

**ILLINOIS FINANCE AUTHORITY**

**July 8, 2014**

**AGENDA**

**COMMITTEE OF THE WHOLE MEETING**

**9:30 a.m.**

**IFA Chicago Office**

**Two Prudential Plaza**

**180 North Stetson Avenue, Suite 2555**

**Chicago, Illinois 60601**

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

**BOARD MEETING**

**10:30 a.m.**

**Conference Center**

**One Prudential Plaza**

**130 East Randolph Street, Suite 750**

**Chicago, Illinois 60601**

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

**PROJECT REPORTS AND RESOLUTIONS**

**BUSINESS AND INDUSTRY PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	FM
<b>Industrial Revenue Bonds</b> <i>Final</i>						
1	Peddinghaus Corporation	Bradley (Kankakee County)	\$4,000,000	6	20	RF/BF
<b>Airport Facility Revenue Bonds</b> <i>Preliminary</i>						
2	MDC Bloomington, LLC (Central Illinois Regional Airport at Bloomington-Normal Project)	Bloomington (McLean County)	\$2,250,000	2	82	RF/BF
<b>TOTAL BUSINESS AND INDUSTRY PROJECTS</b>			<b>\$6,250,000</b>	<b>8</b>	<b>102</b>	

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

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	FM
<b>501(c)(3) Revenue Bonds</b> <i>Final (One-Time Consideration)</i>						
3	The University of Chicago	Chicago (Cook County)	\$700,000,000	75	450	RF/BF
<b>501(c)(3) Revenue Bonds</b> <i>Amendatory</i>						
4	Rogers Park Montessori School	Chicago (Cook County)	\$20,000,000	3	25	RF/BF
<b>Qualified Student Loan Revenue Bonds</b> <i>Preliminary</i>						
5	Midwestern University Foundation	Downers Grove (DuPage County)	\$15,000,000	N/A	N/A	RF/BF
<b>TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS</b>			<b>\$735,000,000</b>	<b>78</b>	<b>475</b>	

**HEALTHCARE PROJECTS**

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
<b>501(c)(3) Revenue Bonds</b> <i>Final (One-Time Consideration)</i>						
6	The Carle Foundation	Urbana (Champaign County)	\$28,000,000	N/A	N/A	PL/NO
<b>TOTAL HEALTHCARE PROJECTS</b>			<b>\$28,000,000</b>	<b>N/A</b>	<b>N/A</b>	
<b>GRAND TOTAL</b>			<b>\$769,250,000</b>	<b>86</b>	<b>577</b>	

**Board Meeting**

July 8, 2014

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**PROJECT REPORTS AND RESOLUTIONS**

**RESOLUTIONS**

<b>Tab</b>	<b>Action</b>	<b>Staff</b>
<b>Resolutions</b>		
7	Resolution Providing for the Establishment of a Program to Permit the Issuance of the Revenue Bonds of the Illinois Finance Authority to Finance an Educational Loan Program Pursuant to the Higher Education Loan Act of the State of Illinois	RF/BF
8	Resolution Approving and Ratifying the Issuance of an Alternate Letter for Credit for Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Marwen Foundation Project) and Authorizing, Approving and Ratifying Certain Other Matters	PL/NO
9	Resolution Approving the Closed Meeting Minutes of the Illinois Finance Authority, Maintaining the Confidentiality of the Minutes Where it Still Exists, Making Portions of the Minutes that no Longer Require Confidential Treatment Available for Public Inspection, Authorizing the Destruction of the Verbatim Recordings and Ratifying Certain Matters Related Thereto	NO
10	Resolution Authorizing the Executive Director to Renew Existing Contracts with Marj Halperin Consulting and Hill+Knowlton Strategies, Inc.	MG
11	Resolution to Adopt the Fiscal Year 2015 Budget of the Illinois Finance Authority	CM/MG
12	Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Fund and Administer an Appropriation Anticipation Loan in an Amount Not-To-Exceed \$370,000 to the Joliet Arsenal Development Authority ("JADA") and Ratifying Certain Matters Related Thereto	PL/NO

July 8, 2014

TO: William A. Brandt, Jr., Chairman  
Gila J. Bronner  
James J. Fuentes  
Norman M. Gold  
Lerry Knox  
Edward H. Leonard, Sr.  
Carmen Lonstein  
Terrence M. O'Brien

Michael W. Goetz, Vice-Chairman  
Heather D. Parish  
Mayor Barrett F. Pedersen  
Roger Poole  
Mordecai Tessler  
David Vaught  
Bradley A. Zeller

RE: Message from the Executive Director

Dear Members of the Authority:

At the beginning of a new fiscal year, it is important that we take time to reflect on our collective accomplishments:

- ***Governor Quinn's Clean Water Initiative.*** In partnership with the Illinois Environmental Protection Agency (IEPA), the Authority closed on the first Illinois State Revolving Fund (SRF) transaction in nearly a decade on December 5, 2013. The Illinois Finance Authority's State of Illinois Clean Water Initiative Revolving Fund Revenue Bonds, Series 2013 are rated "AAA" by S&P and Fitch. IEPA and the Authority issued just over \$140 million in bonds. As a result, the loan capacity for Governor Quinn's Clean Water Initiative nearly doubled to just under \$800 million. This was an important step to meeting Governor Quinn's goal of providing \$2 billion of low-interest loans for qualifying sewer and water infrastructure projects to Illinois local governments. The Clean Water Initiative saves local taxpayers money through lower interest costs, puts women and men to work building sewer and water infrastructure, and helps preserve one of our State's most important and competitive assets – affordable access to clean, safe drinking water. The Program's low 1.995% interest rate will be available through September 30, 2014. Ongoing rates each year are substantially below bond market rates to induce some of our state's highest rated local governments to borrow under the Clean Water Initiative. Interested Illinois local governments should go to [www.cleanwater.illinois.gov](http://www.cleanwater.illinois.gov).
- ***City of East St. Louis Bond Defeasance.*** In November 2013, the Authority assisted the City of East St. Louis with the defeasance of the last of its "Distressed Cities" moral obligation (State taxpayer contingent guarantee bonds). This action removed nearly \$4 million in risk from the State taxpayers – and led to the elimination, by operation of law, of a now unnecessary State taxpayer-supported agency.
- ***Elimination of State Moral Obligation for the Authority's Local Government Program.*** On June 30, 2014, the Authority redeemed/defeased nearly \$33 million of Authority Rural Bond Bank bonds backed by the State's moral obligation (State taxpayer contingent guarantee

bonds). The action removes nearly \$33 million in risk to the Illinois taxpayers and sets the stage for the Authority to revise its local government loan programs in a modern, efficient manner.

- ***Reliable, Transparent Issuer for Federally Tax-Exempt Conduit Bonds.*** Being a conduit issuer for qualifying borrowings is the primary business of the Authority. Authority borrowers know that they have a professional, efficient staff supervised by an engaged, knowledgeable, and transparent Board when they need to access the federally tax-exempt capital markets. In Fiscal Year 2014, the Authority issued just over \$2 billion in bonds with approximately \$1.6 billion being issued in the non-profit healthcare/senior living sector and nearly \$500 million being issued in the general non-profit, education, local government, industry and agricultural sectors.

At the end of the day, the measure of the Authority's success is how we use the tools given to us by the Governor and the General Assembly to measurably and positively improve the lives of the people of this State. Thanks to Chairman Brandt, as well as Loyola University of Chicago's Stritch School of Medicine's initiative and partnership with the Authority, Illinois now has a pilot program to allow talented students with immigration status regularized through the federal DACA program (Deferred Action for Childhood Arrivals) to afford medical or dental school in exchange for providing public service in medically underserved communities across our State after graduation. We hope that this pilot program will be the start of something larger. This program is a thoughtful model to attract the best talent from around the globe to Illinois while helping to meet the medical and dental needs of the least fortunate among us. Nine qualified DACA students are now beginning medical studies because of work that the Authority began twelve short months ago.

In Fiscal Year 2015, I look forward to continuing to work with you in support of jobs and financing capital expansion projects throughout Illinois.

Respectfully,

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Christopher B. Meister  
Executive Director

Attachments:

Attachment 1 – Bonds Issued – Fiscal Year Comparison for the Period Ending June 30, 2014

Attachment 2 – Bonds Issued and Outstanding as of June 30, 2014

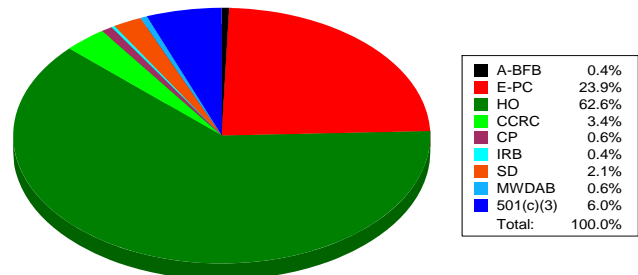
Attachment 3 – Schedule of Debt as of June 30, 2014

## Bonds Issued - Fiscal Year Comparison for the Period Ending June 30, 2014

### Fiscal Year 2012

#	Market Sector	Principal Issued
41	Agriculture - Beginner Farmer	8,784,789
3	Education	474,685,000
14	Healthcare - Hospital	1,242,038,200
2	Healthcare - CCRC	66,765,000
1	Healthcare-Community Provider	12,700,000
2	Industrial Revenue	7,295,000
1	Local Government Schools	42,010,000
1	Midwest Disaster Area Bonds	11,066,000
13	501(c)(3) Not-for-Profit	118,256,846
<b>78</b>		<b>\$ 1,983,600,835</b>

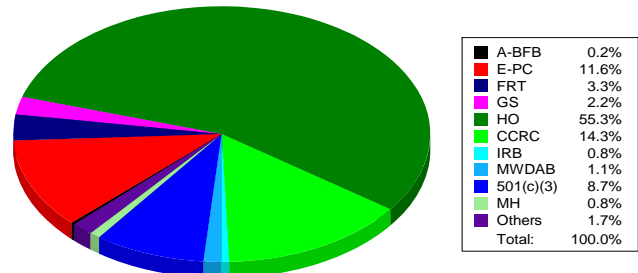
### Bonds Issued in Fiscal Year 2012



### Fiscal Year 2013

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	4,461,655
8	Education	264,865,000
1	Gas Supply	50,000,000
10	Healthcare - Hospital	1,262,625,000
5	Healthcare - CCRC	326,840,068
3	Industrial Revenue	18,112,280
3	Midwest Disaster Area Bonds	25,700,000
11	501(c)(3) Not-for-Profit	198,592,750
1	MultiFamily/Senior Housing	18,630,000
1	Freight Transfer Facilities Bonds	75,000,000
2	Local Government	15,025,000
1	Environmental issued under 20 ILCS 3515/9	10,935,000
<b>60</b>		<b>\$ 2,270,786,753</b>

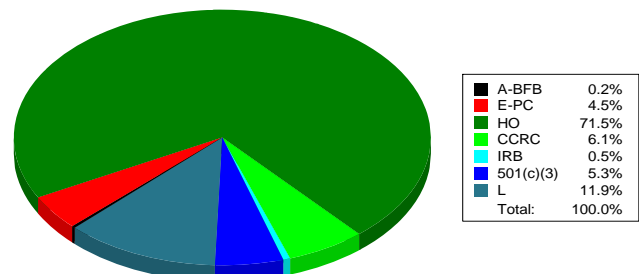
### Bonds Issued in Fiscal Year 2013



### Fiscal Year 2014

#	Market Sector	Principal Issued
20	Agriculture - Beginner Farmer	3,654,751
4	Education	93,895,000
9	Healthcare - Hospital	1,493,795,000
5	Healthcare - CCRC	125,660,000
1	Industrial Revenue	10,000,000
9	501(c)(3) Not-for-Profit	124,952,000
6	Local Government	247,360,000
<b>55</b>		<b>\$2,099,316,751</b>

### Bonds Issued in Fiscal Year 2014





**Bonds Issued and Outstanding as  
of June 30, 2014**

**Bonds Issued between July 01, 2013 and June 30, 2014**

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
E-PC Concordia University	07/01/2013	Variable	17,000,000	17,000,000
L Township High School District Number 113, Series 2013A	07/01/2013	Fixed at Schedule	41,530,000	0
HO Rehabilitation Institute of Chicago	07/01/2013	Fixed at Schedule	398,000,000	90,000,000
A-BFB Beginner Farmer Bonds	07/01/2014	variable	1,893,683	0
501(c)(3) Lake Forest Country Day School	08/01/2013	Variable	23,000,000	23,000,000
HO Advocate Health Care Network	08/08/2013	Fixed at Schedule	96,905,000	0
CCRC Illinois College of Optometry	08/15/2013	Variable	40,665,000	40,152,503
L Township High School District Number 113, Series 2013 B	08/21/2013	Fixed at Schedule	8,470,000	0
L East Richland C.U.S.D. #1	08/29/2013	Fixed at Schedule	20,140,000	20,280,291
501(c)(3) YMCA of Rock River Valley	09/24/2013	Variable	6,750,000	0
HO Presence Health Network	09/17/2013	Variable	366,865,000	366,865,000
L Community College District No. 532	09/27/2013	Fixed at Schedule	26,790,000	0
CCRC Westminster Village	10/31/2013	Variable	7,000,000	0
501(c)(3) Noble Network of Charter School	10/24/2013	Fixed at Schedule	20,000,000	0
CCRC Peace Village	10/29/2013	Fixed at Schedule	22,495,000	16,225,000
E-PC Columbia College Chicago	10/30/2013	Variable	7,850,000	7,695,000
501(c)(3) Elim Christian Services	11/01/2013	Variable	14,577,000	14,400,000
HO Elmhurst Memorial Healthcare	10/31/2013	Fixed at Schedule	109,025,000	126,760,629
E-PC Benedictine University	11/20/2013	Variable	58,645,000	0
CCRC Smith Crossing	11/08/2013	Variable	40,000,000	0
501(c)(3) Lincoln Park Zoo	11/27/2013	Variable	15,000,000	0
L Flora Community Unit School District	12/05/2013	Fixed at Schedule	8,730,000	0
L Clean Water Initiative Revolving Fund	12/05/2013	Fixed at Schedule	141,700,000	99,120,000
CCRC The Lodge of Northbrook	12/30/2013	Fixed at Schedule	15,500,000	0
HO Elmhurst Memorial Healthcare	12/17/2013	Variable	200,000,000	0
A-BFB Beginning Farmer Bond	01/01/2014	Variable	1,761,068	0
HO Memorial Health System	01/30/2014	Fixed at Constant	60,000,000	0
E-PC IIT Research Institute	02/28/2014	Variable	10,400,000	10,400,000
501(c)(3) North American Spine Society	02/26/2014	Variable	8,860,000	8,860,000
501(c)(3) New Hope Center	02/28/2014	Fixed at Schedule	5,325,000	5,325,000
501(c)(3) Little City Foundation	03/18/2014	Variable	5,370,000	2,595,000
501(c)(3) SOS Children's Village	04/16/2014	Variable	16,000,000	7,900,000
HO Memorial Health System	05/15/2014	Variable	60,000,000	0
IRB Sterling Lumber Company	05/27/2014	Variable	10,000,000	0
HO Centegra Health System 2014 A,B,C	06/11/2014	Variable	24,480,000	0
HO Centegra Health System 2014 A,B,C	06/11/2014	Fixed at Schedule	134,715,000	0
HO Centegra Health System 2014 A,B,C	06/11/2014	Variable	33,805,000	0
501(c)(3) Catholic Charities Housing Development Corporation	06/17/2014	Variable	10,070,000	0
HO Rosecrance, Inc.	06/25/2014	Variable	10,000,000	0
<b>Total Bonds Issued as of June 30, 2014</b>			<b><u>\$ 2,099,316,751</u></b>	<b><u>\$ 856,578,423</u></b>

**Legend** Fixed Rate Bonds as shown  
 DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond  
 VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.  
 Beginner Farmer Bonds interest rates are shown in section below.

**Beginner Farmer Bonds Funded between July 01, 2013 and June 30, 2014**

<u>Borrower</u>	<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>Acres</u>	<u>County</u>
Scrivner, Wade David Hugh	07/10/2013	3.80%	440,000	164.63	Jefferson
Haile, Joshua R	10/07/2013	3.00%	195,000	123.00	Jefferson
Lynch, Derek C. and Lynch, Jonna V	10/25/2013	3.50%	249,100	55.00	Edwards
Curt & Stacey Robbins	12/03/2013	4.99%	250,000	1,250.00	Wayne
Tyler Ethan Ory Vaughn	12/06/2013	4.25%	120,000	80.00	Wayne
Mason T. Muchow	12/06/2013	3.25%	246,783	41.15	Effingham
Cody D. Heiden	12/06/2013	3.25%	285,000	40.00	Fayette
Gregory S. & Shyannon R.	12/13/2013	3.25%	107,800	98.00	Hamilton
Daniel & Bobbi Ochs	02/14/2014	3.25%	138,245	75.95	Jasper
Levi M. Spurlock	02/28/2014	3.99%	95,000	40.00	Jefferson
Jabob Grapphaus	02/28/2014	2.76%	136,410	39.30	Madison
Derek P. Ifft	03/06/2014	3.10%	100,000	10.00	Ford
Phillip Ochs	03/20/2014	3.25	237,344	75.95	Jasper
Mark Quade	03/20/2014	3.25	167,500	49.75	Effingham
Braden Short	03/26/2014	3.75	152,000	85.50	Hamilton
Austin Ferguson	04/17/2014	3.25	153,000	51.00	Jasper
Landon Withrow	04/29/2014	3.25	157,500	113.00	Wayne
Mitchell R. Myers	05/05/2014	3.25	137,500	40.00	Effingham
Clinton R. & Sara B. Bergbower	06/06/2014	3.50	52,569	19.47	Jasper
Austin L. Chandler	06/30/2014	3.60	234,000	90.22	Henderson
<b>Total Beginner Farmer Bonds Issued</b>			<b><u>\$ 3,654,751</u></b>	<b><u>2,541.92</u></b>	

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

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

**Section I (a)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	June 30, 2014		
<b>Illinois Finance Authority "IFA" <sup>[b]</sup></b>				
Agriculture	\$ 50,122,850	\$ 53,777,601		
Education	4,299,747,133	4,273,376,072		
Healthcare	13,167,246,739	13,684,111,707		
Industrial Development [includes Recovery Zone/Midwest Disaster]	727,007,782	733,436,300		
Local Government	220,095,000	378,900,000		
Multifamily/Senior Housing	173,925,220	171,092,146		
501(c)(3) Not-for Profits	1,360,842,375	1,398,141,362		
Exempt Facilities Bonds	330,020,000	299,970,000		
<b>Total IFA Principal Outstanding</b>	<b>\$ 20,329,007,099</b>	<b>\$ 20,992,805,188</b>		
<b>Illinois Development Finance Authority "IDFA" <sup>[b]</sup></b>				
Education	12,911,388	12,126,388		
Healthcare	180,475,000	169,440,000		
Industrial Development	181,388,219	327,803,336		
Local Government	395,170,898	316,907,002		
Multifamily/Senior Housing	91,743,171	84,772,869		
501(c)(3) Not-for Profits	804,882,190	782,801,078		
Exempt Facilities Bonds	75,000,000	75,000,000		
<b>Total IDFA Principal Outstanding</b>	<b>\$ 1,741,570,867</b>	<b>\$ 1,768,850,673</b>		
<b>Illinois Rural Bond Bank "IRBB" <sup>[b]</sup></b>				
Bond Bank Revenue Bonds	13,365,000	10,985,000		
<b>Total IRBB Principal Outstanding</b>	<b>\$ 13,365,000</b>	<b>\$ 10,985,000</b>		
<b>Illinois Health Facilities Authority "IHFA"</b>	<b>\$ 1,270,303,000</b>	<b>\$ 936,755,000</b>		
<b>Illinois Educational Facilities Authority "IEFA"</b>	<b>\$ 1,030,201,000</b>	<b>\$ 690,152,000</b>		
<b>Illinois Farm Development Authority "IFDA" <sup>[f]</sup></b>	<b>\$ 21,609,864</b>	<b>\$ 21,609,864</b>		
<b>Total Illinois Finance Authority Debt</b>	<b>\$ 24,406,056,830</b>	<b>\$ 24,421,157,725</b>	<b>\$ 28,150,000,000</b>	<b>\$ 3,728,842,275</b>

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

**Section I (b)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	June 30, 2014		
<b>General Purpose Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
** Issued through IRBB - Local Government Pools	13,365,000	\$ 10,985,000		
**Issued through IFA - Local Government Pools	23,875,000	21,370,000		
Issued through IFA - Illinois Medical District Commission	38,440,000	37,600,000		
<b>Total General Moral Obligations</b>	<b>\$ 75,680,000</b>	<b>\$ 69,955,000</b>	<b>\$ 150,000,000</b>	<b>\$ 80,045,000</b>
<b>Financially Distressed Cities Moral Obligations</b>				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ 2,630,000	\$ -		
Issued through IDFA	1,250,000	-		
<b>Total Financially Distressed Cities</b>	<b>\$ 3,880,000</b>	<b>\$ -</b>	<b>\$ 50,000,000</b>	<b>\$ 50,000,000</b>
<b>State Component Unit Bonds <sup>[c]</sup></b>				
Issued through IDFA <sup>[1]</sup>	58,665,000	11,630,000		
Issued through IFA <sup>[1]</sup>	69,679,739	148,175,164		
<b>Total State Component Unit Bonds</b>	<b>\$ 128,344,739</b>	<b>\$ 159,805,164</b>		

\*\*Local Government Pools defeasance occurred on June 30, 2014. Actual payments will be on August 1, 2014.

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Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwest Disaster Area Bonds in Illinois, February 11, 2010.

**Section I (c)**

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	June 30, 2014		
<b>Midwest Disaster Bonds [Flood Relief]</b>	<b>\$ 66,883,240</b>	<b>\$ 66,044,684</b>	<b>\$ -</b>	<b>\$ 41,530,000</b>

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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 <sup>[h]</sup>	City/Counties Ceded Voluntarily to IFA	Bonds issued as of January 31, 2013	Available "Ceded" Volume Cap
<b>Recovery Zone Economic Development Bonds;</b>	<b>\$ 666,972,000</b>	<b>\$ 16,940,000</b>	<b>\$ 12,900,000</b>	<b>\$ 4,040,000</b>
<b>Recovery Zone Facilities Bonds</b>	<b>\$ 1,000,457,000</b>	<b>\$ 205,639,600</b>	<b>\$ 214,849,804</b>	<b>\$ (9,210,204)</b>
<b>Qualified Energy Conservation Bonds</b>	<b>\$ 133,846,000</b>	<b>\$ -</b>	<b>\$ 44,370,000</b>	<b>\$ -</b>



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

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

Section II	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2013	June 30, 2014		
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, 2013	June 30, 2014		
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	\$ -	\$ -	\$ 3,000,000,000 <sup>[d]</sup>	\$ 3,000,000,000

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

Section IV	Principal Outstanding		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2013	June 30, 2014			
Agri Debt Guarantees [Restructuring Existing Debt] Fund # 994 - Fund Balance \$10,110,724	\$ 13,029,800	\$ 9,243,360	\$ 160,000,000	\$ 150,756,640	\$ 7,848,367
AG Loan Guarantee Program Fund # 205 - Fund Balance \$7,808,405	\$ 13,107,200	\$ 9,837,616	\$ 225,000,000 <sup>[e]</sup>	\$ 215,162,384	\$ 8,361,974
Agri Industry Loan Guarantee Program	\$ 7,256,577	\$ 5,108,251			4,342,013
Farm Purchase Guarantee Program	944,285	917,680			780,028
Farm Purchase Guarantee Program	3,333,728	2,763,756			2,349,192
Young Farmer Loan Guarantee Program	1,572,606	1,047,929			890,740
<b>Total State Guarantees</b>	<b>\$ 26,137,000</b>	<b>\$ 19,080,977</b>	<b>\$ 385,000,000</b>	<b>\$ 365,919,023</b>	<b>\$ 16,210,340</b>

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

Section V	Principal Outstanding		Appropriation Fiscal Year 2014	Fund Balance
	June 30, 2013	June 30, 2014		
132 Fire Truck Revolving Loan Program Fund # 572	\$ 18,532,024	\$ 17,052,813	\$ 2,383,342	\$ 4,507,453
8 Ambulance Revolving Loan Program Fund # 334	\$ 510,240	\$ 415,920	\$ 7,006,800	\$ 3,770,096

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, 2013	June 30, 2014		
Environmental [Large Business]				
Issued through IFA	\$ 78,235,000	\$ 26,315,000		
Issued through IDFA	289,745,000	177,380,000		
<b>Total Environmental [Large Business]</b>	<b>\$ 367,980,000</b>	<b>\$ 203,695,000</b>	<b>\$ 2,425,000,000</b>	<b>\$ 2,221,305,000</b>
Environmental [Small Business]	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
<b>Total Environment Bonds Issued under Act</b>	<b>\$ 367,980,000</b>	<b>\$ 203,695,000</b>	<b>\$ 2,500,000,000</b>	<b>\$ 2,296,305,000</b>

**Illinois Finance Authority Funds at Risk**

Section VII	Original Amount	Principal Outstanding	
		June 30, 2013	June 30, 2014
<b>Participation Loans</b>			
9 Business & Industry	23,020,158	3,079,599	1,616,353
6 Agriculture	6,079,859	1,362,183	114,269
15 Participation Loans excluding Defaults & Allowances	29,100,017	4,441,782	1,730,622
Plus: Legacy IDFA Loans in Default		858,458	858,458
Less: Allowance for Doubtful Accounts		1,162,656	1,002,182
<b>Total Participation Loans</b>		<b>4,137,584</b>	<b>1,586,898</b>
4 Local Government Direct Loans	1,289,750	188,821	157,689
3 FmHA Loans	963,250	246,142	227,046
2 Renewable Energy [RED Fund]	2,000,000	1,489,068	1,396,598
24 <b>Total Loans Outstanding</b>	<b>34,353,017</b>	<b>6,061,622</b>	<b>3,368,231</b>

[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] Midwest Disaster Bonds - Illinois Counties eligible for Midwest Disaster Bonds include Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.

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

[i] Includes EPA Clean Water Revolving Fund



## COMMITTEE MINUTES

**ILLINOIS FINANCE AUTHORITY  
COMMITTEE OF THE WHOLE  
REGULAR MEETING  
TUESDAY, JUNE 10, 2014  
9:31 A.M.**

### I. Call to Order & Roll Call

At the regular meeting of the Committee of the Whole of the Illinois Finance Authority (the “Committee” or “COW”), begun and held at Two Prudential Plaza, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601, on the second Tuesday of June in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the “Act”), William A. Brandt, Jr., Chairman of the Committee, called the Committee to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 8 Present.

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

Having been absent when the Quorum Roll Call for Attendance was taken, Member Bronner and Member Pedersen were recorded as present at the times of 9:37 a.m. and 10:04 a.m., respectively.

**ILLINOIS FINANCE AUTHORITY  
COMMITTEE OF THE WHOLE  
COMMITTEE ROLL CALL  
QUORUM ROLL CALL FOR ATTENDANCE**

June 10, 2014

0 YEAS

0 NAYS

10 PRESENT

P	Bronner (ADDED) (VIA AUDIO CONFERENCE)	P	Leonard	P	Poole
P	Fuentes	E	Lonstein	E	Tessler
E	Goetz	P	O’Brien	P	Vaught
E	Gold	E	Parish	P	Zeller
P	Knox	P	Pedersen (ADDED)	P	Mr. Chairman

E – Denotes Excused Absence

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

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

Chairman Brandt noted that the Authority's targeted loan program for Deferred Action for Childhood Arrivals ("DACA") is enjoying bipartisan support at meetings of immigration reform coalitions. Specifically, Florida Governor Rick Scott cited the Authority's program in connection with his backing of a Florida Senate proposal to allow undocumented immigrants to qualify for in-state tuition, so long as they meet certain requirements. Chairman Brandt further noted that nine applicants (out of fourteen) from across the world have enrolled in Loyola University's Stritch School of Medicine. Overall, the program is an initial success and attaining favorable media attention as a result.

Chairman Brandt noted that Item 9 of the projects and resolutions on the agenda is an important project for the Authority because it will constitute the Authority's commitment of about 2/5ths of its cash on the Authority's balance sheet. As the Authority seeks ways to increase revenue, the defeasance of the Rural Bond Bank bonds and resulting interest earnings from the underlying Local Government Securities will help alleviate budgetary pressures.

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

Executive Director welcomed Patrick Evans as the Authority's new Agricultural Banker/Rural Development Financial Analyst. The Committee was provided his resume.

Chairman Brandt expressed to Mr. Evans the importance of reviving the Authority's agricultural programs within the rural community and developing relationships with community banks that support agriculture throughout Illinois.

Executive Director Meister explained to the Committee Item 9 of the projects and resolutions on the agenda, which is a Resolution Providing for the Defeasance of Certain Outstanding Bonds; Authorizing the Execution and Delivery of Related Documents; and Related Matters. Executive Director Meister stated that benefits of adopting the Resolution include removing a contingent liability to State of Illinois taxpayers in the approximate aggregate amount of \$32,690,000 which is manifested by the State's Moral Obligation that secures the principal on Bond Bank Revenue Bonds, eliminating certain public disclosure requirements related to the Bond Bank Revenue Bonds, reducing audit exposure and related administrative costs to the Authority, and producing predictable, ongoing annual revenue in the form of interest income on the Authority's income statement as it relates to the Local Government Securities that will be assigned by the Trustee to the Authority as a result of the full defeasance.

Chairman Brandt, Member Knox and Executive Director Meister engaged in a discussion concerning a unit of local government that has been consistently tardy in connection with making principal and interest payments for its outstanding Local Government Securities. However, payments are typically received within 72 hours of the due date.

Ms. Granda noted that typical payments due for this borrower are approximately \$4,000, and thus, does not undermine the pool of Local Government Securities.

Member Fuentes and Executive Director Meister discussed the benefits of defeasing the Rural Bond Bank bonds, which includes ongoing revenues from interest earnings on the Local Government Securities and

removing the Moral Obligation of the State of Illinois. Executive Director Meister further stated while the Moral Obligation provided a credit enhancement in prior times, its current value is less significant and therefore a restructuring of this program at a future time will not include the State's Moral Obligation as a credit enhancement feature.

Member Knox inquired if the Rural Bond Bank program will indeed be restructured and offered at a future time. Chairman Brandt and Executive Director Meister informed the Committee that their expectation is that the Rural Bond Bank program will have a role to play in the Illinois marketplace (but without the Moral Obligation of the State), likely as a revolving loan program

Member Zeller and Executive Director Meister discussed the reasoning behind seeking a defeasance of the outstanding Rural Bond Bank bonds. Specifically, Executive Director Meister noted that a refinancing of the bonds was originally contemplated, but it was discovered that a redemption and defeasance would be easier and provide more benefits.

Chairman Brandt and Executive Director Meister discussed the statutory requirements associated with making a call on the State's Moral Obligation, should the Authority ever need to do so. Chairman Brandt and Member Vaught reiterated that the Authority has the cash to eliminate this contingent liability to State taxpayers and that the State has enough reasons to be discussing the capital markets aside from a potential call on the State's Moral Obligation.

Member Knox requested clarification as to the benefits of defeasing the Rural Bond Bank bonds; Executive Director Meister reiterated the reasons why the Authority should undertake this transaction.

Chairman Brandt and Member Zeller again discussed the statutory requirements associated with making a call on the State's Moral Obligation.

Member Knox inquired what would become of the various reserve funds that currently provide security for the Rural Bond Bank bonds. Executive Director Meister confirmed monies available in the reserve funds would be used to reduce the cash needed to fully defease the outstanding Rural Bond Bank bonds.

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

Chairman Brandt asked if the Members wished to direct the Assistant Secretary of the Board to correct any errors in the Minutes of the regular meeting of the Committee held on May 13, 2014 or any errors in the Minutes of the regular meeting of the Board held on May 13, 2014.

Member Bronner moved for the adoption of the Minutes of the regular meeting of the Committee held on May 13, 2014.

Member Fuentes seconded the motion.

The motion prevailed and the Minutes were adopted.

#### **V. Presentation and Consideration of the Financial Statements**

Ms. Granda presented the following analysis of Financial Statements for the Month Ended May 31, 2014:

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

- a. Annual Operating Revenues totaled \$3.2 million, while annual Non-Operating Revenues totaled \$300 thousand. Total annual combined revenues of \$3.5 million are \$351 thousand or 9% below budget; due primarily to overall lower than anticipated administration and closing fees and lower interest income on loans, which was averaging \$13 thousand per month in the early part of the fiscal year. The interest income amount in May was \$3 thousand.<sup>1</sup>
- b. In May, the Authority received a \$167 thousand dollar settlement in regards to Clare. Admin/closing fees from *Sterling Lumber and Lutheran General* combined for \$87 thousand in revenue. Net investment income totaled \$38 thousand, while unrealized losses totaled only -\$14 thousand, which is favorable to an average loss of -\$37 thousand for this calendar year.
- c. Annual Operating Expenses before depreciation totaled \$3.5 million and annual Depreciation totaled \$42 thousand. Annual combined expenses of \$3.5 million are 6% below budget primarily due to lower employee related expenses, including retirement and travel for the year so far.
- d. In May, total expenses increased from April, primarily due to higher legal fees of \$95 thousand and invoices received for investment management fees for IEPA funds of \$22 thousand.
- e. The General Fund showed an Annual Net Income/(Loss) of -\$132 thousand, while in May, the net income/(loss) totaled -\$44 thousand. This is much favorable to losses of -\$186 thousand and -\$108 thousand in March and April, respectively.
- f. On May 12, 2014 IFA received State Treasurer funds in the amount of \$8.2 million for the Ambulance and Fire Truck Loan program. The monies will now be invested along with IFAs other Locally Held Funds.

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

- a. IFA continues to maintain a strong balance sheet. In the General Fund, total assets of just under \$50 million (consisting of cash, investments, and receivables) are 52 times the total liabilities of \$806 thousand. Available cash on hand of \$5.8 million is currently 12% of total assets in the General Fund and after reserves for current expenses and the DACA Loan Program (direct loans from the General Fund), that figure is reduced to 9%. The remaining \$43 million of total assets in the General Fund are investments currently held by the investment managers, Clear Arc and Ziegler Capital.

## **3. FY14 FINANCIAL STATEMENT AUDIT and GASB UPDATE**

- a. The FY14 financial audit kicks off with the entrance conference scheduled for June 16, 2014.

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

- b. In the presentation for the FY14 audited annual financial statements, the *Metro East Police District Commission* will be shown as a separate fiduciary fund and will have its own separate financials.
- c. Per *GASB Statement No. 65*, total deferred costs of issuance on debt are “*costs that the debt issuer pays directly to financial and legal advisors, the trustee (if any), paying agents, auditors, rating agencies and other providers of services to the issuer*”. Current balances for all funds on IFA’s books originate from the Bond Bank transactions and total \$236 thousand (including \$176 thousand in the General Fund). These costs were previously amortized (as assets) on IFAs books over the life of the bond, but per the new accounting standard, they must be expensed immediately in the current period. IFA will be expensing this entire amount on its FY14 audited annual financial statements. This should also be noted for similar transactions in the future.

Also, per *GASB Statement No. 65*, some balances previously reported as assets and liabilities will now be categorized as deferred outflows (similar to assets) and deferred inflows (similar to liabilities). For IFA, the biggest change would be the reporting for gains and losses attributable to refundings. These amounts will now be shown separately as a deferred outflow or inflow on the FY14 audited financial statements and going forward.

Chairman Brandt discussed the Authority’s Net Loss for Fiscal Year 2014 and informed the Committee that the Fiscal Year 2015 budget will be likely just as difficult to manage expenses, given declining revenues.

Next, Member Bronner informed the Committee that the Fiscal Year 2013 Compliance Audit was released and the Authority’s Audit Committee met to discuss the results of both the Fiscal Year 2013 Compliance Audit and Financial Audit. Member Bronner confirmed there is a mitigation and remediation plan for all findings. In fact, some findings are already anticipated to no longer occur with the Fiscal Year 2014 audit. Specific findings were discussed.

Member Bronner informed the Committee that it is anticipated that the defeasance of the Rural Bond Bank bonds will assist in resolving findings in the Authority’s future compliance audits.

Member Pedersen moved to recommend for approval the Financial Statements for the Month Ended May 31, 2014.

Member Poole seconded the motion.

The motion prevailed and the Financial Statements were recommended for approval.

Chairman Brandt thanked Member Bronner for her hard work on the audit process. Moreover, Chairman Brandt expressed his hope that costs will be reduced now that compliance audits will occur on a bi-annual basis.

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<sup>2</sup>Per *GASB Interpretation No. 2*, IFA reports activity for specific component units (Clean Water, Northern Illinois University Foundation, Moral Obligation-Backed Local Gov’t Bonds, etc.) and adjustments for this activity are performed on a quarterly basis. Estimates have been made as of April 30th for presentation purposes. The Consolidated Debt Fund includes both IFA Bond Debt and Component Unit Debt Activity.

Executive Director Meister informed the Committee that there is a substantial time and financial cost associated with the compliance audits. Additionally, when examining the last ten years of outside vendor costs procured by the Authority, roughly 9% of those expenditures were related to compliance audits.

## **VII. Committee Reports**

### *Agriculture Committee*

Executive Director Meister informed the Committee that the Agriculture Committee did not meet.

## **VI. Monthly Procurement Report**

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

Chairman Brandt, Member O'Brien and Executive Director Meister engaged in a discussion about the presentation of the Monthly Procurement Report. Specifically, Chairman Brandt and Member O'Brien stated that the Monthly Procurement Report should cite actual past billings by vendors in addition to the maximum value of contracts. Executive Director Meister informed the Committee that the suggested changes have already been discussed with the Procurement Policy Board of the State of Illinois and next month's Monthly Procurement Report should make the suggested changes.

Member O'Brien noted, as an example, that actual past billings by Marj Halperin Consulting, Inc. were a fraction of the not-to-exceed value of the contract.

Finally, Executive Director Meister informed the Committee that the actual billings of almost all contracts do not reach the not-to-exceed value of the respective contracts. Furthermore, Executive Director Meister reminded the Committee that legislation was previously adopted to provide the Authority some autonomy from the Illinois Procurement Code; however, as a result of discussions with the Procurement Policy Board, Chief Procurement Officer, and the Authority, an intergovernmental agreement will be drafted and submitted to the Board for approval to further clarify specific compliance, procedures and responsibilities needed for Authority management to fulfill its obligation under the Illinois Procurement Code and IFA's own Procurement Policy.

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

Mr. Frampton presented the following projects and resolutions:

### *Agriculture Projects*

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

**Colton R. Hamel** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Seventy-Five Thousand Dollars** (\$75,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 40 acres of farmland located in LaGrange Township in Bond County.

## ***Resolutions***

**Item 4:** Item 4 is a Request by Forreton State Bank and Gerald A. Brechon to Release a Second Mortgage and record a New Second Mortgage in order to replace an existing \$698,691 Bank First Mortgage Loan with a new \$500,000 FSA Guaranteed First Mortgage Loan. Project collateral will continue to consist of a Grain Elevator, Farm Buildings and 50 acres of Farmland Pledged as Collateral for Illinois Finance Authority Agri-Debt Guarantee Loan No. 2011-DR-0601. Concurrently, the Bank will subordinate its existing \$698,691 First Mortgage Loan to a Third Mortgage Position, subordinate to both the IFA Agri-Debt Guaranteed Second Mortgage Loan with a current outstanding Second Mortgage balance of approximately \$484,047 and the new FSA Guaranteed \$500,000 First Mortgage Bank Loan.

## ***Business and Industry Projects***

**Item 2:** Item 2 is a request for Industrial Revenue Bond financing.

**Peddinghaus Corporation** is requesting approval of a **Preliminary** Bond Resolution in an amount not-to-exceed **Four Million Dollars** (\$4,000,000).

Bond proceeds will be loaned to **Peddinghaus Corporation**, a Delaware corporation (hereinafter, the “**Borrower**”), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing all or a portion of the costs of (i) acquisition and installation of equipment at its existing manufacturing buildings located at 300 N. Washington Ave. and 301 N. Washington Ave., in Bradley (Kankakee County), Illinois, 60915, including necessary site work or improvements therein, all for use in expanding the Borrower’s manufacturing capabilities in production of its proprietary Computerized Numerical Control, or “CNC”, industrial metal machines, (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the “**Project**”).

Peddinghaus Corporation is a return IRB borrower. IFA issued \$3.57 million for Peddinghaus in 2007 – proceeds were used to purchase, rehab, and equip the Company’s 45,500 SF manufacturing facility located at 300 N. Washington in Bradley, located across the street from the Company’s existing Bradley facility.

Chairman Brandt and Mr. Frampton engaged in a discussion about the recent uptick in activity concerning Industrial Revenue Bonds.

## **VII. Committee Reports**

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

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



## VIII. Project Reports and Resolutions

Ms. O'Brien presented the following project:

### *Healthcare Projects*

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

**Southern Illinois Healthcare Enterprise, Inc.** is requesting approval of a **Final Bond Resolution** in an amount not-to-exceed **One Hundred Thirty-Five Million Dollars** (\$135,000,000). This financing is being presented for one-time consideration.

Southern Illinois Healthcare Enterprises, Inc., an Illinois not for profit corporation (the "**Corporation**"), has requested that the Authority issue in an aggregate principal amount not to exceed \$135,000,000 of revenue bonds consisting of (i) Revenue Bonds, Series 2014A (Southern Illinois Healthcare Enterprises, Inc.) (hereinafter, the "**Series 2014A Bonds**") and (ii) Revenue Bonds, Series 2014B (Southern Illinois Healthcare Enterprises, Inc.) (hereinafter, the "**Series 2014B Bonds**") and, together with the Series 2014A Bonds, the "**Series 2014 Bonds**") and loan the proceeds from the sale thereof to the Corporation in order to provide Southern Illinois Hospital Services, an Illinois not for profit corporation (hereinafter, the "**Hospital**") and, together with the Corporation, the "**Users**") and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Users for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Users, including (a) an Energy Center and certain related facilities adjacent to Memorial Hospital of Carbondale (hereinafter, "**MHC**"), (b) an approximately four-story addition to MHC, including an expansion of surgical and intensive care facilities, (c) expansion of the outpatient facilities at St. Joseph Memorial Hospital in Murphysboro, Illinois (hereinafter, "**SJMH**"), (d) the construction of an approximately 46,000 square foot Cancer Center in Carterville, Illinois, and (e) various other capital improvements to and routine capital equipment purchases for MHC, SJMH, Herrin Hospital in Herrin, and the Users' healthcare and corporate facilities; (ii) refund all or a portion of the Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Southern Illinois Healthcare Enterprises, Inc.) (hereinafter, the "**Prior Bonds**"); (iii) provide working capital to the Users, if deemed necessary or advisable by the Corporation or the Authority; (iv) pay a portion of the interest on the Series 2014 Bonds, if deemed necessary or advisable by the Corporation or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

Mr. Frampton presented the following resolution:

### *Resolutions*

**Item 5:** Item 5 is a Resolution Consenting to and Authorizing the Execution and Delivery by the Illinois Finance Authority of a First Amendment to the Bond and Loan Agreement Among the Authority, Practice Velocity Holdings, LLC and Riverside Community Bank Relating to the \$4,400,000 Aggregate Principal Amount of Midwestern Disaster Area Revenue Bonds, Series 2012 (Practice Velocity Holdings, LLC Project); and Concerning Related Matters.

Ms. Lenane presented the following resolutions:

**Item 6:** Item 6 is a Resolution Authorizing the Execution and Delivery of a First Supplemental Bond Indenture and First Supplemental Loan Agreement relating to Illinois Finance Authority Revenue Bonds, Series 2011 (Swedish Covenant Hospital); and Related Matters.

**Item 7:** Item 7 is a Resolution Amending Resolution 2014-0513-HC04 of the Illinois Finance Authority for the Purpose of Authorizing Drawdown Bonds to be Issued by the Illinois Finance Authority for the benefit of Freeport Regional Health Care Foundation and Freeport Memorial Hospital.

Ms. O'Brien presented the following resolution:

**Item 8:** Item 8 is a Clean Water Initiative - Resolution Authorizing and Approving an Amendment to the Memorandum of Agreement between the Illinois Finance Authority and the Illinois Environmental Protection Agency and the Execution and Delivery of Certain Documents Related Thereto.

Executive Director Meister presented the following resolutions:

**Item 9:** Item 9 is Resolution Providing for the Defeasance of Certain Outstanding Bonds; Authorizing the Execution and Delivery of Related Documents; and Related Matters.

**Item 10:** Item 10 is Resolution Approving the Schedule of Regular Meetings for Fiscal Year 2015

The Committee agreed to amend the schedule so that regular meetings of the Board for October 2014 and November 2014 are held on October 16, 2014 and on November 13, 2014, respectively.

#### **IX. Other Business**

None.

#### **X. Public Comment**

None.

#### **XI. Adjournment**

At the time of 10:32 a.m., Member Pedersen moved that the Committee do now adjourn until July 8, 2014, at 9:30 a.m.

Chairman Brandt seconded the motion.

The motion prevailed.

And the Committee stood adjourned.

Minutes published by:

Brad R. Fletcher

Assistant Secretary of the Board



## BOARD MINUTES

**ILLINOIS FINANCE AUTHORITY  
BOARD OF DIRECTORS  
REGULAR MEETING  
TUESDAY, JUNE 10, 2014  
10:40 A.M.**

### **I. Call to Order & Roll Call**

At the regular meeting of the Board of Directors of the Illinois Finance Authority (the “Board”), begun and held at One Prudential Plaza, 130 East Randolph Avenue, Suite 750, Chicago, Illinois 60601, on the second Tuesday of June in the year 2014, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the “Act”), William A. Brandt, Jr., Chairman of the Board, called the Board to order and presided over deliberations.

By direction of the Chairman, a roll call was taken to ascertain the attendance of Members, as follows: 10 Present.

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

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

June 10, 2014

0 YEAS

0 NAYS

10 PRESENT

P	Bronner (VIA AUDIO CONFERENCE)	P	Leonard	P	Poole
P	Fuentes	E	Lonstein	E	Tessler
E	Goetz	P	O’Brien	P	Vaught
E	Gold	E	Parish	P	Zeller
P	Knox	P	Pedersen	P	Mr. Chairman

E – Denotes Excused Absence

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

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

Chairman Brandt, Chairman, from the Committee of the Whole to which all items of this meeting's agenda were referred, action taken earlier on May 13, 2014, reported the same back and that all items were thoroughly reviewed.

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

Minutes of the regular meeting of the Board held on May 13, 2014 and the Financial Statements for the Month Ended May 31, 2014 were taken up for consideration.

Member Pedersen moved for the adoption of the Minutes and the Financial Statements.

Member O'Brien seconded the motion.

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

The motion prevailed and the Minutes and the Financial Statements were adopted and accepted, respectively.

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

See Agenda Item III.

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

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

Mr. Frampton presented the following project:

### ***Agriculture Projects***

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

**Colton R. Hamel** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **Seventy-Five Thousand Dollars** (\$75,000). This financing is being presented for one-time consideration.

Bond proceeds will be used to finance the acquisition of approximately 40 acres of farmland located in LaGrange Township in Bond County.

Member Pedersen moved for the adoption of the following project: Item 1(A).

Member Poole seconded the motion.

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

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

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

Mr. Frampton presented the following projects:

***Business and Industry Projects***

**Item 2:** Item 2 is a request for Industrial Revenue Bond financing.

**Peddinghaus Corporation** is requesting approval of a **Preliminary** Bond Resolution in an amount not-to-exceed **Four Million Dollars** (\$4,000,000).

Bond proceeds will be loaned to **Peddinghaus Corporation**, a Delaware corporation (hereinafter, the “**Borrower**”), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing all or a portion of the costs of (i) acquisition and installation of equipment at its existing manufacturing buildings located at 300 N. Washington Ave. and 301 N. Washington Ave., in Bradley (Kankakee County), Illinois, 60915, including necessary site work or improvements therein, all for use in expanding the Borrower’s manufacturing capabilities in production of its proprietary Computerized Numerical Control, or “CNC”, industrial metal machines, (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the “**Project**”).

Peddinghaus Corporation is a return IRB borrower. IFA issued \$3.57 million for Peddinghaus in 2007 – proceeds were used to purchase, rehab, and equip the Company’s 45,500 SF manufacturing facility located at 300 N. Washington in Bradley, located across the street from the Company’s existing Bradley facility.

***Healthcare Projects***

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

**Southern Illinois Healthcare Enterprise, Inc.** is requesting approval of a **Final** Bond Resolution in an amount not-to-exceed **One Hundred Thirty-Five Million Dollars** (\$135,000,000). This financing is being presented for one-time consideration.

Southern Illinois Healthcare Enterprises, Inc., an Illinois not for profit corporation (the “**Corporation**”), has requested that the Authority issue in an aggregate principal amount not to exceed \$135,000,000 of revenue bonds consisting of (i) Revenue Bonds, Series 2014A (Southern Illinois Healthcare Enterprises, Inc.) (hereinafter, the “**Series 2014A Bonds**”) and (ii) Revenue Bonds, Series 2014B (Southern Illinois Healthcare Enterprises, Inc.) (hereinafter, the “**Series 2014B Bonds**”) and, together with the Series 2014A Bonds, the “**Series 2014 Bonds**”) and loan the proceeds from the sale thereof to the Corporation in order to provide Southern Illinois Hospital Services, an Illinois not for profit corporation (hereinafter, the “**Hospital**”) and, together with the Corporation, the “**Users**”) and the Corporation, with all or a portion of the funds necessary to (i) pay or reimburse the Users for the costs of acquiring, constructing, remodeling, renovating and equipping certain health care facilities owned by the Users, including (a) an Energy Center and certain related facilities adjacent to Memorial Hospital of Carbondale (hereinafter, “**MHC**”), (b) an approximately four-story addition to MHC, including an expansion of surgical and intensive care facilities, (c) expansion of the outpatient facilities at St. Joseph Memorial Hospital in Murphysboro, Illinois (hereinafter, “**SJMH**”), (d) the construction of an approximately 46,000 square foot Cancer Center in Carterville, Illinois, and (e) various other capital improvements to and

routine capital equipment purchases for MHC, SJMH, Herrin Hospital in Herrin, and the Users' healthcare and corporate facilities; (ii) refund all or a portion of the Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Southern Illinois Healthcare Enterprises, Inc.) (hereinafter, the "**Prior Bonds**"); (iii) provide working capital to the Users, if deemed necessary or advisable by the Corporation or the Authority; (iv) pay a portion of the interest on the Series 2014 Bonds, if deemed necessary or advisable by the Corporation or the Authority; and (v) pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds and the refunding of the Prior Bonds, all as permitted by the Act (collectively, the "**Financing Purposes**").

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

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

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

Mr. Frampton presented the following resolutions:

- Item 4:** Item 4 is a Request by Forreton State Bank and Gerald A. Brechon to Release a Second Mortgage and record a New Second Mortgage in order to replace an existing \$698,691 Bank First Mortgage Loan with a new \$500,000 FSA Guaranteed First Mortgage Loan. Project collateral will continue to consist of a Grain Elevator, Farm Buildings and 50 acres of Farmland Pledged as Collateral for Illinois Finance Authority Agri-Debt Guarantee Loan No. 2011-DR-0601. Concurrently, the Bank will subordinate its existing \$698,691 First Mortgage Loan to a Third Mortgage Position, subordinate to both the IFA Agri-Debt Guaranteed Second Mortgage Loan with a current outstanding Second Mortgage balance of approximately \$484,047 and the new FSA Guaranteed \$500,000 First Mortgage Bank Loan.
- Item 5:** Item 5 is a Resolution Consenting to and Authorizing the Execution and Delivery by the Illinois Finance Authority of a First Amendment to the Bond and Loan Agreement Among the Authority, Practice Velocity Holdings, LLC and Riverside Community Bank Relating to the \$4,400,000 Aggregate Principal Amount of Midwestern Disaster Area Revenue Bonds, Series 2012 (Practice Velocity Holdings, LLC Project); and Concerning Related Matters.
- Item 6:** Item 6 is a Resolution Authorizing the Execution and Delivery of a First Supplemental Bond Indenture and First Supplemental Loan Agreement relating to Illinois Finance Authority Revenue Bonds, Series 2011 (Swedish Covenant Hospital); and Related Matters.
- Item 7:** Item 7 is a Resolution Amending Resolution 2014-0513-HC04 of the Illinois Finance Authority for the Purpose of Authorizing Drawdown Bonds to be Issued by the Illinois Finance Authority for the benefit of Freeport Regional Health Care Foundation and Freeport Memorial Hospital.
- Item 8:** Item 8 is a Clean Water Initiative - Resolution Authorizing and Approving an Amendment to the Memorandum of Agreement between the Illinois Finance Authority and the Illinois Environmental Protection Agency and the Execution and Delivery of Certain Documents Related Thereto.

**Item 9:** Item 9 is Resolution Providing for the Defeasance of Certain Outstanding Bonds; Authorizing the Execution and Delivery of Related Documents; and Related Matters.

Chairman Brandt presented the following resolution after reporting action was taken earlier on May 13, 2014 at the Committee of the Whole to amend the schedule so that regular meetings of the Board for October 2014 and November 2014 are held on October 16, 2014 and on November 13, 2014, respectively:

**Item 10:** Item 10 is Resolution Approving the Schedule of Regular Meetings for Fiscal Year 2015

Chairman Brandt asked for and, by unanimous consent, obtained leave to apply the results of the vote for Item 1 to the following resolutions: Items 4, 5, 6, 7, 8, 9 and 10.

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

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

None.

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

None.

#### **VIII. Adjournment**

Chairman Brandt reminded Members of the Board, Authority staff and all guests present that the next regular meeting of the Board will be held on July 8, 2014.

At the time of 10:52 a.m., Member Pedersen moved that the Board do now adjourn until July 8, 2014, at 10:30 a.m.

Member Leonard seconded the motion.

The motion prevailed.

And the Board stood adjourned.

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

**FINANCIAL ANALYSIS**

July 8, 2014

**V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS  
MONTHLY AND ANNUAL SUMMARY AS OF JUNE 30, 2014****1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME**

- a. Annual Operating Revenues totaled \$3.7 million, while annual Non-Operating Revenues totaled \$346 thousand. Total annual combined gross revenues of \$4.02 million are \$112 thousand or 3% below budget; due primarily to overall lower than anticipated administration and closing fees and lower interest income on loans. Monthly loan interest is averaging \$3 thousand per month and admin service fees of \$409 thousand booked in June was the highest total since last December.<sup>1</sup>
- b. In June, the Authority received admin/closing fees from *Centegra Health and Southern IL Healthcare* of \$197 thousand and \$138 thousand respectively. Monthly net investment income was lower, at a loss of -\$17 thousand, due to the liquidation of securities in preparation for the Illinois Rural Bond Bank defeasance. For the year, net investment income totaled \$62 thousand.
- c. Annual Operating Expenses before depreciation totaled \$3.8 million and annual Depreciation totaled \$46 thousand. Annual combined expenses of \$3.8 million are \$257 thousand or 6% below budget primarily due to lower than expected employee related expenses, including salaries and retirement costs.
- d. In June, total expenses decreased from May by greater than \$100 thousand, primarily due to lower professional service fees and accruals, but note that year end adjustments and accruals are still being posted as of the board date.
- e. The General Fund showed an Annual Net Loss of -\$14 thousand, while in June, net income totaled \$118 thousand. This is the first month in calendar year 2014 which has had a positive ending balance.
- f. Former State Treasurer funds in the amount of \$8.2 million for the Ambulance and Fire Truck Loan program are now invested with Clear Arc investment manager. The monies are being invested along with IFA's other Locally Held Funds.

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



## V. PRESENTATION AND CONSIDERATION OF THE FINANCIAL STATEMENTS MONTHLY AND ANNUAL SUMMARY AS OF JUNE 30, 2014 (CONT'D)

### 2. GENERAL OPERATING FUND ASSETS, LIABILITIES AND NET POSITION

- a. IFA continues to maintain a strong balance sheet. In the General Fund, total assets of just under \$50 million (consisting of cash, investments, and receivables) are 53 times the total liabilities of \$664 thousand. Unrestricted cash of \$24 million was transferred to an escrow account which will be used to defease outstanding Rural Bond Bank bonds. The investment managers, Clear Arc and Ziegler Capital currently hold \$21 million in remaining funds (in the General Fund).

### 3. FY14 FINANCIAL STATEMENT AUDIT and GASB UPDATE

- a. The FY14 financial audit is well underway with IFA working to close the books for FY14 and the auditors performing general fieldwork.
- b. In the presentation for the FY14 audited annual financial statements, the *Metro East Police District Commission* will be shown as a separate fiduciary fund and will have its own separate financials. A separate audit for Metro East will also begin shortly with IFA providing assistance to the Commission.
- c. Per *GASB Statement No. 65*, total deferred costs of issuance on debt are “*costs that the debt issuer pays directly to financial and legal advisors, the trustee (if any), paying agents, auditors, rating agencies and other providers of services to the issuer*”. Current balances for all funds on IFA’s books originate from the Bond Bank transactions and total \$233 thousand (including \$173 thousand in the General Fund). These costs were previously amortized (as assets) on IFAs books over the life of the bond and IFA will be removing this entire amount on its FY14 audited annual financial statements. This should also be noted for similar transactions in the future. Also, per *GASB Statement No. 65*, some balances previously reported as assets and liabilities will now be categorized as deferred outflows (similar to assets) and deferred inflows (similar to liabilities). For IFA, the biggest change would be the reporting for gains and losses attributable to refundings. These amounts will now be shown separately as a deferred outflow or inflow on the FY14 audited financial statements and going forward.
- d. Two new funds will be created as of June 30, 2014. One for the DACA student loan program and another for the new Local Government Borrowing Fund. The latter fund will replace the Rural Bond Bank (former Moral Obligation legacy program) and receive principal and interest payments from local government securities.



**ILLINOIS FINANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND NET INCOME**  
**GENERAL FUND**  
**FOR THE YEAR AS OF JUNE 30, 2014**  
**(PRELIMINARY AND UNAUDITED)**

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	BUDGET VS ACTUAL
<b>Operating revenues:</b>															
Interest on loans	13,138	13,012	11,444	10,262	9,746	13,572	9,848	7,530	3,830	3,196	3,262	3,102	101,942	161,148	(59,206)
Application fees	2,000	3,900	10,250	2,900	1,300	10,600	2,700	1,100	1,200	1,200	4,400	4,500	46,050	7,005	39,045
Annual fees	16,408	16,691	82,716	23,370	20,055	40,625	42,494	58,410	46,042	51,105	43,319	(34,801)	406,433	78,345	328,088
Administrative service fees	292,974	280,030	304,935	269,865	345,613	438,739	79,000	65,984	49,574	130,195	91,225	408,739	2,756,872	3,626,595	(869,723)
Miscellaneous	40	4,483	4,483	23,581	4,818	4,483	75,353	4,483	4,483	4,483	171,772	64,518	366,980	63,601	303,379
<b>Total operating revenues</b>	<b>\$ 324,560</b>	<b>\$ 318,115</b>	<b>\$ 413,828</b>	<b>\$ 329,978</b>	<b>\$ 381,532</b>	<b>\$ 508,018</b>	<b>\$ 209,395</b>	<b>\$ 137,506</b>	<b>\$ 105,128</b>	<b>\$ 190,179</b>	<b>\$ 313,978</b>	<b>\$ 446,058</b>	<b>\$ 3,678,277</b>	<b>\$ 3,936,694</b>	<b>(258,417)</b>
<b>Operating expenses:</b>															
Employee related expenses	148,641	162,492	146,273	140,293	141,625	141,237	154,491	158,227	156,641	162,867	159,570	176,098	1,848,456	2,044,511	(196,055)
Professional services	40,121	70,589	89,680	129,904	135,515	96,344	64,463	148,470	80,319	158,055	178,882	76,714	1,269,056	1,295,000	(25,944)
Occupancy costs	26,273	25,601	26,152	27,637	21,934	26,660	26,750	26,631	26,782	29,390	26,353	25,915	316,079	347,000	(30,921)
General & Administrative	23,225	28,092	26,238	30,662	26,938	30,193	23,397	24,934	26,978	29,899	26,411	28,352	325,318	329,300	(3,982)
<b>Total operating expenses before depreciation and amortization</b>	<b>\$ 238,259</b>	<b>\$ 286,775</b>	<b>\$ 288,343</b>	<b>\$ 328,496</b>	<b>\$ 326,012</b>	<b>\$ 294,434</b>	<b>\$ 269,102</b>	<b>\$ 358,262</b>	<b>\$ 290,720</b>	<b>\$ 380,212</b>	<b>\$ 391,216</b>	<b>\$ 307,079</b>	<b>\$ 3,758,909</b>	<b>\$ 4,015,811</b>	<b>\$ (256,902)</b>
<b>Operating income (loss) before depreciation and amortization</b>															
	86,300	31,341	125,486	1,483	55,520	213,584	(59,707)	(220,756)	(185,592)	(190,032)	(77,238)	138,979	(80,632)	(79,117)	(1,515)
Depreciation and Amortization	3,737	3,737	3,737	3,737	3,845	3,845	3,845	3,846	3,428	3,428	3,428	4,745	3,875	45,807	307
<b>Operating income (loss)</b>	<b>\$ 82,563</b>	<b>\$ 27,604</b>	<b>\$ 121,748</b>	<b>\$ (2,254)</b>	<b>\$ 51,675</b>	<b>\$ 209,739</b>	<b>\$ (63,552)</b>	<b>\$ (224,602)</b>	<b>\$ (189,020)</b>	<b>\$ (193,460)</b>	<b>\$ (81,984)</b>	<b>\$ 135,104</b>	<b>\$ (126,439)</b>	<b>\$ (124,617)</b>	<b>\$ (1,822)</b>
<b>Nonoperating revenues (expenses):</b>															
Bad Debt Adjustment	-	-	10,761	-	-	-	-	-	39,333	-	-	1,135	51,229	-	51,229
Interest and investment income	1,440	1,338	1,192	2,172	1,181	(2,386)	6,369	70,173	49,137	63,377	55,446	45,690	295,128	200,000	95,128
Realized Gain(loss) on sale of investments	-	-	-	-	-	-	-	(1,342)	(363)	(2,113)	(3,314)	(29,037)	(36,168)	-	(36,168)
Net appreciation (depreciation) in fair value of investments	-	-	-	-	-	-	(12,106)	(75,829)	(85,264)	24,509	(13,794)	(34,831)	(197,315)	-	(197,315)
<b>Total nonoperating revenues (expenses), net</b>	<b>\$ 1,440</b>	<b>\$ 1,338</b>	<b>\$ 11,954</b>	<b>\$ 2,172</b>	<b>\$ 1,181</b>	<b>\$ (2,386)</b>	<b>\$ (5,736)</b>	<b>\$ (6,998)</b>	<b>\$ 2,843</b>	<b>\$ 85,773</b>	<b>\$ 38,338</b>	<b>\$ (17,043)</b>	<b>\$ 112,874</b>	<b>\$ 200,000</b>	<b>(87,126)</b>
<b>Net Income/(Loss)</b>	<b>\$ 84,003</b>	<b>\$ 28,941</b>	<b>\$ 133,702</b>	<b>\$ (83)</b>	<b>\$ 52,856</b>	<b>\$ 207,353</b>	<b>\$ (69,288)</b>	<b>\$ (231,600)</b>	<b>\$ (186,177)</b>	<b>\$ (107,687)</b>	<b>\$ (43,646)</b>	<b>\$ 118,061</b>	<b>\$ (13,566)</b>	<b>\$ 75,383</b>	<b>(88,949)</b>

Note: The sum of some amounts may not equal the total due to rounding



**ILLINOIS FINANCE AUTHORITY  
STATEMENT OF NET POSITION  
GENERAL FUND**

For the Twelve Months Ended June 30, 2014  
**(PRELIMINARY AND UNAUDITED)**

	FY 2014 AS OF JUNE 30, 2014
<b>ASSETS:</b>	
CASH & INVESTMENTS, UNRESTRICTED	23,283,956
ACCOUNTS RECEIVABLES, NET	324,160
LOANS RECEIVABLES, NET	1,562,110
NOTES AND INTEREST RECEIVABLES	468,336
PREPAID EXPENSES	53,217
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 25,691,778</b>
CASH & INVESTMENTS, RESTRICTED <sup>1</sup>	23,978,327
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	119,372
DEFERRED COST OF ISSUANCE <sup>2</sup>	172,626
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$ 24,270,325</b>
<b>TOTAL ASSETS</b>	<b>\$ 49,962,103</b>
<b>LIABILITIES:</b>	
CURRENT LIABILITIES	411,052
LONG-TERM LIABILITIES	252,949
<b>TOTAL LIABILITIES</b>	<b>\$ 664,001</b>
<b>NET POSITION:</b>	
NET INVESTMENT IN CAPITAL ASSETS	119,372
RESTRICTED	23,978,327
UNRESTRICTED	25,213,968
CHANGE IN NET POSITION <sup>3</sup>	(13,566)
<b>TOTAL NET POSITION</b>	<b>\$ 49,298,102</b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 49,962,103</b>

**Note: The sum of some amounts may not equal the total due to rounding**

<sup>1</sup> This balance represents cash amounts deposited into an escrow account for the IRBB Defeasance.

<sup>2</sup> Per GASB Statement No. 65, deferred issuance costs will no longer be considered assets and will k

<sup>3</sup> The Change in Net Position is equal to Net Income for the period presented.

**ILLINOIS FINANCE AUTHORITY QUICK DATA**

For the Year As of June 30, 2014

**(GENERAL FUND)<sup>1</sup>**

FINANCIAL CATEGORIES	MONTHLY COMPARISON		ANNUAL COMPARISON	
	MAY 2014	JUNE 2014	FISCAL YTD 2013	FISCAL YTD 2014
<b>PROFITABILITY ANALYSIS<sup>2</sup></b>				
Total Operating Revenues	310,664	446,058	4,603,513	3,678,277
Total Operating Expenses	395,962	310,954	3,813,410	3,804,716
Operating income (loss)	(85,298)	135,104	790,103	(126,439)
Total nonoperating revenues (expenses), net	41,652	(17,043)	797,971	112,874
<b>Net Income/(Loss)</b>	<b>(43,646)</b>	<b>118,061</b>	<b>1,588,074</b>	<b>(13,566)</b>
<b>Operating Profit Margin</b>	<b>-27.5%</b>	<b>30.3%</b>	17.2%	<b>-3.4%</b>
<b>Net Profit Margin</b>	<b>-14.0%</b>	<b>26.5%</b>	34.5%	<b>-0.4%</b>
<b>DEBT RATIOS AND LIQUIDITY ANALYSIS<sup>2</sup></b>				
Total Assets	49,985,788	49,962,104	50,436,408	49,962,104
Total Liabilities	805,745	664,001	1,124,739	664,001
Total Equity	49,180,043	49,298,103	49,311,669	49,298,103
<b>Debt to Assets</b>	1.6%	1.3%	2.2%	1.3%
<b>Debt to Equity</b>	2%	1%	2%	1%
Net Income	(43,646)	118,061	1,588,074	(13,566)
Total Assets	49,985,788	49,962,104	50,436,408	49,962,104
<b>Return on Assets (ROA)</b>	<b>-0.09%</b>	<b>0.24%</b>	3.15%	<b>-0.03%</b>
Current Assets			49,168,921	25,638,562
Prepaid Expenses			71,733	53,217
Current Liabilities			822,478	411,052
<b>Net Working Capital</b>			48,346,443	25,227,510
<b>Current Ratio</b>			59.78	62.37
<b>Quick Ratio</b>			59.69	62.24

DEBT AND INVESTMENTS	MONTHLY COMPARISON		ANNUAL COMPARISON	
	MAY 2014	JUNE 2014	FISCAL YTD 2013	FISCAL YTD 2014
<b>INVESTMENT SUMMARY AND RETURNS<sup>3</sup></b>				
<b>Total \$ Held-Clear Arc</b>	<b>32,677,765</b>	<b>16,154,485</b>	-	<b>16,154,485</b>
Additional \$ Deposited	-	-	-	-
Unrealized Gain/(Loss)	(2,584)	(29,214)	-	(29,214)
Realized Gain/(Loss)	(2,442)	(27,048)	-	(27,048)
Accrued Interest Income	151,510	62,792	-	62,792
<b>Estimated Annual Income</b>	<b>529,338</b>	<b>249,305</b>	-	<b>249,305</b>
<b>Total \$ Held-Ziegler</b>	<b>8,762,085</b>	<b>4,717,413</b>	-	<b>4,717,413</b>
Additional \$ Deposited	-	-	-	-
Unrealized Gain/(Loss)	(11,431)	(5,581)	-	(5,581)
Realized Gain/(Loss)	(872)	(1,804)	-	(1,804)
Accrued Interest Income	64,742	33,705	-	33,705
<b>Estimated Annual Income</b>	<b>179,270</b>	<b>82,317</b>	-	<b>82,317</b>
<b>BOND METRICS</b>				
Conduit Debt Issued and Outstanding	24,126,945,742	24,421,157,725	24,406,056,830	24,421,157,725
Bonds Issued and Outstanding	1,815,666,182	2,099,316,751	2,260,786,753	2,099,316,751
Bonds Refunded	856,578,423	856,578,423	1,043,738,132	856,578,423
Beginning Farmer Bonds	3,073,182	3,654,751	4,461,655	3,654,751
Total General Moral Obligation Bonds	70,825,000	69,955,000	75,680,000	69,955,000
Total State Component Unit Bonds	159,549,666	159,805,164	128,344,739	159,805,164
<b>LOAN METRICS</b>				
# of Participation & "At Risk" Loans	19	19	29	19
\$ of Outstanding Participation Loans	3,533,148	3,511,955	6,365,813	3,511,955
Net Adj of \$ IFDA Defaults-\$ Bad Debt	0	0	0	0
Principal Reduction	48,355	21,193	28,544	21,193
Accrued Interest Due	5,390	7,057	35,718	7,057
Bad Debt Write-Offs	0	0	-	0
\$ 30+ Days Delinquent	111,337	111,337	N/A	111,337
# of Guaranteed Loans, Debt Restr. etc.	79	79	102	79
\$ of Guaranteed Loans, Debt Restr. etc.	19,404,151	19,080,977	26,137,039	19,080,977
Total \$ Guaranteed (85%)	16,485,038	16,210,340	22,204,839	16,210,340
Pay Certs/Invoices Not Paid	8,172	1,687	N/A	1,687

Notes:

<sup>1</sup>The financial data on this sheet is from the General Fund (01) only.

<sup>2</sup>Financial Statement Ratios:

<sup>a</sup>The operating profit margin is obtained by subtracting the sum of the company's operating expenses from net revenues.

<sup>b</sup>The current ratio is a popular financial ratio used to measure the proportion of short term (<1 yr) assets available to cover short term liabilities. The higher the ratio, the better.

<sup>c</sup>The quick ratio - aka the acid-test ratio - further refines the current ratio by measuring only the most liquid current assets against current liabilities.

<sup>d</sup>The return on assets (ROA) ratio illustrates how efficient management is in utilizing its asset base. Rule of thumb is no less than 5% or 1.5% for banks.

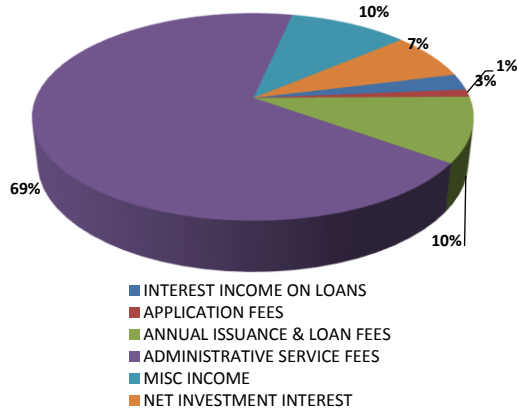
<sup>e</sup>This debt to assets ratio compares a company's total debt to its total assets. **As a reminder, the majority of IFA's debt is in the Bond Fund.** The lower the percentage, the stronger the equity position.

<sup>f</sup>This debt to equity ratio compares a company's total debt to its total equity. **As a reminder, the majority of IFA's debt is in the Bond Fund.** The lower the percentage, the stronger the equity position.

<sup>3</sup>The investment data source(s) are the monthly account statements from Amalgamated Bank. General Ledger entries may differ slightly due to timing and previous book values.

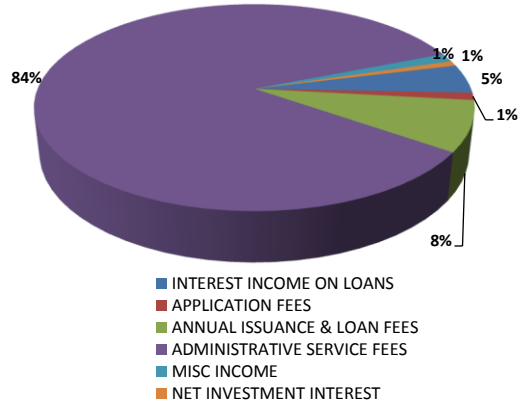
**FY 14 Revenue Distribution Chart**  
For the Twelve Months  
Ending June 30, 2014

REVENUE DESCRIPTION	\$ AMT
INTEREST INCOME ON LOANS	101,942
APPLICATION FEES	46,050
ANNUAL ISSUANCE & LOAN FEES	406,433
ADMINISTRATIVE SERVICE FEES	2,756,872
MISC INCOME	418,209
NET INVESTMENT INTEREST	295,128
<b>TOTAL REVENUES</b>	<b>4,024,634</b>



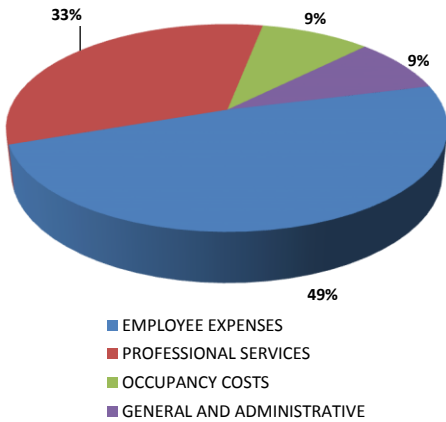
**FY 13 Revenue Distribution Chart**  
For the Twelve Months  
Ending June 30, 2013

REVENUE DESCRIPTION	\$ AMT
INTEREST INCOME ON LOANS	209,752
APPLICATION FEES	53,400
ANNUAL ISSUANCE & LOAN FEES	366,358
ADMINISTRATIVE SERVICE FEES	3,912,338
MISC INCOME	61,665
NET INVESTMENT INTEREST	36,402
<b>TOTAL REVENUES</b>	<b>4,639,914</b>



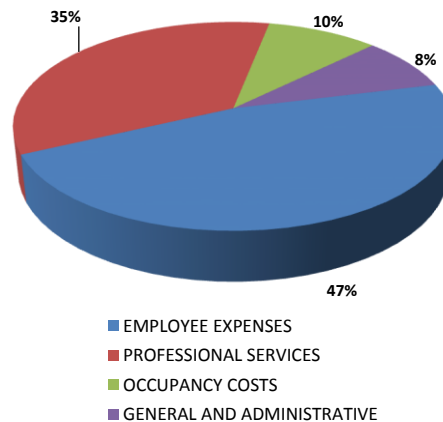
**FY 14 Expense Distribution Chart**  
For the Twelve Months  
Ending June 30, 2014

EXPENSE DESCRIPTION	\$ AMT
EMPLOYEE EXPENSES	1,848,456
PROFESSIONAL SERVICES	1,269,056
OCCUPANCY COSTS	361,886
GENERAL AND ADMINISTRATIVE	325,318
<b>TOTAL EXPENSES</b>	<b>3,804,716</b>



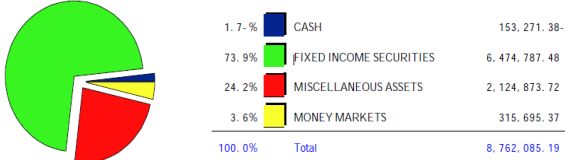
**FY 13 Expense Distribution Chart**  
For the Twelve Months  
Ending June 30, 2013

EXPENSE DESCRIPTION	\$ AMT
EMPLOYEE EXPENSES	1,789,531
PROFESSIONAL SERVICES	1,337,637
OCCUPANCY COSTS	367,839
GENERAL AND ADMINISTRATIVE	318,403
<b>TOTAL EXPENSES</b>	<b>3,813,410</b>

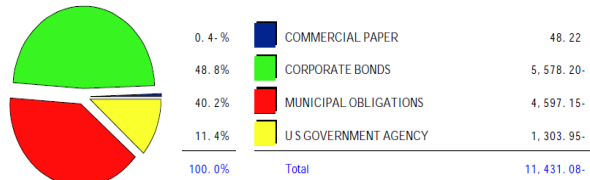


**Ziegler as of May 31, 2014**

Investment Review - Summary Of General Investments  
Investment Allocation



Preliminary Schedule Of Market To Market  
Unrealized Gain/loss  
Unrealized Gains & Losses Allocation

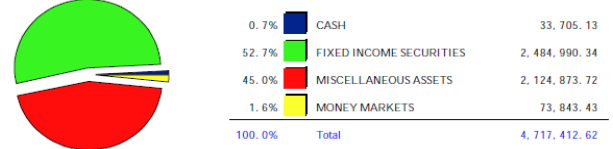


Adj. Beginning Balance <sup>2</sup>	8,760,076
Unrealized Gain/(Loss)	(11,431)
Realized Gain/(Loss)	(872)
Disbursements & Misc. Receipts	-
Net Interest Received(after accruals)	14,312
<b>Ending Balance</b>	<b>\$ 8,762,085</b>

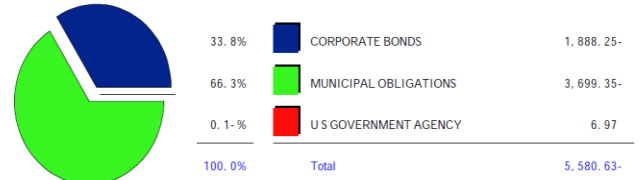
<sup>2</sup> Includes fees of \$375 and disbursements of \$150,000

**Ziegler as of June 30, 2014**

Investment Review - Summary Of General Investments  
Investment Allocation



Schedule Of Market To Market  
Unrealized Gain/loss  
Unrealized Gains & Losses Allocation



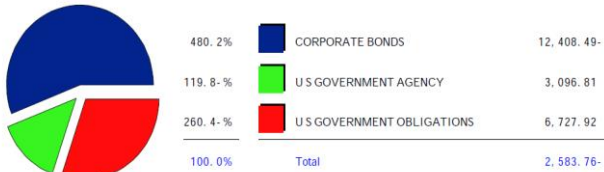
Adj. Beginning Balance	8,762,085
Unrealized Gain/(Loss)	(5,581)
Realized Gain/(Loss)	(1,804)
Disbursements & Misc. Receipts	(4,046,164)
Net Interest Received(after accruals)	8,876
<b>Ending Balance</b>	<b>\$ 4,717,412</b>

**Clear Arc as of May 31, 2014**

Investment Review - Summary Of General Investments  
Investment Allocation



Preliminary Schedule Of Market To Market  
Unrealized Gain/loss  
Unrealized Gains & Losses Allocation

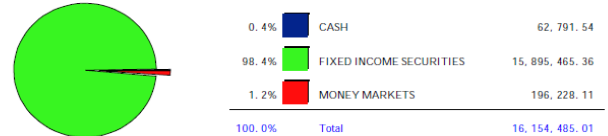


Adj. Beginning Balance <sup>3</sup>	32,637,262
Unrealized Gain/(Loss)	(2,584)
Realized Gain/(Loss)	(2,442)
Disbursements & Misc. Receipts	-
Net Interest Received (after accruals)	45,528
<b>Ending Balance</b>	<b>\$ 32,677,765</b>

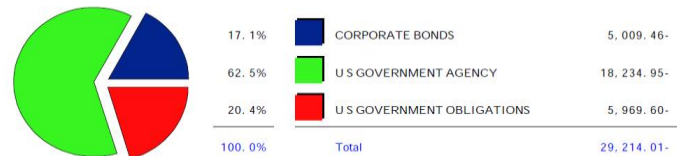
<sup>3</sup> Includes fees of \$375 and disbursements of \$3,333.81

**Clear Arc as of June 30, 2014**

Investment Review - Summary Of General Investments  
Investment Allocation



Schedule Of Market To Market  
Unrealized Gain/loss  
Unrealized Gains & Losses Allocation



Adj. Beginning Balance	32,677,765
Unrealized Gain/(Loss)	(29,214)
Realized Gain/(Loss)	(27,048)
Disbursements & Misc. Receipts	(16,500,000)
Net Interest Received (after accruals)	32,982
<b>Ending Balance</b>	<b>\$ 16,154,485</b>



**ILLINOIS FINANCE AUTHORITY  
MEMORANDUM**

**To:** Illinois Finance Authority Board of Directors  
**From:** Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer  
**Date:** July 8, 2014  
**Re:** Monthly Procurement Report

**NEW CONTRACTS/RENEWALS EXECUTED**

<b>Services Provided</b>	<b>Vendor</b>	<b>Initial/ Renewal Term</b>	<b>Start/End</b>	<b>Total Final NTE Value</b>	<b>Total Prior Contract NTE Value</b>	<b>Total Prior Contract Expense</b>	<b>Avg Yrly Prior Contract Expense</b>
Financial Advisory Services*	Acacia Financial Group ( <i>Fmr Contract 60 mos</i> )	36	07/14-06/16	\$ 525,000	\$ 887,500	\$ 474,325	\$ 94,865
Financial Advisory Services*	Sycamore Advisors, LLP ( <i>Fmr Contract Vendor: PFM/60 mos</i> )	36	07/14-06/16	\$ 525,000	\$ 887,500	\$ 483,845	\$ 96,769
Internal Auditing Services	Clifton Larson Allen, LLP ( <i>Fmr Contract Vendor: Crowe Howarth/36 mos</i> )	60	07/14-06/19	\$ 300,000	\$ 150,000	\$ 119,334	\$ 39,778
Loan Management and Servicing	Mabsco Capital Inc. ( <i>1 Yr. Renewal</i> )	12	07/14-06/15	\$ 100,000	\$ 100,000	\$ 100,000	N/A
Insurance Broker	Mesirow Insurance Services, Inc. ( <i>1 Yr. Renewal</i> )	12	06/14-06/15	\$ 22,900	\$ 22,900	\$ 22,900	N/A
Legislative Services	Howard Kenner Gov't Consulting ( <i>1 Yr. Renewal</i> )	12	07/14-06/15	\$ 60,000	\$ 60,000	\$ 60,000	N/A
Payroll and Benefit Services	ADP Total Source ( <i>1 Yr. Board Approved Sole Source</i> )	12	07/14-06/15	\$ 233,000	\$ 233,000	\$ 233,000	N/A

**CONTRACT RENEWALS**

<b>Services Provided</b>	<b>Vendor</b>	<b>Renewal Term</b>	<b>Start/End</b>	<b>Total Proposed NTE Value</b>	<b>Total Current Contract NTE Value</b>	<b>Total Current Contract Expense</b>	<b>Avg Yrly Current Contract Expense</b>
Marketing Services	Hill Knowlton- <i>Renewal Pending Board Approval(Initial Term was 24 mos)</i>	12	09/14-08/15	\$ 75,000	\$ 150,000	\$ 104,541	\$ 52,271
Marketing Services	Marj Halperin- <i>Renewal Pending Board Approval(Initial Term was 24 mos)</i>	12	09/14-08/15	\$ 75,000	\$ 150,000	\$ 74,735	\$ 37,368

**NEW CONTRACTS**

<b>Services Provided</b>	<b>Vendor</b>	<b>Initial Term</b>	<b>Start/End</b>	<b>Total Final NTE Value</b>	<b>Prior Contract NTE Value</b>	<b>Prior Contract Expense</b>	<b>Avg Yrly Prior Contract Expense</b>
Assist with Financial and Compliance Audits	Whittaker and Associates, LLP ( <i>No Board Action-Small Purchase \$20,000</i> )	12	06/14-06/15	\$ 20,000	N/A	N/A	N/A

Verification Agent/CPA Services for IRBB*	Robert Thomas, CPA ( <i>No Board Action-Small Purchase \$20,000</i> )	12	06/14-06/15	\$	20,000	N/A	N/A	N/A
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**UPCOMING SOLICITATIONS**

Services Provided	Vendor	Initial Term	Start/End	NTE Value	Prior Contract NTE Value	Prior Contract Expense	Prior Contract Expense
Energy Efficiency Lease Financing Opportunity	To be provided for August 2014 Board Meeting	NTE 120	08/14-06/24	N/A	N/A	N/A	N/A
Debt Management Software Application	To be provided for August 2014 Board Meeting	36	08/14-07/17	N/A	N/A	N/A	N/A
Accounting and Auditing Pool	To be provided for August 2014 Board Meeting	36	08/14-07/17	N/A	N/A	N/A	N/A

**PROPOSED CHANGES TO IFA PROCUREMENT POLICY**

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

**ILLINOIS PROCUREMENT CODE ACTIVITIES (NO BOARD ACTION NEEDED)**

Services Provided	Vendor	Initial Term	Start/End	Total Final NTE Value	Total Current Contract NTE Value	Total Current Contract Expense	Avg Yrly Current Contract Expense
Paying Agent/Custodian*	US Bank- <i>Receipt and Disbursement of IL Rural Bond Bank Program Payments</i>	12	06/14-06/15	\$ 24,000	\$ 29,000	\$ 29,000	N/A
Digital Postage Machine	Neopost- <i>Renewal in Progress</i>	36	07/11-06/14	\$ 1,508	\$ 1,508	\$ 1,508	\$ 503
Financial Services/MSRB & EMMA Reporting	Bloomberg Finance L.P.- <i>Pending CPO Approval</i>	12	07/14-06/15	\$ 24,000	N/A	N/A	N/A
Shredding of confidential documents	Paper Tiger Document Solutions- <i>Related to IFA Move to Bilandic/Mgmt Currently Reviewing</i>	12	11/13-10/14	\$ 4,500	\$ 4,500	\$ 4,500	N/A
Office Lease - Chicago	BFPRU I, LLC- <i>IFA Mgmt Currently Reviewing</i>						Predecessor Agency

*\*Expense amounts reported are for the General Fund only. Additional amounts may have been paid directly from bond issuance proceeds/related cost of issuance accounts.*



**Illinois Finance Authority**  
**Schedule of Financial Advisor Expenses (General Fund)**  
**From 2010 thru 2014**

**Acacia**

FY10	120,384
FY11	168,552
FY12	39,611
FY 13:	36,606
FY 14:	109,172
<b>Estimated Current Contract:</b>	<b><u>\$ 474,325</u></b>

**Scott Balice/PFM**

FY10	120,384
FY11	168,552
FY12	39,611
FY12	24,948
FY 13	78,474
FY 14	51,876
<b>Estimated Current Contract:</b>	<b><u>\$ 483,845</u></b>

**Illinois Finance Authority  
Schedule of Marketing Expenses  
From 2009 thru 2014**

**Hill & Knowlton**

2010	9,654.00		
2011	31,514.25		
2012	17,013.25		
2013	85,355.25		
2014	19,186.00		
<b>Estimated Current Contract:</b>		\$	104,541.25
<b>Average Yearly Current Contract Expense:</b>		\$	52,270.63

(Current Contract dates 8/28/12-8/31/2014) (NTE \$150,000)

**Marj Halperin**

2009	23,611.50		
2010	76,126.25		
2011	63,700.00		
2012	39,788.75		
2013	44,018.75		
2014	30,716.25		
<b>Estimated Current Contract:</b>		\$	74,735.00
<b>Average Yearly Current Contract Expense:</b>		\$	37,367.50

(Current Contract dates 8/28/12-8/31/2014) (NTE \$150,000)

July 8, 2014

**\$4,000,000 (not-to-exceed amount)**  
**Peddinghaus Corporation**

<p><b>REQUEST</b></p>	<p><b>Purpose:</b> Bond proceeds will be loaned to <b>Peddinghaus Corporation</b>, a Delaware corporation (the “<b>Borrower</b>” or the “<b>Company</b>”), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing all or a portion of the costs of (i) acquisition and installation of equipment at its existing manufacturing buildings located at 300 N. Washington Ave. and 301 N. Washington Ave., in Bradley (Kankakee County), Illinois, 60915, including necessary site work or improvements therein, all for use in expanding the Borrower’s manufacturing capacity of its proprietary steel fabrication machines, (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the “<b>Project</b>”).</p> <p><b>Program:</b> Industrial Revenue Bond</p> <p><b>Volume Cap required:</b> This Project is expected to require an anticipated \$4.0MM of IFA 2014 Volume Cap.          No IFA Funds at risk. No State Funds at risk.</p>																				
<p><b>BOARD ACTION</b></p>	<p>Final Bond Resolution</p> <p>Voting Record (June 10, 2014) – Preliminary Bond Resolution: 10 Yeas; 0 Nays; 0 Abstain; 5 Absent.</p>																				
<p><b>MATERIAL CHANGES</b></p>	<p>None.</p>																				
<p><b>JOB DATA</b></p>	<table border="0"> <tr> <td>286</td> <td>Current jobs</td> <td>6</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>18-20 Peak</td> <td>Construction jobs projected (4-6 months)</td> </tr> </table>	286	Current jobs	6	New jobs projected	N/A	Retained jobs	18-20 Peak	Construction jobs projected (4-6 months)												
286	Current jobs	6	New jobs projected																		
N/A	Retained jobs	18-20 Peak	Construction jobs projected (4-6 months)																		
<p><b>BORROWER DESCRIPTION</b></p>	<ul style="list-style-type: none"> <li>• Type of entity: Manufacturer of heavy pieces of machinery and equipment designed for cutting, drilling and punching heavy structural steel and plate steel.</li> <li>• Location: Bradley/Kankakee/Northeast</li> <li>• A key element of the Company's strategy is to expand its market share in Heavy Computerized Numerical Control (“CNC”) Machines used in structural steel and heavy plate steel fabrication, both domestically and worldwide.</li> <li>• IFA issued \$3,570,000 of Industrial Development Revenue Bonds on behalf of the Borrower in 2007. Bond proceeds were loaned to the Borrower to finance all or a portion of the costs of (i) the construction and equipping of a new, approximately 45,500 square foot manufacturing facility on a vacant parcel of land owned by the Borrower and located at 300 N. Washington Ave. in Bradley, Illinois, for use by the Borrower in the manufacturing of the Borrower’s proprietary cutting, slitting, and punch press industrial machines (the “<b>2007 Project</b>”).</li> </ul>																				
<p><b>CREDIT INDICATORS</b></p>	<ul style="list-style-type: none"> <li>• The Series 2014 Bond will be purchased directly by First American Bank Corporation (“First American”) a direct investment. First American will be the secured lender and direct bond investor.</li> </ul>																				
<p><b>STRUCTURE</b></p>	<ul style="list-style-type: none"> <li>• Term: Not-to-exceed 10 years (anticipated maximum term of 7 years, (i.e., 84 months) on equipment).</li> <li>• Rate: The Series 2014 Bond will be purchased directly by First American Corp. as a direct investment and is expected to bear a floating interest rate until maturity, currently estimated at between 3.0% and 4.0%.</li> </ul>																				
<p><b>SOURCES AND USES</b></p>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bond</td> <td>\$4,000,000</td> <td>Equipment</td> <td>\$3,890,000</td> </tr> <tr> <td>Equity</td> <td><u>160,000</u></td> <td>Site Work</td> <td>200,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td><u>70,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$4,160,000</u></b></td> <td><b>Total</b></td> <td><b><u>\$4,160,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bond	\$4,000,000	Equipment	\$3,890,000	Equity	<u>160,000</u>	Site Work	200,000			Costs of Issuance	<u>70,000</u>	<b>Total</b>	<b><u>\$4,160,000</u></b>	<b>Total</b>	<b><u>\$4,160,000</u></b>
<b>Sources:</b>		<b>Uses:</b>																			
IFA Bond	\$4,000,000	Equipment	\$3,890,000																		
Equity	<u>160,000</u>	Site Work	200,000																		
		Costs of Issuance	<u>70,000</u>																		
<b>Total</b>	<b><u>\$4,160,000</u></b>	<b>Total</b>	<b><u>\$4,160,000</u></b>																		
<p><b>RECOMMENDATION</b></p>	<p>Credit Review Committee recommends approval.</p>																				

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
July 8, 2014**

**Project: Peddinghaus Corporation**

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**STATISTICS**

IFA Project:	I-ID-TE-CD-8687	Amount:	\$4,000,000 ( <i>not-to-exceed amount</i> )
Type:	Industrial Revenue Bond	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Bradley	County/ Region:	Kankakee / Northeast

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**BOARD ACTION**

Final Bond Resolution	
Conduit Industrial Revenue Bond	No IFA funds at risk
Credit committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

Voting Record (June 10, 2014) – Preliminary Bond Resolution: 10 Yeas; 0 Nays; 0 Abstain; 5 Absent.

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**PURPOSE**

Bond proceeds will be loaned to Peddinghaus Corporation, a Delaware corporation (the “Borrower” or the “Company”), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing all or a portion of the costs of (i) acquisition and installation of equipment at its existing manufacturing buildings located at 300 N. Washington Ave. and 301 N. Washington Ave., in Bradley (Kankakee County), Illinois, 60915, including necessary site work or improvements therein, all for use in expanding the Borrower’s manufacturing capabilities to produce proprietary drilling, sawing, punching, and thermal cutting CNC steel fabrication equipment, (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the “Project”).

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**IFA PROGRAM AND CONTRIBUTION**

The Authority’s Industrial Revenue Program provides tax-exempt financing for qualifying manufacturing projects.

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**VOLUME CAP**

The Authority’s Industrial Revenue Bond Program provides low interest rate financing for qualifying manufacturing projects. IFA’s issuance of the Industrial Revenue Bond will enable the Borrower to obtain a lower interest rate on this capital project. It is anticipated that IFA will provide 100% of the Volume Cap allocation required to finance the Project (i.e., anticipated amount of \$4.0MM).

**SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bond	\$4,000,000	Equipment:	\$3,890,000
Equity	<u>160,000</u>	Site Work:	200,000
		Costs of Issuance:	<u>70,000</u>
<b>Total</b>	<b><u>\$4,160,000</u></b>	<b>Total</b>	<b><u>\$4,160,000</u></b>

**JOBS**

Current employment:	286	New jobs projected:	6
Jobs retained:	N/A	Construction jobs projected:	18-20 Peak (4-6 months)

**FINANCING SUMMARY**

Structure:	The conduit Industrial Revenue Bond will be purchased directly by First American Bank Corporation as the Direct Investor/Lender.
Interest Rate:	The Bond will be purchased directly by First American Bank Corp. as a direct investment and is expected to bear a variable interest rate that would be reset periodically until maturity, with a current rate estimated at between 3.0% and 4.0% based on current market conditions.
Bank Collateral:	First American Bank Corp. will be secured by a first lien on the financed equipment, and a blanket first security interest on real estate, and all other corporate assets.
Maturity:	Not-to-exceed 10 years (anticipated maximum of 7 years (i.e., 84 months) on equipment)
Closing:	July 2014

**BUSINESS SUMMARY**

Description: **Peddinghaus Corporation** (“**Peddinghaus**” or the “**Borrower**”) was founded in 1903 by Paul Peddinghaus in Gevelsberg, Germany. Peddinghaus is in its fourth generation of family ownership and is currently managed by Carl “Anton” Peddinghaus. Peddinghaus was incorporated under Delaware law on May 4, 1977.

Owners of 7.5% or more of Peddinghaus are identified in the Economic Disclosure Statement section of this report (see p. 4).

Background: Since inception, Peddinghaus has served the steel construction, plate fabrication and metal working industries by designing and manufacturing steel fabrication machines used in cutting, drilling, and punching applications. Peddinghaus machines are used worldwide to process structural steel used in the construction of steel bridges, stadiums, high-rise buildings, and other steel-framed buildings worldwide. According to the Company’s management, Peddinghaus is a global leader providing innovative machine tool technology for structural steel and plate fabrication.

Peddinghaus is headquartered in Bradley, Illinois and employs approximately 286 FTEs, with engineering facilities in Andrews, South Carolina and Vitoria, Spain. International sales and service affiliates are located in Gevelsberg, Germany, the UK, Netherlands, Hong Kong, and Mexico. The shares of the Company are held in the Peddinghaus Family Trust.

IFA issued approximately \$3.57MM of Industrial Development Revenue Bonds in 2007 that financed the construction and equipping of a manufacturing facility (comprising approximately 45,000 SF) on vacant land owned by the Borrower that enabled the Company to expand its

operations in Bradley with a second production facility (located across the street from the Company's original Bradley facility). All payments on the IFA Series 2007 Bonds have been paid as scheduled and are current.

Peddinghaus' Bradley, IL production facilities are located in the DCEO-designated *Kankakee River Valley Enterprise Zone*.

Rationale: The proposed project will enable Peddinghaus Corporation to increase production capacity of its steel fabrication machines used in cutting, drilling, and punching heavy structural steel and plate steel.

Tax-Exempt Industrial Revenue Bond financing will help the Borrower finance its capital intensive growth at a significantly lower interest rate and enable the Company to maintain more competitive pricing against worldwide competition.

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be loaned to Peddinghaus Corporation, a Delaware corporation (the "Borrower"), for the purpose of providing the Borrower with all or a portion of the funds for the purpose of assisting in financing all or a portion of the costs of (i) acquisition and installation of equipment at its existing manufacturing buildings located at 300 N. Washington Ave. and 301 N. Washington Ave., in Bradley (Kankakee County), Illinois, 60915, including necessary site work or improvements therein, all for use in expanding the Borrower's manufacturing capabilities to produce proprietary drilling, sawing, punching, and thermal cutting CNC equipment for the metal working and fabricating industries, (ii) paying capitalized interest, if deemed necessary or desirable by the Borrower, and (iii) paying bond issuance costs, all as permitted by the Act (collectively, the "Project").

Estimated Project costs consist of the following:

Equipment	\$3,890,000
Site Work	<u>200,000</u>
<b>Total New Money Project Costs</b>	<b><u>\$4,090,000</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Peddinghaus Corporation, c/o Greg Kubick, Chief Financial Officer, 300 North Washington Avenue, Bradley (Kankakee County), Illinois 60915; Ph.: 815-937-3800

Website: [www.peddinghaus.com](http://www.peddinghaus.com)

Project name: IFA Industrial Revenue Bond (Peddinghaus Corporation Project), Series 2014

Location: 300 N. Washington Ave., Bradley, Kankakee County, IL 60915

Ownership

Information: All management employees or individuals holding a 7.5% or greater ownership interest (i.e., IFA private company disclosure threshold) in Peddinghaus Corporation are listed below:

- Carl U. Peddinghaus Trust (Bradley, IL) 65.8%\*
- Verena Peddinghaus (Germany) 11.4%
- Barbara Peddinghaus (Germany) 11.4%
- Alexandra Peddinghaus (Germany) 11.4%

\* Note: Carl G. Peddinghaus, CEO/President, owns a 26% pro rata share of common stock of Peddinghaus Corporation through the Carl U. Peddinghaus Trust.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Peddinghaus Corporation (in-house)	Bradley, IL	David D. Zeglis
Accounting:	Smith, Koelling, Dykstra & Ohm, P.C.	Bourbonnais, IL	
Bank (Direct Purchaser/ Lender):	First American Bank Corp.	Elk Grove Village, IL	Steve Eikenberry Mark Kroencke
Bond Counsel:	Ice Miller LLP	Chicago, IL	Jim Snyder Enzo Incandela
Bank Counsel:	First American Bank Corp. (in-house)	Elk Grove Village, IL	James Benton
IFA Counsel:	Miller, Hall & Triggs LLP	Peoria, IL	Richard Joseph
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	2
State Senate:	40
State House:	79

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**\$2,250,000**

**MDC Bloomington, LLC**

**(Central Illinois Regional Airport at Bloomington-Normal Project)**

July 8, 2014

<p><b>REQUEST</b></p>	<p><b>Purpose:</b> Bond proceeds will be loaned to <b>MDC Bloomington, LLC</b> (the “<b>Borrower</b>”) for the purpose of financing all or a portion of the costs of (i) constructing an approximately 7,360 square foot addition and renovating an existing 16,240 square foot mail/cargo/freight handling facility situated on approximately 151,588 square feet of land owned by the Bloomington-Normal Airport Authority located at or near Central Illinois Regional Airport, Bloomington (McLean County), Illinois (the “<b>Project</b>”) and (ii) paying costs of issuance (collectively with the Project, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Airport Facility Revenue Bonds</p> <p><b>Volume Cap Required:</b> This Project is not expected to require any of Illinois Finance Authority’s standard 2014 Private Activity Bond Volume Cap.</p> <p><b>Extraordinary Conditions:</b> No IFA Funds at risk. No State Funds at risk.</p>																
<p><b>BOARD ACTION</b></p>	<p>Preliminary Bond Resolution. This is the first time this Project has been presented to the IFA Board of Directors.</p>																
<p><b>JOBS DATA</b></p>	<table border="0"> <tr> <td>N/A</td> <td>Current jobs</td> <td>2</td> <td>New jobs projected</td> </tr> <tr> <td>41</td> <td>Retained jobs</td> <td>82 (6 Months)</td> <td>Construction jobs projected</td> </tr> </table>	N/A	Current jobs	2	New jobs projected	41	Retained jobs	82 (6 Months)	Construction jobs projected								
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41	Retained jobs	82 (6 Months)	Construction jobs projected														
<p><b>BORROWER DESCRIPTION</b></p>	<ul style="list-style-type: none"> <li>• Type of entity: Special purpose entity to develop, finance, construct, and operate the airport hangar as a limited tenant facility (initially, Federal Express Corporation)</li> <li>• SIC Code: 4513; SIC Category: Air Courier Services</li> <li>• Location: Bloomington/McLean/North Central</li> <li>• MDC Bloomington, LLC is special purpose entity created in February 2010 that is wholly owned by (i) JSD Holdings, LLC (a Kansas real estate holding company created in September 1997 and owned by Gerald S. Dean) and (ii) Atlantic Management Enterprises, LLC (a Georgia real estate holding company created in May 2006 and owned by Clay Kenmore and his daughter Pamela Burnett).</li> <li>• The key members of the development team (Jerry Dean and Clay Kenmore) have over 15 years of specialized airport project development experience.</li> </ul>																
<p><b>CREDIT INDICATORS</b></p>	<ul style="list-style-type: none"> <li>• The Borrower is a non-rated special purpose entity (and Kansas limited liability company).</li> <li>• The IFA Series 2014 Bond will be purchased directly by The Morrill and Janes Bank and Trust Company (the “<b>Bond Purchaser</b>”), Kansas City, MO. The Bond Purchaser will be the secured lender and the direct bond investor.</li> </ul>																
<p><b>SECURITY / UNDERLYING SUBLEASE TENANT RATING</b></p>	<ul style="list-style-type: none"> <li>• The Series 2014 Bond will be secured by a leasehold mortgage to the extent permitted by Restated Ground Lease among the Borrower and Bloomington-Normal Airport Authority and a collateral assignment of leases and rents relating to the Project, including Tenant Leases (notably, sublease payments from Federal Express Corporation). The sublease tenant (Federal Express Corporation) has long-term investment grade debt ratings of Baa1/BBB (Moody’s / S&amp;P).</li> </ul>																
<p><b>INTEREST RATE</b></p>	<ul style="list-style-type: none"> <li>• The interest rate will be fixed over a 15-year term and set based on market conditions at the time of closing, currently estimated to be between 3.75% and 4.25%, as of June 25, 2014.</li> </ul>																
<p><b>SOURCES AND USES</b></p>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td>\$2,250,000</td> <td>Project Cost</td> <td>\$2,145,000</td> </tr> <tr> <td>Equity</td> <td><u>50,000</u></td> <td>Legal &amp; Professional</td> <td><u>155,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$2,300,000</u></b></td> <td><b>Total</b></td> <td><b><u>\$2,300,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	\$2,250,000	Project Cost	\$2,145,000	Equity	<u>50,000</u>	Legal & Professional	<u>155,000</u>	<b>Total</b>	<b><u>\$2,300,000</u></b>	<b>Total</b>	<b><u>\$2,300,000</u></b>
<b>Sources:</b>		<b>Uses:</b>															
IFA Bonds	\$2,250,000	Project Cost	\$2,145,000														
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<b>Total</b>	<b><u>\$2,300,000</u></b>	<b>Total</b>	<b><u>\$2,300,000</u></b>														
<p><b>RECOMMENDATION</b></p>	<p>Credit Review Committee recommends approval.</p>																



**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 July 8, 2014**

**Project: MDC Bloomington, LLC  
 (Central Illinois Regional Airport at Bloomington-Normal Project)**

**STATISTICS**

IFA Project: I-AF-TE-CD-8691	Amount: \$2,250,000 (not-to-exceed amount)
Type: Airport Facility Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Location: Bloomington	County/ Region: McLean/North Central

**BOARD ACTION**

Preliminary Bond Resolution	
Airport Facility Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

**VOTING RECORD**

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

**PURPOSE**

Bond proceeds will be loaned to **MDC Bloomington, LLC** (the “**Borrower**”) for the purpose of financing all or a portion of the costs of (i) constructing an approximately 7,360 square foot addition and renovating an existing 16,240 square foot mail/cargo/freight handling facility situated on approximately 151,588 square feet of land owned by the Bloomington-Normal Airport Authority located at or near Central Illinois Regional Airport, Bloomington (McLean County), Illinois (the “**Project**”) and (ii) paying costs of issuance (collectively with the Project, the “**Financing Purposes**”).

**IFA PROGRAM AND CONTRIBUTION**

Airport Facility Revenue Bonds are a form of municipal bond financing that qualifying municipalities or airport authorities can use to finance the expansion of their facilities or to pay for upgrades. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower’s interest expense.

**VOLUME CAP**

Airport Facility Revenue Bonds do not require Volume Cap.

**SOURCES AND USES OF FUNDS**

IFA Bonds	\$ 2,250,000	Project Costs	\$ 2,145,000
Equity	\$ 50,000	Legal & Professional	\$ 155,000
<b>Total</b>	<b><u>\$ 2,300,000</u></b>	<b>Total</b>	<b><u>\$ 2,300,000</u></b>

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**JOBS**

Current employment:	N/A	Projected new jobs:	2
Jobs retained:	41	Construction jobs:	82 (6 months)

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**FINANCING SUMMARY**

Structure: The IFA Series 2014 Bond will be purchased directly by The Morrill and Janes Bank and Trust Company (the “**Bond Purchaser**”) of Kansas City, MO. The Bond Purchaser will be the secured lender and the direct bond investor.

Bank Security/  
Leasehold

Mortgage: The Bank will be secured by a leasehold mortgage that will be extinguished upon expiration or termination of the Restated Ground Lease. The 15-year initial term of the Restated Ground Lease (with 5-year options thereafter) will be coterminous with the scheduled final maturity date of the IFA Series 2014 Bond. (See section on “Restated Ground Lease” below - on this page.)

To further secure its obligations to repay the IFA Series 2014 Bond, the Borrower will also grant to the Bond Purchaser a collateral assignment of leases and rents relating to the Project, including Tenant Leases (notably, payments associated with sublease payments by Federal Express Corporation). (See section on “Credit Ratings of Sublease Tenant” below - on this page.)

Interest Rate: The interest rate will be fixed over a 15-year term and set based on market conditions at the time of closing, currently estimated to be between 3.75% and 4.25%, as of June 25, 2014.

Final Maturity  
Date: Not-to-exceed 15 years

Anticipated  
Closing Date: October 2014

Restated  
Ground Lease: MDC Bloomington, LLC and Bloomington-Normal Airport Authority (“**BNAA**”) executed a 15-year Restated Ground Lease on June 16, 2014 (with 5-year options thereafter) whereby MDC Bloomington, LLC will develop the approximately 16,240 square foot mail/cargo/freight handling facility at the Airport and make lease payments to BNAA. Upon completion of the leasehold improvements, BNAA will take title to the facilities and lease the facilities back to MDC Bloomington, LLC.

Sublease: MDC Bloomington, LLC and Federal Express Corporation (“**FedEx**”) executed a Sublease Agreement on June 16, 2014 whereby FedEx will sublease the facilities for an initial term of 15 years. The initial term of the Sublease (which expires in 2029) will coincide with the final maturity date of the IFA Series 2014 Bond.

Credit Ratings  
of Sublessee  
(Federal

Express Corp.): Federal Express Corporation currently has long-term debt ratings of Baa1/BBB (Moody's – affirmed as of 1/6/2014; S&P – affirmed as of 10/15/2013).

Rating outlooks are: Moody's: Stable; S&P: Stable (as reported on their respective websites as of 6/19/2014).

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**BUSINESS SUMMARY**

Description: **MDC Bloomington, LLC** (the “**Applicant**” or the “**Borrower**”), is a Kansas limited liability company established as a special purpose entity to execute a 15-year ground lease with Bloomington-Normal Airport Authority (“**BNAA**”) to construct an approximately 7,360 square foot addition and renovate an existing 16,240 square foot mail/cargo/freight handling facility on land owned by the Bloomington-Normal Airport Authority. The facilities that comprise the leasehold improvements undertaken by the Borrower will be principally occupied by Federal Express Corporation (“**FedEx**” or the “**Tenant**”) through a 15-year sublease.

The Borrower is wholly owned by JSD Holdings, LLC and Atlantic Management Enterprises, LLC, which are each real estate holding companies of Gerald S. Dean and Clay Kenmore, respectively.

Additional ownership information on the Borrower and Tenant is reported in the Economic Disclosure Statement section of this IFA Board Summary Report (see pp. 6-7).

Background on  
the Applicant/  
Development  
Team:

Gerald “Jerry” S. Dean is the managing member of MDC Bloomington, LLC and is responsible for all development aspects of this Project. The following is a representative listing of Mr. Dean’s airport development experience and other off-airport projects:

**Airport Projects**

Hector International Airport  
Fargo, ND  
Forbes Field  
Topeka, KS  
Mather Airport  
Sacramento, CA  
Rochester International Airport  
Rochester, MN  
South Bend Regional Airport  
South Bend, IN  
Corpus Christi International Airport  
Corpus Christi, TX  
Wichita Mid-Continent Airport  
Wichita, KS

**Off-Airport Projects**

929 West Cermak  
Chicago, IL  
Bonny Oaks Industrial Park  
Chattanooga, TN  
980 Rancheros Drive  
San Marcos, CA  
11800 N.W. 101 Road  
Medley, FL  
7401 Essington Ave.  
Philadelphia, PA  
7600 Holstein  
Philadelphia, PA  
10707 N. Pomona Ave.  
Kansas City, MO

Clay Kenmore as operating manager of MDC Bloomington, LLC is responsible for all construction aspects of the Project. Mr. Kenmore is past President of Atlantic United Construction, Inc. established in 1984. Atlantic United Construction has successfully fulfilled the needs of a diverse range of customers by completing more than 350 projects throughout the United States.

According to the Applicant, Jerry Dean and Clay Kenmore have successfully collaborated on jointly developed projects nationwide for over 15 years, specializing in the niche market of airport facility development and management.

Background on  
the General

Contractor: The real estate development team of Jerry Dean and Clay Kenmore has worked previously with Panzica Building Corporation. As general contractor of the subject Project, Panzica will utilize its experience constructing a successful airport freight facility for the development team at South Bend Regional Airport.

Founded in 1955, Panzica Building Corporation specializes in Green Construction, Commercial, Industrial, Restaurant, Office, Medical, Manufacturing, Data Centers, Churches, and senior living facilities.

Background on  
Principal Tenant/  
Occupant:

FedEx provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenues of \$45 billion, the company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. According to information provided by the Applicant, FedEx is dedicated to remain consistently ranked among the world's most admired and trusted employers, by inspiring its more than 300,000 team members to remain "absolutely, positively" focused on safety, the highest ethical and professional standards and the needs of their customers and communities.

FedEx is moving its Peoria airport operations to Bloomington in connection with this transaction. According to media reports, this relocation will allow FedEx to upgrade its overnight service to more than 100 ZIP codes and offer some customers later drop-off times for their convenience.

Background on  
Bloomington  
Normal Airport  
Authority:

**Bloomington-Normal Airport** (the "Airport"), also known as **Central Illinois Regional Airport**, is a public airport located in McLean County approximately 3 miles east of Bloomington and 3 miles southeast of Normal.

The airport is publicly (and jointly) owned by the City of Bloomington and Town of Normal.

The Airport offers daily flights to Atlanta, Chicago, Dallas-Ft. Worth, Detroit, and Minneapolis-St. Paul. Additionally, flights to/from Denver on Frontier operate four times weekly and twice weekly to Orlando International, according to the Airport's official website (<http://www.cira.com>).

The Airport covers an area of 1,968 acres and has two concrete runways. On November 5, 2001, the airport opened a new \$14 million terminal building, three times larger than the previous terminal. The new terminal has four ground level boarding gates (Gates 1-4) and five second level gates (Gates 5-9). Gates 3, 4, 5, 6, 8 and 9 have jetways. Gates 1, 2 and 7 are jetway-capable, but are not now jetway-equipped. The terminal has two baggage carousels at ground level. Conference rooms and a VIP lounge cater to business travelers. Free wireless Internet access is available throughout the building. With approximately 28,016 aircraft operations, the Airport moved 485,285 passengers by 2012 (up from 411,197 passengers in 2002).

The main Fixed Based Operator (“FBO”) on the field, Image Air, offers standard FBO services, as well as private and advanced flight training. Additionally, hangar rental, fueling, and aircraft maintenance facilities are available.

The Prairie Aviation Museum is located on the west side of the Airport property and is open to the public on Tuesday evening and all day on Saturday and Sunday. The museum exhibits more modern, decommissioned USAF and US Navy aircraft.

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### PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

Bond proceeds will be loaned to **MDC Bloomington, LLC**, (the “**Borrower**”) for the purpose of financing all or a portion of the costs of (i) constructing an approximately 7,360 square foot addition and renovating an existing 16,240 square foot mail/cargo/freight handling facility situated on approximately 151,588 square feet of land owned by the Bloomington-Normal Airport Authority located at or near Central Illinois Regional Airport, Bloomington (McLean County), Illinois (the “**Project**”) and (ii) paying costs of issuance (collectively with the Project, the “**Financing Purposes**”).

Preliminary Estimated Project Costs are noted below:

Rehabilitation	\$285,000
Construction	1,760,000
Architectural & Engineering	<u>100,000</u>
<b>Total</b>	<b><u>\$2,145,000</u></b>

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: MDC Bloomington, LLC, c/o Mr. Jerry S. Dean, Managing Member, 11401 Strang Line Road, Lenexa, KS 66215; Ph.: 913-327-7677; E-mail: jsd@mdck.com  
Project: Central Illinois Regional Airport at Bloomington-Normal Project, Series 2014 Bond  
Location: 3201 Cira Drive, Bloomington, (McLean County), IL 61704  
Borrower  
Disclosure: The subject property is currently owned by the Bloomington-Normal Airport Authority, which is jointly owned by the City of Bloomington, IL and the Town of Normal.

Tenant/  
Sublessor: MDC Bloomington, LLC signed a 15-year development lease for the subject Project site in June 2014. In turn, Federal Express Corporation closed on a sublease agreement with MDC Bloomington, LLC to become the principal tenant (user and sublessee) of the subject Project in June 2014.

MDC Bloomington, LLC is wholly owned by the following real estate holding companies:

- JSD Holdings, LLC (a Kansas real estate holding company created in September 1997), which owns 50%; and
- Atlantic Management Enterprises, LLC (a Georgia real estate holding company created in May 2006), which owns 50%.

Owners of 5% or more of JSD Holdings, LLC include:

- Gerald S. Dean (100%)  
11401 Strang Line Road, Lenexa, KS 66215

Owners of 5% or more of Atlantic Management Enterprises, LLC include:

- Pamela Burnett (60%)  
 1510 Klondike Road, Suite 200, Conyers, GA 30094
- Clay Kenmore (40%)  
 1510 Klondike Road, Suite 200, Conyers, GA 30094

Tenant/  
 Sublessee

Disclosure: Federal Express Corporation is a publically traded company on the NYSE and major institutional investors or persons owning 5% or more of the Corporation include the following:

- Mr. Frederick W. Smith, Founder, Executive Chairman, CEO and President – Federal Express Corporation (15,449,071 shares as of 4/21/2014; 5.23%\*)  
 942 South Shady Grove Road, Memphis, TN 38120
- PRIMECAP Management Company (18,864,296 shares as of 3/31/2014; 6.38%\*)  
 225 S Lake Ave, Pasadena, CA 91101
- Vanguard Group, Inc. (15,884,453 shares as of 3/31/2014; 5.38%\*)  
 P.O. Box 2600, Valley Forge, PA 19482
- Dodge & Cox, Inc. (15,150,662 shares as of 3/31/2014; 5.13%\*)  
 555 California Street, 40th Floor, San Francisco, CA 94104

\*295,516,000 shares outstanding

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Seyfarth Shaw LLP	Chicago, IL	Jay A. Gitle
Auditor:	Pratt, Kieffer and Company	Kansas City, MO	Kevin Kieffer
Bond Counsel:	Douthit Frets Rouse Gentile & Rhodes, LLC	Kansas City, MO	Norman Gaar
Bank/Bond Purchaser:	The Morrill & Janes Bank & Trust Company	Kansas City, MO	Craig Roeder
Bank/Bond Purchaser Counsel:	To be engaged		
Architect:	Panzica Building Corporation	South Bend, IN	
General Contractor:	Panzica Building Corporation	South Bend, IN	
IFA Counsel:	To be engaged		
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	18
State Senate:	53
State House:	105

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## \$700,000,000 (not-to-exceed amount)

### The University of Chicago

July 8, 2014

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be issued in one or more series and used by <b>The University of Chicago</b> (the “<b>University</b>” or the “<b>Borrower</b>”) for the purpose of providing all or a portion of the funds necessary to (i) finance, refinance or be reimbursed for all or a portion of the costs of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of its facilities constituting “educational facilities,” as defined in the Act (the “<b>Project</b>”), including capitalized interest and working capital expenditures related to the Project, if deemed desirable by the University, (ii) currently refund, advance refund or provide for the payment of all or a portion (if any) of the Illinois Finance Authority Revenue Bonds, The University of Chicago, Series 2008B, issued and currently outstanding in the original aggregate principal amount of \$500,000,000 (the “<b>Series 2008B Bonds</b>”), the proceeds of which were loaned to the University and used to finance, refinance or be reimbursed for all or a portion of the costs of the acquisition, construction, renovation, improvement and equipping of certain of the University’s facilities constituting “educational facilities,” as defined in the Act (collectively with the Project, the “<b>Financed Properties</b>”), (ii) fund one or more debt service reserve funds for the Bonds (as hereinafter defined) if deemed desirable by the University and (iv) pay certain costs relating to the issuance of the Bonds and the current refunding, advance refunding or provision for the payment of all or a portion (if any) of the Series 2008B Bonds, all as permitted under the Act (collectively referred to as the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> 501(c)(3) Revenue Bonds and Revenue Refunding Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																				
<b>BOARD ACTIONS</b>	Final Bond Resolution (One-time consideration)																				
<b>MATERIAL CHANGES</b>	Not applicable. This is the first time this matter has been presented to the IFA Board of Directors.																				
<b>JOB DATA</b>	<table border="0"> <tr> <td style="text-align: right;">11,819</td> <td>Current jobs</td> <td style="text-align: right;">75 FT &amp; PT</td> <td>*New jobs projected (see Jobs section on Page 3 of report)</td> </tr> <tr> <td style="text-align: right;">N/A</td> <td>Retained jobs</td> <td style="text-align: right;">150 avg.;</td> <td>*Construction jobs projected over 2 years (see Jobs section on Page 3 of report)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">450 peak</td> <td></td> </tr> </table>	11,819	Current jobs	75 FT & PT	*New jobs projected (see Jobs section on Page 3 of report)	N/A	Retained jobs	150 avg.;	*Construction jobs projected over 2 years (see Jobs section on Page 3 of report)			450 peak									
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N/A	Retained jobs	150 avg.;	*Construction jobs projected over 2 years (see Jobs section on Page 3 of report)																		
		450 peak																			
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Project Location: City of Chicago (Cook County)</li> <li>• Type of entity: The University, a 501(c)(3) organization incorporated under Illinois law, is a private, non-sectarian, co-educational institution of higher learning founded by John D. Rockefeller in 1890 that is governed by a fifty-three member Board of Trustees.</li> </ul>																				
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The plan of finance contemplates Bonds to be sold in one or more series. Fixed Rate Bonds will be sold based on the University’s underlying long-term debt ratings of Aa1/AA/AA+ (Moody’s/S&amp;P/Fitch). Any Variable Rate Bonds may be further secured by a liquidity facility. The University’s short-term ratings are P-1/A-1+/F1+ (Moody’s/S&amp;P/Fitch).</li> <li>• Barclays Capital, Inc. has been engaged by the Borrower as Underwriter/Senior Manager. The Co-Senior Manager and Co-Managers, also selected pursuant to the University’s procurement policies, are identified on page 7 of this report.</li> </ul>																				
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• The Bonds will be a general unsecured corporate obligation of the University and as such will not be secured by a mortgage or security interest on any of the University’s assets, properties or funds.</li> </ul>																				
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Bonds will mature no later than 40 years from the issue date.</li> <li>• Both sizing and interest rate modes to be determined based on evaluation of market conditions by the University and its financing team at pricing. <i>The amounts represented in this report represent not-to-exceed parameters.</i></li> </ul>																				
<b>SOURCES AND USES</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA New Money Bonds</td> <td style="text-align: right;">\$200,000,000</td> <td>New Money Project Fund</td> <td style="text-align: right;">\$198,750,000</td> </tr> <tr> <td>IFA Refunding Bonds</td> <td style="text-align: right;"><u>500,000,000</u></td> <td>Refunding Bonds</td> <td style="text-align: right;">500,000,000</td> </tr> <tr> <td></td> <td></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>1,250,000</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$700,000,000</u></b></td> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$700,000,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA New Money Bonds	\$200,000,000	New Money Project Fund	\$198,750,000	IFA Refunding Bonds	<u>500,000,000</u>	Refunding Bonds	500,000,000			Costs of Issuance	<u>1,250,000</u>	<b>Total</b>	<b><u>\$700,000,000</u></b>	<b>Total</b>	<b><u>\$700,000,000</u></b>
<b>Sources:</b>		<b>Uses:</b>																			
IFA New Money Bonds	\$200,000,000	New Money Project Fund	\$198,750,000																		
IFA Refunding Bonds	<u>500,000,000</u>	Refunding Bonds	500,000,000																		
		Costs of Issuance	<u>1,250,000</u>																		
<b>Total</b>	<b><u>\$700,000,000</u></b>	<b>Total</b>	<b><u>\$700,000,000</u></b>																		
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.																				

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
July 8, 2014**

**Project: The University of Chicago**

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**STATISTICS**

Project Number:	E-PC-TE-CD-8690	Amount:	\$700,000,000 (not-to-exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Chicago	County/ Region:	Cook County/Northeast

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**BOARD ACTION**

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

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**VOTING RECORD**

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

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**PURPOSE**

Bond proceeds will be issued in one or more series and used by **The University of Chicago** (the “**University**” or the “**Borrower**”) for the purpose of providing all or a portion of the funds necessary to (i) finance, refinance or be reimbursed for all or a portion of the costs of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of its facilities constituting “educational facilities,” as defined in the Act (the “**Project**”), including capitalized interest and working capital expenditures related to the Project, if deemed desirable by the University, (ii) currently refund, advance refund or provide for the payment of all or a portion (if any) of the Illinois Finance Authority Revenue Bonds, The University of Chicago, Series 2008B, issued and currently outstanding in the original aggregate principal amount of \$500,000,000 (the “**Series 2008B Bonds**”), the proceeds of which were loaned to the University and used to finance, refinance or be reimbursed for all or a portion of the costs of the acquisition, construction, renovation, improvement and equipping of certain of the University’s facilities constituting “educational facilities,” as defined in the Act (collectively with the Project, the “**Financed Properties**”), (ii) fund one or more debt service reserve funds for the Bonds (as hereinafter defined) if deemed desirable by the University and (iv) pay certain costs relating to the issuance of the Bonds and the current refunding, advance refunding or provision for the payment of all or a portion (if any) of the Series 2008B Bonds, all as permitted under the Act (collectively referred to as the “**Financing Purposes**”).

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**IFA PROGRAM AND CONTRIBUTION**

IFA will convey federal tax-exempt status on interest paid to investors on the Bonds, thereby resulting in a lower interest rate that will be passed through to the Borrower.

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**VOLUME CAP**

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



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**ESTIMATED SOURCES AND USES OF FUNDS**

Sources:	New Money Bonds	\$200,000,000	Uses:	New Money Project Fund	\$198,750,000
	IFA Refunding Bonds	<u>500,000,000</u>		Refunding Bonds	500,000,000
				Costs of Issuance	<u>1,250,000</u>

<b>Total</b>		<b><u>\$700,000,000</u></b>	<b>Total</b>		<b><u>\$700,000,000</u></b>
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**Note:** Final Bond Sizing will be based on market conditions at pricing. The amounts represented in this report represent not-to-exceed parameters and the final amount is subject to change. Additionally, the University will be undertaking its own taxable financing (non-IFA Bonds) to provide additional financing (or refinancing).

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**JOBS**

Current employment:	11,819 (2,219 faculty; 9,600 FT and PT staff)	Projected new jobs:	75*
Jobs retained:	N/A	Construction jobs:	150 average/450 peak (2 years)*

**\*Note:** Proceeds of the IFA Series 2014 New Money Bonds will primarily finance the build-out of various projects previously financed with the IFA Series 2012 Bonds and IFA Series 2013 Bonds. Accordingly, jobs created as a result of these projects are not presented herein; rather, jobs that are created as a result of new projects being financed with proceeds of the Series 2014 Bonds are reported, including a new residence hall and dining commons and various other capital improvements at the University's administrative, academic, research facilities, as well as improving general campus infrastructure.

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**FINANCING SUMMARY**

**Security:** The Bonds will be a general unsecured corporate obligation of the University and as such will not be secured by a mortgage or security interest on any of the University's assets, properties, or funds.

**Structure:** The plan of finance contemplates the public issuance of an amount not-to-exceed \$700 million of tax-exempt debt to be issued in one or more series. Fixed Rate Bonds would be sold based on the University's underlying long-term debt ratings of Aa1/AA/AA+ (Moody's/S&P/Fitch). Barclays Capital, Inc. has been engaged by the Borrower to serve as Senior Manager. Variable Rate Bonds (to the extent issued) would be sold based on the University's P1/A-1+/F1+ (Moody's/S&P/Fitch) short-term ratings (and likely further backed by a liquidity facility from a financial institution with P1/A-1+/F1+ or better short-term ratings).

**Interest Rate:** The University and their financing team will determine interest rate modes and the mix of Fixed Rate Bonds and Variable Rate Bonds after evaluating market conditions and prospective transaction sizing in advance of pricing.

**Underlying Debt Ratings:** The University's current underlying ratings are: (1) long-term: Aa1/AA/AA+ (Moody's/S&P/Fitch) and (2) short-term: P1/A-1+/F1+ (Moody's/S&P/Fitch).  
**Rating Outlooks:**

- Moody's: Ratings affirmed with Negative outlook as of 1/28/2014.
- Standard & Poor's: Ratings affirmed with Negative outlook as of 1/29/2014
- Fitch: Ratings affirmed with Stable outlook as of 1/27/2014.

**Maturity:** Not later than 2054 (i.e., 40 years from issuance date; maximum parameter) on any New Money Bonds. Maturity to be determined on any Refunding Bonds.

**Estimated Closing Date:** August or September 2014

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### PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be issued in one or more series and used by **The University of Chicago** (the “**University**” or the “**Borrower**”) for the purpose of providing all or a portion of the funds necessary to (i) finance, refinance or be reimbursed for all or a portion of the costs of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of its facilities constituting “educational facilities,” as defined in the Act (the “**Project**”), including capitalized interest and working capital expenditures related to the Project, if deemed desirable by the University, (ii) currently refund, advance refund or provide for the payment of all or a portion (if any) of the Illinois Finance Authority Revenue Bonds, The University of Chicago, Series 2008B, issued and currently outstanding in the original aggregate principal amount of \$500,000,000 (the “**Series 2008B Bonds**”), the proceeds of which were loaned to the University and used to finance, refinance or be reimbursed for all or a portion of the costs of the acquisition, construction, renovation, improvement and equipping of certain of the University’s facilities constituting “educational facilities,” as defined in the Act (collectively with the Project, the “**Financed Properties**”), (ii) fund one or more debt service reserve funds for the Bonds (as hereinafter defined) if deemed desirable by the University and (iv) pay certain costs relating to the issuance of the Bonds and the current refunding, advance refunding or provision for the payment of all or a portion (if any) of the Series 2008B Bonds, all as permitted under the Act (collectively referred to as the “**Financing Purposes**”).

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### BUSINESS SUMMARY

Description: **The University of Chicago** (the “**University**” or the “**Borrower**”) is a 501(c)(3) organization incorporated under Illinois law. The University is a private, non-sectarian, co-educational institution of higher learning founded by John D. Rockefeller in 1890 that is governed by a Board of Trustees (see pages 5-6 for listing of the 53 members of the Board of Trustees as of 12/31/2013). The by-laws of the University provide that the Board shall not exceed 55 members, each elected for a five-year term.

Description: The University of Chicago has emphasized both research and teaching from its inception. The University has had a major impact on American higher education -- including devising the four-quarter academic year, developing extension courses and programs in the liberal arts for adults, establishing a general education program for undergraduates, initiating a full-time medical school teaching faculty, and establishing the first executive MBA program. The University has a highly respected education department and the University is a nationally recognized leader in both the sciences and social sciences.

At the University, campus and community are interconnected in partnerships that serve both to support the community and to train future policymakers, social workers, artists, and social and political leaders. The University of Chicago Charter School, run by the Center for Urban School Improvement, serves students with four campuses for students in pre-kindergarten through high school. The Mandel Legal Aid Clinic teaches Law School students advocacy skills, professional ethics, and the effect of legal institutions on the poor, while assisting indigent clients.

The University of Chicago’s 211-acre Hyde Park Campus is located eight miles south of downtown Chicago. The Hyde Park Campus, designated a botanic garden in 1997, stretches along both sides of the Midway Plaisance, a broad parkway designed by Frederick Law Olmstead for the city’s South Park System developed in connection with the World’s Columbian Exposition in 1893. The campus is arranged in a series of quadrangles, with a blend of traditional English Gothic and award-winning modern buildings designed by renowned international architects.

Applications to the University’s **Undergraduate College** (the “**College**”) have increased substantially since 2008-2009, which in turn has allowed the University to become more selective.

In 2013-2014, the College received 30,271 applications (up from 25,268 applications in 2012-2013) of which 2,670 were selected. In comparison, for academic year 2008-2009, the College received 12,377 applications and selected 3,454 offers of admission in 2008-2009). Indicative of

the College's increasing selectivity, the mean SAT/ACT scores were 1492/33 for the 2013-2014 academic year, compared to 1412/31 (SAT/ACT) in the 2008-2009 academic year. According to the University's 2013 Annual Operating Information for the year ended 6/30/2013 (posted on the MSRB's EMMA website on 12/20/2013), the College accepted 9.0 percent of the record 30,271 applications it received for the 2013-14 academic year, which according to an April 1, 2013 article in *Crain's Chicago Business* made undergraduate admission at the College more selective than several Ivy League institutions (including Cornell University, University of Pennsylvania, Dartmouth College, and Brown University). ("University of Chicago more selective than some Ivies", *Crain's Chicago Business*, by Lorene Yue, April 1, 2013:  
Link: [chicagobusiness.com/article/20130401/NEWS13/130409989/university-of-chicago-more-selective-than-some-ivies](http://chicagobusiness.com/article/20130401/NEWS13/130409989/university-of-chicago-more-selective-than-some-ivies) )

The College's selectivity has increased as undergraduate enrollment has increased from 4,642 students in 2005-2006 to 5,697 in 2013-2014. This continued growth in the undergraduate student body reflects successful implementation of the University's strategic plan.

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: The University of Chicago, 5801 S. Ellis Avenue, Chicago, IL 60637  
Contact: Rowan Miranda, Senior Associate VP for Finance & Administration and Treasurer  
T: (773) 702-1940; E-mail: [rmiranda@uchicago.edu](mailto:rmiranda@uchicago.edu)  
Website: [www.uchicago.edu](http://www.uchicago.edu)

#### Site Locations

(New Projects): The University's Hyde Park Campus: The University's general campus is bordered by 47th Street on the north; Lake Shore Drive on the east; 61st Street on the south; and Cottage Grove Ave. on the west in Chicago, Illinois. A portion of the Bond proceeds may also be used to fund (or refund) costs of projects undertaken at the following locations, also located in Chicago, Illinois: 11030 S. Langley Avenue, 10910 S. Langley Avenue, 11023 S. Langley Avenue, 727 East 110<sup>th</sup> Street and 450 N. Cityfront Plaza Drive.

Project name: IFA Series 2014 Revenue Bonds and Revenue Refunding Bonds (The University of Chicago Project); to be issued in one or more series

#### Board

Of Trustees: **Trustees/ Professional Affiliation**

<b>Andrew M. Alper</b> Chairman, EQA Partners, LP	<b>Craig J. Duchossois</b> CEO, The Duchossois Group, Inc.
<b>Sekhar Bahadur</b> Retired Vice Chair of Global Banking, Deutsche Bank	<b>John A. Edwardson</b> Retired Chairman, CDW
<b>David G. Booth</b> Co-CEO and Chairman, Dimensional Fund Advisors	<b>James S. Frank</b> President and CEO, Wheels Inc.
<b>David B. Brooks</b> Op-Ed Columnist, New York Times Company	<b>Jack W. Fuller</b> Retired President, Tribune Publishing Company
<b>Thomas A. Cole</b> Chairman of the Executive Committee and Partner, Sidley Austin LLP	<b>Timothy M. George</b> Managing Director, Lazard Ltd.
<b>E. David Coolidge III</b> Vice Chairman, William Blair & Company, LLC	<b>Rodney L. Goldstein</b> Chairman and Managing Director, Frontenac Company
<b>James S. Crown</b> President, Henry Crown and Company	<b>Mary Louise Gorno</b> Managing Director, Hudson Global, Inc.
<b>Katharine P. Darrow</b> Retired Senior Vice President, The New York Times Company	<b>Kathryn C. Gould</b> Co-Founder, Foundation Capital
<b>Daniel L. Doctoroff</b> CEO and President, Bloomberg LP	<b>Sanford J. Grossman</b> Chairman and CEO, Q.F.S. Asset Management, LP
<b>Brady W. Dougan</b> CEO, Credit Suisse Group AG	<b>King W. Harris</b> Chairman, Harris Holdings, Inc.

**Kenneth M. Jacobs** Chairman and CEO, Lazard Ltd.  
**Karen L. Katen** Senior Advisor, Essex Woodlands Health Ventures  
**Dennis J. Keller** Retired Chairman and CEO, Co-Founder, DeVry Inc.  
**Steven A. Kersten** President, Water Saver Faucet Company  
**James M. Kilts** Founding Partner, Centerview Partners  
**Michael J. Klingensmith** Publisher and CEO, Minneapolis Star Tribune  
**Michael L. Klowden** President and CEO, Milken Institute  
**Rachel D. Kohler** Group President, Interiors Group Kohler Interiors  
**Robert W. Lane** Retired Chairman, Deere & Company  
**Charles Ashby** Lewis Chairman, Lewis-Sebring Family Foundation  
**John Liew** Co-Founder, AQR Capital Management, LLC  
**Peter W. May** President and Founding Partner, Triam Partners  
**Joseph Neubauer** Chairman, ARAMARK Corporation  
**Emily Nicklin** Partner, Kirkland & Ellis LLP  
**Michael P. Polsky** Founder, President, and CEO, Invenergy, LLC  
**Myrtle S. Potter** President and CEO, Myrtle Potter and Company LLC

Link to UofC Board Member Listing: <https://trustees.uchicago.edu/>

**Thomas J. Pritzker** Chairman, Hyatt Hotels Corporation  
**John W. Rogers, Jr.** Chairman and CEO, Ariel Investments, LLC  
**Andrew M. Rosenfield** Managing Partner, Guggenheim Partners  
**David M. Rubenstein** Co-Founder and Co-CEO, The Carlyle Group  
**Alvaro J. Saieh** President, CorpGroup Holding  
**Nassef O. Sawiris** CEO, OCI N.V.  
**Steve G. Stevanovich** President, SGS Group of Companies  
**Elizabeth M. Thompson** Burr Ridge, Illinois  
**Mary A. Tolan** Founder and CEO, Accretive Health  
**Byron D. Trott** Managing Partner, BDT Capital Partners  
**Marshall I. Wais** CEO, Marwais International LLC  
**Gregory W. Wendt** Senior Vice President, Capital Research Company  
**Donald R. Wilson, Jr.** CEO, Partner, DRW Trading Group  
**Paula Wolff** Senior Executive, Metropolis Strategies  
**Paul G. Yovovich** President, Lake Capital  
**Francis T. F. Yuen** Chairman, Ortus Capital Management Ltd.  
**Robert J. Zimmer** President, The University of Chicago

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Schiff Hardin LLP	Chicago, IL	Bruce Weisenthal
Auditor:	KPMG LLP	Chicago, IL	David Seid
Borrower Financial Advisor:	Prager & Co., LLC	San Francisco, CA	Susan Fitzgerald
		New York, NY	Mary Jane Darby
Bond Counsel:	Chapman & Cutler, LLP	Chicago, IL	Nancy Burke
Underwriter/Senior Manager:	Barclays Capital, Inc.	New York, NY	John Augustine
Co-Senior Manager:	PNC Capital Markets LLC	Chicago, IL	
Co-Managers:	Loop Capital Markets, LLC	Chicago, IL	
	William Blair & Co., LLC	Chicago, IL	
Underwriter's Counsel:	Pugh Jones	Chicago, IL	Lorraine Tyson
Trustee:	Wells Fargo Bank, N.A.	Chicago, IL	Gail Klewin
Architects:	HOK	Chicago, IL	
	James Carpenter Design Associates, Inc.	New York, NY	
	FGM/Valerio Dewalt Train Associates	Chicago, IL	
	Studio Gang Architects	Chicago, IL	
	Ann Beha Architects	Boston, MA	
Construction Managers:	W.E. O'Neill Construction Company	Chicago, IL	
	Lend Lease (US) Construction, Inc.	Chicago, IL	
	Mortenson Construction	Chicago, IL	
	Turner Construction Company	Chicago, IL	
IFA Counsel:	Burke Burns & Pinelli, Ltd.	Chicago, IL	Steve Welcome
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

	<u>Hyde Park Campus</u>	<u>450 N. Cityfront Plaza</u>	<u>11030, 10910, 11023 S. Langley &amp; 727 E. 110<sup>th</sup> St.</u>
Congressional:	1	7	2
State Senate:	13	13	17
State House:	25	26	34

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## \$20,000,000 (not-to-exceed) Rogers Park Montessori School

July 8, 2014

<b>REQUEST</b>	<p><b>Purpose:</b> Bonds will be issued in one or more series and proceeds will be loaned to <b>Rogers Park Montessori School</b> (the “<b>Borrower</b>”), an Illinois not for profit corporation, to be used, together with certain other funds, to (i) pay or reimburse the Borrower, or refinance certain indebtedness the proceeds of which were used to pay or reimburse the Borrower, for the costs of acquiring, constructing, renovating, remodeling, expanding and equipping certain of the Borrower’s school facilities, located at 1800 W. Balmoral Ave., Chicago, Illinois 60640 (the “<b>School Facility</b>”), including without limitation, an approximately 13,000 square foot expansion to the middle school space to the School Facility; the addition of classrooms, rooms, science spaces, science laboratories, presentation spaces, group work spaces, tutoring alcoves, and co-curricular spaces to the School Facility; and renovating, remodeling, expanding and equipping the gymnasium of the School Facility (together, the “<b>Project</b>”); (ii) currently refund, advance refund, or defease all or a portion of the outstanding principal amount of the \$11,750,000 original principal amount Illinois Finance Authority Educational Facility Revenue Bonds, (Rogers Park Montessori School Project) Series 2004 (the “<b>Prior Bonds</b>”), if deemed necessary or advisable by the Borrower; (iii) fund a debt service reserve fund for the Bonds, if deemed necessary or advisable by the Borrower; (iv) capitalize a repair and replacement reserve, if deemed necessary or advisable by the Borrower;(v) fund a capitalized interest fund for the Bonds, if deemed necessary or advisable by the Borrower; and (vi) pay certain costs incurred in connection with the issuance of the Bonds, and the costs of refunding the Prior Bonds (collectively with the Project, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>																												
<b>BOARD ACTION</b>	<p>Amendatory Resolution</p> <p>Voting Record (June 11, 2013) – Bond Resolution: 9 Yeas; 0 Nays; 0 Abstain; 5 Absent; 1 Vacant.</p>																												
<b>MATERIAL CHANGES</b>	<p>This Amendatory Resolution is to advise the IFA Board regarding an expected reduction in the not-to-exceed principal amount of the Project as approved previously by the IFA Board of Directors in June 2013 by approximately \$6.0 million (from \$26.0 million to \$20.0 million) and now contemplates multiple series of bonds to be issued on the School’s behalf. Specifically, the Senior Series A Bonds will be privately placed and sold institutionally while the Subordinate Series B Bonds will be privately placed and sold to supporters of the School (each of whom shall be an Accredited Investor). Finally, the Borrower has several new members of its professional and financing team in connection with the revised plan of finance: Greenberg Traurig will serve as Bond Counsel; Ungaretti &amp; Harris will serve as Underwriter’s Counsel; and, B.C. Ziegler and Company will serve as Underwriter. All Bonds will be sold consistent with IFA Bond Program Handbook requirements. Upon completion of substantially final bond documents, this Project will return to the IFA Board of Directors for consideration of a Final Bond Resolution (currently anticipated in August 2014).</p>																												
<b>JOB DATA</b>	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">58</td> <td style="text-align: center;">Current jobs</td> <td style="text-align: center;">3</td> <td style="text-align: center;">New jobs projected (1-2 years)</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td style="text-align: center;">Retained jobs</td> <td style="text-align: center;">25</td> <td style="text-align: center;">Construction jobs projected (12 months)</td> </tr> </table>	58	Current jobs	3	New jobs projected (1-2 years)	N/A	Retained jobs	25	Construction jobs projected (12 months)																				
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<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Chicago / Cook County / Northeast</li> <li>• Type of entity: Rogers Park Montessori School is an Illinois not-for-profit corporation.</li> <li>• Rogers Park Montessori School is a private, independent school that currently serves 385 children from age 2 to age 14. The proposed Project will add approximately 13,000 square feet of classrooms and other program space to its existing 47,000 square foot facility, and allow the School to increase its current enrollment to approximately 430-450 children. It will also allow the School to expand its foreign language, science, performing arts, visual arts and music curriculums as well as allow the School to add badly needed outdoor learning and recreation space by building a rooftop play area.</li> <li>• The School was originally established in September 1966 by ten parents and operated in a rented church facility in Rogers Park.</li> </ul>																												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The plan of finance contemplates an aggregate principal amount of up to \$20.0 million in Tax-Exempt Bonds and up to \$345,000 in Taxable Bonds issued on behalf of Rogers Park Montessori School and sold or privately placed by <b>B.C. Ziegler and Company</b> (the “<b>Underwriter</b>” or “<b>Placement Agent</b>”) in multiple series.</li> <li>• The Borrower is a non-rated entity; accordingly, all 3 proposed series of Tax-Exempt and Taxable Series 2014 Bonds will be sold to Accredited Investors (i.e., Qualified Institutional Buyers and Accredited Investors) consistent with IFA Bond Program Handbook requirements (as further described in the “Material Changes” section above; also see the “Structure” caption in the “Financing Summary section on p. 3).</li> </ul>																												
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• Bondholders will be secured by a general obligation of the School. Additionally, Bondholders are expected to be secured by a mortgage and security interest in the School’s assets, properties, or funds.</li> </ul>																												
<b>MATURITY</b>	<ul style="list-style-type: none"> <li>• Series 2014A Bonds: 30 years (i.e., final maturity date in 2044); Series 2014B Bonds: 15 years (i.e., final maturity date in 2029).</li> </ul>																												
<b>INTEREST RATE</b>	<ul style="list-style-type: none"> <li>• The Tax-exempt and Taxable 2014A Bonds and the Tax-Exempt Series 2014B Bonds will be sold at fixed-rates interest rate that will be negotiated and established prior to closing and reflect prevailing market conditions. The current fixed interest rates are estimated at between 5.00% and 6.50%.</li> </ul>																												
<b>SOURCES AND USES</b>	<table style="width: 100%; border: none;"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>Senior Series 2014A Tax-Exempt Bonds</td> <td style="text-align: right;">\$17,470,000</td> <td>New Project Costs</td> <td style="text-align: right;">\$9,644,803</td> </tr> <tr> <td>Senior Series 2014A Taxable Bonds</td> <td style="text-align: right;">345,000</td> <td>Refunding Escrow</td> <td style="text-align: right;">10,816,200</td> </tr> <tr> <td>Subordinate Series 2014B Tax-Exempt Bonds</td> <td style="text-align: right;">2,045,000</td> <td>Series 2014 Debt Service Reserve Fund</td> <td style="text-align: right;">1,251,750</td> </tr> <tr> <td>Borrower Equity</td> <td style="text-align: right;">1,600,000</td> <td>Repair and Replacement Reserve Fund</td> <td style="text-align: right;">162,240</td> </tr> <tr> <td>Series 2004 Debt Service Reserve Fund</td> <td style="text-align: right;"><u>1,076,231</u></td> <td>Costs of Issuance</td> <td style="text-align: right;"><u>661,238</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$22,536,231</u></b></td> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$22,536,231</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		Senior Series 2014A Tax-Exempt Bonds	\$17,470,000	New Project Costs	\$9,644,803	Senior Series 2014A Taxable Bonds	345,000	Refunding Escrow	10,816,200	Subordinate Series 2014B Tax-Exempt Bonds	2,045,000	Series 2014 Debt Service Reserve Fund	1,251,750	Borrower Equity	1,600,000	Repair and Replacement Reserve Fund	162,240	Series 2004 Debt Service Reserve Fund	<u>1,076,231</u>	Costs of Issuance	<u>661,238</u>	<b>Total</b>	<b><u>\$22,536,231</u></b>	<b>Total</b>	<b><u>\$22,536,231</u></b>
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<b>Total</b>	<b><u>\$22,536,231</u></b>	<b>Total</b>	<b><u>\$22,536,231</u></b>																										
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval																												

**ILLINOIS FINANCE AUTHORITY  
 BOARD SUMMARY  
 July 8, 2014**

**Project: Rogers Park Montessori School**

**STATISTICS**

Project Number: N-NP-TE-CD-8629	Amount: \$20,000,000 (not-to-exceed)
Type: 501(c)(3) Revenue Bonds	IFA Staff: Rich Frampton and Brad R. Fletcher
Location: Chicago	Co./Region: Cook County/Northeast

**BOARD ACTION**

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

**VOTING RECORD**

Voting Record (June 11, 2013) – Bond Resolution: 9 Yeas; 0 Nays; 0 Abstain; 5 Absent; 1 Vacant.

**PURPOSE**

**Purpose:** Bonds will be issued in one or more series and proceeds will be loaned to **Rogers Park Montessori School** (the “**Borrower**”), an Illinois not for profit corporation, to be used, together with certain other funds, to (i) pay or reimburse the Borrower, or refinance certain indebtedness the proceeds of which were used to pay or reimburse the Borrower, for the costs of acquiring, constructing, renovating, remodeling, expanding and equipping certain of the Borrower’s school facilities, located at 1800 W. Balmoral Ave., Chicago, Illinois 60640 (the “**School Facility**”), including without limitation, an approximately 13,000 square foot expansion to the middle school space to the School Facility; the addition of classrooms, rooms, science spaces, science laboratories, presentation spaces, group work spaces, tutoring alcoves, and co-curricular spaces to the School Facility; and renovating, remodeling, expanding and equipping the gymnasium of the School Facility (together, the “**Project**”); (ii) currently refund, advance refund, or defease all or a portion of the outstanding principal amount of the \$11,750,000 original principal amount Illinois Finance Authority Educational Facility Revenue Bonds, (Rogers Park Montessori School Project) Series 2004 (the “**Prior Bonds**”), if deemed necessary or advisable by the Borrower; (iii) fund a debt service reserve fund for the Bonds, if deemed necessary or advisable by the Borrower; (iv) capitalize a repair and replacement reserve, if deemed necessary or advisable by the Borrower; (v) fund a capitalized interest fund for the Bonds, if deemed necessary or advisable by the Borrower; and (vi) pay certain costs incurred in connection with the issuance of the Bonds, and the costs of refunding the Prior Bonds (collectively with the Project, the “**Financing Purposes**”).

**IFA PROGRAM AND CONTRIBUTION**

501(c)(3) Bonds are a form of municipal bond financing that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds 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**

<b>Sources:</b>		<b>Uses:</b>	
Senior Ser. 2014A Tax-Exempt Bonds	\$17,470,000	New Project Costs	\$9,354,803
Senior Series 2014A Taxable Bonds	345,000	Fundraising Expenses/Owner’s	
Subordinate Series 2014B Tax-Exempt		Contingency	290,000
Bonds	2,045,000	Refunding Escrow	10,816,200
Equity	1,600,000	Series 2014 Debt Service Reserve Fund	1,251,750
Series 2004 Debt Service Reserve Fund	<u>1,076,231</u>	Repair and Replacement Reserve Fund	162,240
		Costs of Issuance	<u>661,238</u>
<b>Total</b>	<b><u>\$22,536,231</u></b>	<b>Total</b>	<b><u>\$22,536,231</u></b>

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**JOBS**

Current employment:	58	Projected new jobs:	3 (1-2 years)
Jobs retained:	N/A	Construction jobs:	25 (12 months)

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**FINANCING SUMMARY**

**Structure:** The plan of finance contemplates an aggregate principal amount of approximately \$20.0 million in Tax-Exempt Bonds and up to \$345,000 in taxable bonds offered in minimum denominations of \$100,000 and sold to Qualified Institutional Buyers and Accredited Investors consistent with IFA Bond Program Handbook requirements. The existing IFA Series 2004 Bonds will be current refunded within 90 days of the first optional redemption date (November 1, 2014).

The Senior Series 2014A (Tax-Exempt and Taxable) Bonds will be sold institutionally by B.C. Ziegler and Company (the “**Underwriter**”) in multiple series to Qualified Institutional Buyers and Accredited Investors (and sold in minimum denominations of \$100,000).

The Subordinate Series 2014B (Tax-Exempt) Bonds will be privately placed by the Underwriter with a select group of supporters of the School (each of whom shall meet the definition of Accredited Investor). The Subordinate Series 2014B Bonds will be subordinated to both the Tax-Exempt Series 2014A Bonds and the Taxable Series 2014A Bonds.

Again, the IFA Subordinate Series 2014B Bonds will be privately placed in a manner consistent with IFA’s Bond Program Handbook requirements (i.e., minimum \$100,000 denominations to Accredited Investors who are supporters of the School, as evidenced by Investor Letters and related requirements).

**Security:** Investors will be secured by a general obligation of the School in connection with the IFA Series 2014 Bonds. Additionally, Bondholders are expected to be secured by a mortgage and security interest in the School’s assets, properties, or funds.

**Interest Rate:** The Tax-Exempt and Taxable Series 2014A Bonds and the Tax-Exempt Series 2014B Bonds will each bear a fixed interest rate that will be negotiated and established prior to closing based on prevailing market conditions (and currently estimated at between 5.00% and 6.50%).

**Maturity:** The Tax-exempt and Taxable Series 2014A Bonds sold institutionally will be amortized over 30 years (i.e., with a final maturity in 2044), as proposed.

The Tax-Exempt Series 2014B Bonds will be privately placed, amortized over 15 years (i.e., with a final maturity in 2029), as proposed.

**Estimated Closing Date:** August/September 2014

**Rationale:** This Project will expand the educational opportunities for families seeking Montessori education. By adding classrooms/learning space, the School will have the ability to add approximately 50-70 new children to its current student population (primarily in its Middle School). Through a separate fundraising effort associated with the construction project, Rogers Park Montessori School expects to substantially increase its financial aid available to assist families who reside in the community.

The proposed Tax-Exempt Bonds will reduce monthly payments that will help Rogers Park Montessori School keep its fixed charges (including debt service payments) as low as possible. The proposed Taxable Bonds are being issued to (i) capitalize a portion of the contemplated Repair and Replacement Fund and (ii) to pay a portion of the costs of issuance.



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**PROJECT SUMMARY (FOR AMENDATORY BOND RESOLUTION – AMENDING THE PREVIOUS RESOLUTION ADOPTED JUNE 2013)**

Bonds will be issued in one or more series and proceeds will be loaned to **Rogers Park Montessori School** (the “**Borrower**”), an Illinois not for profit corporation, to be used, together with certain other funds, to (i) pay or reimburse the Borrower, or refinance certain indebtedness the proceeds of which were used to pay or reimburse the Borrower, for the costs of acquiring, constructing, renovating, remodeling, expanding and equipping certain of the Borrower’s school facilities, located at 1800 W. Balmoral Ave., Chicago, Illinois 60640 (the “**School Facility**”), including without limitation, an approximately 13,000 square foot expansion to the middle school space to the School Facility; the addition of classrooms, rooms, science spaces, science laboratories, presentation spaces, group work spaces, tutoring alcoves, and co-curricular spaces to the School Facility; and renovating, remodeling, expanding and equipping the gymnasium of the School Facility (together, the “**Project**”); (ii) currently refund, advance refund, or defease all or a portion of the outstanding principal amount of the \$11,750,000 original principal amount Illinois Finance Authority Educational Facility Revenue Bonds, (Rogers Park Montessori School Project) Series 2004 (the “**Prior Bonds**”), if deemed necessary or advisable by the Borrower; (iii) fund a debt service reserve fund for the Bonds, if deemed necessary or advisable by the Borrower; (iv) capitalize a repair and replacement reserve, if deemed necessary or advisable by the Borrower; (v) fund a capitalized interest fund for the Bonds, if deemed necessary or advisable by the Borrower; and (vi) pay certain costs incurred in connection with the issuance of the Bonds, and the costs of refunding the Prior Bonds (collectively with the Project, the “**Financing Purposes**”).

The outstanding Par Amount of the IFA Series 2004 Bonds was \$10,600,000 as of 5/1/2014, the most recent payment date.

The estimated New Project Costs are comprised of the following items (subject to change):

Construction	\$7,786,695
Rehabilitation	225,026
Furniture and Fixtures	600,229
Architectural/Engineering	660,187
Legal/Professional	<u>82,666</u>
<b>Total</b>	<b>\$9,354,803</b>

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**BUSINESS SUMMARY**

Description: **Rogers Park Montessori School**, an Illinois not-for-profit corporation (“**RPMS**”, the “**School**” or the “**Borrower**”) was established in 1967 and is incorporated under State of Illinois law. The Borrower is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

Rogers Park Montessori School is governed by a 12-member Board of Directors (see p. 5).

Background: Rogers Park Montessori School was founded by ten Rogers Park parents in September of 1966 in a converted space at St. Ignatius parish and has provided quality education to the children of Chicago ever since. RPMS is a coeducational, day school for children ages two to fourteen (8th grade) guided by the philosophy of Maria Montessori based on standards set forth by the American Montessori Society (“AMS”), and recognized by the Illinois State Board of Education (“ISBE”).

By 1975, the School had relocated to Bethany Lutheran Church at 1244 West Thorndale Avenue. RPMS gradually expanded to offer a toddler class, five pre-school classes, and after -school care for working families. The RPMS elementary program was launched in 1991 and in three years, enrollment of increased from 7 to 18 students. In 1994, RPMS opened a program for Ages 9-12, and in 1995, with the continued growth of the elementary program, new space was leased at 1020 West Bryn Mawr Avenue in the Edgewater Presbyterian Church. This building housed the School’s Age 6-9 and Age 9-12 classrooms and after-school elementary program.

The School’s growth and disparate physical operations resulted in a need to look for a single site to house both programs. This search spanned over 10 years. Finally in 2004, RPMS purchased and began construction of its current facility, a 47,000 square foot educational facility at 1800 W. Balmoral Ave. Thanks to the dedication of RPMS parents, the state-of-the-art school, which

incorporated the Montessori philosophy into its design, opened in January 2006. The new RPMS facility expanded capacity across all grade levels and offered Montessori programming to middle school age children (i.e., Ages 12-14) for the first time. The 2006 School Facility also features a gymnasium, library, multi-purpose room, green roof, playgrounds, and green space.

The School emphasizes the education of the whole child starting from infancy. In addition to academic classes, daycare and after-school care is available for ages three to fourteen. The School's mission is to create an environment and curriculum that values children's ability to reach their highest potential academically and to develop the skills necessary to advance peaceful resolutions to issues which arise at school and in the greater community. Through participation in the School's community, children develop a strong sense of self and an understanding of their connection to the environment and larger world.

The School's commitment to (i) the delivery of quality Montessori practices in a mixed age-group setting, (ii) high academic standards, and (iii) employing a highly skilled teaching staff, has earned RPMS a strong reputation. RPMS is accredited by the American Montessori Society and the Independent Schools Association of Central States and is recognized by the Illinois State Board of Education. The toddler program is licensed by the **Department of Children and Family Services ("DCFS")**.

Additionally, the School holds memberships in the following associations:

- AIMS (Association of Illinois Montessori Schools)
- Independent School Management (ISM)
- North American Montessori Teachers Association (NAMTA)
- Dyslexia Association
- Illinois Reading Association
- Infant Mental Health
- National Association of Elementary School Principals
- Lake Michigan Association of Central States (LMAIS)

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### ECONOMIC DISCLOSURE STATEMENT

Applicant: Rogers Park Montessori School, 1800 West Balmoral, Chicago (Cook County), IL 60640

Contact: Ms. Karen Salmon, Board President: (T) 312-296-3725; email: salmonfish@me.com

Website: www.rpmschool.org

Site Locations: 1800 West Balmoral, Chicago (Cook County), IL 60640

Project name: IFA 501(c)(3) Revenue Bond (Rogers Park Montessori School Project), Series 2014

Organization: Illinois not-for-profit established as a 501(c)(3) corporation under the Internal Revenue Code

Board of Trustees:

Michael Beirne	Co-Chair, Trustees Committee
David Brown	Co-Chair, Growth Committee
Trudy Cools	Secretary
Paul Kuzma	General Board Member
Danielle Loevy	General Board Member
Anthony Malcoun	General Board Member
Karen Salmon	President; Co-Chair, Growth and Trustees Committee
Debbie Senoff-Langford	Principal
Bill Stapel	Co-Chair, Business Finance Committee
Anna May Trala	Treasurer; Co-Chair, Business Finance Committee
Debbie Walters	General Board Member
Derek Zolner	Vice President; Chair, Advancement Committee

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	Burke, Burns & Pinelli, Ltd.	Chicago, IL	Mary Ann Murray
Auditor:	John D Kopczyk, Ltd.	Chicago, IL	
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Matt Lewin
Underwriter/ Placement Agent:	B.C. Ziegler and Company	Chicago, IL	Scott Rolfs
Underwriter's Counsel:	Ungaretti & Harris LLP	Chicago, IL	Julie Seymour
Trustee:	US Bank	St. Paul, MN	Diane Carlson
Architect:	OLSEN/VRANAS Design (in consultation with B3 Architects)	Chicago, IL Santa Barbara, CA	
General Contractor:	NORCON, Inc.	Chicago, IL	
IFA Counsel:	Cahill Law Office	Chicago, IL	Kevin Cahill
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional:	5
State Senate:	7
State House:	13

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**ILLINOIS FINANCE AUTHORITY**  
**Memorandum**

To: IFA Board of Directors

From: Richard K. Frampton, Vice President and  
Brad R. Fletcher, Financial Analyst

Date: July 8, 2014

Re: Overview/Background Memo on the accompanying request for a Preliminary Bond Resolution by the **Midwestern University Foundation** for the **Illinois Finance Authority** (“**IFA**”) to issue an amount not-to-exceed \$15 million of conduit, tax-exempt **Student Loan Revenue Bonds** on behalf of the Foundation pursuant to IFA’s powers, as successor to the Illinois Educational Facilities Authority under the (Illinois) **Higher Education Loan Act (110 ILCS 945)** (or “**HELA**”)

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**This memorandum supplements the standard IFA Board Summary Report to provide additional historical context and background regarding this request to issue conduit revenue bonds through IFA pursuant to longstanding powers authorized under the (Illinois) Higher Education Loan Act (110 ILCS 945).**

**Overview:**

- As proposed, IFA would issue conduit revenue Bonds, the proceeds of which would be loaned to the Midwestern University Foundation, as Borrower (just as on any other conduit revenue bond issue).
- Instead of using IFA Bond proceeds to provide capital project financing, the Foundation would combine bond proceeds with other cash equity to fund new student loans to Midwestern University students (as authorized under the HELA statute).
  - As summarized further in this memorandum and in the attached IFA Board Summary Report, the Foundation and its financing team are contemplating a structured financing designed to obtain high investment grade ratings (i.e., Single A or better for all series) based on forecast cash flows from a student loan repayment model based on the 30+ year repayment history and credit characteristics of the University’s student loan portfolio.
- Midwestern University and its Midwestern University Foundation affiliate have over 30 years of successful student loan origination and repayment history originating direct student loans to Midwestern students:
  - Midwestern University is a leading provider of graduate and post-graduate education in various fields of medicine and health sciences.
  - Midwestern University currently has 5,784 graduate students at its two campuses (Downers Grove and Glendale, AZ).
  - Target students for the initial loans financed with Series 2014 Bond Proceeds would be comprised of graduate and post-graduate professional students in their final year of advanced degree studies in dentistry, pharmacy, and other medical and health science specialties.
  - Use of IFA Bond Proceeds by the Foundation would be limited to student loans attending Midwestern’s Illinois campus in Downers Grove.
  - Midwestern’s final-year graduate and professional students possess unusually strong credit characteristics including: high graduation rates, high employment placement rates, and above-market salaries (e.g., dentists and pharmacists) typical of advanced degreed health care professionals.
  - Midwestern University’s “Federal Cohort Default Rates” reported by the U.S. Department of Education report student loan default rates that are consistently a small fraction of averages posted by both traditional 4-year public colleges/universities and 4-year private colleges/universities and are also significantly below national composite averages.

**Applicant Request: Midwestern University and Midwestern University Foundation**

**Midwestern University Foundation** (the “**Foundation**” or the “**Borrower**”), a 501(c)(3) corporation and Illinois nonprofit corporation and affiliate of **Midwestern University** (Downers Grove, Illinois) (the “**University**” or **MWU**”, and a 501(c)(3) private graduate and post-graduate higher education institution) is requesting consideration of a Preliminary Bond Resolution in an amount not-to-exceed \$15.0 million.

Rationale: As proposed, IFA would issue up to \$15.0 million of conduit, tax-exempt bonds on behalf of the Foundation, the proceeds of which would be used by the Foundation to take advantage of current market conditions and enable the Foundation to originate loans to its certain of the University’s graduate-level and professional degree students at lower interest rates than other graduate student loan programs (e.g., GradPLUS).

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**Business Purpose for the University:**

Midwestern University (through its Foundation) would use IFA Bond proceeds to provide a lower-cost source of student loan funding to the University’s target students to replace higher-cost GradPLUS loans as a major source of student loan funding.

According to Midwestern University, the IFA Bond-Funded Student Loan Program would not only provide a lower interest rate to target students but also reduce an enterprise risk to the University since:

1. GradPLUS loans are the most expensive federal student loans (7.21% rate as of 7/1/2014). (GradPlus rates are fixed to term -- the prevailing rate for loans originated each academic year is set at the 10-Year T-Note Rate + 4.60%.)
  - Midwestern University Foundation expects to price its bond-financed loans at a lower rate (currently estimated at 6.00% fixed) thereby producing improved student loan borrower outcomes.
2. GradPLUS loans also have significantly higher upfront origination fees (i.e., 4.228%) than are expected for Midwestern University’s Bond-Funded Loans (currently estimated at 2.00%).
3. According to the University the federal government has frequently adjusted interest rates and terms for GradPLUS loans. Future changes could reduce federal funding or create less favorable terms, thereby discouraging prospective Midwestern University students from attending (in the absence of alternative loan programs).
4. This Bond-Funded student loan program would enable the University to create an alternate source of student loan program funding that is likely to become increasingly advantageous to its students as prevailing market interest rates rise.

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**IFA Student Loan Revenue Bonds will require \$15.0 Million of Volume Cap:**

Because the ultimate beneficiaries of the proceeds of the IFA Student Loan Revenue Bonds will be private taxpayers (i.e., Midwestern University’s students at its Illinois (Downers Grove) campus only), the issuance of IFA’s Student Loan Revenue Bonds is subject to an allocation of Volume Cap as required under the Internal Revenue Code. Based on the current estimated sizing of the IFA Series 2014 Bonds (Midwestern University Foundation), \$15.0 million of Volume Cap would be required to issue the Bonds. (IFA has already set-aside sufficient Volume Cap for this financing to issue the proposed Bonds at the currently estimated amount.)

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**IFA Bond Proceeds – Eligible Midwestern University Student Loan Borrowers will include:**

Eligible student loan borrowers of IFA Bond Proceeds include students at Midwestern University’s Downers Grove, Illinois campus. This limitation in the use of proceeds is also a requirement specified under the (Illinois) Higher Education Loan Act, under which IFA is authorized to issue the subject conduit revenue bonds. (Note: The eligible uses of proceeds authorized under the Internal Revenue Code are only slightly less restrictive and would limit the use of IFA Bond proceeds to students attending Midwestern’s Illinois campus.

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**Concurrent Issuance of \$15 Million of Conduit Student Loan Revenue Bonds by the Industrial Development Authority of Glendale, AZ:**

Midwestern University is seeking to achieve the same results for students at its Glendale, AZ campus by undertaking the concurrent issuance of an additional \$15.0 million of Student Loan Revenue Bonds through the **Industrial Development Authority of Glendale AZ (“Glendale IDA”)**.

*The Glendale IDA Bonds will require a separate allocation of \$15.0 million of State of Arizona Volume Cap, as required for Student Loan Bonds issued primarily for use by students at the University’s Arizona campus (as required pursuant to the Internal Revenue Code.*

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**The Internal Revenue Code Requires (i) the IFA Student Loan Bonds to Receive Volume Cap from the State of Illinois and (ii) the Glendale IDA Student Loan Bonds to Receive Volume Cap from the State of Arizona**

The Internal Revenue Code requires that Midwestern University Foundation obtain Volume Cap from each state in which a campus using bond proceeds to fund student loans is located. Furthermore, the conduit issuer that is using Volume Cap from a state must be located in the same state that is providing the Volume Cap allocation.

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**All Series of IFA Series 2014 Bonds and Glendale IDA Series Bonds are expected to attain high investment grade ratings based on a common Master Trust Indenture and other structuring features:**

- As currently proposed, the IFA Bonds and Glendale IDA Bonds would be issued under a common Master Trust Indenture
- Separate IFA and Glendale IDA Supplements to the Master Trust Indenture would provide:
  - Subaccounts to facilitate tracking of originations, student loan repayments, and ongoing tax compliance.
  - Terms under which surplus cash flows from the Glendale IDA Bonds could be available to cover all or a portion of any cash flow deficiencies in the IFA Bonds, if any (and under which surplus cash flows from the IFA Bonds could be available to cover deficiencies in the Glendale IDA Bonds, if any).
- The Bonds will be Limited Obligations of the Foundation (with repayment limited to pledged loans and other specific Pledged Collateral under the Master Trust Indenture).
  - The Bonds will not constitute a debt or guarantee of the Foundation or University.
  - IFA and Glendale IDA will strictly serve as “conduit issuers” for their respective Student Loan Bond issues.
  - Pursuant to 110 ILCS 945/12 of “HELA”: “Bonds issued under authority of this Act (HELA) shall be obligations of the Authority only, and not of the State of Illinois.” Additionally: “Nothing in the Act (HELA) shall be construed to authorize the Authority or any department, board, commission or other agency to create an obligation of the State of Illinois within the meaning of the Constitution or the Statutes of Illinois.”

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**Senior/Subordinate Bond Structure Anticipated:**

**Both the IFA Bonds and Glendale IDA Bonds to be structured with Senior and Subordinate Series with each series sized to attain specific target debt service coverage ratios (and ratings).**

- The Foundation and its financing team are targeting high investment grade ratings of “Double A” or better on the Senior Bonds and “Single A” or better on the Subordinate Bonds.
- As presently contemplated, the Foundation would contribute \$6 million of assets (comprised of pledged student loans cash) while the University would also contribute \$1 million of cash. The contributed cash would be available to fund additional student loans, pay bond-related costs of issuance, capitalize debt service reserves, and pay capitalized interest.

- As noted previously, the University has over 30+ years of strong student loan repayment history along with student loan default rates that are a fraction of national norms reported by the U.S. Dept. of Education.

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**IFA Bonds to be Issued under the Higher Education Loan Act (110 ILCS 945):**

- IFA will issue the Series 2014 Student Loan Revenue Bonds pursuant to powers authorized under the **(Illinois) Higher Education Loan Act** (or “HELA”), as successor to the **Illinois Educational Facilities Authority (“IEFA”)**, which itself absorbed the issuance authority and powers of the former **Illinois Independent Higher Education Loan Authority (“IHELA”)** in 1987.
  - IHELA was originally established in September 1981.
  - During the 1980s, IHELA issued Student Loan Revenue Bonds on behalf of six private higher education institutions that enabled each to create a student loans program designed to originate student loans specifically on behalf of students attending the respective institution’s campuses in Illinois.
    - Separate IHELA Bonds were issued on behalf of the following institutions:  
Northwestern University, DePaul University, Loyola University, Knox College, University of Chicago, and Rush University Medical School
- Midwestern University, together with the University’s Foundation, believe that under present market conditions, an IFA Bond Financed Student Loan Program would be more advantageous to the University’s students than GradPLUS loans based on a comparison of current terms, rates, and origination fees.
- Conduit revenue bonds issued by IFA on behalf of higher education institutions (which may include qualified “education loan corporations” as defined pursuant to “HELA”, which may include an institution’s affiliated foundation) shall be subject to a stand-alone aggregate outstanding debt limit of \$200.0 million established under the Higher Education Loan Act. (Accordingly, issuance of Bonds under “HELA” on behalf of Midwestern University Foundation would not result in the use of any remaining debt limit available under IFA’s general corporate statutory debt limit of \$28.5 billion authorized under IFA’s general powers.)

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**IFA’s Powers Enumerated under the Higher Education Loan Act Shall Not Require the Approval or Consent of any Political Subdivision of the State nor any State of Illinois department, division, commission, board, body, bureau, official, or agency:**

*According to Sec. 23 of the “HELA” (110 ILCS 945/23):*

1. Pursuant to The Higher Education Loan Act, IFA’s powers thereunder “...shall be deemed to provide a complete, additional and alternative method for the doing of the things (i.e., issuing Bonds to fund student loans) authorized thereby and shall be regarded as supplemental and additional to, and the limitations imposed under this Act (HELA) shall not limit or otherwise affect powers or rights conferred by other laws, and the issuance of Bonds and refunding Bonds under this Act (HELA) need not comply with the requirements of any other law applicable to the issuance of Bonds.
2. Except as otherwise expressly provided in the Act (HELA), none of the powers granted to the Authority (IFA) under this Act (HELA) shall be subject to the supervision or regulation or require the approval or consent of any municipality or political subdivision or any department, division, commission, board, body, bureau, official or agency thereof of the State. (Source P.A. 82-658)

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**ALSO SEE AGENDA ITEM #7: Resolution Providing for the Establishment of a Program to Permit the Issuance of the Revenue Bonds of the Illinois Finance Authority to Finance an Educational Loan Program Pursuant to the Higher Education Loan Act of the State of Illinois.** This Resolution would authorize the Student Loan Revenue Bond Program and establish guidelines as required prior to implementation.

Note: The standard IFA Board Summary report follows next and provides a more comprehensive discussion of the various topics presented within this overview memo.

**\$15,000,000**

**Midwestern University Foundation**

July 8, 2014

<p><b>REQUEST</b></p>	<p><b>Purpose:</b> Bond proceeds (of the IFA Series 2014 Bonds) will be issued in one or more series and would be used by <b>Midwestern University Foundation</b> (the “<b>Foundation</b>” or the “<b>Borrower</b>”), a private Illinois nonprofit corporation and affiliate of Midwestern University (the “<b>University</b>”), and combined with other funds to use proceeds from the sale of the Bonds, together with certain other funds, to (i) finance the making of education loans for the benefit of University students that are registered students at the University’s Illinois campus, (ii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower, (iii) pay capitalized interest on the Bonds, if deemed necessary or advisable by the Borrower, and (iv) pay costs relating to the issuance of the Bonds, (collectively, the “<b>Financing Purposes</b>”).</p> <p><b>Volume Cap:</b> Because the underlying “users” of the Bond Proceeds will be private taxpayers (i.e., students), pursuant to the Internal Revenue Code, issuance of the proposed IFA Bonds would require \$15 million of Illinois Volume Cap. IFA already has set-aside sufficient Volume Cap in anticipation of this bond issue.</p> <p><b>Program:</b> Conduit Student Loan Revenue Bonds [issued pursuant to IFA statutory authority under the (Illinois) Higher Education Loan Act, as successor to the Illinois Educational Facilities Authority (“IEFA”).</p> <p><b>Extraordinary Conditions:</b> None.</p> <p><b>Note: Concurrent Issuance of \$15 Million of Student Loan Bonds by the Industrial Development Authority of Glendale, AZ:</b> The Foundation will also be pursuing the issuance of the proposed \$15 million IFA Bonds concurrently (and under a common Master Trust Indenture) with \$15 million of conduit Student Loan Revenue Bonds that would be issued by the <b>Industrial Development Authority of Glendale, AZ (“Glendale IDA”)</b>. (See p. 4 for additional information on the tax law issues driving the separate Glendale IDA bond issue.)</p>																								
<p><b>BOARD ACTION</b></p>	<p>Preliminary Bond Resolution</p>																								
<p><b>MATERIAL CHANGES</b></p>	<p>None – this is the first time this matter has been presented to the IFA Board of Directors.</p>																								
<p><b>JOB DATA</b></p>	<table border="0"> <tr> <td style="text-align: center;">600</td> <td>Midwestern Univ. – Illinois Campus</td> <td style="text-align: center;">N/A</td> <td>New jobs projected (not a capital asset financing)</td> </tr> <tr> <td style="text-align: center;">N/A</td> <td>Retained jobs</td> <td style="text-align: center;">N/A</td> <td>Construction jobs projected (not a capital project)</td> </tr> </table>	600	Midwestern Univ. – Illinois Campus	N/A	New jobs projected (not a capital asset financing)	N/A	Retained jobs	N/A	Construction jobs projected (not a capital project)																
600	Midwestern Univ. – Illinois Campus	N/A	New jobs projected (not a capital asset financing)																						
N/A	Retained jobs	N/A	Construction jobs projected (not a capital project)																						
<p><b>DESCRIPTION</b></p>	<ul style="list-style-type: none"> <li>• <b>Locations:</b> Downers Grove/DuPage County/Northeast Region (The Glendale IDA will issue Bonds to fund student loans for students attending its Glendale, Arizona campus.)</li> <li>• <b>Type of entity:</b> Midwestern University Foundation is an Illinois nonprofit corporation established in 1994 to secure and manage private support to benefit Midwestern University (“<b>MWU</b>” or the “<b>University</b>”). The Foundation is a 501(c)(3) corporation and is the official fundraising arm of the University. The University is the sole member of the Foundation.</li> <li>• <b>Originally founded in 1900 as the Chicago School of Osteopathy</b> (based in Hyde Park), the University has since expanded its educational offerings, and relocated to Downers Grove in 1986 (becoming Midwestern University in 1992, after adding new professional and graduate health programs). Midwestern established a second campus in 1995 in Glendale, AZ. Today, Midwestern University provides professional graduate and post-graduate education and offers 11 different advanced degree programs in various fields of medicine, pharmacy, dentistry, and the health sciences.</li> <li>• The University consists of 9 different colleges and offers 16 advanced degrees across its two campuses in Downers Grove, IL and Glendale, AZ.</li> </ul>																								
<p><b>PURPOSE/ STRUCTURE / SECURITY / ANTICIPATED RATINGS</b></p>	<ul style="list-style-type: none"> <li>• <b>Program Purpose and Background:</b> Please see “Program Purpose and Background” section on pages 3-4.</li> <li>• <b>Structure:</b> The plan of finance contemplates that the IFA Bonds and the Glendale IDA Bonds will each be sold in one or more series pursuant to a Master Trust Indenture. The Master Trust Indenture will pledge 100% of the student loans to the Master Trust (i.e., including student loans funded from (i) the IFA Bonds, (ii) the Glendale IDA, and (iii) existing loans that will be pledged by the Foundation as equity). The transaction structures for both the IFA and Glendale IDA Bonds are expected to include both Senior 2014A Bonds and Subordinate 2014B Bonds.</li> <li>• <b>Security/Anticipated Ratings:</b> The Master Trust Indenture pledge of 100% of the student loans, combined with the Senior/Subordinate structure, additional pledged student loans pledged by the Foundation as equity, cash equity from both the Foundation and University, and Midwestern University’s 30+ year low student loan borrower default history. These factors are anticipated to result in high investment grade ratings on both the IFA Series 2014A Bonds (anticipated at “AA” or better) and the IFA Series 2014B Bonds (“A”) or better from one of the major credit rating agencies.</li> <li>• <b>Financing will be non-recourse to the Foundation and University:</b> The proposed IFA and Glendale IDA Student Loan Revenue Bonds will be non-recourse to both the Foundation and to Midwestern University and rated solely based on the Master Trust Indenture and transaction structure. (Informational Disclosure: The University has underlying long-term ratings of A-A+ (S&amp;P/Fitch).)</li> <li>• RBC Capital Markets has been engaged by the Borrower to serve as Underwriter.</li> </ul>																								
<p><b>MATURITY</b></p>	<ul style="list-style-type: none"> <li>• 25 years (final maturity will be determined based on rating agency feedback based on portfolio stress testing)</li> </ul>																								
<p><b>SOURCES AND USES – IFA BONDS ONLY</b></p>	<table border="0"> <thead> <tr> <th colspan="2" style="text-align: left;"><b>Sources:</b></th> <th colspan="2" style="text-align: left;"><b>Uses:</b></th> </tr> </thead> <tbody> <tr> <td>IFA Senior-Subord. Bonds</td> <td style="text-align: right;">\$15,000,000</td> <td>Student Loans</td> <td style="text-align: right;">\$16,200,000</td> </tr> <tr> <td>Foundation – Contributed Student Loans (Contributed Equity)</td> <td style="text-align: right;">2,500,000</td> <td>Capitalized Interest</td> <td style="text-align: right;">1,250,000</td> </tr> <tr> <td>Foundation Cash Equity</td> <td style="text-align: right;">500,000</td> <td>Debt Service Reserve Fund</td> <td style="text-align: right;">300,000</td> </tr> <tr> <td>University Cash Equity</td> <td style="text-align: right;">500,000</td> <td>Costs of Issuance</td> <td style="text-align: right;">750,000</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$18,500,000</u></b></td> <td><b>Total</b></td> <td style="text-align: right;"><b><u>\$18,500,000</u></b></td> </tr> </tbody> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Senior-Subord. Bonds	\$15,000,000	Student Loans	\$16,200,000	Foundation – Contributed Student Loans (Contributed Equity)	2,500,000	Capitalized Interest	1,250,000	Foundation Cash Equity	500,000	Debt Service Reserve Fund	300,000	University Cash Equity	500,000	Costs of Issuance	750,000	<b>Total</b>	<b><u>\$18,500,000</u></b>	<b>Total</b>	<b><u>\$18,500,000</u></b>
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<p><b>RECOMMENDATION</b></p>	<p>The Credit Review Committee recommends approval.</p>																								



**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
July 8, 2014**

**Project: Midwestern University Foundation**

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**STATISTICS**

Project Number:	N-NP-TE-CD-8678	Amount:	\$15,000,000 (not-to-exceed amount)
Type:	Student Loan Revenue Bond	IFA Staff:	Rich Frampton and Brad R. Fletcher
IL Location:	Downers Grove	County/	
		Region:	DuPage County/Northeast

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**BOARD ACTION**

Preliminary Bond Resolution	
Conduit Student Loan Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

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**VOTING RECORD**

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

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**PURPOSE**

Bond proceeds (of the IFA Series 2014 Bonds) will be issued in one or more series and would be used by **Midwestern University Foundation** (the “**Foundation**” or the “**Borrower**”), a private Illinois nonprofit corporation and affiliate of Midwestern University (the “**University**”), and combined with other funds to use proceeds from the sale of the Bonds, together with certain other funds, to (i) finance the making of education loans for the benefit of University students that are registered students at the University’s Illinois campus, (ii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower, (iii) pay capitalized interest on the Bonds, if deemed necessary or advisable by the Borrower, and (iv) pay costs relating to the issuance of the Bonds, (collectively, the “**Financing Purposes**”).

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**IFA PROGRAM AND CONTRIBUTION**

IFA is authorized (as successor to the Illinois Educational Facilities Authority) to issue conduit revenue bonds on behalf of education loan corporations and accredited institutions of higher education (including their affiliated foundations) pursuant to the Higher Education Loan Act (20 ILCS 945). Proceeds of the IFA Bonds are then, in turn, loaned by the conduit borrower to current students to finance qualified costs of higher education as specified under the Internal Revenue Code.

IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower’s interest expense, with the interest rate benefit ultimately conveyed to the student loan borrowers.

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**VOLUME CAP**

As noted previously, because the ultimate beneficiaries of the IFA Bonds will be private taxpayers (i.e., students), issuance of Student Loan Revenue Bonds would subject to an allocation of \$15 million of Illinois Volume Cap based on the current estimated transaction amount, as required under the Internal Revenue Code. (As noted previously, IFA has already set-aside sufficient Volume Cap to enable the proposed Student Loan Revenue Bonds to be issued upon completion of all transaction legal and securities documentation.)

**ESTIMATED SOURCES AND USES OF FUNDS – IFA BONDS ONLY**

<b>Sources:</b>		<b>Uses:</b>	
IFA Senior 2014A Bonds	\$12,500,000	Student Loans:	\$16,200,000
IFA Subordinate 2014B Bonds	2,500,000	Capitalized Interest	1,250,000
Foundation – Pledged Student Loans (Equity)	2,500,000	Debt Service Reserve Fund	300,000
Foundation Cash Equity	500,000	Costs of Issuance	<u>750,000</u>
University Cash Equity	<u>500,000</u>		
<b>Total</b>	<b><u>\$18,500,000</u></b>	<b>Total</b>	<b><u>\$18,500,000</u></b>

**JOBS**

Current employment:	600	Projected new jobs:	N/A (not a capital project)
Jobs retained:	N/A	Construction jobs:	N/A (not a capital project)

**Note:** These Bonds will be available for use by the Borrower to fund student loans to students at Midwestern University’s Downers Grove campus (irrespective of residency).

**PROGRAM PURPOSE AND BACKGROUND**

**Program Purpose:**

In order to offer more favorable terms than are generally available to Midwestern University’s students under the federal GradPLUS Loan Program (“GradPLUS”), the University plans (through its affiliated Midwestern University Foundation) to offer loans directly to its students pursuant to the terms of a new bond-funded student loan program.

Funds for academic year 2014-2015 loans will be generated from (i) IFA Bonds Proceeds (loaned to Midwestern University Foundation), (ii) Midwestern University Foundation Pledged Loans (comprising equity of approximately \$5.0 million; of which approximately \$2.5 million would be allocated to loans for students at each campus), and (iii) \$1.0 million of cash to be contributed by the Foundation, and \$1.0 million of cash to be contributed by the University (with 50% of these amounts to be allocated to provide loans, fund reserves, or pay costs of issuance in connection with both the IFA Bonds and Glendale IDA Bonds.

**IFA Bonds to be Issued under the Higher Education Loan Act:**

IFA will issue the subject Series 2014 Bonds pursuant to powers authorized under the **Higher Education Loan Act** (110 ILCS 945 or “**HELA**”), as successor to the Illinois Educational Facilities Authority (which itself absorbed the issuance authority of the former Illinois **Independent Higher Education Loan Authority** (“**IHELA**” in 1987). IHELA was established under Illinois law effective September 1981.

IFA is authorized to issue conduit revenue bonds on behalf of higher education institutions for the express purpose of providing student loans using IHELA’s former powers as enumerated under HELA.

From 1982 to 1985, the Illinois Independent Higher Education Loan Authority issued approximately \$98.6 million of Bonds on behalf of six institutions (Northwestern University; DePaul University; Loyola University; Knox College; University of Chicago, Rush Medical School). Bond issue par amounts ranged from \$500,000 (Knox College) to \$22.0 million (Rush Medical School). Most bonds carried maturities of up to 15 years. The last outstanding IHELA Bonds matured in 1999.

Other federal loan programs superseded the IHELA Bonds in use by the universities.

The proposed Series 2014 Bonds would be the first bond issuance by IFA using the HELA statutory powers since IFA's inception in 2004.

**Accompanying  
Resolution on  
Administrative  
Rules for**

**Consideration:** *In order for IFA to issue bonds using the HELA powers and pursuant to Section 144(b) of the Internal Revenue Code, the Authority is required to adopt guidelines. Agenda Item #7 requests IFA Board consideration of a Resolution that would adopt such guidelines. Chapman and Cutler LLP, in their role as bond counsel to Midwestern University Foundation, has reviewed and approved the Resolution and guidelines as presented in connection with Agenda Item #7.*

***Concurrent Issuance  
of \$15 Million of  
Student Loan Bonds  
by the***

**Glendale IDA:** Midwestern University will be issuing the proposed \$15 million IFA Bonds concurrently (and under a common Master Trust Indenture) with \$15 million of Student Loan Revenue Bonds issued by the Glendale IDA (with Midwestern University Foundation also serving as the conduit borrower).

The IFA Bonds and Glendale IDA Bonds will be investment-grade rated based on the Master Indenture structure and the University's 30+ years of strong student loan repayment history.

Although the Bonds will be issued under a common Master Trust Indenture and the loan repayments will flow through the Master Indenture, cash flows associated with the IFA and Glendale IDA Bonds will be segregated for both tax and compliance purposes. *(Additionally, the Glendale IDA Bonds will require its own \$15 million allocation of Arizona Volume Cap for use by students attending its Arizona campus pursuant to Internal Revenue Code requirements.)*

**Comment on  
Need for  
Separate IFA  
and Arizona  
Bond Issues:**

Because Qualified Student Loan Bonds ultimately benefit private taxpayers (i.e., student borrowers), the subject Bonds require an allocation of Volume Cap from the State in which each respective borrowing will benefit resident students (pursuant to the Internal Revenue Code).

Accordingly, IFA Bond proceeds will be limited in use to qualified students at Midwestern University's Illinois campus in Downers Grove. (Similarly, use of the Glendale IDA Bond proceeds will be limited in use to qualified students at Midwestern University's campus in Glendale, AZ.)

The Glendale IDA will also be providing a \$15 million allocation of State of Arizona Volume Cap to cover the Par amount of Glendale IDA Bonds (as required under the Internal Revenue Code).

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### FINANCING STRUCTURE:

#### Bond

Structure: The IFA Bonds and Glendale IDA Bonds are each expected to be issued in a Senior 2014A Series and a Subordinate 2014B Series. Each series of bonds is expected to be assigned a high investment grade rating based on Pledged Collateral as described in the following section (i.e., comprised of pledged cash flows, pledged loans, and cash equity) under a Master Trust Indenture structure (also see Master Trust Indenture Overview section below).

#### Pledged

Collateral: The Bonds will be secured by and payable solely from amounts payable by Midwestern University Foundation pursuant to terms of the underlying Financing Agreements relating to the IFA and Glendale IDA bond issues.

The obligation of Midwestern University Foundation to make payments to bondholders will be limited to the extent of student loans and related collateral pledged under the Master Trust Indenture (the “**Pledged Collateral**”).

The Pledged Collateral will consist of the following (as defined under the Master Trust Indenture): (i) the revenues (i.e., student loan repayments), (ii) funds held in accounts established under the Master Trust Indenture, (iii) student loans contributed by the Borrower (i.e., Midwestern University Foundation), and (iv) the rights of the Borrower (i.e., Midwestern University Foundation) under any loan or servicing agreement.

#### Master Trust Indenture

Overview: The IFA and Glendale IDA Bonds will be issued under a common Master Trust Indenture.

Separate IFA and Glendale IDA Supplements to the Master Trust Indenture will provide for:

- subaccounts that will facilitate tracking of originations, student loan repayments, and ongoing tax compliance;
- separate Loan Agreements with respect to each Issuer specifying terms for the lending of bond proceeds and the repayment of such loans.

The Master Trust Indenture will also specify terms under which surplus cash flows from the Glendale IDA bond issue would be available to cover all or a portion of any cash flow deficiencies in the IFA Bonds, if any (and *vice versa*).

#### Bonds will be a Limited Obligation of the Foundation

and University: The Bonds will not constitute a debt, liability, or obligation of, nor will the Bonds be secured by any general revenues or assets of the Midwestern University Foundation, or any affiliate of the Foundation, including Midwestern University. In particular, according to HELA: “Bonds issued under authority of the Act (HELA) shall be obligations of the (Illinois Finance) Authority only, and not of the State of Illinois, and “Nothing in the Act (HELA) shall be construed to authorize the Authority or any department, board, commission, or other agency to create an obligation of the State of Illinois with the meaning of the Constitution or Statutes of Illinois.

#### Interest Rate:

Both sizing and interest rate modes are to be determined based on an evaluation of market conditions by the Foundation and its financing team at pricing based pledged collateral (i.e., cash flows) under the Master Trust Indenture and from the anticipated Senior Series 2014A/Subordinate Series 2014B structure.

Rating on the  
Proposed IFA  
and Glendale  
IDA Bonds:

The Foundation and their financing team anticipate that the IFA and Glendale IDA Bonds will be rated solely on the basis of the Pledged Collateral (i.e., combined cash flows from loans; prior student loans pledged by the Foundation; and, other cash equity) provided under the Master Trust Indenture structure. The Borrower and Financing Team will be structuring the transaction to attain high investment grade ratings on the contemplated (IFA and Glendale IDA) Senior Series 2014A Bonds (“AA” or better) and (IFA and Glendale IDA) Subordinate Series 2014B Bonds (“A” or better) from at least one of the credit rating agencies.

Information  
Disclosure –  
Midwestern  
University’s  
Underlying

Credit Ratings: As noted previously, the subject IFA Bonds (and the Glendale IDA Bonds) will not be supported with cash flows or otherwise guaranteed in any manner by Midwestern University. Midwestern University is currently rated “A-”/ “A+” long-term by S&P/Fitch (each with a Stable Outlook).

Maturity: Final maturity date – 25 years from issuance date (anticipated)

Estimated  
Closing Date: August 2014

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#### PROJECT SUMMARY (FOR PRELIMINARY BOND RESOLUTION)

Bond proceeds (of the IFA Series 2014 Bonds) will be issued in one or more series and would be used by **Midwestern University Foundation** (the “**Foundation**” or the “**Borrower**”), a private Illinois nonprofit corporation and affiliate of Midwestern University (the “**University**”), and combined with other funds to use proceeds from the sale of the Bonds, together with certain other funds, to (i) finance the making of education loans for the benefit of University students that are registered students at the University’s Illinois campus, (ii) fund one or more debt service reserve funds, if deemed necessary or advisable by the Borrower, (iii) pay capitalized interest on the Bonds, if deemed necessary or advisable by the Borrower, and (iv) pay costs relating to the issuance of the Bonds, (collectively, the “**Financing Purposes**”).

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#### BUSINESS SUMMARY – BACKGROUND ON PARTICIPANTS

The Foundation: **Midwestern University Foundation** (the “**Foundation**” or the “**Borrower**”) is an Illinois nonprofit corporation established in 1994 to act exclusively for scientific, scholastic, charitable and educational purposes for the benefit of Midwestern University (“**MWU**” or the “**University**”). The Foundation is an affiliate of the University under common management control (with common employees and several board members).

Established in 1994 as a supporting organization of MWU, the Foundation was inactive (and conducted no business, and had no revenues, assets or liabilities) until October 2002, when it took over financing of federal student loan programs on behalf of the University. From that time, the Foundation’s sole activity has been to finance the federal student loan programs of the University. Since 2002, and through the fiscal year which ended June 30, 2014, the Foundation financed approximately \$210 million of federally guaranteed student loans originated on behalf of the University’s students.

The Borrower is a 501(c)(3) not-for-profit entity exempt from federal income taxation under the Internal Revenue Code. The Foundation is governed by a 7-member Board of Directors (see page 10). The University is the sole member of the Foundation.

The University: Midwestern University is a private, Illinois not-for-profit corporation with 501(c)(3) status under the Internal Revenue Code.

Midwestern University was founded in 1900 as the Chicago School of Osteopathy. The University is a leading provider of graduate and post-graduate education in various fields of medicine and health sciences. The University's degree programs are accredited by the major accrediting bodies within each field of specialization. The University's programs have experienced increasing demand over the past 10 years, have become increasingly selective, and have produced successful, high-earning graduates who have a strong repayment history on Midwestern-originated student loans over the past 30+ years.

The University relocated to the campus in Downers Grove previously occupied by George Williams College in 1986, and after adding several new professional programs became "Midwestern University" in 1992. The University established a second full-service campus in Glendale, Arizona in 1995.

The University presently had 5,784 students across its Illinois and Arizona campuses. The University's strong financial condition is evidenced by the University's high investment grade ratings ("A-" / "A+" from S&P/Fitch).

Role of the  
Foundation in  
this Financing:

The Foundation will relend IFA Bond proceeds to eligible students under this Program and contribute up to \$6.0 million of (combined) pledged loans (i.e., equity) and cash to the Master Trust Indenture on behalf of the IFA Bonds and the Glendale IDA Bonds. Loan repayments derived from the Foundation's pledged loans (i.e., equity) and loans to be originated with a portion of any cash contribution will provide additional cash flow that will help secure (i.e., credit enhance) all IFA (and Glendale IDA) Bonds.

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**Midwestern University & Midwestern University Foundation:  
30+ Year Student Loan Performance History:**

**1980 – 2012: MWU's Institutional Loan Program:**

- Was established in the 1980's as a University-capitalized revolving loan fund to assist students of the University's College of Osteopathic Medicine in meeting their tuition obligations to MWU;
- More recently, this program provided \$3.6 million of low-interest, fixed rate loans to Osteopathic Medicine students between 2006 and 2012;
- These loans have been serviced by ECSI (the proposed student loan servicer on loans funded from proceeds of the IFA Series 2014 Bonds – see pages. 9-10) since 2001.

**1988 – 2002: MWU's FFELP Graduate "School as Lender Program" - Phase I**

Financed by Midwestern University from proceeds of a revolving credit facility and loan purchase agreement by Sallie Mae ("FFELP" = Federal Family Education Loan Program)

- Loans originated with Sallie Mae advances, and subsequently sold to Sallie Mae at a small premium [i.e., approximately 101.5% of par];
- Periodic loan sale proceeds were used to repay credit advances, thereby creating capacity for additional student loans.

**2002 – 2010: MWU's FFELP Graduate "School as Lender Program" – Phase II**

**Student loans funded by the Midwestern University Foundation through the issuance of \$145 million of Taxable Auction Rate Securities (ARS)** (ultimately secured by the Foundation's guaranteed student loans and related assets)

- Renegotiated borrower premiums allowed the Foundation/MWU to eliminate student loan origination fees;
- Collapse of the Auction Rate Securities market in February 2008 coupled with the elimination of the FFELP in mid-2010, led to the gradual unwinding of this "Phase II program" as follows:
  - MWU ceased lending under Phase II in May 2010, after providing nearly \$600 million of FFELP loans to its students;
  - The remaining student loans were "put" to the U.S. Department of Education in Fall 2010, soon after termination of the FFELP;

- The Series 2009A Trust Indenture was collapsed and all \$65.0 million of LOC-Secured Variable Rate Demand Bonds were redeemed at Par
- The remaining Net Assets of \$6.0 million were released from the Series 2009A Indenture to the Foundation.

**2012 – Present: Foundation Direct Loans and Development of new Tax-Exempt Student Loan Revenue Bond Program**

- As of 3/31/2014, the Foundation's Net Asset position was \$6.3 million.
- The Foundation has (and will) use a portion of these \$6.0 million of its assets to fund new student loans and to provide cash equity to support the Master Trust Indenture structure. Repayments from the Foundation's equity-funded loans will create additional dedicated cash flows to the Master Trust Indenture that will be available to cover a portion of the debt service payments due on both the IFA Series 2014 Bonds and the Glendale IDA Series 2014 Bonds.

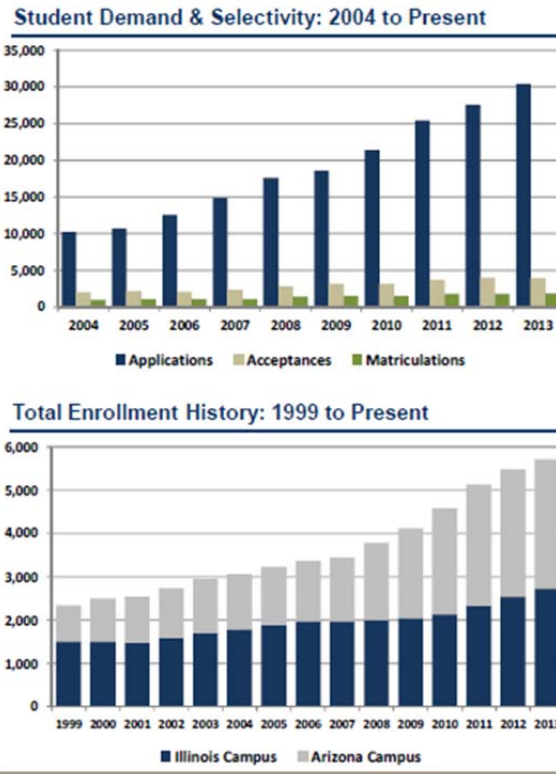
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**MIDWESTERN UNIVERSITY – APPLICATION AND ENROLLMENT TRENDS:**

Applications to all of MWU's programs have increased annually over the past 10 years, while admissions have become increasingly selective.

In particular:

- Total new student applications for MWU's programs have tripled over the past 10 years, from 10,193 in 2004 to 30,346 in 2013.
- Acceptance rates have declined during the past 10 years, from 19.8% in 2004 to 13.1% in 2013.
- MWU has posted enrollment growth of:
  - 8.6% average 10-year growth rate;
  - 9.6% average 15-year growth rate;
  - Note: MWU opened its Glendale, AZ campus in 1995.
- Despite the overall increase in the number of 'seats' available to prospective students nationally (reflecting new school openings and new programs), competition for seats across MWU's graduate and professional health programs has steadily increased.
- According to MWU, matriculation (i.e., enrollment) rates have been stable, ranging between 45% and 51% during the past 10 years.




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**MIDWESTERN UNIVERSITY STUDENT LOAN PROGRAM OPERATIONS:**

**Internal Loan Program Administration:**

Kim Brown, Director of Finance, who reports to the University’s CFO, will be the primary administrator of the Foundation loan program and has been employed by the University since 2001. Overall, MWU’s internal team has significant experience administering MWU’s prior student loan programs from 1980 through 2012. Ms. Brown has been directly involved in all prior Midwestern University Foundation student loan initiatives (which began in 2002).

**3<sup>rd</sup> Party Private Label Student Loan Origination Platform – Campus Door, Inc. (“CampusDoor”):**

MWU has engaged CampusDoor to provide web-based loan origination platform for use by MWU’s students.

Campus Door, Inc. was founded in 1995 to deliver student loans via web-based applications. Since 1995, CampusDoor has processed over \$11 billion in private student loans applications representing over 1.4 million student loan borrowers

CampusDoor currently supports 19 higher education institutions and lenders including Sallie Mae, PNC Bank, M&T Bank, Corinthian Colleges (Liberty Bank), University Credit Union (Maine), and New Hampshire Higher Education Loan Corporation.

**3<sup>rd</sup> Party Loan Servicing & Collections Platform – Heartland Campus Solutions/ECSI:**

Heartland Campus Solution/ECSI was founded in 1972 to provide a student loan servicing solution to higher education institutions. ECSI is the largest campus-based student loan service in the U.S.

In 2012, Heartland Payment Systems (NYSE: HPY) acquired ECSI and integrated its student loan servicing business with its Heartland Campus Solutions division. Heartland processes more than 11 million payments per day and over \$120 billion annually and employs 3,450 nationally.



ECSI has over 1,800 college and university customers in all 50 states. Loan servicing clients include: Princeton University, SUNY System, Cornell University, University of Michigan, University of North Carolina, Oregon State University System, UNLV, The Ohio State University, and the California State System.

ECSI has serviced Midwestern University's and Midwestern University Foundation's direct student loan portfolios since 2001.

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**GENERAL TERMS OF MIDWESTERN'S BOND-FINANCED STUDENT LOAN PROGRAM:**

**Midwestern University Foundation – Initial 2014 Student Loan Program Eligibility and Lending Parameters:**

- According to the University, the initial pool of loans originated with IFA Series 2014 Bond Proceeds *will not* include loans to Medical (i.e., Osteopathic Medical School) students due to the Osteopathic Medical Program's (i) duration (4 years), (ii) length of post-graduation residency periods (3 ½ years), and (iii) high medical student post-graduation residency program participation rates (100% - which would result in a deferral of principal and interest payments to the Master Trust and the use of Capitalized Interest ).
- In 2014, participation in the Foundation's Bond-funded loan program will be offered to all non-medical school students entering the final year of their respective programs.
- The University expects Dental (D.M.D.) and Pharmacy (Pharm.D.) program students are expected to continue to comprise the majority of the initial pool of loans, based on class sizes and historical borrowing trends:
  - only 25% of 4<sup>th</sup> year dental students enter a 2-year residency program
  - only 20% of 4<sup>th</sup> year pharmacy students enter a 1-year residency program
- Maximum loan amount of \$25,000 per academic year (with a \$100,000 aggregate maximum); the minimum loan amount will be \$1,000;
  - The aggregate loan amount may not exceed the cost of attendance, less other forms of financial aid awarded.

*Over time, and as the bond-funded portfolio establishes its own performance record, Midwestern University expects to expand eligibility of this program across its student body.*

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: Midwestern University Foundation, 551 31<sup>st</sup> Street, Downers Grove, IL 60515;  
Contact: Mr. Gregory J. Gaus, Senior Vice President and Chief Financial Officer, Midwestern University:  
(T) 630.515.6171; email: ggaux@midwestern.edu  
Website: [www.midwestern.edu](http://www.midwestern.edu)  
Site Locations: IFA proceeds can be used by students at the University's Illinois campus.  
Financing: IFA Series 2014 Student Loan Revenue Bonds (Midwestern University Foundation)

Organization: Midwestern University Foundation is Illinois not-for-profit established as a 501(c)(3) corporation

Board of  
Directors –  
Midwestern  
University  
Foundation: Kevin D. Leahy, Chair  
Gerrit A. van Huisstede, Vice Chair  
Kathleen H. Goepfinger, Ph.D., *President and Chief Executive Officer*  
Warren B. Grayson, J.D.  
Robert M. Lockhart, Ph.D.  
W. Jay Lovelace (Glendale, AZ)  
Thomas Eggleston (Glendale, AZ)

Board of Trustees –  
 Midwestern

University: William D. Andrews, *Chair*  
 Sr. Anne C. Leonard, C.N.D., *Vice Chair*  
 Gerrit A. van Huisstede, *Secretary/Treasurer*  
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 John Ladowicz, M.B.A.  
 Kevin D. Leahy  
 Madeline R. Lewis, D.O.  
 Robert M. Lockhart, Ph.D.  
 W. Jay Lovelace  
 The Honorable Elaine M. Scruggs  
 Paul M. Steingard, D.O.  
 Gary L. Trujillo, M.B.A.

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**PROFESSIONAL & FINANCIAL**

Borrower’s Counsel:	Locke Lord LLP	Chicago, IL	George Burgett
Auditor:	Ernst & Young LLP	Chicago, IL	
Bond Counsel:	Chapman & Cutler LLP	Chicago, IL	Nancy Burke, Chris Walrath
Underwriter:	RBC Capital Markets	Phoenix, AZ	Jeff Wagner
Underwriter’s Counsel:	Kutak Rock LLP	Denver, CO	Anne Gish, Donald Stover
Student Loan Originator:	Campus Door, Inc.	Carlisle, PA	
Student Loan Servicer:	ECSI, a division of Heartland Campus Solutions	Pittsburgh, PA	
Master Trustee (for IFA and AZ Bonds):	To be determined		
Rating Agency:	To be determined		
IFA Counsel:	Katten Muchin Rosenman, LLP	Chicago, IL	Lew Greenbaum
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Jim Beck

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**SUPPLEMENTAL FINANCING TEAM DISCLOSURE ON GLENDALE IDA BONDS:**

*Midwestern University Foundation will engage the same participants as in its IFA transaction, with the exception of Bond Counsel:*

Bond Counsel:	Squire Sanders LLP	Phoenix, AZ
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**LEGISLATIVE DISTRICTS**

Congressional:	6
State Senate:	24
State House:	47

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July 8, 2014

**\$28,000,000**  
**The Carle Foundation**

<b>REQUEST</b>	<p><b>Purpose:</b> Bond proceeds will be used by <b>The Carle Foundation</b> (“<b>Carle</b>”, the “<b>Corporation</b>”, or the “<b>Borrower</b>”) to: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009A (The Carle Foundation) (the “<b>Prior Bonds</b>”); and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “<b>Financing Purposes</b>”).</p> <p><b>Program:</b> Conduit 501(c)(3) Revenue Bonds</p> <p><b>Extraordinary Conditions:</b> None.</p>												
<b>BOARD ACTIONS</b>	Final Bond Resolution ( <i>One-time consideration</i> )												
<b>MATERIAL CHANGES</b>	None. This is the first time this project has been presented to the IFA Board of Directors.												
<b>JOB DATA</b>	<table border="0"> <tr> <td>5,560</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>5,560</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	5,560	Current jobs	N/A	New jobs projected	5,560	Retained jobs	N/A	Construction jobs projected				
5,560	Current jobs	N/A	New jobs projected										
5,560	Retained jobs	N/A	Construction jobs projected										
<b>DESCRIPTION</b>	<ul style="list-style-type: none"> <li>• Location: Urbana (Champaign County/East Central Region)</li> <li>• The Carle Foundation, headquartered in Urbana, Illinois, is an Illinois not-for-profit corporation engaged in providing health care services to residents of east central Illinois.</li> </ul>												
<b>SECURITY</b>	<ul style="list-style-type: none"> <li>• The Bonds are expected to be secured by an obligation of The Carle Foundation under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund or mortgages.</li> </ul>												
<b>CREDIT INDICATORS</b>	<ul style="list-style-type: none"> <li>• The Bonds will not be rated. The Carle Foundation maintains underlying ratings of A+ and AA- from Standard &amp; Poor’s and Fitch, respectively.</li> </ul>												
<b>STRUCTURE</b>	<ul style="list-style-type: none"> <li>• The Bonds will be purchased directly by Wells Fargo Municipal Capital Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, N.A. (“<b>Wells Fargo</b>” or the “<b>Bank</b>”).</li> <li>• The Bonds will fully mature not later than February 15, 2020.</li> </ul>												
<b>SOURCES AND USES</b>	<table border="0"> <tr> <td colspan="2"><b>Sources:</b></td> <td colspan="2"><b>Uses:</b></td> </tr> <tr> <td>IFA Bonds</td> <td><u>\$28,000,000</u></td> <td>Refunding</td> <td><u>\$28,000,000</u></td> </tr> <tr> <td><b>Total</b></td> <td><b><u>\$28,000,000</u></b></td> <td><b>Total</b></td> <td><b><u>\$28,000,000</u></b></td> </tr> </table>	<b>Sources:</b>		<b>Uses:</b>		IFA Bonds	<u>\$28,000,000</u>	Refunding	<u>\$28,000,000</u>	<b>Total</b>	<b><u>\$28,000,000</u></b>	<b>Total</b>	<b><u>\$28,000,000</u></b>
<b>Sources:</b>		<b>Uses:</b>											
IFA Bonds	<u>\$28,000,000</u>	Refunding	<u>\$28,000,000</u>										
<b>Total</b>	<b><u>\$28,000,000</u></b>	<b>Total</b>	<b><u>\$28,000,000</u></b>										
<b>RECOMMENDATION</b>	Credit Review Committee recommends approval.												

**ILLINOIS FINANCE AUTHORITY  
BOARD SUMMARY  
July 8, 2014**

**Project: The Carle Foundation**

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**STATISTICS**

Project Number:	H-HO-TE-CD-8693	Amount:	\$28,000,000 (Not-to-Exceed)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Pam Lenane and Nora O'Brien
City:	Urbana	County/Region:	Champaign/East Central

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**BOARD ACTION**

Final Bond Resolution ( <i>one-time consideration</i> )	No IFA Funds at Risk
Conduit 501(c)(3) Revenue Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval	

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**VOTING RECORD**

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

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**PURPOSE**

Bond proceeds will be used by **The Carle Foundation** (“**Carle**”, the “**Corporation**”, or the “**Borrower**”) to: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009A (The Carle Foundation) (the “**Prior Bonds**”); and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

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**IFA PROGRAM AND CONTRIBUTION**

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

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**VOLUME CAP**

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

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**JOBS**

Current employment:	5,560	Projected new jobs:	N/A
		Construction jobs:	N/A

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**ESTIMATED SOURCES AND USES OF FUNDS**

<b>Sources:</b>		<b>Uses:</b>	
IFA Bonds	<u>\$28,000,000</u>	Refunding	<u>\$28,000,000</u>
<b>Total</b>	<b><u>\$28,000,000</u></b>	<b>Total</b>	<b><u>\$28,000,000</u></b>

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**FINANCING SUMMARY**

Security:	The Bonds are expected to be secured by an obligation of The Carle Foundation under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund or mortgages.
Structure:	The plan of finance contemplates the issuance of variable rate bonds purchased directly by Wells Fargo Municipal Capital Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, N.A. (“ <b>Wells Fargo</b> ” or the “ <b>Bank</b> ”).
Interest Rate:	To be determined at the time of pricing based upon market indices.
Interest Mode:	Floating rate obligations for which interest is established periodically and paid monthly.
Maturity:	The Bonds will fully mature not later than February 15, 2020.
Rating:	The Bonds will not be rated. The Carle Foundation maintains underlying ratings of A+ and AA- from Standard & Poor’s and Fitch, respectively.
Estimated Closing Date:	August, 2014

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**PROJECT SUMMARY**

Bond proceeds will be used by **The Carle Foundation** (“**Carle**”, the “**Corporation**”, or the “**Borrower**”) to: (i) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009A (The Carle Foundation) (the “**Prior Bonds**”); and (ii) pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

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**BUSINESS SUMMARY**

The Carle Foundation is an Illinois not-for-profit corporation engaged in providing health care services through a vertically integrated provider structure which offers a broad spectrum of inpatient, outpatient, and long-term health care services to a large and predominantly rural service area in east-central Illinois and west-central Indiana in a region surrounding the cities of Champaign and Urbana, Illinois. The Carle Foundation serves as the sole member and elects all of the trustees of, and thereby controls the following Illinois not-for-profit organizations and affiliates:

- a. *The Carle Foundation Hospital* operates a licensed 345-bed hospital, a certified home health agency, and a certified hospice, all which lease property and equipment from the Corporation. The Hospital also operates Carle Medical Supply, a provider of medical equipment and supplies to the general public and hospital patients; and the Danville Surgery Center and outpatient surgical recovery centers, which are located in Champaign and Danville, Illinois. The Hospital serves as the sole stockholder and elects all directors of and, therefore controls, the following for-profit subsidiaries: *Carle Risk Management Company*, which provides professional liability insurance claims processing and management services to the Foundation and *eValiData, Inc.*, which provides physician credentialing services to the Corporation and external organizations.

- b. Carle Health Care, Incorporated operates Carle Physician Group which operates as a multi-specialty, group medical practice comprising approximately 404 licensed physicians and surgeons, some of whom are contracted to provide services through other entities; Arrow Ambulance, LLC, an ambulance transport service; Airlife, an air medical transport service; and The Caring Place, a day care center. Carle Health Care Incorporated also operates the Champaign SurgiCenter, LLC, a free-standing ambulatory surgery center located in Champaign, Illinois, in partnership with Christie Clinic ASC, LLC, an affiliate of a private, multi-specialty, group medical practice headquartered in Champaign, Illinois, as a 25% owner.
- c. Hoopeston Community Memorial Hospital, which comprises a 24-bed Critical Access Hospital and six Rural Health Clinics. The hospital is located approximately 50 miles northeast of the Foundation's main campus.
- d. Carle Retirement Centers, Inc. operates a 174-unit retirement living center.
- e. The Carle Development Foundation does business as the Carle Center for Philanthropy, which is engaged in fund-raising activities and manages substantially all activity relating to restricted and unrestricted contributions. In addition, it is the sole member of Carle Community Health Corporation, which is engaged in funding charitable, scientific, and educational community-based health care initiatives.
- f. The Carle Foundation is the sole member of Health Alliance Connect, Inc., a taxable not-for-profit entity which provides health care services to its enrollees including members of medically underserved groups, persons who are unable to obtain affordable health care services or insurance, persons with special healthcare needs, and beneficiaries of governmental programs.

The Carle Foundation serves as the sole stockholder and elects all the directors of, and thereby controls, the following for-profit subsidiaries:

- a. Carle Holding Company, Inc. is the sole owner of Health Alliance Medical Plans Inc. and its subsidiaries ("Health Alliance"). Health Alliance is a licensed life, accident, and health insurance company in the state of Illinois and is subject to regulation by the Illinois Department of Insurance. Health Alliance was granted a certificate of authority to transact business as a health maintenance organization (HMO) on November 28, 1989. Health Alliance had approximately 269,500 members at March 31, 2014.

Health Alliance has a wholly-owned subsidiary, Health Alliance-Midwest, Inc. (HAMW), which is incorporated as a licensed HMO to write health insurance policies in the states of Illinois, Iowa, and Nebraska. Health Alliance owns 60% of Health Alliance Northwest Holding, Inc. which is a non-insurance company in the state of Washington established for the purpose of owning Health Alliance Northwest Health Plan, Inc., a Washington health care contractor.

- b. Health Systems Insurance, Limited, an offshore captive insurance company, was established to underwrite the Corporation's general and professional liability risks and, beginning in 2012, its workers' compensation liability insurance risks.

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**ECONOMIC DISCLOSURE STATEMENT**

Applicant: The Carle Foundation  
Location: 611 W. Park St.  
Urbana (Champaign County), IL  
61801-2595  
Project name: The Carle Foundation (Illinois Finance Authority Series 2014 Bonds)  
Organization: 501(c)(3) Not-for-Profit Corporation  
State: Illinois  
Contact: Scott Hendrie, Executive Director – Finance & Treasury, (217) 383-4369  
[scott.hendrie@carle.com](mailto:scott.hendrie@carle.com)

**Board of Trustees:**

Kenneth Aronson, M.D.  
Phillip Blankenburg  
Donna Greene, Chair  
Jane Hays  
Guy Hall  
Sanjiv Jain, M.D.  
James C. Leonard, M.D.  
J. Michael Martin  
Mitch Melfi  
Paul Mulhollem  
Martin K. Smith  
Jon Stewart  
Paul Tender, M.D.

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**PROFESSIONAL & FINANCIAL**

Borrower's Counsel:	McGuire Woods	Chicago	Kevin Dougherty
Borrower's Financial Advisor	Ponder & Co.	Chicago	Jennifer Brown
Bond Counsel:	Chapman & Cutler LLP	Chicago	Terrance Shirey
Bank:	Wells Fargo Bank, N.A.	Chicago	David Kates
Bank's Counsel:	Ashurst LLP	Chicago	Emily Kalfayan
Issuer's Counsel:	Pugh, Jones & Johnson, P.C.	Chicago	Stacy Wells
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Jacquelyn Cerasuolo
			Lorraine Tyson
			Jim Beck

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**LEGISLATIVE DISTRICTS**

Congressional: 13  
State Senate: 52  
State House: 103

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**SERVICE AREA**

The primary service area includes Champaign County and selected zip codes in East Central Illinois. The secondary service area includes Vermilion County and selected zip codes from 38 other counties in East Central Illinois and West Central Indiana. Based on zip codes of patient origin, 52.8% of total hospital inpatient admissions in the primary service area were to Carle, while 15.5% of total hospital inpatient admissions in the combined primary and secondary service area were to Carle, both during the 2013 calendar year.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Rich Frampton & Brad R. Fletcher

Date: July 8, 2014

Re: Resolution Providing for the Establishment of a Program to Permit the Issuance of the Revenue Bonds of the Illinois Finance Authority to Finance an Educational Loan Program Pursuant to the Higher Education Loan Act of the State of Illinois

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### Background:

The Illinois Finance Authority (“**IFA**”) is the statutory successor to the Illinois Educational Facilities Authority (which itself was the statutory successor to the Illinois Independent Higher Education Loan Authority), and therefore, IFA has the ability to issue revenue bonds pursuant to the powers enumerated under the Higher Education Loan Act, 110 ILCS 945 1 et seq., as supplemented and amended (the “**Higher Ed Loan Act**”).

Since its 2004 inception, IFA has never issued revenue bonds pursuant to the powers enumerated under the Higher Ed Loan Act. As a result, IFA must approve the establishment of an education loan program (the “**Student Loan Program**”) whereby the Authority may lend the proceeds of its revenue bonds to institutions of higher education or “education loan corporations” (as defined in the Higher Ed Loan Act) for the purposes of making such “education loans” (as defined in the Higher Ed Loan Act) to students or parents of students, or both, that attend institutions of higher education located in the State of Illinois.

Furthermore, under Section 144(b) of the Internal Revenue Code of 1986, as amended (the “**Code**”), IFA must establish a program of “general application” in order to carry out the Student Loan Program. The attached guidelines in *Exhibit A* are intended to establish such a program of general application. The approving Resolution also delegates to the Chairman and Executive Director (or their designees) the ability to establish additional criteria or qualifications for the Student Loan Program. The attached guidelines in *Exhibit A* will supersede any prior rules adopted by the Illinois Independent Higher Loan Authority or the Illinois Educational Facilities Authority that are in conflict with the attached guidelines in *Exhibit A* to the extent of such conflict.

### Request:

Staff is requesting approval of the accompanying Resolution to (i) effectuate the establishment of a Student Loan Program and (ii) adopt the guidelines in *Exhibit A* which provide for the Student Loan Program’s general applicability.

These guidelines have been designed to conform the Student Loan Program guidelines to IFA’s existing internal approval guidelines for conduit bond financings.



**RESOLUTION 2014-0708-AD\_\_**

RESOLUTION PROVIDING FOR THE ESTABLISHMENT OF A PROGRAM TO PERMIT THE ISSUANCE OF THE REVENUE BONDS OF THE ILLINOIS FINANCE AUTHORITY TO FINANCE AN EDUCATIONAL LOAN PROGRAM PURSUANT TO THE HIGHER EDUCATION LOAN ACT OF THE STATE OF ILLINOIS

WHEREAS, the Illinois Finance Authority, a body politic and corporate of the State of Illinois, as successor to the Illinois Educational Facilities Authority, is authorized under the Higher Education Loan Act, 110 ILCS 945-1 *et seq.*, as supplemented and amended (the “Higher Ed Loan Act”), to issue its revenue bonds for the purpose of making loans to institutions of higher education or “education loan corporations” for the purpose of funding “education loans” (as such terms are defined in the Higher Ed Loan Act); and

WHEREAS, pursuant to the provisions of the Higher Ed Loan Act, the Authority desires to establish such an education loan program whereby the Authority would lend the proceeds of its revenue bonds to such institutions of higher education or such education loan corporations for the purpose of making such education loans to students or parents of students, or both, that attend institutions of higher education located in the State of Illinois; and

WHEREAS, the Authority desires that any such revenue bonds also constitute “qualified student loan bonds” within the meaning of Section 144(b)(1)(B) of the Internal Revenue Code of 1986, as from time to time amended (the “Code”);

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

**Section 1. Approval.** The Authority hereby approves the establishment of an education loan program (the “Student Loan Program”) whereby the Authority may lend the proceeds of its revenue bonds to institutions of higher education or “education loan corporations” (as defined in the Higher Ed Loan Act) for the purposes of making such “education loans” (as defined in the Higher Ed Loan Act) to students or parents of students, or both, that attend institutions of higher education located in the State of Illinois.

**Section 2. General Applicability.** In order to carry out the terms of the Student Loan Program, the Authority hereby adopts the guidelines set forth in *Exhibit A* attached hereto.

**Section 3. Other Procedures.** The Chairman, the Executive Director or any designee of the Chairman or the Executive Director of the Authority (each such person being hereinafter referred to as an “Authorized Officer”) is authorized to establish such

additional criteria or qualifications for the Student Loan Program as they may deem necessary to carry out the provisions or intent of the Higher Ed Loan Act and this Resolution and to do any and all things necessary or desirable in order to carry out the intention of the parties expressed herein.

**Section 4. Adoption of Resolution.** Each Authorized Officer is authorized and directed to execute, and the Secretary or any Assistant Secretary of the Authority (and for purposes of this Resolution, any person duly appointed to either of such offices on an interim or acting basis) is authorized to seal and attest to the adoption of, this Resolution.

**Section 5. Conflict.** All resolutions, rules, guidelines, or parts thereof, heretofore adopted by the Authority or its predecessors that are in conflict herewith are hereby superseded to the extent of such conflict.

**Section 6. Other Acts.** All acts of the officers, employees and agents of the Authority which are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, ratified, approved and confirmed.

**Section 7. 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 8. Effective Date.** This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 8th day of July, 2014.

ILLINOIS FINANCE AUTHORITY

By \_\_\_\_\_  
Chairman

ATTEST:

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

[SEAL]

## EXHIBIT A

### IFA STUDENT LOAN PROGRAM

#### **Program Description**

The Illinois Finance Authority (the “IFA”) has established a program under which not-for-profit institutions can access the capital markets to raise funds to finance educational loans made to students or to parents of students that attend institutions of higher education located in the State of Illinois (the “Student Loan Program”). The IFA is authorized to issue its revenue bonds (the “Bonds”) to finance such loans (the “Loans”) through the powers granted to it through the consolidation of the provisions of the Illinois Educational Facilities Authority Act into the IFA and pursuant to the Higher Education Loan Act (the “Higher Ed Loan Act”). The intent of the Student Loan Program is to effectuate the public purposes of the Higher Ed Loan Act by supplementing federal guaranteed higher education loan programs, other student loan programs and grant or scholarship programs in order to provide additional needed financing options for students and parents of students.

#### **Eligibility and Conditions**

All not-for-profit corporations that are institutions of higher education or education loan corporations within the meaning of the Higher Ed Loan Act are eligible borrowers under the Student Loan Program (“Eligible Borrowers”). The Bonds issued pursuant to the Student Loan Program must constitute “qualified student loan bonds” within the meaning of Section 144(b)(1)(B) of the Internal Revenue Code of 1986, as amended (the “Code”) and otherwise comply with the provisions of the Higher Ed Loan Act. The determination of whether the provisions of Section 144(b) of the Code and the Higher Ed Loan Act have been satisfied is subject to the delivery of an approving legal opinion from a recognized municipal bond attorney or firm of bond attorneys.

Eligible Borrowers may make Loans only to students or to parents of students that are enrolled in an institution of higher education that is located in the State of Illinois.

#### **Application and Fee**

Each Eligible Borrower is required to complete an application to the IFA requesting the IFA assistance in financing Loans through the Student Loan Program. A non-refundable application fee is due when the application is submitted. A closing fee based on the face amount of the Bonds is due at closing. In most cases, applications can be reviewed by staff and considered by members of the Board of Directors of the IFA within 30 to 45 days.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: IFA Board of Directors

From: Pam Lenane & Nora O'Brien

Date: July 8, 2014

Re: Resolution Approving and Ratifying the Issuance of an Alternate Letter of Credit for Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Marwen Foundation Project) and Authorizing, Approving and Ratifying Certain Other Matters

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On August 8, 2008, the Illinois Finance Authority (the "**Authority**") issued its Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (**Marwen Foundation Project**) (the "**Bonds**") in an amount of \$5,080,000. The Bonds were issued pursuant to a Trust Indenture dated as of August 1, 2008 (the "**Trust Indenture**") between the Authority and Amalgamated Bank of Chicago, as trustee and the proceeds were loaned to Marwen Foundation, Inc. (the "**Corporation**") pursuant to a Loan Agreement dated as of August 1, 2008 (the "**Loan Agreement**") between the Authority and the Corporation.

The Corporation has determined that it is desirable to have The Northern Trust Company provide an Alternate Letter of Credit (as defined in the Trust Indenture) for the Bonds in replacement of the existing letter of credit provided by Bank of America Merrill Lynch/Bank of America, N.A. and to replace Merrill Lynch, Pierce, Fenner & Smith Incorporated, as successor to Banc of America Securities LLC, the remarketing agent for the Bonds with a remarketing agent selected by the Corporation and meeting the qualification set forth in the Trust Indenture.

The Corporation has requested that the Authority authorize the provision of any amendments or supplements to the Trust Indenture and Loan Agreement that may be required by any rating agencies rating the Bonds to maintain the highest short term ratings on the Bonds.

IFA RESOLUTION NO. 2014-0708-\_\_\_\_\_

**RESOLUTION APPROVING AND RATIFYING THE ISSUANCE OF AN ALTERNATE LETTER OF CREDIT FOR ILLINOIS FINANCE AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2008 (MARWEN FOUNDATION PROJECT) AND AUTHORIZING, APPROVING AND RATIFYING CERTAIN OTHER MATTERS.**

**WHEREAS**, the ILLINOIS FINANCE AUTHORITY (the “*Authority*”) has been created by the Illinois Finance Authority Act, as amended (the “*Act*”); and

**WHEREAS**, the Authority has previously issued its \$5,080,000 Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 (Marwen Foundation Project) (the “*Bonds*”) pursuant to a Trust Indenture dated as of August 1, 2008 (the “*Trust Indenture*”) between the Authority and Amalgamated Bank of Chicago, as trustee, the proceeds of which were loaned to Marwen Foundation, Inc., an Illinois not for profit corporation (the “*Corporation*”) pursuant to the Loan Agreement dated as of August 1, 2008 (the “*Loan Agreement*”) between the Authority and the Corporation; and

**WHEREAS**, the Corporation has determined that it is desirable to have The Northern Trust Company provide an Alternate Letter of Credit (as defined in the Trust Indenture) for the Bonds in replacement of the existing letter of credit provided by Bank of America Merrill Lynch /Bank of America, N.A., (the “*Alternate Letter of Credit*”), and to replace Merrill Lynch, Pierce, Fenner & Smith Incorporated, as successor to Banc of America Securities LLC, the remarketing agent for the Bonds with a remarketing agent selected by the Corporation and meeting the qualifications set forth in the Trust Indenture; and

**WHEREAS**, the Corporation has requested that the Authority authorize the provision of any amendments or supplements to the Trust Indenture and the Loan Agreement that may be required by the any rating agencies rating the Bonds to maintain the highest short term ratings on the Bonds; and

**WHEREAS**, the Authority wishes to authorize, approve and ratify all actions of the officers and employees of the Authority undertaken in connection with the issuance of the Alternate Letter of Credit;

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

**Section 1. The Alternate Letter of Credit.** The Members, officers, agents and employees of the Authority are hereby authorized and directed to do all such acts and things and to execute or accept all such documents (including, without limitation, any amendments or supplements to the Trust Indenture or Loan Agreement, consents, waivers, reimbursement agreements or disclosure documents) such officers, agents or employees of the Authority deem necessary for the issuance of the Alternate Letter of Credit, to maintain the short term ratings in the highest short term rating category from any rating agency rating the Bonds and comply with the provisions of the applicable documents relating to the Bonds, 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, whether heretofore or hereafter taken or done, shall be and are hereby authorized, ratified, confirmed and approved.

**Section 2. Continued Effectiveness of Prior Approving Resolutions.** This resolution shall be and is intended to be in all cases a ratification of the authority granted under the resolutions adopted by the Authority on May 13, 2008 and July 8, 2008, approving the original issuance of the Bonds (the “*Prior Approving Resolutions*”). Notwithstanding anything set forth herein, the Prior Approving Resolutions shall remain in full force and effect and shall remain full and complete authorizations for the members and/or officers of the Authority to execute and deliver any and all certificates, agreements and other instruments in connection with the issuance of an Alternate Letter of Credit or such other matters set forth in the Prior Approving Resolutions.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: Illinois Finance Authority Board of Directors  
From: Nora O'Brien, Associate General Counsel  
Date: July 8, 2014  
Re: *Resolution Approving the Closed Meeting Minutes of the Illinois Finance Authority, Maintaining the Confidentiality of the Minutes Where it Still Exists, Making Portions of the Minutes that no Longer Require Confidential Treatment Available for Public Inspection, Authorizing the Destruction of the Verbatim Recordings and Ratifying Certain Matters Related Thereto*

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Pursuant to the Open Meetings Act, the Authority is required to review and approve all closed session meeting minutes and determine if the need for confidentiality still exists as to all or part of those minutes. (5 ILCS 120/2.06(d)).

Minutes of twenty-seven (27) closed session meetings of the Authority from March 8, 2005 through the present have been prepared in writing from the verbatim recordings and reviewed by the Executive Director and me.

Pursuant to 5 ILCS 120/2(c)(1) (appointment, employment, compensation), (2) (negotiation matters, salary), (3) (selection of appointee), (11) (litigation) and (15) (professional ethics) the need for confidentiality still exists as to all or part of the following minutes:

- March 8, 2005 (Committee of the Whole "COW")
- May 8, 2007 (COW);
- June 12, 2007 (Compensation Committee)
- July 10, 2007 (COW)
- September 11, 2007 (COW)
- October 9, 2007 (COW)
- November 13, 2007 (COW)
- January 15, 2008 (COW)
- November 12, 2008 (COW)
- March 10, 2009 (COW)
- May 12, 2009 (COW)
- June 9, 2009 (COW)
- September 9, 2009 (Compensation)
- September 23, 2009 (Compensation)
- October 14, 2009 (COW)
- June 8, 2010 (Compensation)
- June 8, 2010 (COW)
- December 14, 2010 (COW)
- March 16, 2011 (Agriculture Committee)
- December 13, 2011 (Compensation)
- November 13, 2012 (Compensation)
- November 13, 2012 (COW)
- December 11, 2012 (Compensation)
- February 12, 2013 (COW)
- July 9, 2013 (Compensation)
- December 10, 2013 (Compensation)
- January 29, 2014 (Agriculture Committee, A. Hire Agricultural Banker/Rural Development Specialist)

The minutes of the January 29, 2014 meeting of the Agriculture Committee are to be made available for public inspection except for the confidential portion stated above.

The following Resolution approves the closed session meeting minutes, maintains the confidentiality for the above referenced meeting minutes, makes the portion of the January 29, 2014 closed session meeting the Agriculture Committee that no longer requires confidential treatment available for public inspection and authorizes destruction of the verbatim recordings of closed session meetings created at least eighteen (18) months prior to this meeting.

**IFA RESOLUTION NO. 2014-0708-AD\_\_**

**RESOLUTION APPROVING CLOSED MEETING MINUTES OF THE ILLINOIS FINANCE AUTHORITY, MAINTAINING THE CONFIDENTIALITY OF THE CLOSED MEETING MINUTES WHERE THE NEED FOR CONFIDENTIALITY STILL EXISTS, MAKING PORTIONS OF THE CLOSED MEETING MINUTES THAT NO LONGER REQUIRE CONFIDENTIAL TREATMENT AVAILABLE FOR PUBLIC INSPECTION, AUTHORIZING THE DESTRUCTION OF CERTAIN VERBATIM RECORDINGS AND RATIFYING CERTAIN MATTERS RELATED THERETO**

**WHEREAS**, the Illinois Finance Authority (the “Authority”) has been created by the Illinois Finance Authority Act (20 ILCS 3501/801-1 et seq.) (the “Act”) and is considered a public body for purposes of the Illinois Open Meetings Act (“OMA”) (5 ILCS 120); and

**WHEREAS**, the OMA requires all meetings of public bodies to be open to the public unless the topic discussed at the meeting is subject to an exception contained in Subsection (2)(c) of the OMA and closed in accordance with Section 2a of the OMA; and

**WHEREAS**, a public body may hold closed meetings to consider the following subjects: the appointment, employment, compensation, discipline, performance or dismissal of specific employees; collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees; the selection of a person to fill a public office, including a vacancy in a public office, when the public body is given power to appoint under law or ordinance, or the discipline, performance or removal of the occupant of a public office, when the public body is given power to remove the occupant under law or ordinance; litigation, when an action against, affecting or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent; and professional ethics or performance when considered by an advisory body appointed to advise a licensing or regulatory agency on matters germane to the advisory body's field of competence of the public body (5 ILCS 120/2(c)(1), (2), (3), (11) and (15)); and

**WHEREAS**, a public body shall keep written minutes of all its meetings, whether open or closed, and a verbatim record of all its closed meetings in the form of an audio or video recording (5 ILCS 2.06(a)); and

**WHEREAS**, a public body shall periodically meet to review minutes of all closed meetings and make a determination that the need for confidentiality still exists as to all or part of those minutes or that the minutes or portions thereof no longer require confidential treatment and are available for public inspection (5 ILCS 120/2.06(d)); and

**WHEREAS**, the verbatim record may be destroyed no less than 18 months after the completion of the meeting recorded after the public body approves the destruction of a particular recording and approves written minutes of the closed meetings (5 ILCS 120/2.06(c)); and

**WHEREAS**, minutes of the closed meetings of the Authority from March 8, 2005 through the present have been prepared in writing from the verbatim recordings and have been reviewed by the Authority.

**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. Findings.** The Authority hereby makes the following findings and determinations with respect to the Authority's closed meeting minutes and verbatim recordings:

(a) The following closed meeting minutes of the Authority are approved:

March 8, 2005 (Committee of the Whole "COW"); May 8, 2007 (COW); June 12, 2007 (Compensation Committee); July 10, 2007 (COW); September 11, 2007 (COW); October 9, 2007 (COW); November 13, 2007 (COW); January 15, 2008 (COW); November 12, 2008 (COW); March 10, 2009 (COW); May 12, 2009 (COW); June 9, 2009 (COW); September 9, 2009 (Compensation); September 23, 2009 (Compensation); October 14, 2009 (COW); June 8, 2010 (Compensation); June 8, 2010 (COW); December 14, 2010 (COW); March 16, 2011 (Agriculture Committee); December 13, 2011 (Compensation); November 13, 2012 (Compensation); November 13, 2012 (COW); December 11, 2012 (Compensation); February 12, 2013 (COW); July 9, 2013 (Compensation); December 10, 2013 (Compensation) and January 29, 2014 (Agriculture Committee);

(b) The need for confidentiality still exists as to all or part of the following minutes and are to remain confidential after the adoption of this Resolution:

March 8, 2005 (Committee of the Whole "COW"); May 8, 2007 (COW); June 12, 2007 (Compensation Committee); July 10, 2007 (COW); September 11, 2007 (COW); October 9, 2007 (COW); November 13, 2007 (COW); January 15, 2008 (COW); November 12, 2008 (COW); March 10, 2009 (COW); May 12, 2009 (COW); June 9, 2009 (COW); September 9, 2009 (Compensation); September 23, 2009 (Compensation); October 14, 2009 (COW); June 8, 2010 (Compensation); June 8, 2010 (COW); December 14, 2010 (COW); March 16, 2011 (Agriculture Committee); December 13, 2011 (Compensation); November 13, 2012 (Compensation); November 13, 2012 (COW); December 11, 2012 (Compensation); February 12, 2013 (COW); July 9, 2013 (Compensation); December 10, 2013 (Compensation) and January 29, 2014 (Agriculture Committee, A. Hire Agricultural Banker/Rural Development Specialist).

(c) The following portion of minutes no longer require confidential treatment and are to be made available for public inspection after the adoption of this Resolution:

All of the minutes of the January 29, 2014 Agriculture Committee Meeting are to be made available for public inspection except for the portion to be kept closed as stated earlier in this Resolution;

(d) The following verbatim recordings were created at least eighteen (18) months prior to this meeting, the Authority has approved written minutes of the closed meetings where such verbatim recordings were created that comply with the OMA, and therefore the Assistant Secretary is hereby authorized to destroy such verbatim recordings in accordance with the OMA:

March 8, 2005 (Committee of the Whole "COW"); May 8, 2007 (COW); June 12, 2007 (Compensation Committee); July 10, 2007 (COW); September 11, 2007 (COW); October 9, 2007 (COW); November 13, 2007 (COW); January 15, 2008 (COW); November 12, 2008 (COW); March 10, 2009 (COW); May 12, 2009 (COW); June 9, 2009 (COW); September 9, 2009 (Compensation); September 23, 2009 (Compensation); October 14, 2009 (COW); June 8, 2010 (Compensation); June 8, 2010 (COW); December 14, 2010 (COW); March 16, 2011 (Agriculture Committee); December 13, 2011 (Compensation); November 13, 2012 (Compensation); November 13, 2012 (COW); December 11, 2012 (Compensation).

**Section 3. Further Actions.** The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this

Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

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

**Section 5. Enactment.** This Resolution shall be in full force and effect immediately upon its passage and approval.

# ILLINOIS FINANCE AUTHORITY

## Memorandum

To: Illinois Finance Authority Board of Directors

From: Melinda M. Gildart, Chief Financial Officer/Agency Procurement Officer

Date: July 8, 2014

Re: Resolution Authorizing the Executive Director to Renew Existing Contracts with Marj Halperin Consulting, Inc. and Hill & Knowlton Strategies, LLC

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### 1. Marj Halperin Consulting – Marketing Services

On August 28, 2012, the Illinois Finance Authority (the “**Authority**” or “**IFA**”) entered into a contract with Marj Halperin Consulting, Inc. (“**Halperin Consulting**”) to provide marketing services to the Authority for a two-year term with a one-year renewal option. The initial two-year term expires on August 31, 2014.

The Authority is seeking to renew the Halperin Consulting contract for the one-year renewal option. If approved, the renewal term shall begin on September 1, 2014 and terminate on August 31, 2015. The total value for the Halperin Consulting contract renewal is not-to-exceed \$75,000. Authority staff believes that it is necessary to continue these services and that the Halperin Consulting contract should be renewed.

### 2. Hill & Knowlton Strategies, LLC – Marketing Services

On August 28, 2012, the Illinois Finance Authority (the “**Authority**” or “**IFA**”) entered into a contract with Hill & Knowlton Strategies, LLC (“**Hill & Knowlton**”) to provide marketing services to the Authority for a two-year term with a one-year renewal option. The initial two-year term expires on August 31, 2014.

The Authority is seeking to renew the Hill & Knowlton contract for the one-year renewal option. If approved, the renewal term shall begin on September 1, 2014 and terminate on August 31, 2015. The total value for the Hill & Knowlton contract renewal is not-to-exceed \$75,000. Authority staff believes that it is necessary to continue these services and that the Hill & Knowlton contract should be renewed.

**RESOLUTION NO. 2014-0708-AD**

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE EXISTING CONTRACTS WITH MARJ HALPERIN CONSULTING, INC. AND HILL & KNOWLTON STRATEGIES, LLC**

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

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

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

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

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

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

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

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

**Section 2. Approval of the Marj Halperin Consulting Contract.** The Authority hereby approves the terms of the contract with Marj Halperin Consulting, Inc. to provide marketing services to the Authority.

**Section 3. Approval of Hill & Knowlton Strategies, LLC Contract.** The Authority hereby approves the terms of the contract with Hill & Knowlton Strategies, LLC to provide marketing services to the Authority.

**Section 4. Delegation to the Executive Director.** The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificate and other documents as may be required in connection with the Marj Halperin Consulting Inc., and Hill & Knowlton Strategies, LLC contracts.

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

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

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

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

**IFA RESOLUTION NO. 2014-0708-AD11**

**RESOLUTION ADOPTING THE BUDGET OF  
THE ILLINOIS FINANCE AUTHORITY FOR FISCAL YEAR 2015**

**WHEREAS**, pursuant to Section 801-30(e) of the Illinois Finance Authority Act, 20 Illinois Compiled Statutes 3501/801-1 et seq. (the "Act") and Article VI, Section 3 of Resolution No. 2007-07-21, Resolution Adopting the Amended and Restated By-Laws of the Illinois Finance Authority, the Illinois Finance Authority created and existing as a body corporate and politic under the laws of the State of Illinois, particularly the Act (the "Authority") is authorized to adopt a budget reflecting the revenues and expenses of the Authority for Fiscal Year 2015; and

**WHEREAS**, the Executive Director, with the assistance of the staff of the Authority, has, based upon review and analysis, prepared a Budget for Fiscal Year 2015, which Budget is attached hereto as Exhibit A (the "Budget") to support the operations of the Authority during Fiscal Year 2015 pursuant to the various purposes set forth in the Act; and

**WHEREAS**, the Authority has determined that the adoption of the Budget is in the best interest of the Authority;

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

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

**Section 2. Adoption of Fiscal Year 2015 Budget.** The revenues, receipts and other available funds set forth in the Budget for Fiscal Year 2015, commencing July 1, 2014, and ending June 30, 2015, are hereby appropriated to meet the purposes of the Act. The Executive Director, in conjunction with the other officers of the Authority, is authorized to expend funds during Fiscal Year 2015 in accordance with the Budget. Nothing in this Resolution prohibits the Members of the Authority or the Executive Director from revising or supplementing the Budget during Fiscal Year 2015 if necessary and in accordance with the Act and the By-Laws of the Authority.

**Section 3. Implementation.** The Authority hereby authorizes, empowers and directs the Executive Director of the Authority, or his designee(s), to take or cause to be taken any and all such other and further actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents, and to pay all such fees and expenses, as he may deem necessary, appropriate or advisable in order to carry out the purpose and intent of this Resolution.

**Section 4. 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 5. Enactment.** This Resolution shall take effect immediately.

This Resolution shall be retroactive to July 1, 2014.

Approved this 8th day of July, 2014.

ILLINOIS FINANCE AUTHORITY

By \_\_\_\_\_  
Chairman

ATTEST:

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

[SEAL]



**ILLINOIS FINANCE AUTHORITY  
Fiscal Year 2015 Operating Budget  
General Fund**

**BUDGET SUMMARY**

	FY15 BUDGET	FY14 BUDGET	FY14 ACTUAL AS OF JULY 7, 2014*
<b>Operating revenues:</b>			
Interest on loans	\$90,000.00	\$161,148.00	\$101,942.03
Application fees	41,005.00	7,005.00	46,050.00
Annual fees	342,300.00	78,345.00	406,432.68
Administrative service fees	2,602,000.00	3,626,595.00	2,756,871.78
Miscellaneous	60,000.00	63,601.00	366,980.03
<b>Total operating revenues</b>	<b>3,135,305.00</b>	<b>3,936,694.00</b>	<b>3,678,276.52</b>
<b>Operating expenses:</b>			
Employee related expenses	2,171,075.00	2,044,511.00	1,848,456.03
Professional services	1,429,500.00	1,295,000.00	1,269,055.79
Occupancy costs	341,648.00	347,000.00	316,078.92
General & Administrative	334,300.00	329,300.00	325,318.14
<b>Total operating expenses before depreciation and amortization</b>	<b>4,276,523.00</b>	<b>4,015,811.00</b>	<b>3,758,908.88</b>
<b>Operating income (loss) before depreciation and amortization</b>	<b>(1,141,218.00)</b>	<b>(79,117.00)</b>	<b>(80,632.36)</b>
Depreciation and Amortization	80,000.00	45,500.00	45,807.11
<b>Operating income (loss)</b>	<b>(1,221,218.00)</b>	<b>(124,617.00)</b>	<b>(126,439.47)</b>
<b>Nonoperating revenues (expenses):</b>			
Bad Debt Adjustment	15,000.00		51,228.91
Interest and investment income	1,556,278.00	200,000.00	295,128.02
Realized Gain(loss) on sale of investments	(50,000.00)		(36,168.03)
Net appreciation (depreciation) in fair value of investments	(250,000.00)		(197,315.17)
<b>Total nonoperating revenues (expenses), net</b>	<b>1,271,278.00</b>	<b>200,000.00</b>	<b>112,873.73</b>
<b>Net Income/(Loss)</b>	<b>50,060.00</b>	<b>75,383.00</b>	<b>(13,565.74)</b>

*\*Year end adjustments for expenses and potential transfer of funds not yet complete as of July 8, 2014*

TOTAL REVENUES	4,406,583.00	4,136,694.00	3,791,150.25
TOTAL EXPENSES	4,356,523.00	4,061,311.00	3,804,715.99



**ILLINOIS FINANCE AUTHORITY**  
**Fiscal Year 2015 Operating Budget**  
**General Fund**

**BUDGET DETAIL**

**Operating revenues:**

Interest on loans:		
INTEREST INCOME ON LOANS	90,000.00	161,148.00
Total Interest on loans	<u>90,000.00</u>	<u>161,148.00</u>
Application fees:		
APPLICATION FEE-VARIOUS	30,000.00	0.00
APPLICATION FEE-RESTRUCTURING GP	1,725.00	1,725.00
APPLICATION FEE - BEGING. FARMER	9,280.00	5,280.00
Total Application fees	<u>41,005.00</u>	<u>7,005.00</u>
Annual fees:		
SERVICE FEE ANNUAL: COMPONENT UNITS	325,000.00	0.00
SERVICE FEE ANNUAL: AGRICULTURE	12,500.00	73,545.00
FRESHRATE	4,800.00	4,800.00
Total Annual fees	<u>342,300.00</u>	<u>78,345.00</u>
Administrative service fees:		
ADMIN SERVICE FEE- CLOSING FEE	2,307,000.00	3,484,971.00
Adm/Closing Fee - Beg. Farmer	295,000.00	141,624.00
Total Administrative service fees	<u>2,602,000.00</u>	<u>3,626,595.00</u>
Miscellaneous :		
Various	60,000.00	63,601.00
Total Miscellaneous	<u>60,000.00</u>	<u>63,601.00</u>
<b>Total operating revenues</b>	<b><u>3,135,305.00</u></b>	<b><u>3,936,694.00</u></b>

**Operating expenses:**

Employee related expenses:		
EMPLOYEE COMPENSATION - CHICAGO OFFICE	1,660,575.00	1,448,558.00
RETIREMENT	150,000.00	150,984.00
FICA, FUTA, SUTA EXP.	115,000.00	98,292.00
STATE UNEMPLOYMENT	15,000.00	11,616.00
FEDERAL UNEMPLOYMENT	2,000.00	1,524.00
GROUP MEDICAL	145,000.00	143,688.00
OTHER	0.00	3,336.00
GROUP DENTAL	7,000.00	7,488.00
GROUP VISION	1,500.00	1,512.00
Data Processing - Mngt. Fee - Chi	0.00	100,169.00
GROUP LIFE	9,500.00	13,356.00
GROUP LTD	3,500.00	2,988.00
EDUCATION & STAFF DEVELOPMENT	17,000.00	6,000.00
TRAVEL & AUTO - Chi	45,000.00	55,000.00
Total Employee related expenses	<u>2,171,075.00</u>	<u>2,044,511.00</u>
Professional services:		
STAFF & MEETINGS	2,000.00	2,784.00
CONFERENCES	30,000.00	25,000.00
PROGRAM LOAN EXPENSE	45,000.00	66,664.00
BANK CHARGES	128,000.00	33,336.00
ACCT SUPPORT	62,000.00	9,396.00
AUDITING EXPENSE	227,500.00	229,624.00
OTHER PROFESSIONAL SERVICE FEES	90,000.00	80,000.00
Bond Issuance Cost	0.00	44,880.00
BOND REPORTING	0.00	26,100.00
LEGAL FEES	380,000.00	497,216.00

**ILLINOIS FINANCE AUTHORITY**  
**Fiscal Year 2015 Operating Budget**  
**General Fund**

**BUDGET DETAIL**

Financial Advisory	180,000.00	100,000.00
MARKETING-GENERAL, CONF, & SEM - Chi	0.00	10,000.00
DATA PROCESSING - Chi	285,000.00	170,000.00
<b>Total Professional services</b>	<b>1,429,500.00</b>	<b>1,295,000.00</b>
Occupancy costs:		
OFFICE RENT - Chi	243,680.00	243,680.00
OFFICE RENT - Peoria	0.00	5,352.00
Office Rent - Mt. Vernon	10,968.00	10,968.00
OFFICE EQUIPMENT RENT	5,484.00	5,484.00
OFFICE EQUIPMENT RENT - Mt. Vernon	4,332.00	4,332.00
R&M OFF SPACE	5,184.00	5,184.00
ELECTRIC	12,000.00	12,000.00
TELECOMMUNICATIONS - Chi	35,000.00	35,000.00
INSURANCE - OTHER	25,000.00	25,000.00
<b>Total Occupancy costs</b>	<b>341,648.00</b>	<b>347,000.00</b>
General & Administrative:		
MEMBERSHIP	19,416.00	19,416.00
SUBSCRIPTIONS	10,584.00	10,584.00
TRAVEL - BOARD MEMBERS	9,432.00	9,432.00
OFFICE SUPPLIES - Chi	17,800.00	17,800.00
OFFICE EXPENSE	18,000.00	18,000.00
BOARD EXPENSES	20,568.00	20,568.00
PRINTING & COPYING - Chi	8,000.00	8,000.00
POSTAGE & FRIEGHT - Chi	15,000.00	15,000.00
INSURANCE	213,000.00	208,000.00
PUBLICATIONS	2,500.00	2,500.00
<b>Total General &amp; Administrative</b>	<b>334,300.00</b>	<b>329,300.00</b>
<b>Total operating expenses before depreciation and amortization</b>	<b>4,276,523.00</b>	<b>4,015,811.00</b>
<b>Operating income (loss) before depreciation and amortization</b>	<b>(1,141,218.00)</b>	<b>(79,117.00)</b>
Depreciation and Amortization:		
DEPRECIATION -EQUIP	80,000.00	45,500.00
<b>Total Depreciation and Amortization</b>	<b>80,000.00</b>	<b>45,500.00</b>
<b>Operating income (loss)</b>	<b>(1,221,218.00)</b>	<b>(124,617.00)</b>
<b>Nonoperating revenues (expenses):</b>		
Bad Debt Adjustment	15,000.00	-
Interest and investment income: Local Govt Borrowing	1,056,278.00	-
Interest and investment income: Investment Managers	500,000.00	200,000.00
Realized Gain(loss) on sale of investments	(50,000.00)	
Net appreciation (depreciation) in fair value of investments	(250,000.00)	
<b>Total nonoperating revenues (expenses), net</b>	<b>1,271,278.00</b>	<b>200,000.00</b>
<b>Net Income/(Loss)</b>	<b>50,060.00</b>	<b>75,383.00</b>
TOTAL REVENUES	4,406,583.00	4,136,694.00
TOTAL EXPENSES	<b>(4,356,523.00)</b>	<b>(4,061,311.00)</b>
	50,060.00	75,383.00

**ILLINOIS FINANCE AUTHORITY**  
**Memorandum**

To: IFA Board of Directors

From: Pamela Lenane, Acting General Counsel

Date: July 8, 2014

Re: Resolution Delegating to the Executive Director of the Illinois Finance Authority the Power to Fund and Administer an Appropriation Anticipation Loan in an Amount Not-To-Exceed \$370,000 to the Joliet Arsenal Development Authority (“JADA”) and Ratifying Certain Matters Related Thereto

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**Request:**

The **Joliet Arsenal Development Authority (“JADA”)** is a political subdivision, body politic, and municipal corporation established under Illinois law (70 ILCS 508/, et seq.) (the “JADA Act”).

JADA has requested the Illinois Finance Authority (“**IFA**”) to consider the accompanying Resolution that would authorize the Executive Director of the IFA to execute an Appropriation Anticipation Loan Agreement with JADA in an amount not-to-exceed \$370,000.

As proposed by JADA, the IFA \$370,000 Appropriation Anticipation Loan would enable JADA to cover payment of interest for debt service for an anticipated term of up to six months. Repayment of the Appropriation Anticipation Loan would be subject to an appropriation intercept to IFA. JADA will support an appropriation to pay the IFA in full. Any proceeds remaining after retirement of the mortgage will be applied to the Appropriation Anticipation Loan.

The accompanying Resolution would authorize a maximum loan term of up to 24 months (i.e., through July 15, 2016). Negotiation of other terms and conditions precedent to closing of the Appropriation Anticipation Loan financing would be delegated to IFA’s Executive Director and reported to the IFA Board of Directors.

**Prior IFA Short-Term Loan to Entity Established by Illinois Statute**

The proposed Appropriation Anticipation Loan to JADA will be identical in scope and purpose to the \$366,000 Appropriation Anticipation Loan approved by the IFA Board of Directors on December 10, 2013. The current outstanding balance of the Appropriation Anticipation Loan is \$378,810, which consists of principal and interest, plus applicable fees. All outstanding principal and interest is payable, in full, on the earlier of (i) funding of the appropriation, (ii) if JADA receives sufficient proceeds from the sale of property to retire the existing mortgage, all remaining proceeds will be applied to the Loan, or (iii) the Maturity Date. The total principal amount of both the Appropriation Anticipation Loans is expected to be \$732,000.

Both Appropriation Anticipation Loans to JADA are similar to a short-term \$175,000 Grant Anticipation Note approved by the IFA Board of Directors on July 9, 2013 on behalf of JADA. The principal balance plus interest (1%) and a fee (3%) was paid in full on September 11, 2013.

**Proposed Conditions:**

1. **Maximum IFA Grant Anticipation Note Amount and Term:** The proposed Appropriation Anticipation Loan may take the form of a loan structured with a maximum term of 24 months and for a maximum principal amount of \$370,000.
2. **IFA Appropriation Anticipation Loan Proceeds shall be Limited to Eligible Expenses:** Funding of any Appropriation Anticipation Loan to JADA will be limited to the payment of principal and interest for debt service on existing debt.

3. **Security for IFA Grant Anticipation Note Agreement:** Repayment of the Appropriation Anticipation Loan would be subject to an appropriation intercept.
4. **Mandatory Redemption:** 100% of the advanced principal balance (up to \$370,000) and interest on IFA's Appropriation Anticipation Loan shall become immediately due and payable on the earlier of (i) funding of the funding of the appropriation by the State of Illinois (the "State"), (ii) if JADA receives sufficient proceeds from the sale of property to retire the existing mortgage, all remaining proceeds will be applied to the Loan, or (iii) the final maturity date of July 15, 2016.
5. **Right to Impose Additional Terms and Conditions:** IFA's Executive Director is authorized to negotiate and impose any additional terms and conditions deemed necessary or advisable in order to assure that (i) Appropriation Anticipation Loan proceeds are expended in an appropriate manner and (ii) the IFA Appropriation Anticipation Loan is promptly repaid in full upon the receipt of proceeds from a sale of property or the availability of State funds to JADA.
6. **Interest and Reimbursement for Reasonable Fees, and Expenses:** IFA's Executive Director is authorized to determine applicable interest rate and fees, if deemed necessary or desirable. Additionally, IFA's Executive Director may request reimbursement for reasonable out-of-pocket expenses and professional services incurred in connection with this Appropriation Anticipation Loan, if deemed necessary or advisable.

### **Background Information on JADA**

JADA was established in 1995 to facilitate the adaptive reuse and transformation of 3,000 acres of land donated to JADA as part of the decommissioning of the former Joliet Arsenal facility by the United States Department of Defense ("**Department of Defense**"). Federal law requires that a state created what is known as a "local reuse authority" to accept property transfers from the Department of Defense. JADA was established for that purpose, among others. Portions of the original 3,000 acre site have been subdivided, sold, and redeveloped as CenterPoint Intermodal Center – Elwood, Prologis Park – Arsenal, and the Operating Engineers Apprenticeship & Skill Improvement Training Facility.

JADA is governed by a 10-member board comprised of 4 members appointed by the Governor of Illinois and 6 members appointed by the Will County Board Executive.

**IFA RESOLUTION NO. 2014-0708-AD**

RESOLUTION DELEGATING TO THE EXECUTIVE DIRECTOR OF THE ILLINOIS FINANCE AUTHORITY THE POWER TO FUND AND ADMINISTER AN APPROPRIATION ANTICIPATION LOAN IN AN AMOUNT NOT-TO-EXCEED \$370,000 TO THE JOLIET ARSENAL DEVELOPMENT AUTHORITY (“JADA”) AND RATIFYING CERTAIN MATTERS RELATED THERETO

**WHEREAS**, the Joliet Arsenal Development Authority (“JADA”) is a political subdivision, body politic, and municipal corporation created pursuant to provisions of the Joliet Arsenal Development Authority Act, 70 ILCS 508/, et seq. (the “JADA Act”) to facilitate the adaptive reuse and transformation of land donated to JADA as part of the decommissioning of the former Joliet Arsenal Facility; and

**WHEREAS**, JADA is experiencing financial difficulties and has insufficient monies necessary to meet its statutory purposes and powers outlined in the JADA Act; and

**WHEREAS**, JADA has requested the Illinois Finance Authority to make an interim loan in an amount not to exceed \$370,000 (the “Appropriation Anticipation Loan” or “Loan”) to JADA (the “Borrower”) for the purposes of, among other things, the day-to-day continued operations of JADA in order to carry out its mission governed by the JADA Act; and

**NOW THEREFORE, BE IT RESOLVED** that the foregoing WHEREAS clauses are incorporated herein; and

**BE IT FURTHER RESOLVED THAT** the Illinois Finance Authority hereby approves the proposed terms and conditions of the Loan in substantially the form immediately below:

1. **Maximum IFA Appropriation Anticipation Note Amount and Term:** The proposed Appropriation Anticipation Loan may take the form of a loan structured with a maximum term of 24 months and for a maximum principal amount of \$370,000.
2. **IFA Appropriation Anticipation Loan Proceeds shall be Limited to Eligible Expenses:** Funding of any Appropriation Anticipation Loan to JADA will be limited to payment of principal and interest for debt service on existing debt.
3. **Security for IFA Anticipation Anticipation Note Agreement:** Repayment of the Appropriation Anticipation Loan would be subject to an appropriation intercept.
4. **Mandatory Redemption:** 100% of the advanced principal balance (up to \$370,000) and interest on IFA’s Appropriation Anticipation Loan shall become immediately due and payable on the earlier of (i) funding of the funding of the appropriation by the State of Illinois (the “State”), (ii) if JADA receives sufficient proceeds from the sale of property to retire the existing mortgage, all remaining proceeds will be applied to the Loan, or (iii) the final maturity date of July 15, 2016.
5. **Right to Impose Additional Terms and Conditions:** IFA’s Executive Director is authorized to negotiate and impose any additional terms and conditions deemed necessary or advisable in order to assure that (i) Appropriation Anticipation Loan proceeds are expended in an appropriate manner and (ii) the IFA Appropriation Anticipation Loan is promptly repaid in full upon receipt of proceeds from a sale of property or the availability of State funds to JADA.

6. Interest and Reimbursement for Reasonable Fees, and Expenses: IFA's Executive Director is authorized to determine applicable interest rate and fees, if deemed necessary or desirable. Additionally, IFA's Executive Director may request reimbursement for reasonable out-of-pocket expenses and professional services incurred in connection with this Appropriation Anticipation Loan, if deemed necessary or advisable.

**BE IT FURTHER RESOLVED THAT** the Illinois Finance Authority hereby approves the terms and conditions of the Loan in substantially the form set forth at this meeting, with such changes as the Executive Director and the officer executing such documents and certificates agree to; and

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

**BE IT FURTHER RESOLVED THAT** this Resolution shall be effective immediately upon adoption.