

1 ILLINOIS FINANCE AUTHORITY
2 REGULAR MEETING
3 June 8, 2017 at 9:35 a.m.
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7 Report of Proceedings had at the Regular Meeting of the
8 Illinois Finance Authority on June 8, 2017, at the hour
9 of 9:30 a.m., pursuant to notice, at 160 North LaSalle
10 Street, Suite S1000, Chicago, Illinois.
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1 APPEARANCE:
2 ILLINOIS FINANCE AUTHORITY MEMBERS

- 3 MR. ERIC ANDERBERG, Chairman
- 4 MR. JAMES J. FUENTES
- 5 MR. ROBERT HORNE
- 6 MS. ARLENE JURACEK
- 7 MR. LERRY KNOX
- 8 MS. GILA J. BRONNER (Via audio conference)
- 9 MR. MICHAEL W. GOETZ
- 10 MR. ROGER POOLE
- 11 MR. LYLE McCOY
- 12 MS. BETH SMOOTS
- 13 MR. JOHN YONOVER
- 14 MR. GEORGE OBERNAGEL
- 15
- 16 ILLINOIS FINANCE AUTHORITY STAFF MEMBERS
- 17
- 18 MR. CHRISTOPHER B. MEISTER, Executive Director
- 19 MR. BRAD FLETCHER, Assistant Vice-President
- 20 MR. RICH FRAMPTON, Vice-President
- 21 MS. PAMELA LENANE, Vice-President
- 22 MS. ELIZABETH WEBER, General Counsel
- 23 MS. XIMENA GRANDA, Controller
- 24 MR. PATRICK EVANS, Agricultural Banker (Via audio conference)
- MS. DENISE BURN, Deputy General Counsel

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1 CHAIRMAN ANDERBERG: I would like to call the
2 meeting to order. Will the Assistant Secretary
3 please call the roll?

4 FLETCHER: Certainly. The time is 9:35 a.m.
5 Mr. Goetz?

6 GOETZ: Here.

7 FLETCHER: Mr. Fuentes?

8 FUENTES: Here.
9 FLETCHER: Mr. Horne?
10 HORNE: Here.
11 FLETCHER: Ms. Juracek?
12 JURACEK: Here.
13 FLETCHER: Mr. Knox?
14 KNOX: Here.
15 FLETCHER: Mr. McCoy?
16 McCOY: Here.
17 FLETCHER: Mr. Obernagel ?
18 OBERNAGEL: Here.
19 FLETCHER: Mr. Pool e?
20 POOLE: Yes.
21 FLETCHER: Ms. Smoots?
22 SMOOTS: Here.
23 FLETCHER: Mr. Yonover?
24 YONOVER: Yes.

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1 FLETCHER: And Mr. Chair man?
2 CHAIRMAN ANDERBERG: Here.
3 FLETCHER: Mr. Chairman, a quorum of Members
4 physically present in the room has been constituted.
5 At this time I would like to ask if any Members
6 would like to attend by audio conference?
7 BRONNER: Yes. Good morning. This is Gila
8 Bronner. I'm requesting to attend via audio
9 conference, due to employment purposes.
10 CHAIRMAN ANDERBERG: Is there a motion to
11 approve this request, pursuant to the bylaws and

12 policies of the Authority?

13 FUENTES: So moved.

14 OBERNAGEL: Second.

15 CHAIRMAN ANDERBERG: A motion and a second.

16 All those in favor?

17 (A chorus of ayes.)

18 CHAIRMAN ANDERBERG: Opposed?

19 (No response.)

20 CHAIRMAN ANDERBERG: The ayes have it.

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

23 BRONNER: Thank you.

24 CHAIRMAN ANDERBERG: Does anyone wish to make
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1 any additions, edits or corrections to today's
2 agenda? Hearing none, I would like to request a
3 motion to approve the agenda?

4 Is there such a motion?

5 GOETZ: So moved.

6 HORNE: Second.

7 CHAIRMAN ANDERBERG: We have a motion and a
8 second. All those in favor?

9 (A chorus of ayes.)

10 CHAIRMAN ANDERBERG: Opposed?

11 (No response.)

12 CHAIRMAN ANDERBERG: The ayes have it. I don't
13 have much for remarks today. We have -- May was a
14 great month. We're looking forward to hearing the
15 financial report from Ms. Granda. And I'll hand it
16 over to Mr. Meister.

17 MEISTER: Thank you, Mr. Chairman. I just want
18 to briefly highlight a couple of important issues in
19 the message from the Executive Director.

20 First, the partial reduction of one of our
21 legacy matters, the contingent state guarantee
22 issued through the Authority in 2006 for certain
23 bonds issued on behalf of the Illinois Medical
24 District Commission.

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1 As of May 15th, that exposure declined by
2 58 percent. We had a great partnership, in
3 cooperation with Governor's Rauner's Office, and
4 with the Illinois Medical District Commission, led
5 by their Executive Director Suzette McKinney.

6 We also have the matter of recommendation
7 -- the matter recommended to the Board of the
8 underwriters for the upcoming Clean Water Initiative
9 State Revolving Fund. And again, I would just like
10 to echo the Chairman's note that we have had an
11 excellent month.

12 The project agenda is a little smaller
13 than we are used to, but the month of May had a
14 large number of closings. So, with that, I'll take
15 any questions today.

16 CHAIRMAN ANDERBERG: Does anyone wish to make
17 any additions, edits or corrections to the minutes
18 from May 11th, 2017?

19 Hearing none, I would like to request a
20 motion to approve the minutes. Is there such a

21 motion?

22 GOETZ: So moved.

23 KNOX: Second.

24 CHAIRMAN ANDERBERG: There's a second. All
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1 those in favor?

2 (A chorus of ayes.)

3 CHAIRMAN ANDERBERG: Opposed?

4 (No response.)

5 CHAIRMAN ANDERBERG: The ayes have it.

6 Ms. Granda?

7 GRANDA: Good morning, everyone. Due to the
8 short time between May 31st and the printing of the
9 Board book, the financial reports were not included
10 in your Board books, but they are included in your
11 manila folders, and that will be the financial
12 statement and the financial analysis.

13 Our total revenues, our total annual
14 revenues, equals \$5.4 million and are \$817,000 or
15 17.9 percent higher than budget. It was mentioned
16 earlier it was due to higher closing fees in the
17 month of May.

18 In May, the Authority generated \$725,000
19 in closing fees, which is almost \$435,000 higher
20 than the monthly budget of \$291,000. Our total
21 annual expenses equals \$3,000,000 and are
22 \$1.5 million or 32.9 percent lower than budget,
23 which was mostly driven by our budgeted staff
24 positions and our reduction on the professional

1 services.

2 In May, the Authority recorded operating
3 expenses of \$347,000, which is lower by \$65,000 from
4 the budgeted amount of \$412,000. The Authority
5 posted higher operating expenses in May, compared to
6 the previous month, due to payments made to the
7 Office of the Auditor General in the amount of
8 \$132,000 in payments made to the financial advisor
9 for our SRF program in the amount of roughly about
10 \$30,000.

11 Our total monthly net income for May is
12 \$497,000. And again, that is due to higher than
13 expected closing fees. Our total annual net income
14 is \$2.9 million.

15 Again, the major driver for the annual
16 positive bottom line continues to be the level of
17 overall spending at 32.9 percent below budget, as
18 well as higher closing administrative fees and the
19 transfer that we have received from our debt service
20 reserve funds from the Series 1996 Clinic of Altgeld
21 that was received back in August of 2016.

22 The Authority continues to maintain a
23 strong balance sheet. Our general fund has a net
24 position of \$56.7 million. Our total assets are at

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1 \$57.2 million, consisting of cash investment and
2 receivables.

3 Our unrestricted cash and investments
4 totals \$42.1 million. As far as our audit, our
5 fieldwork for the fiscal year 2017 financial audit,
6 and the two-year compliance examination, began on
7 May 30th.

8 The auditors are going to be in the
9 premises until June 30th, and they will return
10 approximately after Labor Day to finish the
11 fieldwork.

12 Is there any questions?

13 YONOVER: Chris, you have indicated that the
14 accounts receivable that was generated, as a result
15 of the budget impasse, 58 percent of it was retired?

16 MEISTER: Oh, no. That is -- that was separate
17 issues. The 58 percent was from a legacy bond
18 backed by the State's moral obligation, dating to
19 2006, to a State Statutory Special District, the
20 Illinois Medical District Commission on the west
21 side.

22 YONOVER: Okay.

23 MEISTER: That could have been triggered by a
24 revenue shortfall, and that process would have

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1 flowed through the Authority, specifically a letter
2 written by our Chairman to the Governor, and then
3 the Governor then writing to the General Assembly.

4 So that was a separate issue. The status
5 on the State receivables, Six, what is that status?

6 GRANDA: So roughly right now, we have still a
7 balance of about \$90,000. I am working with the

8 various agencies to actually get the balance back or
9 have them pay it back.

10 There is a couple issues that I have with
11 one of the agencies that we're trying to do a
12 reconciliation, but we're hoping to get this
13 finalized before the year end, which will be
14 June 30th.

15 YONOVER: And when we did this, I recall we
16 also granted some money to the Chicago Housing
17 Authority, one of the housing authorities. Has that
18 been repaid?

19 MEISTER: Actually, it was to Catholic
20 Charities. That was repaid in full, and that was?

21 GRANDA: \$580,000.

22 MEISTER: \$580,000. And then there was also an
23 advance of a moral obligation contingent taxpayer
24 guarantee that was done to a statutory entity that

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1 issues bonds called Southwestern Illinois
2 Development Authority.

3 And, actually, in our audited financials,
4 which we reviewed this morning, which we will be
5 distributing to the Committee in advance of the July
6 meeting, our aspects involved with the budget
7 impasse for fiscal year 2016 are documented in our
8 management discussion and analysis. And I'll
9 highlight that to you, but that will be coming to
10 the Board in advance of August.

11 But our exposure at this time is this

12 approximately \$90,000, and then the stream of prompt
13 payment, one percent a month interest, which when
14 was the last time we received a prompt payment?

15 GRANDA: It was in April. We received about
16 \$8,000.

17 YONOVER: Okay. All right. Thank you, both.

18 CHAIRMAN ANDERBERG: Anymore questions on the
19 financial reports for Ms. Granda?

20 Hearing none, I would like to request a
21 motion to accept the financial reports.

22 GOETZ: So moved.

23 OBERNAGEL: Second.

24 CHAIRMAN ANDERBERG: All those in favor?

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1 (A chorus of ayes.)

2 CHAIRMAN ANDERBERG: Opposed?

3 (No response.)

4 CHAIRMAN ANDERBERG: The ayes have it. Deputy
5 Counsel Burns, procurement?

6 BURN: Good morning. On the current
7 procurement focus remains on the Clean Water
8 Initiative State Revolving Fund underwriter
9 solicitation, and subject to the Board's subsequent
10 approval today, we are moving now into the contract
11 stage where the solicitation essentially will be
12 complete, with the exception of signing up all those
13 selected to be on the various approved lists, as I'm
14 getting them signed up to a contract.

15 We hope that process will be completed in
16 the next couple of weeks. Any questions?

17 CHAIRMAN ANDERBERG: We'll go on to Committee
18 reports by Chair Bronner.

19 BRONNER: Yes. Thank you, Mr. Chairman. The
20 Audit Plus Committee met earlier this morning and
21 voted unanimously to recommend for approval of the
22 resolution approving and confirming various
23 engagements relating to procurements for
24 underwriters for the State of Illinois Clean Water

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1 Initiative State Revolving Fund, which is on today's
2 agenda.

3 Likewise, the Audit Plus Committee
4 recommends for approval the Authority's fiscal year
5 2016 financial audit. This was considered by the
6 Committee for recommendation to the full Board, not
7 at the June meeting, but at the July meeting of the
8 full Board, and that is my report.

9 CHAIRMAN ANDERBERG: Okay, thank you.
10 Mr. Horne?

11 HORNE: Yes. Thank you, Mr. Chairman. The
12 Tax-exempt Conduit Transactions Committee met this
13 morning and voted unanimously to recommend the
14 approval for the matters that are on today's agenda.

15 They include three beginning farmers
16 bonds, the Rosalind Franklin University, and Erikson
17 Institute proposals.

18 CHAIRMAN ANDERBERG: We'll move on to the
19 presentation and consideration of the Project
20 Reports and Resolutions.

21 I would like to ask for the general
22 counsel, excuse me, general consent of the Members
23 to consider the Project Reports and Resolutions
24 collectively, and to have a subsequent recorded vote

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1 applied to each respective individual Project and
2 Resolution, unless there are any specific Project
3 Reports and Resolutions that a Member would like to
4 consider separately.

5 Hearing none, I would like to ask the
6 Staff Members of the Project Reports and Resolutions
7 will be considered collectively. Mr. Evans?

8 EVANS: Thank you. Today we have three
9 beginning farmer bonds. All bonds will have a first
10 mortgage position.

11 The first borrower is Patrick S. Gibson,
12 who is purchasing 32.7 acres of bare farm real
13 estate, with additional 5 acres of a plant nursery.
14 Total cost of this purchase is \$268,225 or \$7,678
15 per acre.

16 First Mid-Illinois Bank and Trust will
17 finance 50 percent of the purchase price or
18 \$134,363. They will utilize FSA50/50 beginning
19 farmer program.

20 As stated, IFA will have a first position
21 of the property being purchased. FSA will have a
22 second position relating to their fifty percent
23 guarantee. The property is located on the northwest
24 corner of Madison County. The terms and conditions

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1 are in body in the write-up.

2 The next two borrowers relate to two
3 brothers and a wife who are purchasing property from
4 their parents. It's understood that appraisal will
5 be completed, prior to closing these bonds, to
6 comply with IFA requirements.

7 As they are two brothers, the net two
8 loans will mock each other. There are two
9 borrowers. The first one is Adam Philip and
10 Michelle Lynn walk, and the second one is Seth and
11 Emily Jo Walk.

12 Each will be purchasing 20 acres of bare
13 land real estate. The total cost of each is
14 \$187,000 or \$93,350 per acre. People's State Bank
15 in Newton will finance 50 percent of each purchase
16 price or \$93,500.

17 They will utilize the FSA50/50 beginning
18 farmer program. And, as stated, IFA will be the
19 first mortgage position on each of the 20-acre
20 tract. FSA will have a second position relating to
21 their 50 percent guarantee.

22 The property are located on the Southeast
23 corner of Effingham County, and the terms and
24 conditions of these bonds are identified in the

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1 write-up.

2 CHAIRMAN ANDERBERG: Okay, thank you.

3 Mr. Frampton?

4 FRAMPTON: Thank you. Next, we'll move on to
5 agenda item 2, which is a one-time consideration a
6 Final Bond Resolution for Rosalind Franklin
7 University for a refunding bond project and a second
8 financing for a new research building.

9 The payment obligation for all four series
10 of bonds will be on Rosalind Franklin University.
11 They'll be pledging all of their unrestricted
12 revenues to secure all four series of bonds.

13 In terms of how the financing is being
14 executed, this is really two distinct financings in
15 one. If you turn to page 2 of the presentation, you
16 will see there are two sources and uses tables for
17 the transaction.

18 The first is for the refunding bonds, for
19 which Rosalind Franklin will be the direct obligor.
20 That is traditional refunding deal. The bonds that
21 will be refunded were originally issued in 2003 and
22 2012.

23 So in terms of the proposed sources and
24 uses, this is a preliminary subject to change. The

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1 anticipated amount of the Series A refunding bonds
2 is \$56.6 million. In addition to that, there is a
3 second series, taxable series, to pay swap
4 termination fees.

5 Because the interest rate swap, in
6 connection with the 2003 bonds was not executed
7 until 2007, that swap is not integrated. Hence, as

8 a result, the financing of that swap termination fee
9 can only be done on a taxable basis, rather than a
10 tax-exempt basis. So that's the refunding portion
11 of the deal.

12 The new building project is detailed in
13 the second sources and uses of fund table at the
14 bottom of page 2. It is also comprised of two
15 series. The research building project will be a
16 multi-tenant building.

17 Rosalind Franklin will be subdividing the
18 building. It will be effectively a multi-unit
19 office condo project. There will be both qualified
20 tax-exempt users, and those users will be the
21 beneficiaries of the tax-exempt Series C bonds,
22 approximately \$30.7 million as estimated.

23 There will also be a D Series, which will
24 be for all of the for-profit users. So based on

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1 their estimates, they think 35 to 40 percent of the
2 100,000 square feet will be leased to for-profit
3 users.

4 All that being said, Rosalind Franklin is
5 -- will be undertaking this as effectively as a
6 lease revenue bond project. Rosalind Franklin will
7 be the obligated party, but they are entering into a
8 development and lease-back agreement with an
9 organization known as Tuff RUMS1 LLC.

10 The University engaged Tuff as through an
11 RFP to develop the research building project. But

12 as far as the bondholders are concerned, and the
13 rating agencies are concerned, Rosalind Franklin is
14 providing an unconditional pledge of all their
15 unrestricted operating revenues, which will secure
16 all series of bonds.

17 They have applied to S&P and Fitch for
18 ratings. They will be going public with one or more
19 ratings from Fitch and/or S&P, and the bonds will be
20 rated on that basis.

21 If you turn to page 14, we show how -- we
22 report how Rosalind Franklin would be able to
23 service the debt associated with all four series of
24 2017 bonds. The proforma debt coverage ratio that's

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1 reported in the fourth row from the bottom on page
2 14, reports the proforma debt coverage based on 2016
3 revenues, and that is consistent with what the
4 rating agencies require.

5 These rating agencies require for an
6 investment grade credit. So, essentially, this is a
7 deal for Rosalind Franklin. It is more complicated,
8 based on the lease-back structure on the office
9 building.

10 I would also add they built flexibility
11 into this transaction to allow for a subsequent new
12 markets tax credit takeout of the Series D bonds.

13 If that were to come to pass, that could
14 generate anywhere from four-and-a-half to \$6,000,000
15 in forgivable subordinate debt that would be
16 forgiven after seven years. So that would help

17 de-leverage the project.

18 So with that, I'll conclude my remarks and
19 take any questions you may have.

20 CHAIRMAN ANDERBERG: Thank you, Rich.

21 FRAMPTON: Thank you very much.

22 CHAIRMAN ANDERBERG: Brad?

23 FLETCHER: Mr. Chairman, Members, next is tab 3
24 in your Board books, which is a Final Bond

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1 Resolution on behalf of Erikson Institute in a
2 not-to-exceed amount of \$32.5 million.

3 Erikson Institute is seeking to convert
4 its variable rate debt currently outstanding in the
5 capital markets into Bank-held debt to a direct
6 purchase structure, which would be considered a
7 refunding for tax purposes.

8 The borrower issued \$32.5 million through
9 IFA previously in 2007 to finance the cost of the
10 acquisition, build-out and equipping of four floors
11 located at 451 North LaSalle for its graduate school
12 in northern downtown.

13 The series 2007 bonds are currently
14 secured by a letter of credit issued by Bank of
15 America, which will otherwise expire this coming
16 November.

17 Approval of this Bond Resolution will
18 allow Northern Trust Company to purchase
19 approximately \$20,000,000 of the outstanding debt,
20 which will be referred to as the Series 2017A bond,

21 and allow First Midwest Bank will purchase the
22 balance of the remaining debt, approximately
23 \$10.86 million, which will be referred to as the
24 Series 2017B bonds. Each bank will hold the debt on
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1 its respective portfolios for an initial term of
2 five years.

3 I did want to note that a superseding
4 resolution for this project has been provided in
5 your manila folders, which replaced the resolution
6 in the Board book itself.

7 This superseding resolution simply
8 provides flexibility for IFA to conduct a TEFRA
9 hearing at a future date, most likely within the
10 next two weeks, should Bond Counsel determine there
11 is a need, based on their ongoing tax analysis.

12 So the resolution you will be voting on,
13 again, is being provided in your manila folders. As
14 has been customary for borrowers seeking to exit
15 their letter of credit structures, and enter into
16 bank direct purchase structures, we are providing a
17 discounted fee.

18 Based on the current expected issuance
19 amount, we expect that estimated fee to be just
20 under \$52,000. Are there any questions? Thank you.

21 CHAIRMAN ANDERBERG: Thank you.

22 MEISTER: I will take items No. 4 and 5 first.
23 Item 4, we had passed out red-line version of
24 item 4. This concerns the selection of underwriters

1 for the State Revolving Fund/Clean Water Initiative
 2 that the Finance Authority issues on behalf of our
 3 sister agency, Illinois Environmental Protection
 4 Agency.

5 We discussed this process in some detail
 6 at the Audit and Procurement meeting. I would just
 7 express my gratitude to my colleagues on the staff.
 8 Procurement in the State of Illinois is extremely
 9 resource intensive and highly regulated, and this
 10 was an extremely resource-intensive process, but I
 11 think that it came to a very good result.

12 On the bottom of page 1 and the top of
 13 page 2, we are recommending a pool of senior
 14 managers, starting with Citigroup and going down to
 15 William Blair, numbers 1 through 14, per the
 16 procurement documents.

17 Near the top of page 2, we are
 18 recommending a co-manager pool of 1 through 10,
 19 starting with Academy and proceeding through
 20 Williams Capital Group. These are in alphabetical
 21 order, not grading rank.

22 And on page 3 -- so these pools will be
 23 good for five years with renewals; and in 2018,
 24 since we anticipate this process to be an annual

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1 process with IEPA, we will determine and come back
 2 to the Board with a process that is transparent and

3 objective and fair.

4 But given IEPA's needs for these bond
5 proceeds, we closed the last of these deals in
6 September of 2016, and IEPA has been rapidly
7 deploying these proceeds to local governments for
8 water and sewer projects across the state.

9 On page 3 for the 2017 projects, we are
10 recommending senior manager lead book runner Bank of
11 America Merrill Lynch and co-senior manager
12 Citigroup, and then five co-managers Academy, which
13 is a veteran-owned business; Cabrera, which is a
14 minority-owned business; Janney Montgomery; Loop
15 Capital Markets, located here in Chicago; and
16 Mesirov, also located here in Chicago.

17 I recommend favorable consideration by the
18 Board, and I'll take any questions.

19 GOETZ: Loop is also a minority-owned firm,
20 aren't they?

21 MEISTER: Yes, they are, although they have
22 different certifications with different governmental
23 agencies.

24 GOETZ: Got it.

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1 MEISTER: Lerry, did I characterize that
2 correctly?

3 KNOX: Yeah. They become large for some
4 states.

5 MEISTER: And tab No. 5, we recommend for the
6 Board's adoption the FY18 scheduled second Thursday
7 of every month. It is in your Board book.

8 Also, in the July meeting, we will be
9 coming first to the Audit and Procurement Committee,
10 and then to the full Board with an annual budget.
11 The Authority has statutory power not only to take
12 in its own revenue, but also to spend its own
13 revenue, and we'll be coming back to you in July
14 with that.

15 CHAIRMAN ANDERBERG: Thank you, Chris. Okay.
16 I would like to request a motion to pass and adopt
17 the following Project Reports and Resolutions: Item
18 1A, 1B, 1C, 2, 3, 4, and 5.

19 BRONNER: Did you call my name?

20 CHAIRMAN ANDERBERG: No, not yet. Not yet. Is
21 there such a motion?

22 GOETZ: So moved.

23 CHAIRMAN ANDERBERG: We have a motion. And a
24 second?

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1 JURACEK: Second.

2 CHAIRMAN ANDERBERG: We have a second.

3 FLETCHER: Motion by Mr. Goetz and second by

4 Ms. Juracek. I'll call the roll.

5 Ms. Bronner on the line?

6 BRONNER: Yes.

7 FLETCHER: Mr. Goetz?

8 GOETZ: Yes.

9 FLETCHER: Mr. Fuentes?

10 FUENTES: Yes.

11 FLETCHER: Mr. Horne?

12 HORNE: Yes.
13 FLETCHER: Ms. Juracek?
14 JURACEK: Yes.
15 FLETCHER: Mr. Knox?
16 KNOX: Yes.
17 FLETCHER: Mr. McCoy?
18 McCOY: Yes.
19 FLETCHER: Mr. Obernagel ?
20 OBERNAGEL: Yes.
21 FLETCHER: Mr. Pool e?
22 POOLE: Yes.
23 FLETCHER: Ms. Smoots?
24 SMOOTTS: Yes.

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1 FLETCHER: Mr. Yonover?
2 YONOVER: Yes.
3 FLETCHER: Mr. Chair man?
4 CHAIRMAN ANDERBERG: Yes.
5 FLETCHER: Mr. Chairman, the motion carries.
6 CHAIRMAN ANDERBERG: Thank you. Chris wants to
7 speak about something, but is there any business to
8 come before the Members? Okay, Chris.
9 MEISTER: Members of the Authority, in your
10 manila packet, we have an extensive press packet.
11 Some of you may have read about the various rating
12 agency downgrades of the State, and the budget
13 situation, we've attempted to provide a digestible
14 set of articles and documents for you to review.

15 As a conduit issuer, where we are
16 generally separate from the State's credit, the

17 markets and the lenders, and the bond buyers
18 typically look through our name to the underlying
19 financial strength of the borrower.

20 However, there are certain categories of
21 borrowers that have a degree of interconnectedness
22 with State appropriations, and the rating agencies,
23 and the markets, the buyers of these bonds recognize
24 this.

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1 I do want to -- so that is available, and
2 again, if any Members have questions on this, this
3 is a complex topic. I'm happy to answer them
4 afterwards.

5 There is one article that I want to bring
6 to everybody's attention. It is the first article
7 under the press packet. It was from something
8 called the Cook County Record, which is a litigation
9 media outlet from John Billet dated June 7th at
10 close to 6:00 p.m. last night.

11 There is ongoing litigation in Federal
12 Court in Judge Lefkow's chambers about
13 prioritization of certain Medicaid-related payments.
14 This is important for two reasons: Number one, a
15 large number of our healthcare borrowers, the
16 nonprofit hospitals, are reliant upon this stream of
17 revenue.

18 So we do have a business mission and
19 reason to follow this, but this litigation has also
20 raised certain issues of federal and state law, with

21 respect to priority of payment, with respect
22 specifically to state general obligation bond debt.

23 So the order that was entered yesterday
24 encouraged parties to come back on June the 20th. I

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1 think this could, and I underscore "could," have
2 implications for what we do every day at the
3 Authority, but we will not know the answer to that
4 until June 30th or beyond.

5 Again, this is a particularly informed
6 Board, but this is something that I expect to be an
7 issue that I expect to be getting press in the next
8 few weeks. And obviously if we get any information
9 on this, we'll inform the Board.

10 CHAIRMAN ANDERBERG: Thank you, Chris. With
11 that, I would like to request a motion to excuse the
12 absences of Members unable to participate today.

13 Did we have a motion?

14 KNOX: So moved.

15 CHAIRMAN ANDERBERG: We have a motion from
16 Mr. Knox. Is there a second?

17 GOETZ: Second.

18 CHAIRMAN ANDERBERG: We have a second from
19 Mr. Goetz. All those in favor?

20 (A chorus of ayes.)

21 CHAIRMAN ANDERBERG: Opposed?

22 (No response.)

23 CHAIRMAN ANDERBERG: The ayes have it. Is
24 there public comment to come before the Members?

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

PAMELA A. MARZULLO
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