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ILLINOIS FINANCE AUTHORITY  
REGULAR MEETING  
December 8th, 2016 at 9:30 a.m.

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

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1 APPEARANCE:  
2 ILLINOIS FINANCE AUTHORITY MEMBERS

- 3 MR. R. ROBERT FUNDERBURG, Chairman
- MR. ERIC ANDERBERG
- 4 MR. JAMES J. FUENTES
- MS. ARLENE JURACEK
- 5 MS. GILA J. BRONNER (Via audio conference)
- MR. MICHAEL W. GOETZ
- 6 MR. ROGER POOLE
- MR. LYLE McCOY
- 7 MR. TERRY O'BRIEN
- MS. BETH SMOOTS
- 8 MR. JOHN YONOVER
- MR. GEORGE OBERNAGEL (Via audio Conference)
- 9
- 10 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
- 11 MR. BRAD FLETCHER, Assistant Vice-President
- MR. RICH FRAMPTON, Vice-President
- 12 MS. PAMELA LENANE, Vice-President
- MS. ELIZABETH WEBER, General Counsel
- 13 MS. XIMENA GRANDA, Controller
- MR. CHRISTOPHER B. MEISTER, Executive Director
- 14 MR. PATRICK EVANS, Agricultural Banker (Via audio conference)
- 15 MS. DENISE BURNS, Deputy General Counsel
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1 CHAIRMAN FUNDERBURG: It's 9:30. I would like  
2 to go ahead call to order the meeting of the  
3 Illinois Finance Authority.

4 Would the Assistant Secretary please call  
5 the roll?

6 FLETCHER: Certainly. The time 9:30 a.m. I  
7 will call the roll of the Members physically present

8 first.  
9 Mr. Anderberg?  
10 ANDERBERG: Here.  
11 FLETCHER: Mr. Fuentes?  
12 FUENTES: Here.  
13 FLETCHER: Mr. Goetz?  
14 GOETZ: Here.  
15 FLETCHER: Ms. Juracek?  
16 JURACEK: Here.  
17 FLETCHER: Mr. McCoy?  
18 MCCOY: Here.  
19 FLETCHER: Mr. O' Bri en?  
20 O' BRI EN: Here.  
21 FLETCHER: Mr. Pool e?  
22 POOLE: Here.  
23 FLETCHER: Ms. Smoots?  
24 SMOOTS: Here.  
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FLETCHER: Mr. Yonover?  
YONOVER: Here.  
FLETCHER: And Chai rman Funderburg?  
CHAI RMAN FUNDERBURG: Here.  
FLETCHER: Mr. Chair man, a quorum of Members  
physically present in the room has been consti tuted.  
At this time I would like to ask if any Members  
would like to partici pate via audi o conference?  
BRONNER: Yes. Thi s is Gi la Bronner. I would  
like to request.  
FLETCHER: And the reason for your audi o

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12 conference participation?

13 BRONNER: I'm out of town due to employment  
14 purposes.

15 CHAIRMAN FUNDERBURG: Then also, George, you're  
16 on the phone as well?

17 OBERNAGEL: Yes. George Obernagel on the  
18 phone. It's business related with John Deere  
19 dealerships today.

20 CHAIRMAN FUNDERBURG: Okay. We're all set now,  
21 then. So is there a motion, then, to approve the  
22 requests pursuant to the bylaws and policies of the  
23 Authority?

24 POOLE: So moved.

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1 ANDERBERG: Second.

2 CHAIRMAN FUNDERBURG: All in favor, please say  
3 aye.

4 (A chorus of ayes.)

5 CHAIRMAN FUNDERBURG: Any opposed?

6 (No response.)

7 CHAIRMAN FUNDERBURG: Motion carries. Next is  
8 the approval of the agenda. I would like to ask if  
9 anybody has any additions, edits or corrections to  
10 today's agenda.

11 If not, is there a motion to approve it?

12 GOETZ: So moved.

13 FUENTES: Second.

14 CHAIRMAN FUNDERBURG: All in favor, please say  
15 aye.

16 (A chorus of ayes.)  
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17 CHAIRMAN FUNDERBURG: Any opposed?

18 (No response.)

19 CHAIRMAN FUNDERBURG: As far as my remarks, I  
20 just note today is that time of year where we're  
21 considering reappointment of the Executive Director  
22 Chris Meister. I'm looking forward to that in just  
23 a few minutes.

24 And then, also, even though we are on a  
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1 fiscal year at the end June, this is the end of the  
2 calendar year, and I wanted to take the opportunity  
3 to thank everybody that has participated in making  
4 this a great year for the IFA.

5 The staff, our unpaid Volunteer Board, and  
6 certainly all of our clients help make this  
7 possible. Chris?

8 MEISTER: Thank you, Chairman Funderburg.  
9 Again, I would like to thank Governor Rauner. In  
10 the message from the Executive Director, the  
11 procedure for appointing the Executive Director is  
12 set forth. It requires a nomination, or plural  
13 nominations, from the Governor. That arrived on  
14 Tuesday, December the 6th.

15 I would also like to thank all the  
16 Volunteer Members of the Authority for the work that  
17 you do, and all of my colleagues on the staff.  
18 We've had many accomplishments this year.

19 I'm grateful to be part of this  
20 organization, and I will defer those comments and go

21 into detail on those accomplishments after the  
22 matter of the appointment is considered.

23 CHAIRMAN FUNDERBURG: Very good. Thank you.  
24 Is there anyone who wishes to make any additions,  
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1 edits or corrections to the minutes of the  
2 November 10th, 2016, meeting?

3 If not, is there a motion to approve the  
4 minutes?

5 GOETZ: So moved.

6 CHAIRMAN FUNDERBURG: Is there a second?

7 JURACEK: Second.

8 CHAIRMAN FUNDERBURG: All the in favor, please  
9 say aye.

10 (A chorus of ayes.)

11 CHAIRMAN FUNDERBURG: Any opposed?

12 (No response.)

13 CHAIRMAN FUNDERBURG: The ayes have it. Next  
14 up is the Presentation, Consideration of Financial  
15 Reports. Ms. Granda?

16 GRANDA: Good morning, everyone. I will be  
17 presenting the financial statements for  
18 November 30th of 2016. Due to the short timeframe  
19 between November 30 and the printing of the Board  
20 book, the final financial analysis and the financial  
21 reports are provided in your folders.

22 The total revenues equals \$2.9 million and  
23 are \$850,000 or 41 percent higher than budget.

24 Again, that's primarily due to higher closing fees.

1 In November, the Authority generated  
2 \$433,000 in closing fees, which is \$142,000 higher  
3 than the monthly budget of \$291,000.

4 Total annual expenses equals \$1.3 million  
5 and are \$740,000 or 35.9 percent lower than budget.  
6 Basically, this is mostly driven by our vacant  
7 budgeted staff positions and our reduction on  
8 spending on professional services.

9 In November, the Authority recorded  
10 operating expenses of \$263,000, which is lower than  
11 the monthly budgeted amount of 142 -- I'm sorry,  
12 \$412,000. The decrease again is primarily due to  
13 the employee-related expenses and professional  
14 services.

15 The total monthly net income for November  
16 is \$890,000, and this is due to the transfer  
17 received from the debt service reserve fund from the  
18 Series 1996 Clinic of Altgeld project bond issue in  
19 the amount of \$600,000.

20 Our total annual net income for the year  
21 so far is \$2.2 million. The major driver of the  
22 positive bottom line continues to be the level of  
23 overall spending at 35.9 percent below budget, as  
24 well as the higher closing fees, administrative

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1 fees, and also now with the transfer received from  
2 the debt service of the Clinic of Altgeld.

3           The Authority continues to maintain a  
4 strong balance sheet. The general fund has a net  
5 position of 56 point -- \$56.6 million. Our total  
6 assets are at \$56.3 million, consisting of cash  
7 investments and receivables.

8           Our unrestricted cash right now sits at  
9 \$37.6 million. The State of Illinois Assigned  
10 Purchase Receivable Report can be located in the  
11 Board books under the financial statements tab.

12           In November, the Authority received  
13 payments in amount of \$228,000, which brings our  
14 balance down to \$328,000. On Monday, December the  
15 5th, the Authority received an additional \$167,000,  
16 which brings the balance now to \$62,000.

17           We are working with GOMB, CMS and the  
18 other state agencies to get the \$62,000 balance and  
19 the accrued prompt payment interest paid as soon as  
20 possible. As mentioned in the previous Board  
21 meetings, due to an accounting rule in fiscal year  
22 2008, the Authority has continually carried the  
23 State Resolving Fund Clean Water Initiative bonds on  
24 the Authority's balance sheet.

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1           As you may recall, the Authority issued a  
2 \$500,000,000 bond issued in behalf of our sister  
3 agency, the IEPA. To date, the Authority has  
4 disbursed \$117.2 million of the bonds proceeds.

5           Also, our investment manager, Clear Arc,  
6 has invested roughly about \$465.2 million in  
7 short-term securities that mature between December



8 and June of 2017.

9           So far, the accrued interest for this  
10 investment is at \$276,000. The fiscal year 2016  
11 financial audit remains on schedule. On  
12 December 6th, the Authority has received its second  
13 draft of the audit report, and it's now under  
14 review.

15           As of today, the Authority anticipates one  
16 GAS finding. The finding will be discussed in  
17 detail when the audit report is released.

18           At this time I'll give you a brief  
19 information what's coming out in December. Right  
20 now, we're anticipating closing fees from Swedish  
21 Covenant in the amount of \$179,000, the  
22 Rehabilitation Institute in the amount of \$158,000,  
23 and the annual fee from the IEPA estimated right now  
24 at \$150,000. And also in December, we're hoping

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1 that the FY16 financial audit report will be  
2 released.

3           Is there any questions?

4           CHAIRMAN FUNDERBURG: Thank you. If there are  
5 no questions, is there a motion to accept the  
6 financial report?

7           McCOY: So moved.

8           CHAIRMAN FUNDERBURG: Is there a second?

9           FUENTES: Second.

10          CHAIRMAN FUNDERBURG: All in favor please, say  
11 aye.

12-8-16-2.txt  
(A chorus of ayes.)

12

13 CHAIRMAN FUNDERBURG: Any opposed?

14 (No response.)

15 CHAIRMAN FUNDERBURG: Okay, thank you.

16 Ms. Burns?

17 BURNS: Good morning. I'm Denise Burns, the  
18 Deputy General Counsel, and also the Interim Agency  
19 Procurement officer, and will be presenting the  
20 procurement report, basically to cover the period  
21 from the last Board meeting.

22 We have three classifications to discuss,  
23 contracts and amendments that have been entered  
24 into, contracts that are pending execution; and then

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1 expiring contracts, although in the expiring  
2 contract section you should note we also indicate  
3 what's going to happen with respect to that  
4 contract, whether it will be just simply terminated  
5 or replaced by something else that's coming along.

6 In the contracts amendments entered into,  
7 we have Illinois small purchases, which I will note  
8 for the Board was \$50,000 or less, but has been  
9 increased effective yesterday, I believe, to  
10 \$80,000.

11 So that will be something that will affect  
12 small purchases going forward. This is done  
13 primarily because there is, as we know, a body of  
14 bureaucracy and protocol associated with  
15 procurements.

16 And it was just felt that number now,  
Page 10

17 given inflation and just costs of things generally,  
18 is a little bit low. So it is now \$80,000.

19 In our small purchases, you'll see we  
20 dealt with everything from just putting in a  
21 contract to control, provide assistance, controlling  
22 mobile devices to some activity with respect to our  
23 website.

24 In terms of contracts pending execution,  
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1 both of these contracts have been negotiated and are  
2 just simply, you know, waiting for people to sign  
3 them. If anyone has any questions about the detail  
4 in any of these categories, please feel free to ask.

5 In terms of expired and expiring  
6 contracts, for the most part, these contracts are  
7 being replaced in the ordinary course, but will be  
8 replaced via the competitive bid process, and two of  
9 which -- there were four -- two of which with  
10 Amalgamated Bank and Accounting Principals.

11 The RFP process is complete, and we're  
12 just simply awaiting the award to go through the  
13 protocol. And with respect to Catalyst and MABSCO,  
14 which are, respectfully, our network consulting and  
15 in our loan management areas, those are pending the  
16 RFP.

17 Does anyone have any questions? We did  
18 reformulate the report a little. So, hopefully, it  
19 will make it easier for you to see what's going on,  
20 but also ask questions if you have any questions,

21 rather than me go through all the detail at this  
22 time.

23 Are there any questions?

24 CHAIRMAN FUNDERBURG: Any questions? Thank  
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1 you. Next are Committee report. Mr. McCoy?  
2 MR. McCOY: Thank, Mr. Chairman. The  
3 Tax-Exempt Conduit Transactions Committee met  
4 earlier this morning and voted unanimously to  
5 recommend for approval each of the tax-exempt  
6 conduit transaction matters on today's agenda,  
7 including a beginning farmer bond, Southern Illinois  
8 Healthcare Enterprises, Swedish Covenant Hospital,  
9 Covenant Retirement Communities, Lake Forest Open  
10 Lands Association, Elmhurst College, and the  
11 Institute for Transfusion Medicine.

12 CHAIRMAN FUNDERBURG: Okay.

13 MR. McCOY: Thank you.

14 CHAIRMAN FUNDERBURG: Any questions? All  
15 right, thank you. Next, and I would like to just  
16 state that the Executive Committee met yesterday via  
17 audio conference to review Governor Rauner's two  
18 nominations for the appointment of Executive  
19 Director of the Authority for a one-year term.  
20 Those two nominees are current Executive Director  
21 Chris Meister and also Elizabeth Weber.

22 The Governor Rauner's nomination letters  
23 and both of the resumes can be found in the manila  
24 folder. The Executive Committee reviewed these

1 materials yesterday in closed session and voted on  
2 them in open session to make a recommendation.

3           Accordingly, I would like to ask Executive  
4 Director Chris Meister to step out of the room so  
5 that we can consider Item No. 8 on the agenda, the  
6 resolution appointing the Executive Director of the  
7 Illinois Finance Authority.

8           MEISTER: Thank you, Mr. Chairman. Thank you,  
9 Members.

10           FLETCHER: Mr. Chairman, I would like to note  
11 for the record that Executive Director Meister has  
12 exited the room, and the Members are now considering  
13 Item No. 8 of the Project Reports and Resolutions,  
14 which is Item No. 9 on the agenda.

15           CHAIRMAN FUNDERBURG: Okay, thank you. So,  
16 again, yesterday the Executive Committee met, and we  
17 recommended the appointment of Christopher Meister  
18 as Executive Director of the Authority for a  
19 one-year term.

20           At this time I don't believe it's  
21 necessary -- we can enter into a closed session  
22 under the appointment and employment exception of  
23 the Illinois Open Meetings Act to have a  
24 confidential discussion of item No. 8, or we can

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1 remain in open session.

2           Again, I'll say that we had a full review

3 through the Executive Committee. It's again my  
4 belief I don't think we need to go into closed  
5 session. Instead, I would like to entertain a  
6 motion appointing Chris Meister to the position.  
7 Very good.

8 FUENTES: So moved.

9 ANDERBERG: Second.

10 CHAIRMAN FUNDERBURG: There's a motion by  
11 Mr. Fuentes.

12 BRONNER: Third.

13 CHAIRMAN FUNDERBURG: There is a second by  
14 Mr. Anderberg, and a third by Ms. Bronner.

15 Is there any discussion at this point? If  
16 not, then I would like to call for the roll.

17 FLETCHER: So on the motion and the second,  
18 I'll call the roll.

19 Mr. Anderberg?

20 ANDERBERG: Yes.

21 FLETCHER: Ms. Bronner on the line?

22 BRONNER: Yes.

23 FLETCHER: Mr. Fuentes?

24 FUENTES: Yes.

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1 FLETCHER: Mr. Goetz?

2 GOETZ: Yes.

3 FLETCHER: Ms. Juracek?

4 JURACEK: Yes.

5 FLETCHER: Mr. McCoy?

6 MCCOY: Yes.

7 FLETCHER: Mr. O'Brien?

8 O' BRIEN: Yes.  
9 FLETCHER: Mr. Obernagel on the line?  
10 OBERNAGEL: Yes.  
11 FLETCHER: Mr. Pool e?  
12 POOLE: Yes.  
13 FLETCHER: Ms. Smoots?  
14 SMOOTS: Yes.  
15 FLETCHER: Mr. Yonover?  
16 YONOVER: Yes.  
17 FLETCHER: And Chair man Funderburg?  
18 CHAIRMAN FUNDERBURG: Yes.  
19 FLETCHER: Mr. Chair man, the moti on carries.  
20 CHAIRMAN FUNDERBURG: Thank you. Next up is  
21 the Presentation of the Project Reports.  
22 Patrick, will you take it, please?  
23 EVANS: Today we have --  
24 FLETCHER: Mr. Chair man, would you like to ask  
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1 for the general consent of Members first to consider  
2 the projects collectively?  
3 CHAIRMAN FUNDERBURG: Excuse me, Patrick. I  
4 stepped ahead just for a minute. I do need to ask  
5 for the general consent of the Members to consider  
6 the Project Reports and Resolutions collectively,  
7 and to have the subsequent recorded vote applied to  
8 each respective individual Project and Resolution,  
9 unless there are any Specific Project Reports and  
10 Resolutions that a Member would like to consider  
11 separately.

12 If there are none, then I would like to go  
13 ahead and start. Patrick?

14 EVANS: Today we have Ben John Emmerich, who is  
15 purchasing 60 acres of real estate with a residence  
16 on it. The total cost of this purchase is \$270,000.  
17 The appraisal recognizes the residence having a  
18 value of 30,000 with a bare land value being  
19 \$240,000, or \$4,000 per acre.

20 People's State Bank of Newton will retain  
21 a loan of 50 percent or \$135,000 of this purchase.  
22 IFA will provide a beginner farmer bond to the bank  
23 that will maintain the first position by utilizing  
24 the FSA 5/45/50 loan program.

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1 The terms of this bond is provided in the  
2 writeup, and the property is located in Jasper  
3 County. If there's no questions, thank you very  
4 much.

5 CHAIRMAN FUNDERBURG: Okay. Any questions for  
6 Patrick? Okay.

7 FLETCHER: I would like to note for the record  
8 that Executive Director Meister has returned to the  
9 room.

10 LENANE: Okay. If you go to tab 2, please, in  
11 your book, Southern Illinois Healthcare Enterprises.  
12 Southern Illinois -- should I go ahead?

13 CHAIRMAN FUNDERBURG: Please.

14 LENANE: Southern Illinois Healthcare  
15 Enterprises is seeking a Final Bond Resolution to  
16 approve the issuance of \$150,000,000 to advance



17 refund all of their Series 2005 bonds, to reimburse  
18 themselves for their conversion to the EPIC  
19 electronic medical system, to pay eligible costs  
20 related to the new Southern Illinois University  
21 building, including housing for medical students and  
22 clinical operations to purchase their headquarters  
23 and to raise additional capital for a miscellaneous  
24 project fund.

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1 You saw this preliminary resolution last  
2 month. They have now determined the amount of jobs  
3 that will be produced by the projects, which is 300  
4 construction jobs, no new jobs.

5 Also, I would like to note that the  
6 pricing of the bonds has been pushed to January for  
7 the refunding of the 2005 bond, because of the  
8 unfavorable market conditions currently.

9 Currently, hopes are that the conditions  
10 will be better in January. If they aren't, they  
11 won't refund the bonds, but they are seeking  
12 authorization now in the hopes conditions will be  
13 more favorable.

14 And if anybody has any questions? Okay.  
15 All right.

16 No. 3 in your book is Swedish Covenant  
17 Hospital. We saw Swedish Covenant Hospital for  
18 approval of a public offering for approximately  
19 \$107,000,000 in October. They are back here again  
20 requesting a one-time final to approve the issuance

21 of a series of tax-exempt bonds in the amount  
22 approximately \$50,800,000 in a direct bank purchase  
23 with PNC Bank and Fifth Third Bank. These bonds  
24 will be currently used to refund all or a portion of  
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1 the Series 2008 bonds.

2 The rate will be determined at pricing.

3 Swedish carries long-term ratings of BBB+, S&P and  
4 Fitch. I've been through Swedish at the Committee,  
5 and they have good debt service coverage at 2.5 and  
6 185 days cash on hand.

7 The net present value from this refunding  
8 is estimated at \$9,000,000. As you will remember,  
9 when Swedish came in October, they were going to do  
10 a public offering. We were scheduled to price after  
11 the election, but the CFO, being very smart, said,  
12 "Let's push it three weeks ahead and let's price  
13 before the election. No one knows what's going to  
14 happen," and he got a tremendous rate and tremendous  
15 savings. So that was a very successful move on his  
16 part. Any questions?

17 Okay, No. 4, Covenant Retirement  
18 Communities. This is a new project to be seen.  
19 It's requesting a one-time Final Bond Resolution to  
20 approve the issuance of a series of tax-exempt bonds  
21 in the amount of approximately \$55,000,000 and a  
22 direct bank purchase with Bank of America. The  
23 bonds are currently held by JP Morgan Chase.

24 The bond proceeds will be used to refund

1 all of the Series 2011A bonds in today's cost of  
 2 issuance. The 2011A and B bonds were issued to  
 3 refund bonds for projects in Illinois and in  
 4 Westminster, Colorado. Hence, we've get multi-state  
 5 here.

6 They are doing this to lower interest  
 7 rates. They will have debt service -- they will  
 8 have present value savings, but because the rate is  
 9 variable, it's hard to determine what that will be.

10 We went over their financials in the  
 11 Committee, and they are rated BBB+ by Fitch. Are  
 12 there any questions?

13 CHAIRMAN FUNDERBURG: Okay.

14 LENANE: You don't need resolutions, okay.

15 CHAIRMAN FUNDERBURG: Okay, thank you.

16 FRAMPTON: Okay. Good morning, everyone.

17 We'll move on next to tab 5. We have a final -- we  
 18 have a resolution for Lake Forest Open Lands  
 19 Association and Lake Forest Land Foundation. They  
 20 are requesting approval of a resolution in an amount  
 21 not to exceed \$10,000,000 of 501C3 revenue refunding  
 22 bonds.

23 The proposed bond issue will be undertaken  
 24 to enable the borrowers to convert their existing

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1 IEFA series 1999 bonds from a direct pay letter of  
 2 credit structure with the Northern Trust Company to

3 a direct purchase, also with the Northern Trust  
4 Company.

5 The original 1999 proceeds were used by  
6 the Association to finance the acquisition and  
7 improvements to several properties in their  
8 portfolio.

9 Just some background on the Lake Forest  
10 Open Lands Association. They were formed in 1967 to  
11 promote the preservation and maintenance of open  
12 lands for scientific and educational purposes. They  
13 currently operate six what are essentially  
14 non-profit owned forest preserves in the area  
15 surrounding Lake Forest.

16 They will be operating an additional two  
17 preserves beginning next year in 2017. They are  
18 primarily supported with charitable contributions.  
19 Roughly 75 percent of their revenues are generated  
20 from contributions.

21 They have both corporate and private  
22 individuals who are contributors, Baxter, Abbott,  
23 and some of the larger banks, including Wintrust,  
24 Northern Trust and Fifth Third are all contributors.

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1 In terms of the resolution in the new  
2 financing, it will maintain the existing August 20  
3 -- the August 1, 2033, final maturity date and also  
4 the bullet maturity structure as credit approved by  
5 the Northern Trust Company.

6 Again, this refinancing is being  
7 undertaken not for cost savings, per se, but it's to

8 exit the letter of credit structure and change to a  
9 bank purchase structure; and, of course, given the  
10 direct bank purchase structure, this is a conduit  
11 financing.

12 There is no direct financial risk to the  
13 Authority. The Northern Trust Company has and will  
14 continue to assume all bondholder risk. This  
15 financing is scheduled to close two weeks from today  
16 on December the 21st, and at that time the borrower  
17 will be paying the Authority a \$10,000  
18 administrative fee.

19 With that, I will stop and ask if you have  
20 any questions? Okay, hearing none, I appreciate  
21 your consideration. Thank you very much.

22 CHAIRMAN FUNDERBURG: Thank you.

23 FLETCHER: Mr. Chairman, Members, next is tab 6  
24 in your Board book, which is a final bond resolution  
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1 on behalf of Elmhurst college in a not-to-exceed  
2 amount of \$20.2 million.

3 Similar to Lake Forest Lands, Elmhurst  
4 College is seeking to convert its variable rate  
5 debt, which is outstanding in the capital markets  
6 and secured by a letter of credit into a bank direct  
7 purchase structure.

8 Elmhurst issued approximately \$15,000,000  
9 through a pooled financing through IEFA in 1998, and  
10 approximately \$5,000,000 through IEFA's pooled  
11 financing program in 1999. So this would be

12 considered a refunding for tax purposes.

13           The refunding principal amount will be a  
14 cumulative amount, which is \$20,000,000. They are  
15 also seeking to finance on a tax-exempt basis any  
16 cost of issuance-expected to be approximately  
17 \$200,000.

18           Approval of this Bond Resolution will  
19 allow Compass Mortgage Corporation, which is a  
20 non-bank subsidiary wholly owned by Compass Bank out  
21 of Alabama, to purchase the outstanding debt and  
22 hold it on its portfolio. With respect to the terms  
23 and conditions agreed to by Compass Bank's affiliate  
24 and the borrower, interest payments will be monthly

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1 through maturity. The maturity date will be  
2 March 1, 2028.

3           Interest payments will be variable at a  
4 factor of LIBOR plus an applicable spread, which is  
5 what we see typically in our bank direct purchase  
6 dealings.

7           A couple notes for the record. Subsequent  
8 to the printing of the Board books in front of you,  
9 Amalgamated Bank was engaged as a filing agent to  
10 file the Office of the Comptroller's C08 reports.

11           And, finally, as has been customary, we're  
12 applying our discounted fee to the refunded  
13 principal amount here, because they are exiting a  
14 letter of credit structure into a bank direct  
15 purchase structure, but our regular fee schedule  
16 will be applied to the \$200,000 cost of issuance

17 being financed.

18 In addition to the forthcoming closings by  
19 the end of the December, as Six mentioned earlier,  
20 this will actually be closing next week as well.

21 Any questions?

22 CHAIRMAN FUNDERBURG: Thank you.

23 FLETCHER: Thanks.

24 LENANE: Tab 7 in your book is a resolution  
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1 authorizing -- the Institute for Transfusion  
2 Medicine is requesting a resolution authorizing an  
3 amendment to a loan agreement for their Series 2010  
4 Illinois Finance Authority bonds that were issued in  
5 the amount of \$26,500 and -- \$26,500,000, which were  
6 sold to JP Morgan Chase. JP Morgan Chase still owns  
7 the bonds.

8 The Institute is requesting that one of  
9 the affiliated entities, the Blood Science  
10 Foundation, be removed as a borrower no later than  
11 December 31, 2016, as part of their restructuring.

12 This requires the consent of the trustee  
13 and the authority and the bondholder. The  
14 bondholder has consented, and we're getting a Bond  
15 Counsel opinion on this transaction, and it will  
16 close by December 31.

17 Any questions? Thank you.

18 CHAIRMAN FUNDERBURG: Okay, thank you, Pam.

19 All right, at this point, I would like to ask for a  
20 motion to pass and adopt the following Project

21 Resol uti ons: I t ems 1 throu gh 7, i ncl usi ve. I s  
22 there such a moti ons?

23 McCOY: So moved.

24 GOETZ: Second.

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1 CHAI RMAN FUNDERBURG: Mi ke second. Di scussi on?  
2 Further questi ons? All i n favor, please say aye.

3 (A chorus of ayes.)

4 CHAI RMAN FUNDERBURG: Any opposed?

5 (No response.)

6 FLETCHER: I f I may, Mr. Chai rman.

7 CHAI RMAN FUNDERBURG: I 'm sorry, we're going to  
8 do the roll .

9 FLETCHER: I 'll take a roll call based on the  
10 moti on by Mr. McCoy and seconded by Mr. Goetz.

11 Mr. Anderberg.

12 ANDERBERG: Yes.

13 FLETCHER: Ms. Bronner on the line?

14 BRONNER: Yes.

15 FLETCHER: Mr. Fuentes.

16 FUENTES: Yes.

17 FLETCHER: Mr. Goetz?

18 GOETZ: Yes.

19 FLETCHER: Ms. Juracek?

20 JURACEK: Yes.

21 FLETCHER: Mr. McCoy?

22 MR. McCOY: Yes.

23 FLETCHER: Mr. O' Bri en?

24 O' BRI EN: Yes.

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1 FLETCHER: Mr. Obernagel on the line?  
2 OBERNAGEL: Yes.  
3 FLETCHER: Mr. Pool e?  
4 POOLE: Yes.  
5 FLETCHER: Ms. Smoots?  
6 SMOOTS: Yes.  
7 FLETCHER: Mr. Yonover?  
8 YONOVER: Yes.  
9 FLETCHER: And Chair man Funderburg?  
10 CHAIRMAN FUNDERBURG: Yes.  
11 FLETCHER: Mr. Chairman, the motion carries.  
12 CHAIRMAN FUNDERBURG: Okay, thank you. Is  
13 there any other business to come before the Members?  
14 I would like to ask, if not, then, Chris  
15 we haven' t heard from you and your Executive  
16 Director report. We would like to hear that,  
17 please.  
18 MEISTER: Great. Thank you, Mr. Chairman. I  
19 would like to thank you, and I would like to thank  
20 all of the Members of the Authority for the  
21 confidence that you' ve placed in me.  
22 I would also like to thank all of the  
23 members of the Authority staff, because they make  
24 possible the accomplishments that we' ve been able to  
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1 do over the last year.  
2 I summarized the accomplishments of the

3 past 12 months in the message from the Executive  
4 Director, but I do just want to highlight some  
5 items.

6 The Authority's mission and revenue really  
7 rests on four primary sectors: Healthcare,  
8 nonprofit healthcare, and senior living, education  
9 and cultural institutions, the public sector and the  
10 for-profit sector as allowed by the Federal Tax  
11 Code.

12 Over the past 12 months, we have some  
13 great examples on each of these. I think just as a  
14 stand-alone new hospital construction, the new Mercy  
15 Hospital in Rockford at \$475,000,000 that was closed  
16 over the past 12 months really stands out.

17 With respect to the public sector, the  
18 \$500,000,000 and more than \$580,000,000 in bond  
19 proceeds AAA rated Clean Water Initiative State  
20 Revolving Fund that we did on behalf of the Illinois  
21 Environmental Protection Agency really stands out.

22 With respect to the for-profit sector,  
23 particularly with the discussion about the need for  
24 infrastructure, both public and private going on in

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1 Washington, the CenterPoint project, which was  
2 closed in January, an additional \$100,000,000  
3 totaling \$325,000,000 tax-exempt bonds over time.

4 This project is really a stand-alone  
5 example that, frankly, I would like to see more  
6 widespread, but it was by Federal Law.

7 It was a specific allocation under the  
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8 United States Department of Transportation, but I  
9 think that this -- that CenterPoint really  
10 represents what can be done in the tax-exempt space,  
11 if the Federal Government agrees.

12 With respect to education, it's really  
13 distinguished by volume. We did bond issuances on  
14 behalf of The University of Chicago, Mount Carmel,  
15 DePaul University, Lake Forest Academy, Loyola  
16 Academy, the University of St. Francis.

17 A smaller sector, because there is another  
18 agency that deals with housing, I would also like to  
19 point out the Better Housing Foundation, which was a  
20 pure nonprofit conduit, basically preservation of  
21 low-income housing across the south side of Chicago.

22 But we are very fortunate this year,  
23 because I think it's safe to say in the life of the  
24 Authority since 2004, there has been no project that

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1 that has been recognized by The Bond Buyer  
2 deal-of-the-year nomination.

3 And the Presence Healthcare deal, of which  
4 we did two over the last 12 months, received from  
5 The Bond Buyer, in a very competitive process, "Bond  
6 Buyer Deal of the Year for Healthcare." It was not  
7 the overall bond deal of the year, but it was very  
8 significant.

9 What The Bond Buyer wrote, which I think  
10 is probably a very succinct summary, the Illinois  
11 Finance Authority's \$1,000,000,000 issue on behalf

12 of Presence Health network, the sale marked the  
13 largest high yield not-for-profit healthcare deal in  
14 recent memory and generated significant savings that  
15 could be reinvested into services, while providing  
16 some breathing room for Presence's turnaround plan  
17 to achieve results.

18 That's a very succinct summary. It does  
19 not really tell the whole story. Pam Lenane, who  
20 led this deal on behalf of the Authority, and I were  
21 out in New York City last Thursday.

22 So Mike Englehart, who you met when he  
23 presented to the Authority earlier this year, and of  
24 course as the Members will recall, you were all kind

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1 enough to volunteer your time for a special meeting  
2 the last Tuesday in May, but Mike Englehart is the  
3 new CEO of Presence.

4 He took that position last Fall, and much  
5 to his surprise, some of the financial situation was  
6 far more dire than he had imagined. So what he  
7 said, and I'm going to paraphrase -- last Thursday  
8 night he was far more blunt.

9 I'm not going to be as blunt, but he said,  
10 "Look, I've worked for Advocate, and I had run 5,000  
11 doctors in the revenue operations for Advocate, and  
12 I knew nothing about bonds. I knew nothing about  
13 municipal finance, but without the team of people,  
14 the bankers, JP Morgan, the financial advisor  
15 Kaufman Hall, the lawyers Chapman & Cutler and Nixon  
16 Peabody, and he went out of his way to highlight the

17 work of the Illinois Finance Authority, the issuer.

18 He said from the stage, without this  
19 collective effort, the work of groups of nuns that  
20 had come to our state, 125 and 150 years ago, to  
21 some of the toughest communities in the state that  
22 started providing healthcare out of people's homes,  
23 not even at hospitals, would have come to a swift  
24 and irrevocable stop.

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1 So because of the work, the collective  
2 work of all of the municipal finance professionals,  
3 including the Authority, the work that was begun in  
4 the 19 century in our state can continue.

5 Presence Healthcare is the largest  
6 provider of Medicaid services in this state. It is  
7 the largest provider of behavioral health services  
8 in the state. It is also the largest Catholic  
9 health system based in Illinois.

10 It has over 150 sites of care, 11  
11 hospitals, and more than 20,000 employees and 4,000  
12 medical professionals and a revenue base of  
13 \$2.6 billion.

14 So with that, I'm very proud of the work  
15 that we do. I'm deeply appreciative for the  
16 confidence, and I thank all of the Board Members and  
17 all of the staff for your service.

18 CHAIRMAN FUNDERBURG: Thank you, Chris. Also,  
19 in your writeup in the Executive Director report in  
20 the Board packet, you talk about the power of

21 conduit bonds, and I think that, you know, in  
22 general, and then specifically at this time, it  
23 would be appropriate if you could just highlight  
24 some points from that.

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1 MEISTER: Yes. So it's important for everybody  
2 in this room to understand what we do, because  
3 you'll never know when you might run into a federal  
4 decision maker or a Member of Congress.

5 Conduit bonds, what we do, really, it is  
6 what I call a private/public partnership. It's  
7 founded on the idea that there are private entities  
8 that can do certain things, healthcare, education,  
9 cultural impact, certain categories of private  
10 sector jobs that benefit society as a whole.

11 This is harnessed by the private capital  
12 markets, private lenders. Government does not make  
13 the decision, the go or no-go decision, to make the  
14 loan.

15 Government is not involved in paying back  
16 the loan, in large measure, but the Federal  
17 Government does provide a rather significant  
18 economic subsidy through the Federal Tax Code that  
19 results in lower interest rates for the borrower in  
20 a stream of tax-exempt -- federally tax-exempt  
21 revenue for the investors.

22 There's been a lot of discussion over the  
23 last year on jobs, capital infrastructure, other  
24 items, and I appeal to Congress to not break a tool

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1 that works very, very well.

2 CHAIRMAN FUNDERBURG: Great. In IFA, we talk a  
3 lot about impact, public impact, and Chris just  
4 outlined some really great examples of how IFA packs  
5 a pretty powerful punch in the realm of economic  
6 development and spurring jobs and accomplishing a  
7 lot of -- the rest of its mission, in addition to  
8 providing value and having positive impact outside  
9 of just the scope of IFA.

10 So I think it's really important to keep  
11 in mind how important it is to have this tool that  
12 we have. Thank you.

13 Is there any other business to come before  
14 the Board? If not, then is there a -- I'll point  
15 out that we have our next meeting scheduled for  
16 January 12th, 2017.

17 If there's no other business, I would like  
18 to ask for a motion to adjourn.

19 FLETCHER: If I may interrupt. Can we excuse  
20 Members Zeller, Knox and Horne, please?

21 CHAIRMAN FUNDERBURG: Yes, we have to excuse  
22 the absences. So would anybody like to do that?

23 JURACEK: I'll make the motion.

24 CHAIRMAN FUNDERBURG: Is there a second?

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1 FUENTES: Second.

2 CHAIRMAN FUNDERBURG: All in favor, please say

3 aye.

4 (A chorus of ayes.)

5 CHAIRMAN FUNDERBURG: Any opposed?

6 (No response.)

7 CHAIRMAN FUNDERBURG: Thank you, Mr. Fletcher.

8 And then also any public comments in the group? The

9 meeting is over. Thank you all.

10 FLETCHER: Is there a motion to adjourn?

11 CHAIRMAN FUNDERBURG: We did that.

12 GOETZ: So moved.

13 CHAIRMAN FUNDERBURG: Is there a second?

14 FUENTES: Second.

15 CHAIRMAN FUNDERBURG: All in favor?

16 (A chorus of ayes.)

17 FLETCHER: The time is 10:13 a.m.

18 (WHICH WERE ALL THE PROCEEDINGS HAD AT 10:13 a.m..)

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

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4 PAMELA A. MARZULLO, C. S. R., being first duly sworn,  
5 says that she is a court reporter doing business in the city  
6 of Chicago; that she reported in shorthand the proceedings  
7 had at the Proceedings of said cause; that the foregoing is



8 a true and correct transcript of her shorthand notes, so  
9 taken as aforesaid, and contains all the proceedings of said  
10 meeting.

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\_\_\_\_\_  
PAMELA A. MARZULLO  
License No. 084-001624

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