application and financial proposal and due diligence package, and (iii) reviewing program applications on a competitive basis based on OSFM-specified needs criteria. In each competitive application round, OSFM ranks all applications based on need. Upon completing its ranking of the Fire Truck Loan applications, OSFM submits all OSFM-approved application packages to IFA.

Pursuant to an Intergovernmental Agreement with the OSFM, the IFA is responsible for undertaking a due diligence financial review of each Eligible Borrower’s proposal that includes financial and ratio tests specified in the Administrative Rules established for the Fire Truck Program (see Illinois Administrative Code Title 74, Chapter VIII, Part 1100, Subpart H for IFA Fire Truck Program administrative rules).

Since inception of the Fire Truck Program in 2005, the IFA/OSFM Program has closed and funded 178 fire truck loans totaling approximately $32.45 million. The Program has received approximately $19.0 million in state appropriations to date.

Eligibility Criteria – IFA Financial and Due Diligence Review:

In addition to fundamental eligibility criteria (as presented in Illinois Administrative Code Rules posted by IFA and OSFM), the key financial ratio tests prepared by IFA in connection with a review of the application, financial statements, and other supplemental items include the following:

a) Financial ratio tests – based on a review of audited financial statements or statements filed with the Office of the State Comptroller (as applicable), each Applicant must satisfy at least one of the following three tests (applicable to the prior 3 year period):
   1) Historical General Fund revenues or specified revenue stream(s): sufficient to provide minimum 1.25x debt service coverage over the past 3 years; or
   2) State intercept revenues (tax revenues collected by the State and remitted to Borrowers) shall be sufficient to provide minimum 1.25x debt service coverage; or
   3) Direct property levy for the loan: sufficient to provide minimum 1.00x debt service coverage of the new, proposed Fire Truck loan obligation.

b) Applicant budgets, tax levies, or ordinance requirements:
   1) For general fund or specified revenues, applicants are required to submit a current board-approved budget that reflects the identified revenue source and amount, as a condition precedent to closing and funding the loan; or
2) For direct property tax levy, applicants are required to submit a copy of the levy and ordinance authorizing the levy, as a condition precedent to closing and funding the loan.

c) If security for the loan is provided by revenues derived from property tax receipts, the Applicant's property tax collection rate over the past three years must exceed 95% each year (this requirement may be waived based on the underlying rationale if deemed reasonable).

Loan Security:

Security: Each loan must be secured by the Applicant’s (i) general fund, (ii) direct property tax levy, or (iii) state intercept revenues (i.e., income tax receipts, sales tax receipts, and personal property replacement tax receipts), as deemed necessary pursuant to the Authority’s underwriting of each loan. IFA and the Applicant may also structure and secure each loan with specific pledged revenues dedicated as the source of repayment (subject to an Applicant-approved budget and appropriations ordinance. Finally, as additional security, IFA will take possession of the title as provided under the Loan Agreement.

2016 OSFM Fire Truck Application Round 1 – 1 Fire Truck Application - $350,000 Request

Based on available balances for relending in the Fire Truck Revolving Loan Fund, the OSFM periodically issues application forms and undertakes marketing to seek applicants.

As of April 30, 2016, IFA had approximately $924,999 on deposit and invested in IFA locally-held accounts and available to fund new loans under the Fire Truck Program. For this initial 2016 application round, the OSFM submitted one (1) application to the Authority for due diligence financial review.

To the extent this Borrower declines their financing offer (or defers undertaking their project), the OSFM will extend offers to the next borrower(s) identified on OSFM’s priority ranking.

For historical perspective, several credit-approved projects have chosen to defer their project and have elected to not move forward at the time of their award (which has enabled OSFM to add new applicants subsequent to initial IFA credit approval).

Recent Developments – Updated Legislation in 2012 and 2014:

New legislation was enacted in 2012 and 2014 that revised terms of the Fire Truck Revolving Loan Fund. Additionally, the Authority and OSFM negotiated a new Intergovernmental Agreement which provided for increased loan closing fees, and interest on loans originated on behalf of borrowers with investment grade credit ratings. Finally, both the Authority and OSFM filed new Administrative Rules to reflect the changes.

Three of the most important changes that affect management of the Program as a result of the new legislation and IFA/OSFM Intergovernmental Agreement are noted below:

1. The Fire Truck Revolving Loan Fund was transferred from the State Treasurer to the IFA Treasury and is now a locally-held fund by the Authority.
2. The closing fee paid by each Borrower at closing increased from $250 per funded transaction to $500 per funded transaction. (IFA does not receive a fee for reviewing loan applications that are not ultimately closed and funded.)
3. Prior to the 2015 funding round, 100% of the Fire Truck Loans were financed at a 0% interest rate. Effective with this 2016 application round (and for all new project applications received during calendar 2016), the Program will be charging a 1.86% fixed interest rate to borrowers that possess an investment grade credit rating from any of the four municipal credit rating agencies. (This interest rate will be reset each calendar year according to the interest rate established by the Illinois EPA for its State Revolving Fund program to local government units each year.)

Other key terms of the Fire Truck Revolving Loan Fund remain unchanged, including:

- Borrowers may apply to the OSFM for loan repayment terms of up to 20 years. As noted in Table 1, most Applicants seek the 20-year maximum maturity/amortization. In practice, the loan amortization is established upon acceptance and approval of the application by OSFM.
• Loans are generally structured with level principal payments over the life of the loan.
• Fire Truck applications may be for new or used vehicles, subject to approval by OSFM.
• Fire Truck loan proceeds may be used to refinance all or a portion of a fire truck purchased up to one year earlier (subject to the Administrative Rules established for the Fire Truck Program by OSFM and IFA).

Attachments:

1. IFA Resolution Granting the Executive Director the Authority to Act on behalf of Illinois Finance Authority as Promulgated by the Illinois Administrative Code for the Fire Truck Revolving Loan Program.
2. An overview of the 1 application (City of Fairfield) submitted by OSFM for review by the Authority.

PROFESSIONAL & FINANCIAL

OSFM Program Administrator: Office of the Illinois State Fire Marshal Springfield, IL Pam Sargent, Jodi Schrage
WHEREAS, the Illinois Finance Authority (the “Authority”) has been created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. (the “Act”); and

WHEREAS, the Fire Truck Revolving Loan Program has been established under the Act and jointly administered by the Authority and the Office of the Illinois State Fire Marshall (“OSFM”) to provide zero-interest loans for the purchase of fire trucks by a fire department, a fire protection district, or a township fire department (the “Fire Truck Revolving Loan Program”); and

WHEREAS, the Joint Committee on Administrative Rules has promulgated Title 74, Chapter VIII, Part 1100, Subpart H under the Illinois Administrative Code (the “Administrative Code”) for the Authority and promulgated Title 41, Chapter I, Part 290 under the Administrative Code for OSFM; and

WHEREAS, pursuant to the Act and the Administrative Code, the Authority shall make zero-interest loan or low-interest loans for the purchase of fire trucks by a fire department, a fire protection district, or a township fire department based on need, as determined by OSFM; and

WHEREAS, the Executive Director of the Authority (the “Executive Director”) has taken certain actions from time to time regarding the Fire Truck Revolving Loan Program, all in accordance with the wishes of the Authority and continue to do so; and

WHEREAS, the Members of the Authority, acting pursuant to their power to adopt this Resolution pursuant to the provisions of Sections 801-25, 801-30 and 801-40 of the Act, hereby wish to ratify the actions already taken by the Executive Director and to grant him continued authority to act autonomously on behalf of the Authority with regard to certain actions relating to the Fire Truck Revolving Loan Program;

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. Ratification of Past Actions. The Authority hereby accepts and ratifies all actions taken by the Executive Director prior to the date of this Resolution, including but not limited to, the acceptance of a single application from OSFM for the Fire Truck Revolving Loan Program as shown on Attachment A.

Section 3. Clarification with Regard to All Future Action Taken by the Executive Director. The Authority does hereby authorize, empower and direct the Executive Director 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 he may deem necessary, appropriate or advisable in order to administer the Fire Truck Revolving Loan Program as follows:
a. To approve applications of zero-interest loans or low-interest loans for the purchase of fire trucks by a fire department, a fire protection district, or a township fire department;
b. To make zero-interest loans or low-interest loans for the purchase of fire trucks by credit-approved applicants, and subject to OSFM’s priority list ranking;
c. To take any action necessary to make zero-interest loans or low-interest loans for the purchase of fire trucks by approved applicants that are necessary or appropriate to comply with changes in law, that concern routine or ministerial functions, or that involve Fire Truck Revolving Loan Program changes having no material cost or exposure for the Authority; and
d. To take any other actions necessary or appropriate in the administration of routine or ministerial functions under the Fire Truck Revolving Loan Program.
e. Ministerial functions, as used in this Resolution, are defined under Labor Regulation §2509.75-8, Q&A D-2.

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.
**ATTACHMENT A**

**APPLICANT**

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1 Application Submitted by OSFM  
Total $350,000

*Loan amounts are estimates and subject to change. Loan amounts may not exceed $350,000 per Borrower and the term of the loan may not exceed 20 years. Each loan must be secured by the Borrower’s (1) general fund, (2) direct property tax levy, or (3) state intercept revenues. Loans may also be secured by specified pledge revenues that satisfy the Program’s underwriting requirements.*

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton and Patrick Evans

Date: June 9, 2016

Re: Resolution Granting Executive Director Authorization to Act on Behalf of IFA as Promulgated by the Illinois Administrative Code for the Ambulance Revolving Loan Program

Background:

The Ambulance Revolving Loan Program (the “Ambulance Program” or the “Program”) was established and initially funded in 2008 and is jointly administered by the Illinois Finance Authority (the “IFA” or the “Authority”) and the Office of the Illinois State Fire Marshal (“OSFM”).

The Ambulance Program provides zero-interest loans (and low-interest loans) to local governments to assist in purchasing all or a portion of the purchase price of an ambulance. Eligible units of local government include any municipality (i.e., city, village, or town), township, township fire department, or special district (e.g., a fire protection district or special ambulance service district), or an entity that provides ambulance services or emergency medical services that does not earn and distribute taxable business earnings to shareholders or principals of the business and is in good standing as a not-for-profit business with the Illinois Secretary of State (each an “Eligible Borrower” or “Applicant”).

OSFM is responsible for (i) marketing the program to Eligible Borrowers, (ii) working with Eligible Borrowers to assist in preparing an application and financial proposal and due diligence package, and (iii) reviewing each program application on a competitive basis based on OSFM-specified needs criteria. In each competitive application round, OSFM ranks the applications based on need. Upon completing its ranking of the Ambulance Loan applications, OSFM submits each OSFM-approved application package to IFA.

Pursuant to an Intergovernmental Agreement with the OSFM, the IFA is responsible for undertaking a due diligence financial review of each applicant’s proposal that includes financial and ratio tests specified in the Administrative Rules established for the Ambulance Program (see Illinois Administrative Code Title 74, Chapter VIII, Part 1100, Subpart I for the IFA Ambulance Revolving Loan Program administrative rules).

Since inception of the Ambulance Program in 2005, the IFA/OSFM Program has closed and funded 10 ambulance loans totaling approximately $0.99 million. The Program has received approximately $4.0 million in state appropriations to date.

Eligibility Criteria – IFA Financial and Due Diligence Review:

In addition to fundamental eligibility criteria (as presented in Illinois Administrative Code Rules posted by IFA and OSFM), the financial due diligence review undertaken by IFA in connection with a review of the application, financial statements, and other supplemental items includes the following:

Eligibility Criteria applicable to Local Government Borrowers:

a) Financial ratio tests – based on a review of audited financial statements or statements filed with the Office of the State Comptroller (as applicable), each Applicant must satisfy at least one of the following three tests (applicable to the prior 3 year period):

1) Historical General Fund revenues or specified revenue stream(s) must be sufficient to provide minimum 1.25x debt service coverage on average over the past 3 years; or
2) State intercept revenues (tax revenues collected by the State and remitted to Borrowers) shall be sufficient to provide minimum 1.25x debt service coverage; or
3) Direct property tax levy for the loan must be set at a level sufficient to provide minimum 1.00x debt service coverage of the new, proposed Ambulance loan obligation.
b) Applicant budgets, tax levy, or ordinance requirements (must be provided prior to closing and funding each loan):
   1) For general fund or specified revenues, applicants are required to submit a current board-approved budget and appropriations ordinance (or provide that reflects the identified revenue source and amount, as a condition precedent to closing and funding the loan; or
   2) For direct property tax levy, applicants are required to submit a copy of the levy and ordinance authorizing the levy, as a condition precedent to closing and funding the loan.

c) If security for the loan is provided by revenues derived from property tax receipts, the Applicant's property tax collection rate over the past three years must exceed 95% each year (this requirement may be waived based on the underlying rationale if deemed reasonable).

Eligibility Criterion applicable to Non-Profit Ambulance Services:
   a) Historical general fund revenues or specified revenue stream(s) must be sufficient to provide minimum 1.25x debt service coverage on average over the past three (3) years.

Loan Security:

Security: Each loan to a local government unit must be secured by the Applicant’s (i) general fund, (ii) direct property tax levy, or (iii) state intercept revenues (e.g., income tax receipts, sales tax receipts, and personal property replacement tax receipts) as deemed necessary pursuant to the Authority’s underwriting of each loan. Additionally, each Applicant may pledge a dedicated revenue source via ordinance in an amount and duration sufficient to repay the proposed loan. Finally, as additional security, IFA will take possession of the title as provided for under the Loan Agreement.

Note: unlike the Fire Truck Revolving Loan Fund, eligible borrowers under the Ambulance Revolving Loan Fund also include non-governmental borrowers, including non-profit ambulance services. These borrowers sign a general revenue pledge and may also pledge specific revenues funded by units of local government located within their service area. Because these non-profit ambulance service agencies do not receive direct tax funding from the State (which many local government units are entitled to receive), loans to non-profit agencies under the Ambulance Revolving Loan Program are not secured by state intercept revenues.

2016 OSFM Ambulance Application Round 1 – 17 Applications:

Based on available balances for relending in the Ambulance Revolving Loan Fund, the OSFM periodically issues application forms and undertakes marketing to seek applicants.

As of April 30, 2016, IFA had approximately $3,897,351 on deposit in IFA locally-held accounts and available to fund new loans under the Ambulance Program. For the 2016 application round, OSFM has submitted 17 applications totaling $1,700,000.

To the extent any Borrower declines their financing offer (or defers undertaking their project), the OSFM will extend offers to the next applicants based on OSFM’s priority project ranking (if oversubscribed).

For historical perspective, several credit-approved projects have chosen to defer their project and have elected to not move forward at the time of their award under both the Fire Truck and Ambulance RLF Programs.

Recent Developments – Updated Legislation in 2012 and 2014:

This is the first round of Ambulance Revolving Loan Fund applications submitted by OSFM since 2008.

New legislation was enacted in 2012 and 2014 that revised terms of the Ambulance Revolving Loan Fund. Additionally, the Authority and OSFM negotiated a new Intergovernmental Agreement which provided for increased loan closing fees, and interest on loans originated on behalf of borrowers with investment grade credit ratings. Finally, both the Authority and OSFM filed new Administrative Rules to reflect the changes.
Three of the most important changes that affect management of the Program as a result of the new legislation and IFA/OSFM Intergovernmental Agreement are noted below:

1. The Ambulance Revolving Loan Fund was transferred from the State Treasurer to the IFA Treasury and is now a locally-held fund by the Authority.
2. The closing fee paid by each Borrower at closing increased from $250 per funded transaction to $500 per funded transaction. (IFA does not receive a fee for reviewing loan applications that are not ultimately closed and funded.)
3. Prior to the current round, 100% of the Ambulance Loans were financed at a 0% interest rate. Effective with the 2016 application round, the Program will be charging a 1.86% fixed interest rate to borrowers that possess an investment grade credit rating from any of the four municipal credit rating agencies. (This interest rate will be reset each calendar year according to the interest rate established by the Illinois EPA for its State Revolving Fund program to local government units each IEPA Program year.)

Other key terms of the Ambulance Revolving Loan Fund remain unchanged, including:

- Borrowers may apply to the OSFM for loan repayment terms of up to 10 years. As noted in Table 1, most Applicants seek the 10-year maximum maturity/amortization. In practice, the loan amortization is established upon acceptance and approval of the application by OSFM.
- Loans are generally structured with level principal payments over the life of the loan.
- Ambulance applications may be for new or used vehicles, subject to approval by OSFM.
- Ambulance loan proceeds may be used to refinance all or a portion of an Ambulance purchased up to one year earlier (subject to the Administrative Rules established for the Ambulance Program by OSFM and IFA).

Attachments:

1. IFA Resolution Granting the Executive Director the Authority to Act on behalf of Illinois Finance Authority as Promulgated by the Illinois Administrative Code for the Ambulance Revolving Loan Program.
2. An overview of the 17 applications submitted by OSFM.
RESOLUTION GRANTING EXECUTIVE DIRECTOR AUTHORIZATION TO ACT ON BEHALF OF ILLINOIS FINANCE AUTHORITY AS PROMULGATED BY THE ILLINOIS ADMINISTRATIVE CODE FOR THE AMBULANCE REVOLVING LOAN PROGRAM

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

WHEREAS, the Ambulance Revolving Loan Program has been established under the Act and jointly administered by the Authority and the Office of the Illinois State Fire Marshall (“OSFM”) to provide zero-interest and low-interest loans for the purchase of ambulances by a fire department, a fire protection district, a township fire department, or a non-profit ambulance service (the “Ambulance Revolving Loan Program”); and

WHEREAS, the Joint Committee on Administrative Rules has promulgated Title 74, Chapter VIII, Part 1100, Subpart I under the Illinois Administrative Code (the “Administrative Code”) for the Authority and promulgated Title 41, Chapter I, Part 292 under the Administrative Code for OSFM; and

WHEREAS, pursuant to the Act and the Administrative Code, the Authority shall make zero-interest loan or low-interest loans for the purchase of ambulances by a fire department, a fire protection district, a township fire department, or a non-profit ambulance service based on need, as determined by OSFM; and

WHEREAS, the Executive Director of the Authority (the “Executive Director”) has taken certain actions from time to time regarding the Ambulance Revolving Loan Program, all in accordance with the wishes of the Authority and continue to do so; and

WHEREAS, the Members of the Authority, acting pursuant to their power to adopt this Resolution pursuant to the provisions of Sections 801-25, 801-30 and 801-40 of the Act, hereby wish to ratify the actions already taken by the Executive Director and to grant him continued authority to act autonomously on behalf of the Authority with regard to certain actions relating to the Ambulance Revolving Loan Program;

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. Ratification of Past Actions. The Authority hereby accepts and ratifies all actions taken by the Executive Director prior to the date of this Resolution, including but not limited to, the acceptance of 17 applications from OSFM for the Ambulance Revolving Loan Program as shown on Attachment A.

Section 3. Clarification with Regard to All Future Action Taken by the Executive Director. The Authority does hereby authorize, empower and direct the Executive Director 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 he may deem necessary, appropriate or advisable in order to administer the Ambulance Revolving Loan Program as follows:
a. To approve applications of zero-interest loans or low-interest loans for the purchase of ambulances by a fire department, a fire protection district, a township fire department, or a non-profit ambulance service;
b. To make zero-interest loans or low-interest loans for the purchase of ambulances by credit-approved applicants, and subject to OSFM’s priority list ranking;
c. To take any action necessary to make zero-interest loans or low-interest loans for the purchase of ambulances by approved applicants that are necessary or appropriate to comply with changes in law, that concern routine or ministerial functions, or that involve Ambulance Revolving Loan Program changes having no material cost or exposure for the Authority; and
d. To take any other actions necessary or appropriate in the administration of routine or ministerial functions under the Ambulance Revolving Loan Program.
e. Ministerial functions, as used in this Resolution, are defined under Labor Regulation §2509.75-8, Q&A D-2.

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.

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ATTACHMENT A
APPLICANTS

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<td>Lake</td>
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</tr>
<tr>
<td>11</td>
<td>North Maine Fire Protection District</td>
<td>Cook</td>
<td>$100,000</td>
</tr>
<tr>
<td>12</td>
<td>Palos Fire Protection District</td>
<td>Cook</td>
<td>$100,000</td>
</tr>
<tr>
<td>13</td>
<td>Pleasantview Fire Protection District</td>
<td>Cook &amp; DuPage</td>
<td>$100,000</td>
</tr>
<tr>
<td>14</td>
<td>Sandoval Fire Protection District</td>
<td>Marion</td>
<td>$100,000</td>
</tr>
<tr>
<td>15</td>
<td>Sugar Creek Ambulance Service (a Township service)</td>
<td>Clinton</td>
<td>$100,000</td>
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<tr>
<td>16</td>
<td>Sullivan Fire Protection District</td>
<td>Moultrie</td>
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<tr>
<td>17</td>
<td>Wonder Lake Fire Protection District</td>
<td>McHenry</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

17 Applications Submitted by OSFM Total $1,700,000

*Loan amounts are estimates and subject to change. Loan amounts may not exceed $350,000 per Borrower and the term of the loan may not exceed 20 years. Each loan to a governmental unit (a “Unit”) must be secured by the Unit’s (1) general fund, (2) direct property tax levy, or (3) state intercept revenues. Each loan to a non-profit borrower shall be a general obligation of the Borrower (and further secured by additional specific pledged revenues, as deemed necessary pursuant to the Authority’s financial due diligence review). Each application is subject to final credit approval.
June 9, 2016

NON-CONDUIT (DIRECT BOND PURCHASE)

$1,300,000 (not-to-exceed amount)
City of Blue Island

**Request**

**Purpose:** IFA will purchase Series 2016 General Obligation Alternate Revenue Bonds to be issued by the City of Blue Island (the “City” or “Borrower”). The City will use bond to finance all or a portion of the costs of (i) improvements to public facilities including but not limited to (a) Illinois Environmental Protection Agency mandated improvements to a leachate treatment system located at the City-owned golf course (formerly the site of a landfill), and (b) improvements to the City-owned combined waterworks and sewerage system (the “Water System”), including a sewage relining/inspection project, and replacement and redesign of certain portions of the City's sewerage system, including replacement of a relief-combination sewer and related improvements, including but not limited to street repair in areas affected by these sewerage improvements, (ii) the reimbursement of costs incurred for the acquisition of an ambulance to replace and upgrade the City’s ambulance fleet (and replace an out-of-service ambulance), (iii) the acquisition of additional public works vehicles and/or additional public safety vehicles, if deemed necessary or desirable by the City, and (iv) the rehabilitation of the irrigation system and other improvements at the City-owned golf course, all to be owned and used by the City of Blue Island, Cook County, Illinois (collectively, the “Project”).

**Program Product Type:** Local Government Direct Bond Purchase (Alternate Revenue Bonds). This is the first request for a Local Government Direct Bond Purchase (IFA Direct Loan) reviewed by the IFA Board since December 2013 (City of West Salem). This loan would be approved as a pilot financing in the Authority’s efforts to replace the features of its former Local Government Bond Bank Program (including the market-based interest rate and underlying Alternate Revenue Bond structure).

**IFA/State Funds at Risk:** $1,300,000. IFA will fund the proposed loan (and will be the direct purchaser of the proposed indebtedness).

**Extraordinary Conditions:** IFA-imposed minimum 1.25x Debt Service Coverage Covenant on any Alternate Revenue Bonds secured by the same Pledged Revenue Source as the Series 2016 Bonds (City of Blue Island) to be purchased by the Authority. Additional terms and conditions mutually agreed to by the City and the Authority are cited in Exhibit A to the Resolution presented in connection with this report.

**Board Actions**

Final Bond Purchase Resolution approved August 13, 2015: 9 Yeas; 0 Nays; 0 Abstentions; 4 Excused Absences (Goetz, O’Brien, Tessler, Zeller); 2 Vacancies

**Material Changes**

Pledged Revenue Source of Alternate Revenue Bonds changed from Water (and Sewer) Fund to Sales Taxes. NOTE: Due to inherent protections provided for in the Alternate Revenue Bond structure (and Bond Documents), the City will be required to fully fund the Debt Service Fund annually and provide such evidence to the Cook County Clerk before the dedicated General Obligation Tax Levy to cover debt service payments to the Authority is abated. Accordingly, the underlying structure protects the Authority equally well irrespective of revenue source. Finally, as an additional covenant, the Authority will require minimum 1.25x Debt Service Coverage despite the state-sourced nature of Sales Taxes as a pledged Alternate Revenue Source (which requires only 1.10x Debt Service Coverage under Illinois law).

**Job Data**

<table>
<thead>
<tr>
<th>Current jobs</th>
<th>New jobs projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>122</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retained jobs</th>
<th>Construction jobs projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>(3-4 months)</td>
</tr>
</tbody>
</table>

**Borrower**

Type of Entity: The City of Blue Island is incorporated as a City under the Illinois Municipal Code (65 ILCS 5/) and is a non-home rule city.

**Description**

- Location: Cook County/Northeast Region
- When established: The City of Blue Island was incorporated in 1835.
- Borrower’s Mission: The City provides the following services as authorized by statute: public safety and health; maintenance of streets and highways; zoning and planning; public utility services (water, sewer, and sanitation); recreation; and general administration.
- Project Impact: Will finance a series of capital improvement projects including (i) construction of a relief combination sewer to reduce flooding; (ii) Illinois Environmental Protection Agency-mandated improvements of the City’s leachate system at the City-owned golf course (formerly the site of a landfill); (iii) reline a portion of the City’s sewer system and replace a relief combination sewer; (iv) purchase replacement public works vehicles to replace obsolete vehicles in the City’s fleet; (v) reimbursement of costs incurred for the acquisition of an ambulance to replace one out-of-service vehicle in the City’s three vehicle fleet, and (vi) finance rehabilitation of the irrigation system and other improvements at the City-owned golf course.
**STRUCTURE**

- **Series 2016 Bonds**: General Obligation Alternate Revenue Bonds payable from Pledged Sales Tax Revenues that will be deposited into a dedicated Debt Service Fund bank account held by the City and in an amount sufficient to pay scheduled debt service over the subsequent 12 month period. The City will present evidence of this Debt Service Fund Balance to the Cook County Clerk each February. Upon acceptance of this certification, the Cook County Clerk would then abate the City’s property tax levy associated with the proposed Series 2016 Bonds (Sales Tax Revenues) for the subsequent tax year.

- **Maturity**: 10 years (structured with December 1 principal and interest and June 1 interest payments). The initial payment would be 6/1/2017 and the final payment 12/1/2026 (as presently contemplated; terms specified in the Resolution, as amended, will supersedes terms provided here and could defer the final payment date to 12/1/2027).

- **Interest Rate**: 10-year fixed rate based on Municipal Market Data Baal-rated Tax-Exempt General Obligation Index (currently 2.35%) with a floor of 3.00%. (The estimated 10-year fixed interest rate based on market conditions as of 8/1/2015 was 3.20% as originally approved by the IFA Board on 8/13/2015.) A key programmatic objective is to provide rates comparable to low investment grade issues undertaken under the former IFA Local Government Bond Bank.

- As proposed, IFA will purchase the City’s Series 2016 Bonds as the direct lender/investor.

- **Underlying Rating**: The City is not currently rated.

**SOURCES AND USES – PRELIMINARY, SUBJECT TO CHANGE**

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Island GO Alt. Rev.</td>
<td>Project Costs</td>
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<tr>
<td>Bonds Series 2016 (IFA Direct Purchase)</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>Costs of Issuance (preliminary estimate)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>$1,325,000</strong></td>
<td><strong>$1,325,000</strong></td>
</tr>
</tbody>
</table>

**RECOMMENDATION**

Credit Review Committee recommends approval subject to the proposed terms and conditions identified on pp. 2-3. Future programmatic recommendations and evaluation issues for this pilot program are identified on pp. 3-4.
ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
June 9, 2016

Project: City of Blue Island

STATISTICS

<table>
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<tr>
<th>Project Number:</th>
<th>12305</th>
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</thead>
<tbody>
<tr>
<td>Type:</td>
<td>Local Government Direct Bond Purchase</td>
</tr>
<tr>
<td>Location:</td>
<td>Blue Island</td>
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</table>

Final Resolution $1,300,000 IFA funds at risk
Local Government Direct Bond Purchase

Credit Review Committee recommends approval of a Resolution authorizing documentation, funding and closing of this financing subject to the following proposed conditions:

(Note: additional programmatic recommendations regarding development of this program follow on pp. 4-5.)

Conditions on proposed IFA Direct Bond Purchase will be approved in final form in Exhibit A to the Resolution for this financing. A summary of the conditions presented in Exhibit A is presented below. (The terms presented below will be superseded by terms set forth in the Resolution and Exhibit A, as amended.)

2. Issuer: City of Blue Island, Cook County, Illinois.
3. Issue: $1,300,000 General Obligation Alternate Revenue Bonds, Series 2016 (Sales Tax Alternate Revenue Source)
4. Delivery: The Bonds are expected to be delivered on or about June 29, 2016.
5. Dated Date: Date of delivery.
6. Security: The Bonds are valid and legally binding upon the City payable from: (a) ratably and equally with certain any (Future) Sales Tax Parity Bonds, certain State sales taxes collected by the State of Illinois and paid to the City, and (b) ad valorem taxes levied against all taxable property within the City without limitation as to rate or amount.
7. Ratings/Insurance: The Bonds will not be rated or credit enhanced.
8. Purpose: The Bonds are being issued for the purpose of paying the costs of (a) Illinois Environmental Protection Agency mandated improvements to a leachate treatment system located at the City-owned golf course (formerly the site of a landfill), and (b) improvements to the City-owned combined waterworks and sewerage system (the “Water System”), including a sewage relining/inspection project, and replacement and redesign of certain portions of the City's sewerage system, including replacement of a relief-combination sewer and related improvements, including but not limited to street repair in areas affected by these sewerage improvements, (ii) the reimbursement of costs incurred for the acquisition of an ambulance to replace and upgrade the City’s ambulance fleet (and replace an out-of-service ambulance), (iii) the acquisition of additional public works vehicles and/or additional public safety vehicles, if deemed necessary or desirable by the City, and (iv) the rehabilitation of the irrigation system and other improvements at the City-owned golf course, all to be owned and used by the City (and collectively, the “Project”).
9. Interest Payment Dates: Semiannually each June 1 and December 1, commencing June 1, 2017.
10. Principal Payment Dates: Annually each December 1, commencing December 1, 2017 and through December 1, 2026 (as presently scheduled; December 1, 2027 is the maximum maturity specified by the Resolution).
11. Amortization Schedule (interest rate and payment schedule) – see Exhibit A-2 to the Resolution.
12. Drawdown Structure: The City may request drawdown of funds to the Authority (with a copy provided to Bond Counsel – see #22 below) as various elements of the Project are completed. Minimum draw requests should typically be in minimum amounts of $100,000 and integral multiples of $5,000 thereof. The City agrees to provide appropriate back-up documentation supporting each draw request as deemed sufficient by the Authority. The Authority will adjust interest payments through June 1, 2017 to provide for a simple allocation of interest expense based on the number of days the draws have been outstanding. Accordingly, the interest payment schedule for payments due June 1, 2017 presented in Exhibit A-2 will be superseded by payments determined as the City draws down funds.
13. Tax Exemption: Arnstein & Lehr LLP, Chicago, Illinois, will provide an opinion as to the federal tax exemption of the interest on the Bonds. Interest on the Bonds will not be exempt from present State of Illinois income taxes.
14. **Bank Qualified:** The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

15. **Delivery of No-Default Certificate at Closing:** The City shall deliver a certificate at closing in a form acceptable to the Authority certifying that the City is not in default on any debt obligation.

16. **Due Diligence Confirmation Item:** Any consent required from Assured Guaranty in connection with the City’s Series 2006 Bonds.

17. **Additional (Future) Sales Tax Parity Bonds:** may only be issued pursuant to a Notice delivered to the Authority supplemented by evidence from the City’s auditor (as satisfactory to the Authority) that any Additional Sales Tax Bonds would result in minimum debt service coverage of 1.25 times on existing and proposed Sales Tax Bonds. The City will have $0 of outstanding General Obligation Alternate Bonds as of the date of closing of the Series 2016 Bonds.

18. **Optional Redemption:** The Bonds due on or before December 1, 2024 are non-callable. The Bonds due on or after December 1, 2025 are callable in whole or in part on any date on or after December 1, 2025, at a price of par and accrued interest to the date of redemption. The City agrees to reimburse the Authority for any reasonable out-of-pocket or attorney costs incurred in connection with redemption prior to the scheduled final maturity date (i.e., December 1, 2026 as presently contemplated in Exhibit A-1).

19. **Annual Financial Information Reporting:** The Authority will require the reporting of the City’s Annual Financial Information (i.e., “Continuing Bond Disclosures”) and the City’s Audited Financial Statements as prescribed by the Municipal Securities Rulemaking Board (“MSRB”) or the Securities and Exchange Commission (“SEC”), and the Illinois Municipal Auditing Law at the time of delivery of such information.

20. **Report on Closing of the Series 2016 Bonds to the MSRB’s EMMA website:** The City shall report the issuance of the Series 2016 Bonds with a general description of the interest rate, terms, and security (comparable in detail to a Note to the City’s Financial Statements) to EMMA promptly.

21. **Bond Registrar and Paying Agent:** The City of Blue Island.

22. **Bond Counsel:** Arnstein & Lehr LLP, Chicago, Illinois

23. **Counsel to the Borrower:** Sanchez, Daniels & Hoffman, LLP, Chicago, Illinois

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**General Programmatic Recommendations regarding development and evaluation of this Program initiative going forward:**

A. In order to enable the Authority to provide sufficient portfolio diversification relative to IFA capital invested in the Local Government Direct Loan Program portfolio (outstanding loans/local bonds totaled approximately $17.18 million as of 4/30/2016, down from $20.46 million as of 6/30/2015, and $25.16 million as of 6/30/2014), participating borrowers would be limited to a maximum of $1.5 million of loans outstanding at any single time.

B. Projects shall be limited to essential-purpose government projects and those providing for public safety (subject to a maximum of 10% of proceeds allocated for non-essential government purposes).

C. Maximum maturity: 10 years (to limit various risks to the Authority, including interest rate risk; this requirement would be consistent with the 10-year maximum term applicable to the Authority’s business loans under the Authority’s statute).

D. **Interest rate:** IFA shall establish an interest rate based on the applicable Municipal Market Data General Obligation Index for Baa1-rated securities as published in The Bond Buyer for a comparable maturity. [In the event a specific maturity is not reported, the applicable interest rate shall be determined by interpolation of available reported interest rates and maturities, or other reasonable methodology.] Additionally, the Authority may add an appropriate spread over the index rate to adequately compensate the Authority for origination costs (including the costs of Counsel to the Authority) or to purchase bonds at a rate previously considered by the Authority’s Board of Directors for the financing in question. The applicable interest rate floor shall be 3.00% on all IFA Direct Bond Purchase transactions.

E. Any prospective IFA loans shall be structured with the same Alternate (Revenue) Bond structure that was used in connection with the underlying local government bonds, which now compose the majority of Authority’s Local Government Direct Loan portfolio. The same underlying Alternate (Revenue) Bond structure is being replicated here (i.e., the underlying Borrower’s Bonds shall be issued pursuant to Section 15 of the Local Government Debt Reform Act, or equivalent provisions authorizing the issuance of “Alternate Bonds” pursuant to Illinois law). This structure should help mitigate general risks associated with General Obligation Bond financings.

F. **Future Local Government Direct Bond Purchase (IFA Local Government Direct Loan) financing projects shall primarily focus on fixed asset acquisition projects.**

G. This Local Government Direct Bond Purchase Program shall not be used to refinance or refund outstanding bond issues or to provide for restructuring of outstanding term or permanent debt of the Borrower.

H. **Future Local Government Direct Bond Purchase transactions may bear interest in either a tax-exempt or taxable mode based on a future evaluation of factors including, but not limited to:** upfront origination costs to the Borrower relating to bond counsel opinions and related expenses; the possibility of selling all or a portion of the portfolio (or participations therein) to commercial banks; evaluation of arbitrage rebate and other post-closing tax compliance costs; evaluation of costs and consequences of IRS examination; etc.

I. **Request for an evaluation period following documenting, closing and funding the subject loan:** As a pilot project for IFA’s Local Government Bond Direct Purchase financing program, it is recommended that no further applications be considered for a minimum period of 120 (to 180) days (to provide for evaluation of the initial loan and documents and enable development of a business plan that reflects a comprehensive evaluation of IFA’s program interest rate, fees, policies, upfront legal documentation development costs, project legal review, and the need for the local government unit to engage an independent financial advisor). Finally, IFA’s
city of blue island
local government direct bond purchase
page 5
rich frampton

financial advisors will evaluate and provide guidance regarding the likely market discount in any contemplated sale of all or a portion of any portfolio loans and guidance on managing fees and expenses (if deemed desirable).

j. program terms and documentation will be subject to ongoing evaluation based on changes in law or judicial developments relating to the enforcement of creditor rights.

k. as with ifa’s participation loan program for business, the authority may also consider purchasing up to 50% of a local government bond issue that satisfies the parameters outlined above. this would enable the authority to leverage a local government financing of up to $3.0 million and potentially encourage development of relationships with commercial banks (and provide a complementary offering to the authority’s participation loan program and agricultural financing products).

voting record

august 13, 2015 – see voting record from final resolution on p. 1 of this memorandum.

comment on material changes to structure from august 13, 2015, as proposed:

although the pledged revenues securing the alternate bonds have changed (to pledged sales tax revenues from the city’s water fund), ifa (as bondholder) will be provided with the same security protections under section 15 of the local government debt reform act since the city must provide evidence of sufficient funds each year (as on deposit in a debt service fund or bond fund bank account created specifically to service the series 2016 bonds) in order to enable the county clerk to certify there are sufficient funds on hand to cover all scheduled bond principal and interest payments over the next 12 months, thereby enabling the cook county clerk to abate the general obligation levy that the city is enacting as a dedicated source of revenues to service the series 2016 bond payments to ifa. (please see discussion of “financing summary” beginning on p. 6 and the sections “security”, “the levy”, and “procedure: annual abatement of pledged sales taxes” for additional information.)

ifa program and contribution

ifa’s local government direct bond purchase program directly purchases the debt (i.e., alternate revenue bonds, or bonds secured by a borrower-ifa agreement that pledges state income tax, sales tax, and personal property replacement tax receipts as additional security) originated by units of local government.

the program is designed primarily to serve non-rated units of local government that have a borrowing that is small (i.e., less than $1.5 million), located in a community lacking its own commercial bank, have a project that is ineligible or only partially eligible for other programs (including the illinois’s environmental protection agency state revolving fund loan programs), and, as a result, has limited borrowing options.

ifa has the ability to allocate unencumbered treasury funds to purchase bonds directly to fund this program. in 2014, ifa used its treasury fund to defease the former illinois local government bond bank (which was converted into a portfolio of approximately $25.16 million direct purchase bonds comprising approximately 79 underlying bonds (loans) held by the authority as of 6/30/2014). since then, due to scheduled principal payments and refinancing activity by certain portfolio borrowers, as of 4/30/2016 there were approximately 64 underlying bonds (loans) totaling $17.18 million outstanding (and, as of 6/30/2015 there were approximately 72 underlying bonds (loans) outstanding in the approximate principal amount of $20.46 million).

the local government direct bond purchase program as funded by ifa will continue to provide market-based terms (similar to those available to low investment grade (i.e., ba1/bbb+) rated borrowers) on general obligation alternate revenue bond issues. (it has been reported that many tax-exempt bond investors today view alternate bonds more favorably than general obligation bonds which lack the dedicated revenue pledge feature provided through the “alternate bond” structure).

as of 4/30/2016, all payments were current and have been paid as scheduled for the borrowers in the authority’s current local government bond bank program. the currently outstanding local government loans were originated between 1991 and 2009.

the most recent ifa local government direct bond purchase (direct loan) application (prior to the blue island direct bond purchase considered in august 2015) was considered and approved by a resolution of the ifa board of directors in december 2013 ($150,000 – city of west salem).
This proposed loan would resume the Authority’s activity in providing financing to support local government improvements for non-rated units of local government at market-based interest rates for the first time following defeasance and redemption of the IFA Local Government Bond Bank in June 2014.

The preceding section provided staff recommendations relating to development and funding of future loans under this initiative (following further evaluation and development of a business plan) – see pp. 4-5.

FINANCING SUMMARY

Description of Proposed Debt Instruments: As proposed, IFA would purchase the City of Blue Island’s Series 2016 Alternate Revenue Bonds subject to the conditions specified on pp. 3-4 of this report. (Accordingly, the City’s Series 2016 Bonds would effectively be a direct loan by the Authority to the City of Blue Island.)

Descriptions of the Security/Structure and the Legal Authority for issuing Alternate Revenue Bonds are described under the headings that follow immediately below in this “Financing Summary” section (and in the section “Supplemental Information Relating to the Proposed Issuance of “Alternate Bonds” by the City of Blue Island” on page 16 of this report).

Security: Alternate Revenue Bonds & Tax Levy: The General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2016 (the “Bonds”), are issued under the authority of the Illinois Municipal Code (the “Municipal Code”) and the Local Government Debt Reform Act (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto, and a bond ordinance (the “Bond Ordinance”) to be adopted by the City Council (the “City Council”) of the City of Blue Island, Cook County, Illinois (the “City”), in June 2016.

The Bonds are payable from (a) sales taxes received by the City pursuant to the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailer’s Occupation Tax Act, each as supplemented and amended from time to time (the “Pledged Revenues”), and (b) ad valorem taxes levied against all taxable property within the City without limitation as to rate or amount (the “Pledged Taxes”).

Pursuant to the Debt Reform Act, the City will pledge such monies to the payment of the Bonds and shall covenant to provide for and apply such Pledged Revenues to the payment of the Bonds and the provision of not less than an additional 0.25 times debt service, which pledge and covenant shall constitute a continuing obligation of the City and continuing appropriation of the amounts received.

For the prompt payment of the Bonds, the full faith, credit and resources of the City are irrevocably pledged.

In the Bond Ordinance, the City covenants and agrees with the purchasers and the owners of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to collect the Pledged Revenues or, except for abatement of tax levies as permitted in the Bond Ordinance, to levy and collect the Pledged Taxes. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Revenues will be available and that the Pledged Taxes will be levied, extended and collected as provided in the Bond Ordinance and deposited in the bond fund (or debt service fund) created under the Bond Ordinance (the “Bond Fund” or the “Debt Service Fund”).

The Levy: The Bond Ordinance provides for the levy of the Pledged Taxes. The Bond Ordinance will be filed with the County Clerk of Cook County (the “County Clerk”), and will serve as authorization to the County Clerk to extend and collect the Pledged Taxes as set forth in the Bond Ordinance to pay the Bonds.
Abatement of the Levy:

As provided in the Debt Reform Act, the City’s determination of the sufficiency of the Pledged Revenues will be based on a report prepared by the City’s auditor based on the City’s audited financial statements for the fiscal year ended 12/31/2014. Because of the change in the City’s fiscal year from April 30th to December 31st, which became effective as of 5/1/2014, the City’s audited financial statements for the period ended 12/31/2014 covers only the 8-month interim period from 5/1/2014 through 12/31/2014.

Legal Authority For the City’s Series 2016 “Alternate Bonds”:

The City’s Series 2016 Alternate Revenue Bonds would be issued pursuant to Section 15 of the Local Government Debt Reform Act, as amended, (the “Debt Reform Act”). The City will pledge such monies to the payment of Bonds and shall covenant to provide for and apply Pledged Revenues to the payment of Bonds and the provision of not less than an additional 0.25 times debt service, which pledge and covenant shall constitute a continuing obligation of the City and continuing appropriation of the amounts received. For the prompt payment of the Bonds, the full faith, credit and resources of the City are irrevocably pledged.

NOTE: Although the Debt Reform Act provides that the City shall pledge and covenant to provide for and apply Pledged Revenues to the payment of the Bonds and the provision of not less than an additional 0.10 times debt service for state-sourced Pledged Revenues including Sales Taxes (i.e., thereby implying a minimum 1.10 times debt service coverage covenant), the Authority will be requiring Pledged Revenues (irrespective of whether self-sourced or state-sourced) to the payment of the Bonds and the provision of not less than an additional 0.25 times debt service (i.e., thereby implying a minimum 1.25 times debt service coverage covenant).

Pre-Condition precedent to authorizing Alternate Revenue Bonds: In order for the City of Blue Island to proceed with the issuance of Alternate Revenue Bonds, the City Council of the City of Blue Island shall duly and properly adopt a City (Bond) Ordinance, as supplemented by a notification of sale for the City’s Series 2016 Alternate Revenue Bonds (i.e., IFA Local Government Direct Loan), as well as adopting the final terms of the IFA Resolution to purchase the subject Bonds upon issuance by the City.

For a more comprehensive summary of the legal requirements for issuing “Alternate Bonds”, please see “Supplemental Information relating to the proposed issuance of “Alternate Bonds” by the City of Blue Island” on page 16 of this report.

Maturity/Repayment Schedule/Interest Rate:

10-year final maturity (with annual principal and interest payments beginning 6/1/2017 and continuing through 12/1/2026; as presently contemplated – subject to change). Semi-annual interest payments would be due each subsequent 6/1.

Annual principal and interest payments would be due December 1 of each year as required for any Parity Bonds issued and secured by the same Sales Tax Revenues as the City’s Series 2016 General Obligation (Alternate Revenue Source) Bonds.

Fixed interest rate of 3.00% over the entire 10-year term (as based on recent Municipal Market Data General Obligation Fixed Rate for Baa1-rated bonds featuring a 10-year maturity subject to an interest rate floor of 3.00%; current rate as of 5/31/2016 was 2.40%) as published in The Bond Buyer.
Procedure: Annual Abatement of Pledged Sales Taxes:

Prior to the deadline for the timely annual abatement of the Pledged Taxes for the Bonds, but in no event earlier than February 1st of the year in which such Pledged Taxes are levied (i.e., the year prior to extension and collection), the City shall deposit Pledged (Sales Tax) Revenues into the Bond Fund (or Debt Service Fund) in an amount necessary to provide for the payment of interest and principal coming due on the Bonds otherwise payable from the proceeds of such tax levy. Upon (but in no event prior to) the deposit of the Pledged Revenues or other lawfully available funds, the City Council or the officers of the City acting with Clerk of Cook County shall direct the abatement of such levy of the Pledged Taxes to the extent of the moneys so deposited.

Closing Date: June 29, 2016 (anticipated)

Rationale:
The City’s proposed Series 2016 Bonds, to be purchased by IFA, will provide the City of Blue Island financing at a market-based interest rate (based on a Baal/BBB+ rated market rate index, with a 3.00% floor; current 10-year index rate 2.40% as of 5/31/2016) as provided for under the Authority’s statutory mandate to provide financing to units of local government. (This rating would be generally comparable to the historical ratings available during recent history under the former Moral Obligation pooled structure used for the Illinois Local Government Bond Bank.)

The Project will finance a series of capital improvement projects as well as funding an IEPA-mandated rehabilitation of a City-owned leachate system, a sewerage system re-lining replacement of a relief combination sewer (and associated street replacement), rehabilitation to an irrigation system and other improvements at the City-owned golf course, reimbursement of costs incurred for the acquisition of a new ambulance to enhance public safety (and replace one out-of-service vehicle), and the purchase of two new public works vehicles.

PROJECT COST SUMMARY

Project Costs include the following estimates of the contemplated component expenditures:

<table>
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<tr>
<th>Description</th>
<th>Cost</th>
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<tbody>
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<td>Relief Combination Sewer</td>
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<tr>
<td>Sewer Re-lining Project</td>
<td>$180,000</td>
</tr>
<tr>
<td>Rehab/Irrigation System Improvements</td>
<td>$130,000</td>
</tr>
<tr>
<td>IEPA-mandated leachate system improvements (at City-owned golf course)</td>
<td>$185,000</td>
</tr>
<tr>
<td>Ambulance – New</td>
<td>$190,000</td>
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<tr>
<td>Public Works and/or Public Safety Vehicles</td>
<td>$185,000</td>
</tr>
</tbody>
</table>

Total: $1,300,000

To the extent there are any unexpended proceeds, the City would be authorized to apply surplus funds to pay down the IFA Loan or to spend on public safety vehicles and/or public works vehicles.

BUSINESS SUMMARY

Background: The City of Blue Island, Cook County, Illinois was founded in 1835 and is duly organized and existing under the provisions of the laws of the State of Illinois.

The City is located approximately 16 miles south of the Chicago Loop and generally west of I-57. Primary arterial streets include Western Avenue and 127th Street (Burr Oak Ave.).

The City is governed by an elected City Council of fourteen Aldermen (two aldermen/ward) and a Mayor, and provides the following services: public safety (fire and police), streets, sanitation, water, public improvements, planning, recreation, zoning, and general administration. Please see Economic Disclosure Statement on page 14 for the current listing of Aldermen and Mayor.

IFA Public Board Book (Version 4), Page 111
The current mayor, the Honorable Domingo Vargas, was elected into office in April 2013. The most recently completed financial audit report (as of April 30, 2014) is concurrent with the new administration’s first year in office. The City Council elected to change the City’s fiscal year to a December 31st fiscal year-end, effective with the year ended 12/31/2014. (Accordingly, the City reported an 8-month fiscal year for the period ended 12/31/2014, as the City transitioned to its new December 31st fiscal year end.)

_All assets and facility improvements financed with proceeds of the proposed City of Blue Island Series 2016 Bonds will be owned and operated by the City._

Table 1:  **Largest Property Taxpayers in Blue Island, Illinois**

<table>
<thead>
<tr>
<th>Taxpayer Name</th>
<th>Product/Service</th>
<th>2013 Equalized Assessed Valuation (&quot;EAV&quot;) [in Actual Dollars]</th>
<th>Percent of Village’s Total EAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>MetroSouth Medical Center</td>
<td>Health Care</td>
<td>$5,370,555</td>
<td>2.56%</td>
</tr>
<tr>
<td>Simburg Industrial</td>
<td>Industrial Property</td>
<td>3,046,656</td>
<td>1.45%</td>
</tr>
<tr>
<td>Vision Property Blue Island LLC</td>
<td>Real Estate</td>
<td>2,992,834</td>
<td>1.43%</td>
</tr>
<tr>
<td>Forestview Mobile Park</td>
<td>Mobile Home Park</td>
<td>1,349,557</td>
<td>0.64%</td>
</tr>
<tr>
<td>Storage Partners</td>
<td>Real Estate</td>
<td>1,091,456</td>
<td>0.64%</td>
</tr>
<tr>
<td>SMS Realty LLC</td>
<td>Real Estate</td>
<td>1,048,854</td>
<td>0.50%</td>
</tr>
<tr>
<td>Moraine Valley Comm. College</td>
<td>Community College</td>
<td>929,898</td>
<td>0.44%</td>
</tr>
<tr>
<td>Sterling Collision</td>
<td>Automotive</td>
<td>874,018</td>
<td>0.42%</td>
</tr>
<tr>
<td>G&amp;W Electric Co., Inc.</td>
<td>Power Cable Terminators</td>
<td>844,610</td>
<td>0.40%</td>
</tr>
<tr>
<td><strong>Total EAV of Ten Largest Taxpayers in City:</strong></td>
<td></td>
<td>$17,548,438</td>
<td><strong>8.48%</strong></td>
</tr>
<tr>
<td><strong>Total [Year] EAV</strong></td>
<td></td>
<td>$209,449,861</td>
<td></td>
</tr>
</tbody>
</table>

Source: City of Blue Island, Continuing Bond Disclosure Report for FYE 12/31/2014 (most recent public information available as of 5/23/2016)

Table 2:  **Largest Employers in Blue Island, Illinois**

<table>
<thead>
<tr>
<th>Name of Employer</th>
<th>Product/Service</th>
<th>City</th>
<th>Approximate Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro South Medical Center</td>
<td>Health Care</td>
<td>Blue Island</td>
<td>565</td>
</tr>
<tr>
<td>Christy Webber Landscaping</td>
<td>Landscaping Service</td>
<td>Blue Island</td>
<td>496</td>
</tr>
<tr>
<td>Modern Drop Forge Company, LLC (IMD-2015)</td>
<td>Press &amp; Hammer Forgings</td>
<td>Blue Island</td>
<td>265</td>
</tr>
<tr>
<td>Pronger Smith Medical Clinic</td>
<td>Health Care</td>
<td>Blue Island</td>
<td>200</td>
</tr>
<tr>
<td>RNA Corporation (IMD-2015)</td>
<td>Contract Manufacturer (personal care products)</td>
<td>Blue Island</td>
<td>150</td>
</tr>
<tr>
<td>Blue Cap School for the Mentally Disabled</td>
<td>Education/Human Services</td>
<td>Blue Island</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: City of Blue Island (August 2015); _2015 Illinois Manufacturers Directory_; _2015 Illinois Services Directory_

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Island</td>
<td>21,203</td>
<td>23,463</td>
<td>23,706</td>
<td>23,785</td>
<td>1.04%</td>
<td>0.33%</td>
<td>1.37%</td>
</tr>
<tr>
<td>Cook County</td>
<td>5,105,067</td>
<td>5,376,741</td>
<td>5,194,675</td>
<td>5,246,456</td>
<td>-3.39%</td>
<td>1.00%</td>
<td>-2.42%</td>
</tr>
<tr>
<td>State of Illinois</td>
<td>11,430,602</td>
<td>12,419,293</td>
<td>12,830,632</td>
<td>12,880,580</td>
<td>3.31%</td>
<td>0.39%</td>
<td>3.71%</td>
</tr>
</tbody>
</table>

Source: US Census Bureau

Unemployment Rate:

Unemployment statistics are not compiled specifically for the City of Blue Island. According to the Illinois Department of Employment Security, Cook County posted an unemployment rate of 6.5% as of June 2015 (note: not seasonally adjusted). This compared with 6.8% for the State of Illinois and 5.1% for the United States as of March 2016. (Source: www.ides.illinois.gov)

Median Household Income:

According to the U.S. Census Bureau, 2014 American Community Survey, Blue Island had an estimated median household income of $39,023. This compared with $57,444 for the State and with $55,069 for Cook County. Accordingly, the City’s 2014 median household income was approximately 67.9% of the State’s median household income.

Informational Article – Bond Buyer:

The City of Blue Island was identified in a May 26, 2015 article in The Bond Buyer that featured analysis on the most severely financially distressed municipalities in Illinois. The focus of the underlying studies was to evaluate each community’s general fund, its exposure to long-term debt and other long-term liabilities (including pension and other post-employment benefit liabilities), and to identify financial reporting deficiencies and other issues. Blue Island was a subject community profiled in the report and related study. The conclusions in the article and report were based on the City’s audit for the fiscal year ended 4/30/2013.

Since then, the City has engaged a new auditor and delivered two new audit reports for the fiscal years ended 4/30/2014 and 12/31/2014 (representing the first audit report based on the City’s new fiscal year, which went into effect as of 5/1/2014). According to a discussion with the City on Thursday 5/12/2016, the City’s auditor is tentatively scheduled to deliver the City’s audit report for the fiscal year ended 12/31/2015 on or before 6/30/2016. (That being said, the City has filed reporting extensions in each of the last few fiscal years.) The delay in filing the 12/31/2014 audit was related to implementation of a new financial accounting system and related issues according to the City. The City’s objective is to file future audit reports without extensions from the Comptroller of the State of Illinois.

Note: if the 12/31/2015 audit is completed before bond closing, it (and not the 12/31/2014 audit) must be used to satisfy the minimum 1.25 times coverage test necessary to issue Alternate Revenue Bonds.

Because of the underlying security provided by General Obligation Alternate Revenue Bonds (i.e. Bonds secured by Pledged Revenues, which must be accumulated in a Debt Service Fund associated with any Alternate Revenue Bonds that must be fully-funded prior to the abating the annual General Obligation Bond levy associated with the Bonds), this structure provides strong security to the bond investor.
Debt Information: The City’s Schedule of Legal General Obligation Debt Margin as of 12/31/2015 is reported below on a pro forma basis (and is based on the City’s most recently posted audited financial statements, the City’s postings on the Municipal Securities Rulemaking Board’s emma.msrb.org website, and results from the City’s 12/31/2014 audit).

Illinois law provides that debt associated with Alternate Bonds shall be excluded from the Legal GO Debt Margin computation as long as the Pledged Revenues are sufficient to cover all payments, thereby enabling the County Clerk to abate the annual property tax levy associated with the debt.

Table 4: Schedule of Legal Debt Margin (as of 6/30/2016 – Pro Forma)

<table>
<thead>
<tr>
<th>City of Blue Island</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Schedule of Legal Debt Margin - as of 12/31/2015 (unaudited)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Applicable to Debt Margin</th>
<th>Self-Supporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>GO Debt</td>
<td>Water Fund</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City of Blue Island - 2014 EAV</th>
<th>$ 201,553,201</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Debt Limit (8.625% of EAV)</td>
<td>$ 17,383,964</td>
</tr>
<tr>
<td>General Obligation - Judgment Funding Bonds (Series 2011)</td>
<td>$ 770,000</td>
</tr>
<tr>
<td>IEPA Public Water Supply Loan Program (2013 Loan) - Repaid from Water Fund</td>
<td>$ -</td>
</tr>
<tr>
<td>Joint Action Water Agency of Cook County ($544,324 outstanding balance due 12/31/2024 was paid in full as of July 2015)</td>
<td>$ -</td>
</tr>
<tr>
<td>GO Alternate Revenue Bonds (Water Fund) - Series 2006</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>New - 2016 GO Alternate Revenue Bonds (Sales Tax) - IFA direct purchase</strong></td>
<td>$ 1,300,000</td>
</tr>
<tr>
<td><strong>New - 2016 Ambulance RLF - OSFM/IFA Loan - may be instead structured as self-supporting (Ambulance Service Fee)</strong></td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Legal GO Debt Margin</strong></td>
<td>$ 16,513,964</td>
</tr>
</tbody>
</table>

The City has paid off Several Bond Issues since 12/1/2014: Although the City of Blue Island continues to have ongoing structural financial issues related to its pension and other post-employment benefits as common to many Illinois municipalities (as evidenced in each of the City’s recent annual audited financial reports), the City has made significant progress in generally reducing financial leverage beginning as of 12/1/2014.
The City has paid off the following three bond issues since December 1, 2014, representing a combined principal balance of $1,835,000 (with combined principal and interest payments of $1,899,145).

- The three retired bond issues are detailed below:
  - Series 1995 General Obligation Alternate Revenues (Golf Course) – Original Principal Amount - $6,240,000 (originally AMBAC-insured): these Bonds were paid in full as scheduled as of 12/1/2014 (with a final principal and interest sinking fund payment of $542,295 (including principal of $515,000)).
  - Series 1998 Tax Increment Bonds (General Obligation) - Original Principal Amount - $6,250,000 (originally MBIA-insured): these Bonds were paid in full as scheduled as of 12/15/2014 (with a final principal and interest payment of $786,850 (including principal of $750,000)).
  - The City’s allocated share ($570,000) of $5,500,000 South Suburban Joint Action Water Agency (Series 2012) was repaid in full as confirmed by a payoff letter from Amalgamated Bank (Bond Trustee) to the City of Blue Island and dated as of July 2, 2015. (Interest expense within the past year on these Bonds was not included in the $1,899,145 total reported above.)

Pending Request for $100,000 Ambulance Loan (zero-interest) from the Illinois Office of the State Fire Marshal:

Additionally, the City has (separately) applied for a $100,000 zero-interest loan under the Office of the State Fire Marshal’s Ambulance Revolving Loan Fund. The OSFM has approved this loan on a merit basis and has submitted to the Illinois Finance Authority for credit evaluation consideration at the June 9, 2016 Board Meeting (with a recommendation to fund subject to specified conditions). Although this is likely to be financed as self-supporting debt secured by Ambulance Service Fees under the Ambulance Revolving Loan, this debt has been counted as levy-supported in Table 4 above to be conservative.

Significantly, the combined new money balances of the City’s subject $1,300,000 Series 2016 General Obligation Alternate Revenue Bonds (Sales Tax Revenues) and a pending application for a $100,000 zero-interest loan to the Office of the State Fire Marshal’s Ambulance Revolving Loan Fund Program totals $1,400,000, which is less than the $1,835,000 principal balance that the City retired on three outstanding bond issues from December 2014 through July 2015.

Evidence of Adequate Sales Tax Revenues to Attain the Minimum 1.25x Debt Service Coverage Requirement for Alternate Bond issuance: Consistent with the Authority’s history in providing financing through its local government programs, the proposed underlying Borrower securities (i.e., the City’s Series 2016 Bonds) would be issued as “Alternate Bonds” under Section 15 of the Local Government Debt Reform Act. As set forth in the Alternate Bond structure, Sales Tax Revenues related to City’s proposed Series 2016 Bonds (to be purchased by the Authority).
Table 5: Proof of Adequate Historical Sales Taxes to Attain Minimum 1.25x Debt Service Coverage

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2018</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2019</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2020</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2021</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2022</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2023</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2024</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2025</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
<tr>
<td>2026</td>
<td>$953,352</td>
<td>$168,655</td>
<td>$ -</td>
<td>$168,655</td>
<td>5.65x</td>
<td>7.86x</td>
</tr>
</tbody>
</table>

**Conclusion:** The City’s Historical Pledged Revenues (Sales Tax) are more than sufficient to satisfy the minimum 1.25 times debt service coverage requirement.

Table 5 above demonstrates that the City’s Sales Tax Revenues based on the City’s most recent audit report less than 18 months old (i.e., for the 8-month stub period ended 12/31/2014), were sufficient to cover the estimated payments on the City’s Series 2016 General Obligation Alternate Revenue Bonds by a ratio of 5.65 times, easily satisfying (and exceeding) the minimum 1.25 times pre-issuance requirement (and post-closing covenant) required under Section 15 of the Local Government Debt Reform Act.

Note: The maximum annual debt service payment would occur in 2017 (Year 1) as the result of the deferral, accrual and payment of the first interest payment due 12/1/2016 on the next scheduled interest payment date (i.e., 6/1/2017).

The City currently has no General Obligation Alternate Bonds secured by Sales Tax Revenues outstanding (current as of 6/1/2016).

As an informational matter, for the City’s most recently completed 12-month audit period (for the period ended 4/30/2014 – see the last column on the right), sales tax revenues would have been sufficient to cover the estimated maximum annual payments on the Series 2016 Bonds by a ratio of 7.86 times.

**Future IFA policy relating to this Local Government Direct Bond Purchase program will evolve as developments in law and case law proceed.**
Historical Sales

Tax Revenues: Table 6 below reports historical sales tax revenues as reported by the City based on its audit report (and posted by the City on the MSRB’s “EMMA” website). Please note that the results for the fiscal year ended 12/31/2014 have been updated to reflect the City’s 12/31/2014 audited results.

Table 6: Retailer’s Occupation, Service Occupation and Use Tax (i.e., the “Pledged Revenues” to service annual debt service payments on the City’s proposed Series 2016 General Obligation Alternate Bonds – Sales Taxes)

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>State Sales Tax Distributions</th>
<th>Annual Change</th>
<th>Percent Increase 4/30/2010 to 4/30/2014:</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/30/2010</td>
<td>$ 1,109,322</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>4/30/2011</td>
<td>$ 1,183,308</td>
<td>6.67%</td>
<td></td>
</tr>
<tr>
<td>4/30/2012</td>
<td>$ 1,259,594</td>
<td>6.45%</td>
<td></td>
</tr>
<tr>
<td>4/30/2013</td>
<td>$ 1,308,173</td>
<td>3.86%</td>
<td></td>
</tr>
<tr>
<td>4/30/2014</td>
<td>$ 1,326,301</td>
<td>1.39%</td>
<td>19.56%</td>
</tr>
<tr>
<td>*12/31/2014</td>
<td>$ 953,352</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

*Fiscal year changed from 4/30 to 12/31 effective as of 5/1/2014

Annualizing results for the 8-month stub year ended 12/31/2014, sales tax revenues would have been $1,430,028. To provide readers (and the IFA Board) the most conservative evaluation of coverage (and to eliminate any prospective seasonality), Sales Tax Revenues from the City’s most recent 12-month audit period (i.e., FYE 4/30/2014) were used to determine adequacy of historical Sales Tax Revenues to cover the City’s proposed Series 2016 Bond debt service obligation above instead of annualized results (i.e., providing minimum debt service coverage of 7.86 times).

OWNERSHIP/ECONOMIC DISCLOSURE STATEMENT

Applicant: City of Blue Island, 13051 Greenwood Ave., Blue Island (Cook County), IL 60406

Contact: Mr. Matt Anastasia, Director of Finance and Administration, City of Blue Island, 13051 Greenwood Ave., Blue Island, IL 60406; (T) 708.396.7074; manastasia@cityofblueisland.org

Location: Within the corporate boundaries of the City of Blue Island, Illinois (see map – page 15)

City Officers: Mayor – Domingo Vargas (since 2013; previously Alderman from 1991-2013)
City Clerk – Randy Heuser (since 2013)
City Treasurer – Carmine Bilotto (since 2009; previously Alderman from 2005-2009)

Aldermen – there are two Aldermen per Ward:
1st Ward: Tom Hawley (since 2013 and Mayor Pro-Tem); George Poulos (since 2015)
2nd Ward: Leticia Yieyra (since 2004) and Fred Bilotto (since 2014)
3rd Ward: Nancy Rita (since 2011) and Kevin Donahue (since 2013)
4th Ward: Candace Carr (since 2013) and Alecia Slatter (since 2015)
5th Ward: Jan Ostling (since 1995) and Ken Pittman (since 2013)
6th Ward: Dexter Johnson (since 2009) and Jairo Frausto (since 2011)
7th Ward: Nancy Thompson (since 2011) and Jim Johanson (since 2013)
## PROFESSIONAL & FINANCIAL

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>City/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>City’s Auditor</td>
<td>John Kasperek Co., Inc., CPAs</td>
<td>Calumet City, IL</td>
</tr>
<tr>
<td>Borrower’s Counsel</td>
<td>Sanchez Daniels &amp; Hoffman LLP</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Direct Bond Purchaser (Lender)</td>
<td>Illinois Finance Authority</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>General Contractor(s)</td>
<td>To be determined by RFP/RFQ bids by the City of Blue Island for each item purchased or job pursued</td>
<td></td>
</tr>
<tr>
<td>Rating Agencies</td>
<td>Not applicable</td>
<td></td>
</tr>
<tr>
<td>Counsel to Purchaser (IFA)</td>
<td>Katten Muchin Rosenman LLP</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>IFA Financial Advisors</td>
<td>Acacia Financial Group, Inc.</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td></td>
<td>Sycamore Advisors LLC</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## LEGISLATIVE DISTRICTS

<table>
<thead>
<tr>
<th>District Type</th>
<th>Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congressional</td>
<td>1, 2</td>
</tr>
<tr>
<td>State Senate</td>
<td>14, 15</td>
</tr>
<tr>
<td>State House</td>
<td>27, 28, 30</td>
</tr>
</tbody>
</table>

## AREA MAP

Source: Google Maps
SUPPLEMENTAL INFORMATION – LEGAL AUTHORITY AND APPROVAL PROCEDURES RELATING TO THE ISSUANCE OF “ALTERNATE BONDS” BY THE CITY OF BLUE ISLAND

Summary
Information on Alternate Revenue Bonds: Section 15 of the Local Government Debt Reform Act provides that whenever there exists for a governmental unit a revenue source, the issuer [City] may issue its general obligation bonds payable from any revenue source, and such general obligation bonds may be referred to as “Alternate Bonds”.

The Reform Act also provides that whenever there exists an alternate revenue source, a local government unit may issue Alternate Bonds. Such bonds are general obligation debt payable from the pledged alternate revenues with the general obligation of the issuer effectively acting as back-up security.

The Reform Act prescribes several conditions that must be met before Alternate Bonds may be issued.

1. First, Alternate Bonds must be issued for a lawful corporate purpose. If issued in lieu of revenue bonds, the Alternate Bonds must be authorized under applicable law. Alternate Bonds may be issued and payable from either enterprise revenues or other revenue sources (or any combination thereof).

2. Second, the question of issuance must be submitted to referendum if, within thirty (30) days after publication of an authorizing ordinance and notice of intent to issue Alternate Bonds, a petition signed by the greater of (i) 7.5% of the registered voters in the government unit or; (ii) 200 of those registered voters or 15.0%, whichever is less, is filed.

3. Third, the issuer [City] must determine that the pledged revenue source or sources are sufficient in each year to final maturity to provide not less than 1.25 times debt service [coverage] of the proposed Alternate Bonds and all other outstanding Alternate Bonds of the issuer [City] payable from the same revenue source. To the extent payable from one or more revenue sources, such sources shall have been determined by the governing body [City] to provide in each year an amount not less than 1.25 times debt service on all Alternate Bonds payable from such revenue sources previously issued and outstanding and the Alternate Bonds proposed to be issued. The issuer [City] must pledge and covenant to provide for, collect and apply the pledged alternate enterprise revenues or revenue source(s) (and in the case of proposed Series 2016 Bonds, collect and apply sufficient Sales Tax revenues to provide for minimum coverage of all Alternate Bond debt of 1.25 times or greater).

Note: under Illinois law, state-sourced Revenues, including Pledged Sales Tax Revenues, are subject to a less stringent 1.10 times minimum debt service coverage ratio applicable to non-state-sourced revenues. Nevertheless, the Authority’s Direct Bond Purchase Program for Alternate Bonds will provide (as a standard condition) that Sales Tax Revenues (or any other pledged “state-sourced revenues”) shall provide for minimum coverage of 1.25 times. Accordingly, the Authority is imposing a more stringent initial qualifications test and debt covenant to state-sourced-pledged revenues than the 1.10 times debt service coverage test applicable under state law.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]
IFA RESOLUTION 2016-0609-LG11

RESOLUTION AUTHORIZING THE PURCHASE BY THE ILLINOIS FINANCE AUTHORITY OF SERIES 2016 GENERAL OBLIGATION ALTERNATE REVENUE BONDS TO BE ISSUED BY THE CITY OF BLUE ISLAND AND OTHER MATTERS RELATED THERETO

WHEREAS, the Illinois Finance Authority (the "Authority") has been created by the Illinois Finance Authority Act, 20 ILCS 3501-801-1 et seq. (the "Act"), and

WHEREAS, it is found and declared under the Act in 20 ILCS 3501/820-5 that there exists an urgent need to upgrade and expand the capital facilities, infrastructure and public purpose projects of units of local government and to promote other public purposes to be carried out by units of local government, and

WHEREAS, the Act further finds that adequate and well-maintained capital facilities, infrastructure systems and public purpose projects throughout the State of Illinois (the "State") and the performance of other public purposes by units of local government throughout the State can offer significant economic benefits and an improved quality of life for all citizens of the State, and

WHEREAS, under the Act, the Authority is given the power to purchase from time to time pursuant to negotiated sale or to otherwise acquire from time to time any local government securities issued by one or more units of local government upon such terms and conditions as the Authority may prescribe, and

WHEREAS, the Authority also has the power to provide for the funding of funds or accounts deemed necessary by the Authority in connection with any local government securities purchased or otherwise acquired by the Authority, and

WHEREAS, the Authority also has the power under clause (i) under 20 ILCS 3501/801-40 to make loans to persons, which includes units of government, to finance a project, including a public purpose project (all as defined in the Act), and

WHEREAS, the City of Blue Island (the "City") is a unit of local government, as defined in 20 ILCS 3501/820-10, and ILCS 3501/801-10, and

WHEREAS, the City proposes to issue its Series 2016 General Obligation Alternate Revenue Bonds (the "Bonds") in an amount not to exceed $1,300,000 to finance all or a portion of the costs of (i) improvements to public facilities including but not limited to (a) Illinois Environmental Protection Agency mandated improvements to a leachate treatment system located at the City-owned golf course (formerly the site of a landfill), and (b) improvements to the City-owned combined waterworks and sewerage system (the "Water System"), including a sewage relining/inspection project, and replacement and redesign of certain portions of the City's sewerage system, including replacement of a relief-combination sewer and related improvements, including but not limited to street repair in areas affected by these sewerage improvements, (ii) the reimbursement of costs incurred for the acquisition of an ambulance to replace and upgrade the City’s ambulance fleet (and replace an out-of-service ambulance), (iii) the acquisition of additional public works vehicles and/or additional public safety vehicles, if deemed necessary or desirable by the City, and (iv) the rehabilitation of the irrigation system and other improvements at the City-owned golf course, all to be owned and used by the City (collectively, the "Project"), and
WHEREAS, the Authority desires to use its funds to purchase the Bonds of the City, and

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

Section 1. 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. The Authority is authorized to use its own funds in an amount not to exceed $1,300,000 to purchase the Bonds of the City. Such purchase shall be on such conditions as the Chairperson, Vice Chairperson, Executive Director, General Counsel or any Assistant Executive Director of the Authority, or any person duly appointed by the Members of the Authority to serve in such offices on an interim basis (each an “Authorized Officer”) shall deem necessary or advisable including such of the conditions as are set forth on Exhibit A attached hereto and incorporated by reference herein as an Authorized Officer approving the purchase of the Bonds deems necessary or advisable at the time of such purchase. The Bond shall have a final maturity no later than December 1, 2027 and shall bear interest at a rate or rates determined by an Authorized Officer that equal or exceed 3.0% per annum. Each Authorized Officer is hereby further authorized to take such actions, including without limitation the liquidation of certain investments held by the Authority, to make available such amounts as are necessary to provide for such purchase of the Bonds.

Section 3. The Members, officers, agents and employees of the Authority are each hereby authorized and directed to do all acts and things and to execute and deliver such documents, certificates and undertakings of the Authority and to pay such fees and expenses and to take such other actions as may be necessary to carry out and comply with the provisions of this Resolution, and all of the acts and doings of the Members, officers, agents, and employees of the Authority which are in conformity with the intent and purposes of this Resolution, and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided herein whenever in this Resolution or any document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of unavailability, inability or refusal of an Authorized Officer to take such action, by any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein.

Section 4. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 5. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict, including IFA Resolution 2015-0813-LG09 approved August 13, 2005.

This Resolution shall be in full force and effect immediately upon its passage, as by law provided.
EXHIBIT A – SUMMARY OF KEY BUSINESS TERMS

This Exhibit summarizes the key business terms regarding the Series 2016 Bonds to be issued by the City of Blue Island (the “City”) and purchased by the Illinois Finance Authority (the “Authority”).

1. **Authorization:** Authorized by ordinances adopted by the City Council and Section 15 of the Local Government Debt Reform Act of the State of Illinois and the Municipal Code of the State of Illinois, as supplemented and amended.

2. **Issuer:** City of Blue Island, Cook County, Illinois.

3. **Issue:** $1,300,000 General Obligation Alternate Revenue Bonds, Series 2016 (Sales Tax Alternate Revenue Source)

4. **Delivery:** The Bonds are expected to be delivered on or about June 29, 2016.

5. **Dated Date:** Date of delivery.

6. **Security:** The Bonds are valid and legally binding upon the City payable from: (a) ratably and equally with certain any (Future) Sales Tax Parity Bonds, certain State sales taxes collected by the State of Illinois and paid to the City, and (b) ad valorem taxes levied against all taxable property within the City without limitation as to rate or amount.

7. **Ratings/Insurance:** The Bonds will not be rated or credit enhanced.

8. **Purpose:** The Bonds are being issued for the purpose of paying the costs of (a) Illinois Environmental Protection Agency mandated improvements to a leachate treatment system located at the City-owned golf course (formerly the site of a landfill), and (b) improvements to the City-owned combined waterworks and sewerage system (the “Water System”), including a sewage relining/inspection project, and replacement and redesign of certain portions of the City’s sewerage system, including replacement of a relief-combination sewer and related improvements, including but not limited to street repair in areas affected by these sewerage improvements, (ii) the reimbursement of costs incurred for the acquisition of an ambulance to replace and upgrade the City’s ambulance fleet (and replace an out-of-service ambulance), (iii) the acquisition of additional public works vehicles and/or additional public safety vehicles, if deemed necessary or desirable by the City, and (iv) the rehabilitation of the irrigation system and other improvements at the City-owned golf course, all to be owned and used by the City (and collectively, the “Project”).

9. **Interest Payment Dates:** Semiannually each June 1 and December 1, commencing June 1, 2017.

10. **Principal Payment Dates:** Annually each December 1, commencing December 1, 2017 and through December 1, 2026 (as presently contemplated).

11. **Amortization Schedule (interest rate and payment schedule) – see Exhibit A-2 (subject to change based on the final maturity date).**

12. **Drawdown Structure:** The City may request drawdown of funds to the Authority (with a copy provided to Bond Counsel – see #22 below) as various elements of the Project are completed. Minimum draw requests should typically be in minimum amounts of $100,000 and integral multiples of $5,000 thereof. The City agrees to provide appropriate back-up documentation supporting each draw request as deemed sufficient by the Authority. The Authority will adjust interest payments through June 1, 2017 to provide for a simple allocation of interest expense based on the number of days the draw has been outstanding. Accordingly, the interest payment schedule for payments due June 1, 2017 presented in Exhibit A-2 will be superseded by payments determined at the City draws down funds.

13. **Tax Exemption:** Arnstein & Lehr LLP, Chicago, Illinois, will provide an opinion as to the federal tax exemption of the interest on the Bonds. Interest on the Bonds will not be exempt from present State of Illinois income taxes.

14. **Bank Qualified:** The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

15. **Delivery of No-Default Certificate at Closing:** The City shall deliver a certificate at closing in a form acceptable to the Authority certifying that the City is not in default on any debt obligation.

16. **Due Diligence Confirmation Item:** Any consent required from Assured Guaranty in connection with the City’s Series 2006 Bonds.

17. **Additional (Future) Sales Tax Parity Bonds:** may only be issued pursuant to a Notice delivered to the Authority supplemented by evidence from the City’s auditor (as satisfactory to the Authority) that any Additional Sales Tax Bonds would result in minimum debt service coverage of 1.25 times on existing and proposed Sales Tax Bonds. The City will have $0 of outstanding General Obligation Alternate Bonds as of the date of closing of the Series 2016 Bonds.

18. **Optional Redemption:** The Bonds due on or before December 1, 2024 are non-callable. The Bonds due on or after December 1, 2025 are callable in whole or in part on any date on or after December 1, 2025, at a price of par and accrued interest to the date of redemption. The City agrees to reimburse the Authority for any reasonable out-of-pocket or attorney costs incurred in connection with redemption prior to the scheduled final maturity date (i.e., December 1, 2026 as presently contemplated in Exhibit A-1).

19. **Annual Financial Information Reporting:** The Authority will require the reporting of the City’s Annual Financial Information (i.e., “Continuing Bond Disclosures”) and the City’s Audited Financial Statements as prescribed by the Municipal Securities Rulemaking Board (“MSRB”) or the Securities and Exchange Commission (“SEC”), and the Illinois Municipal Auditing Law at the time of delivery of such information. The City shall undertake all reasonable actions to assure compliance with all financial reporting laws and securities regulations (including, but not limited to “Reportable or Material Events Disclosures” applicable to other City debt that may be outstanding in the public markets. *Note: any non-compliance with any MSRB or SEC requirement shall not be considered an event of default on the City’s Series 2016 Bonds.* In any case, the City shall attempt to deliver these items in as timely a manner as reasonably possible.

a. The City’s Annual Financial Information shall be comparable in scope to information that the City has historically reported in its annual “Continuing Bond Disclosures” published on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access Website (i.e., www.emma.msrb.org, or hereinafter “EMMA”) and shall to continue to include a report on the City’s annual distributions of “Retailer’s Occupation, Service Occupation, and Use Tax” which reports State Sales Tax Distributions to the City on an annual basis.

b. “Audited Financial Statements” means financial statements of the City as audited annually by independent certified public accountants according to Generally Accepted Accounting Principles applicable to governmental units.

c. The City covenants that it will disseminate in a timely manner any Reportable or Material Events Disclosure to the MSRB’s EMMA website, and to the Authority, in such manner and format as prescribed by the MSRB or the SEC at the time of delivery of such information.

20. **Report on Closing of the Series 2016 Bonds to the MSRB’s EMMA website:** The City shall report the issuance of the Series 2016 Bonds with a general description of the interest rate, terms, and security (comparable in detail to a Note to the City’s Financial Statements) to EMMA promptly.

21. **Bond Registrar and Paying Agent:** The City of Blue Island.

22. **Bond Counsel:** Arnstein & Lehr LLP, Chicago, Illinois.

23. **Counsel to the Borrower:** Sanchez, Daniels & Hoffman, LLP, Chicago, Illinois.

Execution by the City and Authority below evidences agreement to the general business terms for the Series 2016 Bonds presented above and in Exhibit A-2 – Amortization Schedule:

IFA Public Board Book (Version 4), Page 122
EXHIBIT A – SUMMARY OF KEY BUSINESS TERMS

Acknowledged and accepted by:

City of Blue Island:

By:

Mayor

Date

Acknowledged and accepted by:

Illinois Finance Authority

By:

Executive Director

Date
### Exhibit A-2: Amortization Schedule - City of Blue Island - $1,300,000 - Series 2016 General Obligation Alternate Revenue Bonds

<table>
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<tr>
<th>Payment Date</th>
<th>Calendar Year</th>
<th>Bond Year</th>
<th>Bond Payment # - Semi-Annual</th>
<th>Principal Payments (beginning 12/1/2017)</th>
<th>Outstanding Principal Balance</th>
<th>Semi-Annual Coupon - Par Bonds</th>
<th>Interest Payment (1st payment (12/1/2016) deferred to 6/1/2017 with accrued interest)</th>
<th>Annual Combined Principal + Interest Payment</th>
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Check - Totals: $1,300,000.00
Combined Principal and Interest Payments: $1,540,632.37
ILLINOIS FINANCE AUTHORITY

Memorandum

To:    IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date:  June 9, 2016

Re:    Resolution Authorizing the Execution and Delivery of a First Amendment to Bond and Loan Agreement Relating to the Revenue Bonds (North Park University Project), Series 2012 of the Illinois Finance Authority; and Related Matters
       Series 2012 File Number: E-PC-TE-CD-8572 or 12124

Request:

North Park University, an Illinois not for profit corporation (the “Borrower”), and JPMorgan Chase Bank, N.A. (the “Bank” or “Bond Purchaser”) are requesting approval of a Resolution to (i) authorize the execution and delivery of a First Amendment to Bond and Loan Agreement and (ii) approve related documents to effectuate a reset and extension of the initial interest rate period through 9/30/2021 in connection with the Illinois Finance Authority Revenue Bonds (North Park University Project) Series 2012 (the “Series 2012 Bonds”).

The Series 2012 Bonds were issued in the principal amount of $30.0MM as a direct-purchase with JPMorgan Chase Bank, N.A., which continues to hold the Series 2012 Bonds. The outstanding par amount of the Series 2012 Bonds was $29,025,000 as of June 1, 2016.

Impact:

Approval of this Resolution will provide consent to changes as agreed to by the Bank and the Borrower concerning the Series 2012 Bonds. Specifically, the Bank and the Borrower desire to (i) extend the interest rate period from 9/30/2017 to 9/30/2021, (ii) revise the amortization schedule by smoothing principal repayments, and (iii) reset the initial interest rate. Approval of this Resolution will not cause the terms of the Series 2002 Bonds to be modified sufficiently to require a new public hearing to be held (as otherwise required by Section 147(f) of the Internal Revenue Code of 1986, as amended). IFA’s administrative closing fee for this reissuance will be $500.

Background:

Proceeds of the Series 2012 Bonds were loaned to the Borrower in order to (i) finance a portion of the costs of the construction and equipping of an approximately 101,000 square foot science and community life building to be located at or near 5125-5143 N. Christiana Avenue, Chicago, Illinois, (ii) refinance existing indebtedness of the Borrower which financed the costs of (a) the acquisition and improvements of neighboring properties located at 5035 N. Spaulding Avenue, Chicago, Illinois, 5049 N. Spaulding Avenue, Chicago, Illinois, 5001-13 N. Kedzie Avenue, Chicago, Illinois, 5214 N. Spaulding Avenue, Chicago, Illinois, 5312 N. Sawyer Avenue, Chicago, Illinois, 5349 N. Spaulding Avenue, Chicago, Illinois, 5059 N. Sawyer Avenue, Chicago, Illinois, (b) capital improvements to the Borrower's Magnuson Campus Center building located at 5000 N. Spaulding Avenue, Chicago, Illinois, and (c) capital improvements to Anderson Hall, a university residence hall also located at 5000 N. Spaulding Avenue, Chicago, Illinois, (iii) reimburse the Borrower for miscellaneous repairs, capital improvements, capital expenditures, capital additions and educational equipment and fixtures to various buildings, including construction of the nursing simulation laboratory, renovations to Ohlson House, Lund House and Anderson Hall and including landscaping and site improvements, all at or near the Borrower's campus located at 5258 N. Spaulding Avenue, Chicago, Illinois, 5148 N. Kedzie Avenue, Chicago, Illinois, 5148 N. Spaulding Avenue, Chicago, Illinois, 5111 N. Spaulding Avenue, Chicago, Illinois, 5130 N. Christiana Avenue, Chicago, Illinois, 5001-07 N. Spaulding Avenue/3246-56 W. Argyle Street, Chicago, Illinois, 3225 West Foster Avenue, Chicago, Illinois, 5000 N. Spaulding Avenue, Chicago, Illinois, 3230 W. Carmen Avenue, Chicago, Illinois and 3311-3315 W. Foster Avenue, Chicago, Illinois (collectively, the “Project”) and (iv) pay all or a portion of the costs of issuing the Series 2012 Bonds.
All payments relating to the IFA Series 2012 Bonds have been current and paid as scheduled.

PROFESSIONAL & FINANCIAL

Borrower’s Advisor: Blue Rose Capital Advisors, Inc. Chicago, IL John Vincent
Bond Counsel: Ice Miller, LLP Chicago, IL Enzo Incandela
Jeffrey Lewis
Bond Purchaser: JPMorgan Chase Bank, N.A. Chicago, IL Allison Pridmore
Whitney Brady
Bank Counsel: Scott & Kraus, LLC Chicago, IL Jim Schraidt
IFAFinancial Advisor: Acacia Financial Group, Inc. Chicago, IL Phoebe S. Selden

RESOLUTION NO. 2016-0609-AD__

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO BOND AND LOAN AGREEMENT RELATING TO THE REVENUE BONDS (NORTH PARK UNIVERSITY PROJECT), SERIES 2012 OF THE ILLINOIS FINANCE AUTHORITY; AND RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a political subdivision and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “Authority”), including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the “Act”), has previously issued its $30,000,000 maximum aggregate principal amount Revenue Bond (North Park University Project) Series 2012 (the “Bond”); and

WHEREAS, in furtherance of the issuance of the Bond, the Authority entered into a Bond and Loan Agreement dated as of October 1, 2012 (the “2012 Agreement”) with JPMorgan Chase Bank, N.A. as the owner of the Bond (the “Purchaser”), and North Park University, an Illinois not for profit corporation (the “Borrower”), pursuant to which the proceeds of the Bond were lent by the Authority to the Borrower in order to (i) finance a portion of the costs of the construction and equipping of an approximately 101,000 square foot science and community life building to be located at or near 5125-5143 N. Christiana Avenue, Chicago, Illinois, (ii) refinance then existing indebtedness of the Borrower which financed the costs of (a) the acquisition and improvements of neighboring properties located at 5035 N. Spaulding Avenue, Chicago, Illinois, 5049 N. Spaulding Avenue, Chicago, Illinois, 5001-13 N. Kedzie Avenue, Chicago, Illinois, 5214 N. Spaulding Avenue, Chicago, Illinois, 5312 N. Sawyer Avenue, Chicago, Illinois, 5349 N. Spaulding Avenue, Chicago, Illinois, 5059 N. Sawyer Avenue, Chicago, Illinois, (b) capital improvements to the Borrower’s Magnuson Campus Center building located at 5000 N. Spaulding Avenue, Chicago, Illinois, and (c) capital improvements to Anderson Hall, a university residence hall also located at 5000 N. Spaulding Avenue, Chicago, Illinois, (iii) reimburse the Borrower for miscellaneous repairs, capital improvements, capital expenditures, capital additions and educational equipment and fixtures to various buildings, including construction of the nursing simulation laboratory, renovations to Ohlson House, Lund House and Anderson Hall and including landscaping and site improvements, all at or near the Borrower’s campus located at 5258 N. Spaulding Avenue, Chicago, Illinois, 5148 N. Kedzie Avenue, Chicago, Illinois, 5148 N. Spaulding Avenue, Chicago, Illinois, 5111 N. Spaulding Avenue, Chicago, Illinois, 5130 N. Christiana Avenue, Chicago, Illinois, 5001-07 N. Spaulding Avenue/3246-56 W. Argyle Street, Chicago, Illinois, 3225 West Foster Avenue, Chicago, Illinois, 5000 N. Spaulding Avenue, Chicago, Illinois, 3230 W. Carmen Avenue, Chicago, Illinois and 3311-3315 W. Foster Avenue, Chicago, Illinois (collectively, the “2012 Project”) and (iv) pay all or a portion of the costs of issuing the Bond; and

WHEREAS, the Purchaser, the Borrower and the Authority now desire to enter into a First Amendment to Bond and Loan Agreement (the “First Amendment”) in order to amend the interest rate determination provisions applicable to the Bond and make certain other changes to the 2012 Agreement; and
WHEREAS, it is necessary, desirable and in the best interests of the Authority to authorize the execution and delivery of the First Amendment, a new or amendatory IRS Form 8038, and if deemed necessary or desirable, a Supplemental Certificate of the Authority Re: Arbitrage and Other Federal Tax Matters of the Authority and the Borrower (the “Arbitrage Certificate”) in connection with any deemed reissuance of the Bond as a result of the amendments; and

WHEREAS, the First Amendment and the Arbitrage Certificate are referred to collectively herein as the “Authority Documents.”

NOW, THEREFORE, BE IT RESOLVED by the Members of the Illinois Finance Authority as follows:

Section 1. All of the recitals contained in the preambles to this Resolution are full, true and correct, and are hereby incorporated into this Resolution by this reference.

Section 2. Pursuant to the Act, the amendment of the terms of the 2012 Agreement in accordance with the terms of the First Amendment are hereby approved and authorized, and such modifications are in furtherance of the Authority’s public purposes.

Section 3. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director, General Counsel, or any person duly appointed by the Members to serve in such offices on an interim basis (each an “Authorized Officer”), and the delivery and use, of the Authority Documents. The Secretary or any Assistant Secretary of the Authority is hereby authorized to attest and to affix the official seal of the Authority to the Authority Documents. The Authority Documents shall be substantially in the forms previously provided to and on file with the Authority and hereby approved (or, with respect to the Arbitrage Certificate, the form customarily used by bond counsel on similar Authority transactions), or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the same, with such execution to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of any changes or revisions therein from such forms of the Authority Documents and to constitute conclusive evidence of such Authorized Officer’s approval and the Authority’s approval of the terms of the Bond and the purchase thereof.

Section 4. The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including, without limitation, the execution and delivery of an amended Bond, a Form 8038 with respect to the Bond and any additional documents and instruments as may be necessary to carry out and comply with the provisions of these resolutions or the Authority Documents), and all of the acts and doings of the Members, officers, agents and employees of the Authority which are in conformity with the intent and purposes of these resolutions and within the parameters set forth herein, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Authority Documents or any other document executed pursuant hereto it is provided that an action shall be taken by the Authority, such action shall be taken by an Authorized Officer of the Authority, or in the event of the unavailability, inability or refusal of an Authorized Officer, any two Members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Authority Documents.

Section 5. All acts of the officers, employees and agents of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, be, and the same hereby are, in all respects, ratified, confirmed and approved.

Section 6. The Bond and the interest thereon shall continue to be a limited obligation of the Authority, payable solely from the income and revenues to be derived by the Authority from the Borrower pursuant to the 2012 Agreement, as amended (except such income and revenues as may be derived by the Authority pursuant to the Unassigned Rights (as defined in the 2012 Agreement)). The Bond and the interest thereon shall never constitute a general obligation or commitment by the Authority to expend any of its funds other than (i) proceeds of the sale of...
the Bond, (ii) the income and revenues derived by the Authority from the Borrower pursuant to the 2012 Agreement, as amended, and other amounts available under the 2012 Agreement, as amended, and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

Section 7. The Authority’s closing fee will be $500 payable at closing.

Section 8. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Amendatory Resolution.

Section 9. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.
To: IFA Board of Directors

From: Christopher B. Meister, Executive Director

Date: June 9, 2016

Re: Resolution Approving the Schedule of Regular Meetings for Fiscal Year 2017

Pursuant to 5 ILCS 120/2.02 (the “Open Meetings Act”), every public body shall give public notice of the schedule of regular meetings at the beginning of each calendar or fiscal year and shall state the regular dates, times, and places of such meetings.
IFA RESOLUTION No. 2016-0609-AD__

RESOLUTION APPROVING THE SCHEDULE OF REGULAR MEETINGS FOR FISCAL YEAR 2017

WHEREAS, the Illinois Finance Authority (the "Authority") was created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as amended (the "IFA Act"), as a body politic and corporate of the State of Illinois and is authorized by the laws of the State of Illinois;

WHEREAS, it is the public policy of the State of Illinois that public bodies exist to aid in the conduct of the people's business and that the people have a right to be informed as to the conduct of their business;

WHEREAS, in order that the people shall be informed, it is the public policy of the State of Illinois that its citizens shall be given advance notice of and the right to attend all meetings at which any business of a public body is discussed or acted upon in any way;

WHEREAS, the Illinois Open Meetings Act, 20 ILCS 120/ et seq. as amended (the “Open Meetings Act”) was created to implement these public policies;

WHEREAS, pursuant to the Illinois Open Meetings Act, the Authority is a public body;

WHEREAS, pursuant to the Illinois Open Meetings Act, every public body shall give public notice of the schedule of regular meetings at the beginning of each calendar or fiscal year and shall state the regular dates, times, and places of such meetings.

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

Section 1. Authority. This Resolution is adopted pursuant to Section 801-15 and Section 801-25 of the IFA Act. The preambles to this resolution are incorporated by reference as part of this resolution.

Section 2. Approval of Regular Meeting Dates, Times, and Places. The Authority approves the dates, times, and places of regular meetings attached as Exhibit A, provided that the Authority reserves the right to cancel or reschedule regular meetings in accordance with the notice and posting requirements of the Open Meetings Act.

Section 3. 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 this Resolution.

Section 4. Enactment. This Resolution shall take effect immediately.
EXHIBIT A

REGULAR MEETINGS FOR FISCAL YEAR 2017
Fiscal Year 2017

PUBLIC NOTICE OF REGULARLY SCHEDULED MEETINGS OF THE MEMBERS OF THE ILLINOIS FINANCE AUTHORITY

During Fiscal Year 2017, the regular meetings of the Members of the Illinois Finance Authority (the “Authority”) will be held on the scheduled dates at the times and places listed below.

An agenda for each regular meeting will be posted at the principal office of the Authority, at the location where the meeting is to be held and at www.il-fa.com at least 48 hours in advance of the holding of the meeting.

Please check www.il-fa.com for updates to times or locations of regular meetings. Unless otherwise noted, regular meetings of the Members will be constituted with a quorum of Members physically present at one of the following locations:

- Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, IL 60601-3124 (the “IFA Chicago Office”); or
- Other locations to be announced.

ILLAINOIS FINANCE AUTHORITY
MEETINGS OF THE MEMBERS
9:30 AM

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<th>Thursday, July 14, 2016</th>
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All meetings will be accessible to handicapped individuals in compliance with Executive Order #5 (1979) as well as pertinent State and Federal laws upon notification of anticipated attendance. Handicapped persons planning to attend any meeting and needing special accommodations should contact Mari Money at the Illinois Finance Authority by calling (312)651-1319, TTY (800) 526-0844.
To: Members of the Authority

From: Chris Meister, Authority Executive Director

Elizabeth Weber, Authority General Counsel

Date: June 9, 2016

Re: Senate Bill 324:

- Authority loan guarantees to help qualified veteran-owned small businesses;
- Resolution of FY 2015 Financial Audit Issue;
- Improved program risk management powers;
- Staffing and administration costs for veteran loan guarantee program

Recommendation: Creation of an Authority Advisory Council

SB 324, which passed both chambers on May 31, 2016, creates, within the Authority, a new loan guarantee program with private banks to help qualified veteran-owned small businesses. Given the wide-margin of support (House: 112-3; Senate: 57-0) that SB 324 received and its immediate effective date, I recommend that the Authority take action to prepare for the implementation of this bill. Accordingly, I ask the board to appoint an Authority Advisory Council with respect to the Implementation of SB 324 (Veteran Business Loan Guarantee Program) (the “Advisory Council”) pursuant to 20 ILCS 3501/801-15.

The Advisory Council shall:

1. Have volunteer members;
2. Be subject to the Illinois Open Meetings Act, the Illinois Freedom of Information Act, and all applicable Ethics/Conflicts laws and policies;
3. Have not less than five but no more than seven members;
4. Be selected by the Authority Chair, the Chair of the Authority Direct and Alternative Financing Committee, and the Authority Executive Director;
5. Assist the Authority as to the following with respect to the implementation of SB 324:
   a. formulation of policy goals and objectives;
   b. coordination of the delivery of services; and
   c. establish programmatic priorities under SB 324.
6. Represent program stakeholders, including but not limited to veterans, business technical assistance groups, and the banking community;
7. Authority may accept or decline recommendations of the Advisory Council;
8. Assist in other duties assigned by the Authority Chair; and
9. Sunset twelve months after SB 324 becomes law.
**Background**

“Qualified veteran owned small business” is defined in subsection (e) of Section 45-57 of the Illinois Procurement Code. The new qualified veteran-owned small business loan guarantee program builds upon the decades-old Agricultural loan guarantee program that is run by the Illinois Finance Authority in partnership with private banks.

Currently, the Authority’s portfolio of guaranteed loans is supported by three, individual funds: one locally-held by the Authority and bound by statutory purposes (Industrial Project Insurance Fund); two are held by the State Treasurer (Funds 994 and 205) and are not subject to annual appropriation. The total amount of the three funds is approximately $29 million. These funds originated in long-ago budgets, are not replenished by State appropriations and exist entirely outside of the State budget process. Historically, losses under the Authority’s agricultural guarantee programs have been modest, but internal, unaudited Authority estimates show that these programs have not supported themselves financially within the Authority’s self-supporting budget structure.

SB 324 expands the purposes of the three reserve funds beyond agricultural purposes to help qualified veteran-owned businesses. The bill does not commit new funds on the part of the State (or the Authority) but simply expands the purposes of existing funds that back exiting guarantees with private banks.

SB 324 grants flexibility to the Authority for risk management purposes by allowing the Authority to allocate potential claims under the guarantee programs by lenders among the three funds. In doing so, SB 324 resolves Finding No. 2015-001 in the Fiscal Year 2015 Auditor General Financial Audit.

**Veteran Program Administration and Staff Costs.**

Importantly, the General Assembly recognized that the Illinois Finance Authority operates on a self-funded business model without State taxpayer appropriations to support its operations and programs. Issuing conduit tax-exempt bonds on behalf of not-for-profit healthcare, educational and senior living institutions and certain private businesses is the core mission of the Authority, not necessarily issuing guarantees.

SB 324 allows the Authority to take costs, including staffing and administration, out of the locally held fund (Industrial Project Fund, not the two treasury funds) that back the loan guarantee portfolio (both existing agricultural and new vets guarantees) for the new veterans program. The costs are capped and sunset in three years but should be sufficient to fund the start-up of the new qualified veteran-owned business guarantee program: $275,000 in year 1 and $200,000, respectively, in years 2 and 3 (a total of $675,000 over three years).
Data/Cost-Benefit Analysis

The Authority will track data for the new qualified veteran-owned business loan guarantee program, including but not limited to:

1. number of loan guarantees made;
2. amounts;
3. default rates
4. types of businesses; default rates; and
5. program administration costs.

Given the Authority’s transparent monthly process, data can be made publicly available for evaluation.
Bill Status of SB0324  99th General Assembly

Short Description:  FINANCE AUTHORITY-GUARANTEES

Senate Sponsors

House Sponsors

Last Action

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<tr>
<td>5/31/2016</td>
<td>Senate</td>
<td>Passed Both Houses</td>
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1. Statutes Amended In Order of Appearance

5 ILCS 325/1 from Ch. 129, par. 501

2. Synopsis As Introduced
Amends the Military Leave of Absence Act. Makes a technical change in a Section concerning a State employee’s leave of absence for active military service.

Senate Floor Amendment No. 1

Deletes reference to:

5 ILCS 325/1 from Ch. 129, par. 501

Adds reference to:

20 ILCS 3501/805-20
20 ILCS 3501/830-30
20 ILCS 3501/830-35
20 ILCS 3501/830-45
20 ILCS 3501/830-55
20 ILCS 3501/Art. 835 heading new
20 ILCS 3501/835-5 new
20 ILCS 3501/835-10 new
20 ILCS 3501/835-15 new
20 ILCS 3501/835-20 new
20 ILCS 3501/835-25 new

Replaces everything after the enacting clause. Amends the Illinois Finance Authority Act. Provides that the Illinois Finance Authority may enter into State Guarantees with a lender who
makes a loan or loans to a qualified veteran-owned small business. Provides that payments on State Guarantees under the Agricultural Loan Program, the Young Farmer Loan Guarantee Program, the Working Capital Loan Guarantee Program, and the Qualified Veteran-owned Small Business Program may be made from any of the following funds: (1) the Industrial Project Insurance Fund created under Article 805 of this Act; (2) the Illinois Farmer and Agribusiness Loan Guarantee Fund; or (3) the Illinois Agricultural Loan Guarantee Fund. Makes other changes. Effective immediately.

**House Floor Amendment No. 1**

Provides that the Illinois Finance Authority authorization for reimbursement of administrative expenses for the State Guarantee programs is limited (i) to fiscal years 2017 through 2019, (ii) to moneys available in the Industrial Project Insurance Fund, (iii) to specified amounts, and (iv) for a specified program.

### Actions

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<tr>
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To: Members of the Authority

From: Chris Meister, Authority Executive Director
     Elizabeth Weber, Authority General Counsel

Date: June 3, 2016

Re: Resolution to Adopt State of Illinois Code of Personal Conduct

On June 3, 2016, the State Ethics and Compliance Officer circulated the attached “Code of Personal Conduct” (Code) for State executive departments or State agencies. See attached. As you know, the Illinois Finance Authority is a State “body politic and corporate” under State law, not a State executive department or State agency.

However, we are taking the opportunity to generally examine the issue. We may supplement this memorandum with additional materials before the June 9, 2016 meeting.

Attachments:

   Executive Order 2015-09
   Executive Order 2016-04
   State of Illinois Code of Personal Conduct
EXECUTIVE ORDER   2015-09

EXECUTIVE ORDER TO ENSURE
ETHICAL AND RESPONSIVE GOVERNMENT

WHEREAS, properly performing government business and maintaining the confidence of the people of Illinois require employees of the State of Illinois to adhere to the highest standards of honesty, integrity, and impartiality in their conduct and the performance of their official duties; and

WHEREAS, meeting this standard requires State Employees to avoid conflicts of interest in both appearance and practice; and

WHEREAS, the people of Illinois deserve to know that their state government is being conducted in an open and honest manner and in the public interest; and

WHEREAS, a higher code of ethical conduct is required to restore the public’s trust in state government and its officers, employees, and appointees; and

WHEREAS, Section 2 of Article XIII of the Constitution of the State of Illinois recognizes the authority of any branch of government to establish and enforce ethical standards for that branch; and

WHEREAS, investigations by organizations such as the Better Government Association continue to identify misconduct by various government officials in the State of Illinois, such as, for example, the Better Government Association’s recent investigation into the hiring practices at the Illinois Department of Transportation;

THEREFORE, I, Bruce Rauner, Governor of Illinois, pursuant to the executive authority vested in me by Section 8 of Article V of the Constitution of the State of Illinois, hereby order as follows:

I.     DEFINITIONS

As used in this Executive Order:

“Commission” means the Executive Ethics Commission.

“Gift” has the meaning given to it in the State Officials and Employees Ethics Act (5 ILCS 430/1-5).

“Lobby” or “Lobbying” has the meaning given to it in the Lobbyist Registration Act (25 ILCS 170/2(e)).

“Lobbyist” has the meaning given to it in the Lobbyist Registration Act (25 ILCS 170/2(j)).

“Lobbying Entity” has the meaning given to it in the Lobbyist Registration Act (25 ILCS 170/2(k)).

“Prohibited Source” has the meaning given to it in the State Officials and Employees Ethics Act (5 ILCS 430/1-5).
Ethics Act (5 ILCS 430/1-5).

“State Agency” means any officer, department, agency, board, commission, or authority of the Executive Branch of the State of Illinois.

“State Employee” means any employee, officer, or board member of any State Agency.

II. REVOLVING DOOR BAN

1. No State Employee, while employed by or serving as an appointee of a State Agency, shall negotiate for employment or other compensation with any person or entity that is registered as a Lobbyist or Lobbying Entity and has identified that State Agency on its then-current Lobbyist or Lobbying Entity registration filed with the Secretary of State.

2. No former State Employee, within one year after leaving his or her position with a State Agency, shall accept compensation from any person or entity for Lobbying any State Agency.

3. The restrictions of this Section II are in addition to, and not in place of, the restrictions set forth in applicable law, including the State Officials and Employees Ethics Act (5 ILCS 430/5) and the Illinois Procurement Code (30 ILCS 500/50-30).

III. GIFTS FROM PROHIBITED SOURCES: GIFT AND TRAVEL BAN

1. No State Employee, and no spouse of or immediate family member living with a State Employee, shall intentionally solicit or knowingly accept any Gift from any Prohibited Source that would be prohibited by Section 10-10 of the State Officials and Employees Ethics Act (5 ILCS 430/10-10) (the “statutory gift ban”).

2. The exceptions to the statutory gift ban contained in Subsection (8) (food and refreshments of up to $75 per day) and Subsection (12) (other gifts of up to $100 per year) of Section 10-15 of such Act do not apply to State Employees. This provision is not intended to preclude a State Employee from accepting de minimis meals or refreshments served at a business meeting or reception attended by the State Employee in the course of his or her official duties, provided that the State Employee adheres to any rules issued by the Governor’s Office of Management and Budget and his or her State Agency.

3. The exceptions to the statutory gift ban contained in Subsection (4) (educational missions) and Subsection (5) (travel expenses) of Section 10-15 of such Act do not apply to State Employees. This provision is not intended to preclude a Prohibited Source from paying for the cost of registration fees, travel, lodging, or meals, provided that, in addition to complying with all other applicable laws and regulations (including Section 1620.700 of the Illinois Administrative Code), (a) the Prohibited Source makes or arranges payment or reimbursement of such costs directly with the State Agency, and (b) the trip is approved in writing in advance by the Executive Director of the Commission.
4. Gifts, including but not limited to grants and monetary or in-kind donations, from any source to the State of Illinois are excluded from the statutory gift ban and this section.

IV. ECONOMIC INTEREST DISCLOSURE

1. Each State Employee that is required to file a statement of economic interest pursuant to Article 4A of the Illinois Governmental Ethics Act (5 ILCS 420/4A-101 et seq.) shall, in conjunction with such filing each year, also disclose the following information:

   (a) The address and nature of interest in any real property in which the employee or spouse or minor child of the employee has a greater than 5% financial interest and in which the State of Illinois is a tenant, lessor, or otherwise has an ownership or other beneficial interest in the real property, excepting the primary personal residence of those individuals;

   (b) Any non-governmental position held, whether compensated or not, with any business entity, non-profit organization, labor group, educational institution, or other entity of any type, together with the nature and amount of any compensation; and

   (c) Any litigation involving the State of Illinois or any entity with a relationship with the State of Illinois, where the employee is a party to, or has a financial interest in, that litigation.

2. The Commission shall prepare forms or amend existing forms to be used to report the information described in this Section IV and shall provide those forms or amended forms to each individual required to report such information on or before April 1 of each year. Such statement shall be filed by each such individual with the Commission on or before May 1 of each year. The Commission shall ensure that all statements filed pursuant to this Section IV are made readily available for public inspection.

3. Each State Employee required to submit a statement pursuant to this Section IV shall notify the Commission in writing and without delay of any material change in circumstance that might result in a change to his or her disclosures filed pursuant to this Section IV.

V. COOPERATION WITH SPECIAL MASTER

Every State Agency and State Employee is directed to fully cooperate with the Special Master appointed by the United States District Court of the Northern District of Illinois pursuant to an order in *Michael L. Shakman and Paul M. Lurie et al. v. The Democratic Organization of Cook County et al.* (No. 69 C 2145) to investigate hiring practices in State Agencies.

VI. EMPLOYMENT CONTRACTS

1. No State Agency shall enter into any employment contract with any person without prior review and approval by the Governor’s Office of Management and Budget.

2. As soon as practicable, the Governor’s Office of Management and Budget shall conduct a thorough review of the use of employment contracts by other agencies, boards, commissions, institutions, universities, authorities, and units of local government established under state law and other subdivisions of the State and shall recommend to the Governor legislation, regulations,
rules, and policies to prevent the use of employment contracts for political, wasteful, or other improper purposes.

VII. OTHER PROVISIONS CONTINUE TO APPLY

This Executive Order does not alter the application of any other provision to State Employees.

VIII. PRIOR EXECUTIVE ORDERS

This Executive Order supersedes any contrary provision of any prior Executive Order.

IX. SAVINGS CLAUSE

Nothing in this Executive Order shall be construed to contravene any state or federal law. This Executive Order is intended only to improve the internal management of the Executive Branch of the State of Illinois and does not create any right to administrative or judicial review, or any other rights or benefits, substantive or procedural, enforceable at law or in equity by a party against the State of Illinois, its agencies or instrumentalities, its officers or employees, or any other person.

X. SEVERABILITY

If any provision of this Executive Order or its application to any person or circumstance is held invalid by any court of competent jurisdiction, this invalidity does not affect any other provision or application of this Executive Order which can be given effect without the invalid provision or application. To achieve this purpose, the provisions of this Executive Order are declared to be severable.

XI. EFFECTIVE DATES

Section II of this Executive Order shall take effect on February 15, 2015, and the remainder of this Executive Order shall take effect immediately upon filing with the Secretary of State.

Bruce Rauner, Governor

Issued by Governor: January 13, 2015
Filed with Secretary of State: January 13, 2015
WHEREAS, the Governor’s enforcement power under Section 2 of Article XIII of the Illinois Constitution includes without limitation the ability to impose appropriate discipline on employees properly found to have engaged in misconduct; and

WHEREAS, the State Officials and Employees Ethics Act (5 ILCS 430) (the “Ethics Act”) established the Office of Executive Inspector General for the Agencies of the Illinois Governor (“OEIG”) to investigate misconduct in agencies, boards, and commissions under the jurisdiction of the Governor; and

WHEREAS, the Department of State Police Law (20 ILCS 2605/2605-50) established the Illinois State Police, Division of Internal Investigation (“ISP DII”) to initiate internal State Police investigations and to investigate allegations of criminal misconduct in agencies, boards, and commissions under the jurisdiction of Governor; and

WHEREAS, Administrative Order 6 (2003) purported to clarify the duties and responsibilities of the OEIG and the ISP DII, and to set forth procedures for investigating and reporting allegations of misconduct by State officeholders, appointees, employees, and vendors, as well as incidents at State facilities; and

WHEREAS, upon reviewing the policies and procedures set forth in Administrative Order 6 (2003), the Office of the Governor and the OEIG concluded that those policies and procedures must be updated and strengthened to ensure that the OEIG, ISP DII, and agency inspectors general have the tools needed to investigate unethical conduct and corruption and enforce ethical standards in the executive branch;

THEREFORE, I, Bruce Rauner, Governor of Illinois, by virtue of the executive authority vested in me by Section 2 of Article XIII and Section 8 of Article V of the Constitution of the State of Illinois, do hereby order as follows:

I. DEFINITIONS

“Agency Head” means, with respect to a State Agency, the head of that State Agency, whether titled Director, Secretary, or otherwise.

“Agency Inspector General” means each inspector general of a State Agency, other than the OEIG, including without limitation each of the inspectors general of the Department of Child
and Family Services, the Department of Healthcare and Family Services, the Department of Human Services, the Illinois State Toll Highway Authority, and any other statutorily-created inspector general of a State Agency.

“CMS” means the Department of Central Management Services.

“Ethics Officer” means, with respect to a State Agency, the ethics officer designated for that State Agency pursuant to Section 20-23 of the Ethics Act.

“Executive Inspector General” means the Executive Inspector General appointed by the Governor pursuant to Section 20-10 of the Ethics Act.

“Misconduct” or “misconduct” means any fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, or violation of law, rules, regulations, or court orders, including without limitation violations of the Ethics Act and/or the Criminal Code of 2012 (720 ILCS 5).

“State Agency” means any officer, department, agency, board, commission, or authority of the Executive Branch of the State of Illinois under the jurisdiction of the Governor for the purposes of Section 20-10(c) of the Ethics Act.

“State Employee” means any officer, employee (including without limitation full-time, part-time, and contractual employees), appointee (including without limitation paid and unpaid appointees), or person holding a similar position in any State Agency.

II. REVOCATION OF ADMINISTRATIVE ORDER 6 (2003)

Administrative Order 6 (2003) is revoked and rescinded. All policies and procedures set forth in Administrative Order 6 (2003) are replaced in their entirety by the policies and procedures set forth in this Executive Order.

III. RETALIATION IS NOT TOLERATED

The State of Illinois does not tolerate retaliation against State Employees who raise genuine concerns about unethical, inappropriate, or illegal behavior. No State Employee shall retaliate against, punish, or penalize any person for complaining to, cooperating with, or assisting with an investigation or inquiry by a State Agency, the OEIG, ISP DII, or law enforcement. Any State Employee who violates this provision shall be subject to disciplinary action, up to and including discharge.

IV. ADOPTION OF A CODE OF PERSONAL CONDUCT

Pursuant to my authority under Section 2, Article XIII of the Illinois Constitution and Section 5-5(a)(i) of the Ethics Act, I direct CMS to adopt and implement a Code of Personal Conduct for all State Employees. I further authorize CMS, on my behalf, to file such Code of Personal Conduct with the Executive Ethics Commissions pursuant to Section 5-5(b) of the Ethics Act within 100 days of this Executive Order. Any State Employee who knowingly violates the Code of Personal Conduct, with the intent to defraud the State of Illinois, violates the Ethics Act and shall be subject to disciplinary action under the Ethics Act as set forth without limitation in

V. STATE AGENCIES AND EMPLOYEES HAVE THE RESPONSIBILITY TO REPORT AND INVESTIGATE MISCONDUCT

Administrative Order 6 (2003) stated that State Employees must report alleged misconduct to the OEIG and must cooperate in OEIG investigations. However, that order also stated that only the OEIG had the authority to conduct internal State Agency investigations. This restriction led on many occasions to State Agencies failing to conduct their own investigatory and discipline processes when there were allegations of serious and often ongoing wrongdoing, allowing unethical behavior and other misconduct to thrive in State government without State Agencies or the Governor taking appropriate remedial action.

To ensure that allegations of misconduct that may be causing harm to taxpayers, State Employees, or recipients of State services are being addressed quickly and fairly, all State Agencies and State Employees must adhere to the following procedures:

1. Reporting of Information: In addition to all other statutory and State Agency reporting requirements, each State Employee shall report promptly to the OEIG and/or their Ethics Officer any information concerning alleged misconduct by a State Employee or vendor. The knowing failure of any State Employee to so report shall be cause for discipline, up to and including discharge. The knowing provision of false information to the OEIG and/or Ethics Officer by any State Employee shall be cause for discipline, up to and including discharge.

2. Duty to Cooperate: Each State Agency and State Employee shall cooperate with, and provide assistance to, the OEIG in the performance of any investigation. In particular, each State Agency shall make its premises, equipment, personnel, books, records, and papers readily available to the OEIG. OEIG staff may enter the premises of any State Agency at any time, without prior announcement, if necessary for the successful completion of an investigation. In the course of an investigation, OEIG staff may question any State Employee serving in, and any other person transacting business with, a State Agency, and may inspect and copy any books, records, or papers in the possession of a State Agency, including without limitation those made confidential by law, taking care to preserve the confidentiality of information that is made confidential by law and is contained in any response to questions or in any book, record, or paper. Consistent with these duties, State Agencies shall consider the OEIG to be a “law enforcement agency.” The OEIG may compel any State Employee to truthfully answer questions concerning any matter related to the performance of his or her official duties. If so compelled, no statement or other evidence derived therefrom may be used against such State Employee in any subsequent criminal prosecution other than for charges of perjury or contempt arising from such testimony. The refusal of any State Employee to answer questions if compelled to do so shall be cause for discipline, up to and including discharge.

3. Responsibilities of Ethics Officers: Each Ethics Officer shall act as his or her State Agency’s primary liaison to the OEIG. Each Ethics Officer must promptly notify the OEIG of any allegations of misconduct after receiving such information. The notification should include all
information known about the allegations and identities of potential witnesses. In addition, each Ethics Officer shall ensure that his or her current contact information, as well as the contact information for any other State Employee at the State Agency whose primary responsibility involves conducting or overseeing internal investigations, is provided to the OEIG.

4. Internal Agency Investigations: After referring an allegation to the OEIG in the manner set forth above, a State Agency shall take whatever further investigative or disciplinary action it deems appropriate, unless the OEIG has specifically requested, in writing, that the State Agency refrain from taking further action. In certain circumstances, the OEIG may request that a State Agency conduct an internal investigation into allegations referred to the State Agency by the OEIG. In such cases, the Agency Head and the Ethics Officer shall immediately refer the allegations to a designated person or unit within the State Agency to investigate. The OEIG may require a written response regarding the State Agency’s internal investigation and outcome. The State Agency must respond to these requests for a response in a timely manner. If the State Agency’s internal inquiry develops information suggesting that the conduct alleged is more serious, widespread, or in any way different than originally reported, the State Agency shall contact the OEIG before continuing the investigation.

VI. OEIG AUTHORITY TO REVIEW HIRING AND EMPLOYMENT FILES

Pursuant to Section 20-20(9) of the Ethics Act, the OEIG has the authority to review hiring and employment files of each State Agency within its jurisdiction. Pursuant to this authority, the OEIG initiated a unit dedicated to the review of hiring and employment files: The Division of Hiring and Employment Monitoring. Each State Agency and every State Employee shall cooperate with, and provide assistance to, this division of the OEIG in the performance of any hiring and/or employment review. In particular, each State Agency shall make its premises, equipment, personnel, books, records, and papers readily available to the OEIG. In the course of a hiring and/or employment review, OEIG staff may, without prior announcement, request background and/or procedural information from any State Employee serving in, and any other person transacting business with, a State Agency, and may inspect and copy any books, records, or papers in the possession of a State Agency, including without limitation those made confidential by law, taking care to preserve the confidentiality of information that is made confidential by law and is contained in responses to questions or in books, records, or papers. OEIG staff may also monitor the interview and/or selection processes utilized by or within each State Agency.

VII. PROCEDURES FOR CERTAIN CRIMINAL CONDUCT AND EMERGENCY SITUATIONS

Certain incidents involving potential criminal conduct and other emergency situations must be reported immediately to the appropriate law enforcement agencies. In the event of an emergency situation requiring an immediate police response, the Illinois State Police, county, or municipal police agency that can provide the fastest response should be contacted. Examples of such emergency criminal situations include illegal use or unlawful possession of a weapon, bodily injury or immediate threat of bodily injury, narcotics-related activity, criminal sexual assault, or
death. In the event of an emergency criminal situation, State Agencies and State Employees must adhere to the following procedures:

1. Report to ISP DII: If another police agency was contacted in an emergency criminal situation, the ISP DII also should be contacted promptly.

2. Preservation of Evidence: The State Agency shall ensure the preservation of the scene of the incident, the security of the evidence, the maintenance of accurate records relating to the condition of the victim, and other relevant information. Each State Agency facility shall adopt and maintain procedures that guarantee the preservation of evidence. Non-law enforcement State Employees shall be advised not to disturb the scene until law enforcement personnel arrive. Non-law enforcement State Employees shall not take or initiate any investigation or action unless directed to do so by law enforcement officers. If any law enforcement official asks non-law enforcement State Employees of a facility to take action, the non-law enforcement State Employees shall promptly document investigative activity and retain any physical evidence gathered as a result of the inquiry.

3. Reports and Records: The State Agency shall maintain all relevant documents and attachments related to the incident. Any written record shall be confined to a concise summary of the facts, and shall not contain conclusions or opinions. The State Agency shall maintain related records in compliance with the State Records Act (5 ILCS 160) and for a period of at least five years after the close of the incident investigation.

4. Special Procedures for Allegations of Physical Abuse: All suspected patient/resident/inmate abuse, criminal sexual abuse or other incidents involving physical abuse for which State Employees are allegedly responsible, or in which State Employee negligence could have been a factor, shall be reported immediately to the respective Agency Head or designated administrative personnel. Any initial action taken should be limited to assessing whether the conduct described has occurred. If an incident has, or appears to have occurred the matter should be treated as follows:

a. Patient/Resident/Inmate Abuse or Neglect: Upon receiving notification of alleged abuse to a patient, resident, or inmate in a State Agency facility by State Employees, the administrator of the relevant facility shall immediately:

i. Have a physician examine and treat the patient, resident, or inmate and document his or her physical condition.

ii. Conduct a preliminary inquiry to establish that an incident of abuse has or appears to have occurred, and preserve all evidence and the integrity of the scene of the incident.

iii. Notify the Illinois State Police or other law enforcement agency if the need for immediate response by law enforcement is necessary. If the Illinois State Police was not notified in the first instance, the ISP DII shall be notified promptly.

iv. Conduct further inquiry into the incident if requested to do so.
v. Report any incident of patient, resident, or inmate abuse involving a person under the age of 18 years old in accordance with the Abused and Neglected Child Reporting Act (325 ILCS 5) to the Department of Children and Family Services within 24 hours after learning of such incident.

b. Criminal Sexual Abuse: If an alleged incident involves the criminal sexual abuse of a patient, resident, or inmate in a State Agency facility, the relevant facility administrator shall ensure that a physician examines the victim, utilizing a rape kit, as soon as possible after the alleged criminal sexual abuse. Such examination will be conducted to check the physical well-being of the victim, confirm injuries to the victim and document/obtain any physical evidence of any crime. All evidence should be obtained and preserved and clinical documentation completed. The facility administrator or his or her designee shall promptly notify the ISP DII.

c. Death: In accordance with the Counties Code (55 ILCS 5/3-3013), any death occurring in a State Agency facility shall be reported to the coroner of the county in which the State Agency facility is located. In addition, in accordance with the Mental Health and Disabilities Code (405 ILCS 5/5-100), notice of death of a patient or resident (a change of status report) shall be given to the Clerk of the Circuit Court which committed the patient or resident, and other notifications and reports required by law, rules, or policies of the caretaker State Agency shall be made. All deaths other than by natural causes must be immediately reported to the ISP DII.

5. Special Procedures for Allegations of Attempted Bribery: Illinois law requires all State Employees to report attempted bribery. In general, bribery is an offer or solicitation of property (including without limitation money) or personal advantage with the intent to improperly influence a public employee in the performance of any act relating to his or her employment (720 ILCS 5/33-1). By law, State Employees must report all offers of bribes to the Illinois State Police (720 ILCS 5/33-2). Any employee who has reasonable grounds to believe that an attempt to bribe has been made or suggested shall (a) avoid any statement or implication indicating acceptance or non-acceptance of the bribe, and (b) immediately report the matter to supervisory personnel. A supervisor must promptly report all incidents of attempted bribery to the ISP DII. State Employees shall cooperate fully and completely in all bribery investigations and any matters relating to the investigation. The ISP DII shall immediately notify the local State’s Attorney and the OEIG, and initiate an investigation.

VIII. ENSURING COORDINATION BETWEEN AGENCY INSPECTORS GENERAL

1. Background

Administrative Order 6 (2003) stated that “in agencies where the position of inspector general is governed by statute, the inspectors general shall, by this Order, report to the OEIG. These agency inspectors general shall otherwise continue to operate and function as set forth in relevant sections of the Illinois Compiled Statutes and the Illinois Administrative Code.”

Coordination among Agency Inspectors General and the OEIG ensures efficiency and effectiveness through cooperation in investigatory efforts and the sharing of resources and information. Although this reporting system has been in place for over 13 years, the efficiency
and effectiveness of the Agency Inspectors General and the OEIG continue to be limited by disconnects in communication, redundant functions, and “siloes” operations.


In State Agencies with an Agency Inspector General, the Agency Inspector General shall report to the OEIG. Because State Agencies with Agency Inspectors General benefit from receiving inspector general services that are specific to that State Agency, State Agencies with Agency Inspectors General shall continue to employ their respective Agency Inspector General and related staff; and shall continue to be responsible for all costs associated with the operations and activities of their respective Agency Inspector General and related staff. Except as set forth herein, Agency Inspectors General shall otherwise continue to operate and function as set forth in relevant sections of the Illinois Compiled Statutes and the Illinois Administrative Code.

To strengthen the reporting by the Agency Inspectors General to the OEIG that has been in place since 2003, and to ensure greater effectiveness of, and coordination between, the OEIG and the Agency Inspectors General, beginning on the date of this Executive Order:

a. The Executive Inspector General and the Agency Inspectors General shall meet bimonthly at a place and time set forth by the Executive Inspector General in order for the Agency Inspectors General to report to the Executive Inspector General on investigations and for the Executive Inspector General and the Agency Inspectors General to coordinate investigatory efforts.

b. The Executive Inspector General and the Agency Inspectors General shall share resources and coordinate investigations to reduce costs and operate more efficiently.

c. The Executive Inspector General shall review and approve the allocation of Agency Inspectors General staff and resources to ensure that investigations are conducted in an effective and impartial manner.

d. Agency Inspectors General shall report to and consult with the Executive Inspector General on all investigative reports that include findings of misconduct or other wrongdoing and the recommended corrective action contained in such reports before a report is finalized.

e. The Executive Inspector General shall set forth other reporting policies and procedures that she deems appropriate, and the Agency Inspectors General and their respective staffs shall follow such policies and procedures in accordance with this Executive Order.

IX. SAVINGS CLAUSE

This Executive Order does not contravene, and shall not be construed to contravene, any federal law, State statute, or collective bargaining agreement.

X. PRIOR EXECUTIVE ORDERS

This Executive Order supersedes any contrary provision of any other prior Executive Order.

XI. SEVERABILITY CLAUSE
If any part of this Executive Order is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. The provisions of this Executive Order are severable.

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Bruce Rauner, Governor

Issued by Governor: February 26, 2016
Filed with Secretary of State: February 26, 2016
Introduction

Employees of the State of Illinois are a team of public servants working on behalf of the people of Illinois. State employees perform critical services upon which our residents and businesses depend. State employees are entrusted to make important decisions and carry out responsibilities that affect the future of our communities.

The purpose of this Code of Personal Conduct (Code) is to:

- Ensure that State employees are conducting the business of the State in an honest and respectful manner.
- Promote accountability to the taxpayers and the people of Illinois.
- Promote honest and ethical conduct and fair dealing.
- Promote compliance with applicable laws, policies, rules, and regulations.
- Deter wrongdoing.

Authority and Applicability

This Code was prepared by the Department of Central Management Services, on behalf of the Governor, pursuant to Section IV of Executive Order 2016-04, and filed with the Executive Ethics Commission pursuant to Section 5-5(b) of the State Officials and Employees Ethics Act (5 ILCS 430) (Ethics Act).

This Code applies to all officers, employees (including without limitation full-time, part-time, and contractual employees), appointees (including without limitation paid and unpaid appointees), and persons holding similar positions (State Employees) in any office, department, agency, board, commission, or authority of the Executive Branch of the State of Illinois under the jurisdiction of the Governor for the purposes of Section 20-10(c) of the Ethics Act (State Agencies).

More detailed policies and procedures that apply to all State Employees or certain groups of State Employees are set forth in other documents. While these other policies are not part of this Code, each State Employee covered by this Code is expected to conduct himself or herself consistently with this Code and all other applicable policies, laws, and regulations. Nothing in this Code prohibits any State Agency from adopting or maintaining policies or rules of personal conduct that are more restrictive than those set forth in this Code, as long as such policies or rules comply with applicable law and the requirements of any collective bargaining agreement. To the extent any State Agency policy conflicts with this Code, the more restrictive policy will control.
State Employee conduct in violation of this Code may result in discipline, up to and including discharge. The principles of just cause shall apply to the extent required by law or any collective bargaining agreement. In addition to any discipline imposed by a State Agency, any State Employee who knowingly violates this Code, with the intent to defraud the State of Illinois, is in violation of the Ethics Act and will be subject to disciplinary action under the Ethics Act as set forth without limitation in Sections 20-15, 20-20, 20-50, 20-55, 50-5 and 50-10 of the Ethics Act and Title 2, Sections 1620.1100 and 1620.1110 of the Illinois Administrative Code.

This Code does not, and may not be interpreted to, create any rights for any person or entity other than the State of Illinois, the State Agencies, the Executive Ethics Commission, and the Office of Executive Inspector General for the Agencies of the Illinois Governor. Nothing in this Code may be construed as altering the employment relationship between the State of Illinois and any State Employee. Application of progressive discipline pursuant to this Code to State Employees who serve at-will is discretionary and does not affect the at-will status of any such State Employee. State Employees in supervisory positions or in positions with the ability to recommend employee discipline will comply with applicable law and collective bargaining agreements when imposing discipline pursuant to this Code.

This Code is effective as of July 1, 2016. Copies of this Code will be made available to all State Agencies and publicly posted on the Team Illinois website (http://team.illinois.gov). The Department of Central Management Services will provide training to all State Agencies regarding the implementation of this Code.

The Department of Central Management Services has the ability to amend or supplement this Code with the approval of the Office of the Governor. Any amendment of, or supplement to, this Code will be filed with the Executive Ethics Commission and made publicly available by the Department of Central Management Services, including through posting on the Team Illinois website (http://team.illinois.gov).

**Principles of Public Service**

While serving in his or her official capacity, each State Employee has a responsibility to the people of the State of Illinois to act with integrity and to treat the people we serve, our colleagues, and other parties with dignity and respect. State Employees hold a position of public trust and are expected to conduct themselves in a responsible and professional manner.

The following principles apply to every State Employee and form the basis for the standards contained in this Code. When a situation is not covered by the standards set forth in this Code or in other applicable policies, laws, or regulations, State Employees will apply the principles set forth in this section in determining whether their conduct is proper.

**Public service is a public trust, not to be abused for private gain.**

- Except as permitted by applicable law (including but not limited to the Ethics Act and Executive Order 15-09), State Employees may not solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the State Employee’s State Agency or whose interests may be substantially affected by the performance or nonperformance of the State Employee’s duties.
- State Employees may not use public employment or access to nonpublic State information for private gain.
• State Employees may not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with their official State duties and responsibilities.

• State employees must take appropriate action to identify, disclose, and avoid potential conflicts of interest with the performance of their official duties.

Public service requires honest and impartial performance.

• State Employees must put forth honest effort in the performance of their duties.

• State Employees may not give improper preferential treatment to any private organization or individual.

Public servants protect taxpayer resources.

• State Employees may not knowingly make unauthorized commitments or promises of any kind purporting to bind the State of Illinois.

• State Employees must protect and conserve State property and not use it for other than authorized activities.

• State Employees must disclose waste, fraud, abuse, and corruption to the appropriate authorities.

Public servants are good citizens.

• State Employees should avoid any action that creates the appearance of a violation of the law or the ethical standards set forth in this Code.

• State Employees must satisfy in good faith all personal financial obligations to the State and comply with all requirements of all governmental taxing authorities.

Public Service must be an equal opportunity for all.

• State Employees must adhere to all laws and regulations that provide equal opportunity for all.

• There must be no unlawful discrimination, harassment, intimidation or retaliation in any employment practice based on race, color, national origin, religion, age, sex, marital status, disability, ancestry, sexual orientation, military service, political affiliation, or any other protected status or non-merit based factor.

Specific Instances of Unethical Conduct

This section sets forth specific ethical standards for all State Employees. Violations of these standards are subject to discipline up to and including discharge. This section is applicable to all State Employees when on State-compensated time (other than vacation, personal, or compensatory time off, as defined in the Ethics Act), on State property, or carrying out the State Employee’s official duties, or when there is a nexus between the State Employee’s off-duty conduct and his or her official duties. As noted above, this Code does not preclude a State Agency from maintaining or establishing additional rules of personal conduct consistent with this Code, applicable law, and the requirements of any collective bargaining
agreement. To the extent any State Agency policy conflicts with this Code, the more restrictive policy will control.

**Insubordination:** A State Employee (a) must execute the lawful instructions, whether oral or written, of a supervisor or member of management having authority over the State Employee, (b) may not be disrespectful in his or her conduct and communication, whether oral or written, directed toward a supervisor or member of management, and (c) will comply with State and State Agency policy as directed.

**Disruptive Conduct:** A State Employee may not (a) engage in disruptive conduct or activities or horseplay that interrupts work or impedes the work of others, or (b) use abusive or offensive language, gestures, or similar conduct.

**Unsatisfactory Work Performance:** While on duty, a State Employee should dedicate his or her efforts to the performance of assigned work and other job responsibilities. A State Employee (a) will perform all work duties assigned to him or her, (b) will not perform any work duties in a negligent manner that results in a material delay or material financial loss to the State, and (c) will not engage in willful idleness while on the job.

**Breach of Confidentiality:** A State Employee will take reasonable measures to protect confidential information in his or her possession. A State Employee may not knowingly (a) fail to safeguard confidential information, (b) take actions which result in a breach of confidential information, or (c) violate confidentiality requirements inherent to the State Employee’s position or his or her State Agency’s mission.

**Stealing:** A State Employee may not steal or attempt to steal, with the intent to deprive, the property of another individual or entity or collude with another person to commit such acts.

**Misuse or Abuse of State Property:** Except for *de minimis* personal use, a State Employee will use State property for official purposes and not for personal benefit or political gain. When entrusted with safeguarding State property, a State Employee may not (a) intentionally lose or damage such State property, or (b) knowingly and willfully use or authorize the use of a State vehicle for an other-than-official purpose.

**Conduct Unbecoming of a State Employee:** A State Employee will conduct himself or herself (a) with integrity and in a manner that reflects favorably upon the State, (b) in compliance with all laws, policies, orders, and procedures that prohibit the solicitation or acceptance of any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the State Employee’s State Agency or whose interests may be substantially affected by the performance or nonperformance of the State Employee’s duties, and (c) in accordance with the State Officials and Employees Ethics Act (5 ILCS 430) and the Illinois Governmental Ethics Act (5 ILCS 420).

**Conduct Unbecoming of a Supervisor:** A State Employee in a position with supervisory authority may not (a) intentionally, negligently, or recklessly commit any illegal act or violation of State or State Agency disciplinary rules or code of conduct, (b) order State Employees to perform a task for other than an official purpose, or (c) exploit supervisory authority for personal gain or personal profit.

**Threatening Words or Actions:** A State Employee may not threaten or attempt to inflict bodily harm on another individual, unless otherwise authorized by State or State Agency policy or procedure.
A State Employee who witnesses, is a victim of, or becomes aware of any threatening words or actions must immediately report the incident to his or her supervisor or to the appropriate law enforcement entity in accordance with Executive Order 2016-04. Subject to applicable law and any contrary instructions by law enforcement, the State Employee will be required to submit a written statement regarding the incident.

**Fighting:** A State Employee may not hit or push another person or have hostile or unwelcomed contact with another person, unless otherwise authorized by State or State Agency policy or procedure.

A State Employee who witnesses, is a victim of, or becomes aware of any fighting must immediately report the incident to his or her supervisor or to the appropriate law enforcement entity in accordance with Executive Order 2016-04. Subject to applicable law and any contrary instructions by law enforcement, the State Employee will be required to submit a written statement regarding the incident.

**Discriminatory Personnel Action:** A State Employee may not (a) discriminate against another State Employee on any basis in violation of federal or State law with respect to any adverse employment or personnel action, or (b) if such State Employee is a supervisor, fail to prevent or curtail unlawful discrimination of a subordinate when, as a supervisor, the State Employee knew or should have known that discrimination was occurring.

**Interference with or Obstruction of an Investigation:** A State Employee may not interfere with or obstruct an investigation by (a) refusing to testify or cooperate in a properly authorized inquiry or investigation, without legal justification, (b) interfering with or improperly influencing, or attempting to interfere with or improperly influence, the testimony of any witness or participant in an investigation, or (c) improperly influencing, or attempting to improperly influence, any investigatory official.

**Retaliation:** A State Employee may not (a) intentionally interfere with a State Employee’s exercise of, or retaliate against a State Employee for exercising, the right to grieve or file a complaint through established procedures, or (b) retaliate against a State Employee for filing a complaint, providing information to an investigatory official, or testifying in an official proceeding. To the extent this section conflicts with the Whistleblower Act (740 ILCS 174) or Section 15-5 of the Ethics Act, the applicable statute will control.

**False Statement:** A State Employee may not (a) make any materially false statement or knowing misrepresentation on an application for State employment or other document pertaining to qualifications or any other official record, (b) knowingly or intentionally make any false or malicious statement against a fellow State Employee (including a State Employee’s co-worker, supervisor, and subordinate) with the intent of harming or destroying the reputation, authority, or official standing of that individual, (c) knowingly make any deliberate misrepresentation or omission, of a material fact, including perjury, making any false sworn statement, and lying to a supervisor, or (d) falsify or knowingly fail to correct false information contained in official documentation or in an official record related to the performance of such State Employee’s job duties.

**Unlawful Job Action:** A State Employee may not participate in or promote an unprotected strike, work stoppage, slow down, sick-out, or other job action in violation of the Illinois Public Labor Relations Act, Illinois Education Labor Relations Act, or a no-strike agreement between the State or a State Agency and an exclusive representative.
**Sexual Harassment:** A State Employee will work to ensure that his or her workplace is free from sexual harassment. Conduct such as unwelcome sexual advances, requests for sexual favors, and other conduct of a sexual nature constitute sexual harassment when (a) submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment, (b) submission to or rejection of such conduct by an individual is used as the basis for employment related decisions affecting such individual, or (c) the conduct unreasonably has the purpose or effect of substantially interfering with an individual’s work performance or creates an intimidating, hostile, abusive or offensive working environment.

Any State Employee who witnesses, is subjected to, or becomes aware of such conduct should immediately report the incident to his or her supervisor, a member of management, or the applicable State Agency Equal Opportunity Officer. All complaints of sexual harassment will be investigated thoroughly and appropriate action will be taken when warranted.

**Unauthorized On the Job Use of Alcohol, Drugs, or Controlled Substances:** A State Employee may not (a) be under the unauthorized influence of alcohol, drugs, or other controlled substances to a degree that would interfere with proper performance of his or her job duties, would be a menace to safety, or would be prejudicial to the maintenance of discipline, or (b) be under the unauthorized influence of alcohol, drugs, or other controlled substances to a degree that results in injury to another individual or damage to State property.

**Health and Safety Violation:** A State Employee will maintain a clean and orderly work area and will follow all applicable safety rules and regulations, including (a) not smoking in any unauthorized area, (b) not possessing a lighter, match, or other flammable materials in any explosive or hazardous area, (c) reporting to a supervisor any on-the-job personal injury or accident for which the State Employee had primary responsibility, (d) observing all precautions for personal safety, posted rules, signs, and written or oral safety instructions, (e) using appropriate protective clothing and equipment in any hazardous area, (f) following all material traffic regulations and not engaging in reckless driving or improper operation of a motor vehicle while on property owned or controlled by the State or while driving a State vehicle, and (g) not possessing any explosive, firearm, or other dangerous weapon on State property, or attempt to bring such explosive, firearm, or other dangerous weapon onto State property unless his or her State Agency requires such possession by the State Employee. A State Employee who wants to travel to and from work with a firearm and who possesses a lawful concealed-carry license or permit may secure the firearm in a vehicle parked on State property in accordance with the Firearm Concealed Carry Act (430 ILCS 66).