ILLINOIS FINANCE AUTHORITY

November 10, 2016
9:30 a.m.

REGULAR MEETING

Michael A. Bilandic Building
160 North LaSalle Street
Suite S-1000
Chicago, Illinois 60601

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

PROJECT REPORTS AND RESOLUTIONS

AGRICULTURE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Beginning Farmer Bonds *Final (One-Time Consideration)*						
1	A) Anthony L. and Allison C. Weber	Denver Township (Richland County)	$105,500	-	-	PE/LK
	B) Michael Joseph Matway	Zanesville Township (Montgomery County)	$520,000	-	-	PE/LK
TOTAL AGRICULTURE PROJECTS			**$625,500**	-	-	

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

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
501(c)(3) Revenue Bonds *Final (One-Time Consideration)*						
2	Oak Park Residence Corporation	Oak Park (Cook County)	$22,000,000	-	10	RF/BF
Student Housing Revenue Bonds *Final (One-Time Consideration)*						
3	MJH Education Assistance Illinois IV LLC (1257 West Project; f/k/a Fullerton Village Project)	Chicago (Cook County)	$88,000,000	-	N/A	RF/BF
TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS			**$110,000,000**	-	**10**	

HEALTHCARE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
501(c)(3) Revenue Bonds *Final (One-Time Consideration)*						
4	Rehabilitation Institute of Chicago	Chicago (Cook County)	$275,000,000	-	N/A	PL
501(c)(3) Revenue Bonds *Preliminary*						
5	Southern Illinois Healthcare Enterprises, Inc.	Carbondale, Murphysboro (Jackson County) and Herrin (Williamson County)	$150,000,000	-	N/A	PL
TOTAL HEALTHCARE PROJECTS			**$425,000,000**	-	N/A	
GRAND TOTAL			**$535,625,500**	**-**	**10**	

IFA
ILLINOIS FINANCE AUTHORITY

160 North LaSalle Street
Suite S-1000
Chicago, IL 60601
312-651-1300
312-651-1350 fax
www.il-fa.com

Date: November 10, 2016

To: R. Robert Funderburg, Jr., Chairman
Eric Anderberg
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
John Yonover
Bradley A. Zeller

From: Christopher B. Meister, Executive Director

Subject: ***Message from the Executive Director***

Dear Member of the Authority:

November 2016: Hospitals and Housing

We are pleased to welcome Southern Illinois Healthcare Enterprises, Inc. ("***SIH***") and the Rehabilitation Institute of Chicago ("***RIC***") to our agenda.

In August 2016, RIC earned the U.S. News & World Report "best hospital" designation for the twenty-sixth consecutive year – the only hospital of its kind to hold this distinction. In 2013, the Authority was proud to issue bonds on behalf of RIC in connection with the construction of RIC's new, 242-bed replacement hospital. This proposed transaction, with a not-to-exceed amount of $275 million, will refund RIC's 2013 Bonds. The Authority is pleased to be able to help RIC, a national leader in rehabilitation research and care, in this transaction.

SIH provides healthcare to people in a 16-county market area in southern Illinois through hospitals located in Carbondale, Herrin and Murphysboro as well as through other facilities. This proposed transaction, with a not-to-exceed amount of $150 million, will refund SIH's 2005 Bonds, provide reimbursement to SIH for electronic medical records upgrades, and finance the construction or purchase of administrative facilities, clinical operations and housing for medical students. The Authority is proud to be able to assist SIH, a major healthcare resource for the people of southern Illinois.

The Oak Park Residence Corporation ("***OPRC***") has operated for nearly 50 years and promotes diversity and economic balance in Oak Park by providing quality rental housing at an affordable price. This proposed transaction will refund OPRC bonds issued by the Authority in 2006 and by one of our predecessor agencies, the Illinois Development Finance Authority in 2001. The transaction will also finance improvements of affordable rental properties within OPRC's multifamily housing portfolio. In helping OPRC, the Authority plays a role in improving lives through providing affordable housing.

Finally, with MJH Education Assistance Illinois IV LLC (1237 West Project; "***MJH***"), the Authority is working with the borrower and other key stakeholders in connection with the restructuring and refunding of a student housing project located near DePaul University's Lincoln Park campus. The Authority originally issued bonds on behalf of MJH in 2004 and 2006.

Legislative Audit Commission: FY 2014 Financial Audit; FY 2015 Financial Audit; FY 2014 and FY 2015 Compliance Examination

Under the Authority's statute, the Authority is subject to the constitutional and statutory jurisdiction of the Office of the Auditor General ("***OAG***"), a constitutional officer selected for a ten-year term by all four caucuses of the two chambers of the Illinois General Assembly. The OAG presents audits for entities under its jurisdiction to the twelve-member, bipartisan/bicameral Legislative Audit Commission ("***LAC***"). The OAG audit process is not technically complete until the relevant audit is accepted by the LAC.

This year, LAC staff recommended that the Authority's OAG Financial Audits for Fiscal Year 2014 and Fiscal Year 2015 as well as the Authority's OAG Compliance Combined Examination for Fiscal Years 2014 and 2015 appear on the LAC Consent Calendar at its September 7, 2016 meeting. On November 2, 2016, the LAC officially notified the Authority that its aforementioned audits were accepted by the LAC without issue.

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

ILLINOIS FINANCE AUTHORITY

160 North LaSalle Street
Suite S-1000
Chicago, IL 60601
312-651-1300
312-651-1350 fax
www.il-fa.com

Date:	November 10, 2016	
To:	R. Robert Funderburg, Jr., Chairman Eric Anderberg Gila J. Bronner James J. Fuentes Michael W. Goetz Robert Horne Mayor Arlene A. Juracek Lerry Knox	Lyle McCoy George Obernagel Terrence M. O'Brien Roger Poole Beth Smoots John Yonover Bradley A. Zeller
Subject:	***Minutes of the October 13, 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 October 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, October 13, 2016
9:30 AM

AGENDA:

I. Call to Order & Roll Call
(page 3, line 1 through page 5, line 14)

II. Approval of Agenda
(page 5, line 15 through page 6, line 4)

III. Chairman's Remarks
(page 6, lines 5 through 6)

IV. Message from the Executive Director
(page 6, line 7 through page 9, line 9)

V. Consideration of the Minutes
(page 9, line 10 through page 9, line 22)

VI. Presentation and Consideration of Financial Reports
(page 9, line 23 through page 20, line 11)

VII. Monthly Procurement Report
(page 20, line 12 through page 21, line 4)

VIII. Committee Reports
(page 21, lines 5 through 14)

IX. Presentation and Consideration of the Project Reports and Resolutions
(page 21, line 15 through page 38, line 17)

X. Other Business
(page 38, line 18 through page 39, line 7)

XI. Public Comment
(page 39, line 8 through 13)

XII. Adjournment
(page 39, line 14 through 24)

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 October 13, 2016 Regular Meeting
2. Voting Record of the October 13, 2016 Regular Meeting

ILLINOIS FINANCE AUTHORITY

REGULAR MEETING

October 13th, 2016 at 9:34 a.m.

Report of Proceedings had at the Regular Meeting of the Illinois Finance Authority on October 13th, 2016, at the hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle Street, Suite S1000, Chicago, Illinois.

APPEARANCE:

ILLINOIS FINANCE AUTHORITY MEMBERS

MR. R. ROBERT FUNDERBURG, Chairman
MR. ERIC ANDERBERG (via audio conference)
MR. JAMES J. FUENTES
MR. ROBERT HORNE (via audio conference)
MS. ARLENE JURACEK
MR. LERRY KNOX
MS. GILA J. BRONNER
MR. MICHAEL W. GOETZ (via audio conference)
MR. ROGER POOLE
MR. LYLE McCOY
MR. TERRY O'BRIEN
MS. BETH SMOOTS
MR. JOHN YONOVER
MR. GEORGE OBERNAGEL

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

MR. BRAD FLETCHER, Assistant Vice-President
MR. RICH FRAMPTON, Vice-President
MS. PAMELA LENANE,Vice-President
MS. ELIZABETH WEBER, General Counsel
MS. XIMENA GRANDA, Controller
MR. CHRISTOPHER B. MEISTER, Executive Director
MR. PATRICK EVANS, Agricultural Banker
MS. DENISE BURNS, Deputy General Counsel

CHAIRMAN FUNDERBURG: If I could have everyone's attention. We're going to go ahead and start the meeting now. Excuse me for starting a little bit late. We did have a little bit of research that we needed to do before we started the meeting.

I would like to go ahead and call the

meeting to order. Mr. Assistant Secretary, would you please take the roll?

FLETCHER: Certainly. The time is 9:34. I'll call the roll of Members physically present. First, Ms. Bronner?

BRONNER: Here.

FLETCHER: Ms. Fuentes?

FUENTES: Here.

FLETCHER: Ms. Juracek?

JURACEK: Here.

FLETCHER: Mr. Knox?

KNOX: Here.

FLETCHER: Mr. McCoy?

McCOY: Here.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Here.

FLETCHER: Mr. O'Brien?

O'BRIEN: Here.

FLETCHER: Mr. Poole?

POOLE: Here.

FLETCHER: Ms. Smoots?

SMOOTS: Here?

FLETCHER: MR. Yonover?

YONOVER: Here.

FLETCHER: And Chairman Funderburg?

CHAIRMAN FUNDERBURG: Here.

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

At this time I would like to ask if any Members would like to attend via audio conference?

GOETZ: Yes.

CHAIRMAN FUNDERBURG: I believe that is Mike Goetz on the phone.

GOETZ: Yes, this is Mike Goetz. I'm requesting to attend via audio conference due to employment purposes.

ANDERBERG: This is Eric Anderberg. The same.

HORNE: And this is Robert Horne, also attending via audio conference because of business purposes.

CHAIRMAN FUNDERBURG: Okay, thank you. Is

there a motion to approve these requests pursuant to the bylaws and policies of the Authority?

BRONNER: So moved.

McCOY: Second.

CHAIRMAN FUNDERBURG: All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: The ayes have it. Thank you.

FLETCHER: Mr. Chairman, Members Anderberg, Goetz and Horne has been added to the initial quorum roll call.

CHAIRMAN FUNDERBURG: Thank you. Next, I would like to ask if anyone would like to make any additions or corrections or edits to today's agenda? If not, is there a motion to approve the agenda?

OBERNAGEL: I make the motion.

CHAIRMAN FUNDERBURG: Okay. By Mr. Obernagel. Is there a second?

MR. KNOX: Second.

CHAIRMAN FUNDERBURG: Seconded by Mr. Knox.

All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay. I have no remarks at this point. Executive Director Meister?

MEISTER: Thank you, Mr. Chairman. On September 12th, we believe that the Authority and the Illinois Environmental Protection Agency reached best execution with the closing of the 2016 Illinois Clean Water Initiative State Revolving Fund Bonds.

On behalf of the Authority, I would like to thank the entire team of professionals for their collegial and effective efforts. The lead book runner and senior manager is Bank of America Merrill Lynch. The senior co-manager was Citigroup. The team of co-managers were Jeffries, Loop Capital Markets, Piper, Jaffray, Ramirez and Company, and Siebert, Cisneros and Shank, and the Authority's financial advisors were Acacia Financial and

Sycamore Advisors.

Bond Counsel was Katten Muchin. Authority counsel was Schiff Harden, and Chapman & Cuttler, and Pugh Jones served has underwriters counsel, and

the trustee is Amalgamated Bank. Copies of the official statement are under the Board packets.

I also want to extend a special note of appreciation for both the Authority staff and the staff of IEPA in a very compressed time frame between July 14th and September 12th for the majority of the transaction participants, but somewhat longer for other Members, particularly the staff members and the financial advisors.

In facing an extraordinary amount of work, this collective team reached a great result for the people of Illinois, and I want to thank all of the third-party professionals and the staff of IFA and the Authority.

For the Members of the Authority, in your manila folders, I want to highlight three informational memoranda. Memoranda A1 is a status of the Fiscal Year Comprehensive Annual Financial Report or CAFR.

In connection with the FY16 financial audit through the Auditor General's Office, following discussions with the Chairman and the Chair of the Audit Committee, I'm recommending that we do not proceed with a CAFR for FY16.

A2 is a change for the Authority investment policy. The last time this was done, it was done at the staff level, and we're going to be moving forward with some investments on behalf of IEPA, as well as our own.

And then again following discussions with the Chair and the Chair of the Audit Committee, we will be coming back to the Board in January 2017 with an abbreviated track record between now and January.

And, finally, A3 is, as many of the longer-serving Members will recall, in 2006, this Authority issued, on behalf of the Illinois Medical District Commission, up to $40,000,000 in bonds. They are enhanced with the State of Illinois moral obligation or a contingent taxpayer guarantee, and the Medical Commission has posted their required posting to announce plans for redemption.

That the notice speaks for itself, and at their recent September 20th meeting, they also announced to their board and to the public their plans to proceed. We will continue to monitor this. Due to an accounting rule change back in FY08, we actually carried those on our balance sheet, along

with the IEPA bonds.

And, finally, for the record, I'm not

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related, nor to my knowledge do I know Eric or Sarah Meister, and they appear on the agenda in connection with their request for an approval of a beginning farmer bond.

And for the remainder of the comments, they are in the written version from my message from the Executive Director for October. Thank you.

CHAIRMAN FUNDERBURG: Thank you. Next, I would like to ask if anyone would like to make any additions, corrections or edits to the minutes from September 8th meeting? If not, then, is there a motion to approve the minutes?

JURACEK: I'll make that motion.

CHAIRMAN FUNDERBURG: Okay.

POOLE: Second.

CHAIRMAN FUNDERBURG: All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay. Next up is Six Granda.

GRANDA: Good morning, everyone. I will be presenting the financial statements for as of September 30th, 2016. The month of September was very busy for the Authority. We generated $745,000 in closing fees for 11 bonds for a total issuance amount of $87,000,000, which includes the $500,0000,000 bond issue on behalf of our sister agency, the Illinois Environmental Protection Agency.

In the 11 bonds included are the beginning farmer bonds. Also, in September the Authority received $7,000 in application fees under the ambulance loan fund. The Authority disbursed $1,000,000 for a total of 10 loans.

Under the fire truck, the Authority disbursed $350,000 for one loan. Under both programs, the Authority collected their annual loan repayments of about $990,000 for 89 loans. A listing of the fire truck and ambulance with the outstanding balances are provided in your Board books for your records.

Also, in September, the Authority collected about $128,000 in prompt payment interest from the State receivables. Total principal

payments received in September were $2.9 million. Year-to-date payments received are $4.4 million or 85.5 percent of the original amount.

The outstanding balance on the State receivable is $568,000 and a detailed report is in your board book for your reference.

Now to the financial information. Total annual revenues equals $2.0 million and are $788,000, or 63.5 percent higher than budget. This is primarily due to higher closing fees in September.

In September, as I mentioned before, the Authority generated $745,000 in closing fees. Closing fees from the healthcare sector were $337,000, $388,000 from the business and industries and our local government, and $20,000 from our agricultural sector. Total annual expenses were $806,000, and are $432,00 or 34.9 percent lower than budget.

This is mostly driven by the vacant staff positions, and due to below budget spending on our professional service. In September, the Authority recorded operating expenses of $306,000 which is lower than the monthly budgeted amount of $412,000.

The decrease is due to the employee-related expenses and the professional services being lower than expected.

Also, in September, the Authority paid salary adjustments to the employees retroactive to the beginning of the fiscal year. The total monthly net income of $660,000 is driven by the higher closing fees and the approval of our prompt payment that was roughly about $90,000.

Our total annual net income is $1.2 million. Again, the major driver of the positive bottom line continues to be the level of overall spending at 34.9 percent below budget, as well as higher closing fees, administrative fees and the accrual of our prompt payment.

The Authority continues to maintain a

strong balance sheet. The total assets in the general fund are roughly about $57.7 million, consisting of cash investments and receivables.

On a consolidated basis, the balance sheet increased from $135,000,000 in August of 2016 to $729,000,000 in September of 2016. This is due to the new bond issue that was closed on September 12th for our sister agency, the Illinois Environmental

Protection Agency.

Any questions on the financials?

YONOVER: Ms. Granda, just a point of clarification, on the State of Illinois receivables that we paid, I'm just confused here, specifically, the MJ Kellnerer issue, it says balance due from MJ Kellner. Is that money we overpaid them, or we haven't paid them that are owned by the State of Illinois? It's unclear.

GRANDA: The 568 we have not received. That is the amount still due from MJ Kellner or the State.

YONOVER: MJ Kellner is a vendor for the State of Illinois?

GRANDA: Yes.

YONOVER: And we paid them $3.2 million. It says on your report balance due from Kelner $532,000. Do you really mean that is balance from the State of Illinois?

GRANDA: Yes, the balance due from the State of Illinois.

YONOVER: We have paid this vendor, and we have not been paid by the State of Illinois?

GRANDA: Right. $532,000 is what is still owed from the State.

YONOVER: Thank you. I have no further questions.

MEISTER: And, John, we had most recently passed a resolution in February of 2016 so that we would enter into a purchase of receivables basically through an assignment agreement, and that the Authority would step in for statutory Prompt Payment Act, which accrues at the rate of approximately 1 percent a month or 1/30th of a percent a day.

Elizabeth, since you have been working recently on the exact description, and it's fresher in your mind, the exact description of how this works, could you clarify for the Board and the audience the exact documentation of the process?

WEBER: Well, it's assignment of receivables. The State and various state agencies still view this as due from the vendors because, ultimately, if the State doesn't pay, the vendors are obligated to repay us the amount that we advanced to them. So that's why Six has it in her report that it's due from the vendor, but all of our payments so far have come in.

BRONNER: It's like double jeopardy from the vendor.

MR. KNOX: Quick question, as it relates to this. So the remaining $567,000, that is the principal amount that went to the vendors?

GRANDA: Yes.

MR. KNOX: The prompt payment interest, is that accruing? Is that accounted for here?

GRANDA: Yes. I mean, it's not in this report, but I am accruing for it. As I mentioned before, about $90,000 is what I have accrued from July through September, and then the 128 were for the prior fiscal year that we received.

MR. KNOX: Okay.

WEBER: Actually, on MJ Kellner, the reason we have not been paid, there was a mixup at the State where the State actually paid the vendor for some of these receivables, and we have to do a replacement or substitution, which we're in the process of doing.

So that is why. The vendors have been very cooperative and the other agencies have been, too. We're close to doing that final.

BRONNER: Could you speak a little bit about the local government and fire truck revolving loan?

MEISTER: Excuse me, John, did that answer your

question?

YONOVER: Yes, I'm good. Thank you.

GRANDA: Just moving on, and you mean in the two reports?

BRONNER: Yes.

GRANDA: I just basically wanted to give you information on how many loans we have outstanding for our fire trucks and our ambulance and also for our local government.

BRONNER: So the status of these is similar?

MEISTER: No. Actually, these are actually three statutory programs. The fire truck and ambulance were funded originally through appropriations through a special set of statutory fees and fines.

Originally, they went into a State Treasurer's account. And a couple of years ago, we worked with the Office of the Fire Marshal to change the law to direct these funds into Authority locally-held funds, and ambulance -- the ambulance fund is we have just concluded the documentation and the funding of these loans.

Six and I thought it would be important to share this on a quarterly basis with the Board. So

it shows the full diversity of our impact across the state.

We have been having ongoing discussions with the Office of the Fire Marshal that there was a -- I would call it a lagging audit issue regarding the flow of funds which created an additional loop of the flow of funds that we're going to be working to eliminate.

The Fire Marshal's office would also like to raise the cap for the loans for ambulances. I think that this program initiated back in 2007 or 2008. On the local government loans, this is a portfolio loan, and this is I think particularly relevant for the newer Members of the Authority.

The Authority is the descendant of an independent statutory entity called the Rural Bond Bank, which was partially appropriated and worked with non-rated local governments across the state.

They would typically do a bridge loan, and then they would do a combination of generally central purpose local government loans, package them into a pool, enhance that pool with the State's moral obligation to get a better rating, and then these would be sold on the capital markets.

It's known under the statute as a bonds-to-bonds structure. The local government would issue the bond. The Authority would buy the bond, and then the Authority would package a pool of the bonds and sell it on to the capital markets.

About three years ago, we looked at our balance sheet, and we looked at the continuing issues with the State's credit rating, and the State's moral obligation typically lags a step or two below the State's credit rating.

And given the overall disclosure, given

the compliance cost, and given the paltry amount of revenue that we were receiving under this legacy program, which was approximately $40,000 in annual fees, and I think the compliance costs alone probably would have been upwards of $200,000.

We took our balance sheet, we redeemed all of the outstanding pools of local government bonds, some of which originated with the rural bond bank going back to the '90s, until I believe the most recent local government pool issued through the IFA may have been at the end of calendar year '09.

GRANDA: '09.

MEISTER: So we defeesed them all. We removed

the risk to the State's moral obligation, and then we have taken these 60 odd loans, some of them have paid off early, since we did this directly on to our balance sheet, and they are paying interest directly into the Authority, which if I recall was approximately $900,000.

GRANDA: $900,000.

MEISTER: In excess of $900,000, and that's down from a couple years ago, where I think it was in excess of $1.1 or $1.2 million. So this has been a -- this stream of revenue is going to continue to run off, but it has been a stable and predictable stream of revenue, given that our core business is cyclical.

And while we're always here to be helpful to our borrowers, they don't make their decisions to seek the capital bond markets because of us, they do it for their own purposes.

GRANDA: And just one last note. On October 12 of 2016, a first draft of the financial statements and footnotes for fiscal year 2016 was submitted to the Office of the Auditor General for their review.

BRONNER: Which means we're on schedule.

GRANDA: Yes. Thank you.

CHAIRMAN FUNDERBURG: Thank you. Great month. Okay. I would like to ask for a motion to accept the financial reports.

BRONNER: So moved.

CHAIRMAN FUNDERBURG: Is there a second?

O'BRIEN: Second.

CHAIRMAN FUNDERBURG: All in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay, thank you. Ms. Burns?

BURNS: Yes. Good morning. Other than a few small purchases covering housekeeping items, like IT needs and moving needs, the procurement focus still tends to be and is on several pending competitive requests for proposals or bids covering actually significant areas in loan management, network consulting, temporary staffing and bank custodial

services.

In addition, an upcoming RFP of significance is for legal services from which we will derive a list of firms that will assist us in

issues relating to bond, loan and other general legal services. That's really it.

CHAIRMAN FUNDERBURG: Okay, thank you.

BURNS: Thank you.

CHAIRMAN FUNDERBURG: Thank you. Next up are committee reports. Mr. McCoy?

McCOY: Thank you, Mr. Chairman. The Tax-Exempt Conduit Transaction Committee met earlier this morning and voted unanimously to recommend for approval of each of the Tax-Exempt Conduit transaction matters on today's agenda, including two beginning farmer bonds, the Museum of Contemporary Art, the Carle Foundation, Swedish Covenant Hospital and Edward Elmhurst Healthcare.

CHAIRMAN FUNDERBURG: All right, thank you. Next I would like then to ask for the general consent of the Members to consider the Project Reports and Resolutions collectively, and to have the subsequent recorded vote apply to each respective individual Project and Resolution, unless there are any specific Project Reports and Resolutions that a Member would like to consider separately.

Mr. Goetz, I believe you have one?

GOETZ: Yes, I do. The Edward Elmhurst Healthcare. I have a conflict of interest on that, and I probably should abstain.

CHAIRMAN FUNDERBURG: Okay, thank you.

GOETZ: Or recuse myself.

CHAIRMAN FUNDERBURG: Okay. Anyone else? Okay. Then if no one else, then I would like to go ahead and ask for our presentations for today. Rich? No, I guess Patrick, you're up first.

EVANS: Yes. Today I have two beginning farmer bonds. Both loans relate to the Finance Authority Beginning Farmer Bond Program. We'll have a first mortgage position. FSA will have a second position behind IFA via the guarantee.

The first loan -- the first bond is Jake Kolter Brian and Devin Brooke Brian purchasing 99.5 acres. People's State Bank of Newton will retain 50 percent or 485 -- of a $484,500 land purchase or $242,250 of that.

IFA will provide a beginning farmer bond maintaining a first position with the bank that is utilizing a FSA 50/50 loan program. The terms of the bond are identified in the writeup.

The property is located in Richland

County. The second bond relates to Eric J. and Sarah K. Meister who are purchasing 38 acres.

Vermillion County Bank will maintain 50 percent of the $320,000 land purchase or $161,500 of debt. IFA will provide beginning farmer bond, maintaining a first position, while the bank utilizes the FSA 5/45/50 loan program. The terms of the bonds are identified in the writeup. Property is located in Ford County. Thank you.

CHAIRMAN FUNDERBURG: Okay, thank you. Rich?

FRAMPTON: Thank you, Mr. Chairman. We'll move on to Item 2, tab 2 in your book, the Museum of Contemporary Art, or MCA. MCA is requesting a Final Bond Resolution in the amount of $30,000,000.

This is being presented for one-time consideration. The purpose of the bond issue is to refinance all the MCA's outstanding balance on their Series 1994 bonds, which were originally issued in the amount of $50,000,000. So since 1994, MCA has paid down their bond balance from $50,000,000 to $30,000,000.

The proceeds of the 1994 bonds were used to finance the construction of a new four-story 220,000 square foot museum facility at 220 East

Chicago Avenue, just southeast of the Water Tower.

These refunding bonds will enable MCA to convert from a letter of credit structure to a direct purchase structure with Bank of America Public Capital Corp as the purchaser of the bonds.

Bank of America Public Capital Corp is a wholly-owned subsidiary of Bank of America NA. The initial term of this direct purchase will be 10 years through October 1, 2026. The bond issue is being undertaken really to exit the letter of credit secured structure, which is an ongoing trend that we've been seeing, particularly for the Authority's non-rated borrowers.

In terms of the financial profile, the museum -- that's highlighted on page 9 of the report. Clearly the museum has posted very strong financial results with excellent profitability in cash flow, as well as liquidity and debt service coverage.

You'll note in 2015, there was a considerable upside variance in revenues that primarily reflected two things: One, a $10,000,000 gift from Kenneth Griffin to fund establishment of a new gallery.

The second driver was a special exhibit, retrospective exhibit, that the museum hosted called "David Bowie Is." That produced a windfall of revenues, and it was the only -- MCA was the only U.S. venue for that particular exhibit.

Finally, just given the direct purchase structure with Bank of America Public Capital Corp, there is virtually no risk for the Authority on this transaction and we recommend approval.

CHAIRMAN FUNDERBURG: Okay, good. Thank you.

FRAMPTON: Okay, thank you.

LENANE: Mr. Chairman, Board Members, tab 3 in your book is the Carle Foundation. The Carle Foundation is requesting a one-time Final Bond Resolution to approve the issuance of tax-exempt and taxable bonds in the amount of approximately $300,000,000.

The bond proceeds will be used to fund the construction and equipping of a three-story approximately 300,000 square foot support service building and single story approximately 40,000 square foot Ambulatory Surgery Center.

Also, to construct approximately 75,000 square foot addition to the Ambulatory Care Center,

Ambulatory Clinic located at 1701 Curtis Road, Champaign, and to make rennovations to Carle's Acute Care Hospital on its main campus, to refund all or a portion of the outstanding Illinois Finance Authority Series 2009D bonds, and to pay certain expenses incurred in connection with the issuance of the new bonds and the refunding of the prior bonds.

These projects will produce approximately -- an estimated 1,700 construction jobs. The bond will be structured as a tax-exempt or taxable fixed or variable rate public offering underwritten by Barclays. The rate on the bonds will be determined at pricing.

The Carle Foundation maintains underlying ratings of A+ and AA- from S&P and Fitch, respectfully. Carle expects its current rating to be affirmed, in connection with this financing.

Carle Foundation operates a licensed 345-bed hospital in Champaign, a certified home healthcare agency and a certified hospice. Carle also operates Carle Medical Supply, a provider of medical equipment and supplies to the general public and hospital patients and the Danville Surgery Center, and an Outpatient Surgical Recovery Center,

which are located both in Champaign and Danville.

Carle Healthcare operates Carle's Physicians' Group, which is a multi-specialty medical practice comprising of approximately 404 licensed physicians and surgeons, some of whom are contracted to provide services to other entities.

Carle also operates Arrow Ambulance, an ambulance to transport -- an ambulance transport service, Airlife and Air Medical Transport Service, the Caring Place, a daycare center. Carle Healthcare also operates the Champaign Surgery Center, a free-standing Ambulatory Surgery Center located in Champaign, and also operates Hoopseton Community Memorial Hospital, a 24-bed critical access hospital and six rural healthcare health clinics.

The hospital -- Hoopseton Hospital is located approximately 50 miles northeast of Carle's main campus. Carle also operates Carle Retirement Center, Inc., and operates a 174 unit retirement

living center.

The Carle Development Foundation does business as the Carle Center for Philanthropy, which is engaged in fundraising activities and manages

substantially all activities related to restricted and unrestricted contributions.

The Carle Foundation is also the sole member of the Health Alliance Contract, Inc., connecting a taxable nonprofit entity, which provides health services to its enrollees, including members of medically-underserved groups, persons who are unable to obtain affordable healthcare services or insurance, persons with special healthcare needs and beneficiaries of government programs.

Carle's nine-month unaudited financials show strong debt service coverage of 5.6 times with 173 days cash on hand. This refunding is really -- the refunding is being done on the 2009D bonds is being done to de-risk their capital structure and to lock in fixed-rate debt at currently attractive rates. They are locking in fixed-rate debt at currently attractive market rates.

Are there any questions?

CHAIRMAN FUNDERBURG: Okay, thank you.

LENANE: Okay. Tab 4 is Swedish Covenant Hospital. Swedish Covenant Hospital is requesting a one-time Final Bond Resolution to approve the issuance of a series of tax-exempt bonds in the amount of approximately $120,000,000.

The bond proceeds will be used to advance all or a portion of the Series 2010A bonds, the IFA 2010A bonds, to currently refund the Series 2010 GE loan, to fund new money projects and to reimburse Swedish for a previously paid capital expenditure and to pay cost of issuance.

These projects will produce 30 construction jobs and 20 new jobs. The bonds will be structured as a tax-exempt, fixed-rate public offering underwritten by Bank of America Merrill Lynch and Ziegler Securities. The rate on the bonds will be determined at pricing.

Swedish's long-term ratings are currently BBB+, BBB+ by S&P and Fitch. Swedish has applied for ratings in connection with the Series 2016 bonds and expects ratings in the BBB to BBB+ category.

Swedish Covenant Hospital has both an acute care hospital community and teaching hospital located on the northwest side of Chicago. Swedish was founded in 1886 by Evangelical Covenant Church known as Swedish Homes of Mercy.

The Swedish Hospital is licensed for 312 beds, of which 306 beds were in service as of

June 2016. Swedish offers a wide range of inpatient and outpatient diagnostic and therapeutic services

and related ancillary services.

Swedish's nine-month unaudited financials shows good debt service coverage of 2.5 times with 185 days cash on hand. The net present value of net present value savings from this refunding is $9,000,000, approximately $9,000,000. Any questions?

CHAIRMAN FUNDERBURG: Okay, thank you.

LENANE: I'm going to the end.

CHAIRMAN FUNDERBURG: We'll do 5 later.

LENANE: Okay, I got it.

WEBER: Mr. Chairman and Members, I'm presenting Item 6, which is a resolution authorizing an amendment to an existing intergovernmental agreement.

In 2012, the IFA and several other state agencies, specifically Central Management Services, Department of Commerce and Economic Opportunity, the Capital Development Board and the Governor's Office of Management and Budget entered into an intergovernmental agreement to cooperate in furtherance of energy conservation projects at

state-owned facilities.

In 2014, that agreement was amended to add the Department of Human Services, otherwise known as DHS, as a party. Also, in 2014, pursuant to this intergovernmental agreement, the Authority and CMS entered into a contract with Ameresco for work on various projects at state facilities, including roofing and related work at residential facilities owned and operated by DHS.

Payment for the work is supposed to come from energy savings or from state appropriations identified by GOMB, not from Authority locally-held funds. Due to the state budget impasse, work on the project was halted in 2015.

DHS represents that work on the roofing project must immediately be restarted to ameliorate potential health and life-safety issues. That portion of the work was recently restarted, and as that works proceeds, there may be a need to amend the intergovernmental agreement to further define the roles of the various parties.

The resolution authorizes the Executive Director to negotiate and enter into any necessary amendments. Any questions?

CHAIRMAN FUNDERBURG: Okay, thank you. All right. I would like to request a motion to pass and adopt the following Project Reports and Resolutions: Item 1A, 1B, 2, 3, 4 and 6. Is there such a motion?

POOLE: So moved.

CHAIRMAN FUNDERBURG: Is there a second?

FUENTES: Second.

CHAIRMAN FUNDERBURG: Mr. Fuentes.

FLETCHER: On the motion and second, I'll call the roll. Mr. Anderberg on the line?

ANDERBERG: Yes.

FLETCHER: Ms. Bronner?

BRONNER: Yes.

FLETCHER: Mr. Fuentes?

FUENTES: Yes.

FLETCHER: Mr. Goetz on the line?

GOETZ: Yes.

FLETCHER: Mr. Horne on the line?

HORNE: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. McCoy.

McCOY: Yes.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Yes.

FLETCHER: Mr. O'Brien? Terry, say "yes."

O'BRIEN: Yes. Thank you for letting me know.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Ms. Smoots?

SMOOTS: Yes.

FLETCHER: Mr. Yonover.

YONOVER: Yes.

FLETCHER: And Chairman Funderburg?

CHAIRMAN FUNDERBURG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN FUNDERBURG: Thank you. Next is Item 5, Edward Elmhurst Healthcare. Member Goetz, you're going to be recusing yourself. Would you please state the reason?

GOETZ: I'm abstaining due to a family member's contractual relationship with the borrower.

CHAIRMAN FUNDERBURG: Thank you very much. Then at this point, Mike, I guess you're going to hang up?

GOETZ: I'm going to hang up.

CHAIRMAN FUNDERBURG: Okay, thank you. Have a great day. Take care.

GOETZ: Bye.

CHAIRMAN FUNDERBURG: Please.

FLETCHER: Let the record reflect that Member Goetz has recused himself from deliberations and voting by terminating his participation via audio conference.

LENANE: This is tab 5 in your book, Edward Elmhurst Healthcare, doing business as Edward Elmhurst Health. Edward Elmhurst Healthcare is requesting a one-time Final Bond Resolution to approve the issuance of a series of tax-exempt bonds in the amount of approximately $350,000,000.

Bond proceeds will be used to advance refund Edward Hospital Health System IFA Series 2008A bonds, to advance refund Elmhurst Memorial Healthcare IFA Series 2008A bonds, to currently refund Edward Hospital and Health System IFA Series 2008A, 2008B1 with a direct purchase by JP Morgan to

currently refund Edward Hospital and Health System IFA Series 2009A bonds, with a direct purchase by Bank of America to reimburse themselves for prior capital expenditures and new money uses and to pay

for cost of issuance.

The tax-exempt, fixed-rate bonds will be sold in a public underwriting by Bank of America Merrill Lynch. The refunded Series 2008B1 bonds will be a direct bank placement with JP Morgan. The refunded Series 2009A bonds will be a bank direct purchase by Bank of America.

The current ratings for Edward Hospital are A stable and A+ stable from S&P and Fitch, respectfully. The current ratings for Elmhurst Hospital are Baa2 and BBB from Moody's and Fitch. Edward Elmhurst Healthcare expects the bonds to be rated in the A category in connection with this financing.

Edward Hospital is located in Naperville and is a 354 bed acute-care facility that provides a full range of inpatient and outpatient diagnostic services and treatment services. It was the first hospital in Illinois to have all private rooms, and it was the first hospital in Illinois to open a medically-based fitness center, which is located on its Naperville campus.

Edward Hospital owns two four-story medical office buildings adjacent to the hospital.

In 2005, Edward opened a comprehensive Outpatient Cancer Center adjacent to the hospital and a medical office building, which offers infusion, radiation therapy, PET, CT and various cancer support services.

Elmhurst Memorial Hospital was originally located on Berteau Avenue near downtown Elmhurst. The hospital moved its operations to 155 East Brush Hill Road, three miles south of its original location. It's a new hospital.

You can see it from Roosevelt Road and York Street as you are passing by. In addition to Elmhurst Memorial Hospital, the Brush Hill campus includes the William G. Parillo Center for Health, a 183,000 square foot Comprehensive Outpatient Center, which is attached to the hospital.

The Center for Health houses a full range of programs, including outpatient surgery, outpatient clinics, radiology, ancillary testing, rehab, lab services and physicians' practices.

In November of 2013, the Nancy W. Knowles Cancer Center opened adjacent to the Center for Health, which offers infusion, radiation therapy, CET, CT, cyberknife and various cancer support

services.

Edward Elmhurst Healthcare's nine-month

unaudited financials showed good debt service coverage at 2.85 times and 197 days cash on hand. The net present value from these refundings is approximately $37,000,000. Any questions?

CHAIRMAN FUNDERBURG: Okay, thank you. Okay. I would like to ask for a motion to pass and adopt Item No. 5. Is there such a motion?

OBERNAGEL: So moved.

McCOY: Second.

CHAIRMAN FUNDERBURG: Moved by Mr. Obernagel, seconded by Mr. McCoy.

FLETCHER: On the motion and second, I'll call the roll. Mr. Anderberg on the phone?

ANDERBERG: Yes.

FLETCHER: Ms. Bronner?

BRONNER: Yes.

FLETCHER: Mr. Fuentes?

FUENTES: Yes.

FLETCHER: Mr. Horne on the phone?

HORNE: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. McCoy?

McCOY: Yes.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Yes.

FLETCHER: Mr. O'Brien?

O'BRIEN: Yes.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Ms. Smoots?

SMOOTS: Yes.

FLETCHER: Mr. Yonover.

YONOVER: Yes.

FLETCHER: And Chair Funderburg?

CHAIRMAN FUNDERBURG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN FUNDERBURG: Thank you. At this point I would like to ask if there is any other business to come before the Members?

Okay, if not, then I would likes to ask for a motion to excuse the absences of the Members who are unable to participate today. Is there such a motion?

BRONNER: So moved.

O'BRIEN: Second.

CHAIRMAN FUNDERBURG: Moved by Ms. Bronner. Mr. O'Brien seconded. All in favor?

(A chorus of ayes.)

CHAIRMAN FUNDERBURG: Any opposed?

(No response.)

CHAIRMAN FUNDERBURG: Okay, thank you. Any public comment? No public comment? Anybody a Cubs fan in the room? Show a show of hands. No Cubs fans? We got one, two, three, four Cubs fans. All

right, thank you all very much. You have a great day.

FLETCHER: Is there a motion to adjourn?

POOLE: Yes.

FLETCHER: Is there a second?

KNOX: Second.

CHAIRMAN FUNDERBURG: Seconded by Mr. Knox. All those in favor?

(A chorus of ayes.)

FLETCHER: Opposed.

(No response.)

FLETCHER: The ayes have it. The time is 10:18 a.m.

(WHICH WERE ALL THE PROCEEDINGS HAD AT 10:18 a.m.)

MARZULLO REPORTING AGENCY (312) 321-9365

41

STATE OF ILLINOIS)
) SS:
COUNTY OF C O O K)

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

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
APPROVAL OF REQUEST TO PARTICIPATE VIA AUDIO CONFERENCE
ADOPTED

October 13, 2016

11 YEAS		0 NAYS		0 PRESENT	
NV	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
NV	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
NV	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
OCTOBER 13, 2016 AGENDA OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

October 13, 2016

14 YEAS		0 NAYS		0 PRESENT	
Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
SEPTEMBER 8, 2016 MINUTES OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

October 13, 2016

14 YEAS		0 NAYS		0 PRESENT	
Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
ACCEPTED

October 13, 2016

14 YEAS | 0 NAYS | 0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

NO. 1A

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2016-1013-AG1A
BEGINNING FARMER REVENUE BOND – JAKE KOLTEN BRIAN AND DEVIN BROOKE BRIAN
FINAL (ONE-TIME CONSIDERATION)
PASSED*

October 13, 2016

14 YEAS 0 NAYS 0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

NO. 1B

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2016-1013-AG1B
BEGINNING FARMER REVENUE BOND – ERIC J. MEISTER AND SARA K. MEISTER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

October 13, 2016

14 YEAS		0 NAYS		0 PRESENT	
Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2016-1013-NP02
501(c)(3) REVENUE BOND – THE MUSEUM OF CONTEMPORARY ART
FINAL (ONE-TIME CONSIDERATION)
PASSED*

October 13, 2016

14 YEAS		0 NAYS		0 PRESENT	
Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

NO. 03

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2016-1013-HC03
501(c)(3) REVENUE BOND – THE CARLE FOUNDATION
FINAL (ONE-TIME CONSIDERATION)
PASSED*

October 13, 2016

14 YEAS		0 NAYS		0 PRESENT	
Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2016-1013-HC04
501(c)(3) REVENUE BOND – SWEDISH COVENANT HOSPITAL
FINAL (ONE-TIME CONSIDERATION)
PASSED*

October 13, 2016

14 YEAS 0 NAYS 0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2016-1013-HC05
501(c)(3) REVENUE BOND – EDWARD-ELMHURST HEALTHCARE (D/B/A EDWARD-ELMHURST HEALTHCARE
FINAL (ONE-TIME CONSIDERATION)
PASSED

October 13, 2016

13 YEAS 0 NAYS 0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
NV	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

NO. 06

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2016-1013-AD06
RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED INTERGOVERNMENTAL AGREEMENT WITH CERTAIN STATE AGENCIES TO IMPLEMENT AN ENERGY EFFICIENCY PROGRAM INCLUDING CAPITAL IMPROVEMENTS ON DHS FACILITIES TO AMELIORATE POTENTIAL HEALTH AND LIFE SAFETY ISSUES; AND OTHER MATTERS RELATED THERETO
ADOPTED*

October 13, 2016

14 YEAS		0 NAYS		0 PRESENT	
Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	Y	Poole
Y	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz (VIA AUDIO CONFERENCE)	Y	Obernagel	E	Zeller
Y	Horne (VIA AUDIO CONFERENCE)	Y	O'Brien	Y	Mr. Chairman

* – Consent Agenda
E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY

160 North LaSalle Street
Suite S-1000
Chicago, IL 60601
312-651-1300
312-651-1350 fax
www.il-fa.com

Date: November 10, 2016

To: R. Robert Funderburg, Jr., Chairman
Eric Anderberg
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox
Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
John Yonover
Bradley A. Zeller

From: Ximena Granda, Controller

Subject: ***Presentation and Consideration of Financial Reports as of October 31, 2016****

***All information is preliminary and unaudited.**

FISCAL YEAR 2017-UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

a. **Total Annual Revenues** equal $**2.2** million and are $**648** thousand or **40.8%** higher than budget due primarily to **higher** closing fees in the month of September. Closing fees year-to-date of $1.7 million are $506 thousand or 43.5% **higher** than budget. Annual fees of $108 thousand are $36 thousand higher than the budgeted amount. Administrative service fees of $161 thousand for the year are 7 times higher than budget (which includes the $150,000 July 2016 final exit fee in connection with the now ended 1985 Healthcare Pool financing project). Application fees total $15 thousand and are $5 thousand higher than the budgeted amount. Total accrued interest income from loans in connection with the former Illinois Rural Bond Bank local government borrowers and other loans totaled $278 thousand (which represents a declining asset since 2014). Net investment income position is at $133 thousand for the fiscal year and is $70 thousand higher than budget,* due primarily to the accrual of interest in the aggregate amount of $90 thousand in connection with the State Prompt Payment Act for State receivables outstanding from July 2016 to September 2016.

b. In **October**, the Authority generated $214 thousand in closing fees, lower than the monthly budgeted amount of $291 thousand. Closing fees were received from: ***Northwestern Memorial HealthCare*** for $139 thousand***;***. ***Museum of Contemporary Art Chicago*** for $50 thousand and ***Swedish American Hospital*** for $25 thousand. In October, we recorded a net investment gain of $8 thousand.

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.

**** Governmental Accounting Standards Board (GASB) Statement No. 31. This Statement establishes accounting and financial reporting standards for all investments held by governmental external investment pools. For most other governmental entities, it establishes fair value standards for investments in (a) participating interest-earning investment contracts, (b) external investment pools, (c) open-end mutual funds, (d) debt securities, and (e) equity securities, option contracts, stock warrants, and stock rights that have readily determinable fair values.***

- ***Authority investment manager advices that global market conditions contribute to this***
- ***Past performance does not direct the outcome of future outcomes, however in FY2015 investment income total $642 thousand compared to (unaudited) FY2016 total $ 742 thousand***

c. **Total Annual Expenses** of $1.1 million were $591 thousand or 35.8% lower than budget, which was mostly driven by vacant budgeted staff positions and below budget spending on professional services. Year-to-date, employee and professional services expenses total $883 thousand; with each function at 24.5% and 56.7% under budget, respectively. Annual occupancy costs of $57 thousand are 17.1% lower than the budget, while general and administrative costs are $111 thousand for the year, which is 18.0% lower than budget. Total depreciation costs are $7 thousand and 11.9% below budget. Total cash transfers in from the Primary Government Borrowing Fund (set up to track financial activity on behalf of the State of Illinois) to the General Operating Fund are $4.6 million. Total cash transfers out of the General Operating Fund to the Primary Government Borrowing Fund are $108 thousand (represents a transfer to the JRTC janitorial vendor; see Financial Statements and supplementary Information in Board Book)

d. In **October**, the Authority recorded operating expenses of $253 thousand, which is lower than the monthly budgeted amount of $412 thousand. The decrease is due primarily to employee related expenses and professional services being lower than expected.

e. **Total Monthly Net Income** of $69 thousand is driven by lower than expected spending across all categories.

f. **Total Annual Net Income** is $1.3 million. The major driver of the annual positive bottom line continues to be the level of overall spending at 35.8% below budget, as well as higher closing fees, higher administrative service fees and the accrual of the prompt payment interest.

2. <u>ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION</u>

The Authority, as of October 31, 2016, is a $120.8 million dollar agency which also currently accounts for $300 million in total activity (including the Other State of Illinois Debt Fund) but maintains compliance for nearly $26 billion in outstanding debt.

3. <u>GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION</u>

In the General Fund, the Authority continues to maintain a strong balance sheet, with total net position of $55.1 million. The total assets in the General Fund are $555.5 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total $36.4 million (with $17.7 million cash). Notes receivables from the former Illinois Rural Bond Bank local governments total $16.0 million. Participation loans, DACA (pilot medical student loans in exchange for service in medical underserved areas in Illinois) and other loans receivables are at $2.5 million.

4. <u>YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS</u>

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 in this fund total $728 million (which includes the $500 million Clean Water Initiative bonds that closed on September 12, 2016).

b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year-to-date receipts of $145 thousand. In Fiscal Year 2016, 29 Fire Truck revolving loans were issued totaling $7.9 million. Thus far in Fiscal Year 2017, two loans were disbursed in the amount of $700 thousand under the Fire Truck Revolving Loan program. In conjunction with the Office of the State Fire Marshal, 13 new Ambulance loans totaling $1.7 million are expected to be disbursed. Thus far in Fiscal Year 2017, thirteen new loans were disbursed for a total of $1.3 million. The Net Position for Fire Truck and Ambulance Revolving Loan Funds on the Authority's balance sheet are $22.7 million and $4.2 million, respectively.

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 October 31, 2016, the Agricultural Loan Guarantee Fund with a Restricted Net Position of $10.1 million includes no loss reserve, but the Agribusiness Fund with a Restricted Net Position of $7.9 million includes a loss reserve of $442 thousand for potential loan loss payouts. Moreover, the Industrial Revenue Bond Insurance Fund includes restricted assets held locally by the Authority to make payouts of losses in relation to the Authority's agricultural loan guarantee program (please see Senate Bill 324, Public Acct 99-0509). The Restricted Net Position for the Industrial Revenue Bond Insurance Fund is $11.9 million as October 31, 2016.

c. All other nonmajor funds recorded total year-to-date revenues of $12 thousand. Year-to-date expenses total $3 thousand as of October 31, 2016. Total Net Position in the remaining non-major funds is $38.8 million.

d. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of $5 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, and new guidance on tax 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 disclose assistance received from governmental entities. The Authority has engaged Kerber, Eck and Braeckel LLP, to assist with the implementation of GASB Statement 72.

b. The Authority submitted its GAAP Package to the Office of the Comptroller on September 9, 2016. On October 3, 2016 the Authority received comments from the Office of the Comptroller for the GAAP Package submission which the Authority is still reviewing. Responses to the Office of the Comptroller are expected to be completed in the next few. On October 19, 2016 the Authority submitted a revised GAAP Package to the Office of the Comptroller, after a review of the Comptroller comments and additional review of the Financial Statements.

c. Fieldwork for the Fiscal Year 2016 Financial Audit Examination conducted by RSM US LLP which began on September 6, 2016 concluded on October 28, 2016. Additionally, the Authority submitted its first draft of the Management Discussion and Analysis ("MD&A") for Fiscal Year 2016 to RSM US LLP on October 28, 2016.

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6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION

a. The Fiscal Year Comparison of Bonds Issued, The Fiscal Year 2017 Bonds Issued, Schedule of Debt, and the State of Illinois Receivables Summary are being presented as supplementary financial information, immediately following the financial reports in your Board package (or manila folder).

Respectfully submitted,

/s/ Ximena Granda
Controller

ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
GENERAL OPERATING FUND
FOR FISCAL YEAR 2017 AS OF OCTOBER 31, 2016
(PRELIMINARY AND UNAUDITED)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	BUDGET VARIANCE ($)	BUDGET VARIANCE (%)
Operating Revenues:																
Closing Fees	$ 230,038	$ 479,153	$ 745,423	$ 213,750									$ 1,668,364	$ 1,162,800	$ 505,564	43.5%
Annual Fees	26,604	22,792	30,432	27,938									107,766	71,459	36,307	50.8%
Administrative Service Fees	161,000	-	-	-									161,000	18,333	142,667	778.2%
Application Fees	200	2,000	8,700	3,700									14,600	9,900	4,700	47.5%
Miscellaneous Fees	94	4,752	-	-									4,846	167	4,679	2801.8%
Interest Income-Loans	69,733	68,858	69,694	69,615									277,900	276,457	1,443	0.5%
Other Revenue	191	191	190	-									572	48,000	(47,428)	-98.8%
Total Operating Revenue:	**$ 487,860**	**$ 577,746**	**$ 854,439**	**$ 315,003**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,235,048**	**$ 1,587,116**	**$ 647,932**	**40.8%**
Operating Expenses:																
Employee Related Expense	$ 155,025	$ 147,885	$ 170,978	$ 137,770									$ 611,658	$ 810,130	$ (198,472)	-24.5%
Professional Services	45,724	60,685	89,585	75,798									271,792	627,679	(355,887)	-56.7%
Occupancy Costs	14,105	13,292	17,476	11,994									56,867	68,583	(11,716)	-17.1%
General & Administrative	28,385	29,354	26,935	26,112									110,786	135,145	(24,359)	-18.0%
Depreciation and Amortization	2,180	2,153	1,504	1,504									7,341	8,333	(992)	-11.9%
Total Operating Expense	**$ 245,419**	**$ 253,369**	**$ 306,478**	**$ 253,178**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,058,444**	**$ 1,649,870**	**$ (591,426)**	**-35.8%**
Operating Income(Loss)	**$ 242,441**	**$ 324,377**	**$ 547,961**	**$ 61,825**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,176,604**	**$ (62,754)**	**$ 1,239,358**	**1974.9%**
Nonoperating Revenues (Expenses):																
Miscellaneous Non-Opertg Rev/(Exp)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (500)	$ 500	-100.0%
Bad Debt Adjustments (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	3,333	(3,333)	-100.0%
Interest and Investment Income*	15,017	21,911	123,568	15,493									175,989	104,624	71,365	68.2%
Realized Gain (Loss) on Sale of Invests	(2,890)	(298)	(626)	(105)									(3,919)	2,070	(5,989)	-289.3%
Net Appreciation (Depr) in FV of Invests	(14,294)	(20,518)	3,005	(7,744)									(39,551)	(39,813)	262	-0.7%
Total Nonoperating Rev (Exp)	**$ (2,167)**	**$ 1,095**	**$ 125,947**	**$ 7,644**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 132,519**	**$ 69,714**	**$ 62,805**	**90.1%**
Net Income (Loss) Before Transfers	**$ 240,274**	**$ 325,472**	**$ 673,908**	**$ 69,469**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,309,123**	**$ 6,960**	**$ 1,302,163**	**18709.2%**
Transfers:																
Transfers in from other funds	$ 107,795	$ 1,502,594	$ 3,030,647	$ 6,405									$ 4,647,441	$ -	$ -	0.0%
Transfers out to other funds	(107,795)	(1,502,594)	(3,030,647)	(6,405)									(4,647,441)	-	-	0.0%
Total Transfers In (Out)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
Net Income (Loss)	**$ 240,274**	**$ 325,472**	**$ 673,908**	**$ 69,469**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,309,123**	**$ 6,960**	**$ 1,302,163**	**18709.2%**

ILLINOIS FINANCE AUTHORITY

ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
FOR FISCAL YEAR 2017 AS OF OCTOBER 31, 2016
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND*	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
Operating Revenues:								
Closing Fees	$ 1,668,364	$ -	$ -	$ -	$ 1,668,364	$ -	$ 1,668,364	$ -
Annual Fees	107,766	-	-	-	107,766	-	107,766	-
Administrative Service Fees	161,000	-	-	-	161,000	-	161,000	-
Application Fees	14,600	-	-	-	14,600	-	14,600	-
Miscellaneous Fees	4,846	139,952	-	-	144,798	-	144,798	-
Interest Income-Loans	277,900	5,157	-	11,606	294,663	5,394,011	5,688,674	-
Other Revenue	572	-	-	-	572	-	572	-
Total Operating Revenue:	**$ 2,235,048**	**$ 145,109**	**$ -**	**$ 11,606**	**$ 2,391,763**	**$ 5,394,011**	**$ 7,785,774**	**$ -**
Operating Expenses:								
Employee Related Expense	$ 611,658	$ -	$ -	$ -	$ 611,658	$ -	$ 611,658	$ -
Professional Services	271,792	-	12	2,348	274,152	-	274,152	-
Occupancy Costs	56,867	-	-	-	56,867	-	56,867	-
General & Administrative	110,786	-	-	36	110,822	-	110,822	-
Interest Expense	-	-	-	1,030	1,030	5,608,721	5,609,751	-
Depreciation and Amortization	7,341	-	-	-	7,341	-	7,341	-
Total Operating Expense	**$ 1,058,444**	**$ -**	**$ 12**	**$ 3,414**	**$ 1,061,870**	**$ 5,608,721**	**$ 6,670,591**	**$ -**
Operating Income(Loss)	**$ 1,176,604**	**$ 145,109**	**$ (12)**	**$ 8,192**	**$ 1,329,893**	**$ (214,710)**	**$ 1,115,183**	**$ -**
Nonoperating Revenues (Expenses):								
Miscellaneous non-opertg rev/(exp)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest and invesment income*	175,989	1,328	3,746	76,238	257,301	195,900	453,201	10
Realized Gain (Loss) on sale of investment*	(3,919)	-	-	(1,140)	(5,059)	-	(5,059)	-
Net Appreciation (Depr) in fair value of investments*	(39,551)	(180)	(69)	(33,282)	(73,082)	18,810	(54,272)	-
Total Nonoperating Revenues (Expenses)	**$ 132,519**	**$ 1,148**	**$ 3,677**	**$ 41,816**	**$ 179,160**	**$ 214,710**	**$ 393,870**	**$ 10**
Net Income (Loss) Before Transfers	**$ 1,309,123**	**$ 146,257**	**$ 3,665**	**$ 50,008**	**$ 1,509,053**	**$ -**	**$ 1,509,053**	**$ 10**
Transfers:								
Transfers in from other funds	$ 4,647,441	$ -	$ -	$ -	$ 4,647,441	$ -	$ 4,647,441	$ -
Transfers out to other funds	(4,647,441)	-	-	-	(4,647,441)	-	(4,647,441)	-
Total Transfers In (Out)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net Income (Loss)	**$ 1,309,123**	**$ 146,257**	**$ 3,665**	**$ 50,008**	**$ 1,509,053**	**$ -**	**$ 1,509,053**	**$ 10**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
October 31, 2016
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Assets and Deferred Outflows:								
Current Assets:								
Unrestricted:								
Cash & cash equivalents	$ 17,685,459	$ -	$ -	$ 246,153	$ 17,931,612	$ -	$ 17,931,612	$ -
Investments	13,379,479	-	-	923,866	14,303,345	-	14,303,345	-
Accounts receivable, Net	735,741	-	-	-	735,741	-	735,741	-
Loans receivables, Net	19,315	-	-	-	19,315	-	19,315	-
Accrued interest receivable	504,167	-	-	3,946	508,113	-	508,113	-
Bonds and notes receivable	573,000	-	-	-	573,000	-	573,000	-
Due from other funds	25,619	-	-	-	25,619	-	25,619	-
Due from other local government agencies	-	-	-	3,000,000	3,000,000	-	3,000,000	-
Prepaid Expenses	192,748	-	-	-	192,748	-	192,748	-
Total Current Unrestricted Assets	**$ 33,115,528**	**$ -**	**$ -**	**$ 4,173,965**	**$ 37,289,493**	**$ -**	**$ 37,289,493**	**$ -**
Restricted:								
Cash & Cash Equivalents	$ -	$ 456,281	$ 2,642,975	$ 4,761,360	$ 7,860,616	$ 105,559,437	$ 113,420,053	$ 4,985
Investments	-	85,060	35,005	4,811,641	4,931,706	456,516,793	461,448,499	-
Accrued interest receivable	-	333	149	31,063	31,545	519,650	551,195	-
Due from other funds	-		-	-	-	-	-	-
Due from primary government	-	-	-	-	-	-	-	-
Bonds and notes receivable from State component units	-		-	-	-	243,273	243,273	-
Loans receivables, Net	-	49,462	-	73,315	122,777	-	122,777	-
Total Current Restricted Assets	**$ -**	**$ 591,136**	**$ 2,678,129**	**$ 9,677,379**	**$ 12,946,644**	**$ 562,839,153**	**$ 575,785,797**	**$ 4,985**
Total Current Assets	**$ 33,115,528**	**$ 591,136**	**$ 2,678,129**	**$ 13,851,344**	**$ 50,236,137**	**$ 562,839,153**	**$ 613,075,290**	**$ 4,985**
Non-current Assets:								
Unrestricted:								
Investments	$ 5,292,778	$ -	$ -	$ 688,205	$ 5,980,983	$ -	$ 5,980,983	$ -
Loans receivables, Net	1,559,304	-	-	-	1,559,304	-	1,559,304	-
Bonds and notes receivable	15,457,337	-	-	-	15,457,337	-	15,457,337	-
Total Noncurrent Unrestricted Assets	**$ 22,309,419**	**$ -**	**$ -**	**$ 688,205**	**$ 22,997,624**	**$ -**	**$ 22,997,624**	**$ -**
Restricted:								
Cash & Cash Equivalents	$ -	$ -	$ -	$ 600,000	$ 600,000	$ -	$ 600,000	$ -
Investments	-	-	-	5,231,761	5,231,761	3,347,515	8,579,276	-
Funds in the custody of the Treasurer	-	2,063,364	74,320	17,966,955	20,104,639	-	20,104,639	-
Loans receivables, Net	-	20,058,351	1,472,960	1,260,235	22,791,546	-	22,791,546	-
Bonds and notes receivable from primary government	-	-	-	-	-	130,844,676	130,844,676	-
Bonds and notes receivable from State component units	-	-	-	-	-	30,452,100	30,452,100	-
Total Noncurrent Restricted Assets	**$ -**	**$ 22,121,715**	**$ 1,547,280**	**$ 25,058,951**	**$ 48,727,946**	**$ 164,644,291**	**$ 213,372,237**	**$ -**
Capital Assets								
Capital Assets	$ 802,192	$ -	$ -	$ -	$ 802,192	$ -	$ 802,192	$ -
Accumulated Depreciation	(776,771)	-	-	-	(776,771)	-	(776,771)	-
Total Capital Assets	**$ 25,421**	**$ -**	**$ -**	**$ -**	**$ 25,421**	**$ -**	**$ 25,421**	**$ -**
Total Noncurrent Assets	**$ 22,334,840**	**$ 22,121,715**	**$ 1,547,280**	**$ 25,747,156**	**$ 71,750,991**	**$ 164,644,291**	**$ 236,395,282**	**$ -**
Total Assets	**$ 55,450,368**	**$ 22,712,851**	**$ 4,225,409**	**$ 39,598,500**	**$ 121,987,128**	**$ 727,483,444**	**$ 849,470,572**	**$ 4,985**
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred loss on debt refunding	$ -	$ -	$ -	$ -	$ -	$ 534,973	$ 534,973	$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 534,973**	**$ 534,973**	**$ -**
Total Assets & Deferred Inflows of Resources	**$ 55,450,368**	**$ 22,712,851**	**$ 4,225,409**	**$ 39,598,500**	**$ 121,987,128**	**$ 728,018,417**	**$ 850,005,545**	**$ 4,985**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
October 31, 2016
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Liabilities:								
Current Liabilities:								
Payable from unrestricted current assets:								
Accounts payable	$ 11,554	$ -	$ -		$ 11,554	$ -	$ 11,554	$ -
Accrued liabilities	65,712	-	-	-	65,712	-	65,712	-
Due to employees	117,956	-	-	-	117,956	-	117,956	-
Due to primary government	85,001	-	-	-	85,001	-	85,001	-
Other liabilities	-	-	-	-	-	-	-	4,975
Unearned revenue, net of accumulated amortization	97,127	-	-	-	97,127	-	97,127	-
Total Current Liabilities Payable from Unrestricted Current Assets	**$ 377,350**	**$ -**	**$ -**	**$ -**	**$ 377,350**	**$ -**	**$ 377,350**	**$ 4,975**
Payable from restricted current assets:								
Accrued interest payable	$ -	$ -	$ -	$ 2,832	$ 2,832	$ 5,924,858	$ 5,927,690	$ -
Due to other funds	-	-	-	25,619	25,619	-	25,619	-
Bonds and notes payable from primary government	-	-	-	-	-	11,991,537	11,991,537	-
Bonds and notes payable from State component units	-	-	-	-	-	1,530,000	1,530,000	-
Current portion of long term debt	-	-	-	60,584	60,584	-	60,584	-
Other liabilities	-	-	-	-	-	-	-	-
Total Current Liabilities Payable from Restricted Current Assets	**$ -**	**$ -**	**$ -**	**$ 89,035**	**$ 89,035**	**$ 19,446,395**	**$ 19,535,430**	**$ -**
Total Current Liabilties	**$ 377,350**	**$ -**	**$ -**	**$ 89,035**	**$ 466,385**	**$ 19,446,395**	**$ 19,912,780**	**$ 4,975**
Noncurrent Liabilities								
Payable from unrestricted noncurrent assets:								
Noncurrent payables	$ 585	$ -	$ -	$ -	$ 585	$ -	$ 585	$ -
Assets	**$ 585**	**$ -**	**$ -**	**$ -**	**$ 585**	**$ -**	**$ 585**	**$ -**
Payable from restricted noncurrent assets:								
Bonds and notes payable from primary government	$ -	$ -	$ -	$ -	$ -	$ 674,413,815	$ 674,413,815	$ -
Bonds and notes payable from State component units	-	-	-	-	-	34,158,207	34,158,207	-
Noncurrent portion of long term debt	-	-	-	248,512	248,512	-	248,512	-
Noncurrent loan reserve	-	-	-	441,869	441,869	-	441,869	-
Total Noncurrent Liabilities Payable from Restricted Noncurrent	**$ -**	**$ -**	**$ -**	**$ 690,381**	**$ 690,381**	**$ 708,572,022**	**$ 709,262,403**	**$ -**
Total Noncurrent Liabilities	**$ 585**	**$ -**	**$ -**	**$ 690,381**	**$ 690,966**	**$ 708,572,022**	**$ 709,262,988**	**$ -**
Total Liabilities	**$ 377,935**	**$ -**	**$ -**	**$ 779,416**	**$ 1,157,351**	**$ 728,018,417**	**$ 729,175,768**	**$ 4,975**
Net Position:								
Net Investment in Capital Assets	$ 25,421	$ -	$ -	$ -	$ 25,421	$ -	$ 25,421	$ -
Restricted for Locally Held Agricultural Guarantees	-	-	-	11,857,383	11,857,383	-	11,857,383	-
Restricted for Public Safety Loans	-	22,566,594	4,221,744	-	26,788,338	-	26,788,338	-
Restricted for Agricultural Guarantees and Rural Development Loans	-	-	-	19,190,729	19,190,729	-	19,190,729	-
Restricted for Renewable Energy Development	-	-	-	2,247,513	2,247,513	-	2,247,513	-
Restricted for Credit Enhancement	-	-	-	600,000	600,000	-	600,000	-
Restricted for Low Income Community Investments	-	-	-	12,225	12,225	-	12,225	-
Unrestricted	53,737,889	-	-	4,861,227	58,599,116	-	58,599,116	-
Current Change in Net Position	1,309,123	146,257	3,665	50,007	1,509,052	-	1,509,052	10
Total Net Position	**$ 55,072,433**	**$ 22,712,851**	**$ 4,225,409**	**$ 38,819,084**	**$ 120,829,777**	**$ -**	**$ 120,829,777**	**$ 10**
Total Liabilities & Net Position	**$ 55,450,368**	**$ 22,712,851**	**$ 4,225,409**	**$ 39,598,500**	**$ 121,987,128**	**$ -**	**$ 850,005,545**	**$ 4,985**

STATE of ILLINOIS
DETAILED RECEIVABLES SUMMARY (UNAUDITED)
AS OF November 2, 2016

As of November 2, 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:

Vendor	Payment dates	Amount
Cosgrove Distributors Inc.	12/21/2015	$9,225.92
	Payment received by IFA	($9,225.92)
	Balance due from Cosgrove Distributors	$0.00
Grayboy Building Maintenance	12/16/2015	$15,790.36
	Payment received by IFA	($15,789.33)
	Balance due from Grayboy Building Maint.	$1.03
M. J. Kellner Co. Inc.	12/28/2015	$1,806,912.20
M. J. Kellner Co. Inc.	3/31/2016	1,929,224.10
	Payment received by IFA	($3,212,416.48) *
	Balance due from M.J. Kellner	$523,719.82
Smith Maintenance Company	11/25/2015	$251,665.26
Smith Maintenance Company	12/29/2015	125,832.63
Smith Maintenance Company	2/10/2016	129,811.11
Smith Maintenance Company	3/21/2016	151,826.83
Smith Maintenance Company	4/14/2016	151,826.83
Smith Maintenance Company	5/19/2016	151,826.83
Smith Maintenance Company	6/23/2016	107,795.38
Smith Maintenance Company	7/21/2016	107,795.38
		$1,178,380.25
	Payment received by IFA	(1,178,380.25)
	Balance due from Smith Maintenance	$0.00
Sysco St. Louis LLC	12/16/2015	$32,418.85
	Total State of Illinois Assigned/Purchased Receivables	**$4,971,951.65**
	Total State of Illinois Assigned/Purchased Receivables Payment Received	**$4,415,811.95**
	Balance due from State of Illinois Assigned/Purchased Receivables	**$556,139.70**

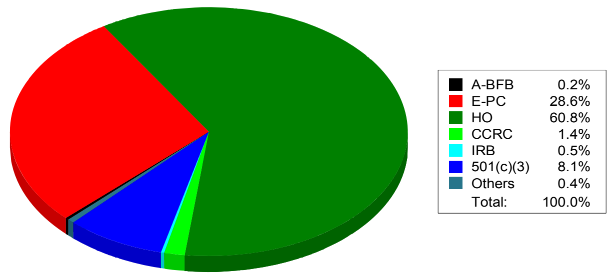
- **Substitution of approximately $471,750 in assigned receivables in process with CMS and DOC**

Bonds Issued - Fiscal Year Comparison
for the Period Ending October 31, 2016

Fiscal Year 2015

#	Market Sector	Principal Issued
15	Agriculture - Beginner Farmer	4,154,742
4	Education	788,149,000
11	Healthcare - Hospital	1,416,385,000
1	Healthcare - CCRC	39,640,000
2	Industrial Revenue	14,000,000
11	501(c)(3) Not-for-Profit	236,986,075
1	Local Government	12,000,000
45		$ 2,511,314,817

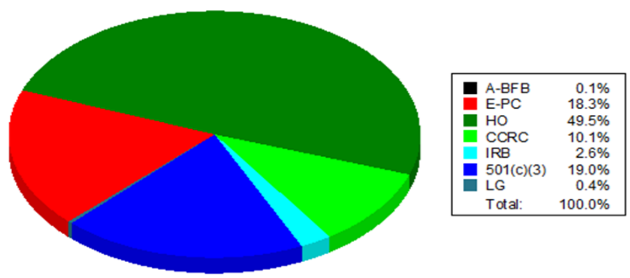
Bonds Issued in Fiscal Year 2015



Fiscal Year 2016

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	3,762,495
10	Education	692,515,000
13	Healthcare - Hospital	1,869,903,000
6	Healthcare - CCRC	381,762,000
1	Industrial Revenue	100,000,000
9	501(c)(3) Not-for-Profit	717,050,000
1	Local Government	14,540,000
54		$3,779,532,495

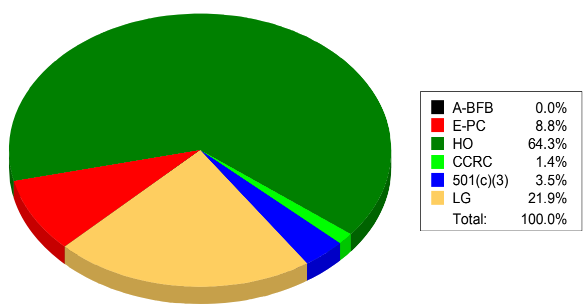
Bonds Issued in Fiscal Year 2016



Fiscal Year 2017

#	Market Sector	Principal Issued
5	Agriculture - Beginner Farmer	702,150
3	Education	201,555,000
5	Healthcare - Hospital	1,296,587,000
1	Healthcare - CCRC	32,500,000
3	501(c)(3) Not-for-Profit	80,810,000
1	Local Government	500,000,000
18		$2,112,154,150

Bonds Issued in Fiscal Year 2017



Bond Issuance Analysis

The Authority issued $30,000,000 in conduit debt during the month of October, 2016. This is 94 % lower than October, 2015 at $481,181,850. This is also 96.6% lower than the previous month's issuance at $887,280,750. Total issuance for FY 2017 is $2,112,154,150. This is 15% higher than the same period as of October 31, 2015 at $1,802,258,850. The IFA issued $30,000,000 in principal for the Museum of Contemporary Art Chicago Series 2016 on October 27, 2016. This bond is 100% of the total issuance for the month of October, 2016 and 1.4% of the total issuance for the FY 2017.

Bonds Issued and Outstanding as of October 31, 2016

Bonds Issued between July 01, 2016 and October 31, 2016

Bond Issue		Date Issued	Initial Interest Rate	Principal Issued	Bonds Refunded
A-BFB	Beginning Farmer Bonds	07/01/2016	Variable	702,150	0
E-PC	Illinois Wesleyan University	07/13/2016	Fixed at Schedule	56,775,000	56,775,000
501(c)(3)	Better Housing Foundation	07/29/2016	Fixed at Schedule	13,560,000	0
E-PC	Mount Carmel High School	08/01/2016	Variable	22,000,000	13,200,000
HO	The Newman Foundation	08/02/2016	Variable	32,667,000	32,667,000
HO	Presence Health	08/16/2016	Fixed at Schedule	1,000,000,000	1,000,000,000
CCRC	Smith Village	08/17/2016	Variable	32,500,000	32,500,000
501(c)(3)	The Art Institute of Chicago	08/25/2016	Fixed at Schedule	37,250,000	37,250,000
E-PC	DePaul University	09/01/2016	Fixed at Schedule	122,780,000	115,000,000
LG	Clean Water Initiative	09/12/2016	Fixed at Schedule	500,000,000	0
HO	OSF HealthCare System	09/27/2016	Fixed at Schedule	114,375,000	114,375,000
HO	Riverside Medical Center	09/27/2016	Fixed at Schedule	79,545,000	79,545,000
HO	The Moorings of Arlington Heights, LLC	09/30/2016	Fixed at Schedule	70,000,000	0
501(c)(3)	Museum of Contemporary Art Chicago	10/27/2016	Variable	30,000,000	0
		Total Bonds Issued as of October 31, 2016		$ 2,112,154,150	$ 1,481,312,000

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, 2016 and October 31, 2016

Borrower	Date Funded	Initial Interest Rate	Loan Proceeds	Acres	County
Brent McClure	07/29/2016	3.25	122,400	40.00	Jasper
Mason A. & Victoria L. Dehlinger	09/08/2016	3.00	83,750	45.00	Richland
Blake & Allyson Marrs	09/08/2016	3.25	401,000	45.00	Edgar
Michelle Mellendorf	09/15/2016	3.25	47,500	40.00	Clay
Tracy Heuerman	09/15/2016	3.25	47,500	40.00	Clay
Total Beginner Farmer Bonds Issued			$ 702,150	210.00	

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

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)

	Principal Outstanding** June 30, 2016	Principal Outstanding** October 31, 2016	Program Limitations	Remaining Capacity
Illinois Finance Authority "IFA" [b]				
Agriculture	$ 52,075,647	$ 48,962,424		
Education	4,498,937,420	4,399,525,309		
Healthcare	15,445,649,941	15,028,304,018		
Industrial Development [includes Recovery Zone/Midwest Disaster]	776,578,781	771,056,777		
Local Government	315,810,000	804,090,000		
Multifamily/Senior Housing	157,016,668	156,724,970		
501(c)(3) Not-for Profits	1,618,506,027	1,595,940,600		
Exempt Facilities Bonds	199,915,000	149,915,000		
1 **Total IFA Principal Outstanding**	**$ 23,064,489,484**	**$ 22,954,519,099**		
Illinois Development Finance Authority "IDFA" [b]				
Education	496,388	496,388		
Healthcare	77,000,000	77,000,000		
Industrial Development	208,452,809	203,704,244		
Local Government	225,377,285	263,060,103		
Multifamily/Senior Housing	83,679,117	83,639,117		
501(c)(3) Not-for Profits	609,285,369	589,248,004		
Exempt Facilities Bonds				
Total IDFA Principal Outstanding	**$ 1,204,290,968**	**$ 1,217,147,856**		
Illinois Rural Bond Bank "IRBB" [b]				
Total IRBB Principal Outstanding	**$ -**	**$ -**		
Illinois Health Facilities Authority "IHFA"	**$ 627,152,426**	**$ 462,579,998**		
Illinois Educational Facilities Authority "IEFA"	**$ 570,443,000**	**$ 457,197,000**		
Illinois Farm Development Authority "IFDA" [f]	**$ 15,587,111**	**$ 13,436,353**		
Total Illinois Finance Authority Debt	**$ 25,481,962,989**	**$ 25,104,880,306**	**$ 28,150,000,000**	**$ 3,045,119,694**

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

Section I (b)

	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Program Limitations	Remaining Capacity
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
* Issued through IRBB - Local Government Pools				
*Issued through IFA - Local Government Pools				
Issued through IFA - Illinois Medical District Commission	34,885,000	33,425,000		
Total General Moral Obligations	**$ 34,885,000**	**$ 33,425,000**	**$ 150,000,000**	**$ 116,575,000**

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

	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Program Limitations	Remaining Capacity
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	$ -	$ -		
Issued through IDFA	-	-		
Total Financially Distressed Cities	**$ -**	**$ -**	**$ 50,000,000**	**$ 50,000,000**
State Component Unit Bonds [c]				
Issued through IDFA [i]	-	-		
Issued through IFA [i]	99,938,207	589,668,025		
Total State Component Unit Bonds	**$ 99,938,207**	**$ 589,668,025**		

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

Section I (c)

	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Remaining MDAB Volume Cap
Midwestern Disaster Area Bonds [Flood Relief]	**$ 64,515,158**	**$ 64,208,981**	**N/A**

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

Section I (d)

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

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

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

ILLINOIS FINANCE AUTHORITY

Schedule of Debt [a]

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

Section II	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Program Limitations	Remaining Capacity
Illinois Power Agency	**$ -**	**$ -**	**$ 4,000,000,000**	**$ 4,000,000,000**

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

Section III	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Program Limitations	Remaining Capacity
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	**$ -**	**$ -**	**$ 3,000,000,000** [d]	**$ 3,000,000,000**

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

Section IV	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Program Limitations	Remaining Capacity	State Exposure
Agri Debt Guarantees [Restructuring Existing Debt]					
Fund # 994 - Fund Balance $10,070,033	**$ 6,824,437**	**$ 6,948,883**	**$ 160,000,000**	**$ 153,051,117**	**$ 5,906,550**
AG Loan Guarantee Program					
Fund # 205 - Fund Balance $7,896,922	**$ 7,111,930**	**$ 7,639,578**	**$ 225,000,000** [e]	**$ 217,360,422**	**$ 6,493,641**
Agri Industry Loan Guarantee Program	$ 3,693,098	$ 3,360,673			2,856,572
Farm Purchase Guarantee Program	886,805	886,805			753,785
Specialized Livestock Guarantee Program	1,681,563	2,547,477			2,165,356
Young Farmer Loan Guarantee Program	850,464	844,622			717,929
Total State Guarantees	**$ 13,936,368**	**$ 14,588,460**	**$ 385,000,000**	**$ 370,411,540**	**$ 12,400,191**

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

	Section V		Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Cash and Investment Balance
132	Fire Truck Revolving Loan Program	**Fund # 572**	**$ 21,265,564**	**$ 20,107,814**	**$ 1,763,104** *
8	Ambulance Revolving Loan Program	**Fund # 334**	**$ 247,280**	**$ 1,472,960**	**$ 3,016,514** *

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

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

Section VI	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016	Program Limitations	Remaining Capacity
Environmental [Large Business]				
Issued through IFA	$ 15,535,000	$ 14,575,000		
Issued through IDFA	113,710,000	110,520,000		
Total Environmental [Large Business]	**$ 129,245,000**	**$ 125,095,000**	**$ 2,425,000,000**	**$ 2,299,905,000**
Environmental [Small Business]	$ -	$ -	**$ 75,000,000**	**$ 75,000,000**
Total Environment Bonds Issued under Act	**$ 129,245,000**	**$ 125,095,000**	**$ 2,500,000,000**	**$ 2,374,905,000**

Illinois Finance Authority Funds at Risk

Section VII	Original Amount	Principal Outstanding June 30, 2016	Principal Outstanding October 31, 2016
Participation Loans			
Business & Industry	**23,020,158**	**422,129**	**217,673**
Agriculture	**6,079,859**		
Participation Loans excluding Defaults & Allowances	**29,100,017**	**422,129**	**217,673**
Plus: Legacy IDFA Loans in Default		**843,173**	**843,173**
Less: Allowance for Doubtful Accounts		**960,726**	**960,726**
Total Participation Loans		**288,943**	**100,120**
Local Government Direct Loans	**1,289,750**	**103,000**	**103,000**
Rural Bond Bank Local Government Note Receivable		**17,179,937**	**16,030,337**
FmHA Loans	**963,250**	**185,778**	**171,089**
Renewable Energy [RED Fund]	**2,000,000**	**1,206,055**	**1,173,609**
Total Loans Outstanding	**34,353,017**	**18,963,713**	**17,578,154**

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

Higher Education Loan Act (110 ILCS 945 or "HELA")

Section VIII	Principal Outstanding June 30, 2015	Principal Outstanding October 31, 2016	Statutory Debt Limitation	Remaining HELA Debt Limitation
Midwestern University Foundation - Student Loan Program Revenue Bonds	**$ 15,000,000**	**$ 15,000,000**	**$ 200,000,000** [d]	**$ 185,000,000**

[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 to $3 billion 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] Midwestern Disaster Area Bonds - Illinois Counties eligible for Midwest Disaster Bonds included Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.
[h] Recovery Zone Facility Revenue Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]
[i] Includes EPA Clean Water Revolving Fund
* Cash and investment balances are as of Sept 30, 2016.
** Conduit balances are unaudited as of June 30, 2016.

ILLINOIS FINANCE AUTHORITY
MEMORANDUM

ILLINOIS FINANCE AUTHORITY

PRELIMINARY AND UNAUDITED

Amounts are estimated and unaudited

T	Illinois Finance Authority Board of Directors
From:	Ximena (Six) Granda - Controller
Date:	November 10, 2016
Re:	Monthly Procurement Report

CONTRACTS EXECUTED

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
Illinois Procurement Code-Small Purchases							
Temporary Finance/Procurement/Compliance/IT Staffing	Accounting Principals	2 mos	10/16-12/16	$ 49,000	$ 302,724	$ 302,724	$ 605,448
Bloomberg Terminal License for Access to Services	Bloomberg Finance L.P.	2	12/16-12/18	45,000	42,000	42,000	21,000
PrintBoss software to assist in printing checks	Wellspring Software	1	10/16-10/17	140	-	-	-
Renewal for domain name 'www.il-fa'	Network Solutions	1	12/16-12/17	38	152	152	38

CONTRACTS PENDING EXECUTION

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
Illinois Procurement Code-Small Purchases							
Enterprise mobile device management software	SHI International Corp.	2	11/16-10/18	$ 4,560	$ -	$ -	$ -

EXPIRED AND EXPIRING CONTRACTS

Services Provided	Vendor	Previous Term (Yrs)	Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
Illinois Procurement Code-Competitive Bids/Proposals							
Temporary Finance/Procurement/Compliance Staffing	Accounting Principals, Inc.	2 mos	10/16-12/16	$ 49,000	$ 302,724	$ 302,724	$ 605,448
IT Network Consulting Services	Catalyst Consulting, Inc.	9 mos	03/16-12/16	67,500	30,000	30,000	60,000
Loan Management Services	Mabsco, Inc.	9 mos	03/16-12/16	75,000	25,000	25,000	100,000
IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals							
Trustee/Custodial Services	Amalgamated Bank of Chicago	3	11/13-11/16	$ 7,000	$ 7,000	$ 7,000	$ 2,000
Investment Management Services for the Locally Held funds	Clear Arc Capital, Inc.	3	12/13-12/16	N/A	-	-	33,014
Anticipation of Litigation	Jenner & Block LLP	1	12/15-12/16	125,000	-	-	-
Anticipation of Litigation	Jenner & Block LLP	3	02/13-02/17	250,000	-		-
Anticipation of Litigation	G&R Public Law & Strategies, LLC	1	11/15-11/16	50,000	-	-	-
Investment Management Services	Ziegler Lotsoff Capital Management	3	12/13-12/16	-	-	-	-
Illinois Procurement Code-Small Purchases							
Cloud based file sharing	DropBox	1	02/16-02/17	$ 1,670	$ 1,670	$ 1,670	$ 1,670
Water filtration annual lease	First Choice Coffee Services	1	02/16-02/17	699	699	699	699
Records Management Services	Iron Mountain	6 mos	7/16-12/16	2,750	-	-	-
Intergovernmental							
Illinois Department of Transportation	IDOT	2	12/14-12/16	$ 112,500	-	-	-
Illinois Procurement Code-Competitive Bids/Proposals							
Financing for energy efficient projects	Noresco	5	11/11-11/16	-	-	-	-

UPCOMING RENEWALS/AMENDMENTS

Services Provided	Vendor	Proposed Renewal Term (Yrs)	Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals							
Investment Management Services for the Locally Held funds	Clear Arc Capital, Inc.	2	12/16-12/18	$ 43,750	-	-	33,014
Anticipation of Litigation	Jenner & Block LLP	2	12/16-12/18	125,000	-	-	-
Anticipation of Litigation	Jenner & Block LLP	2	02/17-02/19	250,000	-		-
Anticipation of Litigation	G&R Public Law & Strategies, LLC	2	11/16-11/18	50,000	-	-	-

UPCOMING SOLICITATIONS

Services Provided	Vendor	Proposed Initial Term (Yrs)	Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
Illinois Procurement Code-Competitive Bids/Proposals							
Temporary Finance/Procurement/Compliance/IT Staffing	Anticipated award Dec 2016	2	11/16-10/18	N/A	$ 302,724	$ 302,724	$ 605,448
IT Network Consulting Services	Anticipated award Dec 2016	3	01/17-12/19	N/A	67,500	30,000	30,000
IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals							
Bank Custodian Services	Anticipated award Nov 2016	3	12/16-11/19	$ -	$ 7,000	$ 2,000	$ 2,000
Loan Management Services	Anticipated award Dec 2016	3	12/16-12/19	75,000	25,000	25,000	100,000
Legal Services	Anticipated award Feb 2017	2	2/16-2/18	N/A	21,428	-	-

For comparison purposes only. Includes only the initial term, not renewals.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Lorrie Karcher and Patrick Evans

Date: November 10, 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: $625,500**
- **Calendar Year Summary:** (as of November 10, 2016)
  - Volume Cap: $10,000,000
  - Volume Cap Committed: $3,456,620
  - Volume Cap Remaining: $6,543,110
  - Average Farm Acreage: 64
  - Number of Farms Financed: 17
- **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:	**30377**
Borrower(s):	**Weber, Anthony L. and Allison C.**
Borrower Benefit:	First Time Land Buyer
Town:	Wheeler, IL
IFA Bond Amount:	**$105,500.00**
Use of Funds:	Farmland – 40 acres of farmland
Purchase Price:	$211,000 / $5,275 per acre
%Borrower Equity	5%
% USDA Farm Service Agency	45% *(Subordinate Financing)*
%IFA	50% (Bank Purchased – Senior Financing)
Township:	Denver
Counties/Regions:	Richland / 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 December 15, 2017. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on December 15, 2017 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

B. Project Number:	**30378**
Borrower(s):	**Matway, Michael Joseph**
Borrower Benefit:	First Time Land Buyer
Town:	Litchfield, IL
IFA Bond Amount:	**$520,000**
Use of Funds:	Farmland –97.173 acres of farmland
Purchase Price:	$947,436.75 / $9,750 per acre
%Borrower Equity	13.4%
% USDA Farm Service Agency	31.7% *(Subordinate Financing)*
%IFA	54.9% (Bank Purchased – Senior Financing)
Township:	Zanesville
Counties/Regions:	Montgomery
Lender/Bond Purchase:	First National Bank of Litchfield / Ken Elmore
Legislative Districts:	Congressional: 13
	State Senate: 48
	State House: 95

Principal shall be paid annually in installments determined pursuant to a Thirty-year amortization schedule, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin one year from the date of closing with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

CONDUIT

ILLINOIS FINANCE AUTHORITY

$22,000,000 (not-to-exceed amount)

November 10, 2016 **Oak Park Residence Corporation**

REQUEST	**Purpose:** Bond proceeds will be loaned to **Oak Park Residence Corporation** (the "**Corporation**" or the "**Borrower**") in order to assist the Borrower in providing a portion of the funds necessary to do any or all of the following: (a) finance, refinance or reimburse the Borrower for all or a portion of the costs, including capitalized interest, if any, of the acquiring, constructing, improving, renovating, furnishing and equipping of its residential rental properties, (b) currently refund the outstanding Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation Project), Series 2001 and the Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation, Series 2006) (the "**Refunded Bonds**"), (c) pay certain working capital expenditures if deemed desirable by the Borrower, (d) fund a debt service reserve fund, if deemed necessary or desirable by the Borrower, and (e) pay certain costs relating to the issuance of the Series 2017 Bond if deemed necessary or desirable by the Borrower (collectively, the "**Financing Purposes**"). **Program**: Conduit 501(c)(3) Revenue Bonds **Volume Cap Not Required:** This financing will not require Volume Cap due to the 100% 501(c)(3) ownership status of the corporation. A minimum of 20% of the units must be allocated for lease to individuals with incomes below 50% of the area median income ("AMI") pursuant to Oak Park Residence Corporation's corporate mission. **Extraordinary Conditions**: None.
BOARD ACTION	Final Bond Resolution (*One-time consideration*)
MATERIAL CHANGES	None. This is the first time this Project has been considered by the IFA Board of Directors.
JOB DATA	30 Current jobs; 0 New jobs projected N/A Retained jobs; 10 Construction jobs projected (1-2 months)
BORROWER DESCRIPTION	● Project Location: 22-property multifamily housing portfolio in Oak Park (Cook County), Illinois. (Please see p. 5 for a detailed listing.) ● Type of entity: Oak Park Residence Corporation was established in 1966. The primary mission of the Corporation is to promote Oak Park as a diverse and economically balanced community by providing quality rental housing at an affordable price. ● The Corporation is affiliated through common ownership with the Cyrus V. Giddings Corporation which owns the Ryan Farrelly Apartments, a 21-unit building for the handicapped subsidized by the U.S. Dept. of Housing and Urban Development ("**HUD**"). Additionally, the Corporation is the sole member of The Oaks Section 202 LLC which owns a 76-unit apartment building operated for the elderly and handicapped, and is subsidized by HUD. ● Most recently in August 2015, the Corporation as the sole member of OPRC A & L LLC purchased a 7-unit building at 1018 North Austin and a 4-unit building at 908 South Lombard (each in Oak Park, IL).
CREDIT INDICATORS	● Oak Park Residence Corporation is currently a non-rated entity. ● The Series 2001 Bonds and Series 2006 Bonds to be refunded are currently secured by Direct Pay Letters of Credit issued by PNC Bank, N.A. (which are otherwise scheduled to expire August 15, 2017).
STRUCTURE	● The plan of finance contemplates the direct purchase of the Series 2017 Bond by **PNC Community Development Company, LLC** ("**PNC**" or the "**Bond Purchaser**"), a wholly-owned affiliate of PNC Bank, N.A. ● The Purchaser is expected to be secured by a Mortgage that grants a security interest in certain real and personal property of the Borrower and a Security Agreement that grants a security interest in the Borrower's Gross Revenues. ● The Purchaser will establish a fixed interest rate for an initial term of 10 years, estimated at current conditions to be between 2.00% and 4.00% during the initial term. ● The final maturity date of the Bond will be January 1, 2047.
SOURCES AND USES	See table below
RECOMMENDATION	Credit Review Committee recommends approval.

Sources and Uses

Sources:		Uses:	
IFA Bonds	$20,000,000	Series 2001/2006 Refunding	$17,000,000
Equity	250,000	Rehabilitation	3,000,000
		Costs of Issuance	250,000
Total	**$20,250,000**	**Total**	**$20,250,000**

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2016

Project: Oak Park Residence Corporation

STATISTICS

Project Number:	12371	Amount:	$22,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bond	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Oak Park	County/ Region:	Cook County/Northeast

BOARD ACTION

Final Bond Resolution	
501(c)(3) Revenue Bond	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 loaned to **Oak Park Residence Corporation** (the "**Corporation**" or the "**Borrower**") in order to assist the Borrower in providing a portion of the funds necessary to do any or all of the following: (a) finance, refinance or reimburse the Borrower for all or a portion of the costs, including capitalized interest, if any, of the acquiring, constructing, improving, renovating, furnishing and equipping of its residential rental properties, (b) currently refund the outstanding Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation Project), Series 2001 and the Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation, Series 2006) (the "**Refunded Bonds**"), (c) pay certain working capital expenditures if deemed desirable by the Borrower, (d) fund a debt service reserve fund, if deemed necessary or desirable by the Borrower, and (e) pay certain costs relating to the issuance of the Series 2017 Bond if deemed necessary or desirable by the Borrower (collectively, the "**Financing Purposes**").

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

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

JOBS

Current employment:	30	Projected new jobs:	0
Jobs retained:	N/A	Construction jobs:	10 (1-2 months)

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

Sources:		**Uses:**	
IFA Bonds	$20,000,000	Series 2001/2006 Refunding	$17,000,000
Equity	250,000	Rehabilitation	3,000,000
		Costs of Issuance	250,000
Total	**$20,250,000**	**Total**	**$20,250,000**

FINANCING SUMMARY

Structure/ Security:	**PNC Community Development Company, LLC** ("**PNC**" or the "**Bond Purchaser**"), a wholly-owned affiliate of PNC Bank, N.A., will hold the subject Bond as an investment. The Bond Purchaser is expected to be secured by a Mortgage that grants a security interest in certain real and personal property of the Borrower and a Security Agreement that grants a security interest in the Borrower's Gross Revenues.
Interest Rate:	The Bond Purchaser will establish a fixed interest rate for an initial term of 10 years, estimated at current conditions to be between 2.00% and 4.00% during the initial term.
Maturity:	January 1, 2047 – Final Maturity Date (i.e., not-to-exceed parameter of 30 years from the anticipated closing date)
Estimated Closing Date:	January 2017
Rationale:	The savings attained from issuing the proposed Series 2017 Bond (versus undertaking a conventional debt refinancing) will reduce monthly payments that will help Oak Park Residence Corporation keep its fixed charges (including debt service payments) as low as possible. The savings from a tax-exempt financing will also free up cash to be used for other projects that will enhance the real estate portfolio of the Corporation. An estimated $3.0 million of Series 2017 bond proceeds will fund improvements and renovations of various multi-family residential rental properties within Oak Park Residence Corporation's portfolio; particularly those improvements that result in energy efficiency and reduced cost. These capital improvements will reduce on-going maintenance and energy costs.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Whereas, the Illinois Development Finance Authority (a predecessor organization of the Authority) has heretofore issued its $13,000,000 in original aggregate principal amount Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation Project), Series 2001 and the Authority has heretofore issued its $4,000,000 in original aggregate principal amount Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation, Series 2006) (the "**Refunded Bonds**"), the proceeds of which were loaned to **Oak Park Residence Corporation** (**f/k/a Village of Oak Park Residence Corporation**), an Illinois not for profit corporation (the "**Borrower**") for the purposes of (a) financing and refinancing various properties located within the Village of Oak Park, Illinois consisting of residential rental units, (b) refunding certain debt of the Borrower, and (c) paying certain costs incurred with the issuance of the Refunded Bonds; and

Whereas, the Borrower has requested that the Authority issue its Revenue Bond, Series 2017 (Oak Park Residence Corporation Project) (the "**Series 2017 Bond**") in the principal amount not to exceed $22,000,000, and loan the proceeds from the sale thereof to the Borrower in order to assist the Borrower in providing a portion of the funds necessary to do any or all of the following: (a) finance, refinance or reimburse the Borrower for all or a portion of the costs, including capitalized interest, if any, of the acquiring, constructing, improving, renovating, furnishing and equipping of its residential rental properties, (b) currently refund the outstanding Refunded Bonds, (c) pay certain working capital expenditures if deemed desirable by the Borrower, (d) fund a debt service reserve fund, if deemed necessary or desirable by the Borrower, and (e) pay certain costs relating to the issuance of the Series 2017 Bond if deemed necessary or desirable by the Borrower, all as permitted under the Act (collectively, the "**Financing Purposes**").

BUSINESS SUMMARY

Background: Oak Park Residence Corporation (f/k/a Village of Oak Park Residence Corporation), an Illinois not for profit corporation (the "Borrower" or "Applicant") was established in 1966 and is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code

Oak Park Residence Corporation is governed by a 7-member Board of Directors (see Economic Disclosure Statement on pp. 5-6).

Day-to-day operations are managed by its Executive Director, Maria Saldaña. Ms. Saldaña has served in this current position since March 2004 and has a background in municipal government and investment banking.

Description: Oak Park Residence Corporation is a community-based, non-profit housing development corporation. Its primary mission is to promote Oak Park as a diverse and economically balanced community by providing quality rental housing at an affordable price. The Corporation carries out its mission principally by acquiring older apartment buildings, rehabilitating them into assets that contribute to their neighborhoods, and providing quality management services. A minimum of 20% of the Corporation's units must be allocated for lease to individuals with incomes below 50% of the area median income ("AMI") pursuant to their mission.

During its 48+ years of operation, the Corporation has acquired and rehabilitated more than 25 multi-family buildings. It currently owns and manages 22 multi-family buildings containing about 480 units of rental housing. In addition to the quality management of its own buildings, the Corporation offers professional management services to other multi-family building owners in Oak Park.

The Corporation is affiliated with the Oak Park Housing Authority and, through this partnership, provides housing for low-income elderly and individuals with disabilities in three buildings that receive federal rent subsidies. Among these buildings is an award-winning congregate housing facility for elderly residents and a building specially designed for severely mobility impaired individuals.

The Corporation is affiliated through common ownership with the Cyrus V. Giddings Corporation which owns the Ryan Farrelly Apartments, a 21-unit building for the handicapped subsidized by the U.S. Dept. of Housing and Urban Development ("HUD"). Additionally, the Corporation is the sole member of The Oaks Section 202 LLC which owns a 76-unit apartment building operated for the elderly and handicapped, and is subsidized by HUD. Most recently in August 2015, the Corporation as the sole member of OPRC A & L LLC purchased a 7-unit building at 1018 North Austin and a 4-unit building at 908 South Lombard (each in Oak Park, IL)

Proceeds of the IDFA $13,000,000 in original aggregate principal amount Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation Project), Series 2001 and the IFA $4,000,000 in original aggregate principal amount Variable Rate Demand Revenue Bonds (Village of Oak Park Residence Corporation, Series 2006) were used for the purposes of financing and refinancing various properties located within the Village of Oak Park, Illinois.

The Borrower is current on payments relating to the IDFA Series 2001 Bonds and IFA Series 2006 Bond as of 11/1/2016 and has made all payments as scheduled.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Oak Park Residence Corporation, 21 South Boulevard, Oak Park (Cook County), Illinois 60302 (c/o Ms. Maria Saldaña, Executive Director, Tel: 708-386-6061 ext. 111) Email: MSaldana@oakparkrc.com)

Project name: IFA Revenue Bond, Series 2017 (Oak Park Residence Corporation)

Site Location(s): The proceeds of the Series 2017 Bond will refinance certain existing debt of the Borrower and finance the rehabilitation by the Borrower of certain residential rental properties.

The Borrower is engaged in improving housing in the Village of Oak Park, Illinois. The Borrower owns various residential rental properties located in the Village of Oak Park, including properties located at: 438-442 S. Lombard/ 128-132 Madison; 37-49 South Boulevard/103-111 S. Humphrey; 5 Pleasant/232-234 N. Austin; 470-492 N. Austin/3-11 Ontario; 2-12 Pleasant/302-304 N. Austin; 543-545 N. Humphrey/41-47 Iowa; 17-21 Harrison/906-908 S. Humphrey; 27-35 Harrison/905-911 S. Humphrey; 2-6 Thomas/1100-1102 N. Austin; 101-105 Harrison/905-911 Lyman; 901-911 Pleasant/201-211 S. Kenilworth; 213 S. Kenilworth; 411-115 S. Harvey; 1022-1024 N. Austin; 1000 N. Austin/2-4 Augusta; 1118-1126 S. Austin; 402-404 S. Austin/7 Van Buren; 301-311 Harrison/901-909 Highland; 514-516 S. Austin; and 16-24 N. Austin. The Borrower may utilize a portion of the proceeds of the Bonds to acquire, rehabilitate or refinance the properties listed above or others located in the Village of Oak Park at 464-466 N. Austin and 422-428 S. Taylor.

Organization: Illinois Not-for-Profit Corporation

Board of Directors: The 7-member Board of Directors is listed below:

- Wayne Pierce, President
- Jennifer Stratman, Vice-President
- Bradley Beile, Treasurer
- Marjorie Greenwald, Secretary
- Nancy Leavy
- Charisse Hampton
- Peter Michael Gonzalez

Lessee Disclosure:

Building	Address	Commercial Lessee	Contact
Lombard & Madison	128-132 Madison, Oak Park	Frank's Barber Shop	Frank Cox 708-383-1366
		Addictions	Danielle Seals 773-569-2536
		Seafood Junction	Eyad Al-Hjouj 315-491-5793
South Court	41A South Blvd., Oak Park	North Shore Garage Doors LLC	Will Santiago 773-517-6319
Harrison East	17-21 Harrison, Oak Park	Liz Gaylord	Liz Gaylord 708-308-4602
		Reisha Williams	Reisha Williams 773-617-7188
		Martha Wade	Martha Wade Wade.Create@yahoo.com
Harrison West	27-31 Harrison, Oak Park	Whatever Comes to Mind	Tia Jones 708-299-2878
		Expressions Graphics	Janet Schill 708-447-9262
		Kathy Reller Designs	Kathy Reller 708-710-1813
Harrison & Highland	301 Harrison, Oak Park	Tom Bassett-Dilley Architect, Ltd.	Tom Bassett-Dilley 708-660-1345

PROFESSIONAL & FINANCIAL

Auditor:	Kolnicki, Peterson & Wirth, LLC	Downers Grove, IL	
Borrower's Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden
		Marlton, NJ	Pete Nissen
			Josh Nykita
			Siamac Afshar
			Joe Calogero
Borrower Counsel:	Applegate Thorne-Thompson	Chicago, IL	Nicholas Brunick
			Andrew Massmann
Bond Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
			Victoria Pool
Bond Purchaser:	PNC Community Development Co., LLC		
	(PNC Financial Services Group	Chicago, IL	Tony Smith
			Dorothy Abreu
Bank Counsel:	Quarles & Brady LLP	Chicago, IL	Mary Ann Murray
General Contractor:	(In-House)	Oak Park, IL	Cesar Nunez
Filing Agent:	To be determined		
IFA Counsel:	Arnstein & Lehr LLP	Chicago, IL	Randy Kulat
IFA Financial Advisor:	Sycamore Advisors LLC	Indianapolis, IN	Diana Hamilton,
			Courtney Tobin

LEGISLATIVE DISTRICTS

Congressional:	7
State Senate:	4, 39
State House:	8, 78

ILLINOIS FINANCE AUTHORITY

MEMORANDUM

TO: IFA Board of Directors

FROM: Richard K. Frampton, Executive Vice President

DATE: November 10, 2016

RE: Background Information and Request by MJH Education Assistance Illinois IV LLC (1237 West Project) (the "Borrower") to issue IFA Series 2016 Bonds to refinance IFA Series 2004 Bonds that were issued to construct a 580-bed student housing facility with 15,700 SF of ground floor retail space and 62 parking spaces (the "Facility") adjacent to DePaul University's ("DePaul") Lincoln Park Campus

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SUMMARY HIGHLIGHTS - KEY IMPACTS OF REFINANCING PLAN: (1) to cure and eliminate longstanding defaults on the Series 2004 Bonds (since December 2007, following draws on the bond funded debt service reserve funds for the 2004 Bonds), (2) to restructure debt service payments (coupled with negotiated reductions in Management Fees) to provide for future debt service payments that can be serviced based on recent historical cash flows (Net Operating Income) under conservative vacancy assumptions, (3) to provide for reduced, approximately level debt service payments that will enable the Facility to accelerate repayment on all Series 2016 Bonds to be reported in the financial model provided to investors (and included with the final offering documents), (4) to provide for renewal and extension of an Inducement Agreement with DePaul University which includes a non-compete provision and broadened marketing support, and provides the University with various options to purchase the Facility, (5) to substantially accelerate the timetable for the Borrower to pay down Bonds – at which time the Facility would be gifted to DePaul, (6) to recapitalize debt service reserve funds for certain of the new Series 2016A and Subordinate Series 2016B Bonds, (7) to provide for a reduced and subordinated management fee (3.5%) for the Property Manager (which would be subordinated to payments of the 2016A Bonds), thereby improving debt service coverage on the new Series 2016A Bonds, and (8) several additional reasons detailed in this memorandum and the attached IFA Board Summary Report

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CONTENTS OF THIS MEMORANDUM:

- **Background/History of Borrower and the "1237 West" Project**
- **Facility Operating Performance and Occupancy**
- **History of Moody's Ratings on Series 2004A and Subordinate Series 2004B Bonds**
- **Borrower Request – Consideration of Resolution**
- **Impact of the Proposed Refinancing on Financial Performance and Ultimate Sale or Gifting to DePaul by Borrower**
- **Recommendation and Conditions (with supporting rationale)**
- **Disclaimer by the Illinois Finance Authority on Use of this Memorandum and Attachments**
- **Document 2: IFA Board Summary Report (1237 West Project – Series 2016 Bonds – Refunding and Restructuring)**
- **Document 3: IFA Bond Resolution**

Background:

The Project: The "1237 West" Project (the "**Project"** or "**Facility**") is a six-story, approximately 275,000 SF mixed use building including a 580-bed student housing facility, 15,700 SF of ground floor retail space, and a 62-space parking garage on a 1.25-acre site at 1237 W. Fullerton Ave., located at the western edge of DePaul University's Lincoln Park campus in Chicago, Illinois.

Use of Bond Proceeds: Proceeds of the IFA Series 2004 Bonds were used to finance the acquisition of the 1237 W Fullerton site, construct and equip the 580-bed "1237 West" student housing project, capitalize Debt Service Reserve Funds for the Series 2004A and Subordinate Series 2004B Bonds, capitalize interest during construction, capitalize an Operations and Maintenance Fund, capitalize a Capital Maintenance Reserve Fund, and to pay costs of issuance. (The units each feature full in-unit kitchens and are targeted to DePaul upperclassmen.)

The Borrower and Project Owner: The 1237 West Project was developed by **MJH Education Assistance Illinois IV LLC** ("**MJH IV**"), an Illinois limited liability company. MJH IV was formed solely for the purpose of acquiring, developing, and financing the Facility.

MJH IV has a single member, which is **MJH Education & Healthcare Assistance Foundation** (the "**Foundation**"), a California nonprofit public benefit corporation and a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. *The Foundation is the sole member of MJH IV and its exclusive purpose is to support DePaul University.* (See pp. 6-7 of the attached IFA Board Summary Report for additional background information on the Foundation.)

Prior Foundation Projects Developed at DePaul University: Prior to MJH IV's development of the 1237 West Project, the Foundation had established three prior sole member limited liability companies to support capital projects at DePaul University. Each of the three prior transactions were financed with proceeds of IEFA (IFA) Bond issues.

The IFA Series 2004 Bonds – By series: **IFA issued three series of Bonds totaling approximately $87.19 million to finance the Fullerton Village/1237 West Project in December 2004 including:**

(1) $58.34 million of Senior Series 2004A Bonds initially rated Baa2 (Moody's)
(2) $15.05 million of Subordinate Series 2004B Bonds initially rated Baa3 (Moody's)
(3) $13.80 million of Junior Subordinate Series 2004C Bonds (Non-rated and privately placed)
The Series 2004C Bonds were purchased by a special purpose entity owned by the principals of Smithfield Properties, the Developer of the Project, as engaged by MJH Education Assistance Illinois IV LLC.
  - The Series 2004C Bonds are deeply subordinate – payment on the 2004C Bonds is contingent on the Project generating sufficient cash flows to adequately capitalize various reserve accounts required under the Series 2004 Trust Indenture and after attaining specified minimum debt service coverage covenants on the Series 2004A and Series 2004B Bonds.
  - The Series 2004C Bonds were effectively a Seller's Note on the 1237 W. Fullerton Ave. project site in consideration for conveyance of the 1.25-acre property site to the Borrower (i.e., MJH IV).

A history of Moody's rating assignments on the Project is presented below under the section heading "History of Moody's Ratings …" (see p. 5 of this memorandum).

The Series 2004A and Series 2004B Bonds were both investment-grade rated when the Bonds were originally sold in December 2004 and, accordingly, were sold in minimum denominations of $5,000 (as authorized under IFA's current Bond Program Handbook requirements). The non-rated Subordinate Series 2004C Bonds were sold in minimum denominations of $1,000,000 (i.e., greater than $100,000) consistent with current IFA policy.

<u>The Project Manager:</u> 1237West LLC, an Illinois limited liability company (the "Property Manager"), has managed and operated the Facility for the Borrower since September 2007.

1237West LLC was formed and initiated management of the Project in September 2007 after being engaged by the Borrower/Owner (MJH IV) and approved by the University subject to the 2004 "Inducement Agreement" between DePaul University and MJH IV. (Terms of the "Inducement Agreement" between DePaul and MJH IV are described further below – see p. 7 of this memorandum and detailed further on p. 7 of the attached IFA Board Summary Report..)

<u>Note on Ownership Control of the Property Manager:</u>
1237West LLC was formed by the principals of Smithfield Properties as a special purpose affiliate to manage the property on behalf of MJH (and subject to MJH's Inducement Agreement with DePaul) beginning in September 2007.

As described in the section immediately below, occupancy of the Project dropped from approximately 91% in Year 1 (2006-2007) to approximately 52% in Year 2 (2007-2008). As the largest single bondholder of record in September 2007, affiliates of Smithfield Properties held $13.8 Million of Junior Subordinate Series 2004C Bonds. Accordingly, the Smithfield-related holders had the most at risk and had motivation for the Project to perform that was in alignment with all other bondholders (as detailed further in the section describing historical operating performance).

<u>1237West LLC remains the manager of the Property and would continue in this role after closing on the proposed Series 2016 Refunding Bonds to restructure Project debt as discussed in subsequent sections below.</u>

1237 WEST PROJECT – (1) HISTORY OF POST-COMPLETION OPERATING PERFORMANCE (JUNE 2006 – PRESENT), (2) 2015 AUDIT REPORT QUALIFICATION, (3) HISTORICAL OCCUPANCY RATES:

<u>(1) History of Operating Performance:</u> Construction of the 1237 West Project was completed in June 2006, thereby enabling the facility to open approximately 2 months ahead of schedule (originally scheduled opening was in August 2006).

According to published reports, as a result of various operational issues, occupancy rates fell substantially from Year 1 to Year 2 (according to various published report occupancy rates fell from approximately 91% in Year 1 to approximately 52% in Year 2 (Academic Year 2007-2008)).

<u>Change in Property Manager – September 2007</u>*:* In September 2007, with consent of Bondholders, the Borrower, and DePaul University, the original property management company was replaced by 1237West LLC, an affiliate of Smithfield Properties, the Developer of the Project for MJH IV and the Series 2004C Bondholder). At that time, Smithfield Properties was the single largest holder of Series 2004 Bonds (and continues to hold 100% of the Junior Subordinate Series 2004C Bonds). An affiliate of the original principals of Smithfield Properties (i.e., 1237West, LLC) has managed the Project since September 2007 (and, as currently proposed, would continue as Property Manager following issuance of the Series 2016 Bonds). Another affiliate of Smithfield Properties received $13,800,000 of Series 2004C Bonds in consideration for conveying its ownership interest in the 1.25-acre project site to MJH IV. (MJH IV did not pay cash to the Smithfield affiliate that received the Series 2004C Bonds).

Under 1237West's management, overall occupancy rates on the 580 beds improved steadily peaking at 97.9% during academic year 2011-2012. **The current year effective occupancy rate for the 560 leasable beds (excluding the 20 Resident Advisor beds) for Academic Year 2016-2017 is 86.3%.** (Historical occupancy rates over the past 5 years are reported below – see p. 4)

Impact of Reduced Year 2 (2007-2008) Occupancy Rate on Project Reserve Funds and Subsequent Operating Results: As with any new real estate project, the approximate 52% occupancy rate reported in Year 2 was grossly insufficient to cover operations. As a result, the Project made a substantial draw against the Series 2004A Debt Service Reserve Fund and the Series 2004B Debt Service Reserve Fund.

The Series 2004 Bonds Have Been in Default since December 2007: The scheduled June 2007 principal and interest payment was the last time the Facility was able to service scheduled Debt Service Payments from operating cash flows (i.e., Net Operating Income). The Project drew on Debt Service Reserves in order to make scheduled interest payments due December 2007 and subsequent payments due in 2008. Operating cash flows were not sufficient to replenish these Debt Service Reserves and the Series 2004 Bonds have been in default ever since this default initially occurred in December 2007.

(2) Going Concern Qualification in MJH IV's audited financial statements for the fiscal year ended December 31, 2015: Isdaner & Company, LLC (certified public accountants) for MJH IV provided a "going concern" qualification in MJH IV's 2015 audit report which stated: "the Institution (i.e., MJH IV) had a deficit in Net Assets … and was unable to generate sufficient cash flow to meet debt service payment requirements under the Series 2004 Trust Indenture. Upon written request of owners of a majority in principal amount of the Series 2004A Bonds, the trustee (US Bank, National Association)) may declare the entire principal amount of Series 2004 Bonds and the accrued interest there immediately due and payable. These matters raise substantial doubt about the Institution's ability to continue as a going concern." (Note: MJH's IV's audit reports for fiscal years ended 7/31/2014 and 7/31/2015 are posted on the **emma.msrb.org** website in connection with the "MJH Education Assistance Illinois IV LLC" - Series 2004 Bonds.)

(3) Historical Occupancy Rates (to be reported in Series 2016 Limited Offering Memorandum):

The table below reports current occupancy and historic occupancy levels of the Facility during the fiscal years ended 7/31/2012 through 7/31/2016 and 2016-2017 occupancy is reported as of 10/1/2016.

Note: 20 of 580 beds are assigned to Resident Advisors, who are, effectively, employees of the Facility. Accordingly, there are effectively 560 "leasable" beds as reported below.

Fiscal Year Ended July 31	2012	2013	2014	2015	Fall 2016
					(as of 10/1/2016)
Total Beds Occupied (out of 580 beds total)	568	486	566	494	**483**
Occupancy Rate (560 "Leasable Beds")	101.4%	86.8%	101.1%	88.2%	**86.3%**

HISTORY OF MOODY'S RATINGS ON THE SERIES 2004A AND SUBORDINATE SERIES 2004B BONDS:

The original Bonds were sold to the market in two Series: the Senior Series 2004A Bonds were originally rated Baa2 and the Subordinate Series 2004B Bonds were rated Baa3 by Moody's and both were sold in minimum denominations of $5,000 as permitted by IFA's Bond Program Handbook requirements. Note: *The Junior Subordinate Series 2004C Bonds were privately placed and sold on a non-rated basis (and cannot be repaid unless the Series 2004A and Series 2004B bondholders are current on all payments and all required reserved funds are capitalized at minimally stipulated levels).*

Chronology of Moody's Ratings for the Series 2004A and Subordinate Series 2004B Bonds (posted as "Fullerton Village at DePaul University, IL"):

Effective Date of Rating	Series 2004A Bonds	Subordinate Series 2004B Bonds	Junior Subordinate Series 2004C Bonds	Summary Comments - Rationale
12/6/2004	Baa2	Baa3	Non-Rated	Moody's assigns Baa2 and Baa3 Ratings for Series 2004A and Series 2004B Bonds; Outlook Stable
Note: Project substantially completed - June 2006; Project's first academic term: August 2006				
6/21/2006	Baa2	Baa3	Non-Rated	Moody's affirmed initial Baa2 (Series 2004A) and Baa (Series 2004B) with Stable outlook.
9/25/2007	Ba3	B2	Non-Rated	Ratings Downgraded to Baa3 and B2. (Due to NRMSIR filing that reported occupancy decline to 52% in Year 2 (and associated change in Property Manager).) Both Series 2004A and Series 2004B placed on watch list for further downgrade.
11/20/2007	B1	B3	Non-Rated	Ratings downgraded to Ba3 and B2. Announcement of Scheduled Draw on Debt Service Reserve Funds to make scheduled 12/1/2007 bond payments on Series 2004A and Series 2004B.
11/26/2008	Ca	C	Non-Rated	Ratings downgraded to Ca and C for Series 2004A and Series 2004B with a Negative Outlook
4/12/2010	Ca	C	Non-Rated	Affirmed Ca and C ratings on the Series 2004A and Series 2004B Bonds.
3/29/2012	Ca	C	Non-Rated	Ratings affirmed at Ca and C for Series 2004A and Subordinate Series 2004B; Outlook revised to Stable from Negative
9/19/2014	Caa2	C	Non-rated	***Ratings upgraded to Caa2 on the Series 2004A Bonds.*** *The upgrade was based on improved financial performance of the Project (1237 West) that was sufficient to make interest payments and payments on some of the past-due principal on the Series 2004A Bonds. Outlook stable.*
Current Ratings - as of 11/1/2016:	**Caa2**	**C**	**Non-rated**	**Outlook - Stable (most recent Moody's ratings assignments were released as of 9/19/2014)**

Most significantly, the Moody's press release associated with the 9/9/2014 upgrade of the Series 2004A Bonds from Ca to Caa2 stated that the upgrade reflected the Project's improved financial performance that enabled the Borrower to make interest payments and catch-up on past-due principal payments on the Series 2004A Bonds.

The website for Moody's Investors Service (registration required for limited free access) reports the history cited above and provides access to certain press releases available to the general public associated with these postings. Other reports (i.e., those denoted by a "padlock" icon) are only available to paid subscribers of Moody's. Here is a link to the Moody's postings referenced above relating to the MJH IV (a/k/a Fullerton Village at DePaul University) financing: https://www.moodys.com/credit-ratings/Fullerton-Village-at-Depaul-University-IL-credit-rating-807984052 .

Note: Moody's reports this project as "Fullerton Village at DePaul University, IL" under the Moody's Org ID: 807984052.

Present Status of Bond Payments and Debt Service Reserve Funding per 10/11/2016 EMMA Filing:

U.S. Bank National Association, trustee for the Series 2004A-C Bonds, posted the following information on the www.EMMA.MSRB.org municipal bond disclosure website on October 11, 2016. Additionally, there was a public bondholder call that was recorded and available to the public until November 19, 2016 associated with this EMMA filing. (Dial-in for replay: 1.888.843.7419; Passcode: 8110 659#.)

The key facts disclosed in the 10/11/2016 EMMA Trustee Report by U.S. Bank were as follows:

- **Trust Account Balances as of 10/11/2016:**
  - *Senior Series 2004A Bonds:*
    - Interest Account: $1,096.16
    - Debt Service Reserve (Fund) Account for the Series 2004A Bonds: $1,934,319.74

- *Subordinate Series 2004B Bonds:*
  - Interest Account: $333.52
  - Debt Service Reserve (Fund) Account for the Series 2004B Bonds: $64,402.90

- Pledged Revenue Fund Balance: $2,417,681.34
- Pledged Revenue Available for Debt Service (net of budgeted O&M expenses of $500,000 for 2 months, and an additional $50,000 reserve, but before Series A interest of $1,279,440.63 due December 1, 2016): $1,867,681.34

- **Past Due Principal & Interest Payments as of 10/11/2016:** the due but unpaid balances of principal and interest installments on the Series 2004A Bonds and the Series 2004B Bonds, exclusive of default interest, are as follows:

  - Series 2004A Bonds:
    - Unpaid Principal due 6/1/2015: $1,355,000.00
    - Unpaid Principal due 6/1/2016: $1,430,000.00

  - Series 2004B Bonds:
    - Unpaid Interest due 12/1/2008 through 6/1/2016: $5,994,550.00
    - Unpaid Principal due 6/1/2009 through 6/1/2016: $2,535,000.00

MJH IV EMMA Filings reporting the Borrower's intent to refinance the Series 2004 Bonds include the following:

- August 2015 EMMA Filing: An EMMA filing by the Borrower in August 2015 reported that the subject debt refinancing was initially under consideration.

- The Borrower's 2015 Audit Report (for the fiscal year ended 7/31/2015), which is also posted on **emma.msrb.org**, reported that the Borrower was investigating the opportunity to refinance the Series 2004 Bonds; no assessment regarding the probability of success or timing was reported.

Assessment of Valuation of the Project vs. Outstanding Debt:

Although occupancy and cash flows have increased and stabilized over the past five years, as of October 1, 2016, given the current debt scenario with the Series 2004 Bonds, the total debt outstanding (reflecting unpaid accrued default penalty interest) exceeds both (i) the Colliers International Valuation and Advisory Services ("Colliers") $90.0 million appraised "as-is market value" as of 12/4/2015 for the Project and (ii) the original outstanding debt on the Project of approximately $87.2 million as of December 2004. In their appraisal report, Colliers also concluded that the Facility had a "remaining economic life" of 45 years as of 12/4/2015.

Factors Supporting the Need to Refinance the Series 2004 with the proposed Series 2016 Refunding Bonds:

The proposed Series 2016 Refunding/Restructuring is expected to provide for reduced (but approximately level) debt service repayments. Additionally, in anticipation of the refinancing/restructuring plan, MJH IV and 1237West LLC have already implemented reductions in the Property Manager's Fee that will enable the Facility to attain break-even at substantially reduced occupancy levels compared to the Series 2004 Bonds

Most importantly, as detailed further below, the refinancing and restructuring plan is expected to provide for more rapid repayment of principal, thereby accelerating the deleveraging of the Project (and the ability of the Borrower to sell the Facility to DePaul or gift the Facility to DePaul upon retirement of the Bonds under terms specified in the MJH-DePaul Inducement Agreement).

DePaul University's most recently posted capital plans do not report that the University intends to construct any additional student housing facilities.

Request - Proposed IFA Series 2016 Bond Resolution for Consideration:

Under the Resolution under consideration today, IFA would authorize an amount not-to-exceed $88.0 million of Student Housing Revenue Refunding Bonds. Proceeds of the sale of the Series 2016 Bonds will be loaned by the Authority to MJH IV and used by the Borrower to refinance and restructure Outstanding Debt. The refinancing would also recapitalize certain Debt Service Reserve Funds securing the Bonds, as well as prospectively capitalizing other reserve funds commonly deemed necessary by the market (e.g., Capital Maintenance Fund and Operations & Maintenance Fund).

Inducement Agreement between MJH IV and DePaul University: The Borrower (MJH IV) has entered into an Inducement Agreement with DePaul pursuant to which DePaul agrees to broaden marketing to include all DePaul undergraduate students (previously the Agreement had been applicable to Juniors and Seniors). Additionally, the Inducement Agreement will reaffirm a non-compete agreement that prevents DePaul from developing any additional student housing projects designated for Juniors and Seniors located with one mile of the 1237 West Project. DePaul is under no obligation to (i) lease beds directly or otherwise or (ii) pay the debt service on any Bonds issued on behalf of MJH IV to finance the Project. Finally, neither the Series 2004 Bonds nor the proposed Series 2016 Bonds represent an indebtedness or obligation of DePaul University.

Ownership of the Facility would continue to be conveyed to DePaul University upon the (i) retirement, defeasance, or redemption of all the outstanding Bonds, (ii) exercise of a purchase option by the University, or (iii) other terms specified under the Inducement Agreement, as amended.

Rationale Supporting the Proposed Series 2016 Refinancing/Restructuring:

1. The Series 2004 Bonds are subject to acceleration by the Bond Trustee (and the Series 2004A holders) due to the existing default (which has persisted since December 2007).
2. Based on management's current projections regarding cash flow and occupancy, there is no reasonable expectation that the defaults on the existing Series 2004A Bonds, Subordinate Series 2004B Bonds, and Junior Subordinate Series 2004C Bonds would be cured for many years, even if the Project were to become current on all payments, including past-due accrued interest. In particular, in order for the default status of the 2004 Bonds to be cured, it would also be necessary for the Debt Service Reserve Funds for both the Series 2004A and Series 2004B Bonds to be recapitalized (from operating cash flows) to amounts sufficient to satisfy the Debt Service Reserve Fund Requirements specified in the Trust Indenture for the Series 2004A Bonds (i.e., $3,914,788) and the Series 2004B Bonds (i.e., $1,022,169). As noted previously (see p. 6), the most recent Debt Service Reserve Fund balances as of 10/11/2016 (as reported by U.S. Bank, N.A., the Series 2004 Bond Trustee) were (i) $1,934,319.74 in the Series 2004A Debt Service Reserve Fund and (ii) $64,402.90 in the Series 2004B Debt Service Reserve Fund.
3. Because of the existing default on the Series 2004 Bonds, the current MJH IV – DePaul Inducement Agreement remains subject to unilateral cancellation by DePaul University at any time.
4. In connection with issuance of the IFA Series 2016 Bonds, terms of the MJH IV – DePaul University Inducement Agreement would be amended to provide for (i) an extension from 2035 (the final maturity date on the Series 2004 Bonds) to 2049 (the new, anticipated final maturity date on the 2016 Bonds) and (ii) marketing of the Facility would be expanded to include all DePaul undergraduates (and not just Juniors and Seniors as provided under the original agreement).
5. The Property Manager (1237West LLC, an affiliate of the Series 2004C bondholder) has reduced its Property Management Fee pursuant to its existing contract (which had featured annual escalation provisions) from 5.2% to 3.5% in anticipation of this refinancing.
6. Upon issuance of the Series 2016 Bonds, the Property Manager (1237West LLC) has agreed to subordinate its 3.5% Management Fee to payment of the new Series 2016A Bonds, thereby improving debt service coverage on the Series 2016A Bonds.
7. As presently contemplated, optional prepayment provisions on the proposed Series 2016 Bonds would not occur until the Property Manager and MJH IV confirm that leasing for the subsequent year (based on executed contracts) is sufficient to cover required payments on any Series 2016A and Series 2016B debt. As a result, any surplus cash flows resulting in the Project will be retained in the Project (and not used to prepay debt) until it is certain that all debt service payments on the

Series 2016A and Series 2016B Bonds can be made based on pre-leasing agreements for the subsequent fiscal year.

8. As proposed, the refinancing plan would (i) current refund the Series 2004A Bonds while (ii) offering a tender or exchange option to Subordinate Series 2004B holders and (iii) an offer to exchange to the existing Junior Subordinate Series 2004C holder.
9. The Borrower is soliciting a ‘private' rating from S&P for the Series 2016A Bonds. These ratings will only be upgraded to a public rating if the assigned rating (as reported to a third-party consultant acceptable to the Bond Trustee (UMB Bank)) satisfies a pre-determined threshold (which would subsequently result in the consultant recommending that the Borrower apply for a public rating). Additionally, the Loan Agreement provides for a Ratings Covenant that requires the Borrower to apply for a rating annually until a rating is attained that merits public disclosure. Upon receiving a public rating, the Borrower would be subject to a ratings maintenance covenant thereafter.
10. The refinancing would (i) cure all current defaults on the Series 2004 Bonds, (ii) eliminate the existing default on the MJH IV-DePaul University Inducement Agreement, (iii) avoid acceleration of the Bonds (and a prospectively worse outcome for the subordinate bondholders, including current holders of the Series 2004B and Series 2004C Bonds), while also (iv) capitalizing new Debt Service Reserve Funds for both the Series 2016A and Subordinate Series 2016B Bonds for the benefit of the new holders.
11. Under the proposed plan of refinancing, scheduled debt service payments for the Series 2016 Bonds would be expected to occur at levels that can be adequately serviced from historical cash flows (and occupancy rates) as posted over the past 5 years. As a result, the terms provided under the refinancing should enable the Project to break even at a significantly lower occupancy rate than possible under terms of the outstanding Series 2004 Bonds.
12. As proposed, the accrual of past due interest would immediately stop upon retirement of the Series 2004 Bonds – thereby ending additional accrual of past-due interest (i.e., “penalty or default interest”) on the Project.
13. Based on the foregoing reasons, it would appear that the refinancing and restructuring that would be effectuated through issuance of the Series 2016 Bonds would provide for a more viable (and expedited) path for DePaul to acquire the Facility pursuant to the Inducement Agreement through either (i) MJH IV's repayment in full of the Series 2016 Bonds or (ii) through DePaul's exercise of its purchase option on the Facility prior to maturity of the Series 2016 Bonds (which could include the assumption of the outstanding debt or payment in full of all Facility debt).
14. Because a major holder of the Series 2004B Bonds (which is expected to retain its interest as a holder in the Series 2016B Bonds), is expected to purchase the Series 2016A Bonds, the proposed refinancing/restructuring would also align the respective interests of the Series 2016A, Subordinate Series 2016B, and Junior Subordinate Series 2016C holders.
15. It is anticipated that the Authority (and several other Series 2004 transaction participants) will receive signed waivers/releases from all new holders of Series 2016 Bonds (or from those tendering or exchanging Series 2014 Bonds as also contemplated) as a condition of this refinancing/restructuring. As contemplated, the Waiver and Release would hold harmless the Authority and any officers, employees, agents, or representative thereof in connection with the Series 2004 Bonds upon issuance of the Series 2016 Bonds.
16. As contemplated, the Series 2016 Bonds would be sold with securities disclosure comparable to 15c2-12 requirements. Additionally, the Borrower and Bond Trustee will continue existing practices that exceed minimum 15c2-12 requirements including: (i) quarterly bondholder calls hosted by the Bond Trustee, (ii) biweekly leasing reports provided by the Property Manager during the annual lease-up period, and (iii) other proposed reports relating to the MJH IV's operations that would exceed 15c2-12 post-closing reporting requirements.

Staff Recommendation

IFA Staff recommends approval of the Resolution authorizing the Authority to move forward with the proposed financing as proposed subject to the following policy exception relating to minimum bond denominations and ratings. This policy decision has been presented and approved by the Executive Director of the Illinois Finance Authority and the IFA Staff Credit Review Committee.

Advantages of pursuing the issuance of the Series 2016 Bonds: The upsides to the Authority of pursuing this Refunding and Refinancing are supported by the preceding discussion. The primary reasons include: (i) elimination of an ongoing payment default and (ii) providing a viable model for repaying the new bonds over time (or potentially providing a way to provide for partial upfront payment now).

Additional advantages attributable to issuing the Series 2016 Bonds: The potential downside risks of acceleration (by the existing Series 2004A holders) or DePaul's unilateral cancellation of the MJH IV-DePaul Inducement Agreement would almost certainly provide a less advantageous return to the Subordinate Series 2004B and Junior Subordinate 2004C holders (particularly if litigation expenses were to diminish the Trust Estate). Such an acceleration or related litigation event would likely provide the worst possible outcome for the Authority: (i) the Series 2004 Bonds would remain outstanding (and in default), (ii) prospective litigation could reduce the Trust Estate available for distribution among the bondholders, and (iii) with no viable or reasonable means for reducing debt on the Project over time. The likelihood that DePaul could unilaterally cancel its Inducement Agreement with MJH IV at any time would likely increase given that the University's path to acquisition or gifting of the Project (upon repayment of the Bonds) under the Inducement Agreement would become increasingly remote over time under the existing Series 2004 Bond debt structure.

<u>**The proposed Staff Recommendation also provides for a policy exception to the Authority's $100,000 minimum bond denomination requirement on the Series 2016A Refunding Bonds and the Series 2016B Bonds (which pursuant to the Resolution would be offered in a tender or exchange offer to existing Series 2016B holders, many of whom include retail holder in $5,000 denominations).**</u> This bond denomination requirement is specified in IFA's Bond Program Handbook. This policy exception will be included in the final form of Bond Resolution to be presented to the IFA Board in connection with this financing.

Additional uncertainties in the market relating to the December FOMC meeting (which could adversely affect interest rates on this financing, particularly since the Bonds would most likely be placed on a sub-investment grade or non-rated basis) suggest that it would be prudent for the Authority to authorize the issuance of the Series 2016A and Series 2016B Bonds in $5,000 denominations in order to not adversely affect placement and pricing of the Series 2016A and B Bonds thereby maximizing the probability that the Bonds will be sold at favorable prices.

<u>*The Placement Agent (Piper Jaffray) has reported that any sales restriction on the Series 2016 Bonds could result in an interest rate that would be 0.50% to 1.00% higher than a bond sold without any restrictions (pertinent restrictions including minimum $100,000 denominations).*</u> This Project needs the most advantageous terms possible to maximize the probability of success of the 2016 refinancing and restructuring plan.

As contemplated, the refinancing plan would reasonably be expected to substantially improve debt service coverage compared to the defaulted bonds (with 100% of the Series 2004A and Series 2004B Bonds in $5,000 denominations) and would ultimately provide an expedited path to ownership of the Facility by the University pursuant to the MJH IV-DePaul Inducement Agreement either through (i) gifting (upon repayment of the Series 2016 Bonds in full by MJH IV) or (ii) via DePaul University's exercise of a pre-purchase option under the Inducement Agreement.

The Junior Subordinate Series 2016C Bonds (which will be exchanged for the Series 2004C Bonds) would be sold as certificated bonds (i.e., not DTC registered) in minimum denominations of $100,000, and integral multiples of $5,000 in excess thereof, and would be sold with an investor letter and customary IFA transfer restrictions for non-rated bonds (i.e., thereby restricting the initial purchase or resale to Accredited Investors and Qualified Institutional Buyers).

Any outcome, other than successful execution of the proposed refinancing/restructuring plan could irrevocably harm the Project and adversely affect the Project's relationship with DePaul University.

Attachments:

- **IFA Disclaimer to this Memorandum and the attached IFA Board Summary Report**
- **IFA Board Summary Report**
- **IFA Bond Resolution**

Disclaimer by the Illinois Finance Authority on the Use of this Memorandum and all Attachments to the Reader:

All information presented in this Memorandum (including the attachments presented hereto) has been prepared solely for the Illinois Finance Authority's Board of Directors in connection with consideration of the Borrower's request for IFA to consider the accompanying Bond Resolution, which would authorize issuance of the proposed Series 2016 Bonds in order to refinance and restructure the Borrower's Series 2004 Bonds (which have been in default since December 2007). ***This information should not be read or considered for any other purpose.***

$88,000,000

November 10, 2016 **MJH Education Assistance Illinois IV LLC (1237 West Project)**

REQUEST	**Purpose:** Bond proceeds are expected to be used by **MJH Education Assistance Illinois IV LLC** ("**MJH IV**" or the "**Corporation**"), an Illinois limited liability company (whose sole member is a 501(c)(3) organization), and issued in multiple series in an amount not-to-exceed $88,000,000 (excluding original issue discount or premium, if any) and used by the Corporation in order to provide a portion of the funds necessary to do any or all of the following: (i) refund all of the Authority's outstanding Student Housing Revenue Bonds, MJH Education Assistance Illinois IV LLC (Fullerton Village Project), Senior Series 2004A (the "*Series 2004A Bonds*"), Subordinate Series 2004B (the "*Series 2004B Bonds*") and Junior Subordinate Series 2004C (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and Series 2004B Bonds, the "*Series 2004 Bonds*"); (ii) make a deposit to a capital maintenance reserve fund, if required; (iii) make a deposit to a debt service reserve fund for the benefit of the Series 2016 Bonds, if deemed necessary or desirable; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Series 2004 Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**"). MJH IV is a special purpose entity formed to develop and own a student housing facility known as the 1237 West Project and located at 1237 West Fullerton Ave. in Chicago. MJH IV's sole member (see "Borrower Description" caption below) is a supporting organization of DePaul University and a 501(c)(3) organization. **Program:** 501(c)(3) Revenue Bonds (Student Housing Revenue Refunding Bonds) **Extraordinary Conditions:** None. No IFA funds at risk.
BOARD ACTION	Final Bond Resolution *(One-Time Consideration)*
MATERIAL CHANGE	Not applicable. This is the first time this matter has been presented to the IFA Board of Directors.
JOB DATA	3 (FT; excludes student Resident Advisors) Current jobs -- New jobs projected N/A Retained jobs N/A Construction jobs projected
BORROWER DESCRIPTION	● Type of entity: **MJH Education & Healthcare Assistance Foundation**, a California 501(c)(3) corporation, is the sole member of the Corporation and formed MJH IV specifically to develop and own the subject 6-story, 580-bed apartment-style, student housing facility with ground floor retail space, and 62 garaged parking spaces at 1237 W. Fullerton Ave., on the west edge of DePaul's Lincoln Park campus, for primary use as student housing. ● Location: Chicago/Cook/Northeast
CREDIT INDICATORS	● The Series 2016 Bonds will refinance and restructure the Borrower's Series 2004 Bonds, which have been in default since the Debt Service Reserve Funds for the Series 2004A and Series 2004B Bonds were drawn to fund the Borrower's December 1, 2007 interest payments. ● The Series 2004A Bonds are currently rated 'Caa2' (Moody's; upgraded in March 2014) while the Series 2004B Bonds are currently rated 'C' (Moody's). ● The Borrower will be applying for a private rating on the Series 2016A Bonds from Standard & Poor's (which application will be disclosed in a Private Placement Memorandum and Offering Memorandum to prospective investors). The Borrower may request a public rating if the rating attains certain pre-determined criteria. ● There will be ratings maintenance and ratings application covenants on the Series 2016A and Series 2016B Bonds and ongoing financial disclosure quality comparable to any publicly-sold bond issue. ● The Series 2016B Bonds will be privately placed on a non-rated, non-credit enhanced basis (subject to an Offer to Tender or Exchange). The Series 2016A Bonds will be sold via a limited public offering on either (anticipated) a sub-investment grade rating or on a non-rated basis. ● The Series 2016A Bonds will be privately placed by **Piper Jaffray & Co.** as Placement Agent. The Borrower expects that the Series 2004B Bonds will be restructured pursuant to an Offer to Tender or Exchange. As proposed by the Borrower, the Series 2004C Bonds would be exchanged by the existing holder for Series 2016C Bonds in an amount less than the current principal amount of Series 2004C Bonds.

$88,000,000
MJH Education Assistance Illinois IV LLC (1237 West Project)

CREDIT INDICATORS (CONTINUED)	● DePaul University will not be providing a direct financial guarantee or bed-based guarantee to secure the Series 2016 Bonds (consistent with the Inducement Agreement executed with the Borrower in connection with financing the Project originally with Series 2004 Bonds). The Series 2016 Bonds will not represent an indebtedness or obligation of DePaul University.
STRUCTURE	● The new structure will provide for an extension of the final maturity date from 2035 to 2049 and provide for substantial reductions in scheduled payments while also eliminating further accrual of default interest. (More specifically, the 2016A Bonds would mature in 2046, the 2016B Bonds would mature in 2047, and the 2016C Bonds would mature in 2049). Additionally, the Property Manager's fee has been reduced and will be subordinated to payment of the Series 2016A Bonds, thereby improving debt service coverage on the Series 2016A Bonds. ● The Bonds are an unlimited general corporate obligation of MJH IV secured by the Gross Revenues of the Project (i.e., 1237 West), in addition to a mortgage on and security interest in the Project and the real estate on which 1237 West is located. ● The new Series 2016 Bonds will also recapitalize the Debt Service Reserve Fund on the Series 2016A Bonds (and be capitalized at an amount equal to 12 months of maximum annual debt service) while also recapitalizing the Debt Service Reserve Fund on the Series 2016B Bonds (which would be capitalized at $400,000). ● Additional bondholder protections could also include a Capital Maintenance Reserve Fund and an Operations & Maintenance Fund. ● Additionally, the existing Series 2004A Bonds and Series 2004B Bonds are subject to a minimum 1.20x annual debt service coverage requirement while the Series 2016A and 2016B Bonds will be subject to a minimum 1.10 annual debt service coverage covenant.

SOURCES AND USES (PRELIMINARY - SUBJECT TO CHANGE AND REFINEMENT)

Sources:		**Uses:**	
IFA Refunding Bonds	$87,110,000	Refunding Escrow and Reserves	$85,665,000
		Costs of Issuance	1,435,000
Total	**$87,110,000**	**Total**	**$87,105,000**

RECOMMENDATION AND EXTRAORDINARY CONDITIONS

The Credit Review Committee recommends approval of the Bond Resolution and all actions contained therein.

Additionally, the Credit Review Committee recommends approval of policy exceptions enabling authorized denominations of $5,000 for both the Series 2016A and Series 2016B Bonds in order to maximize the probability of success for this Refunding/Restructuring that will refinance defaulted IFA Series 2004 Bonds. The initial investor of the Series 2016A Bonds will execute an Investor Letter.

Because the Borrower anticipates that the holders of the Series 2004B Bonds (which include retail holders owning bonds issued in $5,000 denominations) will receive an Offer to Tender or Exchange 2004B Bonds for Series 2016B Bonds (for which the Trust Indenture contemplates the issuance of Series 2016B Bonds in multiple series), it would not be appropriate to impose either investor restrictions on either the initial exchange or subsequent resale of the Subordinate Series 2016B Bonds.

The Junior Subordinate Series 2016C Bonds would continue to be sold in minimum denominations of $100,000, and integral multiples of $5,000 in excess thereof, and sold with investor restrictions (initial investor letter and travelling investor letter) to require that Bonds are held solely by institutional or accredited investors in accordance with standard IFA Bond Program Handbook requirements.

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2016

Project: MJH Education Assistance Illinois IV LLC (1237 West Project)

STATISTICS

IFA Project:	N-NP-TE-CD-12372	Amount:	$88,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad Fletcher
Location:	Chicago	County/ Region:	Cook/Northeast

BOARD ACTION

Final Bond Resolution
Conduit 501(c)(3) Student Housing Revenue Refunding Bonds
No IFA funds at risk

Credit Review Committee recommends approval with a policy exception to enable sale of the Senior Series 2016A and Subordinate Series 2016B Refunding/Restructuring Bonds in minimum denominations of $5,000 in order to facilitate the refunding and refinancing of defaulted IFA Series 2004 Bonds.

VOTING RECORD

None – this is the first time this matter has been presented to the IFA Board for consideration.

PURPOSE

Bond proceeds are expected to be used by **MJH Education Assistance Illinois IV LLC** ("**MJH IV**" or the "**Corporation**"), an Illinois limited liability company (whose sole member is a 501(c)(3) organization). The Bonds will be issued in multiple series in an amount not-to-exceed $88,000,000 (excluding original issue discount or premium, if any) and used by the Corporation in order to provide a portion of the funds necessary to do any or all of the following: (i) refund all of the Authority's outstanding Student Housing Revenue Bonds, MJH Education Assistance Illinois IV LLC (Fullerton Village Project), Senior Series 2004A (the "*Series 2004A Bonds*"), Subordinate Series 2004B (the "*Series 2004B Bonds*") and Junior Subordinate Series 2004C (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and Series 2004B Bonds, the "*Series 2004 Bonds*"); (ii) make a deposit to a capital maintenance reserve fund, if required; (iii) make a deposit to a debt service reserve fund for the benefit of the Series 2016 Bonds, if deemed necessary or desirable; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Series 2004 Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

MJH IV is a special purpose entity formed to develop and own a student housing facility known as the 1237 West Project and located at 1237 West Fullerton Ave. in Chicago. MJH IV's parent (MJH Education & Healthcare Assistance Foundation, a California 501(c)(3) corporation) is a supporting organization of DePaul University.

VOLUME CAP

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

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

Sources:			**Uses:**		
	IFA Series 2016 Refunding Bonds	$ 87,110,000		Refunding Escrow and Reserves	$ 85,675,000
				Costs of Issuance	1,435,000
	Total	**$ 87,110,000**		**Total**	**$ 87,110,000**

JOBS

Current employment: 3 Projected new jobs: -- (Refinancing)
(FT only; excludes student Resident Advisors)

Jobs retained: N/A Construction jobs: N/A (Refinancing)

FINANCING SUMMARY

Structure: The Series 2016A Bonds and Series B-1 Bonds will be fixed rate bonds and the Series 2016B-2 Bonds and Series 2016C Bonds will be zero coupon bonds sold without credit enhancement. The Borrower will be requesting a private rating from S&P on the Series 2016A Bonds and Series 2016B Bonds. The Borrower intends to convert this rating to a public rating in the event that this rating attains minimum specified standards. (The Borrower's intent to apply for a "private" rating will be disclosed in the offering documents for the Series 2016A and Series 2016B Bonds. If the awarded rating (reported to the Bond Trustee) attains minimum pre-determined benchmarks for the Series 2016A Bonds, the Trustee will notify the Borrower and MJH IV would proceed to apply for a public rating on the Series 2016A Refunding Bonds.

The current rating on the defaulted Series 2004A Bonds is 'Caa2' and is 'C' on the Series 2004B Bonds. MJH IV's (i.e., 1237 West Project's) Series 2004A ratings were most recently upgraded by Moody's as of 9/19/2014 (the rating of the Series 2004B Bonds was not upgraded).

The Series 2016B-2 Bonds and Series 2016C Bonds would be subject to prepayment only at their Final Maturity Value.

Security/
Collateral: The Bonds are an unlimited general corporate obligation of MJH secured by the Gross Project Revenues (i.e., 1237 West Fullerton – student housing/mixed use facility), in addition to a mortgage on and security interest in the Project and the real estate on which the 1237 West Project is located.

Additional bondholder protections include (i) recapitalized Debt Service Reserve Funds for Senior Series 2016A and Subordinate Series 2016B Bonds (i.e., capitalized in an amount equivalent to 12 months of maximum debt service payments on the Senior Series 2016A Bonds and at $400,000 for the Subordinate Series 2016B Bonds), (ii) a Capital Maintenance Reserve Fund, if deemed necessary or advisable, and (iii) an Operations & Maintenance Fund, if deemed necessary or advisable (each of which would be held by the Bond Trustee).

Minimum Rate
Covenant
Requirement: MJH IV is subject to a rate covenant on the Project to revise rates, fees, and charges as necessary so that Net Operating Income will be sufficient to meet (i) a minimum 1.20x times Debt Service Coverage requirement specified for the Series 2016A Bonds and (ii) a minimum combined 1.10 times Debt Service Coverage requirement on the combined debt service payment obligations for the Series 2016A Bonds and Series 2016B Bonds (including any subseries of Series B Bonds thereof) together.

Credit Ratings – Private Credit Rating to be Applied for with S&P: The Borrower will be requesting a private rating from S&P which will be disclosed in the Private Placement Memorandum and Offering Memorandum on the Series 2016A Bonds and Series 2016B Bonds, respectively. As contemplated, the private rating would be disclosed to a third-party consultant deemed satisfactory by the Series 2016 Bond Trustee (UMB Bank). In the event the private bond rating reported to the consultant attains minimum standards specified by the Borrower, the consultant would report to the Borrower that it should apply for a public rating.

Final Maturity Date: 33 years (e.g., 2049) – this will be a not-to-exceed parameter on the Series 2016 Bonds. The anticipated final maturity date on the Series 2016 Bonds is 2049. (The current final maturity date on the Series 2004 Bonds is 6/1/2035.) The anticipated final maturity dates for the Series 2016 Bonds range from 2046 to 2049, depending on series.

Interest Rates: The interest rates on the Series 2016A Bonds and Series 2016B-1 Bonds are expected to bear interest at a fixed rate. Overall, scheduled interest expense is expected to decrease while overall annual debt service payments will also decrease to amounts that can be serviced from existing cash flows (i.e., Net Operating Income).

Underlying Ratings of DePaul University - Informational: ***NOTE:*** ***MJH IV's debt service payments are non-recourse to DePaul University.***

Accordingly, the following disclosure of DePaul University's underlying credit ratings is informational only:

- **DePaul University:**
  - S&P – 'A' (outlook stable) assigned August 2016 to IFA Series 2016A Revenue Bonds; ratings affirmed (outlook stable) on all other outstanding IFA Revenue Bonds issued on behalf of DePaul University
  - Moody's – 'A2' (outlook stable) assigned August 2016 to IFA Series 2016 Revenue Bonds; ratings affirmed (outlook stable) on all other outstanding IFA Revenue Bonds issued on behalf of DePaul University
  - Fitch - 'A' (outlook stable) assigned August 2016 to IFA Series 2016 Revenue Bonds; ratings affirmed (outlook stable) on all other outstanding IFA Revenue Bonds issued on behalf of DePaul University

Anticipated Closing Date: December 2016

Default on the Series 2004 Bonds: Although occupancies were adequate in Year 1 (2006-7) at approximately 91%, the original property manager experienced operational difficulties shortly after the Facility opened. In Year 2 (2007-8), occupancy levels fell below targeted levels (and break-even occupancy levels) to approximately 52%, resulting in insufficient funds available to pay principal and interest on the Series 2004 Bonds.

The Series 2004 Bonds have been in default since December 2007, when the Debt Service Reserve Funds were drawn to make both the December 1, 2007 interest payments to holders of both the Series 2004A Bonds and the Series 2004B Bonds, thereby resulting in an Event of Default.

Subsequently, there were additional draws from the respective Debt Service Reserve Funds to pay the principal payment due on the Series 2004A Bonds and a sinking fund payment on the Series 2004B Bonds. ***Thereafter, no principal or interest payments on the Series 2004B Bonds have been made.***

Rationale/ Purpose of the Series 2016 Bonds – Restructuring: The restructuring associated with the issuance of the Series 2016 Bonds is expected to enable the Facility to generate sufficient net annual cash flow (reflecting the Facility's improved revenues and occupancy rates over the past 5 years) to service required payments of principal and interest on the Series 2016 Bonds. No guarantee, however, is made that the financial results of the Facility will be sufficient for MJH IV to pay the principal and interest on the Series 2016 Bonds when due.

Additionally, the proposed refinancing would extend the final maturity date by 14 years from 2035 to 2049. Additionally, it is expected that debt service payments on the new Series 2016 Bonds would result in reduced, yet approximately level debt service payments.

Other factors supporting this Refunding/Restructuring are presented on pp. 7-8 of the introductory memorandum ("RE: Background Information and Request…").

BUSINESS SUMMARY

Background on The Borrower: **MJH Education Assistance Illinois IV LLC** ("**MJH IV**" or the "**Borrower**") is a limited liability company formed under the laws of the State of Illinois in 2004 solely for the purpose of acquiring and/or developing the subject student housing facility at 1237 West Fullerton Avenue in Chicago, Illinois.

The Borrower has a single member, which is **MJH Education & Healthcare Assistance Foundation** (the "**Foundation**"), a California nonprofit public benefit corporation and a tax-exempt organization under Section 501(c)(3) of the Internal Code of 1986, as amended (the "Code"). **The Foundation is the sole member of MJH IV and its exclusive purpose is to support the University.** The Foundation is qualified as a tax-exempt organization under Section 501(c)(3) of the Code, and is exempt from Section 509 of the Code as a "supporting organization" of DePaul University.

As a "supporting organization" to DePaul, prior to the 1237 West Project, the Foundation had previously established three single-member limited liability companies to develop and finance various buildings for lease to DePaul. These facilities have included dormitories and parking facilities on DePaul's Lincoln Park campus (including a dormitory facility that DePaul ultimately purchased from MJH in 2004). The Foundation built or substantially renovated approximately 1,000 student housing beds for DePaul from 1999 through 2003.

Unlike the previous Foundation bond-financed transactions, the 1237 West Project was financed as a project financing by MJH IV with support provided by DePaul pursuant to an "Inducement Agreement" (described further below on p. 7) rather than a master lease on the facility.

MJH IV undertook the 2004 development and financing of the Facility and is undertaking the 2016 refinancing of the indebtedness related to the Facility without any financial assistance, support or guarantee from DePaul University.

<u>Management of MJH IV</u>*:* The Borrower ("MJH IV") is a manager-managed limited liability company. The current manager of the Borrower is Noble LLC Management, LTD. ("Noble LLC"), an entity owned and controlled by Ben Noble. Noble LLC is also the asset manager for

the Facility pursuant to the terms of the Asset Management Agreement (the "Asset Management Agreement").

Proposed changes in Management of the Borrower (MJH IV) following the issuance of the Series 2016 Bonds

- The proposed issuance of the Series 2016 Bonds includes as part of the restructuring the conditional resignation of Noble LLC as manager of MJH IV, the termination of Noble LLC as the asset manager, and the payment of a settlement payment to Noble LLC in connection with such resignation and termination.
- The resignation, termination and settlement payment are subject to issuance of the Series 2016 Bonds.
- It is not anticipated that a replacement asset manager will be retained by the Foundation. Rather, the new manager of MJH IV, which will be an individual, will undertake asset management responsibilities with the assistance of the Foundation and the Property Manager and be paid an annual fee. (*The asset manager is not the project manager*.)

"Inducement Agreement" between DePaul Univ. and MJH IV:

MJH IV and DePaul University entered into a Student Housing Facilities Inducement Agreement, dated as of December 1, 2004 (the "**Original Inducement Agreement**") with respect to the development and operations of the Facility, subject to the conditions precedent set forth in the Original Inducement Agreement.

- **As a result of the default by MJH IV related to the Series 2004 Bonds, the University has the option to unilaterally terminate the Original Inducement Agreement.**
- **To date, the University has not exercised its remedies under the Original Inducement Agreement.**

In connection with the issuance of the Series 2016 Bonds, MJH IV and the University will enter into a new inducement agreement with virtually identical terms (the "Inducement Agreement") contemporaneously with the issuance of the Series 2016 Bonds. The term of the Inducement Agreement shall run until the earlier of: (i) the date that the Series 2016 Bonds are no longer outstanding; or (ii) the date that the University purchases the Facility, in accordance with an option to purchase set forth in the Inducement Agreement.

Under the Inducement Agreement, the University agrees to exercise its reasonable efforts to collaborate with MJH IV and the Property Manager in the marketing, management and operation of the Facility; provided that the University *is not* a partner or a joint venture party with either MJH IV or the Property Manager (1237West LLC).

Significant Terms of the DePaul – MJH IV "Inducement Agreement":

Non-Compete Provision: The University agrees not to construct any competing "upper division" housing (juniors and seniors) within a one mile radius of the Facility unless a demand study, prepared by an independent consultant with experience in evaluating housing demands for colleges and universities, determines that the following "Demand Test" is satisfied: The proposed housing would not have a material adverse impact on the "Gross Revenues" of the Facility, but only if such Gross Revenues are based on market rents and market expenses.

Option to Purchase by DePaul University: The University has an exclusive, non-transferable option to purchase the Facility, for its then "fair market value" as determined in the Inducement Agreement, provided however, that the purchase price (after payment of fees and expenses for transfer of the Facility) may not be less than the amount which MJH IV would be obligated to deposit with the Trustee to fund the redemption of all of the then-outstanding Series 2016 Bonds (and any Additional Bonds issued on a parity with the Series 2016 Bonds) or, in the case of the Series 2016B Bonds, assume or guaranty the payment thereof during those years in which the Series 2016B Bonds may not be called or redeemed.

Termination of Inducement Agreement. The respective obligations of MJH IV and the University under the Inducement Agreement are also subject to termination in the event of a default by the other party. Nevertheless, the University's option to purchase the Facility will survive any termination of the Inducement Agreement.

Limitations. Notwithstanding the obligations of the University described above: (i) the University assumes no financial commitment with respect to the Series 2016 Bonds; and (ii) the University does not guarantee the collection of rents from University Students or that such rents will be collected in sufficient amount to pay debt service on the Series 2016 Bonds or operating expenses of the Facility.

The Project: The 6 floors of the 1237 West are allocated for the following uses:

(1) Floor #1 contain several small retail users;
(2) Floors #2-6 contain residential space.
(3) Additionally, there are 62 garaged parking spaces.

Priority in leasing beds at 1237 West is provided first to students of DePaul University and if space is available, to students of other colleges and universities, and to guests and participants in programs and conferences that typically utilize college and university-style campus facilities.

Property Manager – 1237West, LLC: History. **1237West LLC**, an Illinois limited liability company, (the "**Property Manager**") was originally engaged by MJH IV in September 2007 (Year 2) of the Project following operational issues that had led to a substantial reduction in occupancy from Year 1 (2006-2007) to Year 2 (2007-2008) (i.e., from approximately 91% in Year 1 to 52% in Year 2), resulting in insufficient funds available to pay principal and interest on the Series 2004 Bonds. (Due to debt service payment delinquencies, MJH IV defaulted on the Series 2004 Bonds after Debt Service Reserve Funds for the Series 2004A and Subordinate Series 2004B Bonds were drawn in December 2007.)

The Property Manager was formed by an affiliate of Smithfield Properties LLC (the original Developer of the Project on behalf of MJH IV, and the original owner of the Project Site). In consideration for conveying ownership of the 1.25-acre project site to MJH IV at closing, another affiliate of Smithfield Properties received $13.8 million of Junior Subordinate Series 2004C Bonds (i.e., which was effectively a deeply subordinated Seller Note on the property). As of September 2007, the Smithfield affiliate that owned the $13.8 million Series 2004C Bonds was the largest single bondholder on the Project (and had the most at risk if the Project failed to turn around).

Current Management Agreement between MJH IV and 1237West LLC: MJH IV and the Property Manager subsequently entered into a property management agreement, effective as of September 1, 2009, pursuant to which the Property Manager acts as MJH IV's exclusive agent with respect to the management, maintenance and operation of the Facility (the "Management Agreement"). The term of the Management Agreement shall run until July 31, 2021 unless earlier terminated pursuant to the terms of the Management Agreement.

Property Manager's Responsibilities. The Property Manager provides property and asset management services to MJH IV for the Facility, including services relating to financial reporting and accounting, construction management, marketing, student residence life programming, capital improvement planning, annual budget planning, and providing DePaul University the support and documentation required by the MJH IV-DePaul University Inducement Agreement.

1237West LLC employs three full-time employees experienced in managing student housing facilities and a janitorial and engineering staff. Additionally, the Property Manager retains certain student residents to act as Residential Advisors to support the Facility's residence life program.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds are expected to be used by **MJH Education Assistance Illinois IV LLC** ("**MJH IV**" or the "**Corporation**"), an Illinois limited liability company (and 501(c)(3) organization). The Bonds will be issued in multiple series in an amount not-to-exceed $88,000,000 (excluding original issue discount or premium, if any) and used by the Corporation in order to provide a portion of the funds necessary to do any or all of the following: (i) refund all of the Authority's outstanding Student Housing Revenue Bonds, MJH Education Assistance Illinois IV LLC (Fullerton Village Project), Senior Series 2004A (the "*Series 2004A Bonds*"), Subordinate Series 2004B (the "*Series 2004B Bonds*") and Junior Subordinate Series 2004C (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and Series 2004B Bonds, the "*Series 2004 Bonds*"); (ii) make a deposit to a capital maintenance reserve fund, if required; (iii) make a deposit to a debt service reserve fund for the benefit of the Series 2016 Bonds, if deemed necessary or desirable; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Series 2004 Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

MJH IV is a special purpose entity formed to develop and own a student housing facility known as the 1237 West Project and located at 1237 West Fullerton Ave. in Chicago, Illinois. MJH IV's parent (MJH Education & Healthcare Assistance Foundation, a California 501(c)(3) corporation) is a supporting organization of DePaul University.

The Borrower currently anticipates that: (i) the Series 2016A Bonds will be issued and sold in a limited private placement pursuant to the Placement Contract in order to currently refund the Series 2004A Bonds and a portion of the Series 2004B Bonds, if necessary, (ii) the Series 2016B Bonds will offered to the current holders of the Series 2004B Bonds in exchange for such Series 2004B Bonds, and (iii) the Series 2016C Bonds will be offered to the current holders of the Series 2004C Bonds in exchange for such Series 2004C Bonds at a principal amount significantly less than the current principal amount.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	MJH Education Assistance Illinois IV LLC (i.e., "MJH IV"), c/o Mr. Benjamin Noble, Civic Finance Associates, Inc., 603 Grant Springs Road, Bryn Mawr PA 19010
Contact:	Mr. Benjamin Noble, President (610.525.8185)
Project name:	1237 West Project
Location:	1237 West Fullerton Ave., Chicago (Cook County), IL 60614
Organization:	Illinois Limited Liability Company – The sole member is MJH Education & Healthcare Assistance Foundation
Sole Member - Ownership of MJH IV:	MJH Education & Healthcare Assistance Foundation, 280 South Beverly Drive, Suite 204, Beverly Hills, CA 90212
Board Membership:	The current members of the Board of Directors of the MJH Education & Healthcare Assistance Foundation, Beverly Hills, CA are:

- David L. Horne, Chairman of the Board
- Sheri Lynn Jensen, President
- Eileen Zell, Secretary and Treasurer

Current Property Owner: MJH Education Assistance Illinois IV LLC (the "Borrower")

PROFESSIONAL & FINANCIAL

Borrower's Counsel (Counsel to MJH):	Slade Law	Sherman Oaks, CA	Larry Slade
Auditor:	Isdaner & Company LLC, CPA's	Bala Cynwyd, PA	
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL Philadelphia, PA	Tom Smith Alex Scarola
Placement Agent – Series 2016A:	Piper Jaffray & Co.	Chicago, IL	Keith Morgan
Placement Agent's Counsel – Series 2016A:	McCarter & English, LLP	Newark, NJ	Jacqueline Shanes Richard Myslenski
Disclosure Counsel – Series 2016B-C:	Greenberg Traurig LLP	Chicago, IL Philadelphia, PA	Tom Smith Alex Scarola
Series 2016 Bond Trustee:	UMB Bank, N.A.	Minneapolis, MN	Gavin Wilkinson
Series 2016A – Tender Offer Manager:	Globic Advisors	New York, NY	Robert Stevens
Private Rating:	S&P Global	Chicago, IL	
Property Manager:	1257West, LLP (an affiliate of Henry Street Partners)	Chicago, IL	Rob Buono Kim Exposito
IFA Counsel:	Foley & Lardner LLP	Chicago, IL	Laura Bilas
IFA Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden

Original Series 2004 Bond Professionals:

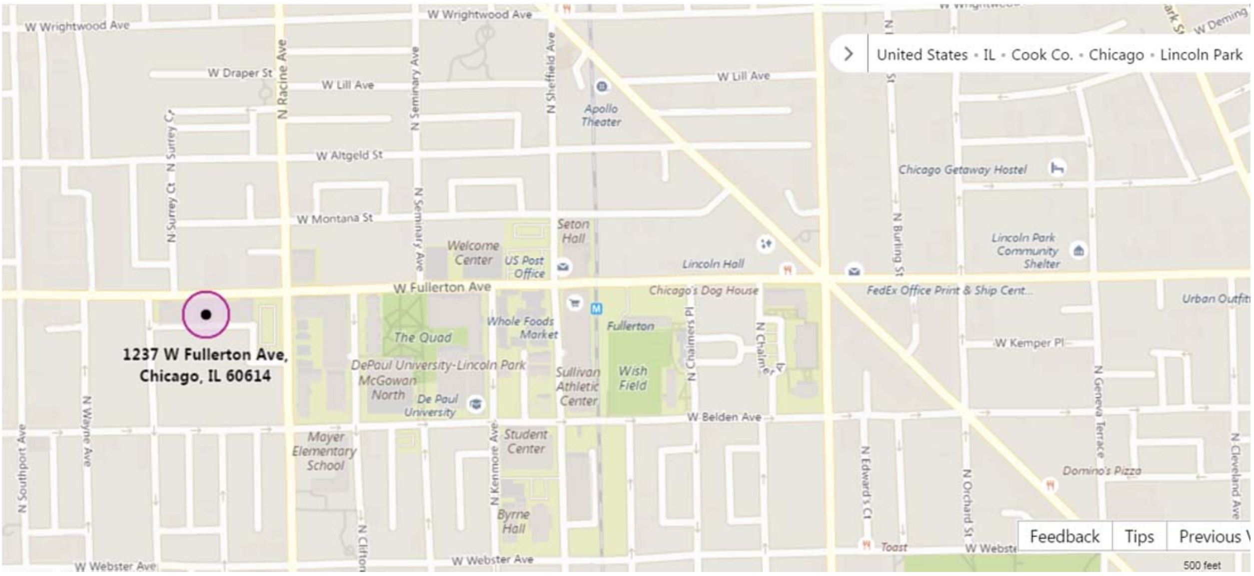
2004 Bond Trustee:	U.S. Bank National Association	St. Paul, MN	Benjamin Krueger
Counsel to 2004 Bond Trustee:	McDermott Will & Emery LLP	Chicago, IL	William Smith

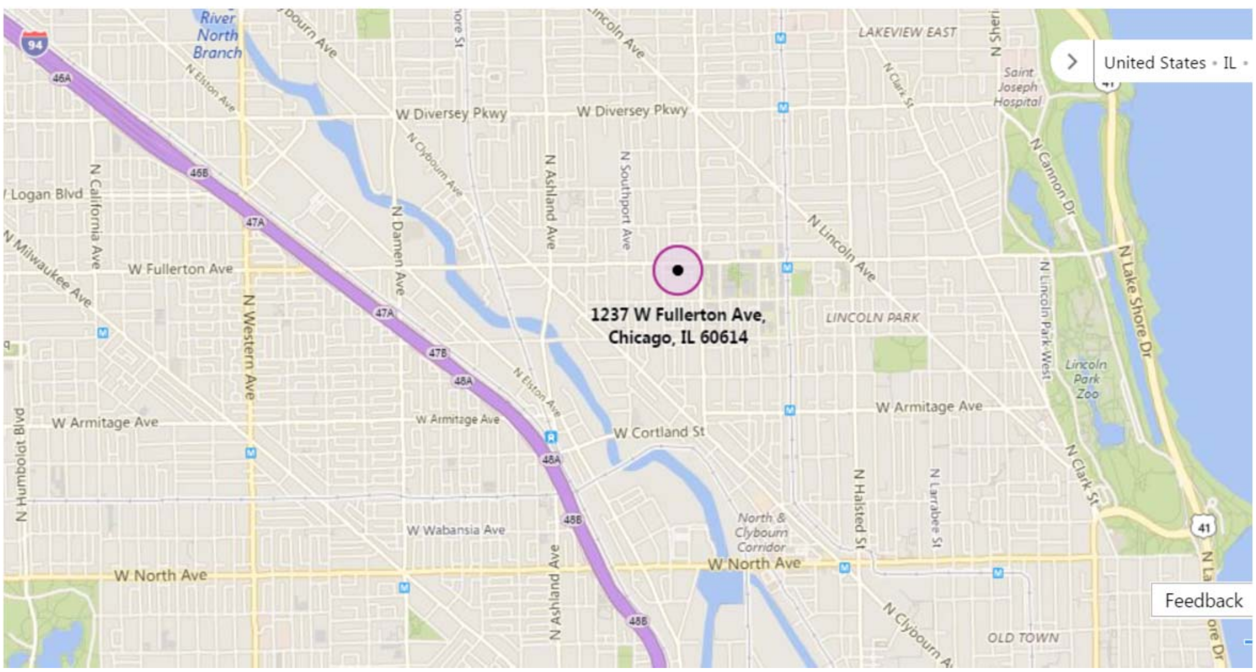
LEGISLATIVE DISTRICTS

Congressional:	5
State Senate:	6
State House:	11

PROJECT LOCATION

2 Maps of the Project Site at 1237 W. Fullerton Ave., Chicago, IL and DePaul University's Lincoln Park Campus:





Source: Bing Maps

IFA RESOLUTION NO. 2016-1110-NP03

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $88,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY STUDENT HOUSING REVENUE BONDS (1237 WEST PROJECT) SERIES 2016, THE PROCEEDS OF WHICH ARE TO BE LOANED TO MJH EDUCATION ASSISTANCE ILLINOIS IV LLC.

WHEREAS, the ILLINOIS FINANCE AUTHORITY (the "*Authority*") has been created by the Illinois Finance Authority Act, 20 ILCS 3501-801-1, et. seq., as amended (the "*Act*"); and

WHEREAS, MJH EDUCATION ASSISTANCE ILLINOIS IV LLC, an Illinois limited liability company (the "*Borrower*"), whose sole member is MJH Education & Healthcare Assistance Foundation, an organization exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, has requested that the Authority issue not to exceed $88,000,000 (excluding original issue discount or premium, if any) in aggregate principal amount of revenue bonds consisting of one or more series of Student Housing Revenue Bonds (1237 West Project) Series 2016 (the "*Series 2016 Bonds*") and loan the proceeds thereof to the Borrower in order to assist the Borrower in providing a portion of the funds necessary to do any or all of the following: (i) refund all of the Authority's outstanding Student Housing Revenue Bonds, MJH Education Assistance Illinois IV LLC (Fullerton Village Project), Senior Series 2004A (the "*Series 2004A Bonds*"), Subordinate Series 2004B (the "*Series 2004B Bonds*") and Junior Subordinate Series 2004C (the "*Series 2004C Bonds*" and together with the Series 2004A Bonds and Series 2004B Bonds, the "*Series 2004 Bonds*"); (ii) make a deposit to a capital maintenance reserve fund, if required; (iii) make a deposit to a debt service reserve fund for the benefit of the Series 2016 Bonds, if deemed necessary or desirable; and (iv) pay certain expenses incurred in connection with the issuance of the Series 2016 Bonds and the refunding of the Series 2004 Bonds, all as permitted by the Act (collectively, the "Financing Purposes"); and

WHEREAS, drafts of the following documents have been previously provided to and are on file with the Authority (collectively, the "Authority Documents"):

(a) a Trust Indenture (the "*Indenture*") between the Authority and UMB Bank, National Association, as trustee (the "*Trustee*"), providing for the issuance thereunder of the Series 2016 Bonds in multiple series, including the Student Housing Revenue Bonds (1237 West Project), Senior Series 2016A (the "*Series 2016A Bonds*"), the Student Housing Revenue Bonds (1237 West Project), Subordinate Series 2016B-1 (the "*Series 2016B-1 Bonds*"), the Student Housing Revenue Bonds (1237 West Project), Subordinate Series 2016B-2 (the "*Series 2016B-2 Bonds*" and together with the Series 2016B-1 Bonds, the "*Series 2016B Bonds*") and the Student Housing Revenue Bonds (1237 West Project), Junior Subordinate Series 2016C (the "*Series 2016C Bonds*") and setting forth the terms and provisions applicable to the Series 2016 Bonds, including securing the Series 2016 Bonds by an assignment thereunder to the Trustee of the Authority's right, title and interest in and to the Series 2016 Notes (as hereinafter defined) and certain of the Authority's rights in and to the Loan Agreement (as hereinafter defined);

(b) a Loan Agreement, Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "*Loan Agreement*") between the Authority and the Borrower, under which the Authority will loan the proceeds of the Series 2016 Bonds to the Borrower, all as more fully described in the Loan Agreement;

(c) a Bond Placement Agreement relating to the Series 2016A Bonds (the "*Placement Contract*") among the Authority, the Borrower, and such firm or firms of municipal placement agents as may be approved by the Authority (with execution of the Placement Contract constituting approval by the Authority) and the Borrower including, without limitation, Piper Jaffray & Co. (the "*Placement Agent*"), as placement agent for the Series 2016A Bonds, providing for the sale by the Authority and the placement by the Placement Agent of the Series 2016A Bonds;

WHEREAS, the Borrower anticipates that: (i) the Series 2016A Bonds will be issued and sold in a limited private placement pursuant to the Placement Contract in order to currently refund the Series 2004A Bonds and a portion of the Series 2004B Bonds, if necessary, (ii) the Series 2016B Bonds will be offered to the current holders of the Series 2004B Bonds in exchange for such Series 2004B Bonds, and (iii) the Series 2016C Bonds will be offered to the current holders of the Series 2004C Bonds in exchange for such Series 2004C Bonds;

WHEREAS, in connection with the issuance of the Series 2016 Bonds, the following additional documents may be executed and delivered by parties other than the Authority (collectively, the "*Additional Transaction Documents*"):

(a) one or more Student Housing Revenue Notes, Series 2016 (collectively, the "*Series 2016 Notes*"), which will be pledged as security for the Series 2016 Bonds, in an aggregate principal amount equal to the aggregate principal amount of the Series 2016 Bonds and with the same prepayment, maturity and interest rate provisions as the Series 2016 Bonds;

(b) a Private Placement Memorandum, substantially in the form of the draft Preliminary Private Placement Memorandum (the "*Private Placement Memorandum*") previously provided to and on file with the Authority, relating to the offering of the Series 2016A Bonds; and

(c) an Offering Memorandum relating to the offering of the Series 2016B Bonds (the "*Offering Memorandum for the Series 2016B Bonds*") previously provided to and on file with the Authority, relating to the offering of the Series 2016B Bonds;

(d) a Continuing Disclosure Agreement between the Borrower and a dissemination agent set forth therein (the "*Continuing Disclosure Agreement*"); and

WHEREAS, the Authority has adopted a policy requiring that bonds which are unrated, rated below investment grade by a credit rating agency or are not enhanced be sold only to accredited investors or qualified institutional buyers (as such terms are defined by the Securities and Exchange Commission) in minimum denominations of at least $100,000 (the "*Unrated Bonds Policy*") unless a borrower has requested and obtained a waiver of such policy from the Authority, which waivers are subject to the satisfaction of certain conditions set forth in the policy; and

WHEREAS, the Borrower has informed the Authority that the Series 2016A Bonds and Series 2016B Bonds may not have an investment grade rating or will be unrated and will be in denominations of less than $100,000, as provided in the Indenture; and

WHEREAS, the Borrower has requested that the Authority waive its Unrated Bonds Policy in order to permit the Series 2016 Bonds to refund all or a portion of the Series 2004A Bonds and Series 2004B Bonds and exchange Series 2016B Bonds for Series 2004B Bonds; and

WHEREAS, the Authority's conditions for granting waivers of its policy regarding issuance of unrated or unenhanced bonds also requires that the Borrower not be in default on any outstanding bonds and that the Borrower has not missed a debt service payment relative to any bonds in the three years immediately preceding the date of this resolution (the "*Default Requirement*"); and

WHEREAS, the Borrower has therefore requested the Authority also waive the Default Requirement of its policy regarding the issuance of unrated or unenhanced bonds;

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

Section 1. Findings. Based upon the representations of the Borrower, the Authority hereby makes the following findings and determinations with respect to the Borrower, the Series 2016 Bonds to be issued by the Authority and the facilities to be refinanced with the proceeds of the Series 2016 Bonds:

(a) The Borrower is a limited liability company organized under the laws of the State of Illinois and a disregarded entity for tax purposes, whose sole member is a nonprofit public benefit corporation organized under the laws of the State of California and is qualified to do business in the State of Illinois;

(b) The Borrower has properly filed with the Authority its request for assistance in providing funds to the Borrower and the funds will be used for the Financing Purposes, and the facilities refinanced with the proceeds of the Series 2016 Bonds will be owned and operated by the Borrower and such facilities are included within the term "project" as defined in the Act;

(c) The facilities to be refinanced with the proceeds of the Series 2016 Bonds do not include any institution, place or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship;

(d) The indebtedness to be refinanced with the proceeds of the Series 2016 Bonds was issued for purposes which constitute valid purposes under the Act, all of the proceeds of such indebtedness made available to the Borrower were expended to pay, or refinance indebtedness the proceeds of which were expended to pay, a portion of the cost of a "project" (as defined in the Act) owned or operated by the Borrower, such refinancing is in the public interest, is in connection with other financings by the Authority for the Borrower and is permitted and authorized under the Act; and

(e) The Series 2016 Bonds are being issued for a valid purpose under and in accordance with the provisions of the Act.

Section 2. Series 2016 Bonds. In order to obtain the funds to loan to the Borrower to be used for the purposes aforesaid, the Authority hereby authorizes the issuance of the Series 2016 Bonds. The Series 2016 Bonds shall be issued under and secured by and shall have the terms and provisions set forth in the Indenture in an aggregate principal amount not exceeding $88,000,000, excluding original issue discount or premium, if any. The Series 2016 Bonds may be issued in one or more series, of which any such series may be issued in two or more subseries, with such additional series or subseries designated in such manner as approved by the Authorized Officer (as defined herein) of the Authority, which approval shall be evidenced by such Authorized Officer's execution and delivery of the Indenture.

The Series 2016 Bonds shall mature not later than June 1, 2049, may be subject to serial maturities or mandatory bond sinking fund redemption as provided in the Indenture and shall bear interest at stated rates not exceeding 6.50% per annum. The Series 2016 Bonds shall be subject to optional, special optional, mandatory sinking fund and extraordinary redemption and be payable all as set forth in the Indenture.

The Series 2016 Bonds shall be issued only as fully registered bonds without coupons. The Series 2016 Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its Executive Director, Chairperson or its Vice Chairperson and attested by the manual or facsimile signature of its Secretary or any Assistant Secretary, or any person duly appointed by the Members of the Authority to serve in such office on an interim basis, and may have the corporate seal of the Authority impressed manually or printed by facsimile thereon.

The Series 2016A Bonds shall be issued and sold by the Authority and placed by the Placement Agent at a price of 100% of the principal amount of such Series 2016A Bonds. The Placement Agent shall receive total compensation with respect to the placement of the Series 2016A Bonds equal to 1% of the principal amount of the Series 2016A Bonds (but in no event shall such compensation exceed $550,000), in connection with the placement of the Series 2016A Bonds.

The Series 2016B Bonds shall be issued by the Authority and exchanged for all, or a portion of, the outstanding Series 2004B Bonds. The Series 2016C Bonds shall be issued by the Authority and exchanged for a portion of the outstanding Series 2004C Bonds (the remaining portion of which will be forgiven by the holder of the Series 2004C Bonds).

The Series 2016 Bonds and the interest thereon shall be limited obligations of the Authority, payable solely from the income and revenues to be derived by the Authority pursuant to the Loan Agreement (except such income and revenues as may be derived by the Authority pursuant to the Unassigned Rights (as defined in the Indenture)). The Series 2016 Bonds 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 Series 2016 Bonds, (ii) the income and revenues derived by the Authority pursuant to the Loan Agreement and the Series 2016 Notes and other amounts available under the Indenture and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

The Authority hereby delegates to the Chairperson or the Executive Director of the Authority or any other Authorized Officer (as hereafter defined), the power and duty to make final determinations as to the Series 2004 Bonds to be refunded, the principal amount, number of series or subseries of Series 2016 Bonds and any names or other designations therefor, dated date, maturities, price, any mandatory bond sinking fund redemption dates and amounts, optional and extraordinary redemption provisions, the placement agent (or underwriter, if necessary) of the Series 2016 Bonds, the interest rates of each series of the Series 2016A Bonds, and whether the Series 2016 Bonds are sold in a limited private offering or a public offering, all within the parameters set forth herein.

Section 3. Authority Documents. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by its Chairperson, Vice Chairperson, Executive Director, or 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 any Authority Document. The Authority Documents shall be substantially in the forms previously provided to and on file with the Authority and hereby approved, 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 Series 2016 Bonds and the placement thereof.

Section 4. Additional Transaction Documents. The Authority does hereby approve the execution and delivery of the Additional Transaction Documents. The Additional Transaction Documents shall be in substantially the forms previously provided to and on file with the Authority and hereby approved, with such changes therein as shall be approved by, or in such final forms as are approved by, the Authorized Officer of the Authority executing the Indenture, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of the final forms of the Additional Transaction Documents or any changes or revisions therein from such forms of the Additional Transaction Documents.

Section 5. Distribution of the Preliminary Private Placement Memorandum, Private Placement Memorandum and Offering Memorandum for the Series 2016B Bonds. The Authority does hereby approve the distribution of the Preliminary Private Placement Memorandum and the Private Placement Memorandum by the Placement Agent in connection with the offering and sale of the Series 2016A Bonds. The Private Placement Memorandum shall be substantially in the form of the draft Preliminary Private Placement Memorandum provided to and on file with the Authority and hereby approved, or with such changes therein as shall be approved by the Authorized Officer of the Authority executing the Indenture, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the Authority's approval of the final form of the Private Placement Memorandum. The Authority does hereby approve the distribution of the Offering Memorandum for the Series 2016B Bonds.

Section 6. Waiver of Unrated Bonds Policy and Default Requirement. The Authority, based on the information provided by the Borrower, hereby grants a waiver of its Unrated Bonds Policy and satisfaction of the Default Requirement and authorizes the Series 2016A Bonds and Series 2016B Bonds to be issued in minimum authorized denominations of $5,000 without a credit rating and without credit enhancement.

Section 7. Authorization and Ratification of Subsequent Acts. 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 one or more tax exemption agreements, supplemental indentures, escrow agreements or other agreements providing for the payment of the Series 2004 Bonds and any additional documents that may be necessary to provide for one or more additional series or subseries of Series 2016 Bonds and the acceptance of any continuing disclosure agreement of the Borrower pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended) as may be necessary to carry out and comply with the provisions of these resolutions, the Authority Documents and the Additional Transaction 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 Indenture.

Section 8. Severability. The provisions of this Final Bond 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 Final Bond Resolution.

Section 9. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 10. Effectiveness. This Final Bond Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this __ day of November, 2016 by vote as follows:

ILLINOIS FINANCE AUTHORITY

ATTEST:

By:______________________________
Executive Director

____
Secretary (or Assistant Secretary)

CHI 67477096v5

CONDUIT

$275,000,000
Rehabilitation Institute of Chicago

November 10, 2016

REQUEST	**Purpose**: The proceeds will be used by **Rehabilitation Institute of Chicago** ("**RIC**" or the "**Borrower**") to (i) refund all of the IFA Series 2013B, C, D and E Bonds, proceeds of which were used to pay or reimburse, the costs of acquiring, constructing, and equipping certain of the Borrower's health care facilities, including but not limited to the construction and equipping of a 27-floor building which will house a 242-bed replacement rehabilitation hospital occupying 20 floors, a seven-floor parking garage, (ii) fund a debt service reserve fund, if deemed necessary or advisable, (iii) pay certain expenses in connection with the issuance of the Series 2016 Bonds (as hereinafter defined) and the refunding of the Series 2013 Bonds. **Program**: Conduit 501(c)(3) Revenue Bonds **Extraordinary Conditions**: None.
BOARD ACTIONS	Final Bond Resolution
JOB DATA	1,535 Current jobs — 0 New jobs projected N/A Retained jobs — N/A Construction jobs projected
DESCRIPTION	● Location (Chicago/ Cook County/ Northeast Region)
SECURITY	● The Bonds are expected to be secured by an obligation of Rehabilitation Institute of Chicago, the sole member of the Obligated Group, under a Master Trust Indenture. Such obligation will include a pledge of revenues.
CREDIT INDICATORS	● RIC current rating on its long-term fixed rate indebtedness is 'A-' Fitch (Stable). ● The plan of finance contemplates 3 private placements with Northern Trust & Co., PNC Bank, and Bank of America. ● The Bonds will not be rated as the will be privately placed.
STRUCTURE	● Bonds will mature no later than 56 years.
SOURCES AND USES	see below
RECOMMENDATION	Credit Review Committee recommends approval.

SOURCES AND USES

Sources:		**Uses**:	
IFA Bonds	$275,000,000	Reissued Bonds	$273,000,000
		Cost of Issuance	2,000,000
Total	**$275,000,000**	**Total**	**$275,000,000**

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2016

Project: Rehabilitation Institute of Chicago

STATISTICS

Project Number:	12367	Amount:	$275,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane
Location:	Chicago	County/Region:	Cook/Northeast

BOARD ACTION

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

PURPOSE

Purpose: The proceeds will be used by **Rehabilitation Institute of Chicago** ("**RIC**" or the "**Borrower**") to (i) refund all of the IFA Series 2013B, C, D and E Bonds, proceeds of which were used to pay or reimburse, the costs of acquiring, constructing, and equipping certain of the Borrower's health care facilities, including but not limited to the construction and equipping of a 27-floor building which will house a 242-bed replacement rehabilitation hospital occupying 20 floors, a seven-floor parking garage, (ii) fund a debt service reserve fund, if deemed necessary or advisable, (iii) pay certain expenses in connection with the issuance of the Series 2016 Bonds (as hereinafter defined) and the refunding of the Series 2013 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.

VOLUME CAP

501(c)(3) Bond issues do not require Volume Cap.

JOBS

Current employment:	1,535	Projected new jobs:	0
Retained jobs	N/A	Construction jobs:	N/A

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ESTIMATED SOURCES AND USES OF FUNDS

Sources:		**Uses**:	
IFA Bonds	$275,000,000	Reissued Bonds	$275,000,000
		Cost of Issuance	2,000,000
Total	**$275,000,000**	**Total**	**$275,000,000**

FINANCING SUMMARY

Security:	The Bonds are expected to be secured by an obligation of Rehabilitation Institute of Chicago, the sole member of the Obligated Group, under a Master Trust Indenture. Such obligation will include a pledge of revenues.
Structure:	Bonds will mature no later than 32 years.
Interest Rate:	Variable rate calculated at 0.40% to 0.65% over a percentage of Libor (approximately 0.50% currently).
Interest Mode:	Variable.
Maturity:	The Bonds will fully mature not later than 2056.
Rating:	RIC current rating on its long-term fixed rate indebtedness is ‘A-’ Fitch (Stable).
Estimated Closing Date:	December 1, 2016

PROJECT SUMMARY

Purpose: The proceeds will be used by **Rehabilitation Institute of Chicago** (“**RIC**” or the “**Borrower**”) to (i) refund all of the IFA Series 2013B, C, D and E Bonds, proceeds of which were used to pay or reimburse, the costs of acquiring, constructing, and equipping certain of the Borrower’s health care facilities, including but not limited to the construction and equipping of a 27-floor building which will house a 242-bed replacement rehabilitation hospital occupying 20 floors, a seven-floor parking garage, (ii) fund a debt service reserve fund, if deemed necessary or advisable, (iii) pay certain expenses in connection with the issuance of the Series 2016 Bonds (as hereinafter defined) and the refunding of the Series 2013 Bonds.

BUSINESS SUMMARY

Description of Business: The **Rehabilitation Institute of Chicago** (“**RIC**” or the “**Borrower**”) is the sole member of the Obligated Group. RIC’s mission is to provide for quality programs in patient care, education and research and to strive for the fullest assimilation and acceptance of the physically disabled in the community. It operates a health care system specializing in providing comprehensive rehabilitation services to the physically disabled through an array of diagnostic and therapeutic services including physical, occupational and speech therapies. RIC currently operates a 182-bed hospital and outpatient facility located in downtown Chicago near the medical center campus of Northwestern University. RIC is in the process of completing a 1.2 million square foot 27-floor building that will house 242 beds and provide significantly more space for outpatient services and research. The new facility is scheduled to open in March of 2017 and will replace the old facility. RIC also operates various outpatient facilities in the Chicagoland area. These facilities provide various day rehabilitation, outpatient, vocational and recreational care and activities.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Rehabilitation Institute of Chicago
Site Address:	345 East Superior Street, Chicago, Illinois 60611
Contact:	Edward Case, Chief Financial Officer
Website:	www.ric.org
Project name:	Rehabilitation Institute of Chicago
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois

Ownership/2012-13 Board Members (501(c)(3)):

M. Judy Reyes, *Chair*
Mike P. Krasny, *Vice Chair*
Thomas A. Reynolds III, *Vice Chair*
Joanne C. Smith, *President & CEO*
Ed Case, *Treasurer*
Nancy Paridy, *Secretary*
Wayne R. Andersen
Brenda C. Barnes
William Cernugel
Robert O. Delaney
Daniel D. Dolan Jr.
Chris Gust
Michael L. Keiser
James H. Litinsky
William E. Lowry Jr.
David D. Olson
Sheli Rosenberg
Shirley W. Ryan
Mark Stephan
William S. Wardrop Jr.
Linda S. Wolf

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Dentons US LLP	Chicago	Mary Wilson
Financial Advisor:	Hammond Hanlon Camp LLC	Chicago	Bill Hanlon
Bond Counsel	Chapman and Cutler LLC	Chicago	John Bibby
Auditor:	Deloitte	Chicago	Alan Truesdell
Banks:	Northern Trust & Co.	Chicago	Sara McCauley
	PNC Bank	Chicago	Rosemary Mauck
	Bank of America	Chicago	Greg Mojica
Bank Counsel:	Chapman/Foley	Chicago	Carol Thompson/Laura Bilas
IFA Counsel:	Quarles & Brady LLP	Chicago	Mary Ann Murray
IFA Advisor:	Sycamore Advisors LLP	Chicago	Courtney Tobin

LEGISLATIVE DISTRICTS

Congressional:	7
State Senate:	13
State House:	26

SERVICE AREA

RIC considers its primary service area to be Chicago and its surrounding suburbs and includes the counties of Cook, DuPage, Kane, Kankakee, Lake, McHenry and Will in Illinois.

RIC has developed strategic relationships with community hospitals extending its unique rehabilitation services to these communities as well as Central Illinois, Southern Illinois and Northwest Indiana. RIC also has strong referral relationships with Chicago's premier academic institutions.

In addition to servicing Illinois and greater Chicagoland, RIC maintains an increasing global reach -- serving patients from all 50 United States and 70 countries throughout the world.

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ILLINOIS FINANCE AUTHORITY

CONDUIT

November 10, 2016

$150,000,000
Southern Illinois Healthcare Enterprises, Inc.

REQUEST	**Purpose**: Bond proceeds will be used by **Southern Illinois Healthcare Enterprises, Inc.** ("**SIHE**", "**SIH**" or the "**Corporation**") and Southern Illinois Hospital Services (the "**Hospital**" and, together with the Corporation, the "**Users**") to (i) advance refund all of the Series 2005 Bonds, (ii) reimburse SIH for their conversion to EPIC (electronic medical records system), (iii) pay eligible costs related to the new Southern Illinois University ("SIU") building including housing for medical students and clinical operations, (iv) to purchase Corporation headquarters, and (v) raise additional capital for miscellaneous project fund. **Program**: Conduit 501(c)(3) Revenue Bonds **Extraordinary Conditions**: None.
BOARD ACTIONS	Preliminary Bond Resolution (*One-time consideration*)
MATERIAL CHANGES	None. This is the first time this project has been presented to the IFA Board of Directors.
JOB DATA	3,495 Current jobs; 0 New jobs projected N/A Retained jobs; N/A Construction jobs projected
DESCRIPTION	● Southern Illinois Healthcare Enterprises, Inc. ("**SIHE**") is a 293-bed three-hospital system located in the Carbondale area (Jackson County and Williamson County), Illinois and consisting of: – Memorial Hospital of Carbondale (154 beds) – Herrin Hospital (114 beds) – St. Joseph Memorial Hospital (25-bed CAH located in Murphysboro, Illinois) –
SECURITY	● The Bonds will be secured by the Borrower's Direct Note Obligations issued pursuant to its Master Trust Indenture ("**MTI**"). To secure the prompt payment of the principal of and interest on and any premium on each Obligation, each Member pledges, assigns and grants to the Master Trustee, an assignment of and security interest in the Gross Revenues of each Member.
CREDIT INDICATORS	● The Bonds will be rated. SIHE maintains an "A+/Stable" rating from both S&P and Fitch.
STRUCTURE	● A separate series of taxable and tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch, Pierce, Fenner & Smith Incorporated.
SOURCES AND USES	see below
RECOMMENDATION	Credit Review Committee recommends approval.

Sources:		**Uses:**	
IFA Bonds	$150,000,000	Project Fund	$77,500,000
		Refunded Bonds	$70,000,000
		Cost of Issuance	$2,500,000
Total	**$150,000,000**	**Total**	**$150,000,000**

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
November 10, 2014

Project: Southern Illinois Healthcare Enterprises, Inc.

STATISTICS

Project Number:	12368	Amount:	$150,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane
Cities:	Carbondale, Herrin, Murphysboro	Counties/Region:	Jackson County and Williamson County/Southern

BOARD ACTION

Preliminary Bond Resolution
Conduit 501(c)(3) Bonds
Credit Review Committee recommends approval.

No IFA Funds at Risk
No Extraordinary Conditions

VOTING RECORD

This is the first time this project is being presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by **Southern Illinois Healthcare Enterprises, Inc.** ("**SIHE**", "**SIH**" or the "**Corporation**") and Southern Illinois Hospital Services (the "**Hospital**" and, together with the Corporation, the "**Users**") to (i) advance refund all of the Series 2005 Bonds, (ii) reimburse SIH for their conversion to EPIC (electronic medical records system), (iii) pay eligible costs related to the new Southern Illinois University ("SIU") building including housing for medical students and clinical operations, (iv) to purchase Corporation headquarters, and (v) raise addistional capital for miscellaneous project fund.

IFA PROGRAM AND CONTRIBUTION

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

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment:	3,495	Projected new jobs:	0
Retianed Jobs:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		**Uses:**	
IFA Bonds	$150,000,000	Project Fund	$77,500,000
		Refunded Bonds	$70,000,000
		Cost of Issuance	$2,500,000
Total	**$150,000,000**	**Total**	**$150,000,000**

FINANCING SUMMARY

Security:	The Bonds will be secured by the Borrower's Direct Note Obligations issued pursuant to its Master Trust Indenture ("MTI"). To secure the prompt payment of the principal of and interest on and any premium on each Obligation, each Member pledges, assigns and grants to the Master Trustee, an assignment of and security interest in the Gross Revenues of each Member.
Structure:	A separate series of taxable and tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch, Pierce, Fenner & Smith Incorporated.
Interest Rate:	To be determined based on market conditions.
Interest Mode:	Fixed Rate
Maturity:	2046
Rating:	The Bonds will be rated. SIHE maintains an "A+/Stable" rating from both S&P and Fitch.
Estimated Closing Date:	December 28, 2016

PROJECT SUMMARY

Bond proceeds will be used by **Southern Illinois Healthcare Enterprises, Inc.** ("**SIHE**", "**SIH**" or the "**Corporation**") and Southern Illinois Hospital Services (the "**Hospital**" and, together with the Corporation, the "**Users**") to (i) advance refund all of the Series 2005 Bonds, (ii) reimburse SIH for their conversion to EPIC (electronic medical records system), (iii) pay eligible costs related to the new Southern Illinois University ("SIU") building including housing for medical students and clinical operations, (iv) to purchase Corporation headquarters, and (v) raise addistional capital for miscellaneous project fund.

BUSINESS SUMMARY

Southern Illinois Healthcare Enterprises, Inc. ("SIH") is a 293-bed three-hospital system located in and around Carbondale, Illinois, consisting of:

- Memorial Hospital of Carbondale (154 beds)
- Herrin Hospital (114 beds)
- St. Joseph Memorial Hospital (25-bed CAH located in Murphysboro, Illinois)

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Southern Illinois Healthcare Enterprises, Inc.
Location:	Carbondale, Illinois
Project name:	Southern Illinois Healthcare (Series 2016)
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Contact:	Michael Kasser, Vice President, Chief Financial Officer, Treasurer mike.kasser@sih.net 618.457.5200

Board of Directors:

W. Eugene Basanta, Chair	Terrence Glennon, MD, Vice Chair
Marlene Simpson (Secretary)	Harold Bardo
Rex Budde	Kathleen Fralish
Mike Hudson	Morton Levine
Debra McMarrow	Bob Mees
George O'Neill	Steven Sabens
Parviz Sanjabi, MD	

PROFESSIONAL & FINANCIAL

Financial Advisor:	Hammond Hanlon Camp LLC	Chicago	Victoria Poindexter
Borrower's Counsel:	Dentons US LLP	Chicago	Kathryn Ashton
Bond Counsel:	Chapman and Cutler	Chicago	Rich Tomei
Underwriter:	Bank of America Merrill Lynch	Chicago	Joe Hegner
Underwriter's Counsel:	Nixon Peabody	Chicago	Tom Fahey
Issuer's Counsel:	Miller, Hall & TriggsLLC	Peoria	Richard Joseph
Issuer's Financial Advisor:	Acacia Financial Group Inc.	Chicago	Phoebe Selden

LEGISLATIVE DISTRICTS

Congressional:	12
State Senate:	56
State House:	111

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SERVICE AREA

In FY16, Memorial, Herrin and St. Joseph drew 92.5% of their inpatients from a forty mile, seven county are surrounding the Hospitals. The PSA is made up of Franklin, Jackson, Johnson, Perry, Saline, Union and Williamson counties.

The base market area of Franklin, Jackson and Williamson counties accounted for 72.4% of combined discharges and together, the Hospitals had a 65.5% marketshare in this area. The Hospitals maintained a 34.1% marketshare of the key additional market area of Johnson, Perry, Saline, and Union counties.