ILLINOIS FINANCE AUTHORITY

February 8, 2018
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) Justin Joseph Bergbower	Fox (North) & Willow Hill Townships (Jasper County)	$86,820	-	-	PE/LK
	B) Brett D. Jaeger	Pitman Township (Montgomery County)	$303,000	-	-	PE/LK
TOTAL AGRICULTURE PROJECTS			**$389,820**	**-**	**-**	

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	BHF Chicago Housing Group C LLC (Better Housing Foundation Ernst Portfolio Project)	Chicago (Cook County)	$25,000,000	1	N/A	RF/BF
TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS			**$25,000,000**	**1**	**N/A**	
GRAND TOTAL			**$25,389,820**	**1**	**N/A**	

PROJECT REPORTS AND RESOLUTIONS

RESOLUTIONS

Tab	Action	Staff
Resolutions		
3	Resolution Approving Supplement to Final Bond Resolution Approved by IFA Board of Directors as of December 14, 2017 that will Specifically Authorize the Issuance of One or More Series of IFA Taxable Series 2018 Bonds (The University of Chicago)	RF/BF
4	Preliminary Bond Resolution Approving the Issuance of Illinois Finance Authority Taxable Revenue Bonds, in One or More Series, for the Benefit of Certain Community Banks and Bank Holding Companies and for the Purposes Set Forth Herein in an Aggregate Principal Amount Now Estimated Not to Exceed $250,000,000	RF/BF
5	Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Develop and Administer a Commercial Property Assessed Clean Energy Program	RF/BF
6	Resolution Approving Implementation of a New Participation Loan Program for the Illinois Finance Authority, and Delegating Authority to Establish Policies and Procedures for Such Program within Parameters	SL
7	Resolution Approving the Development of the Illinois Finance Authority Ownership and Project Finance Program; and Authorizing the Executive Director of the Illinois Finance Authority to Take Steps Related to the Implementation of the Program	PL
8	Resolution Approving the Restructuring of the Illinois Finance Authority MedCap Program to the Medium Term Healthcare Finance Program; Authorizing the Executive Director of the Illinois Finance Authority to Take Steps Related to the Implementation of the Program	PL
9	Resolution Approving and Confirming Various Procurement Matters, Including (I) a Contract with Baker & Hostetlter LLP (Legal Services), (II) a Contract with The Crypsis Group (Network Services), (III) a Personal Services Contract with Cathy Lydon (Consulting Services), (IV) a Personal Services Contract with Janella Kaczanko (Consulting Services), (V) an Amendment to a Contract with Catalyst Consulting Group, Inc. (Information Technology Consulting and Support), and (VI) an Assignment of a Contract (Legal Services) from Polsinelli P.C. to Barnes & Thornburg LLP	EW/RO
10	Appointment of Secretary and Assistant Secretary of the Illinois Finance Authority and Matters Related Thereto	CM
11	Appointment of Treasurer of the Illinois Finance Authority	CM

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: February 8, 2018

To:
Eric Anderberg, Chairman
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
Bradley A. Zeller

From: Christopher B. Meister, Executive Director

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

Dear Member of the Authority:

As the Authority's last meeting on December 14, 2017 adjourned, the fate of private activity bonds ("PABs" or federally tax-exempt conduit bonds) still lay in the hands of the Congressional Conference Committee. In pursuit of the Authority's state statutory mission, PABs are the primary job creation/retention and economic development tool - as well as the Authority's predominant revenue source.

Fortunately, late the next day, on Friday, December 15, 2017, we learned, in the words of *The Bond Buyer* headline, that the "final tax bill gives muni market the gift of continued private activity bonds." This happy news came too late in the production cycle of the Authority's Fiscal Year 2017 Financial Audit, prepared and published on December 21, 2017 by the Office of the Illinois Auditor General, to be included in a subsequent event note.

Sadly for American taxpayers, advance refunding, an essential tool to save interest costs, was eliminated in the final federal tax legislation. The elimination of advance refunding is expected by some commentators to reduce overall dollar volume in the municipal market by between 15% and 40%. It will also needlessly cost state and local taxpayers, patients, students and utility rate payers (all of whom are also federal taxpayers) more in interest costs to finance infrastructure investments of all kinds, e.g. hospitals, schools, universities, water and sewer plants, housing projects, as well as roads and bridges.

A note of thanks to the Authority staff team for their extraordinary collective work to document and close the private activity bond/conduit transactions approved in November and December 2017. The net result of this compression of activity is very good financial news for the Authority. As will be discussed in greater detail in the financial report, the Authority has made its budget, with a profit (retained earnings) as of January 31, 2017 for the entire twelve month reporting period of Fiscal Year 2018.

An organizational near death experience, like the one presented by the federal tax legislation, tends to focus the mind. Accordingly, we have focused intently on diversifying the revenue sources of the Authority consistent with our state statutory mission. Among the items in various stages of development, I am proud to highlight:

- Taxable community bank financing preliminary resolution, the Authority's first foray into the rapidly developing Impact or Environmental, Social and Governance ("ESG") sector;
- Reinvention of the Authority's business loan programs with a priority to stand up a veteran-owned business loan program that will meet the capital access needs of today's entrepreneurs who are veterans;
- Engaging Authority resources to help make the State's recently enacted property assessed clean energy program a success that will deliver energy efficiency improvements to commercial properties in an economically effective manner;
- Using the Authority's longstanding, but over the past few decades little used, capital asset purchase powers to better serve our hospital and healthcare system borrowers;
- Restructuring the Authority's MedCap Program as the Medium Term Healthcare Finance Program to better serve the needs of our healthcare borrowers; and
- Development of a New American Infrastructure Model ("NAIM") that could be a path to both the reduction of unfunded public pension liabilities and provide new dollars for infrastructure investments.

These are but six of the approximately dozen serious ideas for new revenues and revenue lines that we are under active development and exploration. Not all of these ideas will be successful, but I am confident that under the leadership of this Board, we will succeed in transforming and diversifying the Authority's offerings in order to have greater positive impact to economic development in Illinois and to the diversify the revenues and operations of the Authority.

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: February 8, 2018

To:
Eric Anderberg, Chairman
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
Bradley A. Zeller

Subject: ***Minutes of the November 9, 2017 Regular Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (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 November in the year 2017, 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, November 9, 2017
9:30 AM

AGENDA:

I. Call to Order & Roll Call
(page 3, line 1 through page 4, line 24)
II. Approval of Agenda
(page 5, line 1 through page 5, line 18)
III. Chairman's Remarks
(page 5, lines 19 through 23; page 33, line 5 through page 37, line 1)
IV. Message from the Executive Director
(page 37, line 2 through page 51, line 11)
V. Consideration of the Minutes
(page 5, line 24 through page 6, line 16)
VI. Presentation and Consideration of Financial Reports
(page 6, line 17 through page 7, line 19)
VII. Monthly Procurement Report
(page 7, line 20 through page 9, line 12)

VIII. Committee Reports
(page 9, line 13 through page 10, line 2)

IX. Presentation and Consideration of the Project Reports and Resolutions
(page 10, line 3 through page 33, line 4)

X. Other Business
(page 51, line 12 through page 52, line 24)

XI. Public Comment
(page 53, lines 1 through 15)

XII. Adjournment
(page 53, line 16 through page 54, line 7)

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 November 9, 2017 Regular Meeting
2. Voting Record of the November 9, 2017 Regular Meeting

ILLINOIS FINANCE AUTHORITY

REGULAR MEETING

November 9, 2017 at 9:30 a.m.

REPORT OF PROCEEDINGS had at the Regular Meeting of the Illinois Finance Authority on November 9, 2017, at the hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois.

APPEARANCES:

MR. ERIC ANDERBERG, Chairman
MR. BRADLEY A. ZELLER
MR. ROGER E. POOLE
MR. GEORGE OBERNAGEL
MR. LYLE McCOY
MR. LERRY KNOX
MS. ARLENE JURACEK
MR. MICHAEL W. GOETZ
MS. BETH SMOOTS
MS. GILA BRONNER (Via Audio Conference.)

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

MR. BRAD FLETCHER, Assistant Vice-President
MR. RICH FRAMPTON, Vice-President
MS. PAMELA LENANE, Vice-President
MS. ELIZABETH WEBER, IFA General Counsel
MS. XIMENA GRANDA, Controller
MR. CHRISTOPHER B. MEISTER, Executive Director
MR. TERRY FRANZEN, Procurement
MR. PATRICK EVANS, Agricultural Banker (Via Audio Conference.)

GUESTS

MS. LEAH HOBSON, Director of Finance, Northwestern Memorial Health Care
MR. JACOB A. PANCRATZ, Vice President, Public Finance, Healthcare Investment Banking, J.P. Morgan

MR. L. MARK DeANGELIS, ESQ, President, Desak Development Corp.

CHAIRMAN ANDERBERG: I'd like to call the meeting to order.

Will the Assistant Secretary please call the roll.

FLETCHER: Certainly.

The time is 9:30 a.m. I will call the roll of Members physically present first.

Mr. Goetz?

GOETZ: Here.

FLETCHER: Ms. Juracek?

JURACEK: Here.

FLETCHER: Mr. McCoy?

McCOY: Here.

FLETCHER: Mr. Knox?

KNOX: Here.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Here.

FLETCHER: Mr. Poole?

POOLE: Here.

FLETCHER: Ms. Smoots?

SMOOTS: Here.

FLETCHER: Mr. Zeller?

ZELLER: Here.

FLETCHER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Here.

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

At this time, I'd like to ask if any Members wish to attend via audio conference.

BRONNER: Yes.

This is Gila Bronner. I'm requesting to attend via audio conference due to employment purposes.

CHAIRMAN ANDERBERG: Is there a motion to approve this request pursuant to the bylaws and policies of the Authority?

OBERNAGEL: I'll make that motion.

GOETZ: Second.

CHAIRMAN ANDERBERG: Motion by Mr. Obernagel, second by Mr. Goetz.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

FLETCHER: Mr. Chairman, Member Bronner has been added to the initial quorum roll call.

BRONNER: Thank you.

CHAIRMAN ANDERBERG: Does anyone wish to make any additions, edits, or corrections to today's Agenda?

(No response.)

CHAIRMAN ANDERBERG: I'd like to request a motion to approve the Agenda.

GOETZ: So moved.

CHAIRMAN ANDERBERG: Is there such a motion?

GOETZ: So moved.

KNOX: Second.

CHAIRMAN ANDERBERG: Motion by Mr. Goetz, and a second by Mr. Knox.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: Thank you, Gila. The ayes have it.

Chris and I are -- we're going to change things up today because we're at a hard stop with Gila today. Chris and I will defer our remarks and message until after the projects. We've got a lot to talk about.

Consideration of the Minutes: Does anyone wish to make any additions, edits, or corrections to the Minutes from October 12th?

(No response.)

CHAIRMAN ANDERBERG: Hearing none, I'd like to request a motion to approve the Minutes.

Is there such a motion?

GOETZ: So moved.

JURACEK: Second.

CHAIRMAN ANDERBERG: A motion by Mr. Goetz, a second by Ms. Juracek.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Okay.

MEISTER: Okay. Presentation and Consideration of the Financials.

At my request, I asked Controller Granda to focus on other matters due to the workload in connection with last Thursday's Congressional proposal and its impact on the Authority. So this month's Financials will be deferred until the December meeting.

At the October meeting, to remind everyone, we reported a year-to-date net income of the Authority, as of September 30th, at approximately $511,000.

Now, in October, we only closed a single Beginning Farmer Bond and the Iowa Health System's Nonprofit Hospital Conduit or Private Activity Bond in the amount of $19.5 million for a fee of $17,500.

We also met with our external auditors -- our internal auditors, and we are working constructively with the Fire Marshal's internal audit to complete their report on the fire truck and ambulance loan program.

With respect to the external auditors, it's possible we could have a financial audit completed and published in December 2017.

I'll take any questions.

(No response.)

MEISTER: If not, we'll have Terry Franzen on our team briefly present the Monthly Procurement Report.

FRANZEN: Good morning, Mr, Chairman, Members of the Board.

From the Procurement Report, you see we've executed five small purchase orders for the Authority: one for court reporting, two for IT related orders, and one for postage meter replacements. The UPS shipping agreement is off a State Master with state procurement in the process of renewing, IFA will be piggybacking on it as soon as it is executed.

The Current Asset Innovations contract noted at the bottom of the page is being amended to increase the contract amount by $165,000, primarily for software upgrades to the IFA's finance and accounting software and for implementing new payroll and timekeeping modules to perform those services inhouse.

And the remainder of the list are the expiring contracts for the 2018 fiscal year.

Any questions?

MEISTER: I have two quick matters to add. Again, the unanticipated workload of last Thursday's announcement, we have been working very steadily to -- changing the ADP TotalSource relationship, where the employees receive our payroll and then Health and Disability insurance benefits at the end of December. Due to the shift in focus, we are going to be unable to meet that deadline. We've advised the procurement regulators of that fact, and we are working to extend that contract to the end of insurance plan year, December 31st.

As Terry noted, we've made significant progress in working with State Master Insurance Broker contract and an existing -- and expanding the scope of an existing IT contract to possibly replace those services so that there would be no negative impact to the employees of the Authority.

CHAIRMAN ANDERBERG: Okay.

Committee Reports: The Executive Committee met earlier this morning and discussed pending federal tax reform legislation, which we will discuss as Item 6 on today's agenda.

McCOY: Tax-Exempt Conduit Transaction Committee met earlier this morning and voted unanimously to recommend for approval each of the following matters on today's agenda, including three Beginning Farmer Bonds; CHF Chicago, LLC; Better Housing Foundation/Windy City Portfolio Project; Northwestern Memorial HealthCare; and finally, Bethesda Home & Retirement Center.

Mr. Chairman?

CHAIRMAN ANDERBERG: Okay. Thank you.

Next, we'll move to the Project Reports and Resolutions.

I'd like to ask for the general consent of the Members to consider the Project Reports, Resolutions collectively, and to have a 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.

GOETZ: Mr. Chairman, I'd like to recuse myself from these deliberations and voting with respect to Item 4, Northwestern Memorial HealthCare, of the Project Reports and Resolution, because my son works for the financial advisor on the transaction.

SMOOTS: And Mr. Chairman, I would like to recuse myself from any deliberations and voting with respect to Item No. 5, Bethesda Home & Retirement Center, on the Project Reports and Resolutions, because my husband is on the Board.

CHAIRMAN ANDERBERG: Okay. I'd like to consider Item No. 4 and then Item No. 5 first as separate votes, and then consider remaining items on the agenda collectively before discussing Item No. 6.

Ms. Lenane, before you present Item No. 4, I'd like to ask Member Goetz to exit the room as previously discussed.

FLETCHER: Let the record reflect, please, that Member Goetz has recused himself from deliberation by exiting the room.

LENANE: This item is No. 4 on your agenda, and No. 4 in the Book.

Northwestern Memorial Health Care is requesting a Final Bond Resolution approving the issuance of $800 million in tax-exempt bonds. The bond -- what we didn't -- this came to the Board Meeting last month, but we didn't know at that time were the bonds to be refunded.

They are refunding the 2009A Northwestern bonds and the Series 2009B Northwestern Memorial Health Hospital Bonds. Let's see. A and B. And also the 2009 Central DuPage Health Care bonds; and the Series 2009B Central DuPage Health Care bonds; and the Series Illinois Finance Authority 2003A through C, the Delnor-Community Hospital Bonds; and the Illinois Health Facilities Authority 2002A to 2002D, the Delnor-Community Hospital Bonds.

They're also refunding Northwestern Memorial HealthCare Taxable Commercial Paper Notes, Series A, and they are going to reimburse themselves for the construction and the equipping of an approximately 499,605 square foot facility located at 1100 North Westmoreland Road in Lake Forest, Illinois, the new Lake Forest Hospital.

Before, when this came to the Board, we only had -- excuse me -- only had Wells Fargo and Barclays Capital as underwriters. They have since added two minority under- -- co-underwriters: Loop Capital Markets, LLC, and Cabrera Capital Markets.

Northwestern currently has 24,000 jobs. They produced 240 construction jobs in the construction of the Lake Forest Hospital.

I have -- the hospitals in the system, are all listed on pages 4 and 6, and I'm not going to repeat through them.

Northwestern Memorial HealthCare's current long-term ratings are A -- Aa2 by Moody's and AA+ by S&P. They expect to get those reaffirmed in the next several weeks.

The -- if we go to the Financials on page -- on page 8, we can see that they have very strong Financials, with 9.4 debt service coverage and 420 days cash on hand. The estimated present value of savings of this refunding is $75 million.

And now I'd like to introduce Leah Hobson, who's the Director of Finance for Northwestern Memorial HealthCare.

MS. LEAH HOBSON: Good morning.

I briefly wanted to take advantage of the opportunity to meet you and say thank you for the support that we've had throughout the years. We are very excited about the opportunity to have a replacement hospital in Lake Forest; it's certainly overdue. I've had a chance to visit; it looks great. There's not an increase in beds, it's just done better. And, obviously, in this interest rate environment, appreciative for the opportunity to refund and continue to try to keep costs low in health care.

So I know you have a busy agenda this morning, but I just wanted to say good morning and thank you.

If have any questions, I'd be happy to answer.

(No response.)

MS. LEAH HOBSON: All right. Thank you.

CHAIRMAN ANDERBERG: Thank you.

MEISTER: Thank you very much for coming.

McCOY: Thank you.

LENANE: Does the Board have any questions?

CHAIRMAN ANDERBERG: Let -- Pam, we talked -- what is -- for the record, what is approximately the savings Northwestern would see in a tax-exempt funding versus going privately?

LENANE: Oh.

CHAIRMAN ANDERBERG: Over the issuance, over the period.

LENANE: Yeah. I think -- you want -- with that? If these -- well, it's -- generally, the spread is about two percent, but currently it's probably only about one.

KNOX: Between taxable and tax-exempt?

LENANE: One and -- here's our --

MR. JACOB A. PANCRATZ: Is the question more geared toward taxable versus tax- --

CHAIRMAN ANDERBERG: That's correct.

LENANE: Yeah.

MR. JACOB A. PANCRATZ: Okay. Yeah.

Right now, I think that the spread

between the two is anywhere from 30 to 70 basis points depending on the credit. Northwestern has a great credit, but there is a cost if they're going to go taxably.

CHAIRMAN ANDERBERG: Right.

MEISTER: And who are you?

MR. JACOB A. PANCRATZ: Jake Pancratz with J.P. Morgan.

LENANE: I'm sorry.

MR. JACOB A. PANCRATZ: Senior Underwriter.

LENANE: Senior Underwriter.

MEISTER: Great.

LENANE: Bookrunner on the transaction.

I'm sorry, Jacob. I should've introduced you.

MEISTER: Thank you very much, Jacob.

LENANE: Now, as -- as --

MEISTER: And -- I'm sorry, Pam.

Jacob, so the better the credit, the wider the spread between taxable and tax-exempt? Or could you fill us in or -- for the record, on that.

MR. JACOB A. PANCRATZ: All right.

LENANE: Could you stand up, speak a little louder.

MR. JACOB A. PANCRATZ: Yeah.

LENANE: Thanks.

MEISTER: Actually, come to the podium.

KNOX: This keeps getting better.

MEISTER: Yes.

LENANE: These are the experts here.

MR. JACOB A. PANCRATZ: Generally speaking, the better the credit, the tighter the range. For -- between tax-exempt and taxable, if -- the lower down on the credit spectrum, the wider that gap's out if you have to go taxably in the market. Northwestern's in a great position where they have tracked their pricing on both -- in both environments, but tax-exempt does yield them a greater benefit in today's market.

CHAIRMAN ANDERBERG: Okay.

MEISTER: And, Leah, if you can just stand up.

And -- and Northwestern Memorial believes that using the private activity bonds and federal tax-exemption will help Northwestern Memorial lower the cost of health care?

MS. LEAH HOBSON: Absolutely. We considered taxable at the outset, and it still come to that because we want to try and keep the interest expense low as all other costs are a challenge: our salaries, drug costs. There's always pressure on those, so we're trying to do what we can, kind of on the back office side.

JURACEK: I would point out that even though the spread is small, when you're talking $800 million, that's a lot of money.

MEISTER: Yeah.

MS. LEAH HOBSON: About $1.3 million --

JURACEK: Even small spreads matter, right?

MS. LEAH HOBSON: Yeah.

MEISTER: Yeah. Jacob, you're probably quicker at doing the math.

What -- what is the 30 basis points on $800 million.

KNOX: I'll tell you in a second. I'm cheating.

MR. JACOB A. PANCRATZ: I don't know, like, two and a half million.

MS. LEAH HOBSON: A year, right?

MR. JACOB A. PANCRATZ: Yeah, right. Two and half million.

LENANE: Annual.

MS. LEAH HOBSON: And our interest expense, I

think, for FY 17 was around $44 million. So it's a meaningful amount.

CHAIRMAN ANDERBERG: Wow.

LENANE: Jacob, as interest rates rise, which I think everybody thinks they will --

MR. JACOB A. PANCRATZ: Uh-huh.

LENANE: -- Those spreads will become wider, won't they?

MR. JACOB A. PANCRATZ: That's our best guess.

LENANE: Between taxable and tax-exempt.

MR. JACOB A. PANCRATZ: That -- right. That's my best guess.

LENANE: Pardon?

MR. JACOB A. PANCRATZ: Exactly.

LENANE: Okay. It's not as attractive currently as it has been in the past and maybe in the future.

CHAIRMAN ANDERBERG: Thank you so much.

MR. JACOB A. PANCRATZ: Of course.

CHAIRMAN ANDERBERG: Thank you.

Okay. I would like to request a motion to pass and adopt the following res- -- Project Report Resolution, Item No. 4.

Is there such a motion?

JURACEK: So moved.

OBERNAGEL: Second.

CHAIRMAN ANDERBERG: So moved by Ms. Juracek, and second by Mr. Obernagel.

Will the Assistant Secretary please call you roll.

FLETCHER: Certainly.

On the motion to second, I'll call the roll.

Ms. Bronner?

BRONNER: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. McCoy?

McCOY: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Yes.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Ms. Smoots?

SMOOTS: Yes.

FLETCHER: Mr. Zeller?

ZELLER: Yes.

FLETCHER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Get Mr. Goetz.

OBERNAGEL: Bring him back in.

CHAIRMAN ANDERBERG: Member Smoots will be exiting for Item No. 5.

FLETCHER: Let the record reflect, please, Member Goetz has returned to the room, and also Member Smoots has exited the room to recuse herself from deliberations with respect to voting on Item No. 5.

Next, is No. 5 on your -- our agenda. Norwegian Lutheran Bethesda Home Association. IFA issued its 2015 Bond in the approximate amount of $7.5 million to finance on a tax-exempt basis various improvements and construction costs as well as refunding of previously issued Series 2012 Bond. This Bond was purchased directly by MB Financial Bank.

At this time, Norweigian Lutheran Bethesda Home Association will be merging with Norwood Lifecare Foundation, which is another senior housing living facility located on the northwest side of Chicago. In order to consummate that merger, the MB Financial Bond and Loan Agreement needs to be amended in order to recognize the new borrowing entities after this corporate restructuring takes place.

Bond council's still undertaking its tax due diligence with respect to whether this will be a reissuance for tax purposes. Nevertheless, for our time invested in this project, we estimate our administrative fee to be $500. Again, this Resolution simply provides our consent to the new amendments with respect to collateral.

Are there any questions?

(No response.)

FLETCHER: Thank you.

CHAIRMAN ANDERBERG: Thank you, Brad.

All right. I'd like to request a motion to pass and adopt the following Project Report Resolution, Item No. 5.

Is there such a motion?

POOLE: So moved, Mr. Chairman.

CHAIRMAN ANDERBERG: Motion by Mr. Poole.

Second?

GOETZ: Second.

CHAIRMAN ANDERBERG: Second by Mr. Goetz.

FLETCHER: On the motion and second, I'll call the roll.

Ms. Bronner?

(No response.)

FLETCHER: Ms. Bronner?

BRONNER: Yes.

FLETCHER: Mr. Goetz?

GOETZ: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. McCoy?

McCOY: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Yes.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Mr. Zeller?

ZELLER: Yes.

FLETCHER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you.

FLETCHER: Let the record reflect, please, that Member Smoots has returned to the room.

CHAIRMAN ANDERBERG: All right. Mr. Evans?

EVANS: Yes?

CHAIRMAN ANDERBERG: You're ready to go.

EVANS: Today, we have three Beginning Farmer Bonds. These Bonds will all have first mortgage positions relating to them.

The first borrower is Jason Hayes. Jason purchased 60 acres of bare farm real estate for $647,250 or $10,788 per acre. First National Bank of Litchfield will finance 77 percent of the purchase or $502,250 through the IFA Beginning Farmer Bond Program.

The bank will utilize the FSA Beginning Farmer Loan Program. FSA has a second mortgage position on the remaining 23 percent.

As stated, IFA Bond will be in first mortgage position on the property being purchased. The property is located in the central portion of Logan County. The terms of the bonds are identified in the write-up.

The second borrower -- borrowers are Levi B., and Megan Ann Yager. They are purchasing 40 acres of bare farm real estate for $204,000 or $5,100 per acre. First National Bank of Olney will utilize FSA Beginning Farmer Bond to finance 95 percent of this purchase, or $193,800.

The borrower will inject $10,200 toward the purchase. This will be a first mortgage loan. The property's located in the southeast portion of Jasper County. The terms of this bond are identified in the write-up.

The final borrower is Ethan Heller. Ethan's purchasing 42 acres of bare farm of real estate for $215,077 or $5,121 per acre. Peoples State Bank of Newton will finance 50 percent of the purchase price through the IFA Beginning Farmer Bond. The remaining portion of this sale will be financed through the FSA Beginning Farmer Program. As stated, IFA will have a first mortgage on the property. The property's located in the southeast portion of Jasper County, and the terms and condition of this bonds are identified in the write-up.

If there's no questions, I'll pass the floor back to you, Mr. Chairman.

CHAIRMAN ANDERBERG: Thank you.

FRAMPTON: Okay. Thank you, Mr. Chairman.

Next, we'll move on to Item No. 2, which is a Final Bond Resolution for CHF-Chicago, LLC, for a project at the University of Illinois at Chicago. The not-to-exceed amount is 120 million. This will be a privatized project that the University of Illinois of Chicago and the Board of Trustee -- and University of -- and the Board of Trustees of the University of Illinois, rather, have engaged and initiated through a request for proposal process.

Through that process, they have engaged American Campus Communities, which is a publicly traded REIT based in Austin, Texas, to serve as the developer. And, in turn, ACC has also engaged other members of the financing team, including the Collegiate Housing Foundation to own the project.

The Collegiate Housing Foundation is a 501(c)(3) organization that -- whose business it is to engage in the ownership and development of student housing projects and other academic facilities, both on public and private university campuses nationally. This will be the fifth transaction that the Authority has issued bonds for on behalf of a -- American

Campus Communities and Collegiate Housing Foundation project.

The fact that CHF or Collegiate Housing Foundation will be owning property avails the project to tax-exempt financing. So as a result of CHF's involvement, IFA can issue tax-exempt 501(c)(3) bonds for this project, and the cost savings attributable to the tax-exemption will pass through to the students and their parents paying room and board as well as to the university, which will be making lease payments back to CHF pursuant to a sublease agreement on 35- -- I'm sorry -- on 51,000 square feet of the 135,000-square-foot property.

In terms of material changes from last time, the borrower, in addition to applying to S&P for a rating which they expect to be assigned next week, they are also applying to Moody's for a rating. Municipal bond insurance, as of yesterday, is no longer under consideration.

In terms of the rating or the anticipated or target rating on the bonds, the financing team is expecting a rating in the low investment grade, so that will be BBB- or better.

If you turn to page 18 of the report,

there is a summary of the financial forecast. This has been adapted from the information that was presented to S&P. Most critically on the bottom line, you will see the break-even occupancy, which upon principal and interest payments beginning in full during year 2021, the break-even occupancy on the student housing is approximately 67 percent. In terms of current occupancy, UIC has posted occupancy rates of 97.3 percent and 98.3 percent on their -- at their two -- at their two primary locations of undergraduate housing on the east side of the campus.

Most critically, if you turn to page 10, UIC has posted steady enrollment increases. Those enrollment increases are contrary to the general trend that has been affecting both public and private universities in the state. And all those -- that is most definitely a positive rating factor.

So with that, I will conclude my remarks and take any questions or comments that you may have.

(No response.)

FRAMPTON: Okay. Hearing none, I'll move on then to Tab 3, which is a new project for us. This is a one-time consideration. The not-to-exceed

amount is $65 million.

This financing is for the Windy City Portfolio Project, which is comprised of the four borrowers: 2017 IAVF Windy City Fox Run LLC, which is a 220-unit apartment building in St. Charles; 2017 IAVF Windy City Parkside LLC, which is a -- approximately 118-unit located in Glen Ellyn; IAVF Windy City Shaddle, which is approximately 98-unit, I believe, property located in -- in -- or 70-unit property located in Mundelein; and finally, Villabrook Apartments, which is a 118-unit property located in Addison.

The sole member of the four LLCs, which will be borrowers on this financing, is the Better Housing Foundation. This will be the third transaction that the Authority has issued bonds for in connection with a portfolio acquisition by the Better Housing Foundation.

Background on the previous IFA bond issues is highlighted at the top of page 8. We issued bonds, both in July of '16 and May of 2017. Both of those were investment-grade rated. This financing has already been rated by S&P. We generally don't see that in advance of a Board

Meeting, but the senior series of bonds have been assigned an A- rating by S&P while the subordinate bonds have been assigned a rating of BBB- by S&P.

Forecasts on the project that are based on information provided to S&P are noted on page 16 of the report. The coverages identified at the bottom exceed the rating covenants and the debt service coverage covenants on -- that will be in effect on the bonds by a substantial margin.

Forecast occupancy is 95 percent. The other forecasts assumptions are noted on page 17. And, again, the bonds have been assigned a rating. I have a copy of the rating report from S&P if any of you would like to review it.

And with that, I will conclude my remarks and turn it back over to you for any questions or comments.

(No response.)

FRAMPTON: Finally, just for the record, I would just like to introduce Mark DeAngelis who is with us today, representing the Better Housing Foundation.

GOETZ: I would just like to go on the record as saying that it's really great cause that you're

doing, you know, rehabbing this housing that's very, very old that needs to be rehabbed. So it's very commendable what you're trying to do here.

MR. L. MARK DeANGELIS: Yeah. So, you know, just two seconds.

I mean, you know, we're -- we're less involved in the development side of this deal. The Lynd Group out of San Antonio, which you probably all know, is 30,000 units, will be managing this operation for us. And Invested American Veterans has about seven other developments already, where they transition to do as much veterans support as they can on these facilities.

Obviously, they can't discriminate against other folks, but they do have a VSO, a Veterans Service Officer who they've put in place to try to help with VASH vouchers and to make sure that they're servicing as many veterans in these communities as they can.

So it's -- we're excited, actually. You know, I'm -- technically, I'm not on the Board for the Better Housing Foundation, but obviously, I'm working closely with them. So -- but the Better Housing Foundation's very excited to start doing some veterans things, and this is a great opportunity.

And, if you remember, the two other developments that we had with you folks, we're actually going to be working with this veterans organization to try to service veterans out of our existing units here in Chicago as well. So it's going to be, I hope, a very synergistic thing, so we're excited about this.

Thank you. Nice to see you all again.

CHAIRMAN ANDERBERG: Thank you. Maybe we can get Gila from the office. So...

MR. L. MARK DeANGELIS: Yep.

CHAIRMAN ANDERBERG: Okay. I'd like to request a motion to pass and adopt the following Project Reports and Resolutions, Item 1(a), 1(b), 1(c), 2 and 3.

Is there such a motion?

GOETZ: So moved.

JURACEK: Second.

CHAIRMAN ANDERBERG: Motion by Mr. Goetz, second by Ms. Juracek.

Will the Assistant Secretary please call the roll.

FLETCHER: On the motion and second, I'll call the roll.

Ms. Bronner?

BRONNER: Yes.

FLETCHER: Mr. Goetz?

GOETZ: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. McCoy?

McCOY: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. Obernagel?

OBERNAGEL: Yes.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Ms. Smoots?

SMOOTS: Yes.

FLETCHER: Mr. Zeller?

ZELLER: Yes.

FLETCHER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you. Thank you, Gila.

BRONNER: Thank you.

FLETCHER: Okay. Please note for the record, Member Bronner has exited the meeting by terminating her participation via audio conference.

CHAIRMAN ANDERBERG: Okay. Chairman's remarks.

Last Thursday, private activity bonds or tax-exempt funding got a punch to the gut by H.R. 1 of the Congress. So I want to address -- Chris, number one -- Chris Meister has put together a memo that you all have in your packets, and we're going to get PDF copies to you as well, and I want to talk about the future of the IFA.

The IFA -- when I became Chairman, it was my concern or desire, and Chairman Funderburg's as well, was to work on diversifying the offering and the revenue of the IFA, and that is ongoing. Chris has been working with Member Knox on a different issuance. And so either way, whether this bill passes as is, or changes and this provision of taking out tax-exempt funding is taken out, either way we are going to diversify the offering of the IFA and its revenue. So in the future, we aren't as impacted as what this could impact us.

We were sitting on -- the IFA sits on

a considerable reserve, so we are in truant position to weather a period of time to where we can get this underway and going.

So on the tax issuance itself, I guess I'm going to say from my personal business background and -- I'm very disappointed in this tax bill and plan, and especially what they're doing with tax-exempt funding.

And I want to touch on something if -- there's been a lot of -- it seems to me, a lot of -- a lack of education in the House Ways and Means Committee of what tax-exempt funding truly is. I've read in the media, for one, they've talked about this eliminates fun- -- you know, the government funding of professional sports stadiums. We don't do that, not the IFA.

And probably the most troubling to me is the House Ways and Means Committee put a summary out, 80-some-page summary. And page 47, 48 addresses the private activity bonds and why they're -- and two -- they give two considerations of why they're getting rid of it. And this is the first consideration, two bullet points, and I'll read this to you:

"The Federal Government should not subsidize the borrowing cost of private businesses, allowing them to pay lower interest rates while corporate competitors with similar credit worthiness that are unable to avail themselves of PABs must pay a higher interest rate on the debt they issue."

This is -- this is a false statement. This is completely -- shows a lack of understanding and a lack of education on the committee of -- about tax-exempt funding. Any entity that qualifies for tax-exempt funding before the IFA -- well, any of their competitors would as well, and so this is a -- in my years of going out to Washington, D.C., and advocating for small manufacturing in the United States, American manufacturing, I had a very close Congressman, Don Manzullo, told me one time, he says, You know, Eric, he says it's very important you come out and you educate us because -- he says, If you're not at the table, you're on the menu. And this is clearly -- this is clearly the case here.

So, now, Chris is going to talk here in a second. There's a lot of allies coming together here to educate the House Ways and Means Committee right now. You have the American Hospital Association, you have all types of different agencies and trade associations, construction laborers that are trying to educate what this means and the impact of losing this would mean. And we heard from Northwestern earlier what this would mean in cost savings.

So, again, the IFA is in good position. We're going to continue business as usual. I'll be at next -- next few quarters, after the first year of this goes as it is, we might be a little bit slow, not have much to vote on at first, but we will -- we will diversify what the IFA does under -- what allows us under the state statute.

And, again, this memo that Chris has put out, if any of the Board Members have a relationship with their Congressmen or any of the senator- -- any of the two senators, please, if you can talk to them personally, that would be terrific. Or talk to the staff that you may know and share with them this memo and explain it to them. So...

We need some -- we have the next few days. We have a lot of education we have to do because we got to make sure we're at the table and not on the menu.

So with that, I'll give it to Chris.

MEISTER: Thank you, Eric.

Again, we talked about this in the Executive Committee, and last week, I let the Board Members and the staff know of this challenge. This is a large issue, but I did want to really pull it together.

We've given a brief state of play, and again, when Eric and I were out in Washington, D.C., on October the 10th, while everyone who spoke to us told us this could change at any time for any reason with no notice to you.

But the direction of the public and the private comments that we had received was that private activity bonds, their value was recognized to the extent that there was a priority to -- for more infrastructure, they were -- private activity bonds are recognized as an effective private-sector-driven tool to finance additional infrastructure. And, again, the market participants, many of whom have much more skin in the game than we do, were also similarly surprised, and frankly, I think some of our Congressional advocates were also surprised.

There is a Senate bill being unveiled

this morning. In fact, as we are meeting, it may well have already been unveiled. And the initial signs from the discussions yesterday, or public comments yesterday, was, possibly, private activity bonds may not be included. But then at the same time, everything is subject to change with no notice.

We -- I just really want to -- so that we can all think effectively about the job we do and the structure that we all have, we're stewards of a public utility that operates on a margin business within a relative value market, and the proposed elimination of private activity bonds eliminates the margin of economic value that the Authority assists its borrowers and lenders in delivering.

And, sadly, despite the effective nature of the tool, and frankly the private sector, both on the borrower and on the lender side of this, it does not appear that we're on anybody's do or die list, but really, private activity bonds should be. Because while we're a small organization, I'm very grateful to the 13 Board Members; you give your time to the State, and I'm grateful for my colleagues on the staff. At the end of the day, as Eric said, this is not about our jobs. We have reserves. We have plans. We have alternatives.

But what's really going to be hurt are our borrowers. It's going to be higher costs in -- for hospitals and their patients. It's going to be higher costs for colleges and universities and their students. It's going to be higher costs on cultural institutions and museums. And everybody's going to be pay for it.

I think one thing that we also need to keep in mind is these nonprofit institutions make Illinois a better place to live and work and help strive for our economy. And I guarantee you that if it costs more for them to borrow money, it is likely that these same institutions will be knocking on the doors of local government, state government, and the federal government asking for direct taxpayer subsidies. Right now, it's an indirect exemption. So we need to make sure that we understand that.

We're a member of a national organization, NAEFFA in '13. They put together a study, and they believe that it would cost nonprofit organizations nationally an additional $166.3 billion in interest costs. It will reduce -- and this is the elimination of private activity bonds for nonprofits.

We're not even getting to the for-profit sector. The projects like CenterPoint; the projects like Camcraft and Freedman Seating and Bison Gear and some other very important projects.

But it would reduce the gross domestic product by $23.6 billion and cost probably over 299,000 jobs, generating approximately $15.6 billion in labor income nationally. We're the first -- fifth largest economy in the state, so I have not done the math, but by orders of magnitude.

So it's going to be a big hit. It's a high-cost, high-damage, low-return proposition for what is proposed in Section 3601 in Subsection G of H.R. 1. And just to underscore for the Members, $24 billion of our current $25 billion outstanding conduit portfolio would be impacted by this going forward.

As of January 1st, we would not be able to issue new bonds. State revolving fund with IEPA, the Clean Water Initiative, again, AAA rated. There's over a billion dollars we've issued on behalf of IEPA that would not be impacted.

But I think the outstanding question is, Will there be a rush to market? We don't know.

I think we've seen some preliminary indications of interest in our borrowers on the December meeting. Many of you have talked to me and have been very generous or prepared to be generous with your time starting in late November through the end of the year.

There are certain time constraints like the 14-day TEFRA notice that may prevent borrowers from making decisions as quickly as they need to if, in fact, this becomes law on January 1st, 2018. But currently, the $24 billion represents about 96 percent of our outstanding bond portfolio. So -- and there is a question as to the individual structure of these bonds. If there's a -- if they -- there's a reissuance for tax purpose, if there's a refunding, depending on what those bond documents are, they may become -- they are tax-exempt now, but they may become taxable in the future should this become law.

As revenue, it's there for the last two years, PAB, one-time closing fees have accounted for two-thirds of our revenue. And, again, as Eric indicated, we've got good reserves, and I'm also happy to say that in working with all of you and

working with the team, we've been able to put any number of our legacy exposures in the rearview mirror so that we can focus on our core business.

I talked about the Clean Water Initiative. And, again, just to emphasize again, we're -- this is a tool that's really driven by the private sector.

I do just want to highlight the work of MIT Economist Dr. James Poterba and his colleague Arturo Verdugo. We're posting a 2008 study that he did on our website. One of the rating agencies, KBRA, has quoted his work and -- and they note that the Joint Commission on Taxation'S estimate of -- reported estimate of projected cost savings, 38.9 billion over 10 years, or about 3.8 billion a year, and this is nationally, not just in Illinois. That figure could be overstated by as much as 40 or 50 percent, with the thinking being that not all of the investors in tax-exempt debt will automatically switch over to taxable investments.

I appreciate your support. I appreciate the work of the staff. The staff has really been great, working together over these past few days.

As far as new missions within our statute, new -- new delivery systems for value to the people of Illinois, new business lines, we thought and discussed three.

The first is -- and it's going to take State legislation, which we already have drafted so that the Authority -- the powers of the Authority could be expanded to be a center of competency and capacity for public-private partnerships, for Illinois local governments. This is based on the very successful Infrastructure Ontario model, which again, autonomous entity tied -- that's a public entity, independent board, independent financing, that engages in objective effective procurement and objective effective and honest contract administration. And once you have those two pillars, you can build financing on that.

The second is what has been variously called in the Equity Sector, impact -- impact investing, environmental, governmental, social; this is widely used in Europe. Or ESG, in the United States, it's been used in the equity sector. In the debt Sector, it's been called impact or green investing, that we could come together and utilize our government structure and our team, and expand it to bestow some sort of ESG designation on debt instruments. We are working with one very exciting project on a taxable issue right now, that if it comes together, is going to have direct and material economic impact to Illinois.

And the final is a bill that was signed by Governor Rauner this summer after marinating in the in the General Assembly since about 2009: Property Assessed Clean Energy Bonds. Of course, here in Illinois, we'll probably have to change the name so people don't get mixed up with the regional bus service, PACE. But what it is is a voluntary surcharge on the tax bill for commercial, retail, and multi-housing property, and that this can be used to support a -- to strengthen the credit for a financing to do energy efficiency -- energy efficiency improvement on older retail, commercial, and housing.

These are just three. Again, we're open to other ideas. Over time, since 2004, as the longer tenured members know and as the staff knows, we've explored any number of alternative business lines and tools, and we always come back to private activity bonds under the Federal Tax Code, issued on a conduit basis. That has been the experience since 2004.

It may force us -- we have plans that we've talking about. Anyways, we're going to have to put those on an accelerated basis regardless of the outcome of H.R. 1 and what the House and the Senate do with it.

But I'll take any questions.

GOETZ: Chris --

CHAIRMAN ANDERBERG: Yes, Arlene?

MEISTER: She had her hand --

JURACEK: Oh, I'm sorry.

MEISTER: -- up first, like --

JURACEK: -- I didn't mean --

GOETZ: She's blocking me.

MEISTER: Yeah.

JURACEK: You can be next.

No, I just jotted down some notes, because these are all issues that, as the mayor of a large municipality, we've had to consider.

This past Tuesday, we issued our parameters, ordinance to issue $9.9 million in bonds, which we're going to do November 20th so that we get in before the December interest rate change. Our closing will be December 20th, but all kinds of timing considerations there.

As a municipality, that has a very diverse list of revenues. Property taxes are only about 14 percent of our revenue stream; we've got a lot of other ones. Diversification, anybody here in the financial business knows diversification is the way to go. But as a State agency, we have to avoid appearing like a self-serving for-profit entity. And I think it's really important that we build a very succinct, one-page case for why the IFA is important to the State of Illinois, not only currently, but prospectively, and the value that we bring to the State.

When you talked about what we do supports making Illinois a better place to live and do business, right away, I thought about Amazon. I read the Amazon RFQ. I know what they were looking for. They are looking for a place like Chicago, like Illinois, that has the kind of quality of life that all of our customers, our partners in all these financings are. Without the IFA and all the things that we do, we haven't got an ice cube's chance in hell of getting Amazon, you know?

Now, how do we say that in a more gentile way? How do we, you know, hammer it home? But I think making a one-page case for what we do sets us apart from being a for-profit entity that looks for diversification. That's not why we're here.

This is not about to scope, creep, or anything which we'll be accused of. You don't need that agency. But what is our role here? And it can't be a puff piece. It's got to be a very solid piece, and I think Amazon has done us a very big favor. It's a very short RFQ. You can look at it and say, This is where we fit into this, regardless of what community in Illinois is going for this.

The second thing to be watchful for, and we've seen this on a municipal side, is we're talking about having healthy reserves. Guess what? Springfield thinks reserves are theirs for the taking. And unless we have a well-stated case for those reserves and a sound reserve management policy, Springfield is going to look at those reserves and go, oh, we need them to fill the budget gap. They're already taking two percent of our retail sales tax

revenues this year as a service charge because the sales taxes flow through the state. They've cut our share of the Local Government Distributive Fund, which is our share of the State income taxes.

They're just grabbing money wherever they can. And it's very important that we position these reserves, not as free money for Springfield, but as important to our operation. And then, here's why our operation is important to the State of Illinois.

MEISTER: Thank you, Arlene. I could not have said it better. And, in fact, you've said some things that, frankly, I can't say.

JURACEK: There you go.

GOETZ: So, Chris, is this letter going to be sent, on page 4?

MEISTER: We are working on that.

GOETZ: Okay.

MEISTER: That is our -- that is our desire.

GOETZ: Because I -- you and I talked the other day, and I'm president of the Illinois Housing Council, and we've done this. I mean -- and we've sent it out to all of the Illinois Congressional Delegation, and we're not a State quasi-government agency so we can do whatever we want without any, you know, pushback.

MEISTER: Well -- and, again, I would prefer not to have a resolution, but if the Board has that one-page memo, on page --

GOETZ: 3 or --

MEISTER: -- on page 4 of the memo. I mean, is it -- is that the sense of the Board?

GOETZ: Well, it would certainly be my sense.

Did you read the letter we sent out?

MEISTER: Yes, I did.

GOETZ: Yes.

MEISTER: Eric, what do you think?

CHAIRMAN ANDERBERG: No, I'm -- I'm perfectly fine with it. Absolutely.

MEISTER: Okay.

CHAIRMAN ANDERBERG: And to Arlene's -- Chris and I discussed that. We need to come up with a one-page summary --

JURACEK: Uh-huh.

CHAIRMAN ANDERBERG: -- of the impact the IFA, with numbers and everything, so they can see --

JURACEK: Right.

CHAIRMAN ANDERBERG: -- the impact that we've

had.

JURACEK: And I think Senator Duckworth will be very amenable for this. She called a meeting of mayors last Sunday, which I could not attend, geared toward discussing state and local tax deductibility. And I think anything we do -- she was my congresswoman for part of Mount Prospect, so I have a personal familiarity with her and her staff, definitely. You know, we have -- we should rely on all of our members here to get to --

GOETZ: Yeah.

JURACEK: -- their local Congress people. And she's a senator now and, you know, just getting to her and Durbin as well.

GOETZ: Yeah. It think everybody here on the Board should reach out to their congressperson and talk about this.

JURACEK: So if we had a packet, a very succinct packet that we can --

GOETZ: Yes.

JURACEK: -- use with consistent talking points.

GOETZ: We can probably start with this.

JURACEK: Exactly.

GOETZ: So do we need any kind of official vote on that or anything? Or...

CHAIRMAN ANDERBERG: I don't think we need, no.

MEISTER: No.

GOETZ: No.

CHAIRMAN ANDERBERG: I think Chris and the staff will be putting together a packet for us, and then we can get that distributed.

MEISTER: And I think I have a sense of -- a sense of what the Board -- how the Board will like us to proceed.

CHAIRMAN ANDERBERG: Okay. Is there any other business to come before the Members?

(No response.)

CHAIRMAN ANDERBERG: Hearing none, I'd like to request a motion to excuse the absences of members unable to participate today.

Is there such a motion?

McCOY: So moved.

KNOX: Second.

CHAIRMAN ANDERBERG: Motion by Lyle -- Mr. McCoy, and a second by Mr. Knox.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

MEISTER: Oh. And before we take that vote, I do want to make a very important point, just so there is no misunderstanding.

At the moment, H.R. 1 is limited to private activity bonds, nonprofits, and certain qualified for-profits issuing on a tax-exempt basis. It does not entail lo- -- state or local government tax-exemption. But, again, as we learned in Washington earlier in October, that could change for any reason and with no notice.

POOLE: Oh, yeah.

MEISTER: But to the point that Arlene made is in the bill as it stands, the bond issue of Mount Prospect would not be impacted should this become law on January 1st, but obviously the market will be changing.

CHAIRMAN ANDERBERG: Okay.

MEISTER: Sorry.

CHAIRMAN ANDERBERG: All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Is there any public comment from the Members?

(No response.)

CHAIRMAN ANDERBERG: I'd just like to thank Mr. Obernagel and Mr. Poole. They take a tremendous trip every month to make it here, so thank you for doing that.

OBERNAGEL: Thank you very much.

CHAIRMAN ANDERBERG: Planes, trains, and automobiles.

(Laughter.)

SPEAKER: But you come in the night before.

CHAIRMAN ANDERBERG: Planes, trains, and automobiles, yes. All of you guys, thank you.

JURACEK: Absolutely.

CHAIRMAN ANDERBERG: The next regularly scheduled meeting will be December 14th. I would like to request a motion to adjourn.

Is there such a motion?

POOLE: So moved.

CHAIRMAN ANDERBERG: And a second?

ZELLER: Second.

JURACEK: Second.

CHAIRMAN ANDERBERG: We have a second.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Thank you.

FLETCHER: The time is 10:29 a.m.

(Which were all the.
proceedings had.)

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

Brad Benjamin, being first duly sworn on oath, says that he is a Certified Shorthand Reporter, that he reported in shorthand the proceedings given at the taking of said hearing, and that the foregoing is a true and correct transcript of his shorthand notes so taken as aforesaid and contains all the proceedings given at said Illinois Finance Authority Meeting.

Certified Shorthand Reporter
No. 084-004805

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

Brad Benjamin, being first duly sworn on oath, says that he is a Certified Shorthand Reporter, that he reported in shorthand the proceedings given at the taking of said hearing, and that the foregoing is a true and correct transcript of his shorthand notes so taken as aforesaid and contains all the proceedings given at said hearing.

Certified Shorthand Reporter
No. 084-004805

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

November 9, 2017

9 YEAS 0 NAYS 0 PRESENT

NV	Bronner	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
NOVEMBER 9, 2017 AGENDA OF THE REGULAR MEETING OF THE MEMBERS, AS AMENDED
ADOPTED

November 9, 2017

10 YEAS 0 NAYS 0 PRESENT

Y	Bronner (Via Audio Conference)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
OCTOBER 12, 2017 MINUTES OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

November 9, 2017

10 YEAS 0 NAYS 0 PRESENT

Y Bronner
(VIA AUDIO CONFERENCE)
E Fuentes
Y Goetz
E Horne
Y Juracek

Y Knox
Y McCoy
E O'Brien
Y Obernagel
Y Poole

Y Smoots
Y Zeller
Y Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
SUBJECT-MATTER ONLY

NO. 1A

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AG1A
BEGINNING FARMER REVENUE BOND – JASON HAYES
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 1B

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AG1B
BEGINNING FARMER REVENUE BOND – LEVI B. AND MEGAN N. YAGER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS 0 NAYS 0 PRESENT

Y	Bronner (Via Audio Conference)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
E – Denotes Excused Absence

NO. 1C

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AG1C
BEGINNING FARMER REVENUE BOND – ETHAN C. KELLER
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS 0 NAYS 0 PRESENT

Y	Bronner (Via Audio Conference)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
E – Denotes Excused Absence

NO. 02

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-NP02
501(c)(3) REVENUE BOND – CHF-CHICAGO, L.L.C. (UNIVERSITY OF ILLINOIS AT CHICAGO PROJECT)
FINAL
PASSED*

November 9, 2017

10 YEAS 0 NAYS 0 PRESENT

Y	Bronner (Via Audio Conference)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
E – Denotes Excused Absence

NO. 03

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-NP03
501(C)(3) REVENUE BOND – 2017 IAVF WINDY CITY FOX RUN LLC; 2017 IAVF WINDY CITY PARKSIDE LLC; 2017 IAVF WINDY CITY SHADDLE LLC; AND 2017 IAVF WINDY CITY VILLABROOK LLC (WINDY CITY PORTFOLIO PROJECT - BETTER HOUSING FOUNDATION)
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 9, 2017

10 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 04

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-HC04
501(C)(3) REVENUE BOND – NORTHWESTERN MEMORIAL HEALTHCARE
FINAL
PASSED

November 9, 2017

9 YEAS		0 NAYS		0 PRESENT	
Y	Bronner (Via Audio Conference)	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
NV	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

NO. 05

ILLINOIS FINANCE AUTHORITY

ROLL CALL

RESOLUTION 2017-1109-AD05

RESOLUTION AUTHORIZING CERTAIN AMENDMENTS RELATING TO THE ILLINOIS FINANCE AUTHORITY SENIOR LIVING FACILITY REVENUE BOND (BETHESDA HOME AND RETIREMENT CENTER PROJECT), SERIES 2015, THE PROCEEDS OF WHICH WERE LOANED TO NORWEGIAN LUTHERAN BETHESDA HOME ASSOCIATION, D/B/A BETHESDA HOME AND RETIREMENT CENTER, AND RELATED ENTITIES

ADOPTED

November 9, 2017

9 YEAS | 0 NAYS | 0 PRESENT

Y	Bronner (Via Audio Conference)	Y	Knox	NV	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

NO. 06

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1109-AD06
RESOLUTION REGARDING FEDERAL TAX REFORM LEGISLATION
SUBJECT-MATTER ONLY

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:	February 8, 2018	
To:	Eric Anderberg, Chairman 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 Bradley A. Zeller

Subject: ***Minutes of the November 30, 2017 Special Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (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 fifth Thursday of November in the year 2017, 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
SPECIAL MEETING
Thursday, November 30, 2017
9:30 AM

AGENDA:

I. Call to Order & Roll Call
(page 2, line1 through page 3, line 20)
II. Approval of Agenda
(page 3, line 21 through page 4, line 10)
III. Chairman's Remarks
(page 4, line 4 through page 5, line 13)
IV. Message from the Executive Director
(page 5, line 14 through page 7, line 8)
V. Presentation and Consideration of the Project Reports and Resolutions
(page 7, line 9 through page 26, line 11)
VI. Other Business
(page 26, line 12 through page 27, line 3)
VII. Public Comment
(page 27, lines 4 through 6)

VIII. Adjournment
(page 27, lines 7 through 22)

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

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

Respectfully submitted,

/s/ Brad R. Fletcher
Assistant Vice President

Enclosures: 1. Minutes of the November 30, 2017 Special Meeting
2. Voting Record of the November 30, 2017 Special Meeting

ILLINOIS FINANCE AUTHORITY
SPECIAL MEETING
November 30, 2017 at 9:31 a.m.

REPORT OF PROCEEDINGS had at the Special Meeting of the Illinois Finance Authority on November 30, 2017, at the hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois.

APPEARANCES:
- MR. ERIC ANDERBERG, Chairman
- MR. BRADLEY A. ZELLER
- MR. ROGER E. POOLE
- MR. LYLE McCOY
- MR. LERRY KNOX
- MS. ARLENE JURACEK
- MR. MICHAEL W. GOETZ (Via Audio Conference.)
- MS. BETH SMOOTS
- MS. GILA BRONNER

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
- MR. BRAD FLETCHER, Assistant Vice-President
- MS. PAMELA LENANE, Vice-President
- MS. ELIZABETH WEBER, IFA General Counsel
- MR. CHRISTOPHER B. MEISTER, Executive Director
- MR. TERRY FRANZEN, Procurement

GUESTS
- MS. MEGHAN O'KEEFE, JP Morgan
- MS. JOANNE F. FEHN, Illinois Department of Transportation, (IDOT)

CHAIRMAN ANDERBERG: All right. I'd like to call the meeting to order.

Will the Assistant Secretary please call the roll.

FLETCHER: Certainly.

The time is 9:31. I'll call the roll of Members physically present first.

Ms. Bronner?

BRONNER: Here.

FLETCHER: Ms. Juracek?

JURACEK: Here.

FLETCHER: Mr. Knox?

KNOX: Here.

FLETCHER: Mr. McCoy?

McCOY: Here.

FLETCHER: Mr. Poole?

POOLE: Here.

FLETCHER: Ms. Smoots?

SMOOTS: Here.

FLETCHER: Mr. Zeller?

ZELLER: Here.

FLETCHER: Mr. Chairman?

CHAIRMAN ANDERBERG: Here.

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

At this time, I'd like to ask if any Members wish to attend via audio conference.

GOETZ: Yes. This is Mike Goetz.

FLETCHER: And you're attending via audio conference due to employment purposes; is that correct?

GOETZ: Yeah. Yes, I am. Yes.

CHAIRMAN ANDERBERG: Is there a motion to approve this request pursuant to the bylaws and the policies of the Authority?

BRONNER: So moved.

KNOX: Second.

CHAIRMAN ANDERBERG: We have a motion by Gila and a second by Lerry.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Does anyone wish to make any additions, edits, or corrections to today's agenda?

(No response.)

CHAIRMAN ANDERBERG: I would like -- I guess I

would to request a motion to approve the agenda?

POOLE: So moved.

JURACEK: Second.

CHAIRMAN ANDERBERG: We have a motion and a second.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: Ayes have it.

First off, I want to thank everybody for showing up today on short notice. I know we talked the last wee- -- or earlier in the month about the situation with the tax -- with the tax plan and what that could mean. And, again, just thank you for opening your schedules and being here today.

I'd like to share with you -- I had a meeting Monday at my facility with Congressman Randy Hultgren. He was there on other business besides IFA, but what he shared with me, and I'll share with you, is we talked about the PABs, the private activity bond situation and the tax reform plan. And he was assured by Chairman Brady that the -- there may be some changes to the private activity bonds.

He wasn't specific, but that they will be safe.

So, again, Chris and I were told a lot back in October from some of the staff, so we'll still watch it, but he -- and he did make the statement that they're going to defer to the Senate, and the Senate does not do anything about the private activity bond situation.

So that's good news for the Authority. We'll see what comes out of conference when they go to conference, but according to the Chairman, who was first against it, is now for it in the House.

So, again, thank you for coming, and I'll hand it over to Chris.

MEISTER: Thanks, Eric.

Again, I just want to echo Eric and extend our thanks to the Board Members for opening your schedules. Our next regular meeting is going to be December the 14th, and again, as I've communicated to the Board Members, we've asked you to, at least tentatively, keep open or try to keep open Thursday the 21st and Thursday the 28th. Although, as the schedule and the agenda for the 14th is developing at this time, it looks like it will be a heavier agenda than usual, but there will be a compression of

projects. So we will -- while again, we're appreciative of everybody doing what they can to keep their schedules open on the 21st and the 28th, right now, the direction is a compression of activity on the 14th.

I also would like to introduce a couple of guests. We have Meghan O'Keefe with -- raise your hand, Meghan -- with JP Morgan, and she is the banker on the Hospital Sisters deal, the reason we're here today. Meghan previously worked with the Authority on another special meeting, on the Presence transaction, so some of you may remember her from that.

I'd also like to introduce one of the lawyers from the Illinois Department of Transportation, Joanne Fehn, who's joined us today. And since we did have the -- we did have the -- this special meeting, when the request came in from the Illinois Department of Transportation, we were happy to work with Secretary Blankenhorn and with Joanne and with Sam Beydoun from the IDOT (P3) Public-Private Partnership office.

Finally, I'd just like to bring your attention in folders to the thank you letter that

Eric provided to Congressman Hultgren for all of his tireless effort at his meeting earlier this week. And then also attached is the letter that Congressman Hultgren led the drafting and the signatures of, I think it's 21 Republican Congressmen that he then passed onto House and Senate leadership in the U.S. Congress.

With that, I'll conclude. Thank you.

CHAIRMAN ANDERBERG: All right. I'd like to ask the general count consent of the Members to consider the project reports and resolutions collectively and have a subsequent recorded vote applied to each respective individual project and resolution unless there are any specific project reports and resolutions that a Member would like to consider separately.

Is there such consideration?

(No response.)

CHAIRMAN ANDERBERG: Hearing none, I'd like to ask the staff to now present the project reports and resolutions, that will be considered collectively.

LENANE: Good morning, Mr. Chairman, Board Members. I'm here to present Hospital Sisters Services, Inc., which I will refer to as Hospital

Sisters, is requesting a one-time final bond resolution approving the issuance of $300 million in tax-exempt bonds.

The bond proceeds will be loaned to Hospital Sisters to currently refund all or a portion of the IFA's Series 2012A Bonds in the amount of $120,415,000; the IFA Series 2012G Bonds in the principal amount of 31,600- -- $31,645,000; the IFA Series 2012H Bonds in the principal amount of $65,885,000; IFA Series 2012I Bonds in the principal amount of $89,460,000; also, the Southwestern Development Authority Revenue Bonds, Series 2016 in the principal amount of $75,000,000; and the Southwest Illinois Development Authority Revenue Bonds, Series 2017B the principal amount of $64,870,000.

Hospital Sisters is also requesting that the Authority enter into certain amendments to the bond documents for the Bonds previously issued by the Authority in order to provide flexibility in converting to a different interest rate mode in the future.

In the event the ability to issue tax-exempt bonds is eliminated in 2018, HSSI is making these amendments now to preserve the tax-exemption on the bonds, since such amendments would -- may constitute a reissuance for federal incomes tax purposes.

So if they amended them next year, they become taxable bonds. So that's why they're amending this year, refunding or amending, one or the other.

Hospital Sisters will also use the bond proceeds to pay and reimburse themselves for the following Illinois hospitals for the costs of acquiring, constructing, renovating, remodeling, and equipping certain health facilities:

St. Elizabeth's -- oh, I have a map if you want to follow. There's a map attached to the report as Exhibit A at the end, and then you can -- you can follow where the hospitals are.

Okay. St. Elizabeth -- this is where they're going to spend their new money -- St. Elizabeth's Hospital in O'Fallon; St. Joseph's Hospital in Breese; St. Mary's Hospital in Decatur; St. Anthony's Memorial Hospital in Effingham; St. Joseph's Hospital in Highland; St. Francis Hospital in Litchfield; St. John's Hospital in Springfield;

St. Mary's Hospital in Streator; HSHS Good Shepherd Hospital in Shelbyville; and HSHS Holy Family Hospital in Greenfield -- Greenville.

This is a multistate transaction, so they will also be using the proceeds to pay or reimburse themselves for the following Wisconsin hospitals for the cost of acquiring, constructing, renovating or remodeling, and equipping certain health facilities:

St. Joseph's Hospital in Chippewa Falls; Sacred Heart Hospital in Eau Claire; St. Mary's Hospital and Medical Center in Green Bay; St. Vincent Hospital in Green Bay; St. Nicholas Hospital in Sheboygan; St. Clare Memorial Hospital in Oconto Falls. That's probably not how they say it, but Oconto.

They will also use the bond proceeds to pay a portion of interest accruing on the Bonds and fund working capital, if deemed necessary, and to pay a -- certain expenses incurred in connection with the issuance of the Bonds or any current refundings.

There will 20 -- 35 construction jobs created by this financing, and that was an addition I made to the report that came out.

Hospital Sisters is the sole member of thirteen not-for-profit incor- -- not-for-profit corporations that own and operate acute care hospitals, eight in Illinois and five in Wisconsin. Each hospital is separately incorporated and has seven to nine Board Members -- Board of Directors composed of members of Hospital Sister, which is -- Hospital Sisters of the Third Order of St. Francis, an order of the Roman Catholic Church; Hospital Sisters employees; and local citizens.

The hospitals located in Illinois currently are licensed to operate 2,372 acute care beds, and the hospitals in Wisconsin are currently approved for 1,451 acute care beds.

Just a little history, the Order was founded in Germany in 1844 and dedicated to the service of the sick and those in need. In 1875, 20 sisters of Third Order of St. Francis arrived in the United States, and several years later, their Motherhouse -- established their Motherhouse in Springfield. The residents of Illinois and Wisconsin were among the first served by the Order.

The current long-term ratings for Hospital Sisters are AA-/AA- by Fitch and S&P.

The 2017 Bonds will be issued as fixed rate bonds and directly placed with an affiliate of JP Morgan called DNT Asset Trust. Hospital Sisters will then enter into a -- what's called a Total Return Swap with DNT Asset Trust, and the bond will then be swapped to a variable rate mode which will float over SIFMA plus a spread.

Now, in the document I sent out, I still thought it was LIBOR. So it says LIBOR, but we're going to correct that, because as we all know, LIBOR may be going away.

Hospital Sisters, if you turn to their financials, they have strong financials as indicated by their ratings. They have 4.9 debt service coverage and 301 days cash on hand.

So are there any questions? I've been there many times. The Motherhouse is quite exquisite. They remodeled it several years ago. Of course, then, we didn't finance Hospital Sisters for a while, so now they're back, and we're happy to see them back.

ZELLER: Good.

CHAIRMAN ANDERBERG: Any questions?

(No response.)

LENANE: Okay.

CHAIRMAN ANDERBERG: Thank you, Pam.

LENANE: Sure.

MEISTER: I would -- I'll turn your attention to Tab 2 in your folders. This is a Resolution to Authorize the Negotiation of an Intergovernmental Agreement with the Illinois Department of Transportation (or IDOT) Relating to Intercity Rail Service, and High-Speed Rail.

And Joanne, actually, if you could come to the podium. As the Board Members know, we've had discussions around the topic of public-private partnerships and alternative procurements for a number of years.

IDOT actually does have some statutory authorization on this topic. And Secretary Blankenhorn recruited from the state of Virginia Sam Beydoun, who was involved in that state's public-private partnerships effort for several years, and lured him to Springfield.

And we were having a discussion and he raised this particular issue that relates to some locomotives that were purchased originally with some federal stimulus dollars. And while it was

unforeseen at the time, it appears that there -- that there wasn't a need for the number of locomotives, yet, there was an opportunity for some lease payment revenue from another user of these locomotives. And the goal would be to preserve these lease payments for future rehabilitation and update and capital purposes of these locomotives in the future.

So the Resolution authorizes me to continue discussions with IDOT, and that we will then come back to the Board with a detailed intergovernmental agreement about this arrangement.

It actually, I think in staff-level discussions, we believe that this is going to be somewhat similar to the arrangement that we have with the Metro East Public Safety Commission, where we steward some funds for them and that there's a documented process for the expenditure of those funds.

But I would turn it over to Joanne because I think I may have missed something.

MS. JOANNE FEHN: Good morning, Chairman, Executive Director, Board Members, thank you so much for allowing me to share this morning.

Thanks for being here on short notice,

I've heard, and the fire drill, so I appreciate this opportunity. I think this is a one -- Secretary Blakenhorn sends his regrets. He couldn't be here this morning with you, so he sent me inside. I don't think I will do as well as job as he would. However, I'm very honored to be standing here before you today.

I think this is a wonderful opportunity for our two agencies to collaborate and to try to move forward and cooperate in connection with this type of project. And hopefully, we can build relationships and enter into further intergovernmental agreements.

As your Executive Director said, we were the -- IDOT was the lead procuring agency for 33 high-speed rail locomotives. It is part of our high-speed rail inter-passenger rail service initiatives, where we are working with the states of Wisconsin, Michigan, and Missouri along with ourselves to improve infrastructure, for the first time in the agency's history, to actually buy locomotive equipment versus leasing the equipment from Amtrak.

And so in doing so, right now, as

Executive Director Meister said, we have about five locomotives that we wouldn't call them surplus, but they're not needed in connection with our related services right now. We have one locomotive in service that actually goes to Milwaukee. It doesn't quite go 110 miles an hour right now because some of infrastructure has to be completed.

But in the goal to attempt to lease these locomotives, the goal is to preserve and protect public money rather than have those locomotives sit idle and mothballed. Rather, put them into service with another agency that can use these -- that use this equipment. And so in doing so, to the extent we receive revenue, we would like to partner with you to be able to assist us in that regard.

So I'm happy to take any questions or...

JURACEK: Does IDOT actually operate any train service? I'm confused as to why IDOT would purchase locomotives when its usually BNSF or with Amtrak or somebody else who's actually running the trains.

MS. JOANNE FEHN: What occurred is there were -- as Executive Director Meister said, there were surpluses as part of the American Recovery and Reinvestment Act. There were stimulus monies of that federal monies available to the tunes of hundreds of millions of dollars.

And so in working with the Federal Railroad Administration, which is the FRA, I don't think that that agency would be inclined to use those federal monies to further subsidize Amtrak. So they are working with states to put that money into the states to improve and obtain equipment. So by a number of grants, we are able to use those funds to be able to buy equipment, and we partner with the BNSF, we partner with Amtrak in order to run the service. So right now, the locomotive that's on the Milwaukee line, that is by and through our relationship with Amtrak.

JURACEK: Thank you.

MS. JOANNE FEHN: So, you know, IDOT does not technically, and legally we cannot operate a railroad service, but we would want --

JURACEK: This is a conduit to get the money?

MS. JOANNE FEHN: Yes.

BRONNER: Is there -- is there some revenue sharing that you receive on the back end?

MS. JOANNE FEHN: When you say -- sorry.

BRONNER: If it's your locomotive?

MS. JOANNE FEHN: Well, that's -- the revenue sharing, for example, with Amtrak, the agreements with Amtrak are very -- are very succinct, and I wouldn't call that necessarily a revenue-sharing scenario based off the long-term relationships that we've had with Amtrak.

But when we work with, for example, the lessee, we will be receiving monies in through that relationship, and then because of the federal grant requirements, we have to put that back into the program.

BRONNER: Okay.

MEISTER: I think that this is a potential opportunity in the transportation sector that may, after many permutations, work to a tra- -- a capital transportation revolving fund. That was one of the reasons why -- while I was so intrigued.

BRONNER: Uh-huh.

KNOX: Quick question: So on the -- on the lease of the locomotive, Amtrak or BNSF then provide lease payments back to IDOT to cover the costs of the -- IDOT's purchase of the equipment? Is that --

I missed that part, or I didn't understand that.

FLETCHER: Surplus.

MS. JOANNE FEHN: Well, under the Amtrak scenario, there are things because we're right now engaging in contract that I -- legally, I wouldn't be able to say.

KNOX: Okay.

MS. JOANNE FEHN: But we do receive revenue for the lease under the -- the anticipation is to receive lease monies or lease payments from Amtrak. However, the size of the payments, I would not be -- would not be deemed significant.

So with -- in connection with the sur- -- right now, what we're using as the five locomotives that are not needed for the existing services for what we are calling the Midwest states, so these five, we are working towards leasing that to another transportation agency or carrier and therein try to realize the monies that you are probably thinking about, Director, in connection with can we use those funds then to invariably put back into maintenance --

KNOX: Uh-huh.

MS. JOANNE FEHN: -- and put back into the program for overhauls.

These locomotives have a -- they're beautiful state-of-the-art. We've been in the news a little bit lately with these locomotives. And so the overhaul requirements will come in, like, years seven, eight, and nine.

KNOX: Uh-huh.

MS. JOANNE FEHN: And so to the extent that from inception to that time, we don't anticipate any need to really maintain because the locomotives should be self-supporting except for what we would call typical strikes, bird strikes, tree strikes, things of that nature, where we would have to go into funds to be able to repair that or insurance proceeds to be able to repair that.

So if we and when we and can we work with another transportation agency, there would be what we would call more -- more robust lease monies available.

KNOX: Okay.

McCOY: Quick question: Did you say you purchased 33?

MS. JOANNE FEHN: Yes.

McCOY: Now, have you -- are there states in the midwest that have done similar things?

MS. JOANNE FEHN: We have also partnered with Caltrans for the procurement of the rail cars. So where we were to lead agency for the procurement of the locomotives, Caltrans is the lead agency on the procurement for the rail cars that would make up what they call the consist of the train, and ultimately bring the actual rail service into -- into this century. And so -- maybe -- maybe not quite like Europe, but hopefully we can get there.

So we worked with California and the State of Washington in connection with that. And so what will happen, similar to locomotives, we worked with what we call the Midwest Coalition and the midwest states, which are the ones I mentioned.

And so we will be sharing the locomotives and the services. For example, the Michigan Line, they will have a locomotive, possibly two locomotives that they are using in that service. We have Wisconsin and then Missouri.

McCOY: But they'll all be -- they'll all be the ones that Illinois bought. It's not like Michigan went in and bought some engines as well.

MS. JOANNE FEHN: No. But we will be sharing

and potentially co-owning the locomotives --

McCOY: Okay.

MS. JOANNE FEHN: -- and have responsibility for maintenance when that -- when that arises, Director, yes.

McCOY: Thank you.

MS. JOANNE FEHN: Sure.

JURACEK: So I may not be hearing this correctly, but it sounds to me that IDOT is a conduit for federal money, but other than these five surplus locomotives that you hope to get some sort of lease payments on, it looks like the railroads are getting free locomotives and free rail cars.

So I'm curious as to why we're doing that, especially for somebody like the Canadian National. Are you doing business with the Canadian National?

MS. JOANNE FEHN: No.

JURACEK: Okay. Good.

MS. JOANNE FEHN: I mean, obviously the CN has a very intricate network, especially in connection with Illinois and our relationship with the CN. I mean, you know, they have yards -- you know, we have CP, we have CN, we have UP. So -- and BNSF. There are a number intricacies. You know, the relationship is some of those railroads actually own the rail track.

JURACEK: Uh-huh.

MS. JOANNE FEHN: There are other railroads and this is -- creates the con- -- you know, it's very convoluted. Then you have other railroads that may own the underlying land. So we may ow- -- we may owe money to be able to run the line over that rail track.

So the relationship -- and I'm happy to speak further -- you know, I'm happy to stay further and speak with each of you in connection with some of these nuances, because, certainly, I know you came in, but for example we don't have an actual relationship with the CN where they are using our equipment.

JURACEK: So I don't want to delay a vote on this, you know, with a long, convoluted explanation.

MS. JOANNE FEHN: Sure.

JURACEK: But I find this particularly intriguing. I'm Chair of the O'Hare Noise Capability Commission, and we have issues between us and the Tollway -- not with the Tollway, but with the

Canadian National on some issues out at O'Hare. I'd be interested in some backup material.

MS. JOANNE FEHN: Sure.

JURACEK: If you want to get it to Chris, and then Chris can get it out to the --

MS. JOANNE FEHN: Sure.

JURACEK: -- to the Authority afterwards.

McCOY: Interesting.

JURACEK: It sounds like this is a good conduit to get federal money to come into the railroad sector here, especially towards high-speed rail. But --

MS. JOANNE FEHN: Uh-huh.

JURACEK: -- I'm confused by the whole relationship going on here.

MS. JOANNE FEHN: Sure.

JURACEK: I appreciate that.

CHAIRMAN ANDERBERG: Okay.

Thank you.

MS. JOANNE FEHN: Thank you.

CHAIRMAN ANDERBERG: Okay. I'd like to request a motion to pass and adopt the following -- the Project Reports and Resolutions 1 and 2.

Is there such a motion?

BRONNER: So moved.

McCOY: Second.

CHAIRMAN ANDERBERG: We have a motion and a second.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: All right.

FLETCHER: If I may, we'll --

CHAIRMAN ANDERBERG: We're going to call the roll.

FLETCHER: We'll do a roll call.

The second was Mr. McCoy, I believe?

McCOY: Yeah.

CHAIRMAN ANDERBERG: Yes.

FLETCHER: So on a motion by Ms. Bronner and a second by Mr. McCoy, I would call the roll.

Ms. Bronner?

BRONNER: Yes.

FLETCHER: Mr. Goetz, on the line?

GOETZ: Yes.

FLETCHER: Ms. Juracek?

JURACEK: Yes.

FLETCHER: Mr. Knox?

KNOX: Yes.

FLETCHER: Mr. McCoy?

McCOY: Yes.

FLETCHER: Mr. Poole?

POOLE: Yes.

FLETCHER: Ms. Smoots?

SMOOTS: Yes.

FLETCHER: Mr. Zeller?

ZELLER: Yes.

FLETCHER: Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

FLETCHER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you.

Is there any other business to come before the Members?

(No response.)

CHAIRMAN ANDERBERG: Okay. Hearing none, I'd like to request a motion to excuse the absences of Members unable to participate today.

Is there such a motion?

KNOX: So moved.

CHAIRMAN ANDERBERG: A motion by Mr. Knox.

POOLE: Second.

CHAIRMAN ANDERBERG: And a second by Mr. Poole.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Is there any public comment from the Members?

(No response.)

CHAIRMAN ANDERBERG: Okay. The next regularly scheduled meeting will be December 14th, and I'd like to request a motion to adjourn.

Is there such a motion?

KNOX: So moved.

CHAIRMAN ANDERBERG: A motion by Mr. Knox.

A second?

BRONNER: Second.

CHAIRMAN ANDERBERG: A second by Gila.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

Again, thank you for coming today.

FLETCHER: The time is 10:00 a.m.

(Which were all the proceedings had.)

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

Brad Benjamin, being first duly sworn on oath, says that he is a Certified Shorthand Reporter, that he reported in shorthand the proceedings given at the taking of said hearing, and that the foregoing is a true and correct transcript of his shorthand notes so taken as aforesaid and contains all the proceedings given at said Illinois Finance Authority Meeting.

Certified Shorthand Reporter
No. 084-004805

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

November 30, 2017

8 YEAS 0 NAYS 0 PRESENT

Y	Bronner	Y	Knox	Y	Smoots
E	Fuentes	Y	McCoy	Y	Zeller
NV	Goetz	E	O’Brien	Y	Mr. Chairman
E	Horne	E	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
NOVEMBER 30, 2017 AGENDA OF THE SPECIAL MEETING OF THE MEMBERS
ADOPTED

November 30, 2017

9 YEAS 0 NAYS 0 PRESENT

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

E – Denotes Excused Absence

NO. 01

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1130-HC01
501(c)(3) REVENUE BOND – HOSPITAL SISTERS SERVICES, INC.
FINAL (ONE-TIME CONSIDERATION)
PASSED*

November 30, 2017

9 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 02

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1130-AD02
RESOLUTION AUTHORIZING IFA TO NEGOTIATE AN INTERGOVERNMENTAL AGREEMENT WITH THE ILLINOIS DEPARTMENT OF TRANSPORATION (IDOT) RELATING TO INTERCITY RAIL SERVICE AND HIGH SPEED RAIL
ADOPTED*

November 30, 2017

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

* – 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
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Date: February 8, 2018

To:
Eric Anderberg, Chairman
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
Bradley A. Zeller

Subject: ***Minutes of the December 14, 2017 Regular Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Sullivan Reporting Co. (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 December in the year 2017, 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, December 14, 2017
9:30 AM

AGENDA:

I. Call to Order & Roll Call
(page 4, line 3 through page 6, line 4; page 14, lines 3 through 23)
II. Approval of Agenda
(page 6, line 5 through page 6, line 21)
III. Chairman's Remarks
(page 6, line 22 through page 7, line 12)
IV. Message from the Executive Director
(page 7, line 13 through page 8, line 11)
V. Consideration of the Minutes
(page 8, line 12 through page 8, line 14)
VI. Presentation and Consideration of Financial Reports
(page 8, line 15 through page 13, line 3)
VII. Monthly Procurement Report
(page 14, line 24 through page 16, line 9)

VIII. Committee Reports
(page 13, line 4 through page 14, line 2)
IX. Presentation and Consideration of the Project Reports and Resolutions
(page 16, line 10 through page 79, line 1)
X. Other Business
(page 79, line 2 through page 80, line 9)
XI. Public Comment
(page 80, line 10 through page 81, line 6)
XII. Adjournment
(page 81, lines 7 through 23)

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/ Ryan Oechsler
Associate General Counsel

Enclosures: 1. Minutes of the December 14, 2017 Regular Meeting
2. Voting Record of the December 14, 2017 Regular Meeting

ILLINOIS FINANCE AUTHORITY

REGULAR MEETING

December 14, 2017 at 9:31 a.m.

REPORT OF PROCEEDINGS had at the Regular Meeting of the Illinois Finance Authority on December 14, 2017, at the hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois.

APPEARANCES:

MR. ERIC ANDERBERG, Chairman
MR. BRADLEY A. ZELLER
MR. ROGER E. POOLE
MR. GEORGE OBERNAGEL
MR. LYLE McCOY (via audio conference)
MR. LERRY KNOX
MS. ARLENE JURACEK
MR. MICHAEL W. GOETZ
MS. BETH SMOOTS
MS. GILA BRONNER (via Audio Conference.)
MR. JAMES J. FUENTES
MR. ROBERT HORNE

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

MR. RICH FRAMPTON, Vice-President
MS. PAMELA LENANE, Vice-President
MS. ELIZABETH WEBER, IFA General Counsel
MS. XIMENA GRANDA, Controller
MR. CHRISTOPHER B. MEISTER, Executive Director
MR. TERRY FRANZEN, Procurement
MR. RYAN OECHSLER, IFA Intern

GUESTS

MR. CHARLES F. CLARK III, Chair,
The Admiral at the Lake
MS. ANDREA O. HASTEN, Chair, The Old Peoples Home
MS. NADIA GEIGLER, Executive Director,
The Admiral at the Lake

MR. DAN CHURCHILL, CHIEF FINANCIAL OFFICER,
The Admiral at the Lake
Mr. DAVID LEWIS, ASSISTANT TREASURER,
Ann & Robert H. Lurie Children's Hospital of
Chicago
MR. THOMAS OTT, VICE PRESIDENT OF TREASURY
SERVICES, OSF HealthCare

MS. ANNE DONAHOE, FINANCIAL ADVISOR to
OSF HealthCare

MR. MICHAEL J. MITCHELL, BOND COUNSEL
Illinois Finance Authority

GUESTS CONTINUED:

MR. STEVE YENCHEK, CEO, Friendship Village of Schaumburg

MR. MICHAEL FLYNN, CFO, Friendship Village of Schaumburg

MR. DONALD F. HEMMESCH, JR., Smith Hemmesch Burke Kaczynski

CHAIRMAN ANDERBERG: I'd like to -- welcome. We have a big audience here today. I'd like to call the meeting to order.

Will the Assistant Secretary -- the assistant to the Assistant Secretary please call the roll.

OECHSLER: Yes. The time is 9:32 a.m. I will call the roll of Members physically present first.

Mr. Fuentes?

FUENTES: Here.

OECHSLER: Mr. Goetz?

GOETZ: Here.

OECHSLER: Mr. Horne?

HORNE: Here.

OECHSLER: Ms. Juracek?

JURACEK: Here.

OECHSLER: Mr. Knox?

KNOX: Here.

OECHSLER: Mr. Obernagel?

OBERNAGEL: Here.

OECHSLER: Mr. Poole?

POOLE: Here.

OECHSLER: Ms. Smoots?

SMOOTS: Here.

OECHSLER: Mr. Zeller?

ZELLER: Here.

OECHSLER: Mr. Chairman?

CHAIRMAN ANDERBERG: Here.

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

At this time, I'd like to ask if any members would like to attend via audio conference.

BRONNER: Yes, hi. This is Gila Bronner. I'm requesting to attend via audio conference due to employment purposes.

CHAIRMAN ANDERBERG: Okay. Is Mr. McCoy there?

(No response.)

CHAIRMAN ANDERBERG: Okay. Is there a motion to approve these requests pursuant to the bylaws and polices of the Authority?

OBERNAGEL: I'll make a motion, Mr. Chairman.

CHAIRMAN ANDERBERG: Motion by Mr. Obernagel.

A second?

FUENTES: Second.

CHAIRMAN ANDERBERG: A second by Mr. Fuentes.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

OECHSLER: Mr. Chairman, Member Bronner has been added to the initial quorum roll call.

CHAIRMAN ANDERBERG: Okay. Does anyone wish to make any additions, edits, or corrections to today's agenda?

(No response.)

CHAIRMAN ANDERBERG: I would like to request a motion to approve the agenda.

Is there such a motion?

KNOX: So moved.

CHAIRMAN ANDERBERG: Motion by Mr. Knox.

A second?

POOLE: Second.

CHAIRMAN ANDERBERG: A second by Mr. Poole.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

I'll keep my remarks brief, but we can see we have a big agenda today, 21 different projects and resolutions, and that's reflective of what's taking place in Washington, DC, right now.

And I'll just make a quick remark that we've been active in talking to some congressmen and congressional staff, and as of this morning we're really still not clear about the status of what it's going to take with PABs. We've heard they're in, they're out, they're going to be modified. So we should know, maybe by end of today or tomorrow, our status, and the Authority will act accordingly, and we will continue to move on.

With that, Chris has some more detailed information.

MEISTER: Thanks, Chairman Anderberg.

Again, I'd like to thank the Board members. This is our third meeting in a month, and we had a very lengthy and detailed meeting of the Conduit Committee reviewing these projects yesterday afternoon. It's a very large agenda. It's a complex agenda. And I wish I could provide more clarity to the Board members and the representatives of the borrowers and their teams of professionals in the room, but the news that I've received as of this morning is unclear.

So again, I'll restate what Eric and I

discussed back at the regular November meeting, and then, obviously, we had a special meeting on November the 30th. The Authority is prepared to work with its borrowers, its board, its staff to meet the needs of the borrowers and their teams of professional participants. But we did work extraordinarily hard, and I just want to thank the staff and everybody that's in the room today to try and get as much business accomplished today, this morning, as is humanly possible.

So with that, thank you.

CHAIRMAN ANDERBERG: This is in consideration of the Minutes? Or...

MEISTER: Yeah, we're deferring the Minutes.

CHAIRMAN ANDERBERG: Presentation of the Financial Reports.

GRANDA: Good morning, everyone. I will be presenting the financial statements as of November 30th, 2017. The financial statements along with The Financial Analysis Memo are in your board books under your Financial Statement tab.

The Authority General Operating Fund is as follows: Our total annual revenues equals $1.9 million or $205,000 or 12.3 percent higher than budget. Again, that's due to higher closing and administrative fees.

In November, the Authority generated $376,000 in closing fees, which is $14,000 higher than the monthly budgeted of $240,000.

Our total annual expenses equals $1.2 million, and are $390,000 or 24.2 percent lower than budget, which was mostly driven by a reduction on spending on professional services and employee-related expenses.

In November, the Authority recorded operating expenses of $225,000, which is lower by $67,000 from our budgeted amount of $292,000. The variance is due, again, to employee-related expenses and professional services.

Our total monthly net income for November is $236,000, which is a reduction in spending and an increase in closing and administrative fees.

Our total annual net income is at 630- -- $658,000, and then the major driver for this annual -- annual positive bottom line continues to be the level of overall spending at 24.2 percent lower-than-budget as well as an increase in closing

and administrative fees.

Our general fund continues to maintain a strong balance sheet with total net positions of $57.3 million and unrestricted cash and investments of $42.5 million.

Moving on to the Fire Truck and Ambulance Loan Programs, the Authority has received all of the loan payments that were due on November 1st. Total loan repayments for both programs were $2.2 million.

Moving on to Audit. The Fiscal Year 2017 Financial Audit is completed. A draft of the Report was provided in your manila folders. The financial audit will be released in the coming weeks. An audit -- an Audit Plus Committee meeting will be scheduled in the coming weeks to discuss the Financial Audit Report.

The two-year compliance examination for fiscal year 2016 and 2017 is ongoing. The field work for that compliance examination is tentative to be finished by tomorrow, December 15th. Currently, we have 11 potential audit findings; we estimate that the number might be 14.

Once the potential audit findings are

final, a corrective action plan will be presented to the Audit Plus Committee meeting -- the Audit Plus Committee.

Moving on to the -- our internal audit. The Internal Audit entrance was held on November 8th. The Authority is working with the Department of Central Management Services, the Division of Internal Audit, and the Audit will keep the Board informed of the progress of the internal audit.

Just move- -- looking ahead, in December, the Authority anticipates closing 14 projects and 4 host TEFRAs for a total of $1.7 million in closing and administrative fees. This December will be the highest month for fees generated by the Authority since its inception.

Is there any questions?

MEISTER: Just to add a couple of things, again, the large December volume at this meeting and the anticipated closing fees, in our view, is due almost solely to a compression effect due to the uncertainty in Washington with respect to federal tax legislation.

Also, I do want to complement the

Auditor General's Office. They worked to get a draft copy of the Financial Audit, which has one finding in it, released to us so that we could share it with the Board before their public release. They understood the importance of getting a document into the hand of Board Members at this meeting. So...

CHAIRMAN ANDERBERG: I'd like to request --

McCOY: Mr. Chairman, Lyle McCoy joining the call.

CHAIRMAN ANDERBERG: Okay. Thank you, Lyle.

You can recognize that Lyle's --

OECHSLER: The time is 9:41 a.m. Let the record show that Member McCoy has joined the meeting via audio conference.

CHAIRMAN ANDERBERG: Thank you.

I'd like to request a motion to accept the Financial Reports.

Is there such a motion?

GOETZ: So moved.

CHAIRMAN ANDERBERG: So moved by Mr. Goetz.

KNOX: Second.

CHAIRMAN ANDERBERG: Second by Mr. Knox.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it.

The Executive Committee met earlier this morning and discussed the appointment of the Executive Director, which we'll discuss as Item No. 21 of today's agenda.

Mr. Horne?

HORNE: So the Tax-Exempt Conduit Transactions Committee met yesterday and unanimously voted to recommend for approval each of the following matters on today agenda, including Lincoln Park Zoo; the University of Chicago; Lurie Children's Hospital; Friendship Village of Schaumburg; OSF Healthcare; The Admiral at the Lake; Ingalls Memorial Hospital, Financial District Properties KP, L.L.C.; Bradley University; Elmhurst College; Elim Christian Services; Carmel Catholic High School; and IEFA Commercial Paper Program; the Loyola University Commercial Paper Program; Mount Carmel High School; Little City Foundation; Rush University Medical Center; a request for Calendar Year 2018 Volume Cap, Edward Elmhurst Memorial; and Omnibus Res- -- and an Omnibus Resolution. That's a mouthful.

CHAIRMAN ANDERBERG: Yeah.

HORNE: We had a busy meeting yesterday.

CHAIRMAN ANDERBERG: Okay. Mr. McCoy?

(No response.)

CHAIRMAN ANDERBERG: Lyle?

McCOY: Yes.

CHAIRMAN ANDERBERG: Could I request your reasons for not being able to attend today?

McCOY: Yes. I'd like to be excused because of the -- traveling on business purposes.

CHAIRMAN ANDERBERG: Okay. Thank you, Lyle.

WEBER: And a motion to add him to the --

CHAIRMAN ANDERBERG: Can I have a motion to add that --

HORNE: So moved.

CHAIRMAN ANDERBERG: And a second?

GOETZ: Second.

CHAIRMAN ANDERBERG: All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

(No response.)

CHAIRMAN ANDERBERG: The ayes have it. Thank you.

JURACEK: Mr. Chairman, point of order. I think we skipped the Procurement Report on the Agenda.

CHAIRMAN ANDERBERG: Did we?

JURACEK: And I know there there's no vote required, but it is on the Agenda.

CHAIRMAN ANDERBERG: I am sorry. I am sorry.

Could we have Procurement? I'm sorry about that. Thank you.

JURACEK: You're welcome.

CHAIRMAN ANDERBERG: You are correct.

FRANZEN: Good morning, Mr. Chairman, Members of the Board.

From the Procurement Report, you see we've executed three small purchase orders for the Authority. The CDW-G order is for the replacement of the Agency's desktops.

The following are addressed in Agenda Item No. 20, Resolution 2017-2014 [sic]. The Ascent Innovations Amendment was executed to increase the contract amount by $143,416, correcting the 165,000 as indicated in the Procurement Report, for software upgrades to the IFA's finance and accounting software and for implementing new payroll and timekeeping modules to perform those services inhouse.

The ADP Total Source Agreement is still in progress and is expected to be executed soon for employee benefits and payroll services through May of 2018.

And the Catalyst amendment was executed to add $180,000 in additional funds for voice and data network support.

Questions?

CHAIRMAN ANDERBERG: Thank you.

Okay. Now I'd like to ask for the general consent of the members to consider the project reports and resolutions collectively and have the subsequent recorded vote applied to each respective, individual project and resolution unless there are any specific project reports and resolutions that a member would like to consider separately.

Are there any?

GOETZ: Yes, Mr. Chairman. I would like to recuse myself from any deliberations and voting with respect to Items No. 3, 5, and 22 of the Project Reports and Resolutions because my son works for the financial advisor in these transactions.

CHAIRMAN ANDERBERG: Okay.

HORNE: And I, too, would ask to be recused from the deliberations regarding Item No. 3, which is the Ann & Robert H. Lurie Hospital. I'm a member of the -- or senior member of their Foundation Board and member of their Real Estate Committee.

CHAIRMAN ANDERBERG: Okay.

Okay. Then I'd like to consider Item No. 6, The Admiral at the Lake, first, and we'll take a roll call vote.

And then next, we'll consider Items 3, 5, and 22 as separate votes due to the abstentions.

Then, we'll consider Item No. 21, the Appointment of Executive Director, as a separate vote.

And then finally, we'll consider the remaining items under a consent agenda and take the final vote at the end.

The Admiral at the Lake, Pam.

LENANE: Mr. Chairman, the The Admiral at the Lake is requesting a one-time final bond resolution to approve the issuance of a series of tax-exempt bonds in the amount of approximately $175 million. These bonds will refund the Borrower's outstanding Series 2010 Bonds to fund approximately $2.6 million

in capital expenditures, and fund the Debt Service Reserve and pay costs of issuance.

The Admiral is also requesting a waiver of the policy for non-rated bonds to issue in $5,000 denominations based upon a financial feasibility study dated December 1, 2017, prepared by Dixon Hughes Goodman, demonstrating the final -- financial viability of The Admiral.

The Admiral is located on 2.1 acres in Edgewater/Uptown neighborhoods, at Foster and Marine Drive, adjacent to Lake Michigan.

The Admiral at the Lake was founded in 1858 as The Home for the Aged and Indigent Females to care for Chicago's homeless, elderly women. When it founded, it was the first and only institution in Chicago dedicated to the care of the elderly. In 1887, The Admiral revised its charter, changing its name to The Old People's Home of the City of Chicago, and became a non-sectarian institution for both woman and men of all faiths and nationalities.

In 2004, the Board developed and approved a Redevelopment Plan which outlined strategies to develop The Admiral into a financially viable community for the next 50 years. The Board selected Greystone -- Greystone Communities as the developer of the new community on current Adm- -- on the current Admiral site.

Demolition of the old facility began in August of 2007, and was completed in December 2007.

The Admiral was completely repositioned and redeveloped beginning in 2010 with the proceeds of the IFA's Series 2010 bonds.

The Admiral at the Lake currently consists of 198 one-, two-, and three-bedroom independent living apartments, including 12 garden townhome apartments, 39 assisted living units, 17 memory support assisted living units, and 36 nursing beds.

The Admiral is governed by a 7-member Board shown on page 4 of the report. Present here today are the Chair of The Admiral Board, Mr. Charley Clark; also, we have the Chairman of the Old Peoples Home, Ms. Andrea Hasten; also, we have the Executive Director of the Admiral at the Lake, Nadia -- Nadia Geigler, if you could raise your hand; and -- do -- where is Dan Churchill?

MS. ANDREA HASTEN: Right here.

LENANE: Oh, okay. Okay. Cool.

-- Dan Churchill, who is the Chief Financial Officer of the Admiral at the lake; and Amy Harrison, who comes from the Kendal Corporation, representing the Kendal Corporation.

In December 2009, The Admiral entered into a Definitive Agreement with Kendal Corporation, by which The Admiral and Kendal agreed to mutually pursue a continued development marketing and financing and construction in -- of the community.

The ongoing relationship with Kendal was memorialized upon substantial completion of the project in 2012 in an affiliation agreement whereby the Admiral became an affiliate of the Kendal System and received certain services in return for a specified system fee.

The Admiral at the Lake is currently a non-rated entity by -- the bonds will be offered as fixed rate debt by Zieglers -- by Ziegler Securities at an assumed average interest rate of 5 percent -- 5 percent.

The Admiral Sources and Uses show that -- the Refunding of the Series 2010 Bonds in the amount of $147,612,000 and -- $612,110 -- a Debt

Service Reserve Fund of approximately $9 million, capital expenditures in the amount of $2.6 million, and cost of issuance at $2.8 million approximately.

The unaudited financials for 9 months in 2017 as shown on page 6 show weak debt service coverage of .84 times and very low days cash on hand of 20 days, and approximately $6.8 million in temporary debt outstanding.

The 2017 Bonds, however, when issued, will refinance the approximately $6.8 million in debt that is due at the end of 2018, and extend out the principal and interest payments on the Series 2010 Bonds. Dixon Hughes' Feasibility Study shows that with the refunding The Admiral is forecasted to have 1.65 debt service coverage in 2018 and 157 days cash on hand.

In the first 9 months of 2017, The Admiral has achieved stable operating performance and continued -- consistent revenue generation. The Admiral posted 96 percent occupancy across all levels of service combined with higher levels of resident turnover, which produced higher net income available for debt service.

Thus, an advance refunding at this

time will enable The Admiral to significantly improve its financial standing by combining stable operations and sustainable revenues with lower interest rates and revised principal amortization schedule.

For example, using the current rates provided by Ziegler, the current plan of finance will produce annual debt service savings in excess of $1.5 million per year, equating to over $20 million on a net present value basis.

In order to strengthen The Admiral's liquidity position, The Admiral Foundation and the Kendal Corporation have agreed to provide liquidity support of $3.75 million and 70- -- I think it's $750,000, right? Yeah. 700- -- I -- I have a typo.

-- $750,000, respectively, for a total of $4.5 million, which will be held in a Liquidity Support Fund by the Master Trustee. The Admiral will be able to draw on these funds for -- pay operating expenses including debt service.

I think that's about it. Are there any questions?

(No response.)

LENANE: Let's see.

CHAIRMAN ANDERBERG: Per page 9, this means about a million and a half in savings --

LENANE: Yes. Yes.

CHAIRMAN ANDERBERG: -- for The Admiral every year?

LENANE: Yes. Yes. Yes. Mr. Clark or Ms. Hasten, would you like to say something?

MR. CHARLES CLARK: Please.

If it pleases the Board, I'd like to say just a couple of words.

MEISTER: Oh. Could you come up?

MR. CHARLES CLARK: Great. Thank you.

Thank you, Pam.

LENANE: Sure.

MR. CHARLES CLARK: Mr. Chairman, Board Members: The Admiral at the Lake has been serving Chicago's elderly for 160 years, and we have an opportunity here with this advance refunding to take our average long-term interest rate from 8 percent down to 5 percent, and in doing so, ensuring our financial security for at least another 160 years.

We have an excellent relationship with Kendal, who we've affiliated with, who bring us a strength and a quality of care that we plan, not only on serving the people that live within our walls, but the financial security obtained by undertaking this advanced refunding also allows us to consider how we may expand our models of care and serve the communities around us in the City of Chicago.

We look forward to being able to do that today. We look forward to your positive vote today. And if you have any questions, we would be happy to answer them.

(No response.)

MR. CHARLES CLARK: Okay. Thank you very much; we appreciate your consideration.

MEISTER: And I would just like to make a note. The tool that The Admiral is using, advanced refunding, had been eliminated in both the US Senate and the US House versions of the Tax Legislation, and what we have heard, is likely to be eliminated in the conference -- in the outcome of the Conference Committee.

But The Admiral's situation demonstrates very clearly the utility and effectiveness of this tool of advance refunding to save borrowers money so that they can, rather than devoting scarce revenues to interest payment, they can put it back into the operations of their respective nonprofits.

MR. CHARLES CLARK: Exactly.

When we started, one of the reasons for our 8-percent rate was we were a startup community. We had no operating track record. We still had to completely fill our community. We were able to do that.

We were then able to take the next step of improving our margins over time. Even our residents pushed us to be more efficient in how we operated. We were able to achieve that, and now able to qualify for this financing. We think that we will sell very well; provide us with the financial security to take us on indefinitely.

LENANE: I think Ms. -- Ms. Hastens [sic] would like to say something.

MS. ANDREA HASTEN: Hasten -- it's Andrea Hasten, and I am the Chair of the Old Peoples Home of Chicago Board, and I'd just like to reiterate what Charley had said, but also to mention we're very committed to our fiduciary responsibility as a board.

It is a life care, so as we mentioned, people are moving through the different levels of care, from independent to the assisted memory care,

skilled nursing. It's really important.

And we have, as we've been able to continue over the past years on the Board -- this is a passion of ours -- we've seen different people really move through the level of care. We're also a 501(c)(3), and continue, and have in the years, provided for peoples' care as they've gone through the different levels and -- from enjoying life to really making a point to live a very satisfying life. And we welcome anyone to come up to The Admiral at any time and see us.

Thank you for your consideration.

GOETZ: Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

GOETZ: If I may, I'd just like to thank you for the work that you do and that you should be commended, and think it's our honor that we can help you continue your existence.

MS. ANDREA HASTEN: Thank you.

LENANE: Thank you.

CHAIRMAN ANDERBERG: Thank you.

MEISTER: And again, just to reiterate what is going on with the Federal Tax Legislation, the House version that was would have eliminated not only the advance refunding, but federal tax exemption for private activity bonds, for nonprofits, for senior care such as The Admiral. And while private activity bonds were retained in the Senate version, again, as I said at the beginning of the meeting, and as Eric and other Board Members have heard from Washington, the future of private activity bond, at this point, and the scope and breadth of them is unclear as we sit here today.

CHAIRMAN ANDERBERG: Right.

Okay. Thank you so much.

HORNE: Thank you.

LENANE: Thank you.

CHAIRMAN ANDERBERG: All right. I'd like to request a motion to approve project No. 6.

Is there a second?

GOETZ: So moved.

HORNE: Second.

CHAIRMAN ANDERBERG: Motion by Mr. Goetz, second by Mr. Horne.

Will the Assistant Secretary please call the roll.

OECHSLER: Certainly.

On the motion and second, I will call

the roll.

Ms. Bronner via audio conference?

BRONNER: Yes.

OECHSLER: Mr. Fuentes?

FUENTES: Yes.

OECHSLER: Mr. Goetz?

GOETZ: Yes.

OECHSLER: Mr. Horne?

HORNE: Yes.

OECHSLER: Ms. Juracek?

JURACEK: Yes.

OECHSLER: Mr. Knox?

KNOX: Yes.

OECHSLER: Mr. McCoy via audio conference?

McCOY: Yes.

OECHSLER: Mr. Obernagel?

OBERNAGEL: Yes.

OECHSLER: Mr. Poole?

POOLE: Yes.

OECHSLER: Ms. Smoots?

SMOOTS: Yes.

OECHSLER: Mr. Zeller?

ZELLER: Yes.

OECHSLER: Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

OECHSLER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you.

Okay. Now, I'd like to -- before we do No. 3, the -- Mr. Goetz and Mr. Horne would exit the room.

OECHSLER: Let the record reflect that Members Goetz and Horne have recused themselves from deliberations by exiting the room.

CHAIRMAN ANDERBERG: Item No. 3.

LENANE: Okay. Item No. 3 is the Ann & Robert H. Lurie Children's Hospital of Chicago.

Lurie Children's is requesting a one-time final bond resolution to approve the issuance of a series of tax-exempt or taxable bonds in the amount of approximately $240 million to advance refund all or a portion of the IFA Series 2008A bonds and to advance refund all, or a portion of, or none of the IFA Series 2008B bonds, and to pay costs of issuance.

Both taxable and tax-exempt issuances are being approved here due to the uncertainty of -- regarding tax reform, including the ability to issue advance refundings.

The fixed rate bonds will be sold in a public offering by JP Morgan Securities and Goldman Sachs. The bonds will carry ratings. Lurie curn- -- Lurie Children's currently has underlying ratings of AA+ and AA- (stable) from S&P and Fitch respectively -- just a minute -- which are to be -- which are expected to be affirmed as part of this financing.

Lurie Children's is located in Chicago and presently owns and operates the only full-service, independent, freestanding pediatric hospital in Illinois, with 288 licensed beds. Lurie Children's operates more than 50 specialty and primary care outpatient clinics at its main campus in the Streeterville neighborhood and throughout the Chicago area, as well as 2 ambulatory care facilities and 13 outpatient speciality centers in the surrounding metro Chicago areas.

Lurie Children's market position is enhanced by its affiliations with Northwestern Memorial Hospital and the Feinberg School of Medicine. These affiliations strengthen Lurie Children's physician recruiting and alignment initiatives. As Feinberg School of Medicine's primary teaching hospital, virtually all of Lurie's hospital-based physicians hold faculty appointments at the medical school. In add- -- I found that interesting.

In addition to its affiliation with Northwestern Memorial Hospital, Lurie Children's has extended its geographic reach throughout strategi- -- through strategic partnerships, with an additional 14 hospitals and Lurie Children's 11 outpatient centers located throughout the Chicago area.

If we look at the financials, Lurie's audited financials for 2017 show very strong debt service coverage of 8.3 times and with 474 days cash on hand.

The present value savings from this refunding is $38 million, a lot of money to go to patient care, pediatric patient care.

CHAIRMAN ANDERBERG: Right.

LENANE: And -- oh, and we have with us today David Lewis, who is the assistant treasurer. I think he just wants a shout-out-to, not prepared to speak -- or --

MR. DAVID LEWIS: That's okay.

LENANE: -- he may speak.

MR. DAVID LEWIS: No, thank you.

MEISTER: Although, David, the $38 million in savings is correct.

MR. DAVID LEWIS: Yes.

MEISTER: Okay.

CHAIRMAN ANDERBERG: Thank you. So noted in the record. Okay. Thank you, Pam.

I'd like to request a motion to pass and adopt Project No. 3.

Is there such a motion?

JURACEK: So moved.

FUENTES: Second.

CHAIRMAN ANDERBERG: Motion by Ms. Juracek, second by Mr. Fuentes.

Will the assistant to the Assistant Secretary please call the roll.

OECHSLER: Certainly.

On the motion and second, I will call the roll.

Ms. Bronner via audio conference?

BRONNER: Yes.

OECHSLER: Mr. Fuentes?

FUENTES: Yes.

OECHSLER: Ms. Juracek?

JURACEK: Yes.

OECHSLER: Mr. Knox?

KNOX: Yes.

OECHSLER: Mr. McCoy via audio conference?

McCOY: Yes.

OECHSLER: Mr. Obernagel?

OBERNAGEL: Yes.

OECHSLER: Mr. Poole?

POOLE: Yes.

OECHSLER: Ms. Smoots?

SMOOTS: Yes.

OECHSLER: Mr. Zeller?

ZELLER: Yes.

OECHSLER: Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

OECHSLER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you. Let's get Mr. Horne.

LENANE: Thank you.

OECHSLER: Let the record reflect that Member Horne has returned to the room.

CHAIRMAN ANDERBERG: Nos. 5 and 22.

LENANE: Okay.

OECHSLER: The time is -- sorry. The time is now 10:03 a.m.

LENANE: Okay. No. Fi- -- Tab 5 is OSF Healthcare System.

OSF Healthcare System is requesting a one-time final bond resolution to approve the issuance of a series of tax-exempt bonds in the amount of approximately $235 million to purchase Presence Covenant Medical Center in Urbana and Presence United Samaritans Medical Center in Danville; and to refinance the indebtedness that provided for the construction and equipping of the Mendota Community Hospital doing business as OSF Saint Paul Medical Center; and 3, to refund the Series 2009G bonds.

These two -- all of these are being done because of tax reform and being able to issue tax-exempt bonds for the acquisition and the reimbursement as the -- as our Director noted.

OSF was incorporated in 1880 as The Sisters of the Third Order of St. Francis. OSF's current name was adopted as part of a corporate restructuring in 1989. The sole corporate member of OSF Health System is the Sisters of Third Order of St. Francis, a religious congregation founded in

1877, in Peoria, Illinois. OSF operates health facilities as a single corporation, with each health care facility functioning as an operating division of the OSF Health System.

OSF is headquartered in Peoria. Ten of OSF's hospitals are located in Illinois and one hospital's located in Michigan. OSF has approximately 1,500 licensed acute care beds. OSF's largest hospital, St. Francis Medical Center in Peoria, is a 609-licensed-bed, tertiary-care teaching center providing numerous specialty services and extensive residency programs for physicians.

The array of health services provided by OSF also includes 44 hospital-based outpatient facilities, approximately 248 physician office facilities of employed physicians, 6 home health agencies, and 5 hospices. Multi-institutional membership status has been conferred on OSF by the Illinois Hospital Association and the American Hospital Association. Similar membership status exists with the Catholic Health Association of the United States and the Illinois Catholic Health Association.

OSF will be acquiring Presence

Covenant Medical Center in Urbana and Presence United Samaritans Medical Center in Danville. Presence Covenant Medical Center will be named OSF HealthCare Heart of Mary Medical Center. It has 206 beds and more than 700 employees. United Samaritans Medical Center will become OSF HealthCare Sacred Heart Medical Center and has 174 beds, and more than 550 employees. Both offer a range -- a full range of inpatient and outpatient medical services.

The plan of finance contemplates a bank direct purchase by PNC, the rate on which will be determined at the Closing depending on market conditions.

The Sources and Uses show refunding of $49 million and the acquisition cost, or new money, of $185 million.

OSF currently has facilities in the following locations in Illinois: In Peoria, St. Francis Medical Center; in Rockford, St. Anthony Medical Center; in Alton, Saint Anthony's Health Center; in Bloomington, St. Joseph's Medical Center; in Ottawa, Saint Elizabeth's Medical Center; in Galesburg, St. Mary's Medical Center; Pontiac, St. James Hospital; in Mendota, Saint Paul

Medical Center; Kewanee, Saint Luke Medical Center; Monmouth, Holy Family Medical Center. OSF's facility in Michigan, OSF St. Francis Hospital, is located in Escanaba. And now, with the location of Presence Covenant Medical Center and Presence United Samaritans Medical Center, OSF will also have facilities in Urbana and Danville. It's quite a large footprint.

OSF's 2017 unaudited financials show a strong debt service coverage of 3.43 with 187 days cash on hand.

There is no present value savings on the refundings because the 2009C Bonds -- I meant G. I mean, G, right? G. Sorry.

-- 2009G bonds are floating rate. OSF is refunding the 2009G Bonds because of -- the current structure may create a reissuance for tax purposes in the future. OSF does not pay property taxes on its tax-exempt facilities.

We have here today Thomas Ott, Vice-President of Treasury Services for OSF Healthcare, and I think he would like to make a few remarks.

MR. THOMAS OTT: Good morning, Chairman; good

morning, Board Members. Thank you for having us here today.

I want to thank the IFA for over the past three weeks. Pam, thanks a lot. Sorry, it's been a fire drill. We didn't think it could come to this, but we really appreciate the assistance and the relationship over the 30 years. OSF has really counted on the IFA, and we thank you for it.

We're here today for -- looking for $235 million in bonds, primarily for the acquisition of the Presence hospitals in Urbana and Danville. We have two other projects: the one in Mendota, it's a HUD loan, we'd like to pay that off, which is taxable. And then we have about $16.5 million in some bonds with JP Morgan we'd also like to pay off.

Appreciate your support. We look forward to working with you in the future.

CHAIRMAN ANDERBERG: If I may ask an important question.

MR. THOMAS OTT: Yes.

CHAIRMAN ANDERBERG: If the loss of the private activity bonds, what would you anticipate the loss of savings if we don't have this?

MR. THOMAS OTT: $1.5 million a year.

CHAIRMAN ANDERBERG: 1.5.

MR. THOMAS OTT: Yes.

CHAIRMAN ANDERBERG: Is that something you can allocate somewhere else within the organization?

MR. THOMAS OTT: Absolutely. And you do that, if you do that 30 years, you know, you're in the $40 million range. That's why we're chasing that spread.

CHAIRMAN ANDERBERG: Thank you.

MR. THOMAS OTT: Thank you.

LENANE: Thank you.

Also here with us today, who usually comes on behalf of OSF, is Anne Donahoe their financial advisor.

Raise your hand.

MS. ANNE DONAHOE: Thank you. I've met all of you in the past and appreciate the work that the Authority does, and Pam. And as Tom just indicated, this financing was on -- the plans were to do it in 2018, but because of the pending legislation, everything was moved up. We appreciate your help.

LENANE: Thank you, Anne.

Are there any questions?

CHAIRMAN ANDERBERG: 22.

LENANE: You got it.

No. 22 is an amendment for Edward-Elmhurst -- actually, for the benefit of Elmhurst Memorial Healthcare and Edward-Elmhurst Healthcare to provide additional flexibility and respect -- with respect to interest rate modes.

Edward-Elmhurst Healthcare has requested the IFA enter into supplemental amendments to the IFA's 2017B and 2017C bonds issued for the benefit of Edward Elmhurst Healthcare in order to permit a sale of the bonds at premium upon conversation to a fixed rate.

The bonds currently are -- require -- the bond indentures currently require, if converted to fixed rate rate bonds, it would -- bonds are offered for sale at par -- requires that converted fixed rate bonds be offered for sale at par.

Since fixed rate are today often remarketed at a premium, this will allow Edward-Elmhurst more flexibility if Edward-Elmhurst decides to convert to a fixed rate.

The amendment is being considered today since a proposed amendment would likely cause this to be a tax reissuance -- a reissuance for tax purposes, which would not be permitted after

January 1st if tax-exempt laws -- if the tax-exempt -- if the tax laws are changed.

Edward-Elmhurst has also requested that IFA enter into supplemental indentures related to the IFA's 2013C, B, and D bonds issued for the benefit of Elmhurst Hospital, which is now controlled by Edward-Elmhurst Health System, in order to permit a sale of the bonds at premium upon conversion to a fixed rate as describe- -- as described -- already described, and a conversion out of bank hold interest rate mode prior to the end of the period agreed to the with the bank.

These both -- this amendment -- these amendments also are being considered today since these amendments could not -- would be -- may not be able to be done next year.

So, any questions? I have a bond counsel here to answer any technical question.

Mike Mitchell has come, right?

MR. MICHAEL J. MITCHELL: I'm here.

CHAIRMAN ANDERBERG: Any questions?

(No response.)

CHAIRMAN ANDERBERG: Okay. I'd like to request a motion to pass and adopt Project Reports No. 5 and

22.

Is there such a motion?

OBERNAGEL: I'll make a motion, Mr. Chairman.

CHAIRMAN ANDERBERG: Motion by Mr. Obernagel.

POOLE: Second.

CHAIRMAN ANDERBERG: Second by Mr. Poole.

Will the assistant to the Assistant Secretary please call the roll.

OECHSLER: Certainly.

On the motion and second, I will call the roll.

Ms. Bronner via audio conference?

(No response.)

CHAIRMAN ANDERBERG: Gila, are you there?

(No response.)

CHAIRMAN ANDERBERG: She's dropped off.

OECHSLER: All right.

Mr. Fuentes?

FUENTES: Yes.

OECHSLER: Mr. Horne?

HORNE: Yes.

OECHSLER: Ms. Juracek?

JURACEK: Yes.

OECHSLER: Mr. Knox?

KNOX: Yes.

OECHSLER: Mr. McCoy via audio conference?

McCOY: Yes.

OECHSLER: Mr. Obernagel?

OBERNAGEL: Yes.

OECHSLER: Mr. Poole?

POOLE: Yes.

OECHSLER: Ms. Smoots?

SMOOTS: Yes.

OECHSLER: Mr. Zeller?

ZELLER: Yes.

OECHSLER: Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

OECHSLER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Okay. Thank you.

OECHSLER: All right. The time is now 10:14 a.m. Let the record show that Member Bronner has terminated her participation via audio conference.

CHAIRMAN ANDERBERG: And let's get Mr. Goetz back in the room.

OECHSLER: And let the record show that Member Goetz has entered the room.

CHAIRMAN ANDERBERG: Very good.

Before I present Item No. 21, I'd like to ask Executive Director Meister to exit the room as previously discussed.

Okay. Per the State Statute, I received two nominations from the Governor, the position of the Authority Executive Director for a one-year term. As you know, by State Statute each year, we have to nominate and elect the Executive Director.

This morning -- the Executive Committee met this morning and unanimously recommended Chris Meister for position of Executive Director. It's in the -- if you want to look in the -- at No. 21, it's right there. And all I'd like to do is request a motion nominating Chris Meister as Executive Director.

GOETZ: So moved.

KNOX: Second.

CHAIRMAN ANDERBERG: Motion by Mr. Goetz, second by Mr. Knox.

Will the assistant to the Assistant Secretary please call the roll.

OECHSLER: Certainly.

On the motion and second, I will call

the roll.

OECHSLER: Mr. Fuentes?

FUENTES: Yes.

OECHSLER: Mr. Goetz?

GOETZ: Yes.

OECHSLER: Mr. Horne?

HORNE: Yes.

OECHSLER: Ms. Juracek?

JURACEK: Yes.

OECHSLER: Mr. Knox?

KNOX: Yes.

OECHSLER: Mr. McCoy via audio conference?

McCOY: Yes.

OECHSLER: Mr. Obernagel?

OBERNAGEL: Yes.

OECHSLER: Ms. Poole?

POOLE: Yes.

OECHSLER: Mr. Poole.

Ms. Smoots?

SMOOTS: Yes.

OECHSLER: Mr. Zeller?

ZELLER: Yes.

OECHSLER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

OECHSLER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you.

Let's get Mr. Meister back in.

CHAIRMAN ANDERBERG: Congratulations, Mr. Meister.

MEISTER: Thank you.

HORNE: Never done.

CHAIRMAN ANDERBERG: Mr. Frampton?

FRAMPTON: Okay. Thank you, Mr. Chairman.

Next, we'll move on to Item 1, which a Final Bond Resolution in the amount of $17,500,000, a one-time consideration for the Lincoln Park Zoological Society.

Consistent with today's theme, the Lincoln Park Zoo is seeking to set up a new long-term financing now to minimize the impact of any adverse changes to the Internal Revenue Code. The resolution will enable the zoo to refinance the outstanding balance of their IEFA Commercial Paper Revenue Notes Pooled Financing Series 1995 through a direct purchase structure. That will be undertaken with two banks: The Northern Trust Company and PNC Bank. In addition to removing taxable -- potentially taxable commercial paper rates for the zoo after January 1st, the refinancing will also eliminate letter of credit pricing risk that the Zoological Society will face -- would face going forward.

The outstanding CP Revenue Notes are secured by a direct pay letter of credit from the Northern Trust Company. The commercial paper bears variable interest rates. They're reset at least once every 270 days. So these are -- these are short-term, tax-exempt rates, so when they re- -- refinance to the term structure through Northern Trust and PNC, they will not be attaining cost-based savings due the change in tenor.

As far as financials, those are reported on page 7. The 2016 results were really due to a series of one-time aberrations. Results rebounded in 2017. The forecasts indicate strong coverage going forward. I should note that in the forecast we also stressed the payment coverages by assuming principal and interest payments. As a matter of fact, the Society will only be making interest-only payments through 2025.

Again, the refunding bonds will be bank purchased. There is -- as a result, there's essentially no risk to the Authority. As issuer, we

recommend approval.

Do you have any comments or questions?

(No response.)

FRAMPTON: Next, move on to Tab 2, which is a final bond resolution for the University of Chicago. I want to clarify the not-to-exceed amount in the agenda. The amount reported under Tab 2, $275 million is, in fact, the final not-to-exceed amount that is included in your resolution packet.

This transaction is being accelerated as a result of the tax reform proposals. To provide the University with maximum flexibility to reset interest rates, the bond resolution and documents contemplate the issuance up to $275 million of multi-modal adjustable rates bonds that would enable all or a portion of the bonds to be sold in one of three modes: initially, on a private placement basis to Barclays Capital, Inc., and/or any such other financial institutions selected by the University; secondly, that could be sold to the public markets through a traditional public offering; or thirdly, potentially, the bonds may initially be sold on a private placement basis and then subsequently converted to a new interest rate mode, or modes, or adjustable period and remarketing, and then remarketed to the public markets.

At the bottom of page 1, if you look at Sources and Uses, the allocation of bond proceeds between new money and refunding is a matter that the University and their financial advisor are continuing to evaluate. They are -- they are still in the process of determining that, so as a result, respectively, all the bonds can be new money or refunding, or there could be a mix.

The University's long-term ratings are Aa2 from Moody's, AA- S&P, AA+ from Fitch. The University also has short-term investment grade debt ratings of EMIG -- VMIG 1 from Moody's, A1+ from S&P, and F1+ from Fitch.

Financials are at page 10. They are as strong as one would expect for a AA-rated institution.

Just looking at the Prospective Financing Team if the -- in any event there is a public offering of the bonds, the lineup of co-senior managers are identified on page 8 of the report. Six co-managers have been identified by the University, including Loop, PNC, RBC Capital Markets, Wells Fargo, Bank of America Merrill Lynch, and Siebert Cisneros Shank.

And just to put everything into perspective, the University has been the Authority's number one borrower in the Higher Ed. Sector, both in terms of number of transactions and dollar volume. And after the transaction closes, we'll be updating the jobs information.

With that, I'll conclude my remarks.

Do you have any comments or questions?

CHAIRMAN ANDERBERG: Rich, can you estimate for Lincoln Park and University of Chicago, without the tax, what the impact is going to be?

FRAMPTON: Well, in the -- in the case of -- of -- of Lincoln Park, since that's going to be a bank purchase deal -- let me just look at what I brought -- I think it would be reasonable to ballpark the savings in a range of -- in the range of 70 to 100,000 a year.

And for the University of Chicago, the spreads for them are going to be less due to their -- due to their credit -- due to their credit ratings. Additionally, the University of Chicago also issues taxable debt into the market, and the benefit for them, although not as great on a basis point basis, is -- ends up being material due to the amount borrowed. So for University of Chicago, since we don't know the -- the -- the breakdown between serial and term bonds, we really can't estimate the savings.

CHAIRMAN ANDERBERG: Thank you.

FRAMPTON: Any other questions or comments?

(No response.)

FRAMPTON: Okay. Thank you.

LENANE: Do you want to do that now?

MEISTER: We're going to wait till the end on this list, and then we'll address it.

LENANE: Okay. Okay. We'll address it at the end of this list. Okay.

No. 4 in your folder is a final one-time final resolution for Friendship Village of Schaumburg. Their exact title is the Evangelical Retirement Homes of Greater Chicago, and they're doing business as Friendship Village of Schaumburg.

They're requesting a one-time final bond resolution to approve the issuance of a series of tax-exempt bonds in the amount of approximately $150 million to finance, refinance, or reimburse for capital expenditures in the amount of $13,750,000 to

refund all or a portion of the IFA Series 2005A Bonds, the Series 2005B Bonds, and the Series 2010 Bonds, to fund a debt service reserve for the benefit of the 2017 Bonds to pay -- and to pay certain expenses incurred with the issuance of the 2017 Bonds.

Friendship Village is requesting two waivers. Their first waiver would be from the Board policy to sell in $100,000 denominations to the public, not to accredited investors or qualified institutional buyers.

Now, at or before pricing, Friendship Village may determine that the bond market -- that they cannot price in the bond market efficiently in $100,000 dominations, then Friendship Village has requested a waiver in this resolution to refund only the 2005A and B Bonds and the 2010 Bonds, eliminating the new money Project Fund, and issue the bonds in $5,000 dominations because they are refunding for existing bonds for savings in compliance with the IFA policy.

Friendship Village operates a continuing care retirement community consisting of approximately 28 independent living garden homes, 574 independent living apartments, 87 assisted living units, 25 memory support assisted living units, and a 248-bed skilled nursing facility located on a 68 -- 60-acre campus in suburban Schaumberg.

Friendship Village has grown over the years since 1977 to become the largest single-site continuing care retirement community in the Chicago area and the 17th largest in the nation.

Friendship Village is issuing tax-exempt fixed rate bonds in a public underwriting by -- with BB&T Capital Markets.

The Sources and Uses indicate a total Refunding of 108 -- approximately $108 million, a Project Fund of approxim- -- almost $14 million, and a Debt Service Reserve Fund of almost $2 million.

The Series 2017 Bonds will be rated. Friendship Village received a BB- rating affirmation from Fitch in May and expect the same rating for the 2017 Bonds.

I could tell you all about Bridgegate, but we're running a little short.

MR. MICHAEL J. MITCHELL: There's no rating.

LENANE: There's no rating? Oh, I'm sorry. I apologize. It's in the book that way. Okay. All

right. There is no rating.

You're not re -- you're not affirming the rating? Okay.

MR. MICHAEL J. MITCHELL: But the double BB- rating, that's correct. We're --

LENANE: You're not reaffirming it; you're dropping it.

MR. MICHAEL J. MITCHELL: Yeah.

LENANE: Okay. Pardon me. Thank you.

MR. MICHAEL J. MITCHELL: Sure.

LENANE: Friendship Village Fiscal 2017 Audited Financials show debt service coverage of 1.65 times and 203 days cash on hand, which is in line with most continuing care retirement communities.

The estimated present value savings from this refunding is $6,200,943. Friendship Village does not pay real estate taxes.

Today, we have here with us Steve Yenchek, the CEO and President of Friendship Village of Schaumburg, and Michael Flynn, the CFO of Friendship Village of Schaumburg, and Don Hemmesch, their attorney.

Would you like to say anything.

MR. MICHAEL FLYNN: I'll --

LENANE: Oh, you will? Please.

MR. MICHAEL FLYNN: Thank you, Mr. Chairman and Board.

It's -- again, it's a pleasure to be here today and we appreciate. And very similar to others, you know, we've kind of accelerated our financing because of the tax implications. About a third of our debt would need to be advance refunded, and as Pam had indicated, we've got some flexibility in how we would issue the debt if the market doesn't cooperate.

So the number one issue that we want is to get the advance refunding piece accomplished this year, and then if market isn't favorable, then we would do the remainder next year. But again, if everything works according to plan, we'd like to refund all of our debt this year because, like I said, there's about $105 million or so in total with the advance refunding piece.

So again, we appreciate, again, everybody working very hard to get this done in a very short period of time, and again, like other CCRCs, we've been around for over 40 years, and, you know, this will help us to have a better financial

position, with, you know, improved financial ratios going forward with a lower interest rate, and it will certainly benefit our residents.

CHAIRMAN ANDERBERG: Okay. And to cite open on the record what, do you estimate the savings for this?

MR. MICHAEL FLYNN: Roughly around $6 million. It really is going to depend on where the underlying interest rate is, but in that range.

CHAIRMAN ANDERBERG: Thank you.

LENANE: Oh. They do pay real estate taxes. Sorry. That's not what it says in the report -- in the application.

I'd like to make a correction. They do pay real estate taxes, and so we'd like to correct that. They do pay real estate taxes.

Okay. Any other questions?

(No response.)

LENANE: No?

Okay. No. 7 is a -- is oh. I'd like to call your attention to -- in the -- in the book, we refer to UCM Community & Health Division, Inc. That is not going to be the borrower. The borrower has changed. It is going to be Ingalls Memorial

Hospital, which is UCM Community Health & Division, Inc., [sic] -- is the parent to Ingalls Memorial Hospital, but the CFO of U of C Medicine called and asked if we could switch it to Ingalls Memorial Hospital, and I said of course we can, even though it's -- anyway.

Ingalls Memorial 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 $45 million to refund all of the Ingalls Health System IFA Series 2004 Bonds and pay certain expenses.

Ingalls Memorial Hospital operates a 544-bed license -- licensed-bed acute care facility, of which 374 beds are currently staffed. Ingalls provides secondary and certain tertiary services, and is located on 22 acres of land in Harvey, Illinois. Ingalls operates a substantial ambulatory care network, the cornerstones of which are the ambulatory care centers located in Tinley Park, Matteson, and Calumet City, and Flossmoor, and the newest facility opened in 2013 in Crestwood.

Other ambulatory footprints include the Ingalls Center for Outpatient Rehab in Calumet

City; Ingalls Wellness Center in Flossmoor; and the Cancer Support Center in Mokena.

Ingalls Memorial Hospital employs approximately 2,500 employees, equating to approximately 1,700 full-time equivalent employees.

Ingalls Memorial Hospital's parent, UCM Community & Health Division, Inc., merged with the University of Chicago Medical Center under a member substitution agreement as of September 30, 2016.

Now, I'd like to point out that while they have merged with the University of Chicago Medical Center, the financials that we put forth here are of the UC- -- of Ingall- -- of the UCM Community Health -- Community & Health Division. The University of Chicago Medical Center has no financial liability for these bonds.

The Ingalls Series 2013 Bonds are rated Baa1 by Moody's. The bonds will be purchased by JP Morgan Chase. The interest rate will be determined on the day of pricing depending on market conditions.

Ingalls serves a broad geographic market, attracting patients from the South and

Southwestern Chicago suburbs. There's a map on page 5 of the report, a nice colored map. It shows primary and secondary service areas in Illinois, and they're really fairly large.

The audited financial statements for UCM Community Health & Hospital Division, the parent of Ingalls Memorial Hospital, for the 9-month period ended June 30, 2017, shows good debt service coverage of 2.6 and strong days cash on hand of 446 days.

The UCM Community Health & Hospital Division is the parent of Ingalls, the Ingalls Foundation, and the -- one other thing.

MR. MICHAEL J. MITCHELL: Healthcare.

LENANE: Huh?

MR. MICHAEL J. MITCHELL: Healthcare.

LENANE: Ingalls Healthcare, yeah.

The estimated present value of this refunding is approximately $3,500,000. Ingalls does not pay real estate taxes -- is what they told me. I don't know. I don't go check the records, you know.

CHAIRMAN ANDERBERG: Okay.

LENANE: Any questions?

(No response.)

CHAIRMAN ANDERBERG: All right. Thank you,

Pam.

Rich, you may want a bottle of water before this.

FRAMPTON: I think so. It's all the more reason to be fast, right? What do they say about the three Bs of public speaking? Be informative; be brief; and be seated, right? I'm on the clock.

Okay. Next, we'll go to Item 8, which is a resolution for a -- Financial District Properties. This transaction will refinance $20,200,000 of Midwestern Disaster Area Bonds, which was -- which was a special program under the Internal Revenue Code from 2008 through 2012. This project financed the construction of an 8-story, 150 -- 115,000-square-foot office building located in downtown Moline. The anchor tenant of the project is KONE Corporation -- or KONE, Inc., which is the US operating subsidiary of Finland-based KONE Oyj, which is a publically traded company on the Helsinki Stock Exchange.

The original $20,200,000 of bond proceeds were part of a New Markets Tax Credit structure that generated an additional $6.6 million of subordinate debt. The bonds were issued in

December of 2010. The 7-year New Markets Tax Credit compliance period will come to an end at this month -- towards the end of this month. And concurrent with that, the 2010 Bonds will be refinanced as a result of this resolution. Great -- Great Western Bank of Bettendorf, Iowa, will be the purchaser.

Consistent with the New Market structure, there's been no amortization of the IFA Bonds, but keep in mind the $6.6 million of subordinate debt created through the New Markets Tax Credit structure will be -- will be going away.

The original purchaser was U.S. Bank. They also originated the second mortgage loan associated with the new market's subordinate debt.

And with that, we recommend approval.

Do you have any questions?

(No response.)

FRAMPTON: Okay. Next, we will move on to Item No. 9, which is a resolution for Bradley University. The Board approved and we closed $50 million of bonds for Bradley University in September. Those were issued as drawdown bonds. Given the tax reform proposals, Bradley would not be able to draw down the

remaining $30 million of bond proceeds in 2018 and 2019 as they proposed. So this resolution would -- would enable them to accelerate the schedule of advances to make sure that those happen this month, prior to any tax reform. Bond Counsel's still evaluating this for tax purposes. It may end up being a reissuance -- considered a reissuance for tax purposes.

And given the proposed changes and the underlying circumstances, we recommend approval.

Do you have any questions?

(No response.)

FRAMPTON: Okay. Next, on to Item 10. We have a resolution for Elmhurst College. What Elmhurst College is looking to do is replace their existing letter of credit structure with a bank direct purchase structure. Their existing letter of credit bank is BMO Harris. The purchaser of the Refunding Bonds will be PNC Bank. 100 percent of the outstanding balance of the College's 2003 and 2007 Bonds will be refunded. The anticipated issuance amount is not to exceed $37,250,000. The initial term of both of -- of the bank purchase is for 7 years. The resolution, however, provides for a final maturity date up to 40 years out.

Do you have any questions or comments?

(No response.)

FRAMPTON: Okay. Moving on to Item 11. We have a resolution for Elim Christian Services, which would authorize execution and delivery of a First Amendment to the Bond and Loan agreement. It would also approve related documents to effectuate an interest rate reset with a new bank, Providence Bank, which would be the successor to Fifth Third. The other -- the other result of the Resolution is it would provide for an extension of the term interest rate for 7 years from -- for approximately 7 years from the date of closing.

This transaction is also being accelerated as a result of tax reform. The original bank term was due to be -- was due to be renewed next September.

So with that, I'll concludes my remarks. Any requests or comments?

(No response.)

FRAMPTON: Okay. Moving on next to Item 12, Carmel Catholic High School. This is a resolution approving the execution of -- and delivery of a First Supplemental Bond Trust Indenture between the Authority and U.S. Bank N.A., as the bond trustee.

The Resolution would effectuate the extension of the Initial Index Put Rate period by five years on these variable rate bonds. Second, it would make certain modifications to the provisions relating to the engagement of a rate calculation agent in connection with the Authority's Variable Rate Revenue Bonds Series 2012. It would also enable Lake Forest Bank & Trust to undertake the function of rate calculation agent. And again, the need for a rate calculation agent is driven by the variable rate structure of -- of these bonds. And approval of the Resolution will also extend the remarketing period by five years, from 2022 to 2027.

And with that, I'll conclude my remarks.

Do you have any questions or comments?

(No response.)

FRAMPTON: Moving on next to Item 13. We have a resolution relating to the IEFA Series 1995 Commercial Paper Revenue Notes. The -- as we discussed earlier, Lincoln Park -- the Lincoln Park Zoological Society is refinancing out of this program. As a result, there would be two remaining borrowers. They're identified on page 2, and would include the University of Chicago Medical Center and North Shore University Health System.

Approving this Resolution will enable the Commercial Paper Revenue Notes to continue in the future in a taxable mode and would eliminate various opinions and reporting requirements that have to be delivered at any time the notes bear interest in a tax-exempt mode. So this would allow the program to go forward. All the borrowers under these Commercial Paper Revenue Notes programs are evaluating the CP option versus other options that they may have.

Do you have any questions or comments?

(No response.)

FRAMPTON: Okay. Next, Item 14 is a similar resolution relating to Loyola University of Chicago's Commercial Paper Financing Program. Loyola established their program, which is a stand-alone program, in 2008. The requested change would attain the same objective that we just discussed in Item 13: provide flexibility for the Notes to bear interest in a taxable mode going forward in the event of tax reform.

Any questions or comments?

(No response.)

FRAMPTON: Okay. Next, Item 15, Mount Carmel High School. They are requesting approval of a Resolution to authorize execution and delivery of a Second Omnibus Resolution to the Bond and Loan Agreement, and two, to approve related documents to effectuate an extension of their initial interest rate term by six years, and to change the interest rate formula on their existing bonds in the event that pending federal tax reform legislation alter -- alters the federal corporate taxation rate.

Any questions?

(No response.)

FRAMPTON: Okay. Next, Item 16, Little City Foundation. This is also Wintrust -- another Wintrust financing, similar to the last deal.

Little City is requesting the execution and delivery of amendments to the documents to effectuate an extension of the initial term, and the provision of an interest rate formula that's consistent with what may lie ahead in the event that there is federal tax reform.

Additionally, this would provide that

the -- that the initial interest rate term would be extended by approximately two years and nine months to December of 2027, so they'd be extending out their initial term for 10 years.

Any questions or comments?

(No response.)

POOLE: Is there anything left?

FRAMPTON: That's it for me. I was just checking my time.

CHAIRMAN ANDERBERG: Without a drink of water. Excellent job.

FRAMPTON: Okay. Great. Thank you. Now I can be seated.

POOLE: Okay.

CHAIRMAN ANDERBERG: Pam?

LENANE: Yep. I mean, yes, sir. Thank you.

Okay. No. 17 is an amendment for Rush University Medical Center. I have a memo. When the book went out, the memo -- we didn't have the exact specifics on the -- what they were trying to do. So if you go to your book, it's under -- in the additional information in your folder, it's --

WEBER: Information folder.

LENANE: Huh? It says, Amendment for Elmhurst Memorial Healthcare and Edward-Elmhurst -- Edward-Elmhurst Healthcare, but anyway, the Resolution's also in the book with the memos in your folder.

Rush issued -- Series 2011 Bonds were issued in December of 2011 in the original amount of $56,000,000. JP Morgan Securities is the owner of the Bonds. The Bonds are LIBOR based and are in a current bank interest period -- period that runs to November 30, 2021.

Rush would like to convert the Series 2011 Bonds from their current bank interest period to a new bank interest period that runs through October 31, 2024. This conversion is permitted by the Bond Indenture. JP Morgan has the ability to continue to hold the Series 2011 Bonds through the conversion, and they have indicated that they are willing to do so. In connection with the conversion, JP Morgan will reset the applicable spread based on current market conditions.

The definition of the LIBOR index will also be revised in the Bond Indenture to provide additional flexibility and possible reissuance protection in the event LIBOR is no longer being used in 2021. The supplemental Bond Indenture will also confirm -- confirm the details of this conversion.

The transaction is not presently expected to cause a reissuance for tax purposes.

Chapman will give a "no adverse effect" tax opinion with respect to the transaction.

Any questions?

(No response.)

CHAIRMAN ANDERBERG: Okay.

MEISTER: I will cover Items 18, 19, and 20. And Item 18 has been withdrawn at the request of the borrower.

Item 19 is the Authority's request to the Governor's Office of Management and budget for Volume Cap. Volume Cap is -- is a necessary grant of authority and documentation from the U.S. Treasury to the State Office of Management and Budget and then allocated to us. We are asking the Board to request $120 million worth of Volume Cap in the event that private activity bonds go through affec- -- or are eliminated as of January 1st, this will be moot, but we are making a request.

Does anybody have any questions? This is primarily for Industrial Revenue Bonds; Solid

Waste; occasionally, Housing; and Beginning Farmer Bonds.

KNOX: Are the projects identified or is this just a Volume Cap?

MEISTER: We have some projects broadly, but obviously with the uncertainty, I would characterize this more as a placeholder.

KNOX: Okay.

MEISTER: Incidentally, one of the discussions in Washington, Volume Cap is allowed to be held over for up to three years in various buckets: Solid Waste, other buckets. One of the current discussions is an entire elimination of Volume Cap, or the ability to carry forward.

On Item 20, I'm going to ask Ryan Oechsler, who's been working with Elizabeth and I, to make the presentation. And then Item 23, the Omnibus Resolution, I'm going to ask General Counsel Weber to present.

OECHSLER: Thank you.

So Item 20 in your book is a resolution concerning Procurement. This resolution does several things: First, it authorizes a 5-month contract with a vendor of employee benefits and payroll services, ADP TotalSource, after the expiration of which the Authority will transition employee benefits to another vendor pursuant to a state master contract and transition payroll services inhouse.

It also confirms a contract amendment, approved by State Procurement Regulators, with a vendor of technical support for payroll and timekeeping services, Ascent Innovations. It confirms a contract and an amendment, approved by State Procurement Regulators, with a vendor of IT Network Consulting Services, Catalyst Consulting Group.

And finally, it authorizes the Executive Director and the Authority staff to take steps to create a pool of financial advisors who can undertake assignments as needed including with respect to the State Revolving Fund.

Are there any questions?

(No response.)

CHAIRMAN ANDERBERG: Thank you.

Next?

WEBER: Mr. Chairman and Members, I am presenting Item 23. This was a late addition to the

agenda, so it does not appear in the Board Book, but instead should be the last item in your Resolution folder.

The title is Resolution Concerning the Amendment of Documents For Debt Issues of the Illinois Finance Authority and Its Predecessor Authorities Relating to Draw-down Bonds, Benchmarks, and Mechanics for Interest Rate Determinations and Conversions and Other Matters.

This Resolution delegates to the Executive Director and other authorized officers the authority to approve various amendments to bond documents that have arisen in connection with the proposed tax legislation being considered by Congress.

As you've heard today, various borrowers have asked for our authorization to approve amendments in advance of the effected date of this legislation, which is January 1, 2018. We suspect that we may be approached by other borrowers for similar amendments before year end. To the extent that this resolution covers the type of amendments that they are seeking, we will not need to ask you to attend another special meeting to consider these amendments.

The amendments contemplated by the Resolution cover three basic types of situations: The first is what is referred to as Draw-down Bonds. These are bonds that are incrementally issued, or drawn down, as needed to fund construction. Under the Tax Code, each subsequent draw is treated as a new bond with its own issue date because under IRS guidance, a bond is issued only when money is actually paid for the bond. As a result, any draws after the effective date of the new legislation would be treated as taxable.

I call your attention to a Bond Buyer article that appeared yesterday, and I believe is in your folders, titled "House Tax Bill Wreaking Havoc with Tax-Exempt Private Activity Draw-down Bonds." This resolution will permit amendments to allow the draw down or advance of all proceeds by the end of the year.

Second, many borrowers have what are called multimodal documents, which permit different types of interest rate modes. Certain benchmarks under these documents may be changing, or in the case of LIBOR, going away. In addition, changes in the

documents related to modes or mechanics for conversion or other provisions may be desirable in light of the proposed legislation.

Changes in these provisions after the effective date of the legislation may result in these bonds considered to be reissued at a time when they can no longer be qualified as tax-exempt. And as a result, borrowers are making changes now to avoid that situation.

Third, some borrowers have bonds that are directly purchased and held by banks or other financial institutions and the indentures may not permit modifications of the then-existing interest rate periods. Again, to avoid a situation where the bond might be considered to be reissued, the Resolution permits amendments.

The resolution does not permit changes which are outside the parameters set forth in the original resolution approving the Bond issue such as principal amount or final maturity date, and requires an opinion of bond counsel to the effect that the changes will not adversely affect tax exemption.

Are there any questions?

(No response.)

POOLE: Sounds good.

CHAIRMAN ANDERBERG: Okay. I would like to request a motion to pass and adopt the following Project Reports and Resolutions: Items 1, 2, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, and 23.

Is there such a motion?

GOETZ: So moved.

KNOX: Second.

CHAIRMAN ANDERBERG: Motion by Mr. Goetz, second by Mr. Knox.

Will the assistant to the Assistant Secretary please call the roll.

OECHSLER: Certainly.

On the motion and second, I will call the roll.

Mr. Fuentes?

FUENTES: Yes.

OECHSLER: Mr. Goetz?

GOETZ: Yes.

OECHSLER: Mr. Horne?

HORNE: Yes.

OECHSLER: Ms. Juracek?

JURACEK: Yes.

OECHSLER: Mr. Knox?

KNOX: Yes.

OECHSLER: Mr. McCoy via audio conference?

McCOY: Yes.

OECHSLER: Mr. Obernagel?

OBERNAGEL: Yes.

OECHSLER: Mr. Poole?

POOLE: Yes.

OECHSLER: Ms. Smoots?

SMOOTS: Yes.

OECHSLER: Mr. Zeller?

ZELLER: Yes.

OECHSLER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

OECHSLER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you.

Quickly, I've been advised by Counsel that I must have made a mistake on votes -- on voting on No. 5. I did not clearly state No. 5. So...

GOETZ: I need to step out of the room.

CHAIRMAN ANDERBERG: So I'll have to have Mr. Goetz step out. I apologize.

OECHSLER: The time is now 11:00 o'clock.

CHAIRMAN ANDERBERG: I always take my counsel's word for it. So...

OECHSLER: The time is now 11:00 o'clock; let the record reflect that Member Goetz has exited the room.

CHAIRMAN ANDERBERG: So I'd like to request a motion to pass and adopt Project Report No. 5 for OSF.

Is there such a motion?

FUENTES: So moved.

OBERNAGEL: Second.

CHAIRMAN ANDERBERG: Motion by Mr. Goetz, second by Mr. Obernagel.

WEBER: It's a motion by Mr. Fuentes.

CHAIRMAN ANDERBERG: I'm sorry. Mr. Fuentes. It can't be Mr. Goetz.

(Laughter.)

CHAIRMAN ANDERBERG: It was my birthday yesterday, so I'm a year older.

(Laughter.)

CHAIRMAN ANDERBERG: That's my excuse.

Okay. So we have a motion by Mr. Fuentes, a second by Mr. Obernagel.

Will the assistant to the Assistant Secretary please call the roll.

OECHSLER: Certainly.

On the motion and second, I will call the roll.

OECHSLER: Mr. Fuentes?

FUENTES: Yes.

OECHSLER: Mr. Horne?

HORNE: Yes.

OECHSLER: Ms. Juracek?

JURACEK: Yes.

OECHSLER: Mr. Knox?

KNOX: Yes.

OECHSLER: Mr. McCoy via audio conference?

McCOY: Yes.

OECHSLER: Mr. Obernagel?

OBERNAGEL: Yes.

OECHSLER: Mr. Poole?

POOLE: Yes.

OECHSLER: Ms. Smoots?

SMOOTS: Yes.

OECHSLER: Mr. Zeller?

ZELLER: Yes.

OECHSLER: And Mr. Chairman?

CHAIRMAN ANDERBERG: Yes.

OECHSLER: Mr. Chairman, the motion carries.

CHAIRMAN ANDERBERG: Thank you. Sorry about that, everybody.

Is there any other business to come before the Members?

MEISTER: One very quick matter. For some of the longer serving members of the Board, a former colleague of ours, Norm Gold, we are circulating a get well card for him. His daughters told me that he enjoyed his time on the Board, working with the Board members and the staff. And so current and former -- current board members, even if you did not serve with Mr. Gold, we'd appreciate it if you sign the get well card and Staff does as well. I know he would appreciate it.

CHAIRMAN ANDERBERG: You have that here in the room with us?

MEISTER: Yeah. Mari has it. It's going around.

OECHSLER: Let the record show that Member Goetz has returned to the room at 11:01 a.m.

CHAIRMAN ANDERBERG: Okay. I'd like to request a motion to excuse the absences of members unavailable to participate today.

Is there such a motion?

GOETZ: So moved.

CHAIRMAN ANDERBERG: So moved by Mr. Goetz.

A second?

HORNE: Second.

CHAIRMAN ANDERBERG: A second by Mr. Horne.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

McCOY: Aye.

CHAIRMAN ANDERBERG: The ayes have it.

Public Comment: Any public comment for the Members?

POOLE: Mr. Chairman, I think a due thank-you to the Executive Director and the staff for putting this whole deal together today. It didn't happen today, but here at this meeting today, because there was obviously a lot of hard work and long hours went into putting this together. It was no easy task to deliver this today. So I think we owe them a vote of confidence and a very strong thank you.

CHAIRMAN ANDERBERG: I'd like to second that, and I wanted to say the same. I'd like to thank the clients --

POOLE: I didn't mean to jump you.

CHAIRMAN ANDERBERG: -- of the IFA for

utilizing and participating, and for the Staff for what they did here today, and also for the Members for coming last month, and I will request that we may need some of your availability and flexibility in the next two weeks as there are some other issues that may be coming up.

So with that, the next Regular Scheduled meeting will be January 11th. And I'd like to request a Motion to Adjourn.

Is there such a motion?

ZELLER: So moved.

POOLE: Second.

CHAIRMAN ANDERBERG: A motion by Mr. Zeller, a second by Mr. Poole.

All those in favor?

(Chorus of ayes.)

CHAIRMAN ANDERBERG: Opposed?

McCOY: Aye.

CHAIRMAN ANDERBERG: The ayes have it.

Thank you.

OECHSLER: The time is 11:03 a.m.

(Which were all the proceedings had.)

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

Brad Benjamin, being first duly sworn on oath, says that he is a Certified Shorthand Reporter, that he reported in shorthand the proceedings given at the taking of said hearing, and that the foregoing is a true and correct transcript of his shorthand notes so taken as aforesaid and contains all the proceedings given at said Illinois Finance Authority Meeting.

Certified Shorthand Reporter
No. 084-004805

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

December 14, 2017

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

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
ROLL CALL
DECEMBER 14, 2017 AGENDA OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

Y	Bronner (Via Audio Conference)	Y	Knox	Y	Smoots
Y	Fuentes	NV	McCoy (Added) (Via Audio Conference)	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
MINUTES
DEFERRED

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
ADOPTED

December 14, 2017

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

E – Denotes Excused Absence

NO. 1

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-NP01
501(c)(3) REVENUE BOND – THE LINCOLN PARK ZOOLOGICAL SOCIETY
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 2

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-NP02
501(c)(3) REVENUE BOND – THE UNIVERSITY OF CHICAGO
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 3

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-HC03
501(c)(3) REVENUE BOND – ANN & ROBERT H. LURIE CHILDREN'S HOSPITAL OF CHICAGO
FINAL (ONE-TIME CONSIDERATION)
PASSED

December 14, 2017

10 YEAS 0 NAYS 0 PRESENT

Y	Bronner (Via Audio Conference)	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (Added) (Via Audio Conference)	Y	Zeller
NV	Goetz	E	O'Brien	Y	Mr. Chairman
NV	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

E – Denotes Excused Absence

NO. 4

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-HC04
501(c)(3) REVENUE BOND – EVANGELICAL RETIREMENT HOMES OF GREATER CHICAGO, INC. D/B/A FRIENDSHIP VILLAGE OF SCHAUMBURG
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 5

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-HC05
501(c)(3) REVENUE BOND – OSF HEALTHCARE SYSTEM
FINAL (ONE-TIME CONSIDERATION)
PASSED

December 14, 2017

10 YEAS	0 NAYS	0 PRESENT

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

E – Denotes Excused Absence

NO. 6

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-HC06
501(C)(3) REVENUE BOND – THE ADMIRAL AT THE LAKE
FINAL (ONE-TIME CONSIDERATION)
PASSED

December 14, 2017

12 YEAS 0 NAYS 0 PRESENT

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

E – Denotes Excused Absence

NO. 7

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-HC07
501(c)(3) REVENUE BOND – THE INGALLS MEMORIAL HOSPITAL
FINAL (ONE-TIME CONSIDERATION)
PASSED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 8

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD08
RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $20,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF THE ILLINOIS FINANCE AUTHORITY'S MIDWESTERN DISASTER AREA REFUNDING REVENUE BOND (KONE CENTRE PROJECT), SERIES 2017, THE PROCEEDS OF WHICH ARE TO BE LOANED TO FINANCIAL DISTRICT PROPERTIES KP, LLC
ADOPTED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 9

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD09
RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY BY THE ILLINOIS FINANCE AUTHORITY OF FIRST SUPPLEMENTAL INDENTURES RELATING TO ITS $25,000,000 MAXIMUM PRINCIPAL AMOUNT REVENUE BONDS (BRADLEY UNIVERSITY PROJECT) SERIES 2017A AND $25,000,000 MAXIMUM PRINCIPAL AMOUNT REVENUE BONDS (BRADLEY UNIVERSITY PROJECT) SERIES 2017B, ALONG WITH RELATED DOCUMENTS; AND RELATED MATTERS
ADOPTED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 10

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD10
RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $37,250,000 PRINCIPAL AMOUNT ILLINOIS FINANCE AUTHORITY REVENUE REFUNDING BOND, SERIES 2017 (ELMHURST COLLEGE); AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND AND LOAN AGREEMENT, A TAX EXEMPTION CERTIFICATE AND AGREEMENT AND RELATED DOCUMENTS; AND APPROVING RELATED MATTERS
ADOPTED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 11

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD11
RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE BOND AND LOAN AGREEMENT RELATING TO THE ILLINOIS FINANCE AUTHORITY REVENUE REFUNDING BOND, SERIES 2013 (ELIM CHRISTIAN SERVICES), TO PROVIDE FOR CERTAIN AMENDMENTS RELATING TO THE INTEREST RATE AND INITIAL MANDATORY PURCHASE DATE AND CERTAIN OTHER MATTERS; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS NECESSARY OR APPROPRIATE TO EFFECT THE MATTERS SET FORTH IN SUCH FIRST AMENDMENT; AND AUTHORIZING AND APPROVING RELATED MATTERS
ADOPTED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (Added) (Via Audio Conference)	Y	Zeller
Y	Goetz	E	O'Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
E – Denotes Excused Absence

NO. 12

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD12
RESOLUTION APPROVING THE EXECUTION OF A SUPPLEMENTAL BOND INDENTURE RELATING TO ITS VARIABLE RATE REVENUE BONDS, SERIES 2012
(CARMEL CATHOLIC HIGH SCHOOL)
ADOPTED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (Added) (Via Audio Conference)	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
E – Denotes Excused Absence

NO. 13

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD13
RESOLUTION AUTHORIZING CERTAIN AMENDMENTS, MODIFICATIONS AND SUPPLEMENTS TO THE TRUST INDENTURE AND RELATED DOCUMENTS DATED AS OF NOVEMBER 1, 1995, AS HERETOFORE SUPPLEMENTED AND AMENDED, PURSUANT TO WHICH THE ILLINOIS FINANCE AUTHORITY PROVIDES FOR THE ISSUANCE AND DELIVERY FROM TIME TO TIME OF NOT IN EXCESS OF $433,200,000 IN AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING OF COMMERCIAL PAPER REVENUE NOTES (POOLED FINANCING PROGRAM) (THE "NOTES") PURSUANT TO A POOLED TAX-EXEMPT COMMERCIAL PAPER PROGRAM (THE "PROGRAM")
ADOPTED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 14

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD14
RESOLUTION AUTHORIZING CERTAIN AMENDMENTS, MODIFICATIONS AND SUPPLEMENTS TO THE BOND TRUST INDENTURE DATED AS OF JUNE 1, 2008, AS HERETOFORE SUPPLEMENTED AND AMENDED, PURSUANT TO WHICH THE ILLINOIS FINANCE AUTHORITY PROVIDES FOR THE ISSUANCE AND DELIVERY FROM TIME TO TIME OF NOT TO EXCEED $95,000,000 IN AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING OF COMMERCIAL PAPER REVENUE NOTES (LOYOLA UNIVERSITY OF CHICAGO FINANCING PROGRAM) (THE “NOTES”) PURSUANT TO A TAX EXEMPT COMMERCIAL PAPER PROGRAM; AUTHORIZING AND APPROVING THE EXECUTION OF CERTAIN AMENDMENTS, MODIFICATIONS AND SUPPLEMENTS TO CERTAIN RELATED BOND, CREDIT, TAX AND FINANCING DOCUMENTS; AND AUTHORIZING AND APPROVING CERTAIN RELATED MATTERS
ADOPTED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 15

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD15
AMENDATORY RESOLUTION MODIFYING CERTAIN TERMS AND PROVISIONS OF ILLINOIS FINANCE AUTHORITY EDUCATIONAL FACILITY REVENUE BOND, SERIES 2016 (MOUNT CARMEL HIGH SCHOOL PROJECT), THE PROCEEDS OF WHICH HAVE BEEN LOANED TO MOUNT CARMEL HIGH SCHOOL
ADOPTED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 16

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD16
RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THE BOND AND LOAN AGREEMENT DATED MARCH 20, 2014 UNDER WHICH THE SERIES 2014 BOND WAS ISSUED AND SOLD TO NORTH SHORE COMMUNITY BANK & TRUST COMPANY AND APPROVING THE EXECUTION OF CERTAIN OTHER AGREEMENTS RELATING TO THE ISSUANCE OF THE SERIES 2014 BOND; AND RELATED MATTERS (LITTLE CITY FOUNDATION)
ADOPTED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 17

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD17
RESOLUTION APPROVING AN INTEREST RATE CONVERSION OF THE RUSH UNIVERSITY MEDICAL CENTER OBLIGATED GROUP IFA SERIES 2011 BONDS (“RUMC”) AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL TRUST INDENTURE AND ANY OTHER DOCUMENTS TO PROVIDE FOR THE CONVERSION AND TO MAKE CERTAIN AMENDMENTS RELATING TO THE INTEREST RATE CALCULATIONS AND CERTAIN OTHER MATTERS
ADOPTED*

December 14, 2017

11 YEAS	0 NAYS	0 PRESENT

E	Bronner	Y	Knox	Y	Smoots
Y	Fuentes	Y	McCoy (Added) (Via Audio Conference)	Y	Zeller
Y	Goetz	E	O’Brien	Y	Mr. Chairman
Y	Horne	Y	Obernagel		
Y	Juracek	Y	Poole		

* – Consent Agenda
E – Denotes Excused Absence

NO. 18

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD18
WITHDRAWN

NO. 19

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD19
RESOLUTION OF INTENT REQUESTING AN INITIAL ALLOCATION OF CALENDAR YEAR 2018 PRIVATE ACTIVITY BOND VOLUME CAP IN THE AMOUNT OF $120,000,000
ADOPTED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 20

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD20
RESOLUTION APPROVING AND CONFIRMING VARIOUS PROCUREMENT MATTERS, INCLUDING (I) A CONTRACT WITH ADP TOTALSOURCE, INC. (EMPLOYEE BENEFITS AND PAYROLL SERVICES), (II) A CONTRACT AMENDMENT WITH ASCENT INNOVATIONS, LLC (PAYROLL SERVICES SOFTWARE MAINTENANCE AND SUPPORT), (III) A CONTRACT AND AMENDMENT WITH CATALYST CONSULTING GROUP, INC. (INFORMATION TECHNOLOGY CONSULTING AND SUPPORT) AND (IV) A REQUEST FOR PROPOSALS FOR FINANCIAL ADVISORS
ADOPTED*

December 14, 2017

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

* – Consent Agenda
E – Denotes Excused Absence

NO. 21

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD21
RESOLUTION APPOINTING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY
ADOPTED

December 14, 2017

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

E – Denotes Excused Absence

NO. 22

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD22
RESOLUTION AUTHORIZING SUPPLEMENTAL INDENTURES RELATED TO THE SERIES 2013C AND SERIES 2013D BONDS ISSUED FOR THE BENEFIT OF ELMHURST MEMORIAL HEALTHCARE AND THE SERIES 2017B AND SERIES 2013C BONDS ISSUED FOR THE BENEFIT OF EDWARD ELMHURST HEALTHCARE TO PROVIDE ADDITIONAL FLEXIBILITY WITH RESPECT TO INTEREST RATE MODES
ADOPTED

December 14, 2017

10 YEAS 0 NAYS 0 PRESENT

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

E – Denotes Excused Absence

NO. 23

ILLINOIS FINANCE AUTHORITY
ROLL CALL
RESOLUTION 2017-1214-AD23
RESOLUTION CONCERNING THE AMENDMENT OF DOCUMENTS FOR DEBT ISSUES OF THE ILLINOIS FINANCE AUTHORITY AND ITS PREDECESSOR AUTHORITIES RELATING TO DRAW DOWN BONDS, BENCHMARKS AND MECHANICS FOR INTEREST RATE DETERMINATIONS AND OTHER MATTERS
ADOPTED*

December 14, 2017

11 YEAS 0 NAYS 0 PRESENT

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

* – Consent Agenda
E – Denotes Excused Absence

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: February 8, 2018

To:
Eric Anderberg, Chairman
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
Bradley A. Zeller

From: Ximena Granda, Controller

Subject: ***Presentation and Consideration of Financial Reports as of January 31, 2018*****

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

FISCAL YEAR 2018-UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

a. **Total Annual Revenues** equal $3.6 million and are **$1.3** million or **55.3%** higher than budget due primarily to **higher** closing fees. Closing fees year-to-date of $2.7 million are $1.1 million or 62.8% **higher** than budget. Annual fees of $172 thousand are $5 thousand higher than the budgeted amount. Administrative service fees of $111 thousand are $82 thousand higher than budget. Application fees total $20 thousand and are $1 thousand lower 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 $354 thousand (which has represented a declining asset since 2014). Net investment income position is at $155 thousand for the fiscal year and is $81 thousand higher than budget.

b. In **January** the Authority generated $215 thousand in closing fees, lower than the monthly budgeted amount of $241 thousand. Closing fees were received from: ***Ann & Robert Lurie Children's Hospital of Chicago*** for $211 thousand and one Beginning Farmer bond for $4 thousand.

c. **Total Annual Expenses** of $1.8 million were $478 thousand or 20.8% lower than budget, which was mostly driven by below budget spending on professional services and employee related expenses. Year-to-date, employee and professional services expenses total $1.5 million; with each

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

function at 24.1% and 26.0% under budget, respectively. Annual occupancy costs of $95 thousand are 6.5% lower than budget, while general and administrative costs are $232 thousand for the year, which is 15.3% higher than budget. Total depreciation cost of $9 thousand is 64.0% below budget. Total cash transfers in from the Primary Government Borrowing Fund (setup to track financial activity on behalf of the State of Illinois) to the General Operating Fund are $58 thousand.

d. In January, the Authority recorded operating expenses of $350 thousand, which was higher than the monthly budgeted amount of $309 thousand.

e. **Total Monthly Net Loss of** $23 thousand was driven by lower than expected closing fees.

f. **Total Annual Net Income** is $1.8 million. The major driver of the annual positive bottom line continues to be the level of overall spending at 20.8% below budget, as well as higher than expected closing fees.

2. ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION

The Authority, as of January 31, 2018, is a $124.8 million dollar agency, but the Authority also accounts for activity in the Other State of Illinois Debt Fund. Total Assets in the Other State of Illinois Debt Fund are $1.3 billion. The Authority maintains compliance for nearly $25.0 billion in outstanding debt.

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

In the General Fund, the Authority continues to maintain a strong balance sheet, with total net position of $58.5 million. The total assets in the General Fund are $58.9 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total $43.6 million (with $6.2 million in cash). Notes receivables from the former Illinois Rural Bond Bank local governments total $12.0 million. Participation loans, DACA (pilot medical student loans in exchange for service in medical underserved areas in Illinois) and other loans receivables are at $2.3 million.

4. YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS

a. In accordance with Governmental Accounting Standards, the “Other State of Illinois Debt Fund” is comprised of bond activity for the Illinois Environmental Protection Agency (“IEPA”), the Illinois Medical District Commission (“IMDC”) and Northern Illinois University Foundation (“NIUF”). The majority of the activity in this fund derives from the Clean Water Initiative (“CWI”) bonds issued for IEPA. Total assets in this fund total $1.3 billion, of which CWI Bonds total $1.1 billion. The Series 2016 CWI Bonds closed on September 12, 2016 in the amount of $500 million and the Series 2017 CWI Bonds closed on September 12, 2017 in the amount of $560 million. Restricted investments total $482.6million with accrued investment income at $514 thousand.

b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year-to-date receipts of $247 thousand. Year-to-date loan repayments under the Fire Truck and Ambulance Revolving Loan Funds are $1.9 million and $296 thousand, respectively. The Net Position for Fire Truck and Ambulance Revolving Loan Funds on the Authority’s balance sheet is $23.3 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 programs. As of January 31, 2018, the Agricultural Loan Guarantee Fund had a Restricted Net Position of $10.2 million and the Agribusiness Fund had a Restricted Net Position of $8.0 million, with no loss reserves in either fund. However, 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 programs (please see Senate Bill 324, Public Acct 99-0509). The Restricted Net Position for the Industrial Revenue Bond Insurance Fund was $11.5 million as of January 31, 2018.

c. All other nonmajor funds recorded total year-to-date revenues of $227 thousand. Year-to-date expenses total $9 thousand as of January 31, 2018. Total Net Position in the remaining non-major funds is $38.1 million.

d. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of $6 thousand in the custody of the Authority. The Illinois Finance Authority NFP Development Fund has a total net position of $12 thousand.

5. AUTHORITY AUDITS AND REGULATORY UPDATES

The Fiscal Year 2017 two-year Compliance Audit Examination is in its final stages. On February 7, 2018 the Authority had a pre-exit conference meeting to discuss the findings. Currently we have fifteen findings. In the coming weeks additional information will be provided to the Board on the findings. The Fiscal Year 2017 Internal Audit is ongoing.

6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION

The Fiscal Year Comparison of Bonds Issued, the Fiscal Year 2018 Bonds Issued, Schedule of Debt and the State of Illinois Receivables Summary being presented as supplementary financial information in your manila folder.

Respectfully submitted,

/s/ Ximena Granda
Controller

ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
GENERAL OPERATING FUND
FOR FISCAL YEAR 2018 AS OF JANUARY 31, 2018
(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	$ 136,265	$ 226,532	$ 486,374	$ 19,345	$ 376,290	$ 1,279,665	$ 215,338						$ 2,739,809	$ 1,683,442	$ 1,056,367	62.8%
Annual Fees	21,005	23,599	20,265	22,158	25,018	26,081	34,256						172,382	167,060	5,322	3.2%
Administrative Service Fees	-	10,500	20,000	33,500	500	40,500	6,000						111,000	29,167	81,833	280.6%
Application Fees	100	4,100	3,000	2,300	3,000	6,100	1,100						19,700	21,000	(1,300)	-6.2%
Miscellaneous Fees	104	-	10,336	338	14,750	-	108						25,636	267	25,369	9495.5%
Interest Income-Loans	50,587	49,369	52,190	50,787	50,356	50,244	50,240						353,773	366,176	(12,403)	-3.4%
Other Revenue	164	163	162	57,382	161	160	160						58,352	97	58,255	59799.4%
Total Operating Revenue:	**$ 208,225**	**$ 314,263**	**$ 592,327**	**$ 185,810**	**$ 470,075**	**$ 1,402,750**	**$ 307,202**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,480,652**	**$ 2,267,209**	**$ 1,213,443**	**53.5%**
Operating Expenses:																
Employee Related Expense	$ 133,489	$ 139,259	$ 131,705	$ 131,125	$ 128,774	$ 124,356	$ 181,610						$ 970,318	$ 1,278,592	$ (308,274)	-24.1%
Professional Services	75,916	38,669	50,322	114,233	46,325	68,966	113,925						508,356	686,581	(178,225)	-26.0%
Occupancy Costs	14,324	12,110	13,155	13,506	12,721	12,505	16,610						94,931	101,500	(6,569)	-6.5%
General & Administrative	28,531	28,689	33,165	30,977	35,469	38,158	36,598						231,587	200,893	30,694	15.3%
Depreciation and Amortization	1,177	1,177	1,177	1,148	1,843	1,047	1,047						8,616	23,919	(15,303)	-64.0%
Total Operating Expense	**$ 253,437**	**$ 219,904**	**$ 229,524**	**$ 290,989**	**$ 225,132**	**$ 245,032**	**$ 349,790**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,813,808**	**$ 2,291,485**	**$ (477,677)**	**-20.8%**
Operating Income(Loss)	**$ (45,212)**	**$ 94,359**	**$ 362,803**	**$ (105,179)**	**$ 244,943**	**$ 1,157,718**	**$ (42,588)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,666,844**	**$ (24,276)**	**$ 1,691,120**	**6966.2%**
Nonoperating Revenues (Expenses)																
Miscellaneous Non-Opertg Rev/(Exp)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -	$ -	#DIV/0!
Bad Debt Adjustments (Expense)	-												-	1,169	(1,169)	-100.0%
Interest and Investment Income*	34,141	51,568	39,087	42,092	39,346	43,482	45,731						295,447	145,833	149,614	102.6%
Realized Gain (Loss) on Sale of Invests	(3,209)	(5,094)	(2,750)	7	31	(1,469)	(3,131)						(15,615)	(14,581)	(1,034)	7.1%
Net Appreciation (Depr) in FV of Invests	11,539	9,008	(35,070)	(25,750)	(48,369)	(13,632)	(22,568)						(124,842)	(58,333)	(66,509)	114.0%
Total Nonoperating Rev (Exp)	**$ 42,471**	**$ 55,482**	**$ 1,267**	**$ 16,349**	**$ (8,992)**	**$ 28,381**	**$ 20,032**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 154,990**	**$ 74,088**	**$ 80,902**	**109.2%**
Net Income (Loss) Before Transfers	**$ (2,741)**	**$ 149,841**	**$ 364,070**	**$ (88,830)**	**$ 235,951**	**$ 1,186,099**	**$ (22,556)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,821,834**	**$ 49,812**	**$ 1,772,022**	**3557.4%**
Transfers:																
Transfers in from other funds	$ 58,296	$ -				$ -							$ 58,296	$ -	58,296	0.0%
Transfers out to other funds	(58,296)	-											(58,296)	-	(58,296)	0.0%
Total Transfers In (Out)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**0.0%**
Net Income (Loss)	**$ (2,741)**	**$ 149,841**	**$ 364,070**	**$ (88,830)**	**$ 235,951**	**$ 1,186,099**	**$ (22,556)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,821,834**	**$ 49,812**	**$ 1,772,022**	**3557.4%**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
FOR FISCAL YEAR 2018 AS OF JANUARY 31, 2018
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND*	FIRE TRUCK REV LOAN FUND	AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
Operating Revenues:								
Closing Fees	$ 2,739,809	$ -	$ -	$ -	$ 2,739,809	$ -	$ 2,739,809	$ -
Annual Fees	172,382	-	-	-	172,382	-	172,382	-
Administrative Service Fees	111,000	-	-	-	111,000	-	111,000	-
Application Fees	19,700	-	-	-	19,700	-	19,700	-
Miscellaneous Fees	25,636	246,531	-	107	272,274	-	272,274	-
Interest Income-Loans	353,773	16,147	1,860	7,201	378,981	9,657,176	10,036,157	-
Other Revenue	58,352	-	-	-	58,352	-	58,352	-
Total Operating Revenue:	**$ 3,480,652**	**$ 262,678**	**$ 1,860**	**$ 7,308**	**$ 3,752,498**	**$ 9,657,176**	**$ 13,409,674**	**$ -**
Operating Expenses:								
Employee Related Expense	$ 970,318	$ -	$ -		$ 970,318	$ -	$ 970,318	$ -
Professional Services	508,356	1,668	1,643	7,853	519,520	-	519,520	-
Occupancy Costs	94,931	-	-	-	94,931	-	94,931	-
General & Administrative	231,587	-	-	39	231,626	-	231,626	-
Interest Expense	-	-	-	1,197	1,197	12,771,442	12,772,639	-
Depreciation and Amortization	8,616	-	-	-	8,616	-	8,616	-
Total Operating Expense	**$ 1,813,808**	**$ 1,668**	**$ 1,643**	**$ 9,089**	**$ 1,826,208**	**$ 12,771,442**	**$ 14,597,650**	**$ -**
Operating Income(Loss)	**$ 1,666,844**	**$ 261,010**	**$ 217**	**$ (1,781)**	**$ 1,926,290**	**$ (3,114,266)**	**$ (1,187,976)**	**$ -**
Nonoperating Revenues (Expenses):								
Miscellaneous non-opertg rev/(exp)	$ -	$ -	$ -		$ -	$ -	$ -	$ -
Transfer of funds and program interest from the State of Illi	-	-	-	-	-	-	-	-
Interest and invesment income*	295,447	23,972	17,839	262,860	600,118	2,263,350	2,863,468	6
Realized Gain (Loss) on sale of investment	(15,615)	(1,102)	(3,438)	(244)	(20,399)	(554,858)	(575,257)	-
Net Appreciation (Depr) in fair value of investments**	(124,842)	3,134	3,031	(42,520)	(161,197)	1,405,774	1,244,577	-
Total Nonoperating Revenues (Expenses)	**$ 154,990**	**$ 26,004**	**$ 17,432**	**$ 220,096**	**$ 418,522**	**$ 3,114,266**	**$ 3,532,788**	**$ 6**
				-				
Net Income (Loss) Before Transfers	**$ 1,821,834**	**$ 287,014**	**$ 17,649**	**$ 218,315**	**$ 2,344,812**	**$ -**	**$ 2,344,812**	**$ 6**
Transfers:								
Transfers in from other funds	$ 58,296	$ -	$ -	$ -	$ 58,296	$ -	$ 58,296	$ -
Transfers out to other funds	(58,296)	-	-	-	(58,296)	-	(58,296)	-
Total Transfers In (Out)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net Income (Loss)	**$ 1,821,834**	**$ 287,014**	**$ 17,649**	**$ 218,315**	**$ 2,344,812**	**$ -**	**$ 2,344,812**	**$ 6**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
January 31, 2018
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR 1,279,665	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	$ 6,170,237	$ -	$ -	$ 40,525	$ 6,210,762		$ 6,210,762	$ -
Investments	26,478,267	-	-	3,598,488	30,076,755		30,076,755	-
Accounts receivable, Net	188,637	-	-	-	188,637		188,637	-
Loans receivables, Net	3,954	-	-	-	3,954		3,954	-
Accrued interest receivable	640,176	-	-	14,272	654,448		654,448	-
Bonds and notes receivable	1,574,100	-	-	-	1,574,100		1,574,100	-
Due from other funds	11,549	-	-		11,549		11,549	-
Prepaid Expenses	139,712	-	-		139,712		139,712	-
Total Current Unrestricted Assets	**$ 35,206,632**	**$ -**	**$ -**	**$ 3,653,285**	**$ 38,859,917**	**$ -**	**$ 38,859,917**	**$ -**
Restricted:								
Cash & Cash Equivalents	$ -	$ 1,068,567	$ 871,610	$ 1,940,506	$ 3,880,683	$ 87,701,998	$ 91,582,681	$ 6,195
Investments	-	1,759,311	1,699,944	11,271,181	14,730,436	479,278,745	494,009,181	-
Accrued interest receivable	-	16,870	6,179	6,663	29,712	513,396	543,108	-
Due from other funds	-		-	49,335	49,335		49,335	-
Due from primary government	-	-	-		-		-	-
Bonds and notes receivable from State component units	-		-		-		-	-
Loans receivables, Net	-			-	-	-	-	-
Total Current Restricted Assets	**$ -**	**$ 2,844,748**	**$ 2,577,733**	**$ 13,267,685**	**$ 18,690,166**	**$ 567,494,139**	**$ 586,184,305**	**$ 6,195**
Total Current Assets	**$ 35,206,632**	**$ 2,844,748**	**$ 2,577,733**	**$ 16,920,970**	**$ 57,550,083**	**$ 567,494,139**	**$ 625,044,222**	**$ 6,195**
Non-current Assets:								
Unrestricted:				**-**				
Investments	$ 10,944,348	$ -	$ -	$ 686,888	$ 11,631,236		$ 11,631,236	$ -
Loans receivables, Net	2,261,333	-	-	-	2,261,333		2,261,333	-
Bonds and notes receivable	10,465,037	-	-	-	10,465,037		10,465,037	-
Total Noncurrent Unrestricted Assets	**$ 23,670,718**	**$ -**	**$ -**	**$ 686,888**	**$ 24,357,606**	**$ -**	**$ 24,357,606**	**$ -**
Restricted:								
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -		$ -	$ -
Investments	-	-	-	2,314,384	2,314,384	3,337,846	5,652,230	-
Funds in the custody of the Treasurer	-	2,401,503	296,913	18,209,922	20,908,338		20,908,338	-
Accrued interest receivable				-	-		-	
Loans receivables, Net	-	18,094,427	1,378,640	130,663	19,603,730		19,603,730	-
Bonds and notes receivable from primary government	-	-	-	-	-	712,272,467	712,272,467	-
Bonds and notes receivable from State component units	-	-	-	-	-	9,203,284	9,203,284	-
Total Noncurrent Restricted Assets	**$ -**	**$ 20,495,930**	**$ 1,675,553**	**$ 20,654,969**	**$ 42,826,452**	**$ 724,813,597**	**$ 767,640,049**	**$ -**
Capital Assets								
Capital Assets	$ 841,130	$ -	$ -	$ -	$ 841,130	$ -	$ 841,130	$ -
Accumulated Depreciation	(791,234)	-	-	-	(791,234)	-	(791,234)	-
Total Capital Assets	**$ 49,896**	**$ -**	**$ -**	**$ -**	**$ 49,896**	**$ -**	**$ 49,896**	**$ -**
Total Noncurrent Assets	**$ 23,720,614**	**$ 20,495,930**	**$ 1,675,553**	**$ 21,341,857**	**$ 67,233,954**	**$ 724,813,597**	**$ 792,047,551**	**$ -**
Total Assets	**$ 58,927,246**	**$ 23,340,678**	**$ 4,253,286**	**$ 38,262,827**	**$ 124,784,037**	**$ 1,292,307,736**	**$ 1,417,091,773**	**$ 6,195**
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred loss on debt refunding	$ -	$ -	$ -	$ -	$ -	$ 337,221	$ 337,221	$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 337,221**	**$ 337,221**	**$ -**
Total Assets & Deferred Inflows of Resources	**$ 58,927,246**	**$ 23,340,678**	**$ 4,253,286**	**$ 38,262,827**	**$ 124,784,037**	**$ 1,292,644,957**	**$ 1,417,428,994**	**$ 6,195**

ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
January 31, 2018

(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR 1,279,665	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	$ 65,161	$ -	$ -	$ -	$ 65,161	$ -	$ 65,161	$ -
Accrued liabilities	84,045	-	-	-	84,045	-	84,045	-
Due to employees	95,721	-	-	-	95,721	-	95,721	-
Due to primary government	50,001	-	-	-	50,001	-	50,001	-
Due to other funds	11,341	-	-	-	11,341	-	11,341	-
Other liabilities	-	-	-	-	-	-	-	6,189
Unearned revenue, net of accumulated amortization	167,791	-	-	-	167,791	-	167,791	
Total Current Liabilities Payable from Unrestricted Current Assets	**$ 474,060**	**$ -**	**$ -**	**$ -**	**$ 474,060**	**$ -**	**$ 474,060**	**$ 6,189**
Payable from restricted current assets:								
Accounts payable	-	-	-		-	-	-	-
Obligation under securites lending of the State Treasurer	-	-	-	-	-	-	-	-
Accrued interest payable	$ -	$ -	$ -	$ 208	$ 208	$ 4,712,123	$ 4,712,331	$ -
Due to other funds	-	-	-	363	363		363	-
Due to primary government	-	-	-	-	-		-	-
Bonds and notes payable from primary government	-	-	-	-	-	3,695,901	3,695,901	-
Bonds and notes payable from State component units	-	-	-	-	-	513,809	513,809	-
Current portion of long term debt	-	-	-	-	-	424,402	424,402	-
Other liabilities	-	-	-	-	-	-	-	-
Total Current Liabilities Payable from Restricted Current Assets	**$ -**	**$ -**	**$ -**	**$ 571**	**$ 571**	**$ 9,346,235**	**$ 9,346,806**	**$ -**
Total Current Liabilties	**$ 474,060**	**$ -**	**$ -**	**$ 571**	**$ 474,631**	**$ 9,346,235**	**$ 9,820,866**	**$ 6,189**
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	$ -	$ -	$ -	$ -	$ -	$ 1,268,700,043	$ 1,268,700,043	$ -
Bonds and notes payable from State component units	-	-	-	-	-	14,598,679	14,598,679	-
Noncurrent portion of long term debt	-	-	-	187,322	187,322		187,322	-
Noncurrent loan reserve	-	-	-	-	-		-	-
Total Noncurrent Liabilities Payable from Restricted Noncurrent	**$ -**	**$ -**	**$ -**	**$ 187,322**	**$ 187,322**	**$ 1,283,298,722**	**$ 1,283,486,044**	**$ -**
Total Noncurrent Liabilities	**$ 585**	**$ -**	**$ -**	**$ 187,322**	**$ 187,907**	**$ 1,283,298,722**	**$ 1,283,486,629**	**$ -**
Total Liabilities	**$ 474,645**	**$ -**	**$ -**	**$ 187,893**	**$ 662,538**	**$ 1,292,644,957**	**$ 1,293,307,495**	**$ 6,189**
Net Position:								
Net Investment in Capital Assets	$ 49,896	$ -	$ -	$ -	$ 49,896	$ -	$ 49,896	$ -
Restricted for Locally Held Agricultural Guarantees	-	-	-	11,481,603	11,481,603	-	11,481,603	-
Restricted for Public Safety Loans	-	23,053,665	4,235,636	-	27,289,301	-	27,289,301	-
Restricted for Agricultural Guarantees and Rural Development Loans	-	-	-	19,777,512	19,777,512	-	19,777,512	-
Restricted for Renewable Energy Development	-	-	-	2,261,518	2,261,518	-	2,261,518	-
Restricted for Credit Enhancement	-	-	-	-	-	-	-	-
Restricted for Low Income Community Investments	-	-	-	12,653	12,653	-	12,653	-
Unrestricted	56,580,871	-	-	4,323,334	60,904,205	-	60,904,205	-
Current Change in Net Position	1,821,834	287,013	17,650	218,314	2,344,811	-	2,344,811	6
Total Net Position	**$ 58,452,601**	**$ 23,340,678**	**$ 4,253,286**	**$ 38,074,934**	**$ 124,121,499**	**$ -**	**$ 124,121,499**	**$ 6**
Total Liabilities & Net Position	**$ 58,927,246**	**$ 23,340,678**	**$ 4,253,286**	**$ 38,262,827**	**$ 124,784,037**	**$ -**	**$ 1,417,428,994**	**$ 6,195**

IFA
ILLINOIS FINANCE AUTHORITY

STATE of ILLINOIS
DETAILED RECEIVABLES SUMMARY (UNAUDITED)
AS OF February 7, 2017

As of November 1, 2015 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:

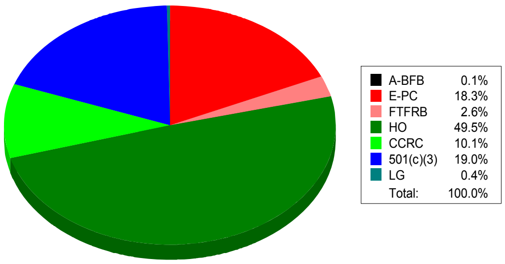
Vendor	Payment dates	Amount
Cosgrove Distributors Inc.	12/21/2015	$9,225.92
	Payment received by IFA	($9,225.92)
	Balance due from Cosgrove Distributors	$0.00
Grayboy Building Maintenance	12/16/2015	$15,790.36
	Payment received by IFA	($15,790.36)
	Balance due from Grayboy Building Maint.	$0.00
M. J. 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	($3,732,458.28)
	Balance due from M.J. Kellner	$3,678.02
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	**$4,935,854.78**
	Balance due from State of Illinois Assigned/Purchased Receivables	**$36,096.87**

Bonds Issued - Fiscal Year Comparison
for the Period Ending January 31, 2018

Fiscal Year 2016

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

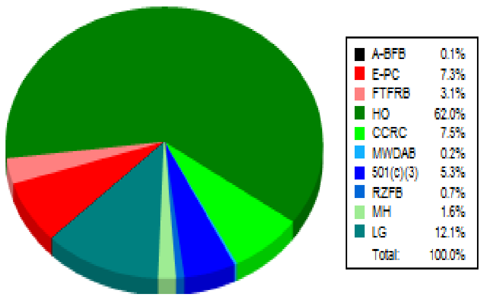
Bonds Issued in Fiscal Year 2016



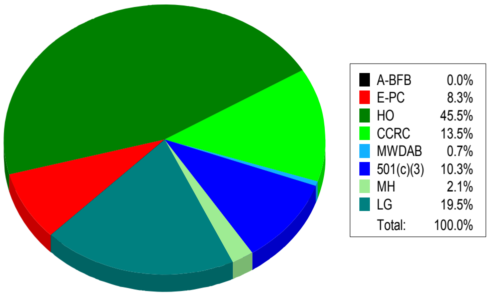
Fiscal Year 2017

#	Market Sector	Principal Issued
18	Agriculture - Beginner Farmer	3,765,900
7	Education	304,222,000
1	Freight Transfer Facilities Bonds	130,000,000
12	Healthcare - Hospital	2,568,650,000
7	Healthcare - CCRC	310,364,967
1	Midwest Disaster Area Bonds	9,969,162
7	501(c)(3) Not-for-Profit	221,407,000
2	Recovery Zone Facilities Bonds	28,951,409
2	Multifamily/Senior/Not-for Profit Housing	65,365,000
1	Local Government	500,000,000
58		$ 4,142,695,438

Bonds Issued in Fiscal Year 2017



Bonds Issued in Fiscal Year 2018



Fiscal Year 2018

#	Market Sector	Principal Issued
6	Agriculture - Beginner Farmer	1,128,225
4	Education	239,050,000
7	Healthcare - Hospital	1,308,930,000
5	Healthcare - CCRC	388,700,000
1	Midwest Disaster Area Bonds	20,200,000
6	501(c)(3) Not-for-Profit	296,974,000
1	Multifamily/Senior/Not-for Profit Housing	59,980,000
1	Local Government	560,025,000
31		$2,874,987,225

Bond Issuance Analysis

The Authority issued $223,550,000 in conduit debt during the month of January, 2018. This is 91% higher than January, 2017 at $20,000,000. Total issuance for FY 2018 is $2,874,987,225. This is 6% lower than the same period for FY 2017 at $3,047,277,400. The IFA has issued 25 conduit bonds and six beginner farmer bonds in FY 2018.

Bonds Issued and Outstanding
as of
January 31, 2018

Bonds Issued between July 01, 2017 and January 31, 2018

Bond Issue		Date Issued	Initial Interest Rate	Principal Issued	Bonds Refunded
A-BFB	Beginner Farmer Bond	07/01/2017	Variable	1,128,225	0
501(c)(3)	YMCA of Rock River Valley	07/25/2017	Variable	9,500,000	5,234,000
CCRC	Three Crown Park	07/25/2017	Variable	34,210,000	34,210,000
501(c)(3)	Chicagoland Laborers Training and Apprentice Fund	08/10/2017	Fixed at Schedule	12,950,000	0
E-PC	Rosalind Franklin University	08/23/2017	Fixed at Schedule	112,390,000	62,390,000
E-PC	Bradley University	09/01/2017	Variable	50,000,000	50,000,000
HO	Southern Illinois Healthcare Enterprises	09/12/2017	Variable	66,845,000	0
CCRC	Tabor Hills Supportive Living Community	09/19/2017	Variable	16,000,000	16,000,000
LG	Clean Water Initiative Revolving Fund	09/12/2017	Fixed at Schedule	560,025,000	0
E-PC	Bradley University	09/01/2017	Fixed at Schedule	39,500,000	0
HO	UnityPoint Health	10/20/2017	Fixed at Schedule	19,500,000	12,000,000
HO	Blessing Hospital	11/17/2017	Variable	15,955,000	0
CCRC	Greenfields of Geneva	11/17/2017	Fixed at Schedule	65,000,000	65,000,000
HOUS	Better Housing Foundation (Windy City Portfolio Project)	11/21/2017	Fixed at Schedule	59,980,000	0
501(c)(3)	Chicago Charter School Foundation	11/30/2017	Variable	51,310,000	0
501(c)(3)	CHF- Chicago, LLC (University of Illinois at Chicago)	12/19/2017	Fixed at Schedule	94,860,000	0
HO	Northwestern Memorial HealthCare	12/19/2017	Fixed at Schedule	706,900,000	593,500,000
HO	OSF Healthcare System	12/20/2017	Variable	235,000,000	49,000,000
501(c)(3)	Cantigny Foundation	12/27/2017	Variable	58,000,000	0
501(c)(3)	The Lincoln Park Zoological Society	12/27/2017	Variable	70,354,000	70,000,000
E-PC	Elmhurst College	12/27/2017	Variable	37,160,000	37,000,000
CCRC	Friendship Village of Schaumburg	12/28/2017	Fixed at Schedule	122,550,000	108,371,437

HO	Ingalls Memorial Hospital	12/29/2017	Variable	41,180,000	41,180,000
MWDAB	Kone Center Project	12/29/2017	Variable	20,200,000	20,200,000
CCRC	The Admiral at the Lake	12/29/2017	Fixed at Schedule	150,940,000	147,612,110
HO	Ann & Robert Lurie Children's Hospital of Chicago	01/18/2018	Fixed at Schedule	223,550,000	223,550,000
	Total Bonds Issued as of January 31, 2018			**$ 2,874,987,225**	**$ 1,535,247,547**

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 Funded between July 01, 2017 and January 31, 2018

Date Funded	Initial Interest Rate	Loan Proceeds	Acres	County
07/06/2017	3.50	70,000	40.00	Montgomery
10/02/2017	3.5	129,675	95.58	Lawrence
12/15/2017	3.25	193,800	40.00	Jasper
12/15/2017	3.85	502,250	60.00	Logan
12/21/2017	3.90	107,500	42.00	Jasper
12/27/2017	3.625	125,000	80.00	Montgomery
Total Beginner Farmer Bonds Issued		**$ 1,128,225**	**357.58**	

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 #		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
Illinois Finance Authority "IFA" [b]				
Agriculture	$ 51,839,174	$ 48,400,851		
Education	$ 4,345,951,386	4,326,566,797		
Healthcare	$ 15,265,699,341	14,998,359,732		
Industrial Development [includes Recovery Zone/Midwest Disaster]	$ 889,671,685	858,335,419		
Local Government	$ 725,285,000	1,235,655,000		
Multifamily/Senior/Not-for Profit Housing	$ 153,127,575	271,969,576		
501(c)(3) Not-for Profits	$ 1,665,996,057	1,773,576,908		
Exempt Facilities Bonds	$ 149,915,000	203,500,000		
1 **Total IFA Principal Outstanding**	**$ 23,247,485,218**	**$ 23,716,364,283**		
Illinois Development Finance Authority "IDFA" [b]				
Education	496,388			
Healthcare	73,600,000	73,600,000		
Industrial Development	171,430,244	173,585,744		
Local Government	222,207,364	173,166,782		
Multifamily/Senior/Not-for Profit Housing	82,249,117	81,806,874		
501(c)(3) Not-for Profits	519,192,342	437,030,430		
Exempt Facilities Bonds				
Total IDFA Principal Outstanding	**$ 1,069,175,454**	**$ 939,189,831**		
Illinois Rural Bond Bank "IRBB" [b]				
Total IRBB Principal Outstanding	**$ -**	**$ -**		
Illinois Health Facilities Authority "IHFA"	**$ 294,285,000**	**$ 197,755,000**		
Illinois Educational Facilities Authority "IEFA"	**$ 490,472,000**	**$ 402,698,000**		
Illinois Farm Development Authority "IFDA" [f]	**$ 13,436,353**	**$ 11,158,212**		
Total Illinois Finance Authority Debt	**$ 25,114,854,025**	**$ 25,267,165,325**	**$ 28,150,000,000**	**$ 2,882,834,675**

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

Section I (b)

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
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	14,050,000	13,415,000		
Total General Moral Obligations	**$ 14,050,000**	**$ 13,415,000**	**$ 150,000,000**	**$ 136,585,000**
* All the Local Government bonds were defeased as of August 1, 2014.				
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	$ -	$ -		
Issued through IDFA	-	-		
Total Financially Distressed Cities	**$ -**	**$ -**	**$ 50,000,000**	**$ 50,000,000**
State Component Unit Bonds [c]				
Issued through IDFA [i]	-	-		
Issued through IFA [i]	599,372,488	1,095,583,966		
Total State Component Unit Bonds	**$ 599,372,488**	**$ 1,095,583,966**		

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		Remaining MDAB Volume Cap
	June 30, 2017	January 31, 2018	
Midwestern Disaster Area Bonds [Flood Relief]	**$ 63,634,933**	**$ 63,099,457**	**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		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
Illinois Power Agency	**$ -**	**$ -**	**$ 4,000,000,000**	**$ 4,000,000,000**

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

Section III

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
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		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2017	January 31, 2018			
Agri Debt Guarantees [Restructuring Existing Debt]					
Fund # 994 - Fund Balance $10,206,209	**$ 5,966,448**	**$ 5,042,202**	**$ 160,000,000**	**$ 154,957,798**	**$ 4,285,871**
AG Loan Guarantee Program					
Fund # 205 - Fund Balance $8,003,713	**$ 2,696,940**	**$ 2,586,461**	**$ 225,000,000** [e]	**$ 222,413,539**	**$ 2,198,492**
Agri Industry Loan Guarantee Program	$ -				
Farm Purchase Guarantee Program	866,646	857,434			728,819
Specialized Livestock Guarantee Program	1,251,934	1,163,120			988,652
Young Farmer Loan Guarantee Program	578,360	565,907			481,021
Total State Guarantees	**$ 8,663,388**	**$ 7,628,663**	**$ 385,000,000**	**$ 377,371,337**	**$ 6,484,363**

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

Section V

			Principal Outstanding		Cash and Investment Balance
			June 30, 2017	January 31, 2018	
155	Fire Truck Revolving Loan Program	**Fund # 572**	**$ 20,057,851**	**$ 18,094,427**	**$ 5,229,381**
22	Ambulance Revolving Loan Program	**Fund # 334**	**$ 1,672,960**	**$ 1,378,640**	**$ 2,868,467**

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

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

Section VI

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2017	January 31, 2018		
Environmental [Large Business]				
Issued through IFA	$ 14,475,000	$ 13,645,000		
Issued through IDFA	97,505,000	97,505,000		
Total Environmental [Large Business]	**$ 111,980,000**	**$ 111,150,000**	**$ 2,425,000,000**	**$ 2,313,850,000**
Environmental [Small Business]	$ -	$ -	**$ 75,000,000**	**$ 75,000,000**
Total Environment Bonds Issued under Act	**$ 111,980,000**	**$ 111,150,000**	**$ 2,500,000,000**	**$ 2,388,850,000**

Illinois Finance Authority Funds at Risk

Section VII

	Original Amount	Principal Outstanding	
		June 30, 2017	January 31, 2018
Participation Loans			
Business & Industry	**23,020,158**	**99,724**	**93,745**
Agriculture	**6,079,859**		
Participation Loans excluding Defaults & Allowances	**29,100,017**	**99,724**	**93,745**
Plus: Legacy IDFA Loans in Default		**936,358**	**3,170**
Less: Allowance for Doubtful Accounts		**938,353**	**5,165**
Total Participation Loans		**97,729**	**91,750**
Local Government Direct Loans	**1,289,750**	**627,638**	**501,477**
Rural Bond Bank Local Government Note Receivable		**12,069,137**	**12,039,137**
FmHA Loans	**963,250**	**163,518**	**147,030**
Renewable Energy [RED Fund]	**2,000,000**	**1,107,838**	**-**
Total Loans Outstanding	**34,353,017**	**14,065,860**	**12,779,394**

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		Statutory Debt Limitation	Remaining HELA Debt Limitation
	June 30, 2017	January 31, 2018		
Midwestern University Foundation - Student Loan Program Revenue Bonds	**$ 15,000,000**	**$ 15,000,000**	**$ 200,000,000** [d]	**$ 185,000,000**

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[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

ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT

BOARD OF DIRECTORS MEETING
February 8, 2018

CONTRACTS/AMENDMENTS EXECUTED					
	Vendor	**Initial Term**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Services Provided**
Illinois Procurement Code-Small Purchases	ADP TotalSource	01/01/2018-05/31/2018	$98,000	Contract executed.	Employee Benefits and Payroll Services
Illinois Procurement Code-Exempt	Baker & Hostetler LLP	01/10/2018-01/09/2020	$250,000	Contract executed	Legal services related to data security
	The Crypsis Group and Baker & Hostetler LLP (as IFA legal counsel)	01/10/2018-01/09/2019	$43,750	Contract executed.	Consult with web security analysis and best practices
Illinois Procurement Code-Small Purchases	Xerox	02/05/2018-02/04/2021	$5,860	Order processed. February delivery of new replacement.	Lease for color copier
	Enterprise Holdings	01/01/2018-12/31/2018	$5,000	Basic Ordering Agreement executed.	Car rentals
	CDW-G	01/25/2018	$2,909	PO sent.	Server software
	Malelo	01/25/2018	$550	PO sent.	Back up tapes

ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT

BOARD OF DIRECTORS MEETING
February 8, 2018

EXPIRING CONTRACTS					
	Vendor	**Expiration Date**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Services Provided**
Illinois Procurement Code-Small Purchases	DropBox	02/18/2018	$1,670	Purchase again via Small Purchase with incumbent.	File Sharing for Board books
	First Choice Services renewal	02/25/2018	$800	Purchase again via Small Purchase with incumbent.	Annual Water Filtration Lease
	National Tek Services, Inc	02/28/2018	$16,601	Bid for Symantec and separate bid for tape storage in process.	Symantec Backup Services 3 year renewal, tape storage
	National Tek Services, Inc.	03/25/2018	$1,750	Renew license.	Trend Micro Enterprise Security for EndPoint
Illinois Procurement Code-Competitive Bids	Acacia Financial Group, Inc.	03/01/2018	$225,000	RFP/Exemption.	Financial Advisors
	Sycamore Advisors, LLC	03/01/2018	$225,000	RFP/Exemption.	Financial Advisors
Illinois Procurement Code-Small Purchases	National Tek Services, Inc.	03/31/2018	$1,245	Renew license.	MailArchiva software
	Tallgrass Systems	03/31/2018	$4,491	Purchase again via Small Purchase with incumbent.	Barracuda energizer updates and replacement
	Tallgrass Systems Limited	03/31/2018	$1,649	Purchase again via Small Purchase with incumbent.	Barracuda 300A Technology Refresh
	United States Postal Service	03/31/2018	$356	Purchase again via Small Purchase with incumbent.	PO Box 2016
Illinois Procurement Code-Order Against Master	Mesirow Insurance Services	04/04/2018	$297,900	Continue with State Master CMS4819650, expires 4/30/18, one 1 year renewal remaining.	Insurance Brokering Services
	Com Microfilm Company, Inc. (Doc Image)	04/17/2018	$75,000	State in process of RFP. Continue with State Master.	Document Imaging

ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT

BOARD OF DIRECTORS MEETING
February 8, 2018

EXPIRING CONTRACTS (cont'd)					
	Vendor	**Expiration Date**	**Estimated Not to Exceed Value**	**Action/Proposed Method of Procurement**	**Services Provided**
Illinois Procurement Code-Order Against Master	Com Microfilm Company, Inc.	04/17/2018	$75,000	State in process of RFP. Continue with State Master.	Document Imaging
Illinois Procurement Code-Small Purchases	National Tek Services, Inc.-ADM Manage	04/19/2018	$1,480	Purchase again via Small Purchase with incumbent.	Manage Engine ADMManager
	Marcor Technologies	05/06/2018	$4,500	BidBuy quote	MailArchiva Support 3 years
Illinois Procurement Code-Competitive Bids	Arbitrage Compliance Specialists	05/31/2018	$49,000	RFP TBD	Arbitrage Liability Calculation Services/Bond Comp
Illinois Procurement Code-Small Purchases	Hewlett Packard Enterprise	05/31/2018	$5,627	Purchase again via Small Purchase with incumbent.	Hardware Support Care Packs
	MX Save	06/12/2018	$588	Purchase again via Small Purchase with incumbent.	Disaster Recovery for email
	GoDaddy	06/14/2018	$150	Purchase again via Small Purchase with incumbent.	SSL Certificate for Mobile Device Management
Illinois Procurement Code-Competitive Bids	Merlinos & Associates	06/15/2018	$45,040	RFP TBD	Actuarial Services
Illinois Procurement Code-Renewal	Ascent Innovations	06/23/2018	$155,128	Renewals available for $42K/yr.	Accounting Software Maintenance and Support
	3rd Coast Imaging, Inc.	06/30/2018	$10,000	Renewal?	Printing Services for Monthly Board Books
Illinois Procurement Code-Order Against Master	Com Microfilm Company, Inc.	06/30/2018	$7,230	Continue with State Master. State in process with RFP.	Docuware Maintenance and Support
Illinois Procurement Code-Small Purchases	Novanis IT Solutions	06/30/2018	$203	Purchase again via Small Purchase with incumbent.	Encryption of laptops
	Presidio Networked Solutions	06/30/2018	$3,292	Continue with new State Master. Contract in process.	Production Support/Subscription VMWare

ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT

BOARD OF DIRECTORS MEETING
February 8, 2018

EXPIRING CONTRACTS (cont'd)

	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
Illinois Procurement Code-Small Purchases	CDW Government LLC (SmartNet)	06/30/2018	$422	Purchase again via Small Purchase with incumbent.	SmartNet Technical Support
	Tallgrass Systems SmartNet	06/30/2018	$540	Purchase again via Small Purchase with incumbent.	Cisco SmartNet
	East Bank Records Management	07/30/2018	$20,000	Sole economically feasible Purchase.	Records Storage
	United States Postal Service Prepaid Postage	08/08/2018	$1,000	Purchase again via Small Purchase with incumbent.	Chicago and Mt. Vernon postage
	GoDaddy Web Hosting	08/10/2018	$539	Purchase again via Small Purchase with incumbent.	Web Hosting Server
	GoDaddy 2018 SSL Cert	08/23/2018	$299	Purchase again via Small Purchase with incumbent.	SSL Certificate
Illinois Procurement Code-Order Against Master	CDW Government LLC Cisco switches and support	09/10/2018	$11,939	Continue with State Master CMS4819650, expires 4/30/18, one 1 year renewal remaining.	Cisco switches, firewall, router and support
	CDW Government LLC HPE	09/17/2018	$37,380	State Master?	HP Servers, disk array, tape drive
Illinois Procurement Code-Small Purchases	SHI International Corp	10/16/2018	$4,560	BidBuy quote.	Enterprise Mobility Mgmt System
	WellSpring Software, Inc.	10/30/2018	$100	Purchase again via Small Purchase with incumbent.	Annual support for software to print checks

ILLINOIS FINANCE AUTHORITY
PROCUREMENT REPORT OF ACTIVITY SINCE PRIOR BOARD REPORT

BOARD OF DIRECTORS MEETING
February 8, 2018

EXPIRING CONTRACTS (cont’d)

	Vendor	Expiration Date	Estimated Not to Exceed Value	Action/Proposed Method of Procurement	Services Provided
I Illinois Procurement Code-Small Purchases	Sullivan Reporting	10/31/2018	$9,500	Purchase again via Small Purchase with incumbent.	BOA for Transcription Services
	United Parcel Service	11/21/2018	$4,000	Continue with State Master	Package Delivery
	Google Ad 2017-2018	12/3/2018	$4,500	Purchase again via Small Purchase with incumbent.	IFA Ad Page
	Network Solutions IDFA	12/20/2018	$39	Purchase again via Small Purchase with incumbent.	Renewal of www.idfa.com
Illinois Procurement Code-Competitive Bids	Cleararc Capital, Inc. Amend Invest	12/26/2018	$900,000	RFP?	Investment Management Services
Illinois Procurement Code-Sole economically feasible Purchase	Bloomberg Finance L.P. - Anywhere	12/30/2018	$43,200	Sole economically feasible with incumbent.	Bloomberg Terminal License
Illinois Procurement Code-Anticipation of Litigation	G&R Public Law & Strategies	11/18/2018	$100,000	TBD	Anticipation of Litigation
	Jenner & Block LLP	12/8/2018	$250,000	TBD	Anticipation of Litigation
Illinois Procurement Code-Order Against Master	Enterprise Car Rental	12/31/2018	$5,000	Continue with State Master. State in process with RFP	Car Rental

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Lorrie Karcher and Pat Evans

Date: February 8, 2018

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 $534,600 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: $389,820**
- **Calendar Year Summary:** (as of February 1, 2018)
  - Volume Cap: $TBD (Note: IFA allocation request/award pending for CY 2018)
  - Volume Cap Committed: $TBD
  - Volume Cap Remaining: $TBD
  - Average Farm Acreage: 65
  - Number of Farms Financed: 2
- **IFA Benefits:**
  - **Conduit Tax-Exempt Bonds –** no direct IFA or State funds at risk
  - **New Money Bonds:**
    - IFA conveys tax-exempt, municipal bond status onto the financing
    - Will use dedicated 2018 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 (typically 1st Mortgage)
  - 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:	**30397**
Borrower(s):	**Bergbower, Justin Joseph**
Borrower Benefit:	First Time Land Buyer
Town:	Newton, IL
IFA Bond Amount:	**$86,820**
Use of Funds:	Farmland –65.9 acres of farmland
Purchase Price:	$204,290 / $3,100 per acre
% Borrower Equity	15%
% IFA Bonds	42.5% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”)	42.5% *(Subordinate Financing – 2nd Mortgage)*
Township:	Fox (North) & Willow Hill
Counties/Regions:	Jasper / Southeastern
Lender/Bond Purchase:	Peoples State Bank of Newton / Brian Bohnhoff
Legislative Districts:	Congressional: 15
	State Senate: 55
	State House: 109

Principal shall be paid annually in installments determined pursuant to a Thirty-year amortization schedule, with the first principal payment date to begin on February 1, 2019. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on February 1, 2019 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

B. Project Number:	**30398**
Borrower(s):	**Jaeger, Brett D.**
Borrower Benefit:	First Time Land Buyer
Town:	Waggoner, IL
IFA Bond Amount:	**$303,000**
Use of Funds:	Farmland –an undivided 60% of 100 acres of farmland including grain bins
Purchase Price:	$606,000 ($6,000 bins) / $10,000 per acre
% Borrower Equity	5%
% IFA Bonds	45% (Bank Purchased Bond – Bank secured by 1st Mortgage)
% USDA Farm Service Agency (“FSA”)	50% *(Subordinate Financing – 2nd Mortgage)*
Township:	Pitman
Counties/Regions:	Montgomery / Central
Lender/Bond Purchase:	First National Bank of Raymond / Neil Jordan
Legislative Districts:	Congressional: 13
	State Senate: 48
	State House: 95

Principal shall be paid annually in installments determined pursuant to a Twenty-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 twentieth and final payment of all outstanding balances due twenty years from the date of closing.

ILLINOIS FINANCE AUTHORITY

CONDUIT

February 8, 2018

$25,000,000 (not-to-exceed amount)
BHF Chicago Housing Group C (Better Housing Foundation Ernst Portfolio Project)

REQUEST

Purpose: Bonds will be issued in one or more series and bearing interest on either a tax-exempt or taxable basis. Bond proceeds will be used by **BHF Chicago Housing Group C LLC** (the "**Borrower**"), an Illinois limited liability company and special purpose affiliate of the **Better Housing Foundation**, an Ohio nonprofit corporation (and 501(c)(3) corporation) ("**BHF**" or the "**Sole Member**"), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 17 multifamily affordable residential rental properties with approximately 186 residential housing units (at addresses identified on p. 6 of this report and, collectively, the "**Projects**"), (ii) fund one or more debt service reserve funds for the benefit of the Series 2018 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2018 Bonds, all as permitted by the Illinois Finance Authority Act (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 501(c)(3) ownership status of the Sole Member of the limited liability company that will be purchasing the subject 17-property portfolio. The Bonds will be issued to also satisfy the low- and moderate-income tenant income requirements specified under Section 142(d) of the Internal Revenue Code of 1986, as amended. Additionally, each of the 17 properties will be subject to Land Use Restriction Agreements and a Tax Regulatory Agreement that will require that the properties comply with applicable tenant income restrictions and limit rental rates until the later of (i) a minimum of 15 years following the date of closing or (ii) until the IFA Series 2018 Bonds are paid in full. Additionally, (a) a minimum of 75% of the units must be allocated for lease to income qualified low- and moderate income individuals and families earning less than 80% of the area median gross income (adjusted for family size) and (b) a minimum of 40% of the units must be allocated for lease to income qualified individuals and households earning less than 60% of the area median gross income.

Extraordinary Conditions: None.

BOARD ACTIONS

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

2	Current jobs	1-2	New jobs projected
N/A	Retained jobs	N/A	Construction jobs projected

DESCRIPTION

● Project Locations: 17-property multifamily housing portfolio located in Chicago (Cook County) (Please see p. 6 for the addresses of the 17 Project sites.)

● Type of entity: **BHF Chicago Housing Group C LLC** is an Illinois limited liability company and is a single purpose legal entity formed to acquire, rehab, equip and own the subject 17-property, 186-unit residential unit multifamily portfolio, on behalf of the Sole Member (i.e., the Better Housing Foundation).

● Better Housing Foundation, a nonprofit organization incorporated under Ohio law and established in 2015, will engage (through its legal affiliates) Integrus Realty Group LLC (Chicago, IL) to manage the subject 17-property, 186-unit residential unit affordable multifamily rental portfolio. Integrus Realty Group LLC is a for-profit management company engaged by the Borrower to undertake contractual pre-acquisition work and related pre-acquisition due diligence, including third-party reports, and will be responsible for managing the Project. Integrus' principal owners and senior management currently manage 778 affordable housing units in the City of Chicago that are owned by affiliates of BHF (and located in the same general area as the 17-property Ernst Portfolio.

● In addition to the 501(c)(3) ownership, all properties will be subject to a Land Use Restriction Agreement that will require that the subject projects are maintained as affordable housing properties for the greater of (i) a minimum of 15 years or (ii) the date on which the IFA Bonds (or any subsequent Refunding Bonds) are repaid in full. The Foundation's mission requires that a minimum of 75% of units be allocated to qualified low- and moderate income tenants earning less than 80% of the area median gross income (adjusted for family size) and consistent with HUD income limits.

CREDIT INDICATORS

● The plan of finance contemplates Bonds to be sold in 3 series (and comprised 2 senior series (1 tax-exempt series and 1 taxable series to cover non-qualified costs); and 1 subordinate tax-exempt series.

	● BHF has applied to S&P Global Ratings for ratings on the Project and anticipate ratings in the low Single A range for the Senior Tax-Exempt 2018A-1 Bonds and Senior Taxable 2018A-2 Bonds (e.g., 'A-', and ratings in the low Triple-B range (e.g., 'BBB-' for the Subordinate Tax-Exempt 2018B Bonds).
SECURITY	● The Bonds will be secured by Project Revenues and a First Mortgage on the subject properties (Projects) and a collateral assignment of Rents and Leases. *Also see the headings titled "Security – Senior Series 2018A…" (see pp. 4-5)* and "*Security – Subordinate Series 2018B Tax Exempt Bonds" (see p. 5)*.
MATURITY	● Pursuant to the Bond Resolution, the proposed Bonds will mature no later than 40 years from the issuance date (Note: the anticipated final maturity date is presently December 2053 (35 years).)

SOURCES AND USES (SUBJECT TO CHANGE – ALSO SEE P. 3)

Sources:		**Uses:**	
Senior Series 2018A-1 Tax-Exempt Bonds	$15,085,000	Acquisition – 17 Properties (186-units)	$16,000,000
Series 2018A-1 (Original Issue Discount)	(331,084)	Rehabilitation	325,000
Series 2018A-2 (Taxable) Bonds	675,000		
		Third Party Reports & Other Pre-Acquisition Costs	481,313
Series 2018A-2 (Original Issue Discount)	(2,693)	Settlement Statement Expenses	150,000
Subordinate Series 2018B Tax-Exempt Bonds	3,180,000	Escrowed Real Estate Taxes (24 mo.'s)	300,000
Series 2018B (Original Issue Discount)	69,070	Debt Service Reserve Fund	574,490
		Costs of Issuance	706,350
Total	**$18,537,153**	**Total**	**$18,537,153**

RECOMMENDATION AND CONDITIONS

Credit Review Committee recommends approval.

REPORT CONTENTS

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
February 8, 2018

Project: BHF Chicago Housing Group C LLC (Better Housing Foundation Ernst Portfolio Project)

STATISTICS

Project Number:	12422	Amount:	$25,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Locations:	Chicago	County/ Region:	Cook County/Northeast

BOARD ACTION

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

VOTING RECORD

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

PURPOSE

Bond proceeds will be issued in one or more series and used by the Borrower to finance the acquisition and rehabilitation of 17 multifamily properties with 186 units located in Chicago. Additionally, bond proceeds will be used to capitalize debt service reserves and to pay costs of issuance. Details regarding the 17 properties to be acquired are presented on p. 6.

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.

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE – same as p. 2)

Sources:		**Uses:**	
Senior Series 2018A-1 Bonds (Tax-Exempt)	$15,085,000	Acquisition – 17 Projects	$16,000,000
Series 2018A-1 Bonds (Discount)	(331,084)	Rehabilitation	325,000
** Senior (Taxable) Series 2018A-2 Bonds	675,000	Third Party Reports & Other Pre-Acquisition Costs	481,313
		Settlement Statement Expenses	150,000
Subordinate Series 2018B (Tax-Exempt)	3,180,000	Escrowed Real Estate Taxes (24 mo's.)	300,000
Subordinate Series 2018B Bonds (Discount)	(69,070)	Debt Service Reserve Fund	574,490
		Costs of Issuance	706,350
Total	**$18,537,153**	**Total**	**$18,537,153**

****Note: Taxable proceeds are primarily expected to fund a Real Estate Tax Escrow (sufficient to cover 2 years of real property taxes) and Costs of Issuance that exceed 2% of bond proceeds.**

JOBS

Current employment:	2	Projected new jobs:	1-2
Jobs retained:	N/A	Construction jobs:	N/A

FINANCING SUMMARY – SUMMARY OF STRUCTURE – BASIS OF RATING

Structure: The plan of finance contemplates the public issuance of an amount not-to-exceed $25.0 million of tax-exempt debt to be issued in multiple series that would be underwritten by Stifel Nicolaus & Company, Incorporated. Fixed Rate Bonds would be sold based on the Projects' assigned ratings (see discussions of Security for the Senior Bonds and for the Subordinate Series of Bonds below; also see the discussion presented under the heading of "Ratings" – *see p. 5*). The anticipated issuance amount (net of Original Issue Discount) based on sizing estimates was approximately $18.5 million as of 1/22/2018.

Security – Senior Series 2018A-1 Tax-Exempt Bonds and Series 2018A-2 Taxable Bonds (the "Senior Bonds"):

<u>Trust Estate:</u> The Bonds are secured by the Trust Estate created in the Trust Indenture, which includes all right, title and interest to (a) the Note, the Mortgages, the Land Use Restriction Agreements, and the Loan Agreement (other than the Unassigned Rights of the Authority) – *each of these items is discussed further below;* (b) all funds, money and securities held by the **Trustee** (i.e., **Wilmington Trust, National Association**) under the terms from the Indenture (except with respect to the Rebate Fund), (c) any and all other rights and interests in property conveyed, mortgaged, pledged, assigned, or transferred as and for additional security for the Bonds, and (d) all proceeds of the foregoing.

<u>The Note:</u> The Borrower will be obligated under the Loan Agreement to make payments, when due, on the Bonds as well as certain other fees and expenses in connection with the Bonds. As evidence of their obligations to make the Loan Payments with respect to the Bonds, the Borrower will execute and deliver to the Trustee a promissory note (the "**Note**").

<u>Mortgages:</u> As further security, the Bonds will be secured by a First Mortgage on each of the 4 properties and a collateral assignment of Rents and Leases (for all residential and commercial units across the 4 properties). The Mortgages will grant a first lien on and first security interest in the Borrower's interest in the Projects.

Furthermore, the Mortgages will secure the Senior Bonds and the Subordinate Bonds in that order of priority.

Bond Payments will be derived solely from operation of the Projects and the various funds and accounts held by the Bond Trustee (Wilmington Trust, National Association) under the Trust Indenture: *<u>This financing will be rated by S&P Global Ratings as a stand-alone project financing</u>*. Again, the Borrower's obligation to make scheduled payments on the Bonds will be derived from the operation and maintenance of the Project (consisting of the 17 subject properties) and of monies held in various Funds and Accounts established under the Indenture.

<u>Rate Covenant:</u> Additionally, the Borrower has agreed in the Loan Agreement to use its best efforts to fix, charge, and collect rents, fees, and charges in connection with the operation and maintenance of the Projects such that for each fiscal year the Debt Service Coverage Ratio will not be less than:

(i) 1.25x on all outstanding Senior Bonds (i.e., combined payments on the Senior Tax-Exempt Series 2018A-1 and Senior Taxable Series 2018A-2 Bonds); and
(ii) 1.10x on combined payments for all Outstanding Senior and Subordinate Bonds (i.e., combined Debt Service Coverage on all IFA Senior Series 2018A-1/A-2 Bonds and IFA Subordinate Series 2018B Bonds issued for the Financing Purposes).

- In the event that the Borrower is unable to satisfy the applicable Coverage Test requirements, the Borrower will be required to engage an external management consultant with expertise in matters relating to owning and operating multifamily residential rental housing properties to make recommendations with respect to the operations of the Projects and the sufficiency of rates, fees, and charges imposed by the Borrower in order to improve the applicable Debt Service Coverage Ratios to satisfy the applicable Coverage Tests.
- **Note:** *as provided for in the bond documents and disclosed in the Preliminary Official Statement, failure to satisfy the Rate Covenant will not constitute an Event of Default with respect to the Bonds.* Additionally, the ability of the Borrower to increase Project rents may be limited by the applicable Land Use Restriction Agreements for these properties (which impose tenant income requirements on a minimum of 75% of the units).

Proceeds of the Taxable Series 2018A-2 Bonds will be used to pay excess costs of issuance and other costs that are not eligible (e.g., two years of escrowed real estate taxes) for tax-exempt financing.

Security – Subordinate Series 2018B Tax-Exempt Bonds:

The **Subordinate Series 2018B Bonds** (the "**Subordinate Bonds**") will be secured by the same security as the **Senior Series 2018A-1 and Senior Series 2018A-2 Taxable Bonds** (the "**Senior Bonds"**), **but are subordinate in all respects to the Senior Bonds.**

- ***Note:*** A payment default on the Subordinate Bonds alone *will not* constitute an Event of Default on the IFA Series 2018 Bonds while the Series 2018 Senior Bonds remain outstanding.

Ratings:

The Borrower has applied to S&P Global Ratings for a rating and anticipates assignment of a rating by mid-February. The Working Group anticipates ratings in the range of 'A-' for the Senior Series 2018 A-1 Tax-Exempt Bonds and Series 2018 A-2 Taxable Bonds and 'BBB-' for the Subordinate Series 2018B Bonds.

The Key Structuring Element Supporting the S&P Debt Rating is the Flow of Project Revenues Under Which Bondholders Are Paid First, Before Operating Expenses: The key structuring element underlying the S&P rating on this and prior multifamily transactions that have been assigned investment grade ratings under this structure is the priority of payment on both the Senior and Subordinate Bonds relative to operating expenses. S&P's methodology assumes that debt service to bondholders is paid first, before operating expenses.

Maturity:

The anticipated final maturity date is in 35 years (2053) based on the anticipated 'A-'/ 'BBB-' ratings (application for rating to S&P Global Ratings in process as of 1/31/2018) for the Senior Series 2018A1/A2 Bonds and the Subordinate Series 2018B Bonds, respectively.

Estimated Interest Rates: The estimated all-in interest rate on the 3 series of Bonds is estimated to range between 4.75% and 5.40% based on market conditions (and market expectations) as of 1/22/2018.

Estimated Closing Date: February or March 2018

Rationale / Project Impact: Creation of new, land-use restricted affordable housing units (with improvements) at 17 properties that will preserve the existing 186 residential units as affordable rental housing for a minimum of 15 years or until the IFA Bonds are paid in full (whichever is later).

Each of the 17 Projects will be subject to its own Land Use Restriction Agreement that will be in effect for a minimum of 15 years (i.e., 2033) after the date of closing of the proposed IFA Series 2018 Bonds. The maximum term of each Land Use Restriction Agreements associated with the IFA Series 2018 Bonds will coincide with the final maturity date of the IFA Series 2018 Bonds (unless any IFA Tax-Exempt Bonds (or Tax-Exempt Refunding Bonds, if issued in the future) are paid in full prior to the final maturity date). *(Also see "Land Use Restriction Agreements" – p. 12.)* These Land Use Restriction Agreements, along with a Tax Regulatory Agreement, will assure that these properties are subject to more stringent income-based tenant limitations as a result of Better Housing Foundation's acquisition of these properties.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used by **BHF Chicago Housing Group C LLC** (the "**Borrower**"), an Illinois limited liability company and special purpose affiliate of the **Better Housing Foundation**, an Ohio nonprofit corporation (and 501(c)(3) corporation) ("**BHF**" or the "**Sole Member**"), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 17 multifamily affordable residential rental properties with approximately 186 residential housing units (at the addresses identified immediately below and collectively, the "**Projects**"), (ii) fund one or more debt service reserve funds for the benefit of the Series 2018 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2018 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the "**Financing Purposes**").

The 17 Projects:

The 17 properties that will be acquired by the Borrowers in connection with the issuance of the Bonds are listed below (each a "**Project**" and collectively, the "**Projects**"), together with a description of the number of residential units in each Project, the location of each Project, the Borrower associated with each Project and the maximum principal amount of bond proceeds allocable to each such Project (the following not-to-exceed parameters were cited in the TEFRA Hearing Notices published for these Projects):

1) 734-36 East 95th Street, Chicago, Illinois 60619 (6 residential units/$850,000 maximum amount of Bonds allocated);
2) 1418 East 67th Place, Chicago, Illinois 60637 (6 residential units/$840,000 maximum amount of Bonds allocated);
3) 3652-54 South Indiana Avenue, Chicago, Illinois 60653 (7 residential units/$1,150,000 maximum amount of Bonds allocated);
4) 3656-58 South Indiana Avenue, Chicago, Illinois 60653 (6 residential units/$1,100,000 maximum amount of Bonds allocated);
5) 4952-56 South Vincennes Avenue, Chicago, Illinois 60615 (8 residential units/$1,940,000 maximum amount of Bonds allocated);
6) 4956-58 South Michigan Avenue, Chicago, Illinois 60615 (12 residential units/$1,800,000 maximum amount of Bonds allocated);
7) 5715-17 South Indiana Avenue, Chicago, Illinois 60637 (8 residential units/$1,260,000 maximum amount of Bonds allocated);
8) 6605-07 South Greenwood Avenue, Chicago, Illinois 60637 (6 residential units/$840,000 maximum amount of Bonds allocated);
9) 6609-11 South Greenwood Avenue, Chicago, Illinois 60637 (6 residential units/$ 840,000 maximum amount of Bonds allocated);
10) 6800 South Clyde Avenue, Chicago, Illinois 60649 (18 residential units/$2,250,000 maximum amount of Bonds allocated);
11) 6900-08 South Michigan Avenue, Chicago, Illinois 60637 (24 residential units/$2,850,000 maximum amount of Bonds allocated);
12) 8056 South Ellis Avenue, Chicago, Illinois 60619 (12 residential units/$1,460,000 maximum amount of Bonds allocated);
13) 8100 South Evans Avenue, Chicago, Illinois 60619 (12 residential units/$1,440,000 maximum amount of Bonds allocated;
14) 8200 South Evans Avenue, Chicago, Illinois 60619 (22 residential units/$2,230,000 maximum amount of Bonds allocated).
15) 9032 South Dauphin Avenue, Chicago, Illinois 60619 (8 residential units/$990,000 maximum amount of Bonds allocated);
16) 9300 South Bishop Street, Chicago, Illinois 60620 (19 residential units/$2,060,000 maximum amount of Bonds allocated); and
17) 9942 South Walden Parkway, Chicago, Illinois 60643 (6 residential units/$1,010,000 maximum amount of Bonds allocated).

Although the not-to-exceed amount specified in the Bond Resolution is $25,000,000, the anticipated issuance amount is approximately $18.5 million based on preliminary working group estimates as of 1/22/2018.

BUSINESS SUMMARY

The Borrower: **BHF Chicago Housing Group C LLC** is an Illinois limited liability company (the "**Borrower**").

The sole member of the Borrower is **Better Housing Foundation**, an Ohio nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and exempt from federal income taxation under Section 501(a) of the Code (the "**Sole Member**"). Additional information regarding the Better Housing Foundation is provided below (p. 7) under the caption the "Sole Member".

Ownership of the Projects by the Borrowers: The Borrower will be acquiring 17 properties with a total of 186 residential units in Chicago. *A site map of the 17 Projects is presented on p. 14.*

The Borrower has been established to purchase and own the subject 17-property portfolio.

The subject properties will be the only assets owned by the Borrower subsequent to closing of the proposed IFA Series 2018 Bonds. The asset or assets of the Borrower will be the underlying 17 properties owned by it.

The Borrower does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the ownership of the properties acquired in connection with the proposed IFA Series 2018 Bonds

The Sole Member: The **Better Housing Foundation** ("**BHF**" or the "**Sole Member**" of the Borrower) is an Ohio nonprofit corporation formed for the purpose for the purpose of providing quality, affordable housing to persons of low income across the United States. The Sole Member received a determination letter from the IRS dated April 23, 2015 for its tax-exempt status as an organization described in Section 501(c)(3) of the Code.

The Sole Member does not own any assets. Rather, BHF is the sole member of several special purpose entities whose assets consist solely of affordable rental housing properties acquired in connection with the issuance of tax-exempt bonds.

Prior BHF Conduit Bond Issues through IFA: To date BHF has used proceeds of three IFA Bond issues to finance the acquisition of two portfolios of affordable rental apartment properties since 2016. The three portfolios of projects acquired with IFA Bond proceeds to date each currently maintain the investment grade ratings originally assigned to those bond issues at the time of issuance.

1. In **November 2017**, IFA issued **$59,980,000 of Bonds** to finance the acquisition of the 4-property, 528-unit Windy City portfolio with properties located in Addison, Glen Ellyn, Mundelein, and St. Charles, Illinois. BHF is the Sole Member of the 4 limited liability companies that were each formed to own one of the four projects. The senior and subordinate series of Windy City Portfolio Bonds were rated 'A-' and 'BBB-', respectively, by S&P Global Ratings. The Series 2017 Bonds (Windy City Portfolio) currently maintain those ratings and posted a 93% residential occupancy rate as of January 1, 2018.

2. In **May 2017**, IFA issued **$51,805,000 of Bonds** to finance the acquisition of the 45-property, 518-unit Icarus-WPD Portfolio) located on the South Side of Chicago. BHF is the Sole Member of the Project Owner (i.e., BHF Chicago Housing Group B LLC). The

senior and subordinate series of Icarus-WPD Portfolio Bonds were rated 'A-' and 'BBB-' respectively by S&P Global Ratings. The Series 2017 Bonds (Icarus-WPD Portfolio) currently maintain those ratings and posted a 92% occupancy rate as of January 1, 2018.

3. In **July 2016**, IFA issued **$13,560,000 of Bonds** to finance the acquisition of a 13-property, 262-unit Shoreline Portfolio located on the South Side of Chicago (Better Housing Foundation Shoreline Portfolio). BHF is the Sole Member of the Project Owner (i.e., Lindran Properties LLC). The senior and subordinate series of Shoreline Bonds were rated 'BBB' and 'BBB-', respectively, by S&P Global Ratings and the Series 2016 Bonds (Better Housing Foundation Shoreline Portfolio) currently maintain those ratings and posted an 88% occupancy rate as of January 1, 2018.

BHF's Governance: The Sole Member is governed by a Board of Directors, which currently consists of five members – who are identified immediately below. Mr. Antonio, Mr. Dayan, and Mr. Morgan (#4, #5, and #6 below) are local, Illinois residents who were appointed to serve as BHF Directors within the past year. According to the draft Preliminary Official Statement, each has the following experience managing and working with other affordable housing and other not-for-profit organizations:

1. **Daniel Renz, President**. Mr. Renz is the founder and owner of SwitchHub, a financial services recruiting firm based in Dublin (Columbus), OH (see www.switchub.org). Prior to founding SwitchHub, Mr. Renz served in various capacities (from lending to private banking at Merrill Lynch.
2. **Meredith Rosenbeck, Secretary and Treasurer.** Ms. Rosenbeck is a resident of Dublin, Ohio. She is a practicing attorney with over 10 years of experience working with nonprofit organizations. She currently runs her own law practice focused on nonprofit organizations. She has served as legal counsel to the Sole Member since its inception in 2015.
3. **Tracy Hughey, Board Member**. Ms. Hughey is the Director of Operations for an Ohio-based long term care provider that operates over 20 long term care facilities in Ohio. Ms. Hughey is an experienced leader in the nonprofit community, leading initiatives ranging from education to affordable housing and community development. Ms. Hughey is committed to fulfilling the charitable mission of the Foundation -- providing quality, affordable housing to low income families.
4. **Douglas J. Antonio, Board Member.** Mr. Antonio is an experienced real estate attorney with extensive experience financing real estate projects structured with various federal, state, and local programs. Mr. Antonio has advised clients that have financed projects using tax-exempt housing bonds, low income housing tax credits, and New Markets Tax Credits. Mr. Antonio is an attorney at Sugar Felsenthal Grais & Hammer LLP in Chicago, Illinois.
5. **Max S. Dayan, Board Member.** Mr. Dayan currently serves as the Director of Development for the Libenu Foundation of Skokie, Illinois, a non-profit providing supervised group housing serving Jewish adults with developmental disabilities in the Chicago area. Mr. Dayan has been working with the special needs community since 2009, beginning as a direct service provider before becoming a Qualified Intellectual and Developmental Disabilities Professional ("QIDP") for Clearbrook of Arlington Heights, Illinois in 2013. Clearbrook is a leading service provider to the developmentally disabled.
6. **Jon Morgan, Board Member.** Mr. Morgan is a co-founding principal of Interra Realty of Chicago. He is focused on the disposition and acquisition of multi-family, office and retail assets of all classes. Mr. Morgan has also cultivated a niche representing variety of financial institutions in the disposition of REO assets, short sales, and mortgage collateralized note sales. In 2008, Mr. Morgan was named the Top New Investment Sales Broker by the Chicago Association of Realtors Commercial Forum and was featured in the Wall Street Journal. He was also recognized with the Gold Achiever Award for outstanding sales accomplishments in 2011 in Commercial Sales Volume from the Commercial Forum of the Chicago Association of Realtors.

Consultants Engaged by the Sole Member: The consulting companies engaged by the Borrower (on behalf of the Sole Member) will include (i) an Acquisition Consultant and (ii) a Property Manager.

Note: as reported below, the Acquisition Consultant and Property Manager are affiliated entities under common ownership and management control (i.e., same principals and managers).

The Acquisition Consultant. The Better Housing Foundation will enter into an Acquisition Services Agreement with **Desak Development Corp.,** an Illinois corporation ("**Desak**" or the "**Acquisition Consultant**"). Pursuant to the Acquisition Services Agreement, Desak will provide advisory services related to the acquisition, design, planning, financing, and rehabilitation of the Projects. The Acquisition Consultant has funded upfront escrow deposits, and pre-acquisition due diligence reports (e.g., appraisal reports; property condition reports; environmental site assessment reports).

In consideration for paying all pre-acquisition due diligence expenses and good faith escrow deposits in connection with a purchase option on the properties, the Acquisition Consultant will be paid approximately $481,000 upon issuance of the Series 2018 Bonds. Proportional amounts of the Bond Proceeds associated with the first three IFA Better Housing Foundation portfolio acquisition pools were also used to finance these pre-acquisition due diligence expenses (and were approved in connection with S&P's ratings assignments on the prior Better Housing Foundation financings).

The Property Manager. The Projects will be managed by **Integrus Realty Group LLC**, an Illinois limited liability company established in 2015 and based in Chicago, Illinois ("**Integrus**" or the "**Manager**"). The Manager currently manages a total of approximately 300 properties overall (including 28 properties owned by affiliates of the Better Housing Foundation with approximately 778 units). The properties are located primarily in south side and west side neighborhoods in Chicago. The key personnel of the Manager include (i) Mr. L. Mark DeAngelis, who is also the president of Desak Development Corp. (which is the Acquisition Consultant for the Borrower) and (ii) Ms. Afia Watts, Lead Property Manager.

Integrus currently manages 778 units owned by the Better Housing Foundation (and its affiliates). Each Integrus-managed property owned by BHF is a low-income property (and each property leases a minimum of 40% of the units to persons or families earning at or below 60% of Adjusted Median Income ("AMI") for Cook County, as adjusted for family size.

Pursuant to a Management Agreement with the Borrower, the Manager will be engaged to undertake marketing, leasing, rent collection, lease enforcement, maintenance and repairs, the provision of utilities and services, and obtaining insurance for the Projects. Additional services will include, among other duties: providing asset management oversight, reviewing financial and operating information relating to the Projects (including periodic financial statements, operating reports, and capital and operating budgets), meeting with the Borrower to review the performance of the Projects, monitoring compliance with the Borrower's financial and operating covenants, and assisting the Borrower with continuing disclosure obligations in connection with the IFA Series 2018 Bonds.

Under the Management Agreement, the Manager will be paid a monthly fee. The initial monthly Management Fee will equal approximately 4.50% of effective gross income for the 17 Ernst Portfolio Projects.

Summary Characteristics of the 17 Portfolio Projects:

The 17-property portfolio to be purchased with the IFA Series 2018 Bonds is comprised of 186 residential units. The addresses of the 17 properties are identified in the table below (p. 10).

Currently, 15 of the 17 properties have units occupied by tenants who hold Section 8 HUD Housing Choice Vouchers issued by the Chicago Housing Authority. Overall, 76units (or 41% of the 186 total units) are occupied by tenants who hold HUD HCV Vouchers (see table on p. 10). All 17 properties are currently market rate properties.

Notably, rents on 166 out of 186 units at the 17 properties (i.e., 89.2% of the units) are lower than the FY 2018 HUD Fair Market Rents reported for the Chicago MSA. Presently, given that only 76 (i.e., 40.9%) of the 166 units are leased to HUD HCV Voucher tenants, it appears that the Property Manager has substantial room to attract HUD HCV Voucher tenants to the 90 existing units with rents below current FY 2018 HUD Fair Market Rents. Of the larger units targeted to families (i.e., the 3BR, 4BR, and 5BR units), currently 61 out of 69 of such units feature rents that are below the FY 2018 HUD Fair Market Rents.

Note: Internal Revenue Code requirements resulting from the BHF acquisition and the proposed tax-exempt bond financing _only impose tenant income restrictions_ on the 17 properties. The proposed Series 2018 Bonds _will not_ _impose any IRS-mandated monthly rent restrictions_ on the 17 properties.

Current unit mixes, monthly rents, and the number of existing HUD Voucher Units at each of the 17 properties are reported in the following table:

Ernst Portfolio Rents (Chicago, Illinois) - By Property (as of 1/1/2018)

No.	Property (all Chicago)	Studio	1-BR	2-BR	3-BR	4-BR	5-BR	# Units - Total	# - Section 8 Voucher Units
1	734-736 E. 95th Street			$ 1,200					
	# Units by Type			6				6	0
2	1418-1420 E. 67th Place			$ 1,010	$ 1,010				
	# Units by Type			4	2			6	3
3	3652 S. Indiana			$500	$ 1,275	$ 1,300			
	# Units by Type			1	1	5		7	3
4	3656 S. Indiana				$ 1,250	$ 1,250	$ 1,350		
	# Units by Type				1	1	4	6	6
5	4952-4956 S. Vincennes				$ 1,640	$2,025			
	# Units by Type				6	2		8	0
6	4956 S. Michigan			$ 1,000	$ 945	$ 1,132	$ 1,321		
	# Units by Type			1	5	4	2	12	12
7	5715-5717 S. Indiana			$775		$ 1,247			
	# Units by Type			2		6		8	6
8	6605-6607 S. Greenwood		$ 1,025	$ 1,010					
	# Units by Type		1	5				6	4
9	6609-6611 S. Greenwood		$ 950	$1,025					
	# Units by Type		1	5				6	6
10	6800 S. Clyde			$ 875	$ 1,000				
	# Units by Type			15	3			18	5
11	6900-6908 S. Michigan				$ 851				
	# Units by Type				24			24	7
12	8056 S. Ellis Ave.			$ 875	$ 875				
	# Units by Type			9	3			12	4
13	8100 S. Evans Ave.		$ 822	$980					
	# Units by Type		9	3				12	2
14	8200 S. Evans Ave.	$ 629	$ 721	$ 790					
	# Units by Type	6	6	10				22	2
15	9032 S. Dauphin Ave.			$890					
	# Units by Type			8				8	5
16	9300 S. Bishop Street	$ 700	$ 786	$ 800					
	# Units by Type	3	11	5				19	5
17	9942 S. Walden Pkwy.		$ 850	$1,287					
	# Units by Type		1	5				6	6
	Total Units by Unit Type:	9	29	79	45	18	6	186	76

Source: The Borrower

HUD Fair Market Rents - FY 2017 and FY 2018
Chicago - Joliet - Naperville HUD Metro Fair Market Rents - By # Bedrooms

	Efficiency	1BR	2BR	3BR	4BR
FY 2018	$ 879	$ 1,014	$ 1,180	$ 1,501	$ 1,794
FY 2017	$ 912	$ 1,055	$ 1,232	$ 1,569	$ 1,878
% Change:	-3.62%	-3.89%	-4.22%	-4.33%	-4.47%

Source: U.S. Department of Housing and Urban Development's website

HUD Fair Market Rents are reduced in FY 2018 compared to FY 2017. Pursuant to HUD regulations, annual Fair Market Rents (i.e., FY 2018) can drop no lower than 90% of the HUD Fair Market Rent values established for the preceding fiscal year (i.e., FY 2017).

Current Unit Occupancies & Property Condition Assessments:

ICG, Inc. of Baltimore, Maryland was engaged to prepare a **Property Condition Assessment** report for each of the 17 properties with dates of inspection occurring on August 1 and August 2, 2017. _______.
The table below (i) identifies the estimated costs of "critical repairs" and "non-critical repairs" to be completed at each Project and (ii) recent capital expenditures undertaken by the Seller at each Project.

Unit Occupancy - Building Information - Pending Repairs & Seller CapEx

Property No.	Address	Unit Mix			Year Built	Critical Repairs	Immediate Repairs	Recent CapEx - By Seller
		Units	Occupied Units	Occupancy				
1	734-736 East 95th Street	6	6	100%	1897	5,775	2,083	-
2	1418-1420 East 67th Place	6	6	100%	1913	$ 585	$ 760	$ 16,100
3	3652 S. Indiana Avenue	7	7	100%	1894	6,775	-	-
4	3656 S. Indiana Avenue	6	6	100%	1894	400	2,500	71,200
5	4952-4956 S. Vincennes	8	8	100%	2008	675	250	-
6	4956 S. Michigan	12	12	100%	1925	275	10,000	8,000
7	5715-5717 S. Indiana Ave.	8	8	100%	1926	1,500	11,000	6,200
8	6605-6607 S. Greenwood	6	6	100%	1915	1,425	500	24,100
9	6609-6611 S. Greenwood	6	6	100%	1919	775	-	24,100
10	6800 S. Clyde Avenue	18	18	100%	1926	650	750	167,000
11	6900-6908 S. Michigan Avenu	24	22	92%	1926	3,450	2,750	356,800
12	8056 S. Ellis Avenue	12	11	92%	1938	2,700	750	196,000
13	8100 S. Evans Avenue	12	12	100%	1938	125	11,250	57,500
14	8200 S. Evans Avenue	22	22	100%	1938	3,500	12,500	21,700
15	9032 S. Dauphin Avenue	8	8	100%	1938	100	7,500	7,800
16	9032 S. Bishop Street	19	19	100%	1938	2,425	-	153,400
17	9942 S. Walden Pkwy.	6	6	100%	1959	1,775	1,250	26,500
Total		**186**	**183**	**98.4%**		**$ 32,910**	**$ 63,843**	**$ 1,136,400**

Sources: Seller & ICG, Inc. (Property Assessment Report)

Recent capital expenditures undertaken by the Seller (since 2012) at the 17 properties totaled $1,136,400 (or approximately $6,110 per unit) and are reported in the far right column in the table above.

Additionally, critical and immediate repair (to be bond-financed) are also reported for each property in the table above.
According to the Seller, the subject units posted 98.4% composite occupancy as of January 1, 2018.

Repair & Replacement Reserve:

Additionally, the Borrower has budgeted (i.e., $300 per unit-per year subject to 3% escalation annually) of Repair & Replacement Reserve Expenses to properly reflect ongoing investments necessary to maintain the 17 properties. This amount was submitted to S&P in connection with their ratings assessment.

Phase I Environmental Audit Reports: The Borrower obtained an independent Phase I Environmental Site Assessment prepared by **ICG, Inc.** of Baltimore, MD for each of the 17 properties (the "**Environmental Assessments**") in connection with inspections completed in August 2017.

Conclusion: The Environmental Assessments, as to be reported in Appendix A to the Preliminary Official Statements revealed (i) no on-site recognized environmental conditions ("*REC*") and (ii) no on-site historical recognized environmental conditions ("*HREC*") at any of the 17 Project sites. However, the Environmental Assessments noted other environmental issues applicable to all of the Projects in connection with asbestos-containing material and lead-based paint, which are likely to have been used at the Projects (most of which were originally construction in the 1920s or 1930s). The Environmental Assessments also revealed damages at some of the Projects, which were classified as "Immediate Repairs" and with costs itemized in the table above (p. 11).

PROJECT REGULATION: LAND USE RESTRICTION AND TAX REGULATORY AGREEMENTS

Will Provide for Tenant Income Restrictions on a Minimum of 75% of the 186 Units for a Minimum Period of 15 Years (or until 100% of the IFA Bonds are redeemed)

Land Use Restriction Agreements ("LURA"). All 17 properties to be acquired with the IFA Series 2018 Bonds will be subject to a Land Use Restriction Agreement under which the Borrower (and any successor as Owner) will be obligated (pursuant to Section 142(d) of the Internal Revenue Code of 1986 and during the Qualified Project Period (i.e., a minimum of 15 years from the closing date or the date on which the Series 2018 Bonds or any Refunding Bonds are repaid in full) at least 40% of the completed units (i.e., 75 units) be occupied by families or individuals whose adjusted income does not exceed 60% (adjusted for family size) of the median gross income for the area.

Tax Regulatory Agreement. The Tax Regulatory Agreement will impose additional requirements relating to the 501(c)(3) tax-exempt treatment of the Sole Member, including the requirement that a minimum of 75% of the completed units (i.e., 140 units) be rented to persons whose income does not exceed 80% (adjusted for family size) of the area median gross income. *Accordingly, upon acquisition by the Borrower, these properties must maintain a higher percentage of below-median-income units than specified by standard HUD income restrictions.*

ECONOMIC DISCLOSURE STATEMENT

Applicant/ Sole Member of Borrowers: (1) Better Housing Foundation, c/o Mr. Daniel Renz, President, Better Housing Foundation, 6932 Rings Rd., #234, Amlin, OH, 43002, Tel.: 440.552.0872
(2) Ms. Meredith Rosenbeck, Secretary-Treasurer, c/o Rosenbeck Law, LLC, 5701 Tynecastle Loop, Dublin, OH 43016; Tel: 614.546.8042; Email: mrosenbecklaw@yahoo.com.

Acquisition Consultant: **Desak Development Corp**., 2539 W. Peterson Ave., Chicago, IL 60659
Contact: Mr. L. Mark DeAngelis, President; Tel.: 312.307.2138

Site Locations: The 17 site locations are listed on p. 6 of this report (also see site maps on p. 14).

Project Name: Illinois Finance Authority, 501(c)(3) Revenue Bonds, BHF Chicago Housing Group C LLC (Better Housing Foundation Ernst Portfolio Project), Senior Tax-Exempt Series 2018A-1, Senior Taxable Series 2018A-2 and Subordinate Tax-Exempt Series 2018B

Governance of the Sole Member: The Sole Member of each of the Borrower (i.e., BHF Chicago Housing Group C LLC) is the **Better Housing Foundation** of Amlin, Ohio, a 501(c)(3) corporation and Ohio nonprofit corporation. The Better Housing Foundation is governed by a 6-member board, which currently consists of the following Members (see p. 8 for their professional profiles):

1. Mr. Daniel Renz, President (Dublin, Ohio)
2. Ms. Meredith Rosenbeck, Secretary-Treasurer (Dublin, Ohio)
3. Ms. Tracy Hughey, Board Member (Columbus, Ohio)
4. Mr. Douglas J. Antonio, Board Member (Chicago, Illinois)
5. Mr. Max Dayan, Board Member (Skokie, Illinois)
6. Mr. Jon Morgan, Board Member (Chicago, Illinois)

Property Manager – Post-Closing: **Integrus Realty Services**, LLC, an Illinois limited liability company, 2539 W. Peterson Ave., Chicago, IL 60659
Contacts: Mr. Anthony Jackson, Director of Operations; Tel: 773.728.4000; and Ms. Afia Watts, Lead Property Manager; Tel.: 773.728.4000

Seller Disclosure – 17 Properties: **Seller #1:** Twelve of the 17 subject properties are owned by **Ernst Development LLC, an Illinois limited liability company** (www.ernstdevelopmentllc.com) directly, or through an affiliate:

- Manager: Mr. Nate Ernst, Manager, 2835 N. Sheffield Ave., Suite 312, Chicago, IL 60657. (P) 773.698.6863
- Counsel to Seller #1: Mr. John R. Potts, Brotschul Potts LLC, 30 N. LaSalle St., Suite 1402, Chicago, IL 60602-3353; (P) 312.551. 9003

Seller #2: Five of the 17 subject properties are owned by **Housing Initiatives Series LLC, an Illinois limited liability company**, or through an affiliate:

- Manager: Mr. Scott McNaughton, Manager, 123 E. Ogden, Suite 202, Hinsdale, IL 60521; (P) 630.655.0559
- Counsel to Seller #2: Mr. John R. Potts, Brotschul Potts LLC, 30 N. LaSalle St., Suite 1402, Chicago, IL 60602-3353; (P) 312.551. 9003

PROFESSIONAL & FINANCIAL

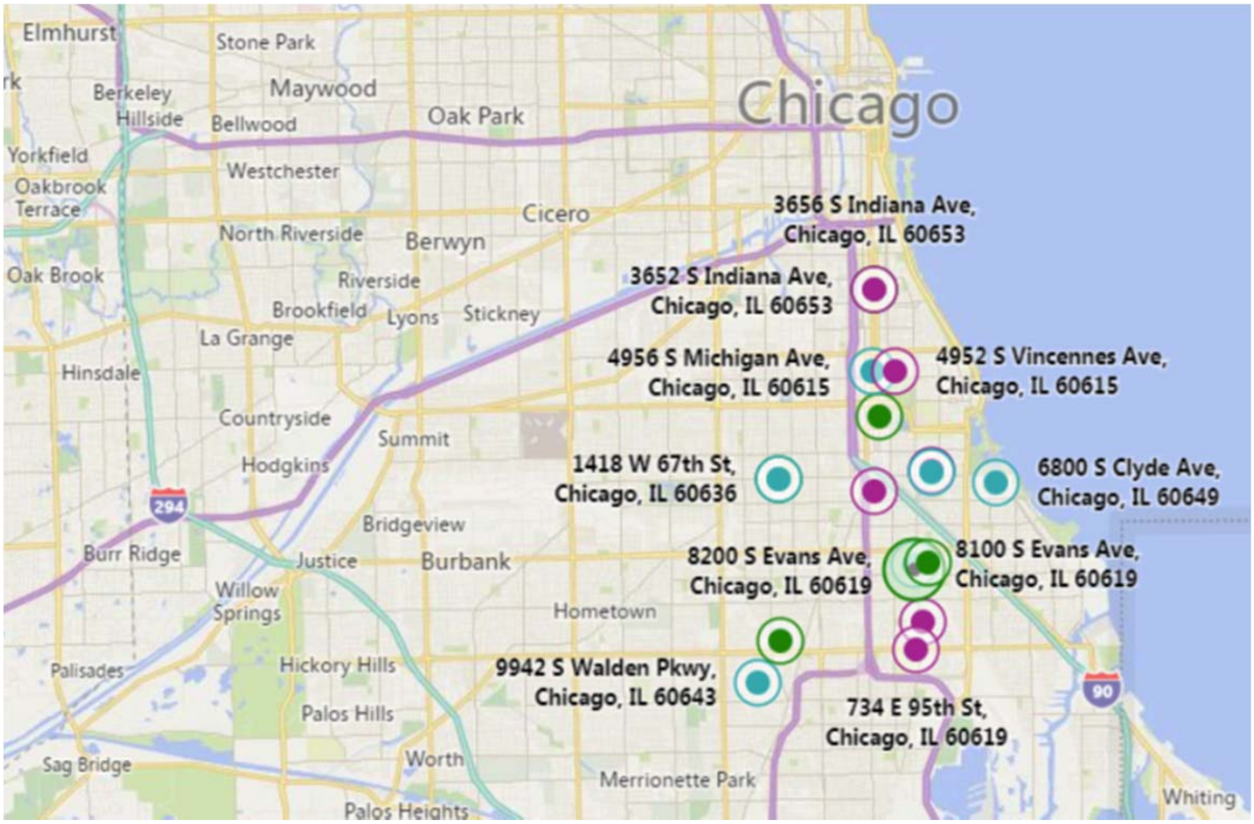
Sole Member:	Better Housing Foundation	Amlin, OH	Daniel Renz, President
Sole Member's Counsel:	Rosenbeck Law LLP	Dublin, OH	Meredith Rosenbeck
Borrower's Counsel - Local:	Chuhak & Tecson P.C.	Chicago, IL	Adam Moreland
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Tom Smith
Underwriter:	Stifel Nicolaus & Co., Inc.	Atlanta, GA	Cody Wilson
Underwriter's Counsel:	Butler Snow LLP	Atlanta, GA	David Williams
Bond Trustee:	Wilmington Trust	Dallas, TX	Cam Lindsey
Trustee's Counsel:	Ballard Spahr LLP	Atlanta, GA	Han Choi, Stephanie Kim
Bond Rating:	S&P Global Ratings (Structured Finance Group)	Chicago, IL	
Dissemination Agent:	Disclosure Advisors LLC	Columbus, OH	Paul Rutter
Acquisition Consultant:	Desak Development Corp.	Chicago, IL	L. Mark DeAngelis
Property Manager:	Integrus Realty Group LLC	Chicago, IL	Anthony Jackson, Afia Watts
Counsel to the 2 Sellers:	Brotschul Potts LLC	Chicago, IL	John R. Potts
Auditor to the Borrower and Sole Member:	To be determined		
Architect:	Not applicable		

General Contractor:	To be managed and supervised by the Property Manager (Integrus Realty Group LLC)		
Appraiser:	BBG, Inc.	Chicago, IL	Ken Konrath, MAI David Cardo
Property Condition Report:	ICG, Inc.	Baltimore, MD	Michael Pickering Sherry Anderson
Environmental Site Assessment:	ICG, Inc.	Baltimore, MD	Michael Pickering Sherry Anderson
IFA Counsel:	Charity & Associates, P.C.	Chicago, IL	Tim Hinchman
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden, Siamac Afshar

LEGISLATIVE DISTRICTS - 17 PROPERTY PORTFOLIO

	U.S. Congressional	**Illinois Senate**	**Illinois House**
Ernst Portfolio - Chicago, IL	Multiple	Multiple	Multiple

Site Map of the 17 Ernst Portfolio Projects



Source: Bing Maps

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Rich Frampton and Brad Fletcher

Date: February 8, 2018

Re: Resolution Supplementing Resolution 2017-1214-NP02 Providing for the Issuance by the Illinois Finance Authority of Not To Exceed $275,000,000 Aggregate Principal Amount of Illinois Finance Authority Adjustable Rate Demand Revenue Bonds, Series 2017 (University of Chicago); and Authorizing and Approving Certain Related Matters

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Request:

The **University of Chicago** (the "**University**") is requesting approval of a Resolution to supplement a Final Bond Resolution (the "**December 14th Resolution**") authorizing and approving the issuance of not-to-exceed $275.0 million in aggregate principal amount of its revenue bonds in one or more series (the "Bonds") and bearing interest at one or more fixed or variable interest rates and loans and loaning the proceeds thereof to the University of Chicago (the "University" or the "Borrower").

Impact:

Although the December 14th Resolution authorized a not-to-exceed issuance amount of $275.0 million and included flexibility for the University to issue under a variety of structures, the authority to issue taxable bonds was not contemplated.

The attached supplemental Resolution will enable the proposed Bonds to be issued in either Tax-Exempt or Taxable interest rate modes.

Approval of this supplemental Resolution is being requested in an abundance of caution at the request of the University.

As presently contemplated (as of 1/23/2018), the University anticipates issuing $125.0 million of Tax-Exempt Bonds through the Authority and $50.0 million of Taxable Bonds through the Authority. (The not-to-exceed parameter established in the December 14th Resolution was $275.0 million.)

Anticipated closing will occur during the week of March 5, 2018.

Recommendation:

The Credit Review Committee recommends approval of the accompanying Resolution (pp. 2-6) supplementing Resolution 2017-1214-NP02 as requested.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Auditor:	KPMG LLP	Chicago, IL	Kurt Gabaouer
Borrower Financial Advisor:	Prager & Co., LLC	San Francisco, CA	Susan Fitzgerald
		New York, NY	Mary Jane Darby
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	Nancy Burke

PROFESSIONAL & FINANCIAL - Continued

Senior Manager:	Barclays Capital, Inc.	New York, NY	John Augustine
Co-Senior Managers:	Loop Capital Markets, LLC	Chicago, IL	Clarence Bourne
	PNC Capital Markets LLC	Cleveland, OH	Mary Grace Pattison
	RBC Capital Markets LLC	Chicago, IL	Kevin Hoecker
	Wells Fargo Securities	New York, NY	Sally Bednar
	Bank of America Merrill Lynch (BAML)	San Francisco, CA	Chris Cowen
	Siebert Cisneros Shank & Co.	Chicago, IL	Karen Walker
Disclosure Counsel:	Greenberg Traurig LLP	Chicago, IL	Lorraine Tyson
Underwriter's Counsel:	Pugh Jones & Johnson, P.C.	Chicago, IL	Glenn Weinstein
Trustee:	Wells Fargo Bank, NA	Chicago, IL	Gail Klewin
IFA Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Steve Welcome
IFA Financial Advisor:	Sycamore Advisors LLC	Chicago, IL	Courtney Tobin, Olyvia Jarmoszka

RESOLUTION 2018-0208-NP__

RESOLUTION SUPPLEMENTING RESOLUTION 2017-1214-NP02 PROVIDING FOR THE ISSUANCE BY THE ILLINOIS FINANCE AUTHORITY OF NOT TO EXCEED $275,000,000 AGGREGATE PRINCIPAL AMOUNT OF ILLINOIS FINANCE AUTHORITY ADJUSTABLE RATE DEMAND REVENUE BONDS, SERIES 2017 (UNIVERSITY OF CHICAGO); AND AUTHORIZING AND APPROVING CERTAIN RELATED MATTERS.

WHEREAS, the Illinois Finance Authority, a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the "Authority"), including, without limitation, the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the "Act"), is authorized by the laws of the State of Illinois, including, without limitation, the Act, to issue its revenue bonds for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to defray, among other things, the costs of the planning, design, acquisition, construction, renovation, improvement, expansion and equipping of "educational facilities," as defined in the Act, and to provide for the refunding and defeasance of any bonds deemed necessary in connection with any purpose of the Authority; and

WHEREAS, on December 14, 2017, the Authority adopted Resolution 2017-1214-NP02, (the "Original Resolution") authorizing and approving the issuance of not to exceed $275,000,000 in aggregate principal amount of its revenue bonds in one or more series (the "Bonds") and bearing interest at one or more fixed or variable rates and the loaning the proceeds from the sale thereof to The University of Chicago, an Illinois not for profit corporation (the "University"); and

WHEREAS, the Original Resolution contemplated that the Bonds would be issued pursuant to one or more multi-modal documents and provided different alternatives with respect to the terms of the Bonds, including that the Bonds may be issued as fixed and/or variable rate bonds and the Bonds may be sold on either a public and/or private placement basis; and

WHEREAS, such alternatives were set forth in Original Resolution in order to provide flexibility to the University under the circumstance where proposed tax reform legislation (the "Proposed Tax Act") provided for the elimination of tax-exempt debt for the benefit of certain not for profit institutions, including the University; and

WHEREAS, such provisions of the Proposed Tax Act with respect to the elimination of the availability of such tax-exempt debt were ultimately not enacted; and

WHEREAS, the University now desires to issue the Bonds consisting of two series of publically offered, fixed rate bonds with one series to be issued on a tax-exempt basis and one series to be issued on a taxable basis; and

WHEREAS, such two series of the Bonds are expected to be designated (i) the Illinois Finance Authority Revenue Bonds, The University of Chicago, Series 2018A (the "Series 2018A Bonds") and (ii) the Illinois Finance Authority Taxable Revenue Bonds, The University of Chicago, Series 2018B (the "Series 2018B Bonds"); and

WHEREAS, the Series 2018A Bonds and the Series 2018B will be issued pursuant to the terms of separate trust indentures (collectively, the "Indentures"), each dated as of February 1, 2018 between the Authority and Wells Fargo Bank, National Association, as trustee; and

WHEREAS, the aggregate principal of Series 2018A Bonds and the Series 2018B Bonds will not exceed $275,000,000 and

WHEREAS, the proceeds from the sale of the Series 2018A Bonds and the Series 2018B Bonds will be loaned to the University through the purchase of two separate promissory notes (collectively, the "Notes"), to be issued by the University pursuant to separate Loan Agreements (collectively, the "Loan Agreements"), each dated as of February 1, 2018 between the Authority and the University), and assigned by the Authority to the Trustee pursuant to the related Indenture as security for the Series 2018A Bonds and the Series 2018B Bonds, as applicable; and

WHEREAS, the University will use the proceeds from the sale of the Series 2018A Bonds and the Series 2018B Bonds for one or more of the Financing Purposes (as defined in the Original Resolution); and

WHEREAS, the University has requested the Authority supplement the Original Resolution to approve the issuance of the Series 2018A Bonds and the Series 2018B Bonds as fixed rate, publically offered bonds, with the Series 2018A Bonds being issued on a tax-exempt basis and the Series 2018B Bonds being issued on a taxable basis and reaffirm the other matters set forth in the Original Indenture; and

WHEREAS, the Authority desires to so approve the issuance of the Series 2018A Bonds and the Series 2018B Bonds as described above and reaffirm the other matters set forth in the Original Resolution;

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

Section 1. Bonds. In order to obtain the funds to loan to the University to be used for the Financing Purposes, the Authority hereby authorizes the issuance of the Series 2018A Bonds and the Series 2018B Bonds. The Series 2018A Bonds and the Series 2018B Bonds shall be issued under and secured by and shall have the terms and provisions set forth in each of the respective Indentures; provided, however, that the aggregate principal amount of the Series 2018A Bonds and the Series 2018B Bonds shall not exceed $275,000,000 (excluding original issue discount or premium, if any, plus accrued interest, if any).

The Series 2018A Bonds and the Series 2018B Bonds shall mature not later than 40 years from the date of their issuance, and shall have maturities or mandatory bond sinking fund redemption as provided in each of the respective Indenture. The Series 2018A Bonds shall be issued on a tax-exempt basis and shall bear interest at one or more fixed rates of interest; provided, however, that such fixed rates of interest for the Series 2018A Bonds shall not exceed a weighted average annual interest rate of 8.0% per annum. The Series 2018B Bonds shall be issued on a taxable basis and shall bear interest at one or more fixed rates of interest; provided, however, that such fixed rates of interest for the Series 2018B Bonds shall not exceed a weighted average annual interest rate of 8.0% per annum.

The Series 2018A Bonds and the Series 2018B Bonds shall be issued only as fully registered bonds without coupons. The Series 2018A Bonds and the Series 2018B Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of its Chairperson, its Vice Chairperson or its Executive Director 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.

Each issue of the Series 2018A Bonds and the Series 2018B Bonds shall be issued and sold by the Authority and purchased by the Underwriter (as defined in the Original Resolution) for such issue at a purchase price of not less than 98% of the principal amount of such Series 2018A Bonds and Series 2018B Bonds, respectively, excluding, in each case, any original issue discount or premium, if any, plus accrued interest, if any. The Underwriter for each such issue of the Series 2018A Bonds and the Series 2018B Bonds, respectively, shall receive underwriting compensation with respect to the sale of any such Series 2018A Bonds and Series 2018B Bonds, including underwriting discount, not in excess of 2% of the principal amount of such Series 2018A Bonds and such Series 2018B Bonds, respectively, excluding, in each case, original issue discount or premium, if any in connection with the sale of such Series 2018A Bonds and such Series 2018B Bonds.

The Series 2018A Bonds and the Series 2018B 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 each of the respective Loan Agreements and each of the respective Notes (except such income and revenues as may be derived by the Authority pursuant to the Unassigned Rights (as defined in each of the respective Indentures)). The Series 2018A Bonds and the Series 2018B 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 2018A Bonds and the Series 2018B Bonds, (ii) the income and revenues derived by the Authority pursuant to each of the respective Loan Agreements and Notes and other amounts available under each of the respective Indentures and (iii) any money arising out of the investment or reinvestment of said proceeds, income, revenue or receipts.

Section 2. Authority Documents. The Authority does hereby authorize and approve the execution (by manual or facsimile signature) by an Authorized Officer (as defined in the Original Resolution), and the delivery and use, of the Indentures and the Loan Agreements and reaffirms its authorization and approval of each of the other applicable Authority Documents (as defined in the Original Resolution). The Secretary or any Assistant Secretary of the Authority is hereby authorized to attest, and may affix the official seal of the Authority to the Indentures, the Loan Agreements and any other Authority Document. The Indentures and the Loan Agreements related to the Series 2018A Bonds and the Series 2018B Bonds, respectively, shall be substantially in the forms of the Indentures and the Loan Agreements 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 person's approval and the Authority's approval of the terms of the Series 2018A Bonds and the Series 2018B Bonds, respectively. Each of the remaining Authority Documents shall be in the form to be approved by bond counsel, by counsel for the University and by counsel to the Authority. When the Indentures, the Loan Agreements or any other Authority Document is executed and delivered on behalf of the Authority as herein provided and as provided in the Original Resolution, such Indenture, Loan Agreement or other Authority Document will be binding on the Authority; and that from and after the execution and delivery of such Indenture, Loan Agreement or other Authority Document, the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary or desirable to carry out and comply with the provisions of such Indenture, Loan Agreement or other Authority Document as executed.

Section 3. Original Resolution. Except to the extent modified by this Resolution, the Authority hereby ratifies and confirms the authorizations and approvals and all terms and provisions set forth in the Original Resolution, including, without limitation, the approval of the execution and delivery of any applicable Additional Transaction Documents, the approval of the distribution of the Preliminary Official Statement and the Official Statement (as such terms are defined in the Original Resolution) by the Underwriter in connection with the public offering and sale of any of the Series 2018A Bonds and the Series 2018B Bonds and the authorization and approval of the members, officers, agents and employees of the Authority to do all such acts and things and to execute or accept all documents referred to therein.

Section 4. Subsequent Activity. Each Authorized Officer of the Authority is hereby further authorized, empowered and directed to do all such acts and things and to execute, acknowledge, deliver and file all such documents, agreements, certificates and undertakings after the date of issuance of any of the Series 2018A Bonds and the Series 2018B Bonds as may be necessary to carry out the terms set forth in the Indentures, the Loan Agreements and the other related Authority Documents or other related bond or financing documents, including, without limitation, delivering all notices and certificates described therein and entering into supplements or amendments to the Indentures, the Loan Agreement or such or such other Authority Documents or such other bond or financing documents contemplated by the terms thereof.

Section 5. Authorization and Ratification of 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 as may be necessary to carry out and comply with the provisions of this Resolution, the Original Resolution, the Indentures, the Loan Agreement, the other 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 this Resolution and the Original Resolution and within the parameters set forth herein and in the Original Resolution (except to the extent modified by this Resolution), whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved. Unless otherwise provided therein, wherever in the Indentures, the Loan Agreements, any other Authority Documents or any other document executed in connection with the issuance of the Series 2018A Bonds or the Series 2018B Bonds 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 to take such action, by any two members of the Authority, each of whom is hereby authorized, empowered, and delegated the power and duty and directed to take such action on behalf of the Authority, all within the parameters set forth herein and in the Original Resolution (except to the extent modified by this Resolution).

Section 6. *Severability*. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

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

Section 8. *Effective Date*. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Richard K. Frampton, EVP

Date: February 8, 2018

Re: Preliminary Bond Resolution authorizing development of a Community Bank Bond Program pursuant to an application submitted by StoneCastle Advisors LLC for the issuance of one or more series of Illinois Finance Authority Taxable Revenue Bonds in an aggregate principal amount now estimated not-to-exceed $250,000,000

I. Request: a Preliminary Bond Resolution on a Program Development Matter – The Illinois Community Bank Bond Program:

StoneCastle Advisors LLC (the **"Sponsor),** an SEC-registered investment advisor, has submitted an application to the **Illinois Finance Authority** (the "**Authority**" or "**IFA**") for the issuance of up to $250,000,000 of Taxable Revenue Bonds to provide loans to community banks in Illinois.

The Sponsor defines a "community bank" to mean banks, savings associations and their holding companies with less than $10 billion in consolidated assets that serve local markets.

- The proposed Bonds will be investment grade-rated by the **Kroll Bond Rating Agency** ("**Kroll**") and sold on a private placement basis to Qualified Institutional Buyers ("QIBs") identified by the Sponsor.
- The target bond rating is 'BBB' or better (Kroll).
- The proposed conduit (taxable) bonds would be non-recourse to the Authority.
- The maximum proposed bond term is estimated at 12 years from the issuance date. (The actual maturity may be shorter due to prepayments on the Tier-2 Loans after the fifth anniversary date after issuance.)

The underlying borrowers of these subordinate debt bond issues have been community banks.

Eligible banks would be limited to (i) community banks headquartered in Illinois and (ii) community banks with branches located in Illinois.

Additional information describing the benefits of the Program to community banks is provided below (see Section III – pp. 2-3).

II. IFA Role as Conduit Issuer for the Community Bank Bond Program:

The Authority will serve as a conduit issuer of Taxable Revenue Bonds issuing the proposed Bonds on a non-recourse basis.

As proposed, StoneCastle Advisors, LLC (Sponsor) will be responsible for credit approving each prospective community bank that participates in the multi-bank (i.e., composite) pooled collateralized loan program based on credit criteria established by Kroll.

The Sponsor anticipates that the underlying loans to the participating (and pre-designated) community banks will qualify as "Tier-2 Loans" and "regulatory capital" for such banks based on prior experience in providing subordinate debt to community banks.

Various StoneCastle affiliates have experience investing in investment grade-rated Collateralized Loan Obligation Pools and debt- (and related equity-) based products issued by community banking institutions nationally.

A. Public Purpose:

The goal of the proposed transaction is to foster economic growth and create jobs in the State of Illinois. The proposed transaction seeks to provide cost-efficient capital to community banks in Illinois to enable these institutions to make affordable credit available to small businesses in the State, thereby leveraging existing capabilities.

B. Program Would Provide "Multiplier Effect" on Illinois Community Bank Lending Capacity:

More specifically, Bond Proceeds would be used to originate subordinate loans to Illinois community banks or bank holding companies (i.e., "Tier-2 Loans") that the Sponsor (StoneCastle) anticipates would qualify as regulatory capital in Illinois for the borrowing institutions.

Because regulatory capital has a multiplier effect for banks, if the subordinate debt were fully deployed to originate loans, StoneCastle estimates that, on average, 9x leverage for each dollar of regulatory capital will be created.

Accordingly, StoneCastle concludes that a $250 million IFA Bond issue could generate over $2 billion of new lending and investment by Illinois Community Bank Bond Program borrowers, thereby resulting in job creation and economic activity in Illinois communities served by participating institutions.

C. IFA as Conduit Issuer Could Generate "ESG" Investor Interest

The Sponsor believes there is significant demand for Environmental, Social, and Governance ("ESG") qualifying investments, particularly within the thematic sectors of "community investing" or "local investing".

Management of StoneCastle Advisors believes that the proposed IFA Community Bank Bond Program will satisfy ESG investing requirements thereby resulting in additional investor demand to this asset class from ESG institutional investors, further improving access to capital for Illinois community banks and holding companies.

III. Program Benefits to Illinois Community Bank Participants – Subordinate Loan Program (Tier-2 Loans) to Create Additional Regulatory Capital:

By initiating the Community Bank Bond Program, IFA would issue Taxable Bonds that would provide up to $250 million of subordinate loans that would qualify as Tier-2 Regulatory Capital, thereby generating 9x leveraging as estimated (on average) by StoneCastle.

Key Program Features include the following:

- Eligible Participants:
  - Community banks domiciled or that have branches in the State of Illinois would qualify for financing under the Program
    - Subject to Sponsor/Rating Agency credit approval standards for participation in the Community Bank Bond Program
- Would offer flexible lending to prospective borrowers, ranging from $1 million to $15 million funded by the bond sale.

- For the borrowing banks, interest paid on the Tier-2 Loans is deductible from income taxes (whereas dividends on preferred and common equity are not deductible).
    - As a result, <u>the Program's subordinated debt provides tax-advantaged capital</u> at a net cost of 4% to 5%
        - This tax-advantaged capital solution has a significantly lower costs than (i) the 12%+ returns expected for Common Equity or (ii) the 7%+ return expected for Preferred Stock
    - Additionally, under this Program, community banks are able to improve capitalization without diluting their existing shareholders.
- As contemplated, the Program would provide Tier-2 capital to the participating banks, enabling the funding of additional loans (i.e., growth) through a "multiplier effect", which generally works as follows:
    - For every $1 of additional regulatory capital (including Tier-2 subordinate loans), a bank can make approximately $7-$10 of additional loans (with an estimate of $9 for a "typical" community bank).
        - Accordingly, as a result of the proposed $250 million to be issued under the Community Bank Bond Program, the Program could generate up to $2 billion of new loans to small businesses as a result of the leveraging impact of the subordinate loans (as Tier-2 regulatory capital).
- **<u>Note:</u>** *Prospective banks or bank holding companies will be required to notify and receive approval from its primary regulators before borrowing under this proposed program.*

IV. Background - StoneCastle Advisors, LLC and its parent company (StoneCastle Partners, LLC)

A. StoneCastle Advisors, LLC (the "Sponsor"):

StoneCastle Advisors, LLC, as Sponsor, will be responsible for originating, underwriting (and applying for a debt rating from Kroll – anticipated at 'BBB' or higher), monitoring, and servicing the portfolio of capital loans to community banks.

The Sponsor will identify both (i) the participating community banks that will borrower through the Program, and (ii) the target institutional investors for the private placement. *<u>StoneCastle Advisors, LLC is an SEC-registered investment advisor.</u>*

The Sponsor is wholly-owned by **StoneCastle Partners, LLC**.

B. StoneCastle Partners, LLC (the "Parent Company"):

StoneCastle Partners, LLC is a leading asset management firm focused exclusively investing in community banks and related financial assets throughout the United States, with community bank investments in all 50 states.

The Parent Company's community bank financing activities also include originating and funding subordinate loans to bank holding companies.

Community bank financing activities are also undertaken by various affiliated companies, including a publicly traded closed-end fund, **StoneCastle Financial Corporation** ("**SCFC**"), which is publicly traded (NASDAQ: "BANX") and investment grade rated. <u>Both SCFS ('A+') and SCFS's preferred shares ('BBB+') are currently investment grade rated by Kroll</u>.

StoneCastle Partners and its affiliates have substantial experience working with community banks, state and federal regulators, and industry trade organizations (e.g., the American Bankers Association).

StoneCastle Partners collectively manages over $12 billion of assets focused on community banks, including over $2 billion of capital invested in more than 250 community banking institutions and over $10 billion of institutional cash in over 650 community and national banks as of 12/31/2017.

The Parent Company is headquartered in New York, NY, with offices in Atlanta, Memphis, Los Angeles, Chicago, Denver, and Salt Lake City and had approximately 65 employees as of 6/30/2017.

The Parent Company is majority-owned and managed by its employees and its managing partners Joshua S. Siegel (CEO) and George Shilowitz (Co-CEO). Both CharlesBank Capital Partners, LLC (a private equity firm based in Boston) and CIBC Capital Corporation (a subsidiary of Canadian Imperial Bank of Commerce) own minority interests in the Parent Company.

C. About StoneCastle's Investment Team:

The StoneCastle Advisors/StoneCastle Partners investment team is comprised of professionals with substantial expertise investing in community banks, and includes former bank managers, credit officers, private equity investors, rating agency analysts, bank examiners, fixed income specialists, and attorneys.

This investment team is responsible for a rigorous, fundamental-based, bottom-up, credit and investment analysis on each community bank investment opportunity.

StoneCastle Advisors/StoneCastle Partners' due diligence review examines each community bank's geographic footprint, regulatory filings and financial statements, business plan, and management team, among key factors.

Following origination, all investments are monitored continuously via calls with the bank's management team, quarterly regulatory filings and financial statements, and related information.

This same methodology will be applied by the same managers responsible for overseeing the investing, lending, placement, and portfolio management activities of the proposed Illinois Community Bank Bond Program.

Professional profiles of the Sponsor's (i.e., StoneCastle's) key management team will be presented in connection with a Final Bond Resolution for this financing.

D. StoneCastle's Prior Experience Structuring, Originating, and Managing Investment Grade-Rated Pooled Community Bank Debt Obligations:

The specialized experience of StoneCastle's investment team, includes a track record of successfully structuring, originating, and managing investment portfolios comprised of pooled equity and debt instruments (including subordinate debt) originated on behalf of (multiple) community banks.

StoneCastle's experience in originating and managing community bank investment portfolios has included both investment grade-rated private placements and public securities offerings.

- Most recently, StoneCastle's investment team was involved as the portfolio manager and servicer (through its StoneCastle Investment Management, LLC) for a pooled debt issuance of $205.0 million (Community Funding CLO, Ltd.) that was privately placed to an institutional investor in October 2015.
- This 2015 portfolio consisted primarily of unsecured, subordinated loans to FDIC-insured community/savings banks or their respective holding companies (each an "Obligor") – these are the same targeted borrowers proposed under the proposed Community Bank Bond Program.

    - Demonstrating the viability of the pooled community bank subordinate debt obligation concept, the $205.0 million 2015 Notes were issued subject to obtaining a minimum rating of 'A3 (sf)' by Moody's.
    - The Moody's Press Release for these 2015 Notes is attached (see Attachment 2 to this memorandum).

V. Sponsor's Program Development Plan – Next Steps:

Assuming that the proposed Preliminary Bond Resolution is approved at the February 8th Board Meeting (see Attachment 1), the Sponsor plans to initiate program development, which will include the following activities:

A. engaging prospective ESGs as potential investors (in the conduit IFA-issued Taxable Bonds);
B. develops participant qualification criteria (including, but not limited to developing performance metrics and related evaluative criteria) in conjunction with Kroll (see Attachment 3: Kroll Research Report : "The Case for Community Banks, June 2, 2017);
C. obtaining general regulatory approval of the Program from community banking regulators; and,
D. obtaining approval from community banking regulators that the proposed subordinate loans will qualify as "Tier-2" regulatory capital for the community bank participants.

The accompanying Preliminary Bond Resolution (see Attachment 1) will evidence the Illinois Finance Authority's interest in developing a conduit, Taxable Bond-financed, Pooled Community Bank Bond Program with StoneCastle that will serve community banks domiciled in Illinois or those with branch locations in Illinois.

VI. Recommendation and Comments:

Staff recommends approval of the accompanying Preliminary Bond Resolution (p. 7) that will support StoneCastle's preliminary program development feasibility and due diligence undertaking.

If StoneCastle's program development effort is ultimately successful, StoneCastle will authorize bond counsel and placement counsel to initiate drafting of bond and underwriting/securities documents.

Upon completing all legal and securities documentation to the satisfaction of all transaction counsel (including Special Counsel to the Illinois Finance Authority), StoneCastle would then return to the IFA Board of Directors and request consideration of a Final Bond Resolution that would authorized issuance of the proposed conduit, taxable Community Bank Bond Program (now proposed in an amount not-to-exceed $250.0 million).

Notably, in connection with consideration of the Final Bond Resolution, more comprehensive descriptive information regarding the structure, mechanics, and borrower characteristics will be will be reported to the IFA Board of Directors.

VII. Preliminary Transaction Participant List – as of 1/31/2018:

Conduit Bond Issuer:	Illinois Finance Authority	Chicago, IL	
Manager:	StoneCastle Advisors, LLC	New York, NY	
Counsel to Manager:	To be determined		
Bond Counsel:	Chapman and Cutler LLP	Chicago, IL	David Kates
Placement Agent:	To be determined		
Counsel to Placement Agent:	To be selected by Placement Agent		
Bond Trustee:	To be determined		
Trustee's Counsel:	To be selected by Bond Trustee		
Bond Rating:	Kroll	New York, NY	
IFA Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
IFA Financial Advisor:	To be determined		

Attachments:

- **Attachment 1:** **Preliminary Bond Resolution for Conduit Taxable Community Bank Bond Program**

- **Attachment 2:** **Moody's Investors Service Press Release on Pooled Community Bank Subordinated Loan Portfolio – October 15, 2015: "Community Funding CLO, Ltd." – rated 'A3 (sf)'.**

  This offering was a portfolio of subordinate loans issued by US community banks or their holding companies. 100% of the portfolio participants were identified upfront. Moody's noted that the portfolio consisted entirely of subordinated debt issued by US community banks (or holding companies) that Moody's did not rate at the time of issuance.

  An affiliate of StoneCastle (StoneCastle Investment Management, LLC) (i) identified the underlying Obligors (i.e., community banks/holding companies), (ii) arranged for and negotiated the terms of the Collateral Obligations (i.e., subordinate community bank loans that secure the Bonds), and (iii) serviced and monitored portfolio performance (i.e., underlying Obligor performance).

- **Attachment 3:** **Kroll Research Report – June 2, 2017: "The Case for Community Banks"**

Attachment 1: Preliminary Bond Resolution

IFA RESOLUTION 2018-0208-____

A PRELIMINARY BOND RESOLUTION APPROVING THE ISSUANCE OF ILLINOIS FINANCE AUTHORITY TAXABLE REVENUE BONDS, IN ONE OR MORE SERIES, FOR THE PURPOSES SET FORTH HEREIN IN AN AGGREGATE PRINCIPAL AMOUNT NOW ESTIMATED NOT TO EXCEED $250,000,000

WHEREAS, there has been presented to the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the *"Authority"*), by StoneCastle Advisors, LLC (the "*Sponsor*"), an application for the issuance of one or more series of Taxable Revenue Bonds by the Authority, in an amount now estimated not-to-exceed Two Hundred Fifty Million Dollars ($250,000,000) (the *"Bonds"*); and

WHEREAS, the Sponsor's application has been made with respect to "projects" within the meaning of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the *"Act"*), for the purpose of providing the Authority with funds which may be loaned to community banks and bank holding companies domiciled in Illinois or with operations in Illinois (collectively, "*Community Banks*") (i) to provide capital that will allow such Community Banks to provide additional loans to individuals and businesses, (ii) to fund one or more debt service reserve funds, if deemed necessary or advisable by the Sponsor or the Authority, (iii) to pay a portion of the interest on the Bonds, if deemed necessary or advisable by the Sponsor or the Authority, and (v) paying certain expenses incurred in connection with the issuance of the Bonds, all as permitted by the Act (collectively, the *"Financing Purposes"*); and

WHEREAS, a determination has been made by the Authority that its issuance of the Bonds for the Financing Purposes will be consistent and in accord with the provisions and purposes of the Act; and

WHEREAS, each of the Members of the Authority present is familiar with the form of this Preliminary Bond Resolution;

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

Section 1. Approval. The application of the Sponsor is approved.

Section 2. Adoption of Resolution. The Chairperson or Executive Director of the Authority, or any person duly appointed by the Members to serve in such office on an interim basis, is authorized and directed to execute, and the Secretary or Assistant Secretary of the Authority is authorized to seal and attest to the adoption of this Preliminary Bond Resolution and to do any and all things necessary or desirable in order to carry out the intention of the parties expressed herein.

Section 3. Issuance of Bonds. Upon final determination of the details of the financing and provided that, on or before February 28, 2019, the Authority and the Sponsor shall have agreed to mutually acceptable terms for the Bonds and the contracts, agreements and proceedings related thereto, including, but not limited to, one or more bond purchase agreements (or comparable agreements) for the sale of the Bonds, the Authority will use all reasonable efforts to take the further steps necessary, including, but not limited to, execution of said bond purchase agreements, to issue its Bonds on behalf of the Borrower to finance all or a portion of the Financing Purposes in an amount now estimated not to exceed Two Hundred Fifty Million Dollars ($250,000,000).

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Rating Action: **Moody's assigns rating to one class of notes issued by Community Funding CLO, Ltd.**

Global Credit Research - 16 Oct 2015

New York, October 16, 2015 -- Moody's Investors Service, ("Moody's") has assigned a rating to one class of notes issued by Community Funding CLO, Ltd. (the "Issuer" or "Community Funding CLO").

Moody's rating action is as follows:

U.S.$205,000,000 Class A Senior Secured Fixed Rate Notes Due 2027 (the "Class A Notes"), Definitive Rating Assigned A3 (sf)

RATINGS RATIONALE

Moody's rating of the Class A Notes addresses the expected loss posed to noteholders. The rating reflects the risks arising from defaults of the underlying portfolio of assets, the transaction's legal structure, and the characteristics of the underlying assets.

Community Funding CLO is a static cash flow CDO. The issued notes will be collateralized by a portfolio of subordinated debt, which are mostly in the form of subordinated loans, issued by US community banks or their holding companies. The Issuer has identified 100% of the portfolio and has included 98% of the portfolio as of the closing date.

StoneCastle Investment Management, LLC (the "Servicer") has directed the selection and acquisition and will direct the disposition of the assets on behalf of the Issuer. The Servicer will also direct the disposition of any defaulted securities. The transaction prohibits any asset purchases or substitutions at any time, except for one asset that is pending regulatory approval.

In addition to the Class A Notes, the Issuer will issue preferred shares.

The transaction incorporates interest and par coverage tests which, if triggered, divert interest proceeds to pay down the notes.

This CDO's portfolio consists entirely of subordinated debt issued by US community banks or their holding companies that Moody's does not rate. Moody's assesses the default probability of bank obligors that do not have public ratings through credit scores derived using RiskCalc™, an econometric model developed by Moody's Analytics. Moody's evaluation of the credit risk of the bank obligors in the pool relies on FDIC Q2-2015 financial data with further adjustments to the banks' capital structure to account for the issuance of the subordinated debt. Moody's assumed a fixed recovery rate of 10% for these subordinated debt obligations.

Moody's rating of the Class A Notes took into account a stress scenario in which we made adjustments to the RiskCalc™ credit scores for highly levered bank holding company issuers. This stress scenario was an important factor in the assigned rating.

In addition, Moody's rating considered the highly concentrated nature of the portfolio, both by state and by individual asset size. Approximately 10% of the portfolio assets are located in the state with the highest exposure and about 20% of the portfolio assets are located in three states with high exposure to the oil and gas industry. Moreover, the portfolio only has 38 assets from 35 obligors, with the five largest assets each constituting 5.0% of the portfolio par. Credit deterioration of banks in particular states or the largest banks could have an outsized negative impact on the credit quality of the portfolio.

For modeling purposes, Moody's used the following base-case assumptions:

Par amount: $250,000,000

Weighted Average Rating Factor (WARF): 753

Weighted Average Coupon (WAC): 6.98%

Weighted Average Recovery Rate (WARR): 10.0%

Weighted Average Life (WAL): 9.9 years

In addition to the quantitative factors that Moody's explicitly models, qualitative factors were part of rating committee considerations. Moody's considers the structural protections in the transaction, the risk of an event of default, the legal environment and specific documentation features. All information available to rating committees, including macroeconomic forecasts, inputs from other Moody's analytical groups, market factors, and judgments regarding the nature and severity of credit stress on the transactions, influenced the final rating decision.

Methodology Underlying the Rating Action

The principal methodology used in this rating was "Moody's Approach to Rating TruPS CDOs," published in June 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Factors That Would Lead to an Upgrade or Downgrade of the Rating:

This transaction is subject to a number of factors and circumstances that could lead to an upgrade or downgrade of the rating, as described below:

1) Macroeconomic uncertainty: The transaction's performance could be negatively affected by uncertainty about credit conditions in the general economy, certain regional economies, and in the US banking sector. Moody's has a stable outlook on the US banking sector.

2) Portfolio credit risk: Credit performance of the assets collateralizing the transaction that is better than Moody's current expectations could have a positive impact on the transaction's performance. Conversely, asset credit performance weaker than Moody's current expectations could have adverse consequences on the transaction's performance.

Related Issuers

Community Funding CLO, Ltd.

Related Research

🔒New Issue Report: Community Funding CLO, Ltd.

SEC Rule 17g-7 Report of R&Ws: Community Funding CLO, Ltd. Deal v1.0 Compared To CLO, SME, Other Cash Flow CDO & ABS v2.0

3) Exposure to non-publicly rated assets: The portfolio consists entirely of unrated assets whose default probability Moody's assesses through credit scores derived using RiskCalc. Because these are not public ratings, they are subject to additional uncertainties.

Loss and Cash Flow Analysis:

Moody's obtained a loss distribution for this CDO's portfolio by simulating defaults using Moody's CDOROM™, which used Moody's assumptions for asset correlations and fixed recoveries in a Monte Carlo simulation framework. Moody's then used the resulting loss distribution, together with structural features of the CDO, as an input in its CDOEdge™ cash flow model. Moody's CDOROM is available on www.moodys.com under Products and Solutions -- Analytical models, upon receipt of a signed free license agreement.

In addition to the base case analysis, Moody's conducted sensitivity analyses to test the impact of different default probabilities on the Rated Notes relative to the base case modeling results, which may be different from the rating assigned to the Rated Notes. Below is a summary of the impact of different default probabilities (expressed in terms of WARF level) on the Rated Notes (shown in terms of the number of notch difference versus the base case modeling results, whereby a negative difference corresponds to higher expected losses), assuming that all other factors are held equal:

Assuming a two-notch upgrade to assets with below-investment grade rating estimates (WARF of 469)

Class A Notes: +2

Assuming a two-notch downgrade to assets with below-investment grade rating estimates (WARF of 1175)

Class A Notes: -2

Further details regarding Moody's analysis of this transaction may be found in the related new issue report, available soon on Moodys.com.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

Further information on the representations and warranties and enforcement mechanisms available to investors are available on http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF418482

Moody's describes its loss and cash flow analysis in the section "Ratings Rationale" of this press release.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Moody's Integrity Hotline

EU
001-800-506-1440

Japan
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NTT: 0034-811-001 then 888-320-1668

Outside of the EU and Japan
1-866-330-MDYS (6397)

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The Case for Community Banks

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June 2, 2017

Table of Contents

Summary

- Though it might strike some as counterintuitive, Kroll Bond Rating Agency (KBRA) believes community banks can compete successfully with much larger banks; In fact, many community banks in KBRA's rated universe consistently produce superior risk-adjusted profitability compared to many of the larger U.S. banks
- A closer examination of cost structure—both interest and noninterest expense—reveals that community banks (assets less than $10 billion) are not at a competitive disadvantage from a pricing power standpoint
- KBRA believes that the benefits that accrue to smaller banks by virtue of being local—in terms of market knowledge, deeper customer relationships, and superior responsiveness—can offset the advantages derived from larger banks' size, most notably more efficient processing, more sophisticated risk management, broader product offerings, and larger marketing spend
- The concentration of risks—both geographic and in the loan book—is a key differentiating feature between smaller banks and larger ones; well-run community banks with demonstrably advantageous local share have proven that those risks are manageable
- Based on a thorough review of relevant data, and factoring in our extensive experience in rating nearly 100 community banks—each one factoring in in-depth conversations with management teams—give us a high degree of confidence that well-run community banks deserve to be rated in the investment grade category.

Asset size might not be as important as you think

At first blush, you can see why someone would question the ability of community banks (those with assets less than $10 billion) to compete successfully (and earn competitive returns) against the industry's giants. You would reason that banking is a commodity business, where competitiveness is a function of capitalizing on economies of scale (onboarding more customers to the platform) and scope (leveraging core functions such as marketing and risk management and cross-selling one product line into another). Moreover, you might figure that smaller banks typically are hampered by outdated technology, and subject to risky geographic loan concentrations and adverse selection in terms of their customers.

At KBRA, we see these points as overly simplistic generalizations.

To get a sense as to how important size is to fundamental performance in U.S. banking, we broke the industry into three buckets, based on asset size:

- Less than $10 billion
- Between $10 billion and $50 billion
- Greater than $50 billion

We then looked at a variety of operating metrics, encompassing profitability, asset quality, and capital adequacy, on average, for the three groups across a 10-year period to pick up pre- and post-financial-crisis performance.

Upon closer examination of the issues and relevant performance data, we would make the following observations:

- Cost structures—the basis for competition—are not that different between smaller banks and larger ones.
- The benefits that accrue to smaller banks by virtue of being local—in terms of market knowledge, deeper customer relationships, and superior responsiveness—can offset the advantages derived from size, most notably larger banks' more efficient processing, more sophisticated risk management, broader product offerings and larger marketing spend.
- Risks are not any more ominous at smaller banks that at larger ones. In fact, our prior research examining small- and large-bank performance in the 2008-09 financial crisis found that smaller banks fared better than the largest banks.

These points underpin the superior risk-adjusted profitability that smaller banks have achieved through the cycle compared to larger banks. When KBRA factors in the industry's secular improvements, most notably improved capital adequacy and enhanced regulatory oversight, we believe well-run community banks can be investment-grade-rated credits.

Finally, this is not to say that smaller banks are equal to or better credits than larger ones. Diversification of earnings and risks ultimately make well-run larger banks better credits than well-run smaller banks. KBRA's research merely points out that smaller banks can indeed achieve fundamental performance that is consistent with our definition of what constitutes investment grade.

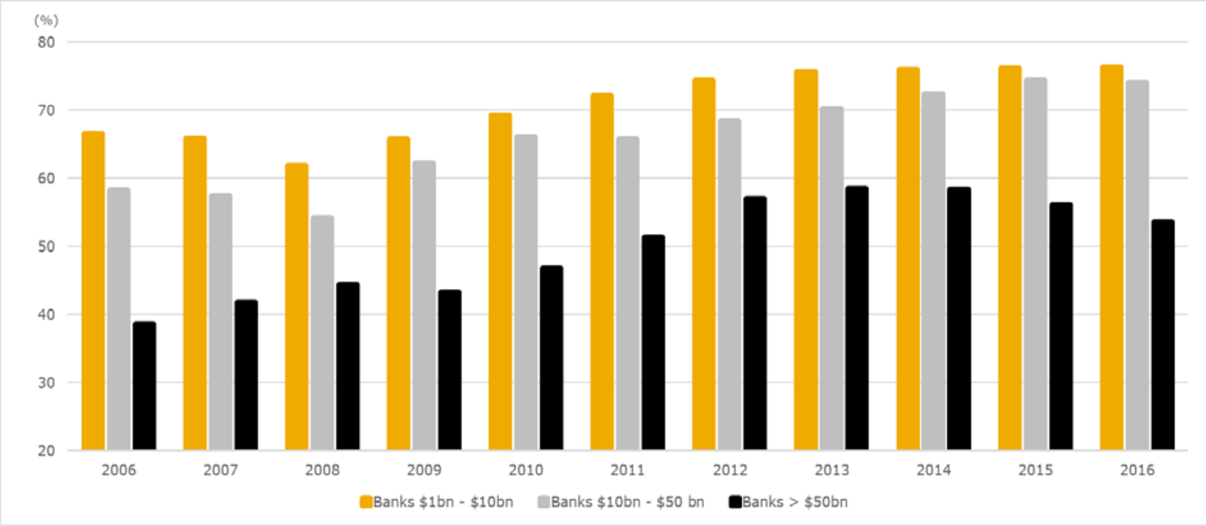
Deposits, the great equalizer

A deposit charter is one of the great competitive equalizers in financial services. It allows regulated depositories to gather federal government guaranteed funding (up to $250,000 per account per bank), regardless of the size of the institution. Guaranteed deposits are credit insensitive, tend to be sticky, and are usually highly cost effective. In all but the most stressed conditions, we can confidently say the same of the more broadly defined core deposit category, which excludes brokered deposits and jumbo time deposits over $250,000.

The benefit of deposit funding, especially core deposit funding, goes beyond pricing power. Core deposits' relative stickiness becomes critically important when the credit cycle turns. Remember, risk of bank failure rises when hot money smells trouble—almost always related to loan quality deterioration—and pulls out. Relative lack of a reliance on credit sensitive sources of funding puts the vast majority of community banks in good stead compared to the largest banks.

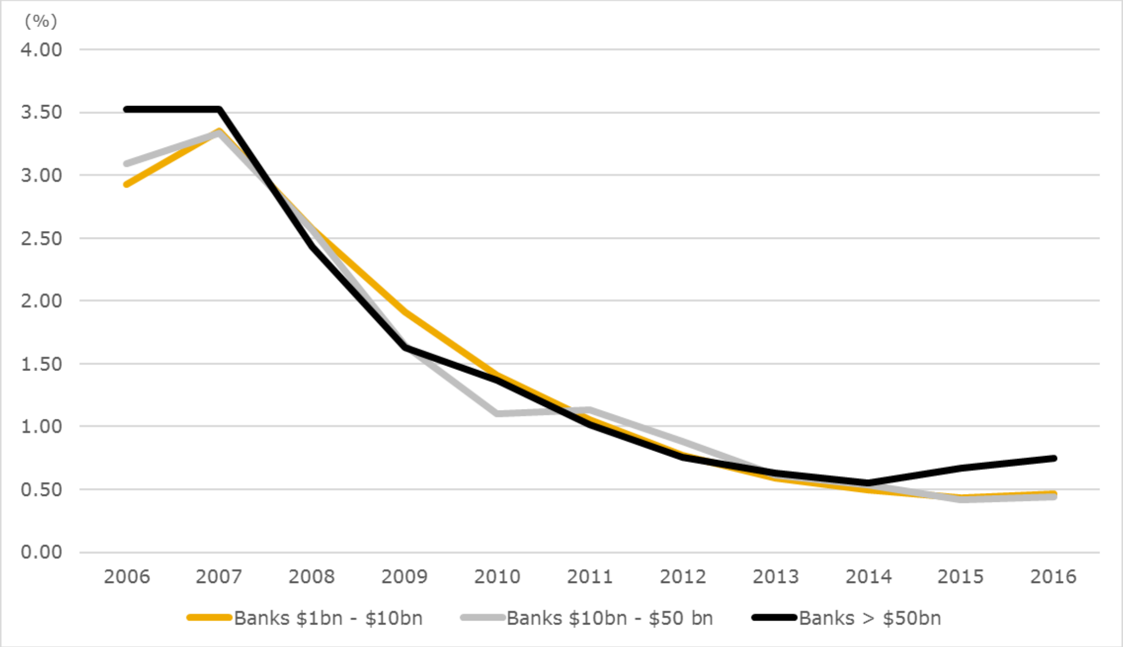
As of December 31, 2016, some 76% of community bank liabilities were core deposits, compared to 54% for the large banks (assets greater than $50 billion) as shown in Figure 1.

Figure 1: Community Banks' Advantageous Funding Base
Core Deposits as a Percentage of Total Liabilities



The ability of community banks to fund most of their balance sheets with core deposits goes a long way to solidifying pricing power vis a vis their larger brethren. In 2016, community bank liabilities cost 46 bp on average, 28 bp through the 74 bp average reported among the largest banks. (Figure 2). In addition to strong core deposit bases, community banks generally maintain ample capacity to borrow from the Federal Home Loan Bank (FHLB) in the event of need. The FHLB was a reliable and relatively low cost contingent funding source during the 2008 financial crisis.

Figure 2: No Disadvantage Here
Average Cost of Liabilities



Of course, while this historic relative performance provides some reasonable basis to expect a continuation of such trends over the near-to-intermediate term, we'd be remiss not to consider the possibility that deposit betas[1] may be different this time around as the Fed embarks on its first interest rate tightening cycle in years. In this regard, we will monitor—and expect to comment further on—core deposit pricing trends in the anticipated rising rate environment, given some key industry dynamics that are on the horizon.

Notably, the increasing prevalence of "scale" internet deposit platforms (backed with formidable marketing budgets and prowess), as likely industry pricing leaders, is expected to create at least some upward pressure on deposit costs.

Perhaps holding even greater implications for deposit betas in a rising rate environment (as we see it), the requirements of the liquidity coverage ratio (LCR) place a new regulatory-driven premium on core deposit balances. Compounding that increased importance of "high LCR value" deposits is the fact that a large amount of the industry's Level I high-quality liquid assets (HQLA) are balances held at the Fed.

As the country's central banker pursues the normalization of its now $4.5 trillion balance sheet, we would expect those bank reserves held at the Fed to necessarily decline. By extension, even when assuming just a static industry balance sheet, large banks are likely to need to replace these Level I assets with at least some portion of Level II assets (which are subject to liquidity "haircuts" under the LCR numerator calculation). Accordingly, high-value LCR deposits will become even more valuable under the outflow assumptions required in the calculation of the LCR's denominator.

All of this means competition for core deposits is likely to increase. Partially mitigating this concern for many community banks is the prevalence of relationship-based commercial deposits from small business customers. These long-standing customers tend to avoid the large banks given generally superior customer service at the community banks combined with ready access to key decision-makers at the bank.

Operating expenses—where did the benefits of scale go?

For banks, a funny thing happened on the way to getting larger—the benefits of scale became illusive. How can that be? Banking efficiency has to increase as the scope and scale of its business grows, right? Well, not necessarily.

What the great consolidation wave in banking, starting in the 1980s, has taught us is that size, achieved largely through acquisition, breeds complexity, in terms of both a growing geographic footprint and an expanded set of products and services. Complexity produces greater administrative friction stemming from increased span-of-control risk, including management layers, regulatory reporting and compliance requirements, and technology black holes. So, whether we observe noninterest expenses relative to assets (Figure 3) or revenues (Figure 4), community banks actually fare better than their larger bank peers. Even though the significantly increased regulatory reporting and compliance burden falls disproportionately on smaller banks, we can make a convincing case that the added costs related to increased complexity that larger banks bear largely offset the benefits of scale.

Our thinking squares up with what regulatory research has discovered. According to the FDIC, "most of the benefit of economies of scale is realized once community banks reach $100 million to $300 million in total assets, depending on the lending specialty."[2]

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[1] Defined as the percentage of a rate move that will be passed along to customers with interest bearing deposit accounts.

[2] "FDIC Community Banking Study," *FDIC*, December 2012.

Figure 3: Complexity Offsets the Benefits of Scale (I)

Operating Costs as a Percentage of Average Assets

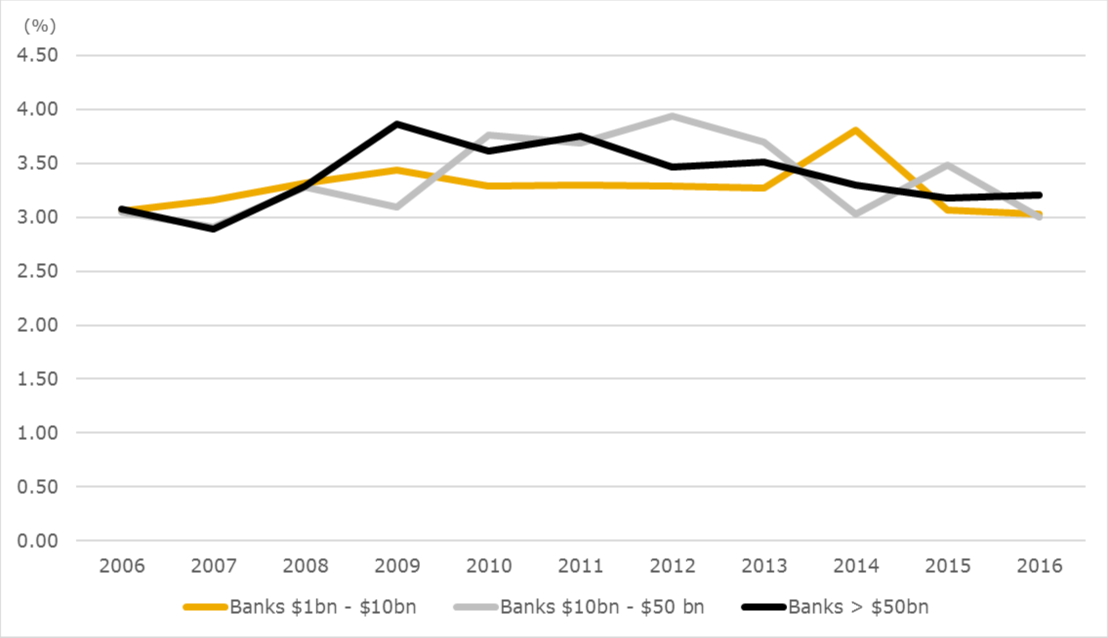
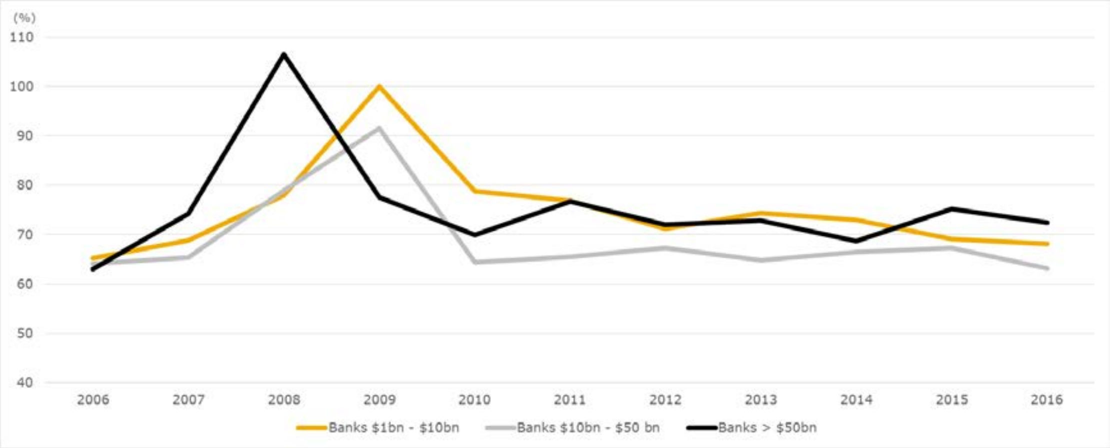


Figure 4: Complexity Offsets the Benefits of Scale (II)

Efficiency Ratio



The key is not just scale, but local scale

So, when taken together, the cost structure—funding and operating—of community banks does not result in a competitively disadvantaged position in our opinion. We acknowledge that scale matters, but, in banking, the degree of *local* scale can be the most important competitive determinant.

Think about it this way. Banks with low market share (usually defined by deposit share) in a given market will likely see subpar returns, a function of seeing fewer opportunities (from getting lost in the competitive landscape), being subject to a lack of pricing power for both assets and liabilities, and running the risk of adverse selection in terms of lending.

As the bank in question builds local scale, competitiveness improves, as brand awareness grows, bringing with it improved pricing power. In addition, a broader lending opportunity set emerges, which, in turn, allows the bank to become more selective with regard to its borrowers.

It naturally follows that at some point, decreasing returns of scale will eventually set in as the marginal increase in profitability no longer justifies the increase in expenses used to build another branch or add additional staff. Local scale has been achieved.

The upshot of all of this is that smaller banks can compete quite effectively for their natural customers (individuals and small businesses) by building local scale in a market or submarket. Now, by definition, smaller banks will have competitive scale in fewer markets than their larger competitors will, and that concentration of risk is something that our methodology takes into consideration when we rate smaller banks. Which brings us to our next topic.

The risks of being simple

Conventional wisdom holds that concentrated risks are riskier than risks that are more dispersed. We know community bank risks are more concentrated than the larger banks, most notably on two dimensions:

- Geographic footprint, and
- Loan type.

Community banks operate in a comparatively small market area. There are plenty of examples of economic hardship impacting certain areas more than others, including the oil patch in the 1980s, New England in the late 1980s and early 1990s, and some of the Sun Belt markets in the wake of the financial crisis. All three instances triggered banking crises to varying degrees. Unbridled speculative real estate development was at the heart of all three, which brings us to our second risk concentration, loan type.

Community banks have seen an erosion of their participation in the most popular consumer loan products as these have been recast really as consumer products that are now dominated by the very large banks which market intensively and across the country. That leaves community banks concentrated more heavily in commercial lending, including commercial real estate.

We are not overly concerned about this concentration where the bank in question is a diligent, capable, and experienced credit underwriter. Smaller business lending is a nicely profitable segment where we believe risk and reward generally stay in alignment through the credit cycle.

Loan exposures, while concentrated compared to the largest banks, are generally not *unduly* concentrated, in our opinion. Most areas in the U.S. are fairly well diversified economically, and most community bank commercial loan portfolios are fairly granular, with largest loans well below regulated legal lending limits. It is worth noting that leveraged lending to the middle- and large-corporate market, on the other hand, has shown a pattern of much greater volatility, where risk and reward routinely breaks down toward the end of economic expansions. Community banks really don’t play in that market to any great degree.

Ever vigilant on commercial real estate

A business line that is prominent at many smaller banks is lending on commercial real estate (CRE). Lending on smaller scale properties is a natural business for community banks, as it leverages local market knowledge and relationships. Astute local lenders will thoroughly understand a market’s real estate dynamics and economic sensitivity.

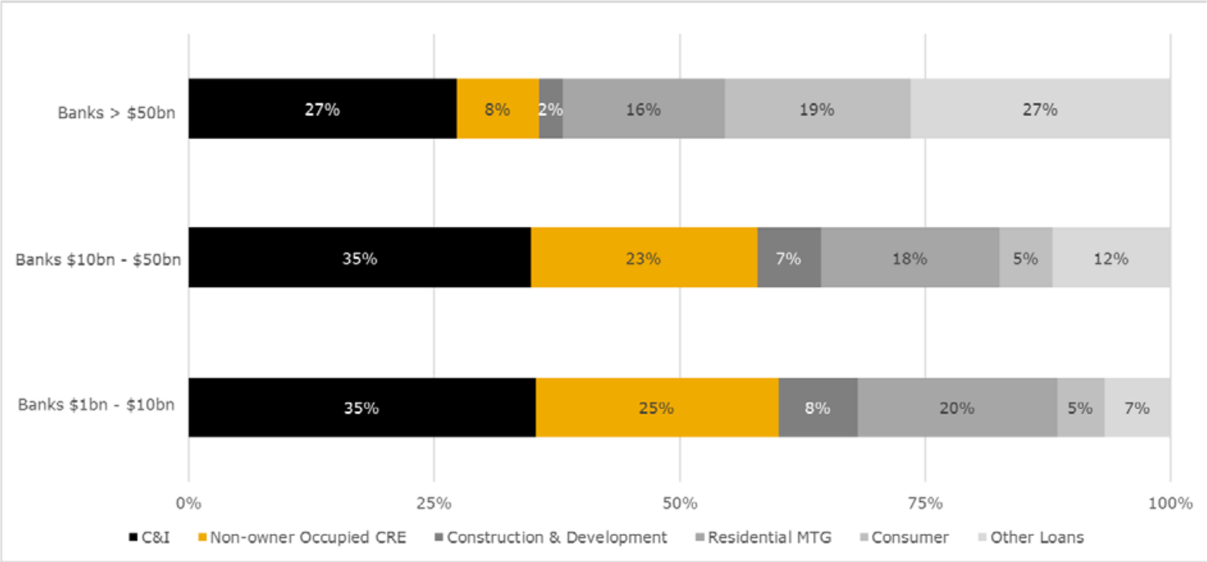
In assessing the risks of CRE, we break down exposures into two buckets:

- Owner-occupied mortgages, which behave much more like comparatively low risk commercial and industrial (C&I) loans, and
- Investor CRE, which includes non-owner occupied commercial mortgages as well as construction loans (loans used for the acquisition, development, and construction (ADC) of commercial properties in regulatory parlance)

The latter is the riskier bucket, especially ADC lending, given that its cash flow expectations are prospective and subject to overruns and market uncertainty.

As shown in Figure 5, lending on investor CRE represents on average nearly one-third of community bank loan portfolios at December 31, 2016. This is one of the principal points of differentiation between smaller banks and larger banks, where investor CRE represents less than 11% of total loans.

Figure 5: Investor CRE: Important to Smaller Banks
Loan Portfolio Mix – Year End 2016



We watch trends in CRE carefully as a common theme running through community banks that run into trouble is aggressive growth in CRE, especially out of footprint. During the recent financial crisis, FDIC analysis[3] shows that failed banks had concentrations of ADC loans to total assets that were roughly three times the average of concentrations of non-failed institutions. According to the FDIC, "even the most well-conceived and soundly underwritten CRE project can become troubled during the periodic overbuilding cycles that characterize these markets." Often, banks fund rapid growth in ADC loans with brokered deposits, thereby compounding community bank risk.

At KBRA, we spend a lot of time discussing CRE lending strategy, underwriting, exposure, and risks with bank managements. In addition, we take comfort in regulators being vigilant on emerging risks in the asset class. Notably, in December 2015, the regulators updated their 2006 interagency guidance[4] on CRE risks by releasing a statement entitled "Prudent Risk Management for Commercial Real Estate Lending."[5] Observing that "substantial growth in many CRE assets and lending markets, increased competitive

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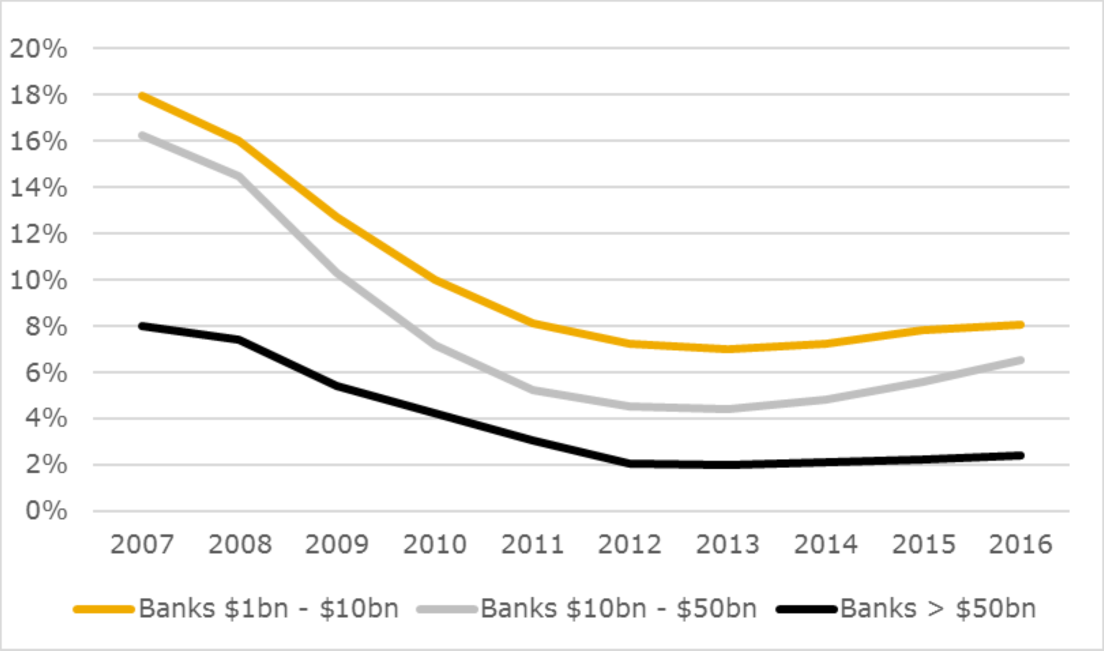
[3] "Acquisition, Development, and Construction Loan Concentration Study," *FDIC Office of Inspector General*, October 2012.

[4] "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices," *Federal Reserve, FDIC, OCC*, December 12, 2006.

[5] "Statement on Prudent Risk Management for Commercial Real Estate Lending," *Federal Reserve, FDIC, OCC*, December 17, 2015.

pressures, rising CRE concentrations in banks, and an easing of CRE underwriting standards" regulators stepped up their scrutiny of CRE given there is "some concern that the credit cycle may be about to change." The good news is that regulatory jawboning backed with increased examination scrutiny and, perhaps most importantly, capital penalties for excessive risk concentrations have had an impact. To that end, banks have kept construction lending to levels well below those seen pre-financial crisis (Figure 6).

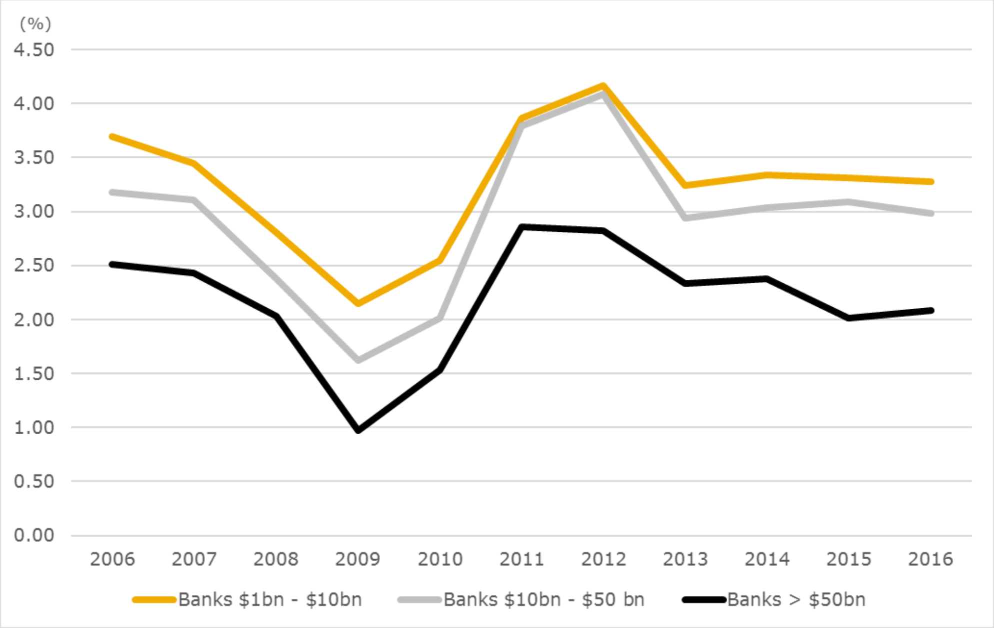
Figure 6: Under Tight Control
Construction Lending 2007-2016



Finally, we will examine closely just how competitive a smaller bank is in its natural footprint. The strongest community banks are the ones that do not have to reach for earnings growth via compromised loan underwriting standards in the easiest—and riskiest—place to do so, investor CRE.

But if we assume the bank is an effective credit underwriter, there is little evidence that the typical community bank portfolio composition is any more risky than the larger banks. To investigate, we looked at risk-adjusted net interest margins (NIM less net charge offs) for our three groups of banks over the past 10 years (Figure 7) and the community bank group produced materially higher risk-adjusted profitability than the large bank group.

Figure 7: A More Profitable Mix through the Cycle
Risk Adjusted Net Interest Margin



The advantages of being simple

We often hear "broadening the product set" as a key motivation driving bank acquisition activity. Conceptually it makes sense—drive more product into your customer base—and it is an important piece of planned merger synergies that justify premiums paid for the target. It is reasonable for managements to assume that an ever growing array of products and services will strengthen customer relationships, and, in turn, competitive advantage.

But is a broader product set really something that a community bank's typical customer base demands? We have long been skeptical of the value of cross-sell in banking. Sure, delivering more products to your customers is a great way to improve efficiency and strengthen customer satisfaction; after all, you're meeting more of their demands in a one stop shopping experience. But is that really what your customers want? Maybe all they want is a simple array of basic products done well. We believe that mindset is typical among community bank customers and synchs up well with what community banks offer. So maybe that broader product set, complete with layers of operational support and distracted and potentially overbearing and misguided sales tactics really isn't all that additive to a bank's enterprise value.

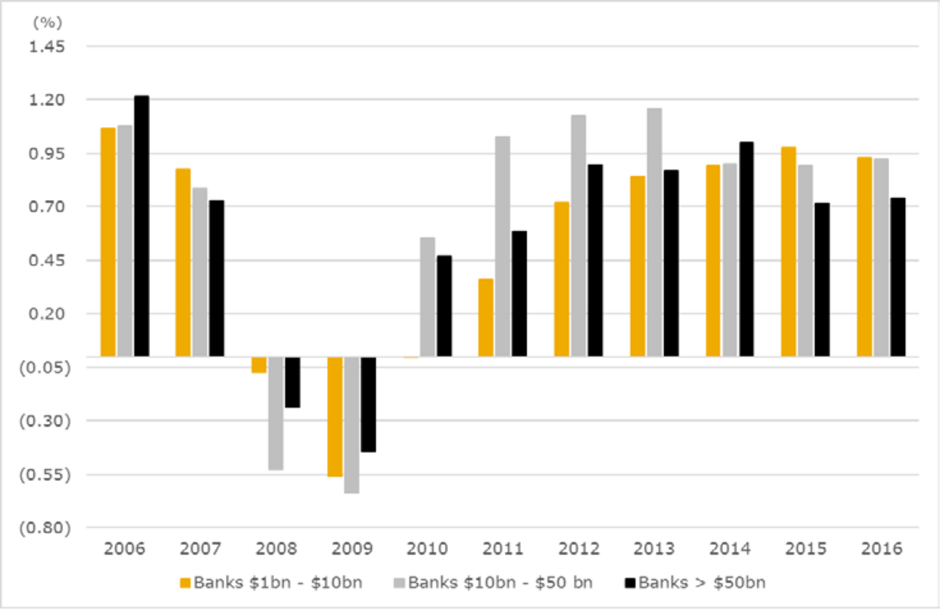
Much has been made of the fact that community banks are reliant on two businesses, gathering deposits and making loans. Their lack of non-lending businesses, according to conventional thinking, makes community bank revenue streams qualitatively deficient relative to those of larger banks. With a more diverse product set, revenue streams at the larger banks tend to have a greater contribution from fees, theoretically making them less sensitive to the economic cycle.

We would make the following observations:

- All things being equal, you would prefer to have a durable (and growing) revenue stream. However, simply having a higher percentage of revenue derived from fee-based sources does not necessarily make you a better credit. Several fee-based sources are highly volatile, namely trading, investment banking, mortgage banking, and loan syndications. They also can have relatively high fixed costs while adding to complexity, drawing into question just how qualitatively superior they are relative to lending income.

- Through the most recent cycle, there is little evidence that larger banks, with a greater percentage of their revenue generated through fee-based sources, produced more stable returns than community banks (Figure 8).
- Taking all things into consideration—net interest income, noninterest income, operating expenses and loan losses—we do not view well-run community banks' mix of business as materially inferior in terms of creditworthiness compared to that of larger banks.

Figure 8: Community Banks Holding Their Own
Return on Average Assets



Regulatory evolution helps

There is nothing like a good crisis to spur evolution. In U.S. banking regulation, each black eye brings about subsequent improvements in regulatory surveillance. It may annoy bankers, but to credit investors, improvements in regulatory oversight is generally a plus.

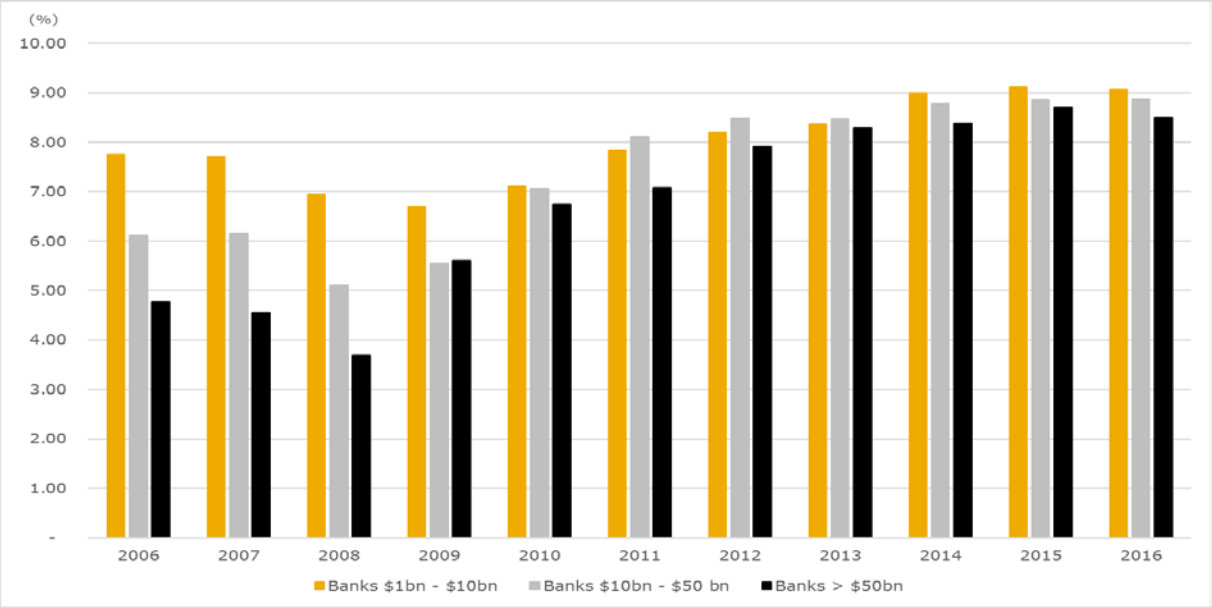
Over the years, we have gotten improved disclosure (facilitating all important market discipline) and oversight around commercial real estate, leveraged lending, and sovereign lending. In the most recent financial crisis, the most damaging practice undertaken by traditional commercial banks (large and small) involved residential real estate. Although community banks were not large originators of subprime mortgages, nor were they involved in the riskier capital markets aspects of the mortgage markets, many were guilty of moving away from traditional underwriting practices across the mortgage space and a small but meaningful subset became aggressive lenders in construction and land development.

This go around, regulators materially increased capital requirements, tightened loan documentation and disclosure minimums, and made it more difficult for banks to originate riskier loans, especially leveraged corporate loans and commercial property loans. As discussed earlier, greater regulatory scrutiny on, and disincentives related to, investor CRE exposure is especially relevant to the community bank sector.

Stronger capital rounds out the picture

Improved regulatory oversight is one secular change that is strengthening the community bank story. Another is increased capital. Along with the rest of the industry, capital adequacy of community banks has improved significantly post the financial crisis. Today, their capital ratios compare favorably to the larger banks on an absolute basis (Figure 9), and, look better still when factoring in the higher risk profiles of the largest banks.

Figure 9: Structurally Stronger
Tangible Common Equity Ratio



The KBRA Difference

At KBRA, we rated our first community bank in December 2012, and today we are rapidly approaching our 100th rated name in the sector. Our approach is quintessential KBRA—begin with no pre-conceived biases, do thorough research, rigorously test the conclusion, and closely monitor ongoing trends.

An essential element to our due diligence is to spend time with management. In this report, we've outlined the intuitive risks in the sector. *We look to management to explain how we should get comfortable with the management of those risks.* What is management's case competing against the giants in the industry? What are the local risks? Take us back to the financial crisis—how did the bank fare? What lessons were learned? Take us forward. What is the growth plan? To what degree is technology impacting operations and influencing strategy? What is the sensitivity to an economic softening? This is a story sector, and the management discussion and interaction is critical to our rating outcome.

Banking regulators have come to the same conclusion. According to the FDIC, "[community] bank management decisions…underscore the importance of a management approach that sticks to the basics, avoiding such practices as out-of-area lending and reliance on non-core funding, and emphasizing portfolio diversification and strong practices in loan underwriting and administration."[6]

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[6] *FDIC Community Banking Study*, FDIC, December 2012.

Recent FI Research:

- KBRA First Quarter 2017 Compendium
- KBRA 2017 U.S. Banking Outlook Update
- KBRA FI Research: Bank Construction Lending on the Rise
- KBRA FI Research: Surging Bank Acquisitions Stable to Positive for Ratings

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Brad R. Fletcher

Date: February 8, 2018

Re: Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Develop and Administer a Commercial Property Assessed Clean Energy Program

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Request:

The Illinois Finance Authority (the "Authority") is requesting approval of a Resolution delegating to the Executive Director the power to develop and administer a commercial Property Assessed Clean Energy ("PACE") program in connection with recently enacted state legislation.

Background:

According to the U.S. Department of Energy, approximately $400 million in projects has been financed through commercial PACE programs in at least 30 states as of early 2007. Enabling legislation for commercial PACE in Illinois was signed into law in August 2017.

As provided for under the Property Assessed Clean Energy Act (50 ILCS 50/), owners of privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) properties in Illinois can finance up to 100% of their energy efficiency and renewable energy projects through a local unit of government that has established a PACE area within its jurisdictional boundaries.

Local units of government fund these energy efficiency and renewable energy projects and are repaid through an assessment imposed by the county which constitutes a lien against the property on which the assessment is imposed until the assessment, including any interest or penalty, is paid in full. Program administrators originate and underwrite qualifying projects and facilitate access to capital on behalf of the local units of government.

Accordingly, development of a commercial Property Assessed Clean Energy Program by the Authority may provide the following benefits:

- Utilizes a statewide body politic and corporate for issuance of conduit revenue bonds, supplanting need for local units of government to issue costly and time-consuming Supplemental Act Assessment Bonds to fund qualifying projects; and
- Statewide PACE program removes administrative burden and liability otherwise borne on local units of government at no cost; and
- Uniform assessment and bond document provisions may be replicated for each PACE transaction, reducing fees; and
- Commercial PACE achieves economies of scale with respect to program costs, i.e. marketing, management, etc.

RESOLUTION NO. 2018-0208-AD__

RESOLUTION DELEGATING TO THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY THE POWER TO DEVELOP AND ADMINISTER A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM

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

WHEREAS, the Authority is authorized to make loans and enter into loan agreements to accomplish the purposes of the Act; and

WHEREAS, the Authority is authorized, pursuant to the Act in general and Article 825 thereof specifically, to issue revenue bonds to finance, among other things, Energy Efficiency and Renewable Energy projects (all as defined or provided in the Act); and

WHEREAS, on August 11, 2017, Governor Bruce Rauner signed House Bill 2831, creating the Property Assessed Clean Energy Act (50 ILCS 501/ *et seq.*) (the "PACE Act"); and

WHEREAS, pursuant to the PACE Act, a county, city, or village (each, a "Local Unit of Government"), may create a property assessed clean energy program to provide financing for energy projects on privately-owned commercial, industrial, non-residential agricultural, or multi-family (of 5 or more units) real property ("Commercial Property") located within the jurisdictional boundaries of a Local Unit of Government (the "PACE Area"); and

WHEREAS, a Local Unit of Government may enter into an assessment contract with the record owner of Commercial Property to provide for the repayment of the cost of an energy project through assessments upon the Commercial Property benefited; and

WHEREAS, Article 7, Section 10(a) of the 1970 Constitution of Illinois and the Intergovernmental Cooperation Act, as amended (5 ILCS 220/1 *et seq.*), authorize "public agencies" to contract with other "public agencies" to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform; and

WHEREAS, the Authority desires to make loans and/or issue revenue bonds to fund energy projects on Commercial Properties within PACE Areas on behalf of Local Units of Government; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AUTHORITY AS FOLLOWS:

Section 1. Delegation to the Executive Director. The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all such actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents as may be required in connection with the development and administration of the Commercial Property Assessed Clean Energy Program.

Section 2. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 3. Enactment. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

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ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors

From: Stanley Luboff

Date: February 8, 2018

Re: Resolution Approving Implementation of a New Participation Loan Program for the Illinois Finance Authority, and Delegating Authority to Establish Policies and Procedures for Such Program within Parameters

---

Request:

Revise and relaunch the Authority's Participation Loan Program based on current legislative authority, utilizing the successful guidelines and procedures applied under DCEO's Advantage Illinois Program. Additionally, approve available Authority Funds on 2/8/18 (amount to be determined) for use in a Participation Loan Program for Veteran-Owned businesses as a pilot effort.

Impact:

Approval of this Resolution will enable the Authority to quickly establish a Veterans' Loan Program, as was the object of legislation enacted in 2015, though now to be carried out with a product line expected to be more attractive to Lenders and more effective in assisting Veterans. Upon Board approval, draft Master Participation Loan Program Agreement documentation (attached), will be delivered to banks known to be active in DCEO's Advantage Illinois Participation Loan Program. It is anticipated that, because the documentation is similar to that which has been accepted by lenders active in the DCEO program, the banks will readily accept the IFA program. Though the initial goal is to establish a Veterans' Loan program, it is anticipated that the Authority will be able to expand the program to Agriculture, Small Business (under 500 employees), and DBE/MBE/WBE-owned businesses.

Once a track record of projects is established (expected within 6 to 12 months), we anticipate developing a state legislative strategy to allow the conversion of Guarantee Program funds, (currently estimated to be ~$26MM, vs est. $7MM in potential exposure), to Participation Loan Program funds, thus providing the Authority with more appropriate use of its financial resources.

Background:

<u>Rationale for Creation of Participation Loan Program:</u> An in-depth review and analysis of the Authority's IFA Agricultural and Veterans Guarantee Programs was conducted. It was concluded that IFA's programs were uncompetitive against longer-established and better-funded SBA Programs and USDA Programs. These well-staffed opposing programs are also more widely marketed and are supported by robust centralized administrative and servicing infrastructures. Furthermore current IFA guarantee statutes require that Lenders seeking IFA Guarantees must provide below-market interest rates, unlike competing, Federally-supported guarantee programs. Lastly, the pricing structure outlined in the current statutes does not adequately compensate IFA, often generating a fiscal loss to the Authority.

Current legislation pertaining to the IFA Guarantee Programs requires complete collateral coverage up to the amount of the Authority's Guarantee amount and limits the end user's use of IFA-supported financing to the funding of more "lendable" types of collateral, such as real estate assets and capital equipment. These limitations fail to address the real, primary requirements of the types of activities and businesses to which Veterans' are mainly drawn (such as service/skills-oriented businesses, franchises, restaurants/snack shops, etc., all of which are typically established in leased premises. Adding to this collateral shortfall is the fact that Veterans, while typically persistent in pursuit of their goals, of good character, and armed with a variety of useful skills, normally possess little in the way of personal start-up equity.

Though it is possible to improve the Guarantee Programs over time, it is felt that securing legislative action to enable IFA to implement the modifications necessary would be too time-consuming to meet the need for near term action. Thus a review of the current market programs to assist Veterans' business activities was conducted.

Despite all the pronouncements concerning the provision of support for Veteran-owned start-up businesses, most Lender-based programs are primarily passive in nature, and do not produce the level of loan activity that one would expect, based on the level of publicity emanating from the industry. There appears to be little in the way of a genuine proactive pursuit of lending activity to Veteran start-up businesses, with most banks simply awaiting referrals from the Small Business Administration and/or loan brokers. Once these handoffs are made, the banks tend to proceed only if support from the SBA's Veterans Advantage Program is available. (This program is basically SBA's Express (Guarantee) Program, but with the SBA's standard 3% upfront fee waived for Veterans business loans, Veteran's Advantage comprises only about 8% of all SBA Express activity, which in and of itself, is only a small fraction of total SBA activity.)

IFA Staff also investigated the possibility of issuing IFA Direct Loans to Veteran start-up businesses, if supported by SBA's Veterans' Advantage Guarantee Program, but that appears to be a non-starter at this time, since the SBA regards IFA as an governmental arm of the State of Illinois, and thus, the only path for IFA to qualify for SBA support would be once IFA formed a non-profit, federally-certified Community Development Financial Institution and met other tests/hurdles.

IFA Staff has concluded that the best, near-term course of action in establishing a Veterans Small Business financing vehicle would be to revise and reinvigorate IFA's Participation Loan Program, but only after tailoring it after DCEO's highly-successful Advantage Illinois Program. First, this proposal can be implemented quickly, in that Board approval, and not legislative action, is required to initiate the program. Furthermore, lenders prefer to operate under participation loan scenarios over guarantee procedures, despite the fact that the support, in percentage terms, is lower, since participation loan programs, such as the one being proposed, are viewed as less ambiguous and administratively burdensome than most guarantee programs. It should also be noted that there are approximately 120 lenders across the State that are already comfortable with the DCEO product and its attendant application, approval and documentation processes, and so we expect that IFA will be able to promptly enter the market with a familiar, successful product.

Lastly, by employing pricing flexibility available to IFA, the Authority will be able to be both adequately compensated for the level of risk, while providing a product that will also catalyze lender support of Veteran loan activity and provide attractive below-market rate loans for Veterans. Furthermore, IFA Staff will also focus on generating better access to potential Veterans entrepreneurs via steady interaction with Veterans organizations as well coordinated marketing in conjunction with the Illinois Association of County Veterans Assistance Commissions and the Veterans Administration. (Some of these links have already been initiated/established by IFA.)

RESOLUTION NO. 2018-0208-AD__

APPROVING IMPLEMENTATION OF A NEW PARTICIPATION LOAN PROGRAM FOR THE ILLINOIS FINANCE AUTHORITY, AND DELEGATING AUTHORITY TO ESTABLISH POLICIES AND PROCEDURES FOR SUCH PROGRAM WITHIN PARAMETERS

WHEREAS, Section 801-30 of the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501/801-1 et seq. (the "Act"), grants the Illinois Finance Authority (the "Authority") all the "powers as a body corporate necessary and convenient to accomplish the purposes of the Act"; and

WHEREAS, Section 801-30(a) of the Act specifically authorizes the Authority "to enter into loans, contracts, agreements and mortgages in any manner connected with any of its corporate purposes"; and

WHEREAS, Section 801-30(e) of the Act specifically authorizes the Authority to "adopt all needful ordinances, resolutions, bylaws, rules and regulations for the conduct of its business and affairs and for the management and use of the projects developed, constructed, acquired and improved in furtherance of its purposes"; and

WHEREAS, Section 801-30(f) of the Act specifically empowers the Authority to "have and exercise all powers . . . otherwise necessary to effectuate the purposes of" the Act; and

WHEREAS, Section 801-40(i) of the Act grants the Authority the power "to make loans to persons to finance a project, to enter into loan agreements with respect thereto, and to accept guarantees from persons on its loans or the resultant evidences of obligations of the Authority"; and

WHEREAS, pursuant to its statutory powers, the Members of the Authority heretofore authorized a prior Participation Loan Program (the "Original Program") and, in connection with the Original Program, established the policies and procedures of the Authority which were used in connection with the Original Program, for which loans are no longer being initiated but with respect to which some loans are outstanding; and

WHEREAS, the Authority wishes to implement a new Participation Loan Program (the "New Program"), the focus of which shall be, among other things, to support Illinois Veterans and Illinois Veterans-Owned Business; and

WHEREAS, the Authority intends that the New Program be separate and apart from any Direct Loan Program that may from time to time be initiated and continued pursuant to Section 801-40(r) of the Act, and therefore the New Program shall not be subject to the specific parameters of any such Direct Loan Program conducted under Section 801-40(r) of the Act; and

WHEREAS, the Authority intends to fund its purchase of loan participations in the New Program primarily with funds on deposit from time to time in the Authority's General Operating Fund; and

WHEREAS, the Executive Director has lead a comprehensive review of the current policies and procedures applicable to the Authority's Original Program, including an analysis of modifications that would be appropriate to incorporate into the New Program to make the New Program more competitive in view of current market lending conditions, to address the needs of financial institutions and current and potential borrowers and the economic realities confronting projects appropriate for funding by the New Program, and he has reported the findings and recommendation developed as a result of this review to the Members; and

WHEREAS, based on this review, the Members of the Authority have determined that it is in the best interests of the Authority to implement the New Program to approve a form of Participation Loan Agreement (the "Participation Loan Agreement") to be entered into by the Authority with financial institutions participating in the New Program and to grant authority to the Executive Director and other appropriate officers to adopt new policies and procedures related to and governing the New Program, thereby facilitating the Authority's purpose of fostering economic development and job creation and retention throughout the State of Illinois and to support Illinois Veterans and Veteran-Owned Businesses; and

WHEREAS, the Members of the Authority have the power to adopt this Resolution pursuant to Sections 801-25, 801-30 and 801-40 of the Act; and

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

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as it fully set forth herein, including without limitation, the delegation to the Executive Director and other appropriate officers of authority to adopt new policies and procedures related to and governing the New Program and approval of funds on deposit from time to time in the Authority's General Operating Fund to fund the New Program.

Section 2. Approval of Participation Loan Agreement. The Members do hereby approve and adopt the form of Participation Loan Agreement attached hereto as Exhibit A, with such changes or modifications as shall be approved from time to time by the Executive Director, as evidenced by the execution of each specific Participation Loan Agreement by the Executive Director.

Section 3. Enactment. This Resolution shall take immediate effect. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

Section 4. Further Actions. The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects ratified, confirmed and approved. All prior and future acts and doings of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

Section 5. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 6. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

IFA Ownership and Project Finance Program

Presented by:

Pamela Lenane, Executive Vice President, Healthcare

Illinois Finance Authority

IFA
Illinois Finance Authority

Executive Summary:

- Loop Capital Markets brought program to IFA and will coordinate any projects constructed through this program

- Traditionally, 501(c)3 organizations issue their tax-exempt bonds through a conduit to fund projects or refinance debt

- Certain conduit issuers have the legislative authority to issue governmental bonds to acquire or own certain assets that provide a public benefit ("Ownership and Project Finance Program")

- The Ownership and Project Finance Program serves to ease the debt capacity concerns of certain entities by allowing them to build or renovate facilities without adding debt to their balance sheet

  - Preserves limited debt capacity

- Entities seeking to execute projects through the IFA's Ownership and Project Finance Program can avoid using an underlying 501(c)3 as the borrower while still being able to access the tax-exempt market

- Conduit charges an upfront and ongoing annual fee

- Loop Capital Markets will review credit quality of projects

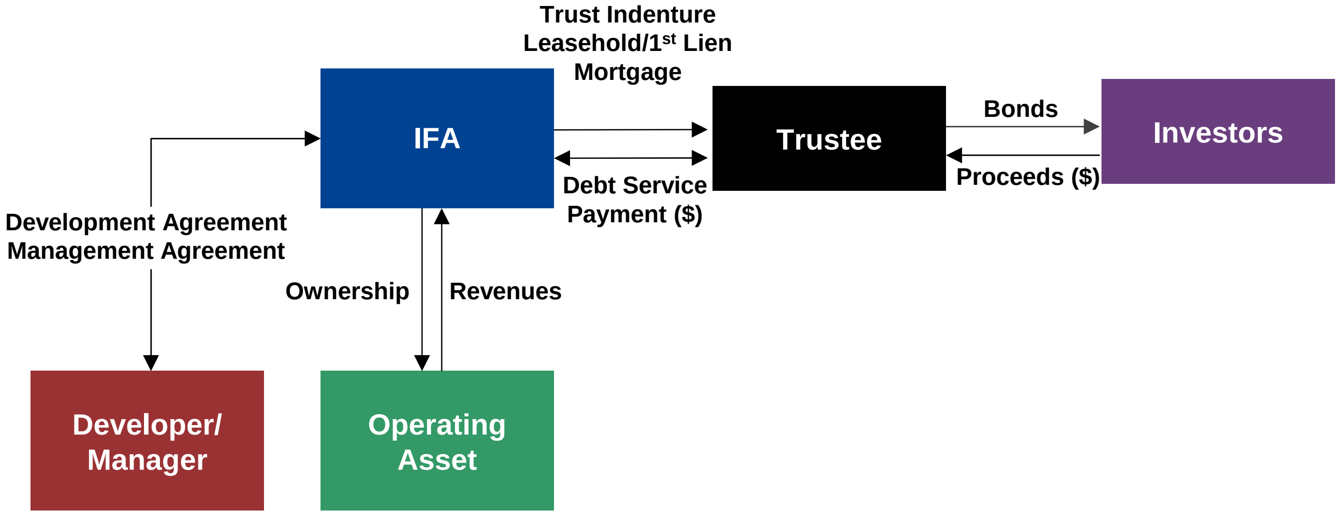
*subject to underwriting / credit review.

IFA
Illinois Finance Authority

Structure Overview:

- IFA owns asset, collects revenues net of expenses and pays debt service
- IFA will enter into a management/development agreement with a manager/developer
- Agreements between conduit and trustee
    - Trust indenture
    - Leasehold/first lien mortgage
- Loop Capital Markets will finance the construction of the Project
- The IFA and Loop Capital Markets will receive a feasibility study supporting the viability of the Project

Flow Chart:



Trust Indenture
Leasehold/1st Lien
Mortgage
IFA
Trustee
Bonds
Investors
Debt Service
Payment ($)
Proceeds ($)
Development Agreement
Management Agreement
Ownership
Revenues
Developer/
Manager
Operating
Asset

Contact Information

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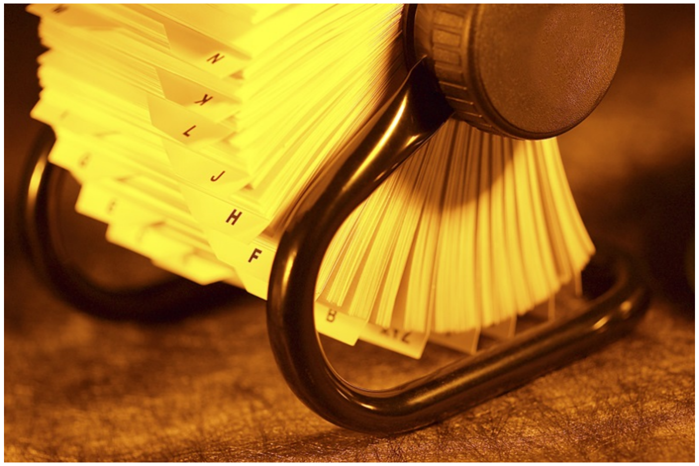
Direct: 312.651.1340
plenane@il-fa.com

Loop Capital Markets
Prakash Ramani
Senior Vice President
Phone: 312.356.5005
prakash.ramani@loopcapital.com



IFA RESOLUTION NUMBER 2018-0208-AD07

RESOLUTION APPROVING THE DEVELOPMENT OF THE ILLINOIS FINANCE AUTHORITY OWNERSHIP AND PROJECT FINANCE PROGRAM; AND AUTHORIZING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY TO TAKE STEPS RELATED TO THE IMPLEMENTATION OF THE PROGRAM

WHEREAS, the Illinois Finance Authority, a body politic and corporate of the State of Illinois (the *"Authority"*), has been created by the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq., as supplemented and amended (the *"Act"*);

WHEREAS, pursuant to the Act, the Authority has the power to enter into loans, contracts, agreements and mortgages in any manner connected with any of its corporate purposes;

WHEREAS, the Act provides that the Authority has the power to acquire by purchase, lease, gift or otherwise any property or rights therein from any person useful for its purposes, whether improved for the purposes of any prospective project (as defined in the Act), or unimproved;

WHEREAS, the Authority also has the power under the Act to develop, construct and improve either under its own direction, or through collaboration with any approved applicant, or to acquire through purchase or otherwise, any project, using for such purpose the proceeds derived from the sale of its bonds, and to hold title to such project in the name of the Authority;

WHEREAS, the Act provides that the Authority may issue bonds for its corporate purposes and such bonds may be secured by the receipts, revenues, income and other available funds of the Authority and the bonds may be issued as limited obligations with a claim for payment solely from such revenues, funds and obligations as provided in the resolution authorizing such bonds;

WHEREAS, the Authority desires to develop a program to assist with the construction, financing and operation of projects in the State of Illinois and, as permitted by the Act, in other states;

WHEREAS, pursuant to its powers, the Authority proposes to develop its Ownership and Project Finance Program (the "*OPF Program*") to provide such assistance;

WHEREAS, it is expected that pursuant to the OPF Program (i) the Authority will issue its revenue bonds from time to time and use the proceeds thereof to acquire ownership of and develop a project, (ii) the Authority will enter into a management agreement and, if necessary, development agreement with a third party pursuant to which the Authority will pay the third party to develop, manage and operate the project, as applicable, and (iii) the Authority will use the revenues and income of the project to, among other things permitted under the Act, pay debt service on the bonds; and

WHEREAS, upon request of interested parties in the OPF Program, Loop Capital Markets LLC will coordinate the acquisition of projects, locate and assess the creditworthiness of third party managers and owners and will act as placement agent, underwriter or otherwise finance the projects pursuant to the OPF Program; and

WHEREAS, the Authority may engage a municipal advisor for each series of bonds issued through the OPF Program or for all of the bonds issued through OPF Program, if deemed necessary or desirable by the Authority; and

WHEREAS, the Authority will adopt separate approving resolutions for each series of bonds issued through the OPF Program that will identify the project being acquired and the managers and developers of the project;

WHEREAS, the Authority desires to authorize the Executive Director and staff of the Authority to take such actions as they determine to be necessary or desirable to develop the OPF Program;

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

Section 1. Development of OPF Program. The development of the OPF Program is hereby authorized and approved.

Section 2. Authority of Executive Director and employees of the Authority. The Executive Director of the Authority and any employees of the Authority designated by the Executive Director are hereby authorized to take such steps, including without limitation engagement of legal counsel, as they determine necessary or desirable to develop the OPF Program.

IFA Medium Term Healthcare Finance Program

Presented by:

Pamela Lenane, Executive Vice President, Healthcare

Illinois Finance Authority

IFA
Illinois Finance Authority

Highlighted Benefits:

- Low Interest Rates.
- Simplified documentation and process.
- Financing for Assets, Technology, EMR/EHR, projects, monetizing owned assets, build out/tenant improvement/soft costs
- No post funding interest rate risk
- Extended Rate Lock options

IFA
Illinois Finance Authority

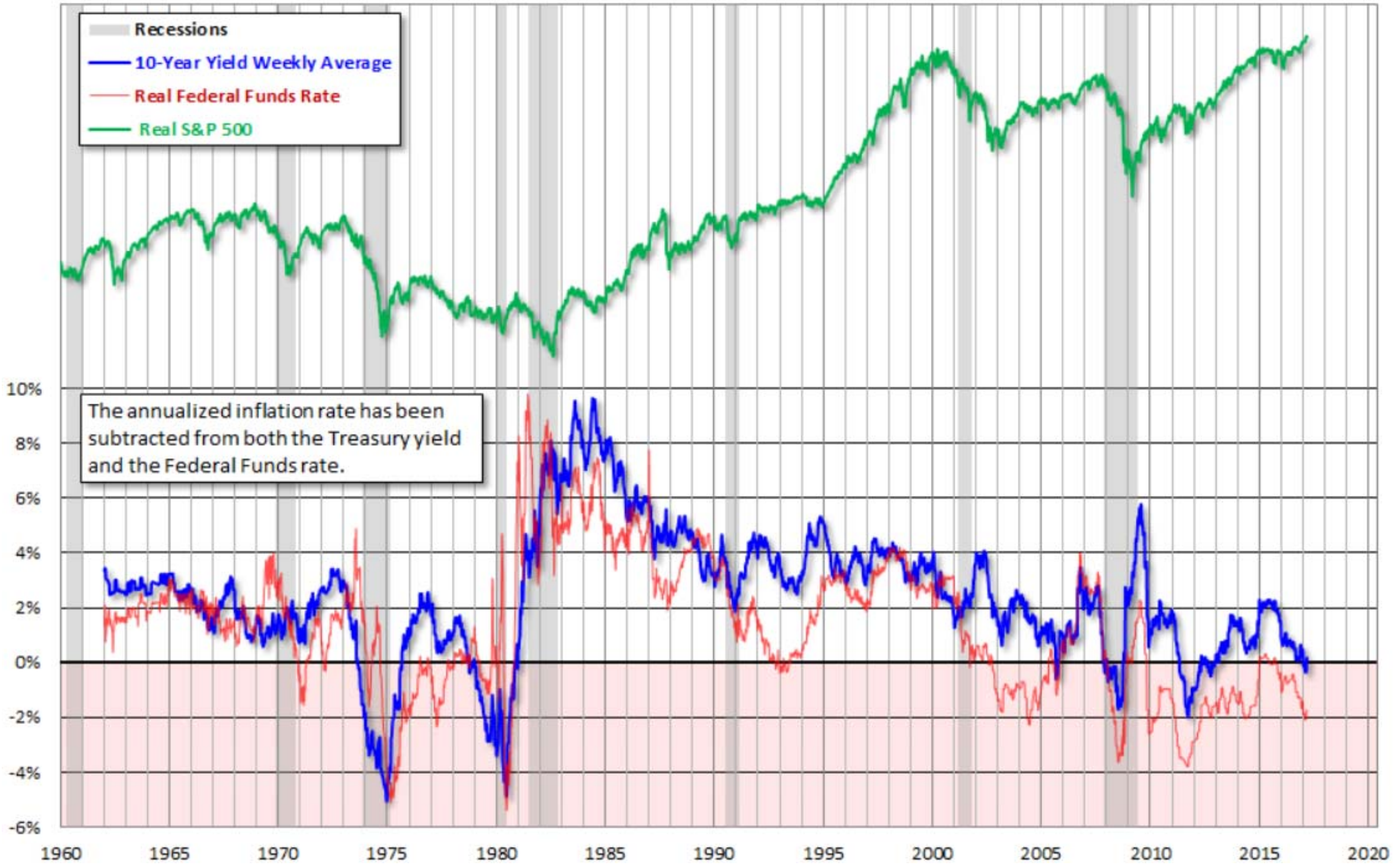
Rates:

	Medium Term Capital - Example Fixed Tax Exempt Rates
	Tax Exempt rate range*
5 year	2.73% to 3.43%
7 year	2.89% to 3.62%
10 year	2.99% to 3.69%

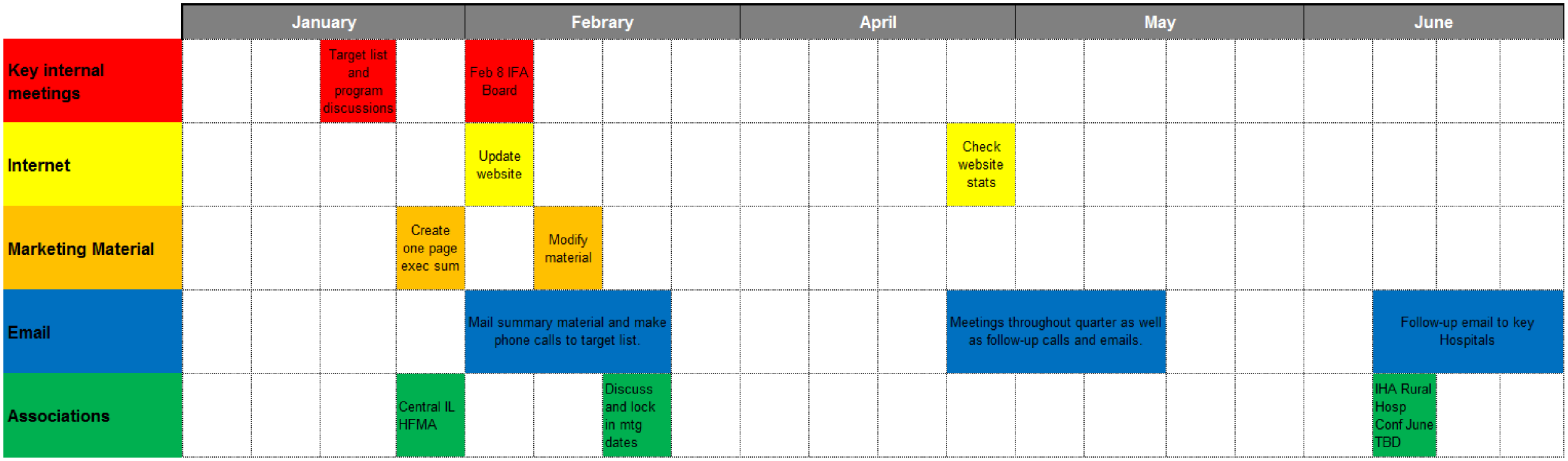
**For discussion only - rates are indicative, are Indexed to average life US Swap Rates and are not meant to be construed as a commitment to lend.*

Unique timing:

- **Still historic low interest rates and high market returns**



Marketing Plan:



	January				Febrary				April				May				June			
Key internal meetings			Target list and program discussions		Feb 8 IFA Board															
Internet					Update website							Check website stats								
Marketing Material				Create one page exec sum		Modify material														
Email					Mail summary material and make phone calls to target list.							Meetings throughout quarter as well as follow-up calls and emails.						Follow-up email to key Hospitals		
Associations				Central IL HFMA			Discuss and lock in mtg dates											IHA Rural Hosp Conf June TBD		

Additional meetings/notes:

Additional meetings: Oct 23-24, First IL HFMA Conference (possible speaking role)

IHA Leadership Summit: Sept TBD

- **Targeted, organized list for marketing campaign**
- **Capture notes and action items**
- **Networking at Associations (IHA and HFMA)**

Illinois Finance Authority

Contact Information

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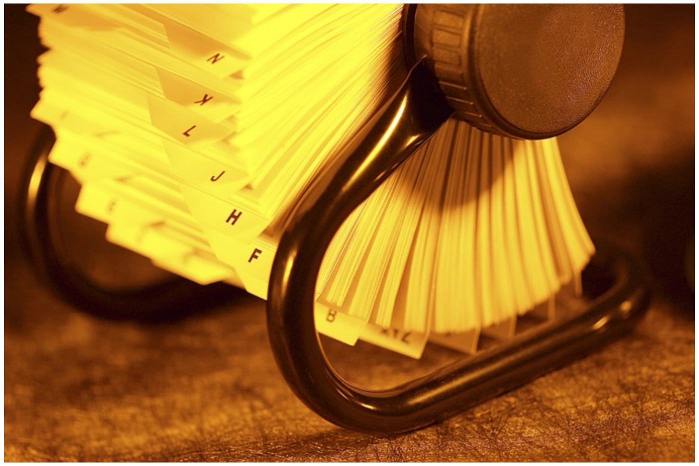

Contact:

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Executive Vice President, Healthcare
Direct: 312.651.1340
plenane@il-fa.com

RESOLUTION 2018-0208-AD08

RESOLUTION APPROVING THE RESTRUCTURING OF THE ILLINOIS FINANCE AUTHORITY MEDCAP PROGRAM TO THE MEDIUM TERM HEALTHCARE FINANCE PROGRAM; AUTHORIZING THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY TO TAKE STEPS RELATED TO THE IMPLEMENTATION OF THE PROGRAM.

WHEREAS, the Illinois Finance Authority (the *"Authority"*) has been created by the Illinois Finance Authority Act, as amended (the *"Act"*);

WHEREAS, the Act provides that "it is the intent of the General Assembly of the State of Illinois to provide a measure of assistance and alternative methods of financing to participating health institutions to aid them in providing needed health facilities that will assure admission and care of high quality to all who need it"; and

WHEREAS, pursuant to the Act, the Authority is granted the power to issue bonds, notes, certificates and any other evidence of indebtedness for its corporate purposes; and

WHEREAS, certain health facilities would benefit from additional access to capital; and

WHEREAS, health facilities have significant capital expenditures, including, without limitation, expenditures related to the renovation and remodeling of their healthcare facilities and additions to, and maintenance of, their information technology systems; and

WHEREAS, the Authority desires to assist such health facilities in gaining easier access to capital, including capital related to the renovation and remodeling of their healthcare facilities and additions to, and maintenance of, their information technology systems; and

WHEREAS, the Authority has established its "Medium Term Healthcare Finance Program" to provide such assistance; and

WHEREAS, it is expected that pursuant to the Medium Term Healthcare Finance Program the Authority will issue its revenue notes to private purchasers (each, a *"Note Purchaser"*) and loan the proceeds of the sale of such notes to health facilities (each, a *"Borrower"*); and

WHEREAS, it is expected that the revenue notes will be issued and the loans will be made pursuant to the terms of master financing agreements and attached schedules (each, collectively, an *"Agreement"*), each such Agreement to be among the Authority, a Note Purchaser and a Borrower; and

WHEREAS, the Authority desires to authorize the Executive Director and staff of the Authority to take such actions as they determine to be necessary or desirable to further develop the Medium Term Healthcare Finance Program and to create a model Agreement;

NOW THEREFOR, BE IT RESOLVED BY THE ILLINOIS FINANCE AUTHORITY as follows:

1. The development of the Medium Term Healthcare Finance Program is hereby authorized and approved.

2. The Executive Director of the Authority and any employees of the Authority designated by the Executive Director are hereby authorized to take such steps, including without limitation engagement of legal counsel, as they determine necessary or desirable to develop the Medium Term Healthcare Finance Program, including authorization to have a model Agreement prepared for use with the Medium Term Healthcare Finance Program.

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

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

5. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 8th day of February, 2018.

Ayes:

Nays:

Abstain:

Absent:

ILLINOIS FINANCE AUTHORITY

By ______________________________________
Executive Director

ATTEST:

____
Assistant Secretary
[SEAL]

RESOLUTION No. 2017-0208-____

RESOLUTION APPROVING AND CONFIRMING VARIOUS PROCUREMENT MATTERS, INCLUDING (I) A CONTRACT WITH BAKER & HOSTETLTER LLP (LEGAL SERVICES), (II) A CONTRACT WITH THE CRYPSIS GROUP (NETWORK SERVICES), (III) A PERSONAL SERVICES CONTRACT WITH CATHY LYDON (CONSULTING SERVICES), (IV) A PERSONAL SERVICES CONTRACT WITH JANELLA KACZANKO (CONSULTING SERVICES), (V) AN AMENDMENT TO A CONTRACT WITH CATALYST CONSULTING GROUP, INC. (INFORMATION TECHNOLOGY CONSULTING AND SUPPORT), AND (VI) AN ASSIGNMENT OF A CONTRACT (LEGAL SERVICES) FROM POLSINELLI P.C. TO BARNES & THORNBURG LLP

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

WHEREAS, on January 10, 2018, in accordance with the provisions of the Illinois Procurement Code (30 ILCS 500/1-1 *et seq.*) (the "Procurement Code"), the Authority entered into a contract with Baker & Hostetler LLP (the "Baker Contract") for the provision of legal services relating to data security for a two-year period ending on January 9, 2020; and

WHEREAS, on January 10, 2018, in accordance with the provisions of the Code, the Authority entered into a contract with The Crypsis Group (as amended, the "Crypsis Contract") for the provision of network services for a one-year period ending on January 9, 2019; and

WHEREAS, on November 3, 2017, in accordance with the provisions of the Code, the Authority entered into a personal services contract with Kathleen Lydon (the "Lydon PSC") for the provision of certain consulting services relating to legislative tracking and analysis; and

WHEREAS, on January 22, 2018, in accordance with the provisions of the Code, the Authority entered into a PSC with Janella Kaczanko (the "Kaczanko PSC") for the provision of certain consulting services relating to human resources and benefits; and

WHEREAS, on April 1, 2017, in accordance with the provisions of the Procurement Code, the Authority entered into a contract with Catalyst Consulting Group, Inc. ("Catalyst") for the provision of IT network consulting services for the Authority's voice and data network for a one year period ending on March 31, 2018 for the amount of $108,000 (the "Original Catalyst Contract"); and

WHEREAS, on December 14, 2017, the Members of the Authority adopted a resolution (the "December Resolution") approving an amendment to the Catalyst Contract which increased the amount thereunder by $180,000 for a revised cost of $288,000 in order to provide for additional support services to configure, install, and provide other services in connection with security and hardware upgrades to ensure that the Authority's technology continues to meet the demands of the Authority's operations (the Original Catalyst Contract as so amended, the "Catalyst Contract"); and

WHEREAS, the Executive Director has determined that the need for such additional support services is greater than was known at the time of the previous meeting of the Members of the Authority on December 14, 2017; and

WHEREAS, pursuant to Section 4 of the December Resolution, the Executive Director is authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Catalyst Contract; and

WHEREAS, in accordance with the provisions of the Procurement Code and Resolution No. 2017-0209-AD05, Resolution Authorizing the Executive Director to Enter into Contracts with Various Legal Firms, the Authority entered into a contract with Polsinelli P.C. ("Polsinelli") for the provision of legal services for a four-year period for an estimated maximum amount of $114,285.71 (the "Polsinelli Contract"); and

WHEREAS, due to a lawyer changing firms, Polsinelli and Barnes & Thornburg LLP ("BT") have requested that the Members of the Authority consent to the assignment of the Polsinelli Contract to BT (as assigned, the "Assigned Contract"), and the Executive Director has determined that such assignment is desirable; and

WHEREAS, the above contracts are or may be for amounts of $50,000 or more; and

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

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

Section 2. Approval of Baker Contract. The execution and delivery of the Baker Contract by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to extend the Baker Contract beyond the period herein described, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of the services covered by the Baker Contract.

Section 3. Approval of Crypsis Contract. The execution and delivery of the Crypsis Contract by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to further amend or to extend the Ascent Contract beyond the current period, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Crypsis Contract.

Section 4. Approval of Lydon PSC. The execution and delivery of the Lydon PSC by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to further amend or to extend the Lydon PSC beyond the current period, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Lydon PSC.

Section 5. Approval of Kaczanko PSC. The execution and delivery of the Kaczanko PSC by the Authority are hereby confirmed, ratified and approved. If additional actions are necessary or desirable to further amend or to extend the Kaczanko PSC beyond the current period, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Kaczanko PSC.

Section 6. Approval to Amend Catalyst Contract. The execution and delivery by the Executive Director or his designee of any amendment to the Catalyst Contract that is reasonable and necessary to ensure the continuation of services covered by the Catalyst Contract are hereby authorized and approved.

Section 7. Consent to Assignment of Polsinelli Contract. The assignment of the Polsinelli Contract from Polsinelli to BT is hereby consented to, authorized and approved. If additional actions are necessary or desirable to further amend or to extend the Assigned Contract beyond the current period, the Executive Director is hereby authorized to take such actions and enter into such agreements as are necessary or desirable to ensure the continuation of services covered by the Assigned Contract.

Section 8. Further Actions. The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects ratified, confirmed and approved. All prior and future acts and doings of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

Section 9. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 10. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 11. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 8th day of February, 2018 by roll call vote as follows:

Yeas:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

____
Executive Director

[SEAL]

____
Assistant Secretary

RESOLUTION NUMBER 2018-0208-__

APPOINTMENT OF SECRETARY AND ASSISTANT SECRETARY OF THE ILLINOIS FINANCE AUTHORITY AND MATTERS RELATED THERETO

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

WHEREAS, pursuant to Section 845-40 of the Act and Article III, Section 3 and Section 4 of Resolution No. 2007-07-21, Resolution Adopting the Amended and Restated By-Laws of the Illinois Finance Authority ("By-Laws"), the Authority is authorized to appoint a Secretary and one or more Assistant Secretaries; and

WHEREAS, Mr. Brad Fletcher and Ms. Mari Money currently serve as Assistant Secretaries of the Authority; and

WHEREAS, in order to fulfill duties under the Act and the By-Laws, the Members of the Authority deem it proper to appoint __________________ as Secretary to the Authority and to appoint Mr. Ryan Oechsler, Associate General Counsel to the Authority, as an additional Assistant Secretary to the Authority and to assign to each of the Assistant Secretaries duties as authorized by the Act, administrative rules, certain resolutions, certain agreements and the By-Laws of the Authority; and

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

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

Section 2. Appointment of Secretary. ________________ is appointed to the Office of Secretary of the Authority and shall serve in that office during the pleasure of the Members of the Authority. Before entering upon the duties of Secretary of the Authority, _______________ shall take and subscribe to the constitutional oath of office. As Secretary, ________ shall have the same powers prescribed for the Office as authorized by the Act, other statute, the By-Laws, any resolution of the Authority, and any other rule, regulation, policy or practice of the Authority. The Treasurer shall exercise these powers as directed by the Members of the Authority and the Executive Director.

Section 3. Appointment of an additional Assistant Secretary. In order to facilitate the effective execution of duties by the Secretary and the current Assistant Secretaries, the Members of the Authority deem it appropriate to appoint an additional Assistant Secretary. Mr. Ryan Oechsler is appointed to the Office of Assistant Secretary and shall serve in that office during the pleasure of the Members of the Authority. Before entering upon the duties of Assistant Secretary of the Authority, Mr. Oechsler shall take and subscribe to the constitutional oath of office. Each Assistant Secretary shall have the same powers prescribed for the Office of Secretary of the Authority as authorized by statute, the Authority's By-Laws, any resolution of the Authority, and any other rule, regulation, policy or practice of the Authority. Each Assistant Secretary shall exercise these powers as directed by the Members of the Authority, the Executive Director and the Secretary. The newly appointed Assistant Secretary shall have co-equal duties with the current two Assistant Secretaries, Mr. Brad Fletcher and Ms. Mari Money, whose appointments are hereby confirmed.

Section 4. Further Actions. The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects ratified, confirmed and approved. All prior and future acts and doings of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

Section 5. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 6. Conflicts. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 7. Immediate Effect. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 8th day of February, 2018, by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancy:

ILLINOIS FINANCE AUTHORITY

____
Executive Director

[SEAL]

____
Assistant Secretary

RESOLUTION NUMBER 2018-0208-__

APPOINTMENT OF TREASURER OF THE ILLINOIS FINANCE AUTHORITY

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

WHEREAS, pursuant to Section 845-40 of the Act and Article III, Section 3 and Section 4 of Resolution No. 2007-07-21, Resolution Adopting the Amended and Restated By-Laws of the Illinois Finance Authority ("By-Laws"), the Authority is authorized to appoint a Treasurer; and

WHEREAS, in order to fulfill duties under the Act and the By-Laws, the Members of the Authority deem it proper to appoint _________________ as Treasurer to the Authority, and to assign to [him/her] duties as authorized by the Act, administrative rules, certain resolutions, certain agreements and the By-Laws of the Authority; and

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

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

Section 2. Appointment of Treasurer. ________________ is appointed to the Office of Treasurer of the Authority and shall serve in that office during the pleasure of the Members of the Authority. Before entering upon the duties of Treasurer of the Authority, _______________ shall take and subscribe to the constitutional oath of office and shall execute a bond with corporate sureties. As Treasurer, ________ shall have the same powers prescribed for the Office as authorized by the Act, other statutes, the By-Laws, any resolution of the Authority, and any other rule, regulation, policy or practice of the Authority. The Treasurer shall exercise these powers as directed by the Members of the Authority and the Executive Director.

Section 3. Surety Bond. The surety bond of the Treasurer shall be payable to the Authority in the penal sum of not less than $100,000 conditioned upon the faithful performance of the duties of Treasurer and the payment of all moneys received by the Treasurer according to law and the order of the Authority. Such bond shall satisfy all of the requirements of Section 845-40 of the Act. Authority is hereby delegated to the Executive Director to approve the Treasurer's bond and to establish the penal sum of such bond (being not less than $100,000).

Section 4. Duties of the Treasurer. The Treasurer shall fulfill any and all duties of [his/her] office under the Act, administrative rules, certain resolutions, certain agreements and the By-Laws of the Authority, including without limitation the maintaining of certain funds and the signing of certain checks or drafts, as appropriate and as provided by the Act. The Treasurer shall coordinate with the current vendor, ClearArc Capital, Inc., and with any future vendors providing investment management services to manage the investments of the Authority in accordance with the policies and procedures of the Authority and applicable laws and regulations and shall report to the

Members of the Authority at least annually regarding such investments. Authority is hereby delegated to the Executive Director to establish the form of such report.

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

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

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

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

Approved and effective this 8th day of February, 2018, by roll call vote as follows:

Ayes:

Nays:

Abstain:

Absent:

Vacancy:

ILLINOIS FINANCE AUTHORITY

____
Executive Director

[SEAL]

____
Assistant Secretary